

ALASKA LEGISLATURE COMMITTEE FILES 2007-2008 RES 12692

1 calculated under regulations adopted by the department that provide for using an
2 appropriate monthly share of the producer's costs of transportation for the calendar
3 year."
4

5 Renumber the following bill sections accordingly.

6
7 Page 39, line 10:

8 Delete "a [AN ANNUAL]"

9 Insert "an annual"

10

11 Page 47, line 23:

12 Delete "43.55.160(c),"

13

14 Page 47, line 29:

15 Delete "sec. 55"

16 Insert "sec. 56"

17

18 Page 47, line 30:

19 Delete "49 - 60"

20 Insert "49 - 61"

21

22 Page 49, line 15:

23 Delete "sec. 55"

24 Insert "sec. 56"

25

26 Page 49, line 16:

27 Delete "sec. 68"

28 Insert "sec. 69"

29

30 Page 49, line 17:

31 Delete "49 - 54, 56 - 60"

1 Insert "49 - 55, 57 - 61"

2 Delete "sec. 55"

3 Insert "sec. 56"

4

5 Page 49, line 18:

6 Delete "sec. 68"

7 Insert "sec. 69"

8

9 Page 49, line 27:

10 Delete "49 - 60"

11 Insert "49 - 61"

12

13 Page 49, line 29:

14 Delete "sec. 55"

15 Insert "sec. 56"

16

17 Page 50, line 17:

18 Delete "sec. 55"

19 Insert "sec. 56"

20

21 Page 50, line 19:

22 Delete "49 - 60"

23 Insert "49 - 61"

24

25 Page 50, line 22:

26 Delete "sec. 69"

27 Insert "sec. 70"

11/15/07

AMENDMENT # 9

OFFERED IN THE SENATE

BY SENATOR STEDMAN

TO: SCS CSHB 2001(FIN)

U.C.

- 1 Page 14, line 10:
- 2 Delete "oil or"
- 3
- 4 Page 14, line 16:
- 5 Delete "oil or"
- 6
- 7 Page 14, lines 16 - 17:
- 8 Delete "and (k)"
- 9
- 10 Page 50, line 12, following "by the regulation.;
- 11 Insert "The department shall adopt regulations governing the use of tax credits
- 12 under AS 43.55 for a calendar year for which the applicable tax credit provisions of AS
- 13 43.55 differ as between parts of the year as a result of the retroactive application of a
- 14 provision of this Act."

BY SEN. McGUIRE

AMENDMENT #8

passed 14-5

OFFERED IN THE SENATE

TO: SCS CSHB 2001(FIN)

eliminates sunset
on AIC AUDITORS

Page 47, line 25:

Delete all material.

Renumber the following bill sections accordingly.

Passed

AMENDMENT #7 12-7

OFFERED IN THE SENATE

BY SENATOR WIELECHOWSKI

TO: SCS CSHB 2001(FIN)

Credit payments Fund

- 1 Page 1, line 6, following "supervisors;":
2 Insert "establishing an oil and gas tax credit fund and authorizing payment from
3 that fund;"
4
5 Page 1, line 12:
6 Delete "sec. 47"
7 Insert "sec. 49"
8
9 Page 2, line 3:
10 Delete "sec. 68"
11 Insert "sec. 71"
12
13 Page 19, line 24, following "payment":
14 Insert "under AS 43.55.028"
15
16 Page 20, following line 30:
17 Insert a new bill section to read:
18 **** Sec. 28. AS 43.55.023(g) is amended to read:**
19 (g) The issuance of a transferable tax credit certificate under (d) of this section
20 or the purchase of a certificate [ISSUANCE OF A CASH REFUND] under
21 AS 43.55.028 [(f) OF THIS SECTION] does not limit the department's ability to later
22 audit a tax credit claim to which the certificate relates or to adjust the claim if the
23 department determines, as a result of the audit, that the applicant was not entitled to

1 the amount of the credit for which the certificate was issued. The tax liability of the
2 applicant under AS 43.55.011(e) and 43.55.017 - 43.55.180 is increased by the amount
3 of the credit that exceeds that to which the applicant was entitled, or the applicant's
4 available valid outstanding credits applicable against the tax levied by
5 AS 43.55.011(e) are reduced by that amount. If the applicant's tax liability is increased
6 under this subsection, the increase bears interest under AS 43.05.225 from the date the
7 transferable tax credit certificate was issued. For purposes of this subsection, an
8 applicant that is an explorer is considered a producer subject to the tax levied by
9 AS 43.55.011(e)."

10
11 Renumber the following bill sections accordingly.

12
13 Page 29, following line 31:

14 Insert a new bill section to read:

15 **** Sec. 44. AS 43.55 is amended by adding a new section to read:**

16 **Sec. 43.55.028. Oil and gas tax credit fund established; cash purchases of**
17 **tax credit certificates. (a) The oil and gas tax credit fund is established as a separate**
18 **fund of the state. The purpose of the fund is to purchase certain transferable tax credit**
19 **certificates issued under AS 43.55.023 and certain production tax credit certificates**
20 **issued under AS 43.55.025.**

21 **(b) The oil and gas tax credit fund consists of**

22 **(1) money appropriated to the fund, including any appropriation of the**
23 **percentage provided under (c) of this section of all revenue from taxes levied by**
24 **AS 43.55.011 that is not required to be deposited in the constitutional budget reserve**
25 **fund established in art. IX, sec. 17(a), Constitution of the State of Alaska; and**

26 **(2) earnings on the fund.**

27 **(c) The applicable percentage for a fiscal year under (b)(1) of this section is**
28 **determined with reference to the average price or value forecast by the department for**
29 **Alaska North Slope oil sold or otherwise disposed of on the United States West Coast**
30 **during the fiscal year for which the appropriation of revenue from taxes levied by**
31 **AS 43.55.011 is made. If that forecast is**

1 (1) \$60 a barrel or higher, the applicable percentage is 10 percent;

2 (2) less than \$60 a barrel, the applicable percentage is 15 percent.

3 (d) The department shall manage the fund.

4 (e) The department, on the written application of the person to whom a
5 transferable tax credit certificate has been issued under AS 43.55.023(d) or a
6 production tax credit certificate has been issued under AS 43.55.025(f), may use
7 available money in the oil and gas tax credit fund to purchase, in whole or in part, the
8 certificate if the department finds that

9 (1) the calendar year of the purchase is not earlier than the first
10 calendar year for which the credit shown on the certificate would otherwise be allowed
11 to be applied against a tax;

12 (2) within 24 months after applying for the transferable tax credit
13 certificate or filing a claim for the production tax credit certificate, the applicant
14 incurred a qualified capital expenditure or was the successful bidder on a bid
15 submitted for a lease on state land under AS 38.05.180(f);

16 (3) the amount expended for the purchase would not exceed the total of
17 qualified capital expenditures and successful bids described in (2) of this subsection
18 that have not been the subject of a finding made under this paragraph for purposes of a
19 previous purchase of a certificate;

20 (4) the applicant does not have an outstanding liability to the state for
21 unpaid delinquent taxes under this title;

22 (5) the applicant's total tax liability under AS 43.55.011(e), after
23 application of all available tax credits, for the calendar year in which the application is
24 made is zero;

25 (6) the applicant's average daily production of oil and gas taxable
26 under AS 43.55.011(e) during the calendar year preceding the calendar year in which
27 the application is made was not more than 50,000 BTU equivalent barrels; and

28 (7) the purchase is consistent with this section and regulations adopted
29 under this section.

30 (f) Money in the fund remaining at the end of a fiscal year does not lapse and
31 remains available for expenditure in successive fiscal years.

1 (g) The department may adopt regulations to carry out the purposes of this
2 section, including standards and procedures to allocate available money among
3 applications for purchases the total amount of which exceeds the amount of available
4 money in the fund.

5 (h) Nothing in this section creates a dedicated fund.

6 (i) In this section, "qualified capital expenditure" has the meaning given in
7 AS 43.55.023."
8

9 **Renumber the following bill sections accordingly.**

10

11 **Page 47, following line 24:**

12 **Insert a new bill section to read:**

13 **"* Sec. 63. AS 43.55.023(f) is repealed."**

14

15 **Renumber the following bill sections accordingly.**

16

17 **Page 47, line 29:**

18 **Delete "sec. 55"**

19 **Insert "sec. 57"**

20

21 **Page 47, line 30:**

22 **Delete "29 - 42, and 49 - 60"**

23 **Insert "30 - 43, and 51 - 62"**

24

25 **Page 48, line 1:**

26 **Delete "Sections 43 and 45"**

27 **Insert "Sections 45 and 47"**

28

29 **Page 48, line 2:**

30 **Delete "sec. 43"**

31 **Insert "sec. 45"**

1

2 **Page 48, line 3:**

3 **Delete "sec. 45"**

4 **Insert "sec. 47"**

5 **Delete "secs. 43 and 45"**

6 **Insert "secs. 45 and 47"**

7

8 **Page 48, line 5:**

9 **Delete "Sections 34 - 37, 39, and 41"**

10 **Insert "Sections 35 - 38, 40, and 42"**

11

12 **Page 48, line 8:**

13 **Delete "sec. 47"**

14 **Insert "sec. 49"**

15

16 **Page 48, line 10:**

17 **Delete "47"**

18 **Insert "49"**

19

20 **Page 48, line 12:**

21 **Delete "sec. 44" in both places**

22 **Insert "sec. 46" in both places**

23

24 **Page 48, line 15:**

25 **Delete "sec. 46"**

26 **Insert "sec. 48"**

27

28 **Page 48, line 16:**

29 **Delete "sec. 46"**

30 **Insert "sec. 48"**

31

1 Page 48, following line 16:

2 Insert a new subsection to read:

3 "(h) If an application made under AS 43.55.023(f) is received by the Department of
4 Revenue before January 1, 2008, and is still outstanding on that date, the application is
5 considered to be an application under AS 43.55.028, enacted by sec. 44 of this Act."
6

7 Page 49, line 15:

8 Delete "sec. 55"

9 Insert "sec. 57"

10

11 Page 49, line 16:

12 Delete "sec. 68"

13 Insert "sec. 71"

14

15 Page 49, line 17:

16 Delete "29 - 42, 49 - 54, 56 - 60"

17 Insert "30 - 43, 51 - 56, 58 - 62"

18 Delete "sec. 55"

19 Insert "sec. 57"

20

21 Page 49, line 18:

22 Delete "sec. 68"

23 Insert "sec. 71"

24

25 Page 49, lines 26 - 27:

26 Delete "29 - 42, and 49 - 60"

27 Insert "30 - 43, and 51 - 62"

28

29 Page 49, line 29:

30 Delete "sec. 55"

31 Insert "sec. 57"

- 1
- 2 **Page 50, lines 15 - 16:**
- 3 **Delete "Sections 29 and 38"**
- 4 **Insert "Sections 30 and 39"**
- 5
- 6 **Page 50, line 17:**
- 7 **Delete "sec. 55"**
- 8 **Insert "sec. 57"**
- 9
- 10 **Page 50, line 19:**
- 11 **Delete "29 - 42, and 49 - 60"**
- 12 **Insert "30 - 43, and 51 - 62"**
- 13
- 14 **Page 50, line 21:**
- 15 **Delete "Section 28 of this Act takes"**
- 16 **Insert "Sections 28, 29, 44, and 63 of this Act take"**
- 17
- 18 **Page 50, line 22:**
- 19 **Delete "sec. 69"**
- 20 **Insert "sec. 72"**

AMENDMENT #6

OFFERED IN THE SENATE

BY SENATOR WIELECHOWSKI

TO: SCS CSHB 2001(FIN)

EIC credits

U.C.

1 Page 25, line 3:

2 Delete "spudding the well"

3 Insert "the well is spudded"

4

5 Page 25, line 8:

6 Delete "and"

7

8 Page 25, lines 9 - 15:

9 Delete all material and insert:

10 (ii) at the time of the submittal of information under (i)
11 of this subparagraph, the commissioner of natural resources may
12 request from the explorer that specific data sets, ancillary data, and
13 reports including all results, and copies of well data collected and data
14 analyses for the well be provided to the Department of Natural
15 Resources upon completion of the drilling; in this sub-subparagraph,
16 well data include all analyses conducted on physical material, and well
17 logs collected from the well and sample analyses; testing geophysical
18 and velocity data including vertical seismic profiles and check shot
19 surveys; testing data and analyses; age data; geochemical analyses; and
20 access to tangible material; and

21 (iii) the commissioner of natural resources must make
22 an affirmative determination as to whether the geological objective of
23 the well is a potential oil or gas trap that is distinctly separate from any

1 trap that has been tested by a preexisting well and what information
2 under (ii) of this subparagraph must be submitted by the explorer after
3 completion, abandonment, or suspension under AS 31.05.030; the
4 commissioner of natural resources shall make that determination within
5 60 days after receiving all the necessary information from the explorer
6 based on the information received and on other information the
7 commissioner of natural resources considers relevant;"

8

9 Page 25, line 21, following "abandonment":

10 Insert "under AS 31.05.030"

11

12 Page 25, line 23:

13 Delete "adequately achieved"

14 Insert "was consistent with achieving"

15

16 Page 25, line 30, following "section;":

17 Insert **"in addition, the explorer shall submit information necessary for the**
18 **commissioner of natural resources to evaluate the validity of the explorer's compliance**
19 **with the requirements of this section;"**

20

21 Page 26, line 28, through page 27, line 5:

22 Delete all material and insert:

23 **"(ii) well data include all analyses conducted on**
24 **physical material, and well logs collected from the well, results, and**
25 **copies of data collected and data analyses for the well, including**
26 **well logs; sample analyses; testing geophysical and velocity data**
27 **including seismic profiles and check shot surveys; testing data and**
28 **analyses; age data; geochemical analyses; and tangible material;"**

25-GH0014V.8
Kane/Bullock
11/15/07

AMENDMENT #5 *passed* 12-7

OFFERED IN THE SENATE
TO: SCS CSHB 2001(FIN)

BY SEN.
WIELECHOWSKI

statute of limitations

- 1 Page 33, line 31:
- 2 Delete "four"
- 3 Insert "six"
- 4 Delete "latest"

WG.

25-GH0014F.6
Mischel/Bullock
11/15/07

AMENDMENT #4

STEDMAN

OFFERED IN THE SENATE

BY SENATOR ~~WIELECHOWSKI~~

TO: SCS CSHB 2001(FIN)

1 Page 21, line 12:

2 Delete "April 1, 2006"

3 Insert "January 1, 2008"

4

5 Page 21, lines 16 - 17:

6 Delete "are incurred during the calendar year for which the credit is taken"

7 Insert "were incurred after March 31, 2006, and before January 1, 2008 [ARE

8 INCURRED DURING THE CALENDAR YEAR FOR WHICH THE CREDIT IS TAKEN]"

Stedman
~~at~~
Hoffman

yuk!

25-GH0014\F.18
Cook/Bullock
11/15/07

AMENDMENT #3

OFFERED IN THE SENATE
TO: SCS CSHB 2001(FIN)

BY SENATOR FRENCH, Elton

passed 11-8

- 1 Page 2, line 3:
- 2 Delete "sec. 68"
- 3 Insert "sec. 69"
- 4
- 5 Page 45, following line 5:
- 6 Insert a new bill section to read:
- 7 **** Sec. 57. AS 43.55.165 is amended by adding new subsections to read:**
- 8 (k) For purposes of AS 43.55.160, for a calendar year after 2006 and before
- 9 2010, a producer's total lease expenditures, before adjustment under AS 43.55.170,
- 10 that are applicable to oil and gas produced by the producer from all leases or
- 11 properties from which 1,000,000,000 BTU equivalent barrels of oil or gas have been
- 12 cumulatively produced by the close of 2006 and from which the average daily oil and
- 13 gas production during 2006 exceeded 100,000 BTU equivalent barrels as the unit
- 14 boundaries were defined on January 1, 2007, are determined under this subsection and
- 15 (l) of this section. Except as otherwise provided under (l) of this section, the
- 16 producer's total lease expenditures, other than qualified capital expenditures, (1) for
- 17 calendar year 2007, are equal to the product of 1.37 multiplied by the total lease
- 18 expenditures for calendar year 2006, other than qualified capital expenditures, that are
- 19 applicable to oil and gas produced by the producer from all leases or properties within
- 20 the unit, as reported on the producer's statement under AS 43.55.030(a) for calendar
- 21 year 2006, and (2) for a calendar year after 2007, are equal to the product of 1.03
- 22 multiplied by the total lease expenditures, other than qualified capital expenditures,
- 23 determined for the previous calendar year under this subsection. The producer's total

1 lease expenditures for a calendar year after 2006 that are applicable to oil and gas
2 produced by the producer from all leases or properties within a unit subject to this
3 subsection are the sum of the producer's qualified capital expenditures incurred during
4 the calendar year that are applicable to that oil and gas plus the lease expenditures,
5 other than qualified capital expenditures, that are applicable to that oil and gas as
6 determined under this subsection and (l) of this section. If a producer whose lease
7 expenditures for 2006 are used to determine lease expenditures for a later calendar
8 year under this subsection transfers an interest in an affected lease or property to a
9 different producer or if the unit area of the applicable unit is changed from the area as
10 it existed on December 31, 2006, the transferee's lease expenditures applicable to oil
11 and gas produced by the transferee from the lease or property and a producer's lease
12 expenditures applicable to oil or gas produced from a lease or property within a unit
13 area as it existed on December 31, 2006, continue to be determined under this
14 subsection using those 2006 lease expenditures. In this subsection, "qualified capital
15 expenditures" has the meaning given in AS 43.55.023.

16 (l) If, after audit by the department of a producer's statement or amended
17 statement under AS 43.55.030(a) for calendar year 2006, the department finally
18 determines that the reported amount of total lease expenditures, other than qualified
19 capital expenditures, for calendar year 2006 applicable to oil and gas produced by the
20 producer from all leases or properties within a unit subject to (k) of this section
21 exceeds by more than 10 percent the actual amount of those lease expenditures, other
22 than qualified capital expenditures, the producer or transferee, as applicable, shall (1)
23 substitute the actual amount of those lease expenditures, other than qualified capital
24 expenditures, for purposes of the calculations set out in (k) of this section, and (2) file
25 amended statements for affected past tax periods within 60 days after the final
26 determination. The commissioner may adjust the deduction applicable under (k) of
27 this section on changes in unit boundaries."
28

29 Renumber the following bill sections accordingly.

30

31 Page 47, line 30:

1 Delete "49 - 60"

2 Insert "49 - 61"

3

4 Page 49, line 16:

5 Delete "sec. 68"

6 Insert "sec. 69"

7

8 Page 49, line 17:

9 Delete "56 - 60"

10 Insert "56 - 61"

11

12 Page 49, line 18:

13 Delete "sec. 68"

14 Insert "sec. 69"

15

16 Page 49, line 27:

17 Delete "49 - 60"

18 Insert "49 - 61"

19

20 Page 50, line 19:

21 Delete "49 - 60"

22 Insert "49 - 61"

23

24 Page 50, line 22:

25 Delete "sec. 69"

26 Insert "sec. 70"

passed 10-9

SENATE AMENDMENT AM 2 B

BY: FRENCH

TO: CS HB 2001 (VERSION) SENATE BILL NO.: _____
TO: _____ (VERSION) HOUSE BILL NO.: _____

Add "(e)(6)" to three places:
After first 43.55.165

- 1.) p 49 line 15
- 2.) p 49 line 29
- 3) p 50 line 17

(PLEASE SUBMIT ORIGINAL AMENDMENT TO THE SENATE SECRETARY'S
OFFICE FOR NUMBERING, COPYING AND DISTRIBUTION.)

Stedman - oppose

25-GH0014\F.15
Cook/Bullock
11/15/07

AMENDMENT # 2A

OFFERED IN THE SENATE

BY SENATOR FRENCH, Clinton

TO: SCS CSHB 2001(FIN)

13 - 6 ~~not~~
adopted

"the may/shall debate"

1 Page 39, line 27, through page 41, line 10:

2 Delete all material and insert:

3 **"* Sec. 53. AS 43.55.165(a) is repealed and reenacted to read:**

4 (a) Except as provided in (k) and (l) of this section, for purposes of this
5 chapter, a producer's lease expenditures for a calendar year are

6 (1) costs, other than items listed in (e) of this section, that are

7 (A) incurred in the state by the producer during the calendar
8 year after March 31, 2006, to explore for, develop, or produce oil or gas
9 deposits located within the producer's leases or properties in the state or, in the
10 case of land in which the producer does not own an operating right, operating
11 interest, or working interest, to explore for oil or gas deposits within other land
12 in the state; and

13 (B) allowed by the department by regulation, based on the
14 department's determination that the costs satisfy the following three
15 requirements:

16 (i) the costs must be incurred upstream of the point of
17 production of oil and gas;

18 (ii) the costs must be ordinary and necessary costs of
19 exploring for, developing, or producing, as applicable, oil or gas
20 deposits; and

21 (iii) the costs must be direct costs of exploring for,
22 developing, or producing, as applicable, oil or gas deposits; and

23 (2) a reasonable allowance for that calendar year, as determined under

L amend 2 amend

1 regulations adopted by the department, for overhead expenses that are directly related
2 to exploring for, developing, or producing, as applicable, the oil or gas deposits.

3 * Sec. 54. AS 43.55.165(b) is amended to read:

4 (b) For purposes of (a) of this section,

5 (1) direct costs include

6 (A) an expenditure, when incurred, to acquire an item if the
7 acquisition cost is otherwise a direct cost, notwithstanding that the expenditure
8 may be required to be capitalized rather than treated as an expense for financial
9 accounting or federal income tax purposes;

10 (B) payments of or in lieu of property taxes, sales and use
11 taxes, motor fuel taxes, and excise taxes;

12 [(C) A REASONABLE ALLOWANCE, AS DETERMINED
13 UNDER REGULATIONS ADOPTED BY THE DEPARTMENT, FOR
14 OVERHEAD EXPENSES DIRECTLY RELATED TO EXPLORING FOR,
15 DEVELOPING, AND PRODUCING OIL OR GAS DEPOSITS LOCATED
16 WITHIN LEASES OR PROPERTIES OR OTHER LAND IN THE STATE;]

17 (2) an activity does not need to be physically located on, near, or
18 within the premises of the lease or property within which an oil or gas deposit being
19 explored for, developed, or produced is located in order for the cost of the activity to
20 be a cost upstream of the point of production of the oil or gas;

21 (3) in determining whether costs are lease expenditures, the
22 department may consider, among other factors, the

23 (A) typical industry practices and standards in the state
24 that determine the costs, other than items listed in (e) of this section, that
25 an operator is allowed to bill a producer that is not the operator, under
26 unit operating agreements or similar operating agreements that were in
27 effect before December 2, 2005, and were subject to negotiation with at
28 least one producer with substantial bargaining power, other than the
29 operator; and

30 (B) standards adopted by the Department of Natural
31 Resources that determine the costs, other than items listed in (e) of this

1 section, that a lessee is allowed to deduct from revenue in calculating net
2 profits under a lease issued under AS 38.05.180(f)(3)(B), (D), or (E)."

3
4 Page 41, lines 23 - 26:

5 Delete all material and insert:

6 "(6) costs arising from fraud, wilful misconduct, [OR] gross
7 negligence, violation of law, or failure to comply with an obligation under a lease,
8 permit, or license issued by the state or federal government." ✓

9
10 Page 42, lines 6 - 7:

11 Delete all material and insert:

12 "(12) an expenditure otherwise deductible under (b) of this section
13 that is a result of [FOR A TRANSACTION THAT IS] an internal transfer, a
14 transaction with an affiliate, or a transaction between related parties, or is
15 otherwise not an arm's length transaction, unless the producer establishes to the
16 satisfaction of the department that the amount of the expenditure does not exceed
17 the [EXPENDITURES INCURRED THAT ARE IN EXCESS OF] fair market value
18 of the expenditure;"

19
20 Page 45, lines 7 - 8:

21 Delete "(a) Unless the payment or credit has already been subtracted in calculating
22 billable or billed costs under AS 43.55.165(c) [OR (d)], a"

23 Insert "(a) A [UNLESS THE PAYMENT OR CREDIT HAS ALREADY BEEN
24 SUBTRACTED IN CALCULATING BILLABLE OR BILLED COSTS UNDER
25 AS 43.55.165(c) OR (d), A]"

26
27 Page 47, line 23, following "43.55.160(c),":

28 Insert "43.55.165(c),"

add
249
line 15
49
line 29
50
line 7
add
(e)(6)

19-0

25-GH0014\F.1
Chenoweth/Bullock
11/15/07

AMENDMENT # 1

Bunde
Wagoner

OFFERED IN THE SENATE
TO: SCS CSHB 2001(FIN)

BY SENATOR THOMAS
and Senator Olson
Wilken
Dyson
Ferticault

1 Page 1, line 2, following "oil;":

2 Insert "providing a limit on the amount of tax that may be levied on the
3 production of certain gas that is produced outside of the Cook Inlet sedimentary basin;"

5 Page 1, line 11, following "INTENT.":

6 Insert "(a) It is the intent of the legislature that the provisions of this Act will
7 (1) ensure a fair and equitable means of assessing and taxing Alaska's oil and
8 gas resources; and
9 (2) encourage the availability to Alaska's citizens of affordable gas produced,
10 transported, and consumed within the state, as one step towards reasonable and
11 equitable energy costs throughout Alaska."

12 Reletter the following subsections accordingly.

14 Page 1, line 12:

15 Delete "sec. 47"
16 Insert "sec. 48"

18 Page 2, line 3:

19 Delete "sec. 68"
20 Insert "sec. 69"

22 Page 11, line 18:

23 Delete "and (k)"

1 Insert "(k), and (o)"

2

3 Page 11, line 26, following "section":

4 Insert "and gas subject to (o) of this section"

5

6 Page 14, line 9:

7 Delete "or (k)"

8 Insert ", (k), or (o)"

9

10 Page 14, line 11:

11 Delete "and (k)"

12 Insert ", (k), and (o)"

13

14 Page 14, line 13:

15 Delete "and (k)"

16 Insert ", (k), and (o)"

17

18 Page 14, line 14, following "AS 43.55.011(j)":

19 Insert "or (o)"

20

21 Page 14, lines 16 - 17:

22 Delete "and (k)"

23 Insert ", (k), and (o)"

24

25 Page 14, line 20:

26 Delete "or (k)"

27 Insert ", (k), or (o)"

28

29 Page 14, following line 20:

30 Insert a new bill section to read:

31 **"* Sec. 21. AS 43.55.011 is amended by adding a new subsection to read:**

1 (o) Notwithstanding other provisions of this section, for a calendar year before
2 2022, the tax levied under (e) of this section for each 1,000 cubic feet of gas for gas
3 produced from a lease or property outside the Cook Inlet sedimentary basin and used
4 in the state may not exceed the amount of tax for each 1,000 cubic feet of gas that is
5 determined under (j)(2) of this section.
6

7 Renumber the following bill sections accordingly.

8
9 Page 15, line 1, following "basin":

10 Insert "or not subject to AS 43.55.011(o)"
11

12 Page 15, line 28:

13 Delete "or (k)"

14 Insert ", (k), or (o)"
15

16 Page 16, line 8:

17 Delete "or (k)"

18 Insert ", (k), or (o)"
19

20 Page 16, line 10, following the first occurrence of "(2)":

21 Insert "or 43.55.011(o)"
22

23 Page 16, line 11, following "(2)(A)":

24 Insert "or 43.55.011(o)"
25

26 Page 37, line 15, following "AS 43.55.170;":

27 Insert "this subparagraph does not apply to gas subject to AS 43.55.011(o);"
28

29 Page 37, line 23, following "AS 43.55.170;":

30 Insert "this subparagraph does not apply to gas subject to AS 43.55.011(o);"
31

1 Page 38, following line 4:

2 Insert new material to read:

3 "(E) gas produced during a calendar year from a lease or property
4 outside the Cook Inlet sedimentary basin and used in the state is the gross value
5 at the point of production of that gas taxable under AS 43.55.011(e) and
6 produced by the producer from that lease or property, less the producer's lease
7 expenditures under AS 43.55.165 for the calendar year applicable to that gas
8 produced by the producer from that lease or property, as adjusted under
9 AS 43.55.170:"

10

11 Page 39, lines 14 - 15:

12 Delete "or (k)"

13 Insert ", (k), or (o)"

14

15 Page 39, line 17:

16 Delete "(a)(1)(C) or (D)"

17 Insert "(a)(1)(C), (D) or (E)"

18

19 Page 39, line 20:

20 Delete "or (k)"

21 Insert ", (k), or (o)"

22

23 Page 39, line 23:

24 Delete "or (k)"

25 Insert ", (k), or (o)"

26

27 Page 44, line 29, following "gas":

28 Insert ", between gas subject to AS 43.55.011(o) and other gas,"

29

30 Page 47, line 22, following "AS 31.05.110(b)":

31 Insert ",

1 (24) "used in the state" means delivered for consumption as fuel in the
2 state, including as fuel consumed to generate electricity"

3

4 Page 47, line 29:

5 Delete "sec. 55"

6 Insert "sec. 56"

7

8 Page 47, line 30:

9 Delete "secs. 15 - 27, 29 - 42, and 49 - 60"

10 Insert "secs. 15 - 28, 30 - 43, and 50 - 61"

11

12 Page 48, line 1:

13 Delete "Sections 43 and 45"

14 Insert "Sections 44 and 46"

15

16 Page 48, line 2:

17 Delete "sec. 43"

18 Insert "sec. 44"

19

20 Page 48, line 3:

21 Delete "sec. 45"

22 Insert "sec. 46"

23 Delete "secs. 43 and 45"

24 Insert "secs. 44 and 46"

25

26 Page 48, line 5:

27 Delete "Sections 34 - 37, 39, and 41"

28 Insert "Sections 35 - 38, 40, and 42"

29

30 Page 48, line 8:

31 Delete "sec. 47"

- 1 Insert "sec. 48"
- 2
- 3 Page 48, line 10:
- 4 Delete "47"
- 5 Insert "48"
- 6
- 7 Page 48, line 12:
- 8 Delete "sec. 44" in both places
- 9 Insert "sec. 45" in both places
- 10
- 11 Page 48, line 15:
- 12 Delete "sec. 46"
- 13 Insert "sec. 47"
- 14
- 15 Page 48, line 16:
- 16 Delete "sec. 46"
- 17 Insert "sec. 47"
- 18
- 19 Page 49, line 11:
- 20 Delete "sec. 21" in both places
- 21 Insert "sec. 22" in both places
- 22
- 23 Page 49, line 13:
- 24 Delete "sec. 21"
- 25 Insert "sec. 22"
- 26
- 27 Page 49, line 15:
- 28 Delete "sec. 55"
- 29 Insert "sec. 56"
- 30
- 31 Page 49, line 16:

- 1 Delete "sec. 68"
- 2 Insert "sec. 69"
- 3
- 4 Page 49, line 17:
 - 5 Delete "secs. 15 - 27, 29 - 42, 49 - 54, and 56 - 60"
 - 6 Insert "secs. 15 - 28, 30 - 43, 50 - 55, and 57 - 61"
 - 7 Delete "sec. 55"
 - 8 Insert "sec. 56"
 - 9
- 10 Page 49, line 18:
 - 11 Delete "sec. 68"
 - 12 insert "sec. 69"
 - 13
- 14 Page 49, lines 26 - 27:
 - 15 Delete "secs. 15 - 27, 29 - 42, and 49 - 60"
 - 16 Insert "secs. 15 - 28, 30 - 43, and 50 - 61"
 - 17
- 18 Page 49, line 29 :
 - 19 Delete "sec. 55"
 - 20 Insert "sec. 56"
 - 21
- 22 Page 50, lines 15 - 16:
 - 23 Delete "Sections 29 and 38"
 - 24 Insert "Sections 30 and 39"
 - 25
- 26 Page 50, line 17:
 - 27 Delete "sec. 55"
 - 28 Insert "sec. 56"
 - 29
- 30 Page 50, line 19:
 - 31 Delete "Sections 15 - 27, 29 - 42, and 49 - 60"

1 Insert "Sections 15 - 28, 30 - 43, and 50 - 61"

2

3 Page 50, line 21:

4 Delete "Section 28"

5 Insert "Section 29"

6

7 Page 50, line 22:

8 Delete "sec. 69"

9 Insert "sec. 70"

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11/13/07

SENATE CS FOR CS FOR HOUSE BILL NO. 2001(FIN) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SPECIAL SESSION

BY THE HOUSE SENATE FINANCE COMMITTEE

~~Amended: 11/14/07~~

~~Offered: 11/14/07~~

Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR
A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the production tax on oil and gas and to conservation surcharges on
 2 oil; ~~providing a limit on the amount of tax that may be levied on the production of~~
 3 ~~certain gas that is produced outside of the Cook Inlet sedimentary basin; relating to the~~
 4 issuance of advisory bulletins and the disclosure of certain information relating to the
 5 production tax and the sharing between agencies of certain information relating to the
 6 production tax and to oil and gas or gas only leases; expandingamending the
 7 ~~period~~State Personnel Act to create in which the Department of Revenue may assess the
 8 ~~amount of oil and gas production tax and conservation surcharges; prohibiting a~~
 9 ~~producer or explorer from receiving tax credits if certain judgments are not satisfied~~
 10 ~~and requiring, as a condition of receiving the tax credits, the deposit of the amount of~~
 11 ~~certain unpaid judgments and certain interest on those judgments in the court during~~
 12 ~~an appeal and relating to that interest; relating to~~ exempt service state oil and gas audit

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1 masters; relating to oil and gas auditors and certain oil and gas auditor supervisors;
2 providing for civil penalties relating to the oil and gas production tax; providing for
3 retroactive application of certain statutory and regulatory provisions relating to the
4 production tax on oil and gas; making conforming amendments; and providing for an
5 effective date."

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

7 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
8 to read:

9 **LEGISLATIVE INTENT.** (a) It is the intent of the legislature that ~~the provisions of~~
10 ~~this Act will~~

11 (1) ~~ensure a fair and equitable means of assessing and taxing Alaska's oil and~~
12 ~~gas resources; and~~

13 (2) ~~encourage the availability to Alaska's citizens of affordable gas produced,~~
14 ~~transported, and consumed within the state.~~

15 (b) ~~It is the intent of the legislature that AS 43.55.075(b), enacted by sec. 4143 of this~~
16 ~~Act, confirm by clarification the long-standing interpretation of AS 43.05.260 by the~~
17 ~~Department of Revenue relating to the limitation of assessments for the production tax on oil~~
18 ~~and gas and conservation surcharges on oil, confirms by clarification the long-standing~~
19 ~~interpretation of AS 43.05.260 by the Department of Revenue.~~

20 (b) It is the intent of the legislature that the amount of money received by the state as
21 a result of the retroactivity of certain provisions under sec. 65 of this Act that exceeds the
22 amount of money the state would have received if those provisions had not taken effect until
23 January 1, 2008, will be appropriated to the public education fund (AS 14.17.300).

24 (c) ~~It is the intent of the legislature that costs disallowed in accordance with~~
25 ~~AS 43.55.165(e)(6), as amended by sec. 48 of this Act, include costs, subsequent to the~~
26 ~~effective date the legislature will responsibly invest the amounts received after December 31,~~
27 2007, as the result of the enactment of this Act that exceed the amounts that would have been
28 received under AS 43.55.011 - 43.55.165(e)(6), incurred as a result of monitoring and
29 management decisions that fail to properly consider risks posed180, as those provisions read

1 on June 30, 2007, as if those provisions had been applied after December 31, 2007, by
2 changing operating conditions and result in failure to take necessary actions to prevent a
3 pipeline spill, interruption of service, or shutdown. making appropriations to the following:

4 (1) the public education fund (AS 14.17.300);

5 (2) the budget reserve fund (art. IX, sec. 17, Constitution of the State of
6 Alaska);

7 (3) to extinguish the amount of the employers' unfunded liability in the
8 teachers' defined benefit retirement plan and the public employees' defined benefit retirement
9 plan; and

10 (4) the development and implementation of a long-range fiscal plan for the
11 state.

12 * **Sec. 2.** AS 38.05.035(a) is amended to read:

13 (a) The director shall

14 (1) have general charge and supervision of the division and may
15 exercise the powers specifically delegated to the director: **the director** may employ
16 and fix the compensation of assistants and employees necessary for the operations of
17 the division: **the director** [AND] is the certifying officer of the division, with the
18 consent of the commissioner, and may approve vouchers for disbursements of money
19 appropriated to the division;

20 (2) manage, inspect, and control state land and improvements on it
21 belonging to the state and under the jurisdiction of the division;

22 (3) execute laws, rules, regulations, and orders adopted by the
23 commissioner;

24 (4) prescribe application procedures and practices for the sale, lease,
25 or other disposition of available land, resources, property, or interest in them;

26 (5) prescribe fees or service charges, with the consent of the
27 commissioner, for any public service rendered;

28 (6) under the conditions and limitations imposed by law and the
29 commissioner, issue deeds, leases, or other conveyances disposing of available land,
30 resources, property, or any interests in them;

31 (7) have jurisdiction over state land, except that land acquired by the

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B not to be
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a plan*

1 Alaska World War II Veterans Board and the Agricultural Loan Board or the
2 departments or agencies succeeding to their respective functions through foreclosure
3 or default; to this end, the director possesses the powers and, with the approval of the
4 commissioner, shall perform the duties necessary to protect the state's rights and
5 interest in state land, including the taking of all necessary action to protect and
6 enforce the state's contractual or other property rights:

7 (8) [REPEALED

8 (9) maintain the [SUCH] records [AS] the commissioner considers
9 necessary, administer oaths, and do all things incidental to the authority imposed; the
10 following records and files shall be kept confidential upon request of the person
11 supplying the information:

12 (A) the name of the person nominating or applying for the
13 sale, lease, or other disposal of land by competitive bidding;

14 (B) before the announced time of opening, the names of the
15 bidders and the amounts of the bids;

16 (C) all geological, geophysical, and engineering data supplied,
17 whether or not concerned with the extraction or development of natural
18 resources;

19 (D) except as provided in AS 38.05.036, cost data and
20 financial information submitted in support of applications, bonds, leases, and
21 similar items;

22 (E) applications for rights-of-way or easements;

23 (F) requests for information or applications by public agencies
24 for land that [WHICH] is being considered for use for a public purpose;

25 (9) [(10)] account for the fees, licenses, taxes, or other money
26 received in the administration of this chapter including the sale or leasing of land,
27 identify their source, and promptly transmit them to the proper fiscal department after
28 crediting them to the proper fund; receipts from land application filing fees and
29 charges for copies of maps and records shall be deposited immediately in the general
30 fund of the state by the director;

31 (10) [(11)] select and employ or obtain at reasonable compensation

1 cadastral, appraisal, or other professional personnel the director considers necessary
2 for the proper operation of the division;

3 (11) [(12)] be the certifying agent of the state to select, accept, and
4 secure by whatever action is necessary in the name of the state, by deed, sale, gift,
5 devise, judgment, operation of law, or other means any land, of whatever nature or
6 interest, available to the state; and be the certifying agent of the state, to select,
7 accept, or secure by whatever action is necessary in the name of the state any land, or
8 title or interest to land available, granted, or subject to being transferred to the state
9 for any purpose;

10 (12) on request, furnish records, files, and other information
11 related to the administration of AS 38.05.180 to the Department of Revenue for
12 use in forecasting state revenue under or administering AS 43.55, whether or not
13 those records, files, and other information are required to be kept confidential
14 under (8) of this subsection; in the case of records, files, or other information
15 required to be kept confidential under (8) of this subsection, the Department of
16 Revenue shall maintain the confidentiality that the Department of Natural
17 Resources is required to extend to records, files, and other information under (8)
18 of this subsection

19 [(13) REPEALED

20 (14) REPEALED].

21 * Sec. 3. AS 38.05.036(b) is amended to read:

22 (b) The Department of Revenue may obtain from the department information
23 relating to royalty and net profits payments and to exploration incentive credits under
24 this chapter or under AS 41.09, whether or not that information is confidential. The
25 Department of Revenue may use the information in carrying out its functions and
26 responsibilities under AS 43, and shall hold that information confidential to the extent
27 required by an agreement with the department or by AS 38.05.035(a)(8)
28 [AS 38.05.035(a)(9)], AS 41.09.010(d), or AS 43.05.230.

29 * Sec. 4. AS 38.05.036(f) is amended to read:

30 (f) Except as otherwise provided in this section or in connection with official
31 investigations or proceedings of the department, it is unlawful for a current or former

1 officer, employee, or agent of the state to divulge information obtained by the
2 department as a result of an audit under this section that is required by an agreement
3 with the department or by AS 38.05.035(a)(8) [AS 38.05.035(a)(9)] or
4 AS 41.09.010(d) to be kept confidential.

5 * Sec. 5. AS 38.05.036(g) is amended to read:

6 (g) Nothing in this section prohibits the publication of statistics in a manner
7 that maintains the confidentiality of information to the extent required by an
8 agreement with the department or by AS 38.05.035(a)(8) [AS 38.05.035(a)(9)] or
9 AS 41.09.010(d).

10 * Sec. 6. AS 38.05.123(f) is amended to read:

11 (f) As part of the timber sale negotiations authorized by this section, the
12 commissioner may require a prospective purchaser negotiating a timber sale contract
13 to submit financial and technical data that demonstrates that the requirements of this
14 section have been or will be met. Upon the prospective purchaser's request, the
15 commissioner shall keep data provided by the purchaser confidential in accordance
16 with the requirements of AS 38.05.035(a)(8) [AS 38.05.035(a)(9)].

17 * Sec. 7. AS 38.05.133(e) is amended to read:

18 (e) The commissioner may make a written request to a prospective licensee
19 for additional information on the prospective licensee's proposal. The commissioner
20 shall keep confidential information described in AS 38.05.035(a)(8)
21 [AS 38.05.035(a)(9)] that is voluntarily provided if the prospective licensee has made
22 a written request that the information remain confidential.

23 * Sec. 8. AS 38.05.180(j) is amended to read:

24 (j) The commissioner

25 (1) may provide for modification of royalty on individual leases,
26 leases unitized as described in (p) of this section, leases subject to an agreement
27 described in (s) or (t) of this section, or interests unitized under AS 31.05

28 (A) to allow for production from an oil or gas field or pool if

29 (i) the oil or gas field or pool has been sufficiently
30 delineated to the satisfaction of the commissioner:

31 (ii) the field or pool has not previously produced oil or

1 gas for sale; and

2 (iii) oil or gas production from the field or pool would
3 not otherwise be economically feasible;

4 (B) to prolong the economic life of an oil or gas field or pool
5 as per barrel or barrel equivalent costs increase or as the price of oil or gas
6 decreases, and the increase or decrease is sufficient to make future production
7 no longer economically feasible; or

8 (C) to reestablish production of shut-in oil or gas that would
9 not otherwise be economically feasible;

10 (2) may not grant a royalty modification unless the lessee or lessees
11 requesting the change make a clear and convincing showing that a modification of
12 royalty meets the requirements of this subsection and is in the best interests of the
13 state;

14 (3) shall provide for an increase or decrease or other modification of
15 the state's royalty share by a sliding scale royalty or other mechanism that shall be
16 based on a change in the price of oil or gas and may also be based on other relevant
17 factors such as a change in production rate, projected ultimate recovery, development
18 costs, and operating costs;

19 (4) may not grant a royalty reduction for a field or pool

20 (A) under (1)(A) of this subsection if the royalty modification
21 for the field or pool would establish a royalty rate of less than five percent in
22 amount or value of the production removed or sold from a lease or leases
23 covering the field or pool;

24 (B) under (1)(B) or (1)(C) of this subsection if the royalty
25 modification for the field or pool would establish a royalty rate of less than
26 three percent in amount or value of the production removed or sold from a
27 lease or leases covering the field or pool;

28 (5) may not grant a royalty reduction under this subsection without
29 including an explicit condition that the royalty reduction is not assignable without the
30 prior written approval, which may not be unreasonably withheld, by the
31 commissioner. the commissioner shall, in the preliminary and final findings and

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determinations, set out the conditions under which the royalty reduction may be assigned;

(6) shall require the lessee or lessees to submit, with the application for the royalty reduction, financial and technical data that demonstrate that the requirements of this subsection are met; the commissioner

(A) may require disclosure of only the financial and technical data related to development, production, and transportation of oil and gas or gas only from the field or pool that are reasonably available to the applicant; and

(B) shall keep the data confidential under AS 38.05.035(a)(8) [AS 38.05.035(a)(9)] at the request of the lessee or lessees making application for the royalty reduction; the confidential data may be disclosed by the commissioner to legislators and to the legislative auditor and as directed by the chair or vice-chair of the Legislative Budget and Audit Committee to the director of the division of legislative finance, the permanent employees of their respective divisions who are responsible for evaluating a royalty reduction, and to agents or contractors of the legislative auditor or the legislative finance director who are engaged under contract to evaluate the royalty reduction, if they sign an appropriate confidentiality agreement:

(7) may

(A) require the lessee or lessees making application for the royalty reduction under (1)(A) of this subsection to pay for the services of an independent contractor, selected by the lessee or lessees from a list of qualified consultants compiled by the commissioner, to evaluate hydrocarbon development, production, transportation, and economics and to assist the commissioner in evaluating the application and financial and technical data; if, under this subparagraph, the commissioner requires payment for the services of an independent contractor, the total cost of the services to be paid for by the lessee or lessees may not exceed \$150,000 for each application, and the commissioner shall determine the relevant scope of the work to be performed by the contractor; selection of an independent contractor under this

1 subparagraph is not subject to AS 36.30;

2 (B) with the mutual consent of the lessee or lessees making
3 application for the royalty reduction under (1)(B) or (1)(C) of this subsection,
4 request payment for the services of an independent contractor, selected from a
5 list of qualified consultants to evaluate hydrocarbon development, production,
6 transportation, and economics by the commissioner to assist the commissioner
7 in evaluating the application and financial and technical data; if, under this
8 subparagraph, the commissioner requires payment for the services of an
9 independent contractor, the total cost of the services that may be paid for by
10 the lessee or lessees may not exceed \$150,000 for each application, and the
11 commissioner shall determine the relevant scope of the work to be performed
12 by the contractor; selection of an independent contractor under this
13 subparagraph is not subject to AS 36.30;

14 (8) shall make and publish a preliminary findings and determination
15 on the royalty reduction application, give reasonable public notice of the preliminary
16 findings and determination, and invite public comment on the preliminary findings
17 and determination during a 30-day period for receipt of public comment;

18 (9) shall offer to appear before the Legislative Budget and Audit
19 Committee, on a day that is not earlier than 10 days and not later than 20 days after
20 giving public notice under (8) of this subsection, to provide the committee a review of
21 the commissioner's preliminary findings and determination on the royalty reduction
22 application and administrative process; if the Legislative Budget and Audit
23 Committee accepts the commissioner's offer, the committee shall give notice of the
24 committee's meeting to all members of the legislature;

25 (10) shall make copies of the preliminary findings and determination
26 available to

27 (A) the presiding officer of each house of the legislature;

28 (B) the chairs of the legislature's standing committees on
29 resources; and

30 (C) the chairs of the legislature's special committees on oil and
31 gas, if any;

1 (11) shall, within 30 days after the close of the public comment period
2 under (8) of this subsection.

3 (A) prepare a summary of the public response to the
4 commissioner's preliminary findings and determination;

5 (B) make a final findings and determination; the
6 commissioner's final findings and determination prepared under this
7 subparagraph regarding a royalty reduction is final and not appealable to the
8 court;

9 (C) transmit a copy of the final findings and determination to
10 the lessee;

11 (D) with the applicant's consent, amend the applicant's lease or
12 unitization agreement consistent with the commissioner's final decision; and

13 (E) make copies of the final findings and determination
14 available to each person who submitted comment under (8) of this subsection
15 and who has filed a request for the copies;

16 (12) is not limited by the provisions of AS 38.05.134(3) or (f) of this
17 section in the commissioner's determination under this subsection.

18 * Sec. 9. AS 38.05.275(c) is amended to read:

19 (c) Subsection (b) of this section may not be construed to limit the director in
20 the exercise of authority granted by AS 38.05.035(a)(11) [AS 38.05.035(a)(12)].

21 * Sec. 10. AS 39.25.110 is amended by adding a new paragraph to read:

22 (42) oil and gas audit~~er~~ masters employed in a professional capacity
23 by the Department of Revenue and the Department of Natural Resources to collect oil
24 and gas revenue by developing policy, ~~conduction~~conducting studies, drafting
25 proposed regulations, enforcing regulations, and directing audits by oil and gas
26 revenue auditors.

27 * Sec. 11. AS 41.09.01(d) is amended to read:

28 (d) Data derived from drilling a stratigraphic test well or exploratory well that
29 is provided to the commissioner under (c)(3) of this section shall be kept confidential
30 for 24 months after receipt by the commissioner unless the owner of the well gives
31 written permission to the state to release the well data at an earlier date, and,

1 notwithstanding AS 31.05.035(c), confidentiality may not be extended beyond 24
2 months. The provisions of AS 38.05.035(a)(8)(C) [AS 38.05.035(a)(9)(C)] apply to
3 other data provided to the commissioner under (c)(3) of this section, except that the
4 commissioner, under appropriate confidentiality provisions and without preference or
5 discrimination, may display to all interested third parties, but may not distribute or
6 transfer in hard copy or electronic form, those data with respect to all land if the
7 commissioner determines that the limited disclosure is necessary to further the
8 interest of the state in evaluating or developing its land.

9 * **Sec. 12.** ~~AS 42.45.043.05.230(a)~~ is amended by adding a new section to read:

10 ~~Sec. 42.45.045. Appropriations for the low income heating energy~~
11 ~~assistance program. (a) By February 1 each year, the Department of Revenue shall~~
12 ~~determine whether the state received for the general fund, during the immediately~~
13 ~~preceding calendar year, an amount of money from the tax levied under~~
14 ~~AS 43.55.011(e) because the price index calculated under AS 43.55.011(h) was~~
15 ~~greater than zero. If the state received an amount of money because the price index~~
16 ~~calculated under AS 43.55.011(h) was greater than zero, the department shall notify~~
17 ~~the legislature of that amount.~~

18 ~~(b) The legislature may annually appropriate up to \$50,000,000 of the amount~~
19 ~~reported under (a) of this section for the low income heating energy assistance~~
20 ~~program.~~

21 ~~(c) Nothing in this section requires that money be appropriated or creates a~~
22 ~~dedicated fund.~~

23 ~~(d) For purposes of this section, "low income heating energy assistance~~
24 ~~program" means the program created by 7 AAC 41.010 to implement the federal~~
25 ~~Low Income Home Energy Assistance Act of 1981, as amended (42 U.S.C. 8621 et~~
26 ~~seq.).~~

27 (a) It is unlawful for a current or former officer, employee, or agent of the
28 state to divulge the amount of income or the particulars set out or disclosed in a report
29 or return made under this title, except

30 (1) in connection with official investigations or proceedings of the
31 department, whether judicial or administrative, involving taxes due under this title:

1 (2) in connection with official investigations or proceedings of the
 2 child support enforcement agency, whether judicial or administrative, involving child
 3 support obligations imposed or imposable under AS 25 or AS 47:

4 (3) as provided in AS 38.05.036 pertaining to audit functions of the
 5 Department of Natural Resources:

6 (4) as provided in AS 43.05.405 - 43.05.499; and

7 (5) as otherwise provided in this section or AS 43.55.890.

8 * **Sec. 13.** AS 43.05.230(h) is amended to read:

9 (h) The commissioner shall, upon request, furnish to the Department of
 10 Natural Resources copies of tax returns, reports, **and other** documents filed under
 11 **AS 43.55 or** AS 43.65, and the Department of Revenue's determinations and
 12 workpapers **under those chapters**. The Department of Natural Resources shall
 13 maintain the confidentiality that the Department of Revenue is required to extend to
 14 the returns, reports, documents, determinations, and workpapers furnished to the
 15 Department of Natural Resources under this subsection.

16 * **Sec. 14.** AS 43.05.260(a) is amended to read:

17 (a) Except as provided in (c) of this section, [AND] AS 43.20.200(b), **and**
 18 **AS 43.55.075**, the amount of a tax imposed by this title must be assessed within three
 19 years after the return was filed, whether or not a return was filed on or after the date
 20 prescribed by law. If the tax is not assessed before the expiration of the **applicable**
 21 [THREE-YEAR] period, proceedings may not be instituted in court for the collection
 22 of the tax.

23 * **Sec. 15.** AS 43.55.011(e) is repealed and reenacted to read:

24 (e) There is levied on the producer of oil or gas a tax for all oil and gas
 25 produced each calendar year from each lease or property in the state, less any oil and
 26 gas the ownership or right to which is exempt from taxation or constitutes a
 27 landowner's royalty interest. Except as otherwise provided under (f), (j), ~~(k)~~ and ~~(ok)~~
 28 of this section, the tax is equal to the sum of

29 ~~(1) the production tax value of the taxable oil and gas as calculated~~
 30 ~~under AS 43.55.160 multiplied by 25 percent; and~~

31 ~~(2) the sum, over all months of the calendar year, of the tax amounts~~

1 ~~calculated~~ rate determined under (g) of this section.

2 * **Sec. 16.** AS 43.55.011(f) is amended to read:

3 (f) The levy of tax under this section for [ON A PRODUCER OF] oil and gas
4 produced ~~from leases or properties that include land~~ north of 68 degrees North
5 latitude, other than oil and gas production subject to (i) of this section and gas
6 subject to (o) of this section, may not be less than

7 (1) four percent of the gross value at the point of production when the
8 average price per barrel for Alaska North Slope crude oil for sale on the United States
9 West Coast during the calendar year for which the tax is due is more than \$25;

10 (2) three percent of the gross value at the point of production when the
11 average price per barrel for Alaska North Slope crude oil for sale on the United States
12 West Coast during the calendar year for which the tax is due is over \$20 but not over
13 \$25;

14 (3) two percent of the gross value at the point of production when the
15 average price per barrel for Alaska North Slope crude oil for sale on the United States
16 West Coast during the calendar year for which the tax is due is over \$17.50 but not
17 over \$20;

18 (4) one percent of the gross value at the point of production when the
19 average price per barrel for Alaska North Slope crude oil for sale on the United States
20 West Coast during the calendar year for which the tax is due is over \$15 but not over
21 \$17.50; or

22 (5) zero percent of the gross value at the point of production when the
23 average price per barrel for Alaska North Slope crude oil for sale on the United States
24 West Coast during the calendar year for which the tax is due is \$15 or less.

25 * **Sec. 17.** AS 43.55.011(g) is repealed and reenacted to read:

26 (g) ~~For each month for which the price index determined under (h) of this~~
27 ~~section is greater than zero, the amount of tax for purposes of (e)(2) of this section is~~
28 ~~calculated as follows: (1) for oil and gas produced from each lease or property, the~~
29 ~~monthly production tax value is calculated in the manner described in~~
30 ~~AS 43.55.160(a) and (b), except that the gross value at the point of production for the~~
31 ~~month is substituted for the gross value at the point of production for the calendar~~

1 year and 1/12 of the applicable adjusted lease expenditures for the calendar year is
2 substituted for the applicable adjusted lease expenditures for the calendar year; (2) the
3 monthly production tax value determined under (1) of this subsection is multiplied by
4 the progressivity tax rate for the month. The progressivity tax rate for a month is the
5 product of 0.4 percent multiplied by the price index for the month determined under
6 (h) of this section, except that the progressivity tax rate for a month may not exceed
7 25 percent. Notwithstanding any contrary provision of AS 43.55.150, for purposes of
8 calculating a monthly production tax value under this subsection, the gross value at
9 the point of production of the oil and gas is calculated under regulations adopted by
10 the department that provide for using an appropriate monthly share of the producer's
11 costs of transportation for the calendar year.

12 * ~~Sec. 18.~~ AS 43.55.011(h) is repealed and reenacted to read:

13 (h) ~~For purposes of (g) of this section, the price index for a month is~~
14 ~~calculated by subtracting 30 from the number that is equal to the total of the monthly~~
15 ~~production tax values, as calculated under (g) of this section, of the taxable oil and~~
16 ~~gas produced by the producer from all leases and properties in the state during that~~
17 ~~month, divided by the total amount of taxable oil and gas produced by the producer~~
18 ~~from all leases and properties in the state during that month, in BTU equivalent~~
19 ~~barrels. However, a price index calculated under this subsection may not be less than~~
20 ~~zero.~~

21 * Sec. 19. (g) The tax rate applied to the monthly production tax value of
22 oil and gas under (e) of this section for each month of the calendar year in which the
23 tax is levied is 22.5 percent plus, for each month for which the monthly average
24 production tax value for each BTU equivalent barrel is more than

25 (1) \$30 but not more than \$50, 0.6 percent multiplied by the number
26 that represents the difference between the average production tax value for each BTU
27 equivalent barrel of the taxable oil and gas for that month and \$30;

28 (2) \$50 but not more than \$70, the sum of 12 percent and the product
29 of 0.5 percent multiplied by the number that represents the difference between the
30 average production tax value for each BTU equivalent barrel of the taxable oil and
31 gas for that month and \$50;

1 (3) \$70 but not more than \$90, the sum of 22 percent and the product
2 of 0.35 percent multiplied by the number that represents the difference between the
3 average production tax value for each BTU equivalent barrel of the taxable oil and
4 gas for that month and \$70:

5 (+) \$90, the sum of 29 percent and the product of 0.1 percent
6 multiplied by the number that represents the difference between the average
7 production tax value for each BTU equivalent barrel of the taxable oil and gas for that
8 month and \$90, except that the sum determined under this paragraph may not exceed
9 50 percent, and the total tax rate under this subsection, may not exceed 75 percent.

10 * Sec. 18. AS 43.55.011(j) is amended to read:

11 (j) For a calendar year before 2022, the [TOTAL] tax levied by (e) [AND (g)]
12 of this section for [ON] gas produced from a lease or property in the Cook Inlet
13 sedimentary basin may not exceed

14 (1) for a lease or property that first commenced commercial
15 production of gas before April 1, 2006, the product obtained by multiplying (A) the
16 amount of taxable gas produced during the calendar year from the lease or property,
17 times (B) the average rate of tax that was imposed under this chapter for [ON]
18 taxable gas produced from the lease or property for the 12-month period ending on
19 March 31, 2006, times (C) the quotient obtained by dividing the total gross value at
20 the point of production of the taxable gas produced from the lease or property during
21 the 12-month period ending on March 31, 2006, by the total amount of that gas:

22 (2) for a lease or property that first commences commercial
23 production of gas after March 31, 2006, the product obtained by multiplying (A) the
24 amount of taxable gas produced during the calendar year from the lease or property,
25 times (B) the average rate of tax that was imposed under this chapter for [ON]
26 taxable gas produced from all leases or properties in the Cook Inlet sedimentary basin
27 for the 12-month period ending on March 31, 2006, times (C) the average prevailing
28 value for gas delivered in the Cook Inlet area for the 12-month period ending
29 March 31, 2006, as determined by the department under AS 43.55.020(f).

30 * Sec. 20.19. AS 43.55.011(k) is amended to read:

31 (k) For a calendar year before 2022, the [TOTAL] tax levied by (e) [AND

1 (g)] of this section for [ON] oil produced from a lease or property in the Cook Inlet
2 sedimentary basin may not exceed

3 (1) for a lease or property that first commenced commercial
4 production of oil before April 1, 2006, the product obtained by multiplying (A) the
5 amount of taxable oil produced during the calendar year from the lease or property,
6 times (B) the average rate of tax that was imposed under this chapter for [ON]
7 taxable oil produced from the lease or property for the 12-month period ending on
8 March 31, 2006, times (C) the quotient obtained by dividing the total gross value at
9 the point of production of the taxable oil produced from the lease or property during
10 the 12-month period ending on March 31, 2006, by the total amount of that oil;

11 (2) for a lease or property that first commences commercial
12 production of oil after March 31, 2006, the product obtained by multiplying (A) the
13 amount of taxable oil produced during the calendar year from the lease or property,
14 times (B) the average rate of tax that was imposed under this chapter for [ON]
15 taxable oil produced from all leases or properties in the Cook Inlet sedimentary basin
16 for the 12-month period ending on March 31, 2006, times (C) the average prevailing
17 value for oil produced and delivered in the Cook Inlet area for the 12-month period
18 ending on March 31, 2006, as determined by the department under AS 43.55.020(f).

19 * **Sec. 2120.** AS 43.55.011(m) is amended to read repealed and reenacted:

20 (m) ~~Notwithstanding any contrary provision of AS 38.05.180(i),~~
21 ~~AS 41.09.010, AS 43.20.043, AS 43.55.024, or 43.55.025, tax credits under~~
22 ~~AS 38.05.180(i), AS 41.09.010, AS 43.20.043, AS 43.55.024, and 43.55.025 that are~~
23 ~~allocated to gas produced from leases or properties in the Cook Inlet sedimentary~~
24 ~~basin and that are available to be applied against a tax levied by (e) of this section~~
25 ~~for [ON] gas produced from leases or properties in the Cook Inlet sedimentary basin~~
26 ~~during a calendar year may be applied only against the tax levied by (e) of this section~~
27 ~~for [ON] that gas. The amount by which the amount of tax credits that are allocated~~
28 ~~to gas produced from leases or properties in the Cook Inlet sedimentary basin and that~~
29 ~~the producer would otherwise be allowed to use for a later calendar year or transfer to~~
30 ~~another person exceeds the amount of tax credits whose application would reduce the~~
31 ~~tax levied by (e) of this section for [ON] that gas to zero, if any, is considered the~~

1 ~~amount of excess tax credits, and the excess tax credits are subject to the following:~~

2 ~~(1) for each lease or property for which a limitation under (j) or (k) of~~
3 ~~this section on the tax levied by (e) [AND (g)] of this section has the effect of~~
4 ~~reducing the producer the producer the amount of tax that would be levied in the~~
5 ~~absence of that limitation, the producer shall calculate the amount of that reduction;~~

6 ~~(2) the producer shall calculate the total of the reductions calculated~~
7 ~~under (1) of this subsection for all affected leases or properties;~~

8 ~~(3) the producer shall reduce the amount of excess tax credits by the~~
9 ~~total calculated under (2) of this subsection, but not to less than zero;~~

10 ~~(4) any amount of excess tax credits remaining after reduction under (3) of~~
11 (m) Notwithstanding any contrary provision of AS 38.05.180(i), AS 41.09.010,
12 AS 43.55.024, or 43.55.025, the department shall provide by regulation a method to
13 ensure that for a calendar year for which a producer's tax liability is limited by
14 AS 43.55.011(j) or (k), tax credits otherwise available under AS 38.05.180(i),
15 AS 41.09.010, AS 43.55.024, or 43.55.025 and allocated to oil or gas subject to the
16 limitations in AS 43.55.011(j) and (k) are accounted for as though the credits had
17 been applied first against a tax liability calculated without regard to the limitations
18 under AS 43.55.011(j) and (k) so as to reduce the tax liability to the maximum
19 amount provided for under AS 43.55.011(j) for the production of gas or
20 AS 43.55.011(k) for the production of oil. The regulation must provide for a
21 reasonable method to allocate tax credits to oil or gas subject to AS 43.55.011(j) and
22 (k). Only the amount of a tax credit remaining after the accounting provided for under
23 this subsection may be used for a later calendar year, transferred to another person, or
24 applied against a tax levied for [ON] oil or gas produced from a lease or property
25 located anywhere in the state on the production of oil or gas not subject to
26 AS 43.55.011(j) or (k) to the extent otherwise allowed under applicable law
27 governing the tax credits.

28 * **Sec. 22.** AS 43.55.011 is amended by adding a new subsection to read:

29 ~~(e) Notwithstanding other provisions of this section, for a calendar year~~
30 ~~before 2022, the tax levied under (e) of this section for each 1,000 cubic feet of gas~~
31 ~~for gas produced from a lease or property outside the Cook Inlet sedimentary basin~~

1 and used in the state may not exceed the amount of tax for each 1,000 cubic feet of
2 gas that is determined under (j)(2) of this section.

3 * ~~Sec. 2321~~. AS 43.55.020(a) is repealed and reenacted to read:

4 (a) For a calendar year, a producer subject to tax under AS 43.55.011(e) - (i)
5 shall pay the tax as follows:

6 (1) an installment payment of the estimated tax levied by
7 AS 43.55.011(e) - ~~(g) and (i)~~, net of any tax credits applied as allowed by law, is due
8 for each month of the calendar year on the last day of the following month; except as
9 otherwise provided under (2) of this subsection, the amount of the installment
10 payment is the sum of the following amounts, less 1/12 of the tax credits that are
11 allowed by law to be applied against the tax levied by AS 43.55.011(e) - ~~(g) and (i)~~ for
12 the calendar year, but the amount of the installment payment may not be less than
13 zero:

14 (A) for oil and gas produced from leases or properties in the
15 state outside the Cook Inlet sedimentary basin ~~or not subject to~~
16 ~~AS 43.55.011(e)~~, other than leases or properties subject to AS 43.55.011(f),
17 the greater of

18 (i) zero; or

19 (ii) ~~the sum of 22.5 percent and the progressivity tax~~
20 ~~rate calculated under AS 43.55.011(g) multiplied by~~ of the remainder
21 obtained by subtracting 1/12 of the producer's adjusted lease
22 expenditures for the calendar year of production under AS 43.55.165
23 and 43.55.170 that are deductible for the leases or properties under
24 AS 43.55.160 from the gross value at the point of production of the oil
25 and gas produced from the leases or properties during the month for
26 which the installment payment is calculated;

27 (B) for oil and gas produced from leases or properties subject
28 to AS 43.55.011(f), the greatest of

29 (i) zero;

30 (ii) zero percent, one percent, two percent, three
31 percent, or four percent, as applicable, of the gross value at the point of

1 production of the oil and gas produced from ~~these~~ all leases or
2 properties during the month for which the installment payment is
3 calculated; or

4 (iii) ~~the sum of 22.5 percent and the progressivity tax~~
5 ~~rate calculated under AS 43.55.011(g) multiplied by~~ of the remainder
6 obtained by subtracting 1/12 of the producer's adjusted lease
7 expenditures for the calendar year of production under AS 43.55.165
8 and 43.55.170 that are deductible for those leases or properties under
9 AS 43.55.160 from the gross value at the point of production of the oil
10 and gas produced from those leases or properties during the month for
11 which the installment payment is calculated;

12 (C) for oil and gas produced from each lease or property
13 subject to AS 43.55.011(j) ~~or (k), or (e)~~ the greater of

14 (i) zero; or

15 (ii) ~~the sum of 22.5 percent and the progressivity tax~~
16 ~~rate calculated under AS 43.55.011(g) multiplied by~~ of the remainder
17 obtained by subtracting 1/12 of the producer's adjusted lease
18 expenditures for the calendar year of production under AS 43.55.165
19 and 43.55.170 that are deductible under AS 43.55.160 for oil or gas,
20 respectively, produced from the lease or property; from the gross value
21 at the point of production of the oil or gas, respectively, produced from
22 the lease or property during the month for which the installment
23 payment is calculated;

24 (2) an amount calculated under (1)(C) of this subsection for oil or gas
25 produced from a lease or property subject to AS 43.55.011(j) ~~or (k)~~ or (e) may not
26 exceed the product obtained by carrying out the calculation set out in
27 AS 43.55.011(j)(1) or (2) ~~or 43.55.011(e)~~, as applicable, for gas or set out in
28 AS 43.55.011(k)(1) or (2), as applicable, for oil, but substituting in
29 AS 43.55.011(j)(1)(A) or (2)(A) ~~or 43.55.011(e)~~, as applicable, the amount of taxable
30 gas produced during the month for the amount of taxable gas produced during the
31 calendar year and substituting in AS 43.55.011(k)(1)(A) or (2)(A), as applicable, the

1 amount of taxable oil produced during the month for the amount of taxable oil
2 produced during the calendar year;

3 (3) an installment payment of the estimated tax levied by
4 AS 43.55.011(i) for each lease or property is due for each month of the calendar year
5 on the last day of the following month; the amount of the installment payment is the
6 sum of

7 (A) the applicable tax rate for oil provided under
8 AS 43.55.011(i), multiplied by the gross value at the point of production of
9 the oil taxable under AS 43.55.011(i) and produced from the lease or property
10 during the month; and

11 (B) the applicable tax rate for gas provided under
12 AS 43.55.011(i), multiplied by the gross value at the point of production of
13 the gas taxable under AS 43.55.011(i) and produced from the lease or property
14 during the month;

15 (4) any amount of tax levied by AS 43.55.011(e) - (i), net of any
16 credits applied as allowed by law, that exceeds the total of the amounts due as
17 installment payments of estimated tax is due on March 31 of the year following the
18 calendar year of production.

19 * ~~Sec. 24.22.~~ AS 43.55.020(g) is amended to read:

20 (g) Notwithstanding any contrary provision of AS 43.05.225, an unpaid
21 amount of an installment payment required under ~~(a)(1) - (3)~~ [(a)(1) - (4)] of this
22 section that is not paid when due bears interest (1) at the rate provided for an
23 underpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended,
24 compounded daily, from the date the installment payment is due until [THE]
25 March 31 following the calendar year of production [DESCRIBED IN
26 AS 43.55.030(a)], and (2) as provided for a delinquent tax under AS 43.05.225 after
27 that March 31. Interest accrued under (1) of this subsection that remains unpaid after
28 that March 31 is treated as an addition to tax that bears interest under (2) of this
29 subsection. An unpaid amount of tax due under ~~(a)(4)~~ [(a)(5)] of this section that is
30 not paid when due bears interest as provided for a delinquent tax under AS 43.05.225.

31 * ~~Sec. 25.23.~~ AS 43.55.020(h) is amended to read:

1 (h) Notwithstanding any contrary provision of AS 43.05.280,

2 (1) an overpayment of an installment payment required under ~~(a)(1) -~~
3 (3) [(a)(1) - (4)] of this section bears interest at the rate provided for an overpayment
4 under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from
5 the later of the date the installment payment is due or the date the overpayment is
6 made, until the earlier of

7 (A) the date it is refunded or is applied to an underpayment; [.]

8 or

9 (B) [THE] March 31 following the calendar year of
10 production [DESCRIBED IN AS 43.55.030(a)];

11 (2) except as provided under (1) of this subsection, interest with
12 respect to an overpayment is allowed only on any net overpayment of the payments
13 required under (a) of this section that remains after the later of [THE] March 31
14 following the calendar year of production [DESCRIBED IN AS 43.55.030(a)] or
15 the date that the statement required under AS 43.55.030(a) is filed;

16 (3) interest is allowed under (2) of this subsection only from a date
17 that is 90 days after the later of [THE] March 31 following the calendar year of
18 production [DESCRIBED IN AS 43.55.030(a)] or the date that the statement
19 required under AS 43.55.030(a) is filed; interest is not allowed if the overpayment
20 was refunded within the 90-day period:

21 (4) interest under (2) and (3) of this subsection is paid at the rate and
22 in the manner provided in AS 43.05.225(1).

23 * Sec. 2624. AS 43.55.023(a) is amended to read:

24 (a) A producer or explorer may take a tax credit for a qualified capital
25 expenditure as follows:

26 (1) notwithstanding that a qualified capital expenditure may be a
27 deductible lease expenditure for purposes of calculating the production tax value of
28 oil and gas under AS 43.55.160(a), unless a credit for that expenditure is taken under
29 AS 38.05.180(i), AS 41.09.010, AS 43.20.043, or AS 43.55.025, a producer or
30 explorer that incurs a qualified capital expenditure may also elect to apply [TAKE] a
31 tax credit against a tax levied by [DUE UNDER] AS 43.55.011(e) in the amount of

1 20 percent of that expenditure; however, not more than half of the tax credit may
2 be applied for a single calendar year;

3 (2) a producer or explorer may take a credit for a qualified capital
4 expenditure incurred in connection with geological or geophysical exploration or in
5 connection with an exploration well only if the producer or explorer [PROVIDES TO
6 THE DEPARTMENT, AS PART OF THE STATEMENT REQUIRED UNDER
7 AS 43.55.030(a) FOR THE CALENDAR YEAR FOR WHICH THE CREDIT IS
8 SOUGHT TO BE TAKEN, THE PRODUCER'S OR EXPLORER'S WRITTEN
9 AGREEMENT]

10 (A) agrees, in writing, to the applicable provisions of
11 AS 43.55.025(f)(2) [TO NOTIFY THE DEPARTMENT OF NATURAL
12 RESOURCES, BEFORE THE LATER OF 30 DAYS AFTER
13 COMPLETION OF THE GEOLOGICAL OR GEOPHYSICAL DATA
14 PROCESSING OR COMPLETION OF THE WELL, OR 30 DAYS AFTER
15 THE STATEMENT IS FILED, OF THE DATE OF COMPLETION AND TO
16 SUBMIT A REPORT TO THAT DEPARTMENT DESCRIBING THE
17 PROCESSING SEQUENCE AND PROVIDE A LIST OF DATA SETS
18 AVAILABLE;

19 (B) submits [TO PROVIDE] to the Department of Natural
20 Resources all data that would be required to be submitted under
21 AS 43.55.025(f)(2) [WITHIN 30 DAYS AFTER THE DATE OF A
22 REQUEST, SPECIFIC DATA SETS, ANCILLARY DATA, AND
23 REPORTS IDENTIFIED IN (A) OF THIS PARAGRAPH];

24 (3) a tax credit for a qualified capital expenditure to explore for,
25 develop, or produce oil or gas deposits subject to AS 43.55.011(f) may not be
26 applied against a tax for oil or gas produced from a lease or property not subject
27 to AS 43.55.011(f)

28 (C) THAT, NOTWITHSTANDING ANY PROVISION OF
29 AS 38, THE DEPARTMENT OF NATURAL RESOURCES SHALL HOLD
30 CONFIDENTIAL THE INFORMATION PROVIDED TO THAT
31 DEPARTMENT UNDER THIS PARAGRAPH FOR 10 YEARS

1 FOLLOWING THE COMPLETION DATE, AFTER WHICH THE
2 DEPARTMENT SHALL PUBLICLY RELEASE THE INFORMATION
3 AFTER 30 DAYS' PUBLIC NOTICE].

4 * Sec. 25. AS 43.55.023(b) is amended to read:

5 (b) A producer or explorer may elect to take a tax credit in the amount of
6 2522.5 [20] percent of a carried-forward annual loss. A credit under this subsection
7 may be applied against a tax levied by [DUE UNDER] AS 43.55.011(e). For
8 purposes of this subsection, a carried-forward annual loss is the amount of a
9 producer's or explorer's adjusted lease expenditures under AS 43.55.105 and
10 43.55.170 for a previous calendar year that was not deductible in calculating
11 production tax values for that calendar year under AS 43.55.160 [AS 43.55.160(b)
12 AND (e)].

13 * Sec. 26. AS 43.55.023(d) is amended to read:

14 (d) Except as limited by (i) of this section, a person that is entitled to take a
15 tax credit under this section, other than a tax credit described in (a)(3) of this
16 section, and that wishes to transfer the unused credit to another person or obtain a
17 cash payment may apply to the department for [A] transferable tax credit certificates
18 [CERTIFICATE]. An application under this subsection must be in a form prescribed
19 by the department and must include supporting information and documentation that
20 the department reasonably requires. The department shall grant or deny an
21 application, or grant an application as to a lesser amount than that claimed and deny it
22 as to the excess, not later than 120 [60] days after the latest of (1) March 31 of the
23 year following the calendar year in which the qualified capital expenditure or carried-
24 forward annual loss for which the credit is claimed was incurred; (2) [IF THE
25 APPLICANT IS REQUIRED UNDER AS 43.55.030(a) TO FILE A STATEMENT
26 ON OR BEFORE MARCH 31 OF THE YEAR FOLLOWING THE CALENDAR
27 YEAR IN WHICH THE QUALIFIED CAPITAL EXPENDITURES OR CARRIED-
28 FORWARD ANNUAL LOSS FOR WHICH THE CREDIT IS CLAIMED WAS
29 INCURRED.] the date the statement required under AS 43.55.030(a) or (e) was
30 filed for the calendar year in which the qualified capital expenditure or carried-
31 forward annual loss for which the credit is claimed was incurred; or (3) the date

1 the application was received by the department. If, based on the information then
2 available to it, the department is reasonably satisfied that the applicant is entitled to a
3 credit, the department shall issue the applicant two [A] transferable tax credit
4 certificates, each [CERTIFICATE] for half of the amount of the credit. The credit
5 shown on one of the two certificates is available for immediate use. The credit
6 shown on the second of the two certificates may not be applied against a tax for a
7 calendar year earlier than the calendar year following the calendar year in
8 which the certificate is issued, and the certificate must contain a conspicuous
9 statement to that effect. A certificate issued under this subsection does not expire.

10 * Sec. 27. AS 43.55.023(e) is amended to read:

11 (e) A person to which a transferable tax credit certificate is issued under (d)
12 of this section may transfer the certificate to another person, and a transferee may
13 further transfer the certificate. Subject to the limitations set out in (a) - (d) [(a) - (c)]
14 of this section, and notwithstanding any action the department may take with respect
15 to the applicant under (g) of this section, the owner of a certificate may apply the
16 credit or a portion of the credit shown on the certificate only against a tax levied by
17 [DUE UNDER] AS 43.55.011(e). However, a credit shown on a transferable tax
18 credit certificate may not be applied to reduce a transferee's total tax liability [DUE]
19 under AS 43.55.011(e) for [ON] oil and gas produced during a calendar year to less
20 than 80 percent of the tax that would otherwise be due without applying that credit.
21 Any portion of a credit not used under this subsection may be applied in a later
22 period.

23 * Sec. 28. AS 43.55.023(i) is amended to read:

24 (i) For the purposes of this section,

25 (1) a producer's or explorer's transitional investment expenditures are
26 the sum of the expenditures the producer or explorer incurred after March 31, 2001,
27 and before April 1, 2006, that would be qualified capital expenditures if they were
28 incurred after March 31, 2006, less the sum of the payments or credits the producer or
29 explorer received before April 1, 2006, for the sale or other transfer of assets,
30 including geological, geophysical, or well data or interpretations, acquired by the
31 producer or explorer as a result of expenditures the producer or explorer incurred

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1 before April 1, 2006, that would be qualified capital expenditures, if they were
2 incurred after March 31, 2006;

3 (2) a producer or explorer that did not have commercial production
4 of oil or gas from a lease or property in the state before ~~January~~ April 1,
5 ~~2008~~2006, may elect to take a tax credit against a tax levied by [DUE UNDER]
6 AS 43.55.011(e) in the amount of 20 percent of the producer's or explorer's
7 transitional investment expenditures, but only to the extent that the amount does not
8 exceed 1/10 of the producer's or explorer's qualified capital expenditures that ~~were~~are
9 incurred ~~after March 31, 2006, and before January 1, 2008~~ [ARE INCURRED
10 DURING THE CALENDAR YEAR FOR WHICH THE CREDIT IS TAKEN] during
11 the calendar year for which the credit is taken:

12 (3) a producer or explorer may not take a tax credit for a transitional
13 investment expenditure

14 (A) for any calendar year after [THE LATER OF

15 (i) 2013; [OR

16 (ii) THE SIXTH CALENDAR YEAR AFTER THE
17 CALENDAR YEAR FOR WHICH THE PRODUCER FIRST
18 APPLIES A CREDIT UNDER THIS SUBSECTION AGAINST A
19 TAX DUE UNDER AS 43.55.011(e). IF THE PRODUCER DID NOT
20 HAVE COMMERCIAL PRODUCTION OF OIL OR GAS FROM A
21 LEASE OR PROPERTY IN THE STATE BEFORE APRIL 1, 2006;]

22 (B) more than once; or

23 (C) if a credit for that expenditure was taken under
24 AS 38.05.180(i), AS 41.09.010, AS 43.20.043, or AS 43.55.025;

25 (4) notwithstanding (d), (e), and (g) of this section, a producer or
26 explorer may not transfer a tax credit or obtain a transferable tax credit certificate for
27 a transitional investment expenditure.

28 * ~~Sec. 2829~~. AS 43.55.023 is amended by adding a new subsection to read:

29 ~~(f) Notwithstanding the limitation on the use of a transferable tax credit by a~~
30 ~~transferee under (e) of this section and subject to appropriations made by law, if and~~
31 ~~to the extent that purchase of transferable tax credits by the Alaska Retirement~~