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30th Legislature(2017-2018)

Bill Text 30th Legislature

00 HOUSE BILL NO. 111
01 "An Act relating to the oil and gas production tax, tax payments, and credits; relating to
02 interest applicable to delinquent oil and gas production tax; and providing for an
03 effective date."
04 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
05 * **Section 1.** AS 43.05.225 is amended to read:
06 **Sec. 43.05.225. Interest.** Unless otherwise provided,
07 (1) a delinquent tax
08 (A) under this title, before January 1, 2014, bears interest in
09 each calendar quarter at the rate of five percentage points above the annual rate
10 charged member banks for advances by the 12th Federal Reserve District as of
11 the first day of that calendar quarter, or at the annual rate of 11 percent,
12 whichever is greater, compounded quarterly as of the last day of that quarter;
13 (B) under this title, on and after January 1, 2014, except as
14 provided in (C) of this paragraph, bears interest in each calendar quarter at the
01 rate of three percentage points above the annual rate charged member banks
02 for advances by the 12th Federal Reserve District as of the first day of that
03 calendar quarter;
04 (C) under AS 43.55, on and after January 1, 2017,
05 [(i) FOR THE FIRST THREE YEARS AFTER A TAX
06 BECOMES DELINQUENT,] bears interest in each calendar quarter at
07 the rate of seven percentage points above the annual rate charged
08 member banks for advances by the 12th Federal Reserve District as of
09 the first day of that calendar quarter, compounded quarterly as of the
10 last day of that quarter; [AND
11 (ii) AFTER THE FIRST THREE YEARS AFTER A
12 TAX BECOMES DELINQUENT, DOES NOT BEAR INTEREST;]
13 (2) the interest rate is 12 percent a year for
14 (A) delinquent fees payable under AS 05.15.095(c); and
15 (B) unclaimed property that is not timely paid or delivered, as
16 allowed by AS 34.45.470(a).
17 * **Sec. 2.** AS 43.55.011(f) is amended to read:
18 (f) The levy of tax under (e) of this section for
19 (1) oil and gas produced before **January 1, 2018** [JANUARY 1,
20 2022], from leases or properties that include land north of 68 degrees North latitude,
21 other than gas subject to (o) of this section, may not be less than
22 (A) four percent of the gross value at the point of production
23 when the average price per barrel for Alaska North Slope crude oil for sale on
24 the United States West Coast during the calendar year for which the tax is due
25 is more than \$25;
26 (B) three percent of the gross value at the point of production
27 when the average price per barrel for Alaska North Slope crude oil for sale on
28 the United States West Coast during the calendar year for which the tax is due
29 is over \$20 but not over \$25;
30 (C) two percent of the gross value at the point of production
31 when the average price per barrel for Alaska North Slope crude oil for sale on
01 the United States West Coast during the calendar year for which the tax is due
02 is over \$17.50 but not over \$20;
03 (D) one percent of the gross value at the point of production
04 when the average price per barrel for Alaska North Slope crude oil for sale on
05 the United States West Coast during the calendar year for which the tax is due
06 is over \$15 but not over \$17.50; or
07 (E) zero percent of the gross value at the point of production
08 when the average price per barrel for Alaska North Slope crude oil for sale on
09 the United States West Coast during the calendar year for which the tax is due
10 is \$15 or less; and
11 (2) oil **and gas** produced on and after **January 1, 2018, and before**
12 January 1, 2022, from leases or properties that include land north of 68 degrees North
13 latitude, may not be less than **five** [(A) FOUR] percent of the gross value at the point
14 of production [WHEN THE AVERAGE PRICE PER BARREL FOR ALASKA

15 NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED STATES WEST
16 COAST DURING THE CALENDAR YEAR FOR WHICH THE TAX IS DUE IS
17 MORE THAN \$25;

18 (B) THREE PERCENT OF THE GROSS VALUE AT THE
19 POINT OF PRODUCTION WHEN THE AVERAGE PRICE PER BARREL
20 FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED
21 STATES WEST COAST DURING THE CALENDAR YEAR FOR WHICH
22 THE TAX IS DUE IS OVER \$20 BUT NOT OVER \$25;

23 (C) TWO PERCENT OF THE GROSS VALUE AT THE
24 POINT OF PRODUCTION WHEN THE AVERAGE PRICE PER BARREL
25 FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED
26 STATES WEST COAST DURING THE CALENDAR YEAR FOR WHICH
27 THE TAX IS DUE IS OVER \$17.50 BUT NOT OVER \$20;

28 (D) ONE PERCENT OF THE GROSS VALUE AT THE
29 POINT OF PRODUCTION WHEN THE AVERAGE PRICE PER BARREL
30 FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED
31 STATES WEST COAST DURING THE CALENDAR YEAR FOR WHICH
01 THE TAX IS DUE IS OVER \$15 BUT NOT OVER \$17.50; OR

02 (E) ZERO PERCENT OF THE GROSS VALUE AT THE
03 POINT OF PRODUCTION WHEN THE AVERAGE PRICE PER BARREL
04 FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED
05 STATES WEST COAST DURING THE CALENDAR YEAR FOR WHICH
06 THE TAX IS DUE IS \$15 OR LESS].

07 * **Sec. 3.** AS 43.55.011 is amended by adding a new subsection to read:

08 (q) The amount of tax determined under (f) of this section may not be reduced
09 by the application of a credit authorized under this chapter. The total amount of tax
10 credits that may be applied against the tax levied by (e) of this section for a calendar
11 year may not exceed the sum of the amount of the tax credits or fractions of tax credits
12 that are allowed under AS 43.55.020(a) to be subtracted in calculating the installment
13 payments of estimated tax for each month in the calendar year.

14 * **Sec. 4.** AS 43.55.020(a) is amended to read:

15 (a) For a calendar year, a producer subject to tax under AS 43.55.011 shall pay
16 the tax as follows:

17 (1) for oil and gas produced before January 1, 2014, an installment
18 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied
19 as allowed by law, is due for each month of the calendar year on the last day of the
20 following month; except as otherwise provided under (2) of this subsection, the
21 amount of the installment payment is the sum of the following amounts, less 1/12 of
22 the tax credits that are allowed by law to be applied against the tax levied by
23 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may
24 not be less than zero:

25 (A) for oil and gas not subject to AS 43.55.011(o) or (p)
26 produced from leases or properties in the state outside the Cook Inlet
27 sedimentary basin, other than leases or properties subject to AS 43.55.011(f),
28 the greater of

29 (i) zero; or
30 (ii) the sum of 25 percent and the tax rate calculated for
31 the month under AS 43.55.011(g) multiplied by the remainder obtained
01 by subtracting 1/12 of the producer's adjusted lease expenditures for the
02 calendar year of production under AS 43.55.165 and 43.55.170 that are
03 deductible for the oil and gas under AS 43.55.160 from the gross value
04 at the point of production of the oil and gas produced from the leases or
05 properties during the month for which the installment payment is
06 calculated;

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

09 (i) zero;
10 (ii) zero percent, one percent, two percent, three
11 percent, or four percent, as applicable, of the gross value at the point of
12 production of the oil and gas produced from the leases or properties
13 during the month for which the installment payment is calculated; or
14 (iii) the sum of 25 percent and the tax rate calculated for
15 the month under AS 43.55.011(g) multiplied by the remainder obtained
16 by subtracting 1/12 of the producer's adjusted lease expenditures for the

17 calendar year of production under [AS 43.55.165](#) and 43.55.170 that are
18 deductible for the oil and gas under [AS 43.55.160](#) from the gross value
19 at the point of production of the oil and gas produced from those leases
20 or properties during the month for which the installment payment is
21 calculated;
22 (C) for oil or gas subject to [AS 43.55.011](#)(j), (k), or (o), for
23 each lease or property, the greater of
24 (i) zero; or
25 (ii) the sum of 25 percent and the tax rate calculated for
26 the month under [AS 43.55.011](#)(g) multiplied by the remainder obtained
27 by subtracting 1/12 of the producer's adjusted lease expenditures for the
28 calendar year of production under [AS 43.55.165](#) and 43.55.170 that are
29 deductible under [AS 43.55.160](#) for the oil or gas, respectively,
30 produced from the lease or property from the gross value at the point of
31 production of the oil or gas, respectively, produced from the lease or
01 property during the month for which the installment payment is
02 calculated;
03 (D) for oil and gas subject to [AS 43.55.011](#)(p), the lesser of
04 (i) the sum of 25 percent and the tax rate calculated for
05 the month under [AS 43.55.011](#)(g) multiplied by the remainder obtained
06 by subtracting 1/12 of the producer's adjusted lease expenditures for the
07 calendar year of production under [AS 43.55.165](#) and 43.55.170 that are
08 deductible for the oil and gas under [AS 43.55.160](#) from the gross value
09 at the point of production of the oil and gas produced from the leases or
10 properties during the month for which the installment payment is
11 calculated, but not less than zero; or
12 (ii) four percent of the gross value at the point of
13 production of the oil and gas produced from the leases or properties
14 during the month, but not less than zero;
15 (2) an amount calculated under (1)(C) of this subsection for oil or gas
16 subject to [AS 43.55.011](#)(j), (k), or (o) may not exceed the product obtained by
17 carrying out the calculation set out in [AS 43.55.011](#)(j)(1) or (2) or 43.55.011(o), as
18 applicable, for gas or set out in [AS 43.55.011](#)(k) for oil, but substituting in
19 [AS 43.55.011](#)(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable
20 gas produced during the month for the amount of taxable gas produced during the
21 calendar year and substituting in [AS 43.55.011](#)(k) the amount of taxable oil produced
22 during the month for the amount of taxable oil produced during the calendar year;
23 (3) an installment payment of the estimated tax levied by
24 [AS 43.55.011](#)(i) for each lease or property is due for each month of the calendar year
25 on the last day of the following month; the amount of the installment payment is the
26 sum of
27 (A) the applicable tax rate for oil provided under
28 [AS 43.55.011](#)(i), multiplied by the gross value at the point of production of the
29 oil taxable under [AS 43.55.011](#)(i) and produced from the lease or property
30 during the month; and
31 (B) the applicable tax rate for gas provided under
01 [AS 43.55.011](#)(i), multiplied by the gross value at the point of production of the
02 gas taxable under [AS 43.55.011](#)(i) and produced from the lease or property
03 during the month;
04 (4) any amount of tax levied by [AS 43.55.011](#), net of any credits
05 applied as allowed by law, that exceeds the total of the amounts due as installment
06 payments of estimated tax is due on March 31 of the year following the calendar year
07 of production;
08 (5) for oil and gas produced on and after January 1, 2014, and before
09 January 1, 2022, an installment payment of the estimated tax levied by
10 [AS 43.55.011](#)(e), net of any tax credits applied as allowed by law, is due for each
11 month of the calendar year on the last day of the following month; except as otherwise
12 provided under (6) of this subsection, the amount of the installment payment is the
13 sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be
14 applied against the tax levied by [AS 43.55.011](#)(e) for the calendar year, but the amount
15 of the installment payment may not be less than zero:
16 (A) for oil and gas not subject to [AS 43.55.011](#)(o) or (p)
17 produced from leases or properties in the state outside the Cook Inlet
18 sedimentary basin, other than leases or properties subject to [AS 43.55.011](#)(f),

19 the greater of
20 (i) zero; or
21 (ii) 35 percent multiplied by the remainder obtained by
22 subtracting 1/12 of the producer's adjusted lease expenditures for the
23 calendar year of production under AS 43.55.165 and 43.55.170 that are
24 deductible for the oil and gas under AS 43.55.160 from the gross value
25 at the point of production of the oil and gas produced from the leases or
26 properties during the month for which the installment payment is
27 calculated;
28 (B) for oil and gas produced from leases or properties subject
29 to AS 43.55.011(f), the greatest of
30 (i) zero;
31 (ii) ~~the~~ [ZERO] percent [, ONE PERCENT, TWO
01 PERCENT, THREE PERCENT, OR FOUR PERCENT, AS]
02 applicable under AS 43.55.011(f) [, OF THE GROSS VALUE AT
03 THE POINT OF PRODUCTION OF THE OIL AND GAS
04 PRODUCED FROM THE LEASES OR PROPERTIES DURING THE
05 MONTH FOR WHICH THE INSTALLMENT PAYMENT IS
06 CALCULATED]; or
07 (iii) 35 percent multiplied by the remainder obtained by
08 subtracting 1/12 of the producer's adjusted lease expenditures for the
09 calendar year of production under AS 43.55.165 and 43.55.170 that are
10 deductible for the oil and gas under AS 43.55.160 from the gross value
11 at the point of production of the oil and gas produced from those leases
12 or properties during the month for which the installment payment is
13 calculated, except that, for the purposes of this calculation, a reduction
14 from the gross value at the point of production may apply for oil and
15 gas subject to AS 43.55.160(f) or (g);
16 (C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for
17 each lease or property, the greater of
18 (i) zero; or
19 (ii) 35 percent multiplied by the remainder obtained by
20 subtracting 1/12 of the producer's adjusted lease expenditures for the
21 calendar year of production under AS 43.55.165 and 43.55.170 that are
22 deductible under AS 43.55.160 for the oil or gas, respectively,
23 produced from the lease or property from the gross value at the point of
24 production of the oil or gas, respectively, produced from the lease or
25 property during the month for which the installment payment is
26 calculated;
27 (D) for oil and gas subject to AS 43.55.011(p), the lesser of
28 (i) 35 percent multiplied by the remainder obtained by
29 subtracting 1/12 of the producer's adjusted lease expenditures for the
30 calendar year of production under AS 43.55.165 and 43.55.170 that are
31 deductible for the oil and gas under AS 43.55.160 from the gross value
01 at the point of production of the oil and gas produced from the leases or
02 properties during the month for which the installment payment is
03 calculated, but not less than zero; or
04 (ii) four percent of the gross value at the point of
05 production of the oil and gas produced from the leases or properties
06 during the month, but not less than zero;
07 (6) an amount calculated under (5)(C) of this subsection for oil or gas
08 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by
09 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as
10 applicable, for gas or set out in AS 43.55.011(k) for oil, but substituting in
11 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable
12 gas produced during the month for the amount of taxable gas produced during the
13 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced
14 during the month for the amount of taxable oil produced during the calendar year;
15 (7) for oil and gas produced on or after January 1, 2022, an installment
16 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied
17 as allowed by law, is due for each month of the calendar year on the last day of the
18 following month; except as otherwise provided under (10) of this subsection, the
19 amount of the installment payment is the sum of the following amounts, less 1/12 of
20 the tax credits that are allowed by law to be applied against the tax levied by

21 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may
22 not be less than zero:
23 (A) for oil produced from leases or properties subject to
24 AS 43.55.011(f), the greatest of
25 (i) zero;
26 (ii) five [ZERO] percent [, ONE PERCENT, TWO
27 PERCENT, THREE PERCENT, OR FOUR PERCENT, AS
28 APPLICABLE,] of the gross value at the point of production of the oil
29 produced from the leases or properties during the month for which the
30 installment payment is calculated; or
31 (iii) 35 percent multiplied by the remainder obtained by
01 subtracting 1/12 of the producer's adjusted lease expenditures for the
02 calendar year of production under AS 43.55.165 and 43.55.170 that are
03 deductible for the oil under AS 43.55.160(h)(1) from the gross value at
04 the point of production of the oil produced from those leases or
05 properties during the month for which the installment payment is
06 calculated, except that, for the purposes of this calculation, a reduction
07 from the gross value at the point of production may apply for oil
08 subject to AS 43.55.160(f) or 43.55.160(f) and (g);
09 (B) for oil produced before or during the last calendar year
10 under AS 43.55.024(b) for which the producer could take a tax credit under
11 AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet
12 sedimentary basin, no part of which is north of 68 degrees North latitude, other
13 than leases or properties subject to AS 43.55.011(o) or (p), the greater of
14 (i) zero; or
15 (ii) 35 percent multiplied by the remainder obtained by
16 subtracting 1/12 of the producer's adjusted lease expenditures for the
17 calendar year of production under AS 43.55.165 and 43.55.170 that are
18 deductible for the oil under AS 43.55.160(h)(2) from the gross value at
19 the point of production of the oil produced from the leases or properties
20 during the month for which the installment payment is calculated;
21 (C) for oil and gas produced from leases or properties subject
22 to AS 43.55.011(p), except as otherwise provided under (8) of this subsection,
23 the sum of
24 (i) 35 percent multiplied by the remainder obtained by
25 subtracting 1/12 of the producer's adjusted lease expenditures for the
26 calendar year of production under AS 43.55.165 and 43.55.170 that are
27 deductible for the oil under AS 43.55.160(h)(3) from the gross value at
28 the point of production of the oil produced from the leases or properties
29 during the month for which the installment payment is calculated, but
30 not less than zero; and
31 (ii) 13 percent of the gross value at the point of
01 production of the gas produced from the leases or properties during the
02 month, but not less than zero;
03 (D) for oil produced from leases or properties in the state, no
04 part of which is north of 68 degrees North latitude, other than leases or
05 properties subject to (B), (C), or (F) of this paragraph, the greater of
06 (i) zero; or
07 (ii) 35 percent multiplied by the remainder obtained by
08 subtracting 1/12 of the producer's adjusted lease expenditures for the
09 calendar year of production under AS 43.55.165 and 43.55.170 that are
10 deductible for the oil under AS 43.55.160(h)(4) from the gross value at
11 the point of production of the oil produced from the leases or properties
12 during the month for which the installment payment is calculated;
13 (E) for gas produced from each lease or property in the state
14 outside the Cook Inlet sedimentary basin, other than a lease or property subject
15 to AS 43.55.011(o) or (p), 13 percent of the gross value at the point of
16 production of the gas produced from the lease or property during the month for
17 which the installment payment is calculated, but not less than zero;
18 (F) for oil subject to AS 43.55.011(k), for each lease or
19 property, the greater of
20 (i) zero; or
21 (ii) 35 percent multiplied by the remainder obtained by
22 subtracting 1/12 of the producer's adjusted lease expenditures for the

23 calendar year of production under [AS 43.55.165](#) and 43.55.170 that are
 24 deductible under [AS 43.55.160](#) for the oil produced from the lease or
 25 property from the gross value at the point of production of the oil
 26 produced from the lease or property during the month for which the
 27 installment payment is calculated;
 28 (G) for gas subject to [AS 43.55.011\(j\)](#) or (o), for each lease or
 29 property, the greater of
 30 (i) zero; or
 31 (ii) 13 percent of the gross value at the point of
 01 production of the gas produced from the lease or property during the
 02 month for which the installment payment is calculated;
 03 (8) an amount calculated under (7)(C) of this subsection may not
 04 exceed four percent of the gross value at the point of production of the oil and gas
 05 produced from leases or properties subject to [AS 43.55.011\(p\)](#) during the month for
 06 which the installment payment is calculated;
 07 (9) for purposes of the calculation under (1)(B)(ii), (5)(B)(ii), and
 08 (7)(A)(ii) of this subsection, the applicable percentage of the gross value at the point
 09 of production is determined under [AS 43.55.011\(f\)\(1\)](#) or (2) but substituting the
 10 phrase "month for which the installment payment is calculated" in [AS 43.55.011\(f\)\(1\)](#)
 11 and (2) for the phrase "calendar year for which the tax is due";
 12 (10) an amount calculated under (7)(F) or (G) of this subsection for oil
 13 or gas subject to [AS 43.55.011\(j\)](#), (k), or (o) may not exceed the product obtained by
 14 carrying out the calculation set out in [AS 43.55.011\(j\)\(1\)](#) or (2) or 43.55.011(o), as
 15 applicable, for gas, or set out in [AS 43.55.011\(k\)](#) for oil, but substituting in
 16 [AS 43.55.011\(j\)\(1\)\(A\)](#) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable
 17 gas produced during the month for the amount of taxable gas produced during the
 18 calendar year and substituting in [AS 43.55.011\(k\)](#) the amount of taxable oil produced
 19 during the month for the amount of taxable oil produced during the calendar year;
 20 **(11) for purposes of the calculation under (5)(B)(ii) or (7)(A)(ii) of**
 21 **this subsection, a credit under this chapter may not be applied to reduce an**
 22 **installment payment to less than the applicable percentage under AS 43.55.011(f).**
 23 * **Sec. 5.** [AS 43.55.023\(b\)](#) is amended to read:
 24 (b) [BEFORE JANUARY 1, 2014, A PRODUCER OR EXPLORER MAY
 25 ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 25 PERCENT OF A
 26 CARRIED-FORWARD ANNUAL LOSS. FOR LEASE EXPENDITURES
 27 INCURRED ON AND AFTER JANUARY 1, 2014, AND BEFORE JANUARY 1,
 28 2016, TO EXPLORE FOR, DEVELOP, OR PRODUCE OIL OR GAS DEPOSITS
 29 LOCATED NORTH OF 68 DEGREES NORTH LATITUDE, A PRODUCER OR
 30 EXPLORER MAY ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 45
 31 PERCENT OF A CARRIED-FORWARD ANNUAL LOSS.] For lease expenditures
 01 incurred [ON AND AFTER JANUARY 1, 2016,] to explore for, develop, or produce
 02 oil or gas deposits located north of 68 degrees North latitude, a producer or explorer
 03 may elect to take a tax credit in the amount of **15** [35] percent of a carried-forward
 04 annual loss. [FOR LEASE EXPENDITURES INCURRED ON OR AFTER
 05 JANUARY 1, 2014, AND BEFORE JANUARY 1, 2017, TO EXPLORE FOR,
 06 DEVELOP, OR PRODUCE OIL OR GAS DEPOSITS LOCATED SOUTH OF 68
 07 DEGREES NORTH LATITUDE, A PRODUCER OR EXPLORER MAY ELECT TO
 08 TAKE A TAX CREDIT IN THE AMOUNT OF 25 PERCENT OF A CARRIED-
 09 FORWARD ANNUAL LOSS.] For lease expenditures incurred [ON OR AFTER
 10 JANUARY 1, 2017,] to explore for, develop, or produce oil or gas deposits located
 11 south of 68 degrees North latitude, a producer or explorer may elect to take a tax credit
 12 in the amount of 15 percent of a carried-forward annual loss, except that a credit for
 13 lease expenditures incurred to explore for, develop, or produce oil or gas deposits
 14 located in the Cook Inlet sedimentary basin may only be taken if the expenditure is
 15 incurred before January 1, 2018. A credit under this subsection may be applied against
 16 a tax levied by [AS 43.55.011\(e\)](#). For purposes of this subsection,
 17 (1) a carried-forward annual loss is the amount of a producer's or
 18 explorer's adjusted lease expenditures under [AS 43.55.165](#) and 43.55.170 for a
 19 previous calendar year that was not deductible in calculating production tax values for
 20 that calendar year under [AS 43.55.160](#);
 21 (2) for lease expenditures incurred on or after January 1, 2017, any
 22 reduction under [AS 43.55.160\(f\)](#) or (g) is added back to the calculation of production
 23 tax values for that calendar year under [AS 43.55.160](#) for the determination of a
 24 carried-forward annual loss.

25 * **Sec. 6.** AS 43.55.023(d) is amended to read:

26 (d) A person that is entitled to take a tax credit under this section that wishes
27 to transfer the unused credit to another person [OR OBTAIN A CASH PAYMENT
28 UNDER AS 43.55.028] may apply to the department for a transferable tax credit
29 certificate. A person that is entitled to take a tax credit under (a) or (l) of this
30 section that wishes to obtain a cash payment under AS 43.55.028 may apply to
31 the department for a transferable tax credit certificate. An application under this
01 subsection must be in a form prescribed by the department and must include
02 supporting information and documentation that the department reasonably requires.
03 The department shall grant or deny an application, or grant an application as to a lesser
04 amount than that claimed and deny it as to the excess, not later than 120 days after the
05 latest of (1) March 31 of the year following the calendar year in which the qualified
06 capital expenditure or carried-forward annual loss for which the credit is claimed was
07 incurred; (2) the date the statement required under AS 43.55.030(a) or (e) was filed for
08 the calendar year in which the qualified capital expenditure or carried-forward annual
09 loss for which the credit is claimed was incurred; or (3) the date the application was
10 received by the department. If, based on the information then available to it, the
11 department is reasonably satisfied that the applicant is entitled to a credit, the
12 department shall issue the applicant a transferable tax credit certificate for the amount
13 of the credit. A certificate issued under this subsection does not expire.

14 * **Sec. 7.** AS 43.55.024(j) is amended to read:

15 (j) A producer may apply against the producer's tax liability for the calendar
16 year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for
17 each barrel of oil taxable under AS 43.55.011(e) that does not receive a reduction in
18 the gross value at the point of production under AS 43.55.160(f) or (g) and that is
19 produced during a calendar year after December 31, 2013, from leases or properties
20 north of 68 degrees North latitude. A tax credit under this subsection may not reduce a
21 producer's tax liability for a calendar year under AS 43.55.011(e) below the amount
22 calculated under AS 43.55.011(f). The amount of the tax credit for a barrel of taxable
23 oil subject to this subsection produced during a month of the calendar year is
24 (1) [\$8 FOR EACH BARREL OF TAXABLE OIL IF THE
25 AVERAGE GROSS VALUE AT THE POINT OF PRODUCTION FOR THE
26 MONTH IS LESS THAN \$80 A BARREL;
27 (2) \$7 FOR EACH BARREL OF TAXABLE OIL IF THE AVERAGE
28 GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS
29 GREATER THAN OR EQUAL TO \$80 A BARREL, BUT LESS THAN \$90 A
30 BARREL;
31 (3) \$6 FOR EACH BARREL OF TAXABLE OIL IF THE AVERAGE
01 GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS
02 GREATER THAN OR EQUAL TO \$90 A BARREL, BUT LESS THAN \$100 A
03 BARREL;
04 (4)] \$5 for each barrel of taxable oil if the average gross value at the
05 point of production for the month is [GREATER THAN OR EQUAL TO \$100 A
06 BARREL, BUT] less than \$110 a barrel;
07 (2) [(5)] \$4 for each barrel of taxable oil if the average gross value at
08 the point of production for the month is greater than or equal to \$110 a barrel, but less
09 than \$120 a barrel;
10 (3) [(6)] \$3 for each barrel of taxable oil if the average gross value at
11 the point of production for the month is greater than or equal to \$120 a barrel, but less
12 than \$130 a barrel;
13 (4) [(7)] \$2 for each barrel of taxable oil if the average gross value at
14 the point of production for the month is greater than or equal to \$130 a barrel, but less
15 than \$140 a barrel;
16 (5) [(8)] \$1 for each barrel of taxable oil if the average gross value at
17 the point of production for the month is greater than or equal to \$140 a barrel, but less
18 than \$150 a barrel;
19 (6) [(9)] zero if the average gross value at the point of production for
20 the month is greater than or equal to \$150 a barrel.

21 * **Sec. 8.** AS 43.55.028(a) is amended to read:

22 (a) The oil and gas tax credit fund is established as a separate fund of the state.
23 The purpose of the fund is to purchase transferable tax credit certificates issued under
24 AS 43.55.023 for a tax credit earned under AS 43.55.023(a) or (l) and production
25 tax credit certificates issued under AS 43.55.025 and to pay refunds and payments
26 claimed under AS 43.20.046, 43.20.047, or 43.20.053.

27 * **Sec. 9.** AS 43.55.028(e) is amended to read:

28 (e) The department, on the written application of a person to whom a
29 transferable tax credit certificate has been issued under AS 43.55.023(d) or former
30 AS 43.55.023(m) or to whom a production tax credit certificate has been issued under
31 AS 43.55.025(f), may use available money in the oil and gas tax credit fund to
01 purchase, in whole or in part, the certificate. The department may not purchase a total
02 of more than \$35,000,000 [\$70,000,000] in tax credit certificates from a person in a
03 calendar year. Before purchasing a certificate or part of a certificate, the department
04 shall find that

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

08 (2) the application is not the result of the division of a single entity into
09 multiple entities that would reasonably be expected to apply as a single entity if the
10 \$35,000,000 [\$70,000,000] limitation in this subsection did not exist;

11 (3) the applicant's total tax liability under AS 43.55.011(e), after
12 application of all available tax credits, for the calendar year in which the application is
13 made is zero;

14 (4) the applicant's average daily production of oil and gas taxable
15 under AS 43.55.011(e) during the calendar year preceding the calendar year in which
16 the application is made was not more than 15,000 [50,000] BTU equivalent barrels;
17 and

18 (5) the purchase is consistent with this section and regulations adopted
19 under this section.

20 * **Sec. 10.** AS 43.55.150 is amended by adding a new subsection to read:

21 (d) For purposes of calculating the tax under this chapter, the gross value at
22 the point of production may not be less than zero.

23 * **Sec. 11.** AS 43.55.028(g)(3) is repealed.

24 * **Sec. 12.** The uncoded law of the State of Alaska is amended by adding a new section to
25 read:

26 **APPLICABILITY.** (a) The limitations on the use of tax credits in AS 43.55.011(q),
27 added by sec. 3 of this Act, and the adjustment to the calculation of a tax payment under
28 AS 43.55.020(a)(11), added by sec. 4 of this Act, apply to credits applied to reduce a tax
29 liability for a tax year starting on or after the effective date of secs. 3 and 4 of this Act.
30 (b) AS 43.55.023(b), as amended by sec. 5 of this Act, applies to lease expenditures
31 incurred on or after the effective date of sec. 5 of this Act.

01 * **Sec. 13.** The uncoded law of the State of Alaska is amended by adding a new section to
02 read:

03 **TRANSITION.** Notwithstanding AS 43.55.023(d), as amended by sec. 6 of this Act,
04 and AS 43.55.028(a), as amended by sec. 8 of this Act, the Department of Revenue may
05 purchase a transferable tax credit certificate that was issued under AS 43.55.023(d) for a
06 credit earned under AS 43.55.023(b) before the effective date of secs. 6 and 8 of this Act,
07 under AS 43.55.023(d) and 43.55.028(a), as those subsections read on the day before the
08 effective date of secs. 6 and 8 of this Act.

09 * **Sec. 14.** The uncoded law of the State of Alaska is amended by adding a new section to
10 read:

11 **RETROACTIVITY.** Section 1 of this Act is retroactive to January 1, 2017.

12 * **Sec. 15.** Sections 1 and 14 of this Act take effect immediately under AS 01.10.070(c).

13 * **Sec. 16.** Except as provided in sec. 15 of this Act, this Act takes effect January 1, 2018.

New Text Underlined [DELETED TEXT BRACKETED]
