

Offered: 5/1/89
Referred: Finance

6-0652B

Original sponsor: Finance Committee

1 IN THE HOUSE BY THE RESOURCES COMMITTEE
2 SENATE CS FOR CS FOR HOUSE BILL NO. 118 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to the oil and gas properties pro-
7 duction tax; and providing for an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 43.55.013(b) is repealed and reenacted to read:
10 (b) The economic limit factor for oil production of a lease or
11 property shall be computed according to the following formula:
12 $(1 - [PEL/TP]) \exp ([150,000 / (TP/Days)] \exp [(460 \times WD) / PEL])$
13 where: PEL = the monthly production rate at the economic limit;
14 TP = the total production during the month for which the
15 tax is to be paid;
16 WD = the total number of well days in the month for which
17 the tax is to be paid;
18 Days = the number of days in the month for which the tax is
19 to be paid; and
20 exp = exponent.
21 * Sec. 2. AS 43.55.080 is amended by adding new subsections to read:
22 (b) The commissioner of administration shall separately account
23 for all proceeds of the tax deposited into the general fund under (a)
24 of this section.
25 (c) The legislature may annually appropriate to the oil and
26 hazardous substance release response fund established in AS 46.08.010
27 the greater of:
28 (1) \$30,000,000; or
29 (2) four percent of the amount estimated to be received

1 from the tax levied and collected under this chapter during the fiscal
2 year.

3 * Sec. 3. Section 1 of this Act is retroactive to January 1, 1989, and
4 applies to oil produced after December 31, 1988.

5 * Sec. 4. AUTHORIZATION FOR APPROPRIATION OF TAX REVENUE RECEIVED
6 DURING FY 1989. The legislature may appropriate to the oil and hazardous
7 substance release response fund 50 percent of the difference between the
8 taxpayer's tax liability on oil production under AS 43.55 for the period
9 between the retroactive application date of this Act and May 31, 1989, as
10 determined under AS 43.55.013

11 (1) as that statute existed before the amendments to it made by
12 sec. 1 of this Act; and

13 (2) as amended by sec. 1 of this Act.

14 * Sec. 5. PAYMENT OF TAX DUE. The oil production tax payable as a
15 result of the retroactive application of this Act is due on the 20th day of
16 the calendar month following the effective date of this Act. If the tax
17 due and payable is not paid by the date specified in this section, the tax
18 becomes delinquent and subject to payment of interest and the provisions of
19 AS 43.10 relating to enforcement and collection of delinquent taxes.

20 * Sec. 6. OVERPAYMENT OF TAX UNDER REVISED FORMULA. The tax liability
21 of a party that is reduced by the retroactive application of this Act shall
22 be credited against the taxpayer's future tax liability. The provisions of
23 AS 43.05.280(a) and 43.05.280(b)(1) do not apply to, and interest is not
24 allowed on, the overpayment.

25 * Sec. 7. Section 2 of this Act takes effect July 1, 1989.

26 * Sec. 8. Except for sec. 2 of this Act, this Act takes effect
27 immediately under AS 01.10.070(c).