

HOUSE BILL NO. 321

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE MILLETT

Introduced: 1/29/10

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the tax rate on oil and gas production; and providing for an effective**
2 **date."**

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

4 *** Section 1.** AS 43.55.011(e) is amended to read:

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

10 (1) the annual production tax value of the taxable oil and gas as
11 calculated under AS 43.55.160(a)(1) multiplied by 20 [25] percent; and

12 (2) the sum, over all months of the calendar year, of the tax amounts
13 determined under (g) of this section.

14 *** Sec. 2.** AS 43.55.020(a) is amended to read:

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

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

10 (A) for oil and gas produced from leases or properties in the
11 state outside the Cook Inlet sedimentary basin but not subject to
12 AS 43.55.011(o), other than leases or properties subject to AS 43.55.011(f), the
13 greater of

14 (i) zero; or

15 (ii) the sum of 20 [25] percent and the tax rate
16 calculated for the month under AS 43.55.011(g) multiplied by the
17 remainder 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 for the leases or properties under
20 AS 43.55.160 from the gross value at the point of production of the oil
21 and gas produced from the leases or properties during the month for
22 which the installment payment is calculated;

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

25 (i) zero;

26 (ii) zero percent, one percent, two percent, three
27 percent, or four percent, as applicable, of the gross value at the point of
28 production of the oil and gas produced from all leases or properties
29 during the month for which the installment payment is calculated; or

30 (iii) the sum of 20 [25] percent and the tax rate
31 calculated for the month under AS 43.55.011(g) multiplied by the

1 remainder obtained by subtracting 1/12 of the producer's adjusted lease
2 expenditures for the calendar year of production under AS 43.55.165
3 and 43.55.170 that are deductible for those leases or properties under
4 AS 43.55.160 from the gross value at the point of production of the oil
5 and gas produced from those leases or properties during the month for
6 which the installment payment is calculated;

7 (C) for oil and gas produced from each lease or property
8 subject to AS 43.55.011(j), (k), or (o), the greater of

9 (i) zero; or

10 (ii) the sum of 20 [25] percent and the tax rate
11 calculated for the month under AS 43.55.011(g) multiplied by the
12 remainder obtained by subtracting 1/12 of the producer's adjusted lease
13 expenditures for the calendar year of production under AS 43.55.165
14 and 43.55.170 that are deductible under AS 43.55.160 for oil or gas,
15 respectively, produced from the lease or property from the gross value
16 at the point of production of the oil or gas, respectively, produced from
17 the lease or property during the month for which the installment
18 payment is calculated;

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

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

1 sum of

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

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

10 (4) any amount of tax levied by AS 43.55.011(e) or (i), net of any
11 credits applied as allowed by law, that exceeds the total of the amounts due as
12 installment payments of estimated tax is due on March 31 of the year following the
13 calendar year of production.

14 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 **RETROACTIVITY.** Sections 1 and 2 of this Act are retroactive to January 1, 2010.

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