

11617 HOUSE RULES

HB

489

*3.14.06
New moved
out w/ individual
recommendations
& fiscal notes. No objection*

CS FOR HOUSE BILL NO. 489()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

**Offered:
Referred:**

Sponsor(s): HOUSE FINANCE COMMITTEE

*3.14.06
Adopted as
working
draft*

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the treatment of charity events by the Alaska Public Offices
2 Commission and under the law governing legislative ethics; and providing for an
3 effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * Section 1. AS 24.45.121(a) is amended to read:

6 (a) A lobbyist may not

7 (1) engage in any activity as a lobbyist before registering under
8 AS 24.45.041;

9 (2) do anything with the intent of placing a public official under
10 personal obligation to the lobbyist or to the lobbyist's employer;

11 (3) intentionally deceive or attempt to deceive any public official with
12 regard to any material fact pertinent to pending or proposed legislative or
13 administrative action;

14 (4) cause or influence the introduction of a legislative measure solely

1 for the purpose of thereafter being employed to secure its passage or its defeat;

2 (5) cause a communication to be sent to a public official in the name of
3 any fictitious person or in the name of any real person, except with the consent of that
4 person;

5 (6) accept or agree to accept any payment in any way contingent upon
6 the defeat, enactment, or outcome of any proposed legislative or administrative action;

7 (7) serve as a member of a state board or commission, if the lobbyist's
8 employer may receive direct economic benefit from a decision of that board or
9 commission;

10 (8) serve as a campaign manager or director, serve as a campaign
11 treasurer or deputy campaign treasurer on a finance or fund-raising committee, host a
12 fund-raising event, directly or indirectly collect contributions for, or deliver
13 contributions to, a candidate, or otherwise engage in the fund-raising activity of a
14 legislative campaign or campaign for governor or lieutenant governor if the lobbyist
15 has registered, or is required to register, as a lobbyist under this chapter, during the
16 calendar year; this paragraph does not apply to a representational lobbyist as defined
17 in the regulations of the Alaska Public Offices Commission, and does not prohibit a
18 lobbyist from making personal contributions to a candidate as authorized by AS 15.13
19 or personally advocating on behalf of a candidate;

20 (9) offer, solicit, initiate, facilitate, or provide to or on behalf of a
21 person covered by AS 24.60, during a legislative session, a gift, other than food or
22 beverage for immediate consumption; **however, this paragraph does not prohibit a**
23 **lobbyist from providing, during a legislative session or at any other time of the**
24 **year, [EXCEPT FOR] tickets to a charity event described in AS 24.60.080(c)(10), or**
25 **a contribution to a charity event under AS 24.60.080(c)(11);**

26 (10) make or offer a gift or a campaign contribution whose acceptance
27 by the person to whom it is offered would violate AS 24.60.

28 * Sec. 2. AS 24.60.030(a) is amended to read:

29 (a) A legislator or legislative employee may not

30 (1) solicit, agree to accept, or accept a benefit other than official
31 compensation for the performance of public duties; this paragraph may not be

1 construed to prohibit lawful solicitation for and acceptance of campaign contributions,
2 solicitation or acceptance of contributions for a charity event, as defined in
3 AS 24.60.080(c)(10), or the acceptance of a lawful gratuity under AS 24.60.080;

4 (2) use public funds, facilities, equipment, services, or another
5 government asset or resource for a nonlegislative purpose, for involvement in or
6 support of or opposition to partisan political activity, or for the private benefit of either
7 the legislator, legislative employee, or another person; this paragraph does not prohibit

8 (A) limited use of state property and resources for personal
9 purposes if the use does not interfere with the performance of public duties and
10 either the cost or value related to the use is nominal or the legislator or
11 legislative employee reimburses the state for the cost of the use;

12 (B) the use of mailing lists, computer data, or other information
13 lawfully obtained from a government agency and available to the general
14 public for nonlegislative purposes;

15 (C) telephone or facsimile use that does not carry a special
16 charge;

17 (D) the legislative council, notwithstanding AS 24.05.190,
18 from designating a public facility for use by legislators and legislative
19 employees for health or fitness purposes; when the council designates a facility
20 to be used by legislators and legislative employees for health or fitness
21 purposes, it shall adopt guidelines governing access to and use of the facility;
22 the guidelines may establish times in which use of the facility is limited to
23 specific groups;

24 (E) a legislator from using the legislator's private office in the
25 capital city during a legislative session, and for the 10 days immediately before
26 and the 10 days immediately after a legislative session, for nonlegislative
27 purposes if the use does not interfere with the performance of public duties and
28 if there is no cost to the state for the use of the space and equipment, other than
29 utility costs and minimal wear and tear, or the legislator promptly reimburses
30 the state for the cost; an office is considered a legislator's private office under
31 this subparagraph if it is the primary space in the capital city reserved for use

1 by the legislator, whether or not it is shared with others;

2 (F) a legislator from use of legislative employees to prepare
3 and send out seasonal greeting cards;

4 (G) a legislator from using state resources to transport
5 computers or other office equipment owned by the legislator but primarily used
6 for a state function;

7 (H) use by a legislator of photographs of that legislator;

8 (I) reasonable use of the Internet by a legislator or a legislative
9 employee except if the use is for election campaign purposes;

10 (J) a legislator from soliciting, accepting, or receiving a gift or
11 behalf of a recognized, nonpolitical charitable organization in a state facility;
12 or

13 (K) a legislator from sending any communication in the form of
14 a newsletter to the legislator's constituents, except a communication expressly
15 advocating the election or defeat of a candidate or a newsletter or material in a
16 newsletter that is clearly only for the private benefit of a legislator or a
17 legislative employee;

18 **(L) full participation in a charity event approved in**
19 **advance by the Alaska Legislative Council;**

20 (3) knowingly seek, accept, use, allocate, grant, or award public funds
21 for a purpose other than that approved by law, or make a false statement in connection
22 with a claim, request, or application for compensation, reimbursement, or travel
23 allowances from public funds;

24 (4) require a legislative employee to perform services for the private
25 benefit of the legislator or employee at any time, or allow a legislative employee to
26 perform services for the private benefit of a legislator or employee on government
27 time; it is not a violation of this paragraph if the services were performed in an
28 unusual or infrequent situation and the person's services were reasonably necessary to
29 permit the legislator or legislative employee to perform official duties;

30 (5) use or authorize the use of state funds, facilities, equipment,
31 services, or another government asset or resource for the purpose of political fund

1 raising or campaigning; this paragraph does not prohibit

2 (A) limited use of state property and resources for personal
3 purposes if the use does not interfere with the performance of public duties and
4 either the cost or value related to the use is nominal or the legislator or
5 legislative employee reimburses the state for the cost of the use;

6 (B) the use of mailing lists, computer data, or other information
7 lawfully obtained from a government agency and available to the general
8 public for nonlegislative purposes;

9 (C) telephone or facsimile use that does not carry a special
10 charge;

11 (D) storing or maintaining, consistent with (b) of this section,
12 election campaign records in a legislator's office;

13 (E) a legislator from using the legislator's private office in the
14 capital city during a legislative session, and for the 10 days immediately before
15 and the 10 days immediately after a legislative session, for nonlegislative
16 purposes if the use does not interfere with the performance of public duties and
17 if there is no cost to the state for the use of the space and equipment, other than
18 utility costs and minimal wear and tear, or the legislator promptly reimburses
19 the state for the cost; an office is considered a legislator's private office under
20 this subparagraph if it is the primary space in the capital city reserved for use
21 by the legislator, whether or not it is shared with others; or

22 (F) use by a legislator of photographs of that legislator.

23 * Sec. 3. AS 24.60.080(c) is amended to read:

24 (c) Notwithstanding (a) of this section, it is not a violation of this section for a
25 legislator or legislative employee to accept

26 (1) hospitality, other than hospitality described in (4) of this
27 subsection,

28 (A) with incidental transportation at the residence of a person;
29 however, a vacation home located outside the state is not considered a
30 residence for the purposes of this subparagraph; or

31 (B) at a social event or meal;

- 1 (2) discounts that are available
- 2 (A) generally to the public or to a large class of persons to
- 3 which the person belongs; or
- 4 (B) when on official state business, but only if receipt of the
- 5 discount benefits the state;
- 6 (3) food or foodstuffs indigenous to the state that are shared generally
- 7 as a cultural or social norm;
- 8 (4) travel and hospitality primarily for the purpose of obtaining
- 9 information on matters of legislative concern;
- 10 (5) gifts from the immediate family of the person;
- 11 (6) gifts that are not connected with the recipient's legislative status;
- 12 (7) a discount for all or part of a legislative session, including time
- 13 immediately preceding or following the session, or other gift to welcome a legislator
- 14 or legislative employee who is employed on the personal staff of a legislator or by a
- 15 standing or special committee to the capital city or in recognition of the beginning of a
- 16 legislative session if the gift or discount is available generally to all legislators and the
- 17 personal staff of legislators and staff of standing and special committees; this
- 18 paragraph does not apply to legislative employees who are employed by the
- 19 Legislative Affairs Agency, the office of the chief clerk, the office of the senate
- 20 secretary, the legislative budget and audit committee, or the office of the ombudsman;
- 21 (8) a gift of legal services in a matter of legislative concern and a gift
- 22 of other services related to the provision of legal services in a matter of legislative
- 23 concern;
- 24 (9) a gift of transportation from a legislator to a legislator if the
- 25 transportation takes place in the state on or in an aircraft, boat, motor vehicle, or other
- 26 means of transport owned or under the control of the donor; this paragraph does not
- 27 apply to travel described in (4) of this subsection or travel for political campaign
- 28 purposes; [OR]
- 29 (10) tickets from a lobbyist for a charity event at any time, including
- 30 during a legislative session, except that tickets to or gifts received at a charity event
- 31 under this paragraph are subject to the calendar year limit on the value of gifts

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received by a legislator or legislative employee in (a) of this section; in this paragraph, "charity event" means an event the proceeds of which go to a charitable organization with tax-free status under 26 U.S.C. 501(c)(3) and that the Alaska Legislative Council has approved in advance; the tickets may entitle the bearer to admission to the event, to entertainment, to food or beverages, or to other gifts or services involved in the charity event; or

(11) a contribution to a charity event from any person at anytime; in this paragraph, "charity event" has the meaning given in (10) of this subsection.

* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

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FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 489
 () Publish Date: 3/8/2006

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title: An act relating to the exemption of charity events RDU: AK Public Offices Commission
by the Alaska Public Offices Commission Component: AK Public Offices Commission
 Sponsor: House Finance Committee
 Requester: House Rules Committee Component No: 70

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill amends the statute to allow legislators and legislative employees to solicit gifts during session as long as the gifts are associated with a fundraising event sponsored by or on behalf of a charity and is approved in advance by the Alaska Legislative Council. It will have no fiscal impact on APOC.

Prepared by: Brooke Miles, Director
 Division: AK Public Offices Commission
 Approved by: Michael Tibbles, Deputy Commissioner
 Agency: Department of Administration

Phone 907-3334-1726
 Date/Time 3/10/2006 8:37 a.m.
 Date 3/10/2006

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB489
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Legislature
 Title: "An Act relating to the exemption of
charity events from regulation by the APOC and to the...
 Sponsor: House Finance Committee BRU: Legislative Council
 Requestor: House Rules Committee Component No.: 743
Council and Subcommittees

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation has zero fiscal impact on the Legislative Affairs Agency.

Prepared by: Karla Schofield, Deputy Director Phone 465-6626
 Division: Legislative Affairs Agency Date/Time: 3/10/06 9:25 AM
 Approved by: Pamela Varni, Executive Director Date: 3/10/2006
 Agency: Legislative Affairs Agency

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3887 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

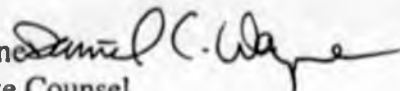
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 11, 2006

SUBJECT: Sectional Summary HB 489(FIN) (Work Order No. 24-LS1753\G)

TO: Representative Mike Chenault
Co-Chair of the House Finance Committee

FROM: Dan Wayne 
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1 amends the statute prohibiting gifts by lobbyists to allow lobbyists, at any time of the year, to give event tickets or charitable contributions to legislators and others who are subject to the legislative ethics code, if the charity event is approved in advance by the Alaska Legislative Council.

Section 2 allows persons covered by the legislative ethics code to solicit and accept contributions to charity events approved in advance by the Alaska Legislative Council and to participate fully in those events.

Section 3 adds an 11th gift exception in AS 24.60.080(c) to allow persons covered by the legislative ethics code to accept at any time of year a contribution to a charity event approved in advance by the Alaska Legislative Council. As defined in paragraph (11), contributions accepted for the benefit of an approved charity event are not subject to the calendar year limit on the value of gifts received by a legislator or legislative employee.

Section 4 gives the bill an immediate effective date.

DCW:med
06-208.med

Enclosure

Alaska State Legislature

House of Representatives



State Capitol, Rm. 214
Juneau, Ak 99801-1182
(907) 465-3764

Official Business

COMMITTEE ON RULES
Representative Norman Rokeberg, Chairman

3.13.06

Additional info on

hb 489.

Thanks

Rynnieva Moss

From: Tammy Kempton [tammy_kempton@admin.state.ak.us]
Sent: Monday, March 13, 2006 1:29 PM
To: Rynnieva Moss
Subject: Hb 489
Attachments: tammy_kempton.vcf

Joyce Anderson of Leg Ethics recommended that I send you an e-mail on APOC's suggestion regarding HB 489. It is staff's opinion that section 1 of the bill would not allow lobbyists to give donations to the Fahrenkamp Golf Classic, or any other charity event. The current section 1 of HB 489 should be deleted and replaced with:

Section 1. AS 24.45.121(a)(9) is amended to read:

(9) offer, solicit, initiate, facilitate, or provide to or on behalf of a person covered by AS 24.60, during a legislative session, a gift, other than food or beverage for immediate consumption, except for **charitable contributions and** tickets to a charity event described in AS 24.60.080(c)(10);

Thank you for the opportunity to comment on this legislation. If you have any questions, please contact me.

Tammy Kempton
Alaska Public Offices Commission
465-4864

Comments for HB 489
Joyce Anderson, Legislative Ethics Committee
March 13, 2006

Adding language to restrict contributions to 'charitable contributions.'

1. Clarified language on page 2, line 23 and page 6, line 20 to include only 'charitable contributions' as acceptable. The ethics statute presently allows legislators and legislative employees to solicit and receive a gift from anyone, including lobbyists during session, on behalf of a recognized, nonpolitical charitable organization in a state facility. AS 24.60.030(a)(2)(J). Advisory Opinion 94-06 states the gift may be 'donations of money or other items on behalf of a charitable organization.' Language in HB 489 would allow legislators and legislative staff to solicit and accept items that are not on behalf of a charitable organization such as items for door prizes, goodie bags or for some other costs associated with the charity event.
2. Advisory Opinion 94-06 pointed out the 'appearance of impropriety is high when legislators and legislative employees request favors from lobbyist, even on behalf of worthwhile organizations' and noted this is especially so during a legislative session. I believe the ethics committee would strongly suggest the legislation continue to restrict contributions to 'charitable contributions.'

Requiring the disclosure of charitable contributions received by legislators for pre-approved 5012(c)(3) charity events.

1. Added a disclosure requirement. Based on Advisory Opinion 94-06 and the strong appearance of impropriety of soliciting and receiving charitable gifts from lobbyists during session, it is recommended all gifts, regardless of value, be disclosed and published in the legislative journal. This disclosure would be similar to the disclosure for gifts of hospitality/travel presently in statute.
2. Public disclosure provides accountability and transparency and at the same time avoids the appearance of impropriety on both the legislative side and that of the lobbyist.

Clarifying language on page 6

Removed the words 'from any person' on page 6, line 20 because the language is not necessary since any person can already contribute to a charitable organization under the ethics law. The intent of this section of the bill, I believe, is to further clarify that lobbyists may give charitable contributions to a charitable organization approved by Legislative Council and the new language on page 6, without the above words, clearly states that fact.

Advisory Opinion 94-06 states: **If your fundraising activities result only in a commercial transaction, the ethics code does not prohibit you from soliciting lobbyists.** As noted above, if you, in place of or in addition to the organization, enter into a close economic association with a lobbyist, you will have an obligation to disclose the association if it involves a substantial financial matter. Therefore, technically, you may solicit a charitable contribution from a lobbyist during a legislative session. The committee notes that the potential for the appearance of impropriety is high when legislators and legislative employees request favors of lobbyists, even on behalf of worthwhile organizations. The committee therefore urges you to use caution in making a decision about whether to approach a lobbyist, especially during a legislative session.

March 9, 2006

Prepared by: Joyce Anderson, Legislative Ethics Committee

Suggested draft language for HB 489.

RE: Disclosure of charitable gifts received by legislators and legislative staff for a charity event approved by Legislative Council pursuant to AS 24.60.080(c)(10). All gifts would be reportable regardless of their value.

AS 24.60.080(d)

A legislator or legislative employee who accepts a gift under (c)(4) of this section that has a value of \$250 or more shall disclose to the committee, within 30 days after receipt of the gift, the name and occupation of the donor and the approximate value of the gift. A legislator or legislative employee who accepts a gift under (c)(8) of this section that the recipient expects will have a value of \$250 or more in the calendar year shall disclose to the committee, within 30 days after receipt of the gift, the name and occupation of the donor, a general description of the matter of legislative concern with respect to which the gift is made, and the approximate value of the gift. **A legislator or legislative employee who accepts a gift under (c)(10) of this section shall disclose to the committee, within 30 days after receipt of the gift, the name and occupation of the donor and the approximate value of the gift.** The committee shall maintain a public record of the disclosures it receives relating to gifts under (c)(4), ~~and~~ (8) and (10) of this section and shall forward the disclosures to the appropriate house for inclusion in the journal. The committee shall forward to the Alaska Public Offices Commission copies of the disclosures concerning gifts under (c)(4) and (8) of this section that it receives from legislators and legislative directors. **The committee shall forward to the Alaska Public Offices Commission copies of the disclosures concerning gifts under (c)(10) of this section that it receives from those covered under AS 24.60.020.** A legislator or legislative employee who accepts a gift under (c)(6) of this section that has a value of \$250 or more shall disclose to the committee annually on or before March 15 the name and occupation of the donor and a description of the gift. The committee shall maintain disclosures relating to gifts under (c)(6) of this section as confidential records and may only use, or permit a committee employee or contractor to use, a disclosure under (c)(6) of this section in the investigation of a possible violation of this section or in a proceeding under AS 24.60.170. If the disclosure under (c)(6) of this section becomes part of the record of a proceeding under AS 24.60.170, the confidentiality provisions of that section apply to the disclosure.

FROM: Joyce Anderson, Administrator, Legislative Ethics Committee
DATE: March 9, 2006

(NOTE: Suggested changes by Legislative Ethics in bold type, italics and red. Page 2, line 23; page 6, line 20.)

Introduced March 8, 2006

To be heard in House Rules on Tuesday, March 14, 2006 at 11:00 a.m., Room 211

BILL ID: HB 489

00 HOUSE BILL NO. 489

01 "An Act relating to the exemption of charity events from regulation by the Alaska

02 Public Offices Commission and to the treatment of charity events under the law

03 governing legislative ethics; and providing for an effective date."

04 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

05 * Section 1. AS 24.45.161(a) is amended to read:

06 (a) This chapter does not apply to

07 (1) an individual

08 (A) who lobbies without payment of compensation or other

09 consideration and makes no disbursement or expenditure for or on behalf of a

10 public official to influence legislative or administrative action other than to pay

11 the individual's reasonable personal travel and living expenses; and

12 (B) who limits lobbying activities to appearances before public

13 sessions of the legislature, or its committees or subcommittees, or to public

14 hearings or other public proceedings of state agencies;

Page 1

01 (2) an elected or appointed state or municipal public officer or an

02 employee of the state or a municipality acting in an official capacity or within the

03 scope of employment;

04 (3) any newspaper or other periodical of general circulation, book

05 publisher, radio or television station (including an individual who owns, publishes, or

06 is employed by that newspaper or periodical, radio or television station) that publishes

07 news items, editorials, or other comments, or paid advertisements, that directly or

08 indirectly urge legislative or administrative action if the newspaper, periodical, book

09 publisher, radio or television station, or individual engages in no further or other

10 activities in connection with urging or advocating legislative or administrative action

11 other than to appear before public sessions of the legislature, or its committees or

12 subcommittees, or public hearings or other public proceedings of state agencies;
13 (4) a person who appears before the legislature or either house, or
14 standing, special, or interim committee, in response to an invitation issued under (c) of
15 this section;

16 (5) a fundraising event sponsored by or on behalf of a charity and
17 approved in advance by the Alaska Legislative Council.

18 * Sec. 2. AS 24.60.030(e) is amended to read:

19 (a) A legislator or legislative employee may not

20 (1) solicit, agree to accept, or accept a benefit other than official
21 compensation for the performance of public duties; this paragraph may not be
22 construed to prohibit lawful solicitation for and acceptance of campaign contributions,
23 solicitation or acceptance of charitable contributions for a charity event approved in
24 advance by the Alaska Legislative Council, or the acceptance of a lawful gratuity
25 under AS 24.60.080;

26 (2) use public funds, facilities, equipment, services, or another
27 government asset or resource for a nonlegislative purpose, for involvement in or
28 support of or opposition to partisan political activity, or for the private benefit of either
29 the legislator, legislative employee, or another person; this paragraph does not prohibit

30 (A) limited use of state property and resources for personal
31 purposes if the use does not interfere with the performance of public duties and

Page 2

01 either the cost or value related to the use is nominal or the legislator or
02 legislative employee reimburses the state for the cost of the use;

03 (B) the use of mailing lists, computer data, or other information
04 lawfully obtained from a government agency and available to the general
05 public for nonlegislative purposes;

06 (C) telephone or facsimile use that does not carry a special
07 charge;

08 (D) the legislative council, notwithstanding AS 24.05.190,
09 from designating a public facility for use by legislators and legislative
10 employees for health or fitness purposes; when the council designates a facility
11 to be used by legislators and legislative employees for health or fitness
12 purposes, it shall adopt guidelines governing access to and use of the facility;
13 the guidelines may establish times in which use of the facility is limited to
14 specific groups;

15 (E) a legislator from using the legislator's private office in the

16 capital city during a legislative session, and for the 10 days immediately before
17 and the 10 days immediately after a legislative session, for nonlegislative
18 purposes if the use does not interfere with the performance of public duties and
19 if there is no cost to the state for the use of the space and equipment, other than
20 utility costs and minimal wear and tear, or the legislator promptly reimburses
21 the state for the cost; an office is considered a legislator's private office under
22 this subparagraph if it is the primary space in the capital city reserved for use
23 by the legislator, whether or not it is shared with others;

24 (F) a legislator from use of legislative employees to prepare
25 and send out seasonal greeting cards;

26 (G) a legislator from using state resources to transport
27 computers or other office equipment owned by the legislator but primarily used
28 for a state function;

29 (H) use by a legislator of photographs of that legislator;

30 (I) reasonable use of the Internet by a legislator or a legislative
31 employee except if the use is for election campaign purposes;

Page 3

01 (J) a legislator from soliciting, accepting, or receiving a gift on
02 behalf of a recognized, nonpolitical charitable organization in a state facility;
03 or

04 (K) a legislator from sending any communication in the form of
05 a newsletter to the legislator's constituents, except a communication expressly
06 advocating the election or defeat of a candidate or a newsletter or material in a
07 newsletter that is clearly only for the private benefit of a legislator or a
08 legislative employee;

09 (L) full participation in a charity event approved in
10 advance by the Alaska Legislative Council;

11 (3) knowingly seek, accept, use, allocate, grant, or award public funds
12 for a purpose other than that approved by law, or make a false statement in connection
13 with a claim, request, or application for compensation, reimbursement, or travel
14 allowances from public funds;

15 (4) require a legislative employee to perform services for the private
16 benefit of the legislator or employee at any time, or allow a legislative employee to
17 perform services for the private benefit of a legislator or employee on government
18 time; it is not a violation of this paragraph if the services were performed in an
19 unusual or infrequent situation and the person's services were reasonably necessary to

20 permit the legislator or legislative employee to perform official duties;
21 (5) use or authorize the use of state funds, facilities, equipment,
22 services, or another government asset or resource for the purpose of political fund
23 raising or campaigning; this paragraph does not prohibit

24 (A) limited use of state property and resources for personal
25 purposes if the use does not interfere with the performance of public duties and
26 either the cost or value related to the use is nominal or the legislator or
27 legislative employee reimburses the state for the cost of the use;

28 (B) the use of mailing lists, computer data, or other information
29 lawfully obtained from a government agency and available to the general
30 public for nonlegislative purposes;

31 (C) telephone or facsimile use that does not carry a special

Page 4

01 charge;

02 (D) storing or maintaining, consistent with (b) of this section,
03 election campaign records in a legislator's office;

04 (E) a legislator from using the legislator's private office in the
05 capital city during a legislative session, and for the 10 days immediately before
06 and the 10 days immediately after a legislative session, for nonlegislative
07 purposes if the use does not interfere with the performance of public duties and
08 if there is no cost to the state for the use of the space and equipment, other than
09 utility costs and minimal wear and tear, or the legislator promptly reimburses
10 the state for the cost; an office is considered a legislator's private office under
11 this subparagraph if it is the primary space in the capital city reserved for use
12 by the legislator, whether or not it is shared with others; or

13 (F) use by a legislator of photographs of that legislator.

14 * Sec. 3. AS 24.60.090(c) is amended to read:

15 (c) Notwithstanding (a) of this section, it is not a violation of this section for a
16 legislator or legislative employee to accept

17 (1) hospitality, other than hospitality described in (4) of this
18 subsection,

19 (A) with incidental transportation at the residence of a person;
20 however, a vacation home located outside the state is not considered a
21 residence for the purposes of this subparagraph; or

22 (B) at a social event or meal;

23 (2) discounts that are available

24 (A) generally to the public or to a large class of persons to
25 which the person belongs; or

26 (B) when on official state business, but only if receipt of the
27 discount benefits the state;

28 (3) food or foodstuffs indigenous to the state that are shared generally
29 as a cultural or social norm;

30 (4) travel and hospitality primarily for the purpose of obtaining
31 information on matters of legislative concern;

Page 5

01 (5) gifts from the immediate family of the person;

02 (6) gifts that are not connected with the recipient's legislative status;

03 (7) a discount for all or part of a legislative session, including time
04 immediately preceding or following the session, or other gift to welcome a legislator
05 or legislative employee who is employed on the personal staff of a legislator or by a
06 standing or special committee to the capital city or in recognition of the beginning of a
07 legislative session if the gift or discount is available generally to all legislators and the
08 personal staff of legislators and staff of standing and special committees; this
09 paragraph does not apply to legislative employees who are employed by the
10 Legislative Affairs Agency, the office of the chief clerk, the office of the senate
11 secretary, the legislative budget and audit committee, or the office of the ombudsman;

12 (8) a gift of legal services in a matter of legislative concern and a gift
13 of other services related to the provision of legal services in a matter of legislative
14 concern;

15 (9) a gift of transportation from a legislator to a legislator if the
16 transportation takes place in the state on or in an aircraft, boat, motor vehicle, or other
17 means of transport owned or under the control of the donor; this paragraph does not
18 apply to travel described in (4) of this subsection or travel for political campaign
19 purposes, or

20 (10) a charitable contribution to a charity event from any person or tickets
21 from a lobbyist for a charity event at any time, including during a legislative session,
22 except that tickets to or gifts received at a charity event under this paragraph, other
23 than contributions to a charity event, are subject to the calendar year limit on the
24 value of gifts received by a legislator or legislative employee in (a) of this section; in
25 this paragraph, "charity event" means an event the proceeds of which go to a
26 charitable organization with tax-free status under 26 U.S.C. 501(c)(3) and that the
27 Alaska Legislative Council has approved in advance; the tickets may entitle the bearer

28 to admission to the event, to entertainment, to food or beverages, or to other gifts or
29 services involved in the charity event.

30 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).

Alaska State Legislature

House of Representatives



Official Business

COMMITTEE ON RULES
Representative Norman Rokeberg, Chairman

State Capitol, Rm. 214
Juneau, Ak 99801-1182
(907) 465-3764

*Please add attached
to HB 489 file.*

Thank you

STATE OF ALASKA

REPRESENTATIVE
MIKE CHENAULT

Interim:
145 Main St. Loop, Second Floor
Kenai, Alaska 99611
(907) 283-7223
Fax: (907) 283-3075



HOUSE OF REPRESENTATIVES

Official Business

Session:
Capitol Building, Room 432
Juneau, Alaska 99801-1182
(907) 465-3779
Toll Free: (800) 469-3779
Fax: (907) 465-2833

March 13, 2006

Bettye Fahrenkamp was a well-loved and colorful legislator. For 17 years the House and Senate Finance Committee Co-Chairs have sponsored a fundraising event in her honor to benefit the Armed Services YMCA and Bartlett Regional Hospital.

Last week, after contacting APOC it was brought to our attention we have been doing it wrong. This bill seeks to make corrections so we can operate within the constraints of the law. I appreciate your support and passage of this bill so we may actively solicit donations. It has put our activity about a week behind so time is crucial.

District
Director

238 S. Dearborn St. Chicago, Illinois 60604

Armed Services YMCA of the USA
1501 Woodfield Road Suite 201 N
Schaumburg, Illinois 60195

Employer Identification Number:
36-3274366
File Folder Number:
360027662
Person to Contact:
Mr. R. Wallace
Contact Telephone Number:
(312) 886-1278
Accounting Period Ending:
December 31st
Form 990 Required:
Yes

Date: 13 JAN 1987

Dear Applicant:

We have considered your application for a group exemption letter recognizing your subordinates as exempt from Federal Income Tax as organizations of the type described in Section 501(c)(3) of the Internal Revenue Code.

Our records show that you were recognized as exempt from Federal Income Tax under Section 501(c)(3) of the Code. The exemption letter remains in effect.

Based on the information supplied, we recognize your named subordinates on the list you submitted as exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code.

Additionally, we have classified the organizations you operate, supervise, or control, and which are covered by your notification to us as organizations that are not private foundations because they are organizations of the type described in Section 509(a)(1) and 170(b)(1)(A)(vi) of the Code.

Donors may deduct contributions to you and your subordinates as provided in Section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal Estate and Gift Tax purposes if they meet the applicable provisions of Sections 2055, 2106 and 2522 of the Code.

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
2 CUPANIA CIRCLE
MONTEREY PARK, CA 91755-7406

DEPARTMENT OF THE TREASURY

Date: **AUG 26 1994**

BARTLETT MEMORIAL HOSPITAL
FOUNDATION, INC.
3260 HOSPITAL DR
JUNEAU, AK 99801

Employer Identification Number:
92-0147705
Case Number:
954190010
Contact Person:
MAI QUACH
Contact Telephone Number:
(714) 897-3914
Accounting Period Ending:
June 30
Foundation Status Classification:
170(b)(1)(A)(vi)
Advance Ruling Period Begins:
Sept. 16, 1992
Advance Ruling Period Ends:
June 30, 1997
Addendum Applies:
No

Dear Applicant:

Based on information you supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably expect to be a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Accordingly, during an advance ruling period you will be treated as a publicly supported organization, and not as a private foundation. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must send us the information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, we will classify you as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, we will classify you as a private foundation for future periods. Also, if we classify you as a private foundation, we will treat you as a private foundation from your beginning date for purposes of section 507(d) and 4940.

Grantors and contributors may rely on our determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you send us the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until we make a final determination of your foundation status.

If we publish a notice in the Internal Revenue Bulletin stating that we

Letter 1045 (DO/CG)

HB

30001

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: July 12, 2006

FURTHER REFERRALS:

Date of Committee Action: 8-3-06

The FINANCE Committee considered:

HB 3001

HOUSE BILL NO. 3001

OIL/GAS PROD. TAX

"An Act relating to the production tax on oil and gas and to conservation surcharges on oil; relating to criminal penalties for violating conditions governing access to and use of confidential information relating to the production tax; amending the definition of 'gas' as that definition applies in the Alaska Stranded Gas Development Act; making conforming amendments; and providing for an effective date."

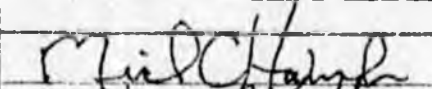
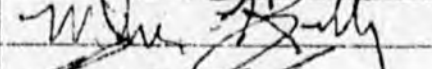
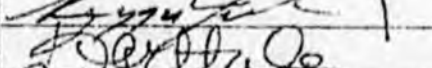
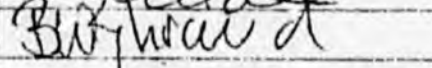




Recommends it be replaced with HCS or CS for HB 3001 (FIN)
 For Senate Bills with new title: Technical Title New Title: HCR Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

- List of Abbrev for Depts.:
- ADM
 - CLD
 - COR
 - CRT
 - EDD
 - DEC
 - DEG
 - GOV
 - HSS
 - LWF
 - LAW
 - LEG
 - MVA
 - DNR
 - DPS
 - REV
 - DOT
 - CA

<u>NEW FISCAL NOTES</u>				
<small>*Approved by Chief Clerk's Office</small>				
List by Dept(s):	Fiscal	Indet.	Zero	
REV	✓			

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	Hankes	✓			
	Kelly	✓			
	Janke			X	
	Kerpelle				X
	Weyhrand				X
	FOSTER	X			
	Meyer	✓			
	Chenault	✓			

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: C/S HB 3001(FIN)
(H) Publish Date: 8/4/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title: An Act Relating to the Production Tax on RDU: Tax and Treasury
Oil and Gas Component: Tax
Sponsor: Rules Committee
Requester: Governor Component No.: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	813.1	829.4	845.9	862.9	880.1	897.7
Travel						
Contractual	522.5	485.4	115.7	116.1	118.4	120.8
Supplies	36.7					
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous (OH office, etc)	53.0	53.0	53.0	53.0	53.0	53.0
TOTAL OPERATING	1,425.3	1,367.8	1,014.6	1,032.0	1,051.5	1,071.5

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES () See analysis section

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1,425.3	1,367.8	1,014.6	1,032.0	1,051.5	1,071.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	1,425.3	1,367.8	1,014.6	1,032.0	1,051.5	1,071.5

Estimate of any current year (FY2006) cost: _____

Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time	9	9	9	9	9	9
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would amend the oil and gas production tax by basing the tax on the net value of the oil and gas. The net value is the wellhead value (net of royalty) less all qualified lease expenditures, including capital and operating costs, and property taxes. The net profit would be subject to a variable tax rate with a floor of 20% and a ceiling of 25%, less a credit of 20% which applies to capital costs upstream of the point of production. The variable tax rate would be determined by the level of capital investment, limited by tax benefits generated by capital investments. The capital investment benefit limitation is 75% of qualified capital costs. There would also be a progressive surcharge based on 0.25% of the difference between actual per barrel net income and \$40, applied to net production tax value. The surcharge would not be considered a deductible lease expenditure.

There would be an additional allowance of up to \$12 million per company for companies producing less than 50,000 barrels of oil equivalent per day; this amount is reduced as production reaches 100,000 boe per day, the point at

Prepared by: Robynn Wilson, Michael Williams, Roger Marks, and Cheryl Nienhuis
Division: Tax Division

Phone 269-1019
Date/Time 8/4/06 9:00 AM

Approved by: Tom Boulin, Deputy Commissioner
Agency: Department of Revenue

Date 8/4/2006

FISCAL NOTE #3

STATE OF ALASKA
2006 LEGISLATIVE SESSION

BILL NO. CSHB 3001(FIN)

ANALYSIS CONTINUATION

which no allowance is authorized. The allowance expires in 2016. In addition, as a transition provision, there would be a 20% credit for capital costs incurred over the period April 1, 2001 through April 1, 2006, recoverable at \$1 for every \$2 in capital expenditures. Transition costs cannot be recovered after 2013.

The additional conservation surcharge on oil is increased from 3 cents to 4 cents.

The bill would be effective April 1, 2006.

The figures in the table on the next page reflect the revenues that would be received from the bill relative to the status quo under various prices. The figures reflect North Slope activity, the impact on Cook Inlet is expected to be modest. The status quo assumes the January 2005 ELF aggregation decision by the Dept. of Revenue for Prudhoe Bay stands.

The cost assumptions are as follows:

- \$100 mm/yr exploration
- \$1/bbl on-going capital on all barrels
- \$3.50/bbl developmental capital on 2/3 of existing conventional oil
- \$8/bbl developmental capital on 2/3 of existing heavy oil
- \$3.50/bbl developmental capital on new conventional oil
- \$8/bbl developmental capital on new heavy oil
- \$3/bbl operating cost on conventional oil
- \$5/bbl operating cost on heavy oil

The table shows the 2007-2012 receipts from the bill, sensitive to different oil prices. These include the Department of Revenue forecast, a \$40 price, and a \$60 price. (Note that the status quo numbers are slightly different from what is reflected in the Spring 2006 Revenue Sources Book because of volume adjustments from the oil spill, and because of some differences between what some taxpayers actually remit and what is ultimately expected to be collected.)

Operating expenditures include costs for 8 additional positions for auditors: 1 O & G Specialist (Range 23), 3 O & G Revenue Auditor IV (Range 22), and 4 O & G Revenue Auditor III (Range 20). These positions would be used to fulfill additional audit responsibilities inherent in a net profits tax. In addition, we request 1 additional Tax Tech III position (Range 14) to process additional information and tax returns that will be required, and additional credit applications anticipated. Personal Services reflect a 2% yearly increase.

Contractual expenditures include \$100,000 and \$70,000 for programming in FY 07 and FY 08, respectively, \$300,000 in each of FY 07 and FY 08 for help in writing regulations, \$100,000 in each year for consulting services and an estimate of chargeback costs. Supplies include computers and other supplies necessary for new positions.

STATE OF ALASKA
2006 LEGISLATIVE SESSION

BILL NO. CSHB 3001(FIN)

ANALYSIS CONTINUATION (MILLIONS OF 2005 DOLLARS)

The revenues provided in the table below do not reflect increased revenues in FY06 that would result from an effective date of 4/1/06. At a preliminary estimated quarter end price of \$65, the bill would provide approximately \$440 million over the status quo system.

Fiscal Year	DOR Forecast	Status Quo Tax	Tax from Bill	Gain from Bill*
2007	\$53.60	989	1985	996
2008	\$46.90	784	1509	725
2009	\$25.50	355	342	-12
2010	\$25.50	315	304	-11
2011	\$25.50	281	300	19
2012	\$25.50	271	296	25

Fiscal Year	Medium Price	Status Quo Tax	Tax from Bill	Gain from Bill*
2007	\$40.00	708	1132	424
2008	\$40.00	655	1099	444
2009	\$40.00	631	1175	544
2010	\$40.00	582	1137	556
2011	\$40.00	544	1166	622
2012	\$40.00	536	1178	642

Fiscal Year	High Price	Status Quo Tax	Tax from Bill	Gain from Bill*
2007	\$60.00	1,120	2541	1,421
2008	\$60.00	1,032	2476	1,445
2009	\$60.00	978	2603	1,625
2010	\$60.00	901	2534	1,633
2011	\$60.00	842	2587	1,744
2012	\$60.00	831	2610	1,778

*Numbers may not sum due to rounding.

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE CHENAULT

TO: CSHB 3001(), Draft Version "I"

- 1 Page 4, line 18:
- 2 Delete "during"
- 3 Insert "for"
- 4
- 5 Page 4, line 19, following "year":
- 6 Insert "that includes one or more months"
- 7
- 8 Page 4, line 20:
- 9 Delete "for one or more months,"
- 10
- 11 Page 4, line 21:
- 12 Delete "during"
- 13
- 14 Page 6, line 6:
- 15 Delete "produced"
- 16 Insert "delivered"
- 17
- 18 Page 6, line 25, following "produced":
- 19 Insert "and delivered"
- 20
- 21 Page 8, line 28:
- 22 Delete "under"
- 23 Insert "in the manner provided in"

- 1
- 2 Page 9, line 4:
- 3 Delete "IP = 12 x (MP - 1/12 x BP)"
- 4 Insert "12 x (MP - 1/12 x BP)"
- 5
- 6 Page 9, lines 6 - 7:
- 7 Delete all material.
- 8
- 9 Page 12, line 27:
- 10 Delete "before"
- 11
- 12 Page 13, line 21:
- 13 Delete "later"
- 14 Insert "latest"
- 15
- 16 Page 14, line 31:
- 17 Delete "certificate"
- 18
- 19 Page 16, line 2:
- 20 Delete "that ends"
- 21
- 22 Page 17, line 13:
- 23 Delete "credits"
- 24 Insert "credit"
- 25
- 26 Page 17, line 15:
- 27 Delete "south"
- 28 Insert "no part of which is north"
- 29
- 30 Page 18, lines 11 - 13:
- 31 Delete all material.

1

2 Page 21, lines 19 - 26:

3 Delete all material and insert:

4 "(i) For a production tax credit under this section,

5 (1) the amount of the credit that may be applied against the production
6 tax for each calendar year [TAX MONTH] may not exceed the total production tax
7 liability under AS 43.05.011(e) of the taxpayer applying the credit for the same
8 calendar year [MONTH]; and9 (2) an amount of the production tax credit that is greater than the total
10 tax liability under AS 43.05.011(e) of the taxpayer applying the credit for a calendar
11 year [TAX MONTH] may be carried forward and applied against the taxpayer's
12 production tax liability under AS 43.05.011(e) in one or more immediately following
13 calendar years [MONTHS]."

14

15 Page 24, line 2, following "[AS 43.55.011 - 43.55.150],":

16 Insert "except where otherwise provided"

17

18 Page 24, lines 20 - 21:

19 Delete "a lease or property"

20 Insert "leases or properties"

21 Delete "includes land at or"

22 Insert "include land"

23

24 Page 24, line 23:

25 Delete "that lease or property"

26 Insert "those leases or properties"

27

28 Page 24, lines 25 - 26:

29 Delete "that lease or property"

30 Insert "those leases or properties"

31

- 1 Page 24, lines 27 - 28:
- 2 Delete "a lease or property"
- 3 Insert "leases or properties"
- 4
- 5 Page 24, lines 28 - 29:
- 6 Delete "all parts of which are south"
- 7 Insert "no part of which is north"
- 8
- 9 Page 24, line 31:
- 10 Delete "that lease or property"
- 11 Insert "those leases or properties"
- 12
- 13 Page 25, line 2:
- 14 Delete "that lease or property"
- 15 Insert "those leases or properties"
- 16
- 17 Page 25, lines 17 - 18:
- 18 Delete "a lease or property"
- 19 Insert "leases or properties"
- 20 Delete "includes land at or"
- 21 Insert "include land"
- 22
- 23 Page 25, line 20:
- 24 Delete "that lease or property"
- 25 Insert "those leases or properties"
- 26
- 27 Page 25, lines 22 - 23:
- 28 Delete "that lease or property"
- 29 Insert "those leases or properties"
- 30
- 31 Page 25, lines 24 - 25:

1 Delete "a lease or property"

2 Insert "leases or properties"

3

4 Page 25, lines 25 - 26:

5 Delete "all parts of which are south"

6 Insert "no part of which is north"

7

8 Page 25, line 28:

9 Delete "that lease or property"

10 Insert "those leases or properties"

11

12 Page 25, line 30:

13 Delete "that lease or property"

14 Insert "those leases or properties"

15

16 Page 26, line 26:

17 Delete "or otherwise"

18

19 Page 31, line 3:

20 Following "production":

21 Insert ", "

22 Following "equivalent":

23 Insert ", "

24

25 Page 31, line 4:

26 Delete "or"

27

28 Page 31, line 6:

29 Following "production":

30 Insert ", "

31 Following "equivalent":

- 1 Insert ","
- 2
- 3 Page 31, line 7:
- 4 Delete "or"
- 5
- 6 Page 37, line 27:
- 7 Delete "evolved"
- 8 Insert "released"
- 9
- 10 Page 41, lines 24 - 25:
- 11 Delete "Sections 5, 7 - 10, 12 - 14, 16 - 19, and 24 - 36"
- 12 Insert "Sections 5, 7 - 10, 12 - 14, 16 - 20, and 24 - 36"

8/2/2006
7:00 p.m.

CONCEPTUAL AMENDMENT

OFFERED IN THE HOUSE

BY Cherault Meyer
Stoltz, Hawker,
Hulin, Kelly,
Weyhrauch, Foster

TO: CSHB 3001(FIN). Draft Version "I"

1 Page 3, line 13, through page 4, line 17:

2 Delete all material and insert:

3 "(1) except as provided under (3) of this subsection, the tax rate for a
4 calendar year under (e) of this section is

5 (A) for a producer whose investment factor is equal to or less than
6 \$1 per BTU equivalent barrel, 25 percent;

7 (B) for a producer whose investment factor is equal to or greater
8 than \$6 per BTU equivalent barrel, 20 percent;

9 (C) for a producer whose investment factor is between \$1 and \$6
10 per BTU equivalent barrel, the rate determined by the following formula and
11 rounded to the nearest 1/100 of a percent:

$$.25 - .01(IF - 1)$$

13 where IF = the number that is equal to the producer's investment factor;

14 (2) a producer's investment factor for a calendar year is the quotient
15 obtained by dividing the producer's total qualified capital expenditures incurred during
16 the calendar year by the total amount of taxable and nontaxable oil and gas, in BTU
17 equivalent barrels, produced by the producer from leases or properties in the state during
18 the calendar year;

19 (3) a producer's tax rate for a calendar year may not be less than the rate
20 "R" as determined by the following formula:

$$[(R \times QC) + (.2 \times QC) + [(.25 - R) \times PT]] \times (1 - IR) + (QC \times IR) = .75 \times QC$$

22 where: QC = the producer's qualified capital expenditures incurred
23 during the calendar year;

1 Insert "The method of allocating tax credits available under AS 43.55.024 shall be based
2 on the number of BTU equivalent barrels produced from a lease or property."

3

4 Page 8, line 3, following "during":

5 Delete "2005 or"

6

7 Page 8, following line 5:

8 Insert the following material:

9 "(p) For purposes of this section, "qualified capital expenditure" has the meaning
10 given in AS 43.55.023(k)."

11

12 Page 8, line 31, following "multiplied by", through page 9, line 11:

13 Delete all material and insert:

14 "(i) for February through December, the tax rate
15 determined under AS 43.5.011(f) for the preceding calendar year or, if the
16 producer did not produce oil or gas during the preceding calendar year,
17 22.5 percent;

18 (ii) for January, the tax rate determined under AS
19 43.55.011(f) for the calendar year before the preceding calendar year or, if
20 the producer did not produce oil or gas during the calendar year before the
21 preceding calendar year, 22.5 percent;"

22

23 Page 17, line 13, through page 18, line 13:

24 Delete all material

25 Insert the following material:

26 **"Sec. 43.55.024. Additional nontransferable tax credits.** (a) For a calendar
27 year for which a producer's tax liability under AS 43.55.011(e) on oil and gas produced
28 from leases or properties outside the Cook Inlet sedimentary basin and no part of which is
29 north of 68 degrees North latitude exceeds zero before application of any credits under
30 this chapter, a producer that is qualified under (e) of this section may apply a tax credit
31 against that liability of not more than \$6,000,000.

1 (b) A producer may not take a tax credit under (a) of this section for any calendar
2 year after the later of

3 (1) 2016; or

4 (2) the ninth calendar year after the calendar year during which the
5 producer first has commercial oil or gas production before May 1, 2016, from at least one
6 lease or property in the state outside the Cook Inlet sedimentary basin and no part of
7 which is north of 68 degrees North latitude, if the producer did not have commercial oil
8 or gas production from a lease or property in the state outside the Cook Inlet sedimentary
9 basin and no part of which is north of 68 degrees North latitude before April 1, 2006.

10 (c) For a calendar year for which a producer's tax liability under AS 43.55.011(e)
11 exceeds zero before application of any credits under this chapter, other than a credit
12 under (a) of this section, but after application of any credit under (a) of this section, a
13 producer that is qualified under (e) of this section and whose average amount of oil and
14 gas produced a day and taxable under AS 43.55.011(e) is less than 100,000 BTU
15 equivalent barrels a day may apply a tax credit under this subsection against that liability.
16 A producer whose average amount of oil and gas produced a day and taxable under AS
17 43.55.011(e) is

18 (1) not more than 50,000 BTU equivalent barrels may apply a tax credit
19 of not more than \$12,000,000 for the calendar year;

20 (2) more than 50,000 and less than 100,000 BTU equivalent barrels may
21 apply a tax credit of not more than the following fraction of \$12,000,000 for the calendar
22 year:

$$23 \quad 1 - [2 X (AP - 50,000)]/100,000$$

24 where AP = the average amount of oil and gas, expressed as BTU equivalent barrels,
25 produced a day during the calendar year and taxable under AS 43.55.011(e).

26 (d) A producer may not take a tax credit under (c) of this section for any calendar
27 year after the later of

28 (1) 2016; or

29 (2) the ninth calendar year after the calendar year during which the
30 producer first has commercial oil or gas production before May 1, 2016, from at least one

1 lease or property in the state, if the producer did not have commercial oil or gas
2 production from a lease or property in the state before April 1, 2006.

3 (e) On written application by a producer, including any information the
4 department may require, the department shall determine whether the producer qualifies
5 under this section for a calendar year. To qualify under this section, a producer must
6 demonstrate that its operation in the state or its ownership of an interest in a lease or
7 property in the state as a distinct producer entity would not result in the division among
8 multiple producer entities of any production tax liability under AS 43.55.011(e) that
9 reasonably would be expected to be attributed to a single producer entity if the tax credit
10 provisions of (a) or (c) of this section did not exist.

11 (f) A tax credit authorized by (a) of this section may not be applied to reduce a
12 producer's tax liability for any calendar year under AS 43.55.011(e) on oil and gas
13 produced from leases or properties outside the Cook Inlet sedimentary basin and no part
14 of which is north of 68 degrees North latitude below zero.

15 (g) A tax credit authorized by (c) of this section may not be applied to reduce a
16 producer's tax liability for any calendar year under AS 43.55.011(e) below zero.

17 (h) An unused tax credit or portion of a tax credit under this section is not
18 transferable and may not be carried forward to or used in a later calendar year.”
19

20 Page 39, line 23, following “gas that”:

21 Delete “was”

22 Insert “were”
23

24 Page 40, following line 27:

25 Insert:

26 “(h) Notwithstanding any contrary provision of AS 43.55.020(a), as repealed and
27 reenacted by sec. 7 of this Act, for the installment payment for January, 2007, the phrase
28 “the tax rate determined under AS 43.55.011(f) for the calendar year before the preceding
29 calendar year” in AS 43.55.020(a)(2)(B)(ii), as AS 43.55.020(a) is repealed and reenacted
30 by sec. 7 of this Act, shall be replaced by the phrase “22.5 percent.”
31

- 1 Page 40, line 28:
- 2 Delete "(h)"
- 3 Insert "(i)"

CONCEPTUAL AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 3001(FIN), Draft Version "I"

BY Chenault, Meyer,
Stultz, Aawler,
Holm, Kelly,
Weyhnaud, Foster

1 Page 3, line 13, through page 4, line 17:

2 Delete all material and insert:

3 "(1) except as provided under (3) of this subsection, the tax rate for a
4 calendar year under (e) of this section is

5 (A) for a producer whose investment factor is equal to or less than
6 \$1 per BTU equivalent barrel, 25 percent;

7 (B) for a producer whose investment factor is equal to or greater
8 than \$6 per BTU equivalent barrel, 20 percent;

9 (C) for a producer whose investment factor is between \$1 and \$6
10 per BTU equivalent barrel, the rate determined by the following formula and
11 rounded to the nearest 1/100 of a percent:

$$12 \quad 25 - .01(IF - 1)$$

13 where IF = the number that is equal to the producer's investment factor;

14 (2) a producer's investment factor for a calendar year is the quotient
15 obtained by dividing the producer's total qualified capital expenditures incurred during
16 the calendar year by the total amount of taxable and nontaxable oil and gas, in BTU
17 equivalent barrels, produced by the producer from leases or properties in the state during
18 the calendar year;

19 (3) a producer's tax rate for a calendar year shall be the higher of the rate
20 determined in (1) and the may not be less than the rate "R" as determined by the
21 following formula, except that the rate shall not be higher than 25% or less than 20%:

$$22 \quad [\{ (R \times QC) + (.2 \times QC) + [(.25 - R) \times PT] \} \times (1 - IR)] + (QC \times IR) = .75 \times QC$$

23 where: QC = the producer's qualified capital expenditures incurred
24 during the calendar year;

1 Insert "The method of allocating tax credits available under AS 43.55.024 shall be based
2 on the number of BTU equivalent barrels produced from a lease or property."
3

4 Page 8, line 3, following "during":

5 Delete "2005 or"
6

7 Page 8, following line 5:

8 Insert the following material:

9 "(p) For purposes of this section, "qualified capital expenditure" has the meaning
10 given in AS 43.55.023(k)."
11

12 Page 8, line 31, following "multiplied by", through page 9, line 11:

13 Delete all material and insert:

14 "(i) for February through December, the tax rate
15 determined under AS 43.5.011(f) for the preceding calendar year or, if the
16 producer did not produce oil or gas during the preceding calendar year,
17 22.5 percent;

18 (ii) for January, the tax rate determined under AS
19 43.55.011(f) for the calendar year before the preceding calendar year or, if
20 the producer did not produce oil or gas during the calendar year before the
21 preceding calendar year, 22.5 percent;"
22

23 Page 17, line 13, through page 18, line 13:

24 Delete all material

25 Insert the following material:

26 "**Sec. 43.55.024. Additional nontransferable tax credits.** (a) For a calendar
27 year for which a producer's tax liability under AS 43.55.011(e) on oil and gas produced
28 from leases or properties outside the Cook Inlet sedimentary basin and no part of which is
29 north of 68 degrees North latitude exceeds zero before application of any credits under
30 this chapter, a producer that is qualified under (e) of this section may apply a tax credit
31 against that liability of not more than \$6,000,000.

1 (b) A producer may not take a tax credit under (a) of this section for any calendar
2 year after the later of

3 (1) 2016; or

4 (2) the ninth calendar year after the calendar year during which the
5 producer first has commercial oil or gas production before May 1, 2016, from at least one
6 lease or property in the state outside the Cook Inlet sedimentary basin and no part of
7 which is north of 68 degrees North latitude, if the producer did not have commercial oil
8 or gas production from a lease or property in the state outside the Cook Inlet sedimentary
9 basin and no part of which is north of 68 degrees North latitude before April 1, 2006.

10 (c) For a calendar year for which a producer's tax liability under AS 43.55.011(e)
11 exceeds zero before application of any credits under this chapter, other than a credit
12 under (a) of this section, but after application of any credit under (a) of this section, a
13 producer that is qualified under (e) of this section and whose average amount of oil and
14 gas produced a day and taxable under AS 43.55.011(e) is less than 100,000 BTU
15 equivalent barrels a day may apply a tax credit under this subsection against that liability.
16 A producer whose average amount of oil and gas produced a day and taxable under AS
17 43.55.011(e) is

18 (1) not more than 50,000 BTU equivalent barrels may apply a tax credit
19 of not more than \$12,000,000 for the calendar year;

20 (2) more than 50,000 and less than 100,000 BTU equivalent barrels may
21 apply a tax credit of not more than the following fraction of \$12,000,000 for the calendar
22 year:

$$23 \quad 1 - [2 X (AP - 50,000)]/100,000$$

24 where AP = the average amount of oil and gas, expressed as BTU equivalent barrels,
25 produced a day during the calendar year and taxable under AS 43.55.011(e).

26 (d) A producer may not take a tax credit under (c) of this section for any calendar
27 year after the later of

28 (1) 2016; or

29 (2) the ninth calendar year after the calendar year during which the
30 producer first has commercial oil or gas production before May 1, 2016, from at least one

1 lease or property in the state, if the producer did not have commercial oil or gas
2 production from a lease or property in the state before April 1, 2006.

3 (e) On written application by a producer, including any information the
4 department may require, the department shall determine whether the producer qualifies
5 under this section for a calendar year. To qualify under this section, a producer must
6 demonstrate that its operation in the state or its ownership of an interest in a lease or
7 property in the state as a distinct producer entity would not result in the division among
8 multiple producer entities of any production tax liability under AS 43.55.011(e) that
9 reasonably would be expected to be attributed to a single producer entity if the tax credit
10 provisions of (a) or (c) of this section did not exist.

11 (f) A tax credit authorized by (a) of this section may not be applied to reduce a
12 producer's tax liability for any calendar year under AS 43.55.011(e) on oil and gas
13 produced from leases or properties outside the Cook Inlet sedimentary basin and no part
14 of which is north of 68 degrees North latitude below zero.

15 (g) A tax credit authorized by (c) of this section may not be applied to reduce a
16 producer's tax liability for any calendar year under AS 43.55.011(e) below zero.

17 (h) An unused tax credit or portion of a tax credit under this section is not
18 transferable and may not be carried forward to or used in a later calendar year.”
19

20 Page 39, line 23, following “gas that”:

21 Delete “was”

22 Insert “were”
23

24 Page 40, following line 27:

25 Insert:

26 “(h) Notwithstanding any contrary provision of AS 43.55.020(a), as repealed and
27 reenacted by sec. 7 of this Act, for the installment payment for January, 2007, the phrase
28 “the tax rate determined under AS 43.55.011(f) for the calendar year before the preceding
29 calendar year” in AS 43.55.020(a)(2)(B)(ii), as AS 43.55.020(a) is repealed and reenacted
30 by sec. 7 of this Act, shall be replaced by the phrase “22.5 percent”.”
31

- i Page 40, line 28:
- 2 Delete "(h)"
- 3 Insert "(i)"

Amend 3

24-GH2096V.2
Bullock
8/1/06

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 3001(), Draft Version "I"

Kerthula

1 Page 12, line 6:

2 Delete "A"

3 Insert "Except as provided in (k) of this section, a"

4

5 Page 15, line 16, following "section,":

6 Insert "and except as provided in (k) of this section,"

7

8 Page 16, following line 21:

9 Insert a new subsection to read:

10 "(k) A person engaged in the production of gas in the Point Thomson Unit
11 may not take a credit under this section for a qualified capital expenditure upstream
12 from the point of production of gas from the Point Thomson Unit for a gas processing
13 plant or a gas treatment facility. In this subsection, "Point Thomson Unit" means the
14 land identified by the Department of Natural Resources as the "Point Thomson Unit."
15

16 Reletter the following subsection accordingly.

17

18 Page 31, line 24, following "AS 38.05.132":

19 Insert ";

20 (19) costs related to a gas processing plant or a gas treatment facility
21 upstream from the point of production of gas from the Point Thomson Unit"

22

23 Page 32, following line 20:

1 Insert a new paragraph to read:

2 "(3) "Point Thomson Unit" means the land identified by the
3 Department of Natural Resources as the "Point Thomson Unit";"
4

5 Renumber the following paragraph accordingly.

Conceptual Amendment

• Make this a 23.5% Rate in 2006

• High end of 27.5%

CONCEPTUAL AMENDMENT

~~Amend #2.A~~

Amend 4

8/2/2006

7:00 p.m.

Herttule

OFFERED IN THE HOUSE

TO: CSHB 3001(FIN), Draft Version "I"

BY ~~Chenault, Meya,
Stoltz, Ancker,
Holm, Kelly,
Weyrauch, Foster~~

1 Page 3, line 13, through page 4, line 17:

2 Delete all material and insert:

3 "(1) except as provided under (3) of this subsection, the tax rate for a
4 calendar year under (e) of this section is

5 (A) for a producer whose investment factor is equal to or less than
6 \$1 per BTU equivalent barrel, ~~25~~^{27.5} percent;

7 (B) for a producer whose investment factor is equal to or greater
8 than \$6 per BTU equivalent barrel, 20 percent;

9 (C) for a producer whose investment factor is between \$1 and \$6
10 per BTU equivalent barrel, the rate determined by the following formula and
11 rounded to the nearest 1/100 of a percent:

12 $.25 - .01(IF - 1)$ ²

13 where IF = the number that is equal to the producer's investment factor;

14 (2) a producer's investment factor for a calendar year is the quotient
15 obtained by dividing the producer's total qualified capital expenditures incurred during
16 the calendar year by the total amount of taxable and nontaxable oil and gas, in BTU
17 equivalent barrels, produced by the producer from leases or properties in the state during
18 the calendar year;

19 (3) a producer's tax rate for a calendar year shall be the higher of the rate
20 determined in (1) and the ~~may not be less than the rate "R"~~ as determined by the
21 following formula, except that the rate shall not be higher than 25% or less than 20%:

22 $[(R \times QC) + (.2 \times QC) + [(.25 - R) \times PT]] \times (1 - IR) + (QC \times IR) = .75 \times QC$

23 where: QC = the producer's qualified capital expenditures incurred
24 during the calendar year;

*Amend 5
sk*

AMENDMENT

OFFERED IN THE HOUSE
TO: CSHB 3001 ()

BY REPRESENTATIVE KERTTULA

- 1 Page 4, line 29:
- 2 Delete the blank space
- 3 Insert "50"
- 4 Page 5, line 1:
- 5 Delete the blank space
- 6 Insert "35"

Amend 6

24-GH2096U.10
Chenoweth/Bullock
8/1/06

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE KERTTULA

TO: CSHB 3001(), Draft Version "I"

- 1 Page 27, line 29, following "incurred,":
- 2 Insert "that is incurred in the state"
- 3
- 4 Page 28, line 2, following "payments":
- 5 Insert "to the state or to a political subdivision of the state"
- 6
- 7 Page 28, line 5, following "expenses":
- 8 Insert "incurred in the state"
- 9
- 10 Page 28, line 11, following "gas":
- 11 Insert ", but the activity must occur within the state"

Amend 7
sk

24-GH2096V.4
Finley/Bullock
8/2/06

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE KERTTULA

TO: CSHB 3901(), Draft Version "I"

1 Page 1, line 1:

2 Delete "tax"

3 Insert "taxes"

4

5 Page 1, lines 3 - 4:

6 Delete "amending the definition of 'gas' as that definition applies in the Alaska

7 Stranded Gas Development Act;"

8

9 Page 3, line 5:

10 Delete "or gas"

11 Delete "and gas"

12

13 Page 3, lines 6 - 7:

14 Delete "and gas"

15

16 Page 3, line 8:

17 Delete "and (k)"

18

19 Page 3, line 9:

20 Delete "and gas"

21

22 Page 4, lines 2 - 3:

23 Delete "and gas, in BTU equivalent barrels,"

1
2
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31

Page 4, line 9:

Delete "and gas, in BTU equivalent barrels,"

Page 4, line 13:

Delete "or gas"

Page 4, line 14:

Delete "and gas"

Page 4, line 20:

Delete "or gas"

Page 4, line 21:

Delete "and gas"

Page 4, line 22:

Delete "and gas"

Page 4, lines 23 - 24:

Delete "and (k)"

Page 4, line 26:

Delete "and gas"

Page 4, lines 29 - 30:

Delete "and gas"

Page 5, line 2:

Delete "and gas"

- 1 Page 5, line 4:
- 2 Delete "and gas"
- 3
- 4 Page 5, lines 4 - 5:
- 5 Delete ", in BTU equivalent barrels"
- 6
- 7 Page 5, line 6:
- 8 Delete "or gas"
- 9 Delete "and gas"
- 10
- 11 Page 5, line 8:
- 12 Delete "and gas"
- 13
- 14 Page 5, lines 13 - 14:
- 15 Delete all material.
- 16
- 17 Renumber the following paragraph accordingly.
- 18
- 19 Page 5, line 16:
- 20 Delete "or (2)"
- 21
- 22 Page 5, line 19:
- 23 Delete "and (2)"
- 24
- 25 Page 5, line 20:
- 26 Delete "and gas"
- 27
- 28 Page 5, line 21, through page 6, line 8:
- 29 Delete all material.
- 30
- 31 Reletter the following subsections accordingly.

1

2 Page 6, line 28:

3 Delete "or (k)"

4

5 Page 6, line 29:

6 Delete "or gas"

7

8 Page 7, line 2, through page 8, line 5:

9 Delete all material.

10

11 Page 8, following line 5:

12 Insert a new bill section to read:

13 **** Sec. 6. AS 43.55.013(j) is amended to read:**

14 (j) The department may aggregate two or more leases or properties (or portions
15 of them), for purposes of determining the economic limit factor [FACTORS] under
16 this section and applying it [THEM] to [AS 43.55.011 OR] AS 43.55.016, when
17 economically interdependent [OIL OR] gas production operations are not confined to
18 a single lease or property. The department may also segregate a lease or property into
19 two or more parts, for purposes of determining the economic limit factor [FACTORS]
20 under this section and applying it [THEM] under [AS 43.55.011 OR] AS 43.55.016,
21 when two or more economically independent [OIL OR] gas production operations are
22 being conducted on it [, OR WHEN OLD CRUDE OIL IS PRODUCED FROM THE
23 SAME LEASE OR PROPERTY AS OTHER OIL]."

24

25 Renumber the following bill sections accordingly.

26

27 Page 8, line 16, following "(a)":

28 Insert "The production tax on gas shall be paid monthly. The tax on gas is due on the
29 20th day of each calendar month on gas produced from each lease or property during the
30 preceding month. If the tax on gas is not paid before the end of the month in which it becomes
31 due, the tax becomes delinquent."

- 1
- 2 Page 8, line 29:
- 3 Delete "and gas"
- 4
- 5 Page 9, lines 8 - 9:
- 6 Delete "and gas, in BTU equivalent barrels,"
- 7
- 8 Page 9, lines 17 - 18:
- 9 Delete "the sum of"
- 10
- 11 Page 9, line 19:
- 12 Delete "(A)"
- 13
- 14 Page 9, line 22:
- 15 Delete "plus"
- 16
- 17 Page 9, lines 23 - 26:
- 18 Delete all material.
- 19
- 20 Page 10, line 1:
- 21 Delete "and [OR]"
- 22 Insert "or"
- 23
- 24 Page 10, line 4:
- 25 Delete "and"
- 26 Insert "or"
- 27
- 28 Page 10, line 5, following "AS 43.55.011":
- 29 Insert "or 43.55.016"
- 30
- 31 Page 10, line 6:

- 1 Delete "and [OR]"
- 2 Insert "or"
- 3
- 4 Page 10, line 8, following "tax":
- 5 insert "on oil and monthly payments of tax on gas"
- 6
- 7 Page 10, line 12:
- 8 Delete "and gas"
- 9
- 10 Page 10, line 13:
- 11 Delete "and gas"
- 12
- 13 Page 10, line 15:
- 14 Delete "and gas"
- 15
- 16 Page 10, line 20:
- 17 Delete "and gas"
- 18
- 19 Page 10, lines 22 - 29:
- 20 Delete all material.
- 21
- 22 Renumber the following bill sections accordingly.
- 23
- 24 Page 12, line 11:
- 25 Delete "and gas"
- 26
- 27 Page 14, line 7:
- 28 Delete "and gas"
- 29
- 30 Page 14, line 14:
- 31 Delete "and gas"

1

2 Page 14, line 15:

3 Delete "BTU equivalent"

4

5 Page 16, line 7:

6 Delete "or gas"

7

8 Page 17, line 14:

9 Delete "and gas"

10

11 Page 17, line 23:

12 Delete "or gas"

13

14 Page 17, line 25:

15 Delete "or gas"

16

17 Page 18, line 6:

18 Delete "and gas"

19

20 Page 18, line 12:

21 Delete "or gas"

22

23 Page 18, line 18, following "AS 43.55.011(e)":

24 Insert "or 43.55.016"

25

26 Page 21, line 3, following "AS 43.55.011(e)":

27 Insert "or 43.55.016"

28

29 Page 21, line 13, following "AS 43.55.011(e)":

30 Insert "or 43.55.016"

31

- 1 Page 21, line 22, following "AS 43.55.011(e)":
2 Insert "or 43.55.016, as applicable."
3
- 4 Page 21, line 24, following "AS 43.55.011(e)":
5 Insert "or 43.55.016, as applicable."
6
- 7 Page 21, line 26, following "AS 43.55.011(e)":
8 Insert "or 43.55.016, as applicable."
9
- 10 Page 22, line 4:
11 Delete "and [OR] gas were [WAS]"
12 Insert "or gas was"
13
- 14 Page 22, line 9:
15 Delete "and gas"
16 Insert "or gas, as applicable."
17
- 18 Page 22, line 11:
19 Delete "and of the [OR] gas"
20 Insert "; or the total value of the gas, as applicable."
21
- 22 Page 22, line 14:
23 Delete "and for the [OR]"
24 Insert "or"
25
- 26 Page 24, line 6, following "value":
27 Delete "at the point of production is"
28 Insert "of gas and the gross value at the point of production of oil are"
29
- 30 Page 24, line 17:
31 Delete "and gas"

1

2 Page 24, line 20:

3 Delete "and gas"

4

5 Page 24, line 22:

6 Delete "and gas"

7

8 Page 24, line 25:

9 Delete "and gas"

10

11 Page 24, line 27:

12 Delete "and gas"

13

14 Page 24, line 30:

15 Delete "and gas"

16

17 Page 25, line 1:

18 Delete "and gas"

19

20 Page 25, lines 10 - 15:

21 Delete all material.

22

23 Page 25, line 17:

24 Delete "and gas"

25

26 Page 25, line 19:

27 Delete "and gas"

28

29 Page 25, line 22:

30 Delete "and gas"

31

- 1 Page 25, line 24:
- 2 Delete "and gas"
- 3
- 4 Page 25, line 27:
- 5 Delete "and gas"
- 6
- 7 Page 25, lines 29 - 30:
- 8 Delete "and gas"
- 9
- 10 Page 26, line 6:
- 11 Delete ";"
- 12 Insert "."
- 13
- 14 Page 26, lines 7 - 12:
- 15 Delete all material.
- 16
- 17 Page 26, line 17:
- 18 Delete "and gas"
- 19
- 20 Page 26, line 21:
- 21 Delete "or gas"
- 22
- 23 Page 27, line 4:
- 24 Delete "or gas"
- 25
- 26 Page 27, line 10:
- 27 Delete "and gas"
- 28
- 29 Page 27, line 12:
- 30 Delete "or gas"
- 31

- 1 Page 27, line 14:
- 2 Delete "or gas"
- 3
- 4 Page 28, line 6:
- 5 Delete "or gas"
- 6
- 7 Page 28, line 9:
- 8 Delete "or gas"
- 9
- 10 Page 28, line 11:
- 11 Delete "or gas"
- 12
- 13 Page 28, line 18:
- 14 Delete "and gas"
- 15
- 16 Page 29, line 6:
- 17 Delete "or gas"
- 18
- 19 Page 29, line 15:
- 20 Delete "and gas"
- 21
- 22 Page 29, line 30:
- 23 Delete "or gas"
- 24
- 25 Page 31, line 2:
- 26 Delete "or gas"
- 27
- 28 Page 31, line 3:
- 29 Delete "and gas production in barrels of oil equivalent"
- 30 Insert "production"
- 31

1 Page 31, line 6:

2 Delete "and gas production in barrels of oil equivalent"

3 Insert "production"

4

5 Page 31, line 12:

6 Delete "for the purposes"

7

8 Page 31, lines 13 - 15:

9 Delete all material.

10

11 Page 31, line 26:

12 Delete "or gas"

13

14 Page 32, line 2:

15 Delete "or gas"

16

17 Page 32, line 3:

18 Delete "or gas"

19

20 Page 32, line 4:

21 Delete "or gas"

22

23 Page 32, lines 6 - 10:

24 Delete all material and insert:

25 "(h) If a cost that would otherwise constitute a lease expenditure under this
26 section is incurred to explore for, develop, or produce both oil and gas, the department
27 shall allocate the cost between oil and gas to determine the amount applicable to oil
28 and deductible under this section by (1) a ratio of the volume of oil production to the
29 volume of gas production in barrels of oil equivalent for the applicable lease or
30 property, (2) the predominant purpose of the expenditure between oil and gas, or (3)
31 other reasonable allocation methods to determine the portion of the cost that is

1 appropriately treated as a lease expenditure for oil under this section. In this
2 subsection, "barrels of oil equivalent" means 6,000 cubic feet of gas."

3

4 Page 32, line 22:

5 Delete "or gas"

6

7 Page 33, line 6:

8 Delete "or gas"

9

10 Page 33, line 21:

11 Delete "or gas"

12

13 Page 33, line 25:

14 Delete "or gas"

15

16 Page 34, line 5:

17 Delete "or gas"

18

19 Page 35, line 30, through page 36, line 9:

20 Delete all material.

21

22 Renumber the following bill sections accordingly.

23

24 Page 36, lines 14 - 15:

25 Delete all material and insert:

26 "(B) for gas

27 (i) recovered from or in association with oil, the value
28 of the gas at the point where it is accurately metered or measured after
29 separation from the oil; for gas run through a gas processing plant, the
30 gross value at the point of production is the full consideration received
31 by the producer for the gas if sold in an arm's length transaction or, in

1 the absence of an arm's length transaction, is the sum of the value of the
2 liquids extracted from the gas at the plant and the value of the residue
3 gas, less a reasonable allowance for processing the gas at the plant and
4 for transporting the gas to the plant from the premises on which the oil
5 production operation is conducted; and

6 (ii) not recovered from or in association with oil, the
7 value of the gas at the point where it is accurately metered or measured
8 or the value of the gas at the point of sale, if any, on the premises of the
9 lease or property from which the gas is recovered, whichever is the
10 higher value; for gas run through a gas processing plant, the gross value
11 at the point of production is the full consideration received by the
12 producer for the gas if sold in an arm's length transaction or, in the
13 absence of an arm's length transaction, is the sum of the value of the
14 liquids extracted from the gas at the plant and the value of the residue
15 gas, less a reasonable allowance for processing the gas at the plant and
16 for transporting the gas to the plant from the point where it was
17 accurately metered or measured;"

18

19 Page 36, lines 22 - 28:

20 Delete all material.

21

22 Renumber the following paragraphs accordingly.

23

24 Page 37, lines 27 - 28:

25 Delete all material.

26

27 Renumber the following paragraphs accordingly.

28

29 Page 38, line 8:

30 Delete "(A) for oil,"

31

- 1 Page 38, line 15:
2 Delete ";"
3 Insert "."
4
- 5 Page 38, lines 16 - 29:
6 Delete all material.
7
- 8 Page 38, line 30:
9 Delete "43.55.013, 43.55.016"
10 Insert "43.55.013(b), 43.55.013(d)"
11
- 12 Page 39, line 4:
13 Delete "7 - 10, 12 - 14, 16 - 20, 24, and 26 - 34"
14 Insert "8 - 10, 12 - 14, 16 - 20, 24, and 26 - 33"
15
- 16 Page 39, line 5:
17 Delete "and gas"
18
- 19 Page 39, line 12:
20 Delete "and gas"
21
- 22 Page 39, line 19:
23 Delete "sec. 7"
24 Insert "sec. 8"
25
- 26 Page 40, line 29:
27 Delete "and gas"
28
- 29 Page 40, line 30:
30 Delete "AS 43.55.160(a)(2)(A) - (D)"
31 Insert "AS 43.55.160(a)(2)(A) - (C)"

1

2 Page 41, lines 5 - 6:

3 Delete "7 - 10, 12 - 14, 16 - 20, 24 - 34, and 36"

4 Insert "8 - 10, 12 - 14, 16 - 20, 24 - 33, and 35"

5

6 Page 41, lines 9 - 21:

7 Delete all material.

8

9 Renumber the following bill sections accordingly.

10

11 Page 41, lines 24 - 25:

12 Delete "7 - 10, 12 - 14, 16 - 19, and 24 - 36"

13 Insert "8 - 10, 12 - 14, 16 - 19, and 24 - 35"

Amend 8

24-GH2096V.3

Bullock

8/1/06

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AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 3001(), Draft Version "I"

Kerthula

1 Page 15, line 18, following "expenditures":

2 Insert "made during each April 1 through March 31 12-month period that exceeded the
3 12-month average expenditures for the two 12-month periods immediately before April 1,
4 2006, that"

5

6 Page 15, line 19, following "April 1, 2006,":

7 Insert "and"

8

9 Page 15, line 20:

10 Delete "the sum"

11 Insert "that portion"

12

13 Page 15, line 21, following "April 1, 2006,":

14 Insert "during each 12-month period multiplied by a fraction in which the numerator is
15 the amount of transitional investment expenditures during that 12-month period and the
16 denominator is the total expenditures incurred during that 12-month period that would be
17 qualified capital expenditures if they were incurred after March 31, 2006,"

18

19 Page 15, lines 24 - 25:

20 Delete ", that would be qualified capital expenditures, if they were incurred after
21 March 31, 2006"

Amend 9

24-GH2096I.5
Kane\Bullock
8/1/06

A

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 3001(), Draft Version "I"

Kerttula

1 Page 1, line 1, through page 41, line 26:

2 Delete all material and insert:

3 ""An Act relating to oil and gas, and to the oil and gas properties production (severance)
4 tax as it applies to oil; providing for an adjustment to increase the tax collected when oil
5 prices exceed \$20 per barrel and to reduce the tax collected when oil prices fall below
6 \$16 per barrel; providing for relief from the tax when the price per barrel is low or
7 when the taxpayer demonstrates that a reduction in the tax is necessary to establish or
8 reestablish production from an oil field or pool that would not otherwise be
9 economically feasible; delaying until July 1, 2016, the deadline for certain exploration
10 expenditures that form the basis for a credit against the tax on oil and gas produced
11 from a lease or property in the state; amending the powers and duties of the Alaska Oil
12 and Gas Conservation Commission; relating to the conservation surcharge and
13 additional conservation surcharge on oil; and providing for an effective date."

14 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

15 * Section 1. AS 31.05.030(d) is amended to read:

16 (d) The commission may require

17 (1) identification of ownership of wells, producing leases, tanks,
18 plants, and drilling structures;

19 (2) the making and filing of reports, well logs, drilling logs, electric

1 logs, lithologic logs, directional surveys, and all other subsurface information on a
2 well drilled for oil or gas, or for the discovery of oil or gas, or for geologic
3 information, and the required reports and information shall be filed within 30 days
4 after the completion, abandonment, or suspension of the well;

5 (3) the drilling, casing, and plugging of wells in a manner that will
6 prevent the escape of oil or gas out of one stratum into another, the intrusion of water
7 into an oil or gas stratum, the pollution of fresh water supplies by oil, gas, or salt
8 water, and prevent blowouts, cavings, seepages and fires;

9 (4) the furnishing of a reasonable bond with sufficient surety
10 conditions for the performance of the duty to plug each dry or abandoned well or the
11 repair of wells causing waste;

12 (5) the operation of wells with efficient gas-oil and water-oil ratios,
13 and may fix these ratios;

14 (6) the gauging or other measuring of oil and gas to determine the
15 quality and quantity of oil and gas;

16 (7) every person who produces oil or gas in the state to keep and
17 maintain for a period of five years in the state complete and accurate records of the
18 quantities of oil and gas produced, which shall be available for examination by the
19 Department of Natural Resources or its agents at all reasonable times;

20 (8) the measuring and monitoring of oil and gas pool pressures;

21 (9) the filing and approval of a plan of development and operation for
22 a field or pool in order to prevent waste, ensure [INSURE] a greater ultimate recovery
23 of oil and gas, and protect the correlative rights of persons owning interests in the
24 tracts of land affected;

25 (10) working interest owners to provide, at cost plus a reasonable
26 rate of return determined under regulations adopted by the commission and
27 without causing substantial injury to the owner, access to production and other
28 facilities whenever necessary; for purposes of this paragraph, the commission's
29 regulations must be consistent with the standards of the Regulatory Commission
30 of Alaska adopted to implement AS 42.05.311(a); the commission may act under
31 this paragraph

1 (A) to

2 (i) maximize the economic and physical recovery of
3 the state's oil and gas resources;

4 (ii) maximize competition among parties seeking to
5 explore and develop the state's oil and gas resources;

6 (iii) minimize the adverse affects of exploration,
7 development, production, and transportation activity; or

8 (iv) otherwise protect the best interest of the state;

9 and

10 (B) only if the commission finds that the facility has excess
11 capacity and that directing the working interest owner to provide access
12 by or for the benefit of others would not materially interfere with the
13 owner's paramount use of the facility.

14 * Sec. 2. AS 36.30.850(b)(33) is amended to read:

15 (33) contracts between the Department of Natural Resources or the
16 Department of Revenue, as appropriate, and contractors qualified to evaluate
17 hydrocarbon development, production, transportation, and economics, to assist the
18 commissioner of natural resources or the commissioner of revenue, as appropriate,
19 in evaluating applications for

20 (A) royalty increases or decreases or other royalty adjustments,
21 and evaluating the related financial and technical data, entered into under
22 AS 38.05.180(j); or

23 (B) tax reductions, and evaluating the related financial and
24 technical data, as authorized by AS 43.55.011(i) and (i);

25 * Sec. 3. AS 43.55.011(a) is amended to read:

26 (a) There is levied upon the producer of oil a tax for all oil produced from
27 each lease or property in the state, less any oil the ownership or right to which is
28 exempt from taxation. The tax is equal to,

29 (1) in the case of North Slope oil, either the percentage-of-value
30 amount calculated under (b)(1) [(b)] of this section or the cents-per-barrel amount
31 calculated under (c)(1) [(c)] of this section, whichever is greater; if [, MULTIPLIED

1 BY THE ECONOMIC LIMIT FACTOR DETERMINED FOR THE OIL
 2 PRODUCTION OF THE LEASE OR PROPERTY UNDER AS 43.55.013. IF] the
 3 amounts calculated under (b)(1) and (c)(1) [(b) AND (c)] of this section are equal, the
 4 amount calculated under (b)(1) [(b)] of this section shall be treated as if it were the
 5 greater for purposes of this section;

6 (2) in the case of oil that is not North Slope oil, either the
 7 percentage-of-value amount calculated under (b)(2) of this section or the cents-
 8 per-barrel amount calculated under (c)(2) of this section, whichever is greater,
 9 multiplied by the economic limit factor determined for the oil production of the
 10 lease or property under AS 43.55.013; if the amounts calculated under (b)(2) and
 11 (c)(2) of this section are equal, the amount calculated under (b)(2) of this section
 12 shall be treated as if it were the greater for purposes of this section.

13 * Sec. 4. AS 43.55.011(b) is amended to read:

14 (b) The percentage-of-value amount equals,

15 (1) in the case of North Slope oil, the tax rate set out in (e) of this
 16 section multiplied by the gross value at the point of production of taxable oil
 17 produced from the lease or property;

18 (2) in the case of oil that is not North Slope oil, [12.25 PERCENT
 19 OF THE GROSS VALUE AT THE POINT OF PRODUCTION OF TAXABLE OIL
 20 PRODUCED ON OR BEFORE JUNE 30, 1981, FROM THE LEASE OR
 21 PROPERTY AND] 15 percent of the gross value at the point of production of taxable
 22 oil produced from the lease or property, [AFTER JUNE 30, 1981;] except that [FOR
 23 A LEASE OR PROPERTY COMING INTO COMMERCIAL OIL PRODUCTION
 24 AFTER JUNE 30, 1981,] the percentage-of-value amount equals 12.25 percent of the
 25 gross value at the point of production of taxable oil produced from the lease or
 26 property in the first five years after the date that is the start of commercial oil
 27 production [AND EQUALS 15 PERCENT OF THE GROSS VALUE AT THE
 28 POINT OF PRODUCTION OF TAXABLE OIL PRODUCED THEREAFTER
 29 FROM THE LEASE OR PROPERTY].

30 * Sec. 5. AS 43.55.011(c) is amended to read:

31 (c) The cents-per-barrel amount equals,

1 (1) in the case of North Slope oil, \$0.80 per barrel for taxable
 2 crude oil produced from the lease or property, as adjusted by AS 43.55.012.
 3 multiplied by the economic limit factor determined for oil production of the lease
 4 or property under AS 43.55.013 and by the price adjustment factor set out in
 5 (e)(2)(D) of this section;

6 (2) in the case of oil that is not North Slope oil, [\$0.60 PER
 7 BARREL OF TAXABLE OLD CRUDE OIL PRODUCED FROM THE LEASE OR
 8 PROPERTY, AND] \$0.80 per barrel for [ALL OTHER] taxable crude oil produced
 9 from the lease or property, [BOTH] as adjusted by AS 43.55.012.

10 * Sec. 6. AS 43.55.011 is amended by adding new subsections to read:

11 (e) This subsection and (f) - (k) of this section apply only to North Slope oil.
 12 Except as provided in (h) of this section for heavy oil, the tax rate is the lesser of

13 (1) 27.5 percent; or

14 (2) the product of the volume adjusted tax rate multiplied by the price
 15 adjustment factor; for purposes of

16 (A) this paragraph, the volume adjusted tax rate is the greater

17 of

18 (i) the applicable tax rate determined under (C) of this
 19 paragraph, except that, if during a month in which the average ANS
 20 West Coast price per barrel of oil is less than \$12, the applicable tax
 21 rate is zero and the volume adjusted tax rate is determined only by the
 22 application of (ii) of this subparagraph; or

23 (ii) the economic limit factor determined for the oil
 24 production of the lease or property under AS 43.55.013 multiplied by
 25 the nominal tax rate;

26 (B) subparagraph (A) of this paragraph, the nominal tax rate is

27 (i) 12.25 percent during the first five years from the
 28 date that is the start of commercial oil production; and

29 (ii) 15 percent after the first five years from the date
 30 that is the start of commercial oil production;

31 (C) sub-subparagraph (A)(i) of this paragraph, during each

1 month in which the average ANS West Coast price per barrel of oil averages

2 (i) at least \$16, the applicable rate is five percent;

3 (ii) at least \$15, but less than \$16, the applicable rate is

4 four percent;

5 (iii) at least \$14, but less than \$15, the applicable rate is

6 three percent;

7 (iv) at least \$13, but less than \$14, the applicable rate is

8 two percent; and

9 (v) at least \$12, but less than \$13, the applicable rate is

10 one percent; and

11 (D) this paragraph and for the purpose of determining the
12 cents-per-barrel amount under (c)(1) of this section, the price adjustment factor
13 is one, except that the price adjustment factor is the average ANS West Coast
14 price per barrel of oil for the month divided by

15 (i) 16 during each month in which the average ANS
16 West Coast price per barrel of oil is less than \$16 per barrel;

17 (ii) 20 during each month in which the average ANS
18 West Coast price per barrel of oil is more than \$20 per barrel.

19 (f) During a month in which the average ANS West Coast price per barrel of
20 oil is less than \$10 per barrel, the payment of

21 (1) one-half of the tax due and payable under this chapter is waived;

22 and

23 (2) the remaining one-half of the tax due and payable under this
24 chapter is deferred, subject to the following:

25 (A) the amount of tax payment that is deferred under this
26 paragraph is payable by the taxpayer

27 (i) during each month in which the average ANS West
28 Coast price per barrel of oil is at least \$16 per barrel; and

29 (ii) sequentially on a month-for-month basis in the
30 order in which the tax payment was deferred based on payment of one
31 month's deferred tax during each month that the average ANS West