

**HOUSE BILL NO. 351**

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

**BY REPRESENTATIVE KELLY**

**Introduced: 2/17/10**

**Referred: Resources, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to nontransferable credits that may be applied against a liability for an**  
2 **oil and gas production tax."**

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

4 **\* Section 1.** AS 43.55.024(g) is amended to read:

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

8 **\* Sec. 2.** AS 43.55.024 is amended by adding a new subsection to read:

9 (i) For production from a qualifying lease or property for which a producer's  
10 tax liability determined under AS 43.55.011(e) is greater than zero after the  
11 application of a credit under (a) or (c) of this section and before application of any  
12 other credits in this chapter, a producer that qualifies under (e) of this section may take  
13 the tax credit authorized by this subsection against a tax liability under  
14 AS 43.55.011(e). The credit may be taken for the calendar year in which the

1           qualifying lease or property first produced oil and gas in paying quantities and for the  
2           nine calendar years immediately following. Against a liability under  
3           AS 43.55.011(e)(1), the amount of credit is equal to 25 percent of the annual  
4           production tax value of all oil and gas produced by the producer determined under  
5           AS 43.55.160(a)(1) for all leases and properties, multiplied by the new production  
6           credit factor. Against a liability under AS 43.55.011(e)(2), the amount of credit is  
7           equal to the amount of tax due under AS 43.55.011(e)(2) multiplied by the new  
8           production credit factor. In this subsection,

9                           (1) the amount of oil and gas produced is measured in BTU equivalent  
10           barrels; and

11                           (2) "new production credit factor" means a fraction, the numerator of  
12           which is the total amount of oil and gas for the calendar year produced by the producer  
13           from all qualifying leases or properties, and the denominator of which is the total  
14           amount of all oil and gas produced by the producer for the calendar year from all  
15           leases or properties;

16                           (3) "qualifying lease or property" means a lease or property that did  
17           not have oil and gas production in paying quantities before 2012.