

**HOUSE BILL NO. 411**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Introduced: 4/6/18

Referred:

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the oil and gas production tax, tax payments, and credits; and  
2 providing for an effective 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 or for which a tax is levied by AS 43.55.014. Except as  
9 otherwise provided under (f), (j), (k), (o), and (p) of this section, for oil and gas  
10 produced

11 (1) before January 1, 2014, the tax is equal to the sum of

12 (A) the annual production tax value of the taxable oil and gas  
13 as calculated under AS 43.55.160(a)(1) multiplied by 25 percent; and

14 (B) the sum, over all months of the calendar year, of the tax

1 amounts determined under (g) of this section;

2 (2) on and after January 1, 2014, and before **July 1, 2018** [JANUARY  
3 1, 2022], the tax is equal to the annual production tax value of the taxable oil and gas  
4 as calculated under AS 43.55.160(a)(1) multiplied by 35 percent;

5 (3) **on and after July 1, 2018, and before January 1, 2022, the tax is**  
6 **equal to the sum of**

7 **(A) the annual production tax value of the taxable oil and**  
8 **gas as calculated under AS 43.55.160(a)(1) multiplied by 25 percent; and**

9 **(B) the sum, over all the months of the calendar year, of the**  
10 **amounts determined under (g) of this section;**

11 (4) on and after January 1, 2022, the tax for

12 (A) oil is equal to the **sum of**

13 **(i) the** annual production tax value of the taxable oil as  
14 calculated under **AS 43.55.160(h)(1)** [AS 43.55.160(h)] multiplied by  
15 **25** [35] percent; **and**

16 **(ii) the sum, over all the months of the calendar**  
17 **year, of the amounts determined under (g) of this section;**

18 (B) gas is equal to 13 percent of the gross value at the point of  
19 production of the taxable gas; if the gross value at the point of production of  
20 gas produced from a lease or property is less than zero, that gross value at the  
21 point of production is considered zero for purposes of this subparagraph.

22 \* **Sec. 2.** AS 43.55.011(g) is amended to read:

23 (g) **For purposes of (e) of this section,**

24 **(1) before January 1, 2014, for** [FOR] each month of a calendar year  
25 [BEFORE 2014] for which the producer's average monthly production tax value under  
26 AS 43.55.160(a)(2) of a BTU equivalent barrel of the taxable oil and gas is more than  
27 \$30, the amount of tax for purposes of (e)(1)(B) of this section is determined by  
28 multiplying the monthly production tax value of the taxable oil and gas produced  
29 during the month by the tax rate calculated as follows:

30 **(A)** [(1)] if the producer's average monthly production tax  
31 value of a BTU equivalent barrel of the taxable oil and gas for the month is not

1 more than \$92.50, the tax rate is 0.4 percent multiplied by the number that  
 2 represents the difference between that average monthly production tax value of  
 3 a BTU equivalent barrel and \$30; or

4 **(B)** [(2)] if the producer's average monthly production tax value  
 5 of a BTU equivalent barrel of the taxable oil and gas for the month is more  
 6 than \$92.50, the tax rate is the sum of 25 percent and the product of 0.1 percent  
 7 multiplied by the number that represents the difference between the average  
 8 monthly production tax value of a BTU equivalent barrel and \$92.50, except  
 9 that the sum determined under this **subparagraph** [PARAGRAPH] may not  
 10 exceed 50 percent;

11 **(2) on or after July 1, 2018, and before January 1, 2022, for each**  
 12 **month of a calendar year for which the producer's average monthly production**  
 13 **tax value under AS 43.55.160(a)(2) of a BTU equivalent barrel of the taxable oil**  
 14 **and gas is more than \$40, the tax amount is the sum of the following:**

15 **(A) the difference between the monthly production tax**  
 16 **value of a BTU equivalent barrel and \$40 multiplied by the volume of oil**  
 17 **and gas produced by the producer for the month multiplied by five**  
 18 **percent;**

19 **(B) if applicable, the difference between the monthly**  
 20 **production tax value of a BTU equivalent barrel and \$50 multiplied by the**  
 21 **volume of oil and gas produced by the producer for the month multiplied**  
 22 **by five percent;**

23 **(C) if applicable, the difference between the monthly**  
 24 **production tax value of a BTU equivalent barrel and \$60 multiplied by the**  
 25 **volume of oil and gas produced by the producer for the month multiplied**  
 26 **by five percent;**

27 **(3) on or after January 1, 2022, for each month of a calendar year**  
 28 **for which the producer's average monthly production tax value under**  
 29 **AS 43.55.160(h)(2) of a BTU equivalent barrel of taxable oil and gas is more than**  
 30 **\$40, the tax amount is the sum of the following:**

31 **(A) the difference between the monthly production tax**

1           value of a BTU equivalent barrel and \$40 multiplied by the volume of oil  
 2           and gas produced by the producer for the month multiplied by five  
 3           percent;

4                   (B) if applicable, the difference between the monthly  
 5           production tax value of a BTU equivalent barrel and \$50 multiplied by the  
 6           volume of oil and gas produced by the producer for the month multiplied  
 7           by five percent;

8                   (C) if applicable, the difference between the monthly  
 9           production tax value of a BTU equivalent barrel and \$60 multiplied by the  
 10           volume of oil and gas produced by the producer for the month multiplied  
 11           by five percent.

12   \* **Sec. 3.** AS 43.55.014(b) is amended to read:

13           (b) A production tax levied by this section is equal to 13 percent of the gas  
 14           otherwise taxable under AS 43.55.011(e)(4) [AS 43.55.011(e)(3)] produced from each  
 15           oil and gas lease to which an effective election under (a) of this section applies, when  
 16           and as that gas is produced. The producer shall pay the tax in gas by delivering that 13  
 17           percent of the gas to the state at the point of production.

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

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

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

29                   (A) for oil and gas not subject to AS 43.55.011(o) or (p)  
 30           produced from leases or properties in the state outside the Cook Inlet  
 31           sedimentary basin, other than leases or properties subject to AS 43.55.011(f),

1 the greater of

2 (i) zero; or

3 (ii) the sum of 25 percent and the tax rate calculated for  
4 the month under AS 43.55.011(g) multiplied by the remainder obtained  
5 by subtracting 1/12 of the producer's adjusted lease expenditures for the  
6 calendar year of production under AS 43.55.165 and 43.55.170 that are  
7 deductible for the oil and gas under AS 43.55.160 from the gross value  
8 at the point of production of the oil and gas produced from the leases or  
9 properties during the month for which the installment payment is  
10 calculated;

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

13 (i) zero;

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

18 (iii) the sum of 25 percent and the tax rate calculated for  
19 the month under AS 43.55.011(g) multiplied by the remainder obtained  
20 by 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 for the oil and gas under AS 43.55.160 from the gross value  
23 at the point of production of the oil and gas produced from those leases  
24 or properties during the month for which the installment payment is  
25 calculated;

26 (C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for  
27 each lease or property, the greater of

28 (i) zero; or

29 (ii) the sum of 25 percent and the tax rate calculated for  
30 the month under AS 43.55.011(g) multiplied by the remainder obtained  
31 by subtracting 1/12 of the producer's adjusted lease expenditures for the

1           calendar year of production under AS 43.55.165 and 43.55.170 that are  
 2           deductible under AS 43.55.160 for the oil or gas, respectively,  
 3           produced from the lease or property from the gross value at the point of  
 4           production of the oil or gas, respectively, produced from the lease or  
 5           property during the month for which the installment payment is  
 6           calculated;

7                   (D) for oil and gas subject to AS 43.55.011(p), the lesser of

8                           (i) the sum of 25 percent and the tax rate calculated for  
 9                           the month under AS 43.55.011(g) multiplied by the remainder obtained  
 10                           by subtracting 1/12 of the producer's adjusted lease expenditures for the  
 11                           calendar year of production under AS 43.55.165 and 43.55.170 that are  
 12                           deductible for the oil and gas under AS 43.55.160 from the gross value  
 13                           at the point of production of the oil and gas produced from the leases or  
 14                           properties during the month for which the installment payment is  
 15                           calculated, but not less than zero; or

16                           (ii) four percent of the gross value at the point of  
 17                           production of the oil and gas produced from the leases or properties  
 18                           during the month, but not less than zero;

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

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

31                   (A) the applicable tax rate for oil provided under

1 AS 43.55.011(i), multiplied by the gross value at the point of production of the  
 2 oil taxable under AS 43.55.011(i) and produced from the lease or property  
 3 during the month; and

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

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

12 (5) for oil and gas produced on and after January 1, 2014, and before  
 13 **July 1, 2018** [JANUARY 1, 2022], an installment payment of the estimated tax levied  
 14 by AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each  
 15 month of the calendar year on the last day of the following month; except as otherwise  
 16 provided under **(7)** [(6)] of this subsection, the amount of the installment payment is  
 17 the sum of the following amounts, less 1/12 of the tax credits that are allowed by law  
 18 to be applied against the tax levied by AS 43.55.011(e) for the calendar year, but the  
 19 amount of the installment payment may not be less than zero:

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

24 (i) zero; or

25 (ii) 35 percent multiplied by the remainder obtained by  
 26 subtracting 1/12 of the producer's adjusted lease expenditures for the  
 27 calendar year of production under AS 43.55.165 and 43.55.170 that are  
 28 deductible for the oil and gas under AS 43.55.160 from the gross value  
 29 at the point of production of the oil and gas produced from the leases or  
 30 properties during the month for which the installment payment is  
 31 calculated;

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

3 (i) zero;

4 (ii) **the percentage applicable under AS 43.55.011(f)**

5 [ZERO PERCENT, ONE PERCENT, TWO PERCENT, THREE  
6 PERCENT, OR FOUR PERCENT, AS APPLICABLE,] of the gross  
7 value at the point of production of the oil and gas produced from the  
8 leases or properties during the month for which the installment  
9 payment is calculated; or

10 (iii) 35 percent multiplied by the remainder obtained by  
11 subtracting 1/12 of the producer's adjusted lease expenditures for the  
12 calendar year of production under AS 43.55.165 and 43.55.170 that are  
13 deductible for the oil and gas under AS 43.55.160 from the gross value  
14 at the point of production of the oil and gas produced from those leases  
15 or properties during the month for which the installment payment is  
16 calculated, except that, for the purposes of this calculation, a reduction  
17 from the gross value at the point of production may apply for oil and  
18 gas subject to AS 43.55.160(f) [OR (g)];

19 (C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for  
20 each lease or property, the greater of

21 (i) zero; or

22 (ii) 35 percent multiplied by the remainder obtained by  
23 subtracting 1/12 of the producer's adjusted lease expenditures for the  
24 calendar year of production under AS 43.55.165 and 43.55.170 that are  
25 deductible under AS 43.55.160 for the oil or gas, respectively,  
26 produced from the lease or property from the gross value at the point of  
27 production of the oil or gas, respectively, produced from the lease or  
28 property during the month for which the installment payment is  
29 calculated;

30 (D) for oil and gas subject to AS 43.55.011(p), the lesser of

31 (i) 35 percent multiplied by the remainder obtained by



1 subtracting 1/12 of the producer's adjusted lease expenditures for the  
 2 calendar year of production under AS 43.55.165 and 43.55.170 that are  
 3 deductible for the oil and gas under AS 43.55.160 from the gross value  
 4 at the point of production of the oil and gas produced from the leases or  
 5 properties during the month for which the installment payment is  
 6 calculated, but not less than zero; or

7 (ii) four percent of the gross value at the point of  
 8 production of the oil and gas produced from the leases or properties  
 9 during the month, but not less than zero;

10 **(6) for oil and gas produced on and after July 1, 2018, and before**  
 11 **January 1, 2022, an installment payment of the estimated tax levied by**  
 12 **AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each**  
 13 **month of the calendar year on the last day of the following month; except as**  
 14 **otherwise provided under (7) of this subsection, the amount of the installment**  
 15 **payment is the sum of the following amounts, less 1/12 of the tax credits that are**  
 16 **allowed by law to be applied against the tax levied by AS 43.55.011(e) for the**  
 17 **calendar year, but the amount of the installment payment may not be less than**  
 18 **zero:**

19 **(A) for oil and gas not subject to AS 43.55.011(o) or (p)**  
 20 **produced from leases or properties in the state outside the Cook Inlet**  
 21 **sedimentary basin, other than leases or properties subject to**  
 22 **AS 43.55.011(f), the greater of**

23 **(i) zero; or**

24 **(ii) the amount calculated for the month under**  
 25 **AS 43.55.011(g), as applicable, and 25 percent multiplied by the**  
 26 **remainder obtained by subtracting 1/12 of the producer's adjusted**  
 27 **lease expenditures for the calendar year of production under**  
 28 **AS 43.55.165 and 43.55.170 that are deductible for the oil and gas**  
 29 **under AS 43.55.160 from the gross value at the point of production**  
 30 **of the oil and gas produced from the leases or properties during the**  
 31 **month for which the installment payment is calculated;**

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

3                    (i) zero;

4                    (ii) the percentage applicable under AS 43.55.011(f)  
 5                    of the gross value at the point of production of the oil and gas  
 6                    produced from the leases or properties during the month for which  
 7                    the installment payment is calculated; or

8                    (iii) the amount calculated for the month under  
 9                    AS 43.55.011(g), as applicable, and 25 percent multiplied by the  
 10                    remainder obtained by subtracting 1/12 of the producer's adjusted  
 11                    lease expenditures for the calendar year of production under  
 12                    AS 43.55.165 and 43.55.170 that are deductible for the oil and gas  
 13                    under AS 43.55.160 from the gross value at the point of production  
 14                    of the oil and gas produced from those leases or properties during  
 15                    the month for which the installment payment is calculated, except  
 16                    that, for the purposes of this calculation, a reduction from the gross  
 17                    value at the point of production may apply for oil and gas subject  
 18                    to AS 43.55.160(f);

19                    (C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for  
 20                    each lease or property, the greater of

21                    (i) zero; or

22                    (ii) the amount calculated for the month under  
 23                    AS 43.55.011(g), as applicable, and 25 percent multiplied by the  
 24                    remainder obtained by subtracting 1/12 of the producer's adjusted  
 25                    lease expenditures for the calendar year of production under  
 26                    AS 43.55.165 and 43.55.170 that are deductible under AS 43.55.160  
 27                    for the oil or gas, respectively, produced from the lease or property  
 28                    from the gross value at the point of production of the oil or gas,  
 29                    respectively, produced from the lease or property during the  
 30                    month for which the installment payment is calculated;

31                    (D) for oil and gas subject to AS 43.55.011(p), the lesser of

1 (i) the amount calculated for the month under  
 2 AS 43.55.011(g), as applicable, and 25 percent multiplied by the  
 3 remainder obtained by subtracting 1/12 of the producer's adjusted  
 4 lease expenditures for the calendar year of production under  
 5 AS 43.55.165 and 43.55.170 that are deductible for the oil and gas  
 6 under AS 43.55.160 from the gross value at the point of production  
 7 of the oil and gas produced from the leases or properties during the  
 8 month for which the installment payment is calculated, but not less  
 9 than zero; or

10 (ii) four percent of the gross value at the point of  
 11 production of the oil and gas produced from the leases or  
 12 properties during the month, but not less than zero;

13 (7) [(6)] an amount calculated under (5)(C) or (6)(C) of this subsection  
 14 for oil or gas subject to AS 43.55.011(j), (k), or (o) may not exceed the product  
 15 obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or  
 16 43.55.011(o), as applicable, for gas or set out in AS 43.55.011(k) for oil, but  
 17 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the  
 18 amount of taxable gas produced during the month for the amount of taxable gas  
 19 produced during the calendar year and substituting in AS 43.55.011(k) the amount of  
 20 taxable oil produced during the month for the amount of taxable oil produced during  
 21 the calendar year;

22 (8) [(7)] for oil and gas produced on or after January 1, 2022, an  
 23 installment payment of the estimated tax levied by AS 43.55.011(e), net of any tax  
 24 credits applied as allowed by law, is due for each month of the calendar year on the  
 25 last day of the following month; except as otherwise provided under (11) [(10)] of this  
 26 subsection, the amount of the installment payment is the sum of the following  
 27 amounts, less 1/12 of the tax credits that are allowed by law to be applied against the  
 28 tax levied by AS 43.55.011(e) for the calendar year, but the amount of the installment  
 29 payment may not be less than zero:

30 (A) for oil produced from leases or properties subject to  
 31 AS 43.55.011(f), the greatest of

1 (i) zero;

2 (ii) **the percentage applicable under AS 43.55.011(f)**  
 3 [ZERO PERCENT, ONE PERCENT, TWO PERCENT, THREE  
 4 PERCENT, OR FOUR PERCENT, AS APPLICABLE,] of the gross  
 5 value at the point of production of the oil produced from the leases or  
 6 properties during the month for which the installment payment is  
 7 calculated; or

8 (iii) **the amount calculated for the month under**  
 9 **AS 43.55.011(g), as applicable, and 25** [35] percent multiplied by the  
 10 remainder obtained by subtracting 1/12 of the producer's adjusted lease  
 11 expenditures for the calendar year of production under AS 43.55.165  
 12 and 43.55.170 that are deductible for the oil under  
 13 **AS 43.55.160(h)(1)(A)** [AS 43.55.160(h)(1)] from the gross value at  
 14 the point of production of the oil produced from those leases or  
 15 properties during the month for which the installment payment is  
 16 calculated, except that, for the purposes of this calculation, a reduction  
 17 from the gross value at the point of production may apply for oil  
 18 subject to AS 43.55.160(f) or 43.55.160(f) and (g);

19 (B) for oil produced before or during the last calendar year  
 20 under AS 43.55.024(b) for which the producer could take a tax credit under  
 21 AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet  
 22 sedimentary basin, no part of which is north of 68 degrees North latitude, other  
 23 than leases or properties subject to AS 43.55.011(o) or (p), the greater of

24 (i) zero; or

25 (ii) **the amount calculated for the month under**  
 26 **AS 43.55.011(g), as applicable, and 25** [35] percent multiplied by the  
 27 remainder obtained by subtracting 1/12 of the producer's adjusted lease  
 28 expenditures for the calendar year of production under AS 43.55.165  
 29 and 43.55.170 that are deductible for the oil under  
 30 **AS 43.55.160(h)(1)(B)** [AS 43.55.160(h)(2)] from the gross value at  
 31 the point of production of the oil produced from the leases or properties

1 during the month for which the installment payment is calculated;

2 (C) for oil and gas produced from leases or properties subject  
3 to AS 43.55.011(p), except as otherwise provided under **(9)** [(8)] of this  
4 subsection, the sum of

5 (i) **the amount calculated for the month under**  
6 **AS 43.55.011(g), as applicable, and 25** [35] percent multiplied by the  
7 remainder obtained by subtracting 1/12 of the producer's adjusted lease  
8 expenditures for the calendar year of production under AS 43.55.165  
9 and 43.55.170 that are deductible for the oil under  
10 **AS 43.55.160(h)(1)(C)** [AS 43.55.160(h)(3)] 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, but  
13 not less than zero; and

14 (ii) 13 percent of the gross value at the point of  
15 production of the gas produced from the leases or properties during the  
16 month, but not less than zero;

17 (D) for oil produced from leases or properties in the state, no  
18 part of which is north of 68 degrees North latitude, other than leases or  
19 properties subject to (B), (C), or (F) of this paragraph, the greater of

20 (i) zero; or

21 (ii) **the amount calculated for the month under**  
22 **AS 43.55.011(g), as applicable, and 25** [35] percent multiplied by the  
23 remainder obtained by subtracting 1/12 of the producer's adjusted lease  
24 expenditures for the calendar year of production under AS 43.55.165  
25 and 43.55.170 that are deductible for the oil under  
26 **AS 43.55.160(h)(1)(D)** [AS 43.55.160(h)(4)] from the gross value at  
27 the point of production of the oil produced from the leases or properties  
28 during the month for which the installment payment is calculated;

29 (E) for gas produced from each lease or property in the state  
30 outside the Cook Inlet sedimentary basin, other than a lease or property subject  
31 to AS 43.55.011(o) or (p), 13 percent of the gross value at the point of

1 production of the gas produced from the lease or property during the month for  
2 which the installment payment is calculated, but not less than zero;

3 (F) for oil subject to AS 43.55.011(k), for each lease or  
4 property, the greater of

5 (i) zero; or

6 (ii) **the amount calculated for the month under**  
7 **AS 43.55.011(g), as applicable, and 25** [35] percent multiplied by the  
8 remainder obtained by subtracting 1/12 of the producer's adjusted lease  
9 expenditures for the calendar year of production under AS 43.55.165  
10 and 43.55.170 that are deductible under AS 43.55.160 for the oil  
11 produced from the lease or property from the gross value at the point of  
12 production of the oil produced from the lease or property during the  
13 month for which the installment payment is calculated;

14 (G) for gas subject to AS 43.55.011(j) or (o), for each lease or  
15 property, the greater of

16 (i) zero; or

17 (ii) 13 percent of the gross value at the point of  
18 production of the gas produced from the lease or property during the  
19 month for which the installment payment is calculated;

20 **(9)** [(8)] an amount calculated under **(8)(C)** [(7)(C)] of this subsection  
21 may not exceed four percent of the gross value at the point of production of the oil and  
22 gas produced from leases or properties subject to AS 43.55.011(p) during the month  
23 for which the installment payment is calculated;

24 **(10)** [(9)] for purposes of the calculation under (1)(B)(ii), (5)(B)(ii),  
25 **(6)(B)(ii)**, and **(8)(A)(ii)** [(7)(A)(ii)] of this subsection, the applicable percentage of  
26 the gross value at the point of production is determined under AS 43.55.011(f)(1) or  
27 (2) but substituting the phrase "month for which the installment payment is calculated"  
28 in AS 43.55.011(f)(1) and (2) for the phrase "calendar year for which the tax is due";

29 **(11)** [(10)] an amount calculated under **(8)(F) or (G)** [(7)(F) OR (G)]  
30 of this subsection for oil or gas subject to AS 43.55.011(j), (k), or (o) may not exceed  
31 the product obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or

1 (2) or 43.55.011(o), as applicable, for gas, or set out in AS 43.55.011(k) for oil, but  
 2 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the  
 3 amount of taxable gas produced during the month for the amount of taxable gas  
 4 produced during the calendar year and substituting in AS 43.55.011(k) the amount of  
 5 taxable oil produced during the month for the amount of taxable oil produced during  
 6 the calendar year.

7 \* **Sec. 5.** AS 43.55.020(g) is amended to read:

8 (g) Notwithstanding any contrary provision of AS 43.05.225,

9 (1) before January 1, 2014, an unpaid amount of an installment  
 10 payment required under (a)(1) - (3) of this section that is not paid when due bears  
 11 interest (A) at the rate provided for an underpayment under 26 U.S.C. 6621 (Internal  
 12 Revenue Code), as amended, compounded daily, from the date the installment  
 13 payment is due until March 31 following the calendar year of production, and (B) as  
 14 provided for a delinquent tax under AS 43.05.225 after that March 31; interest accrued  
 15 under (A) of this paragraph that remains unpaid after that March 31 is treated as an  
 16 addition to tax that bears interest under (B) of this paragraph; an unpaid amount of tax  
 17 due under (a)(4) of this section that is not paid when due bears interest as provided for  
 18 a delinquent tax under AS 43.05.225;

19 (2) on and after January 1, 2014, an unpaid amount of an installment  
 20 payment required under (a)(3), (5), (6), [OR] (7), or (8) of this section that is not paid  
 21 when due bears interest (A) at the rate provided for an underpayment under 26 U.S.C.  
 22 6621 (Internal Revenue Code), as amended, compounded daily, from the date the  
 23 installment payment is due until March 31 following the calendar year of production,  
 24 and (B) as provided for a delinquent tax under AS 43.05.225 after that March 31;  
 25 interest accrued under (A) of this paragraph that remains unpaid after that March 31 is  
 26 treated as an addition to tax that bears interest under (B) of this paragraph; an unpaid  
 27 amount of tax due under (a)(4) of this section that is not paid when due bears interest  
 28 as provided for a delinquent tax under AS 43.05.225.

29 \* **Sec. 6.** AS 43.55.020(h) is amended to read:

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

31 (1) an overpayment of an installment payment required under (a)(1),

1 (2), (3), (5), (6), [OR] (7), or (8) of this section bears interest at the rate provided for  
 2 an overpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended,  
 3 compounded daily, from the later of the date the installment payment is due or the date  
 4 the overpayment is made, until the earlier of

5 (A) the date it is refunded or is applied to an underpayment; or

6 (B) March 31 following the calendar year of production;

7 (2) except as provided under (1) of this subsection, interest with  
 8 respect to an overpayment is allowed only on any net overpayment of the payments  
 9 required under (a) of this section that remains after the later of March 31 following the  
 10 calendar year of production or the date that the statement required under  
 11 AS 43.55.030(a) is filed;

12 (3) interest is allowed under (2) of this subsection only from a date that  
 13 is 90 days after the later of March 31 following the calendar year of production or the  
 14 date that the statement required under AS 43.55.030(a) is filed; interest is not allowed  
 15 if the overpayment was refunded within the 90-day period;

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

18 \* **Sec. 7.** AS 43.55.020(k) is amended to read:

19 (k) For oil and gas produced on and after January 1, 2014, and before  
 20 January 1, 2022, in making settlement with the royalty owner for oil and gas that is  
 21 taxable under AS 43.55.011, the producer may deduct the amount of the tax paid on  
 22 taxable royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in  
 23 value at the time the tax becomes due to the amount of the tax paid. If the total  
 24 deductions of installment payments of estimated tax for a calendar year exceed the  
 25 actual tax for that calendar year, the producer shall, before April 1 of the following  
 26 year, refund the excess to the royalty owner. Unless otherwise agreed between the  
 27 producer and the royalty owner, the amount of the tax paid under AS 43.55.011(e) on  
 28 taxable royalty oil and gas for a calendar year, other than oil and gas the ownership or  
 29 right to which constitutes a landowner's royalty interest, is considered to be the gross  
 30 value at the point of production of the taxable royalty oil and gas produced during the  
 31 calendar year multiplied by a figure that is a quotient, in which



1 (1) the numerator is the producer's total tax liability under  
2 AS 43.55.011(e) [AS 43.55.011(e)(2)] for the calendar year of production; and

3 (2) the denominator is the total gross value at the point of production  
4 of the oil and gas taxable under AS 43.55.011(e) produced by the producer from all  
5 leases and properties in the state during the calendar year.

6 \* **Sec. 8.** AS 43.55.020(*l*) is amended to read:

7 (*l*) For oil and gas produced on and after January 1, 2022, in making  
8 settlement with the royalty owner for oil and gas that is taxable under AS 43.55.011,  
9 the producer may deduct the amount of the tax paid on taxable royalty oil and gas, or  
10 may deduct taxable royalty oil or gas equivalent in value at the time the tax becomes  
11 due to the amount of the tax paid. If the total deductions of installment payments of  
12 estimated tax for a calendar year exceed the actual tax for that calendar year, the  
13 producer shall, before April 1 of the following year, refund the excess to the royalty  
14 owner. In making settlement with the royalty owner for gas that is taxable under  
15 AS 43.55.014, the producer may deduct the amount of the gas paid as in-kind tax on  
16 taxable royalty gas or may deduct the gross value at the point of production of the gas  
17 paid as in-kind tax on taxable royalty gas. Unless otherwise agreed between the  
18 producer and the royalty owner, the amount of the tax paid under AS 43.55.011(e) on  
19 taxable royalty oil for a calendar year, other than oil the ownership or right to which  
20 constitutes a landowner's royalty interest, is considered to be the gross value at the  
21 point of production of the taxable royalty oil produced during the calendar year  
22 multiplied by a figure that is a quotient, in which

23 (1) the numerator is the producer's total tax liability under  
24 AS 43.55.011(e)(4)(A) [AS 43.55.011(e)(3)(A)] for the calendar year of production;  
25 and

26 (2) the denominator is the total gross value at the point of production  
27 of the oil taxable under AS 43.55.011(e) produced by the producer from all leases and  
28 properties in the state during the calendar year.

29 \* **Sec. 9.** AS 43.55.160(a) is amended to read:

30 (a) For oil and gas produced before January 1, 2022, except as provided in (b),  
31 (f), and (g) of this section, for the purposes of

1                   (1) AS 43.55.011(e)(1) - (3) [AS 43.55.011(e)(1) AND (2)], the annual  
 2 production tax value of taxable oil, gas, or oil and gas produced during a calendar year  
 3 in a category for which a separate annual production tax value is required to be  
 4 calculated under this paragraph is the gross value at the point of production of that oil,  
 5 gas, or oil and gas taxable under AS 43.55.011(e), less the producer's lease  
 6 expenditures under AS 43.55.165 for the calendar year applicable to the oil, gas, or oil  
 7 and gas in that category produced by the producer during the calendar year, as  
 8 adjusted under AS 43.55.170; a separate annual production tax value shall be  
 9 calculated for

10                   (A) oil and gas produced from leases or properties in the state  
 11 that include land north of 68 degrees North latitude, other than gas produced  
 12 before 2022 and used in the state;

13                   (B) oil and gas produced from leases or properties in the state  
 14 outside the Cook Inlet sedimentary basin, no part of which is north of 68  
 15 degrees North latitude and that qualifies for a tax credit under AS 43.55.024(a)  
 16 and (b); this subparagraph does not apply to

17                                   (i) gas produced before 2022 and used in the state; or

18                                   (ii) oil and gas subject to AS 43.55.011(p);

19                   (C) oil produced before 2022 from each lease or property in the  
 20 Cook Inlet sedimentary basin;

21                   (D) gas produced before 2022 from each lease or property in  
 22 the Cook Inlet sedimentary basin;

23                   (E) gas produced before 2022 from each lease or property in  
 24 the state outside the Cook Inlet sedimentary basin and used in the state, other  
 25 than gas subject to AS 43.55.011(p);

26                   (F) oil and gas subject to AS 43.55.011(p) produced from  
 27 leases or properties in the state;

28                   (G) oil and gas produced from leases or properties in the state  
 29 no part of which is north of 68 degrees North latitude, other than oil or gas  
 30 described in (B), (C), (D), (E), or (F) of this paragraph;

31                   (2) AS 43.55.011(g), for oil and gas produced before January 1, 2014,

1 **or on or after July 1, 2018,** the monthly production tax value of the taxable

2 (A) oil and gas produced during a month from leases or  
3 properties in the state that include land north of 68 degrees North latitude is the  
4 gross value at the point of production of the oil and gas taxable under  
5 AS 43.55.011(e) and produced by the producer from those leases or properties,  
6 less 1/12 of the producer's lease expenditures under AS 43.55.165 for the  
7 calendar year applicable to the oil and gas produced by the producer from  
8 those leases or properties, as adjusted under AS 43.55.170; this subparagraph  
9 does not apply to gas subject to AS 43.55.011(o);

10 (B) oil and gas produced during a month from leases or  
11 properties in the state outside the Cook Inlet sedimentary basin, no part of  
12 which is north of 68 degrees North latitude, is the gross value at the point of  
13 production of the oil and gas taxable under AS 43.55.011(e) and produced by  
14 the producer from those leases or properties, less 1/12 of the producer's lease  
15 expenditures under AS 43.55.165 for the calendar year applicable to the oil and  
16 gas produced by the producer from those leases or properties, as adjusted under  
17 AS 43.55.170; this subparagraph does not apply to gas subject to  
18 AS 43.55.011(o);

19 (C) oil produced during a month from a lease or property in the  
20 Cook Inlet sedimentary basin is the gross value at the point of production of  
21 the oil taxable under AS 43.55.011(e) and produced by the producer from that  
22 lease or property, less 1/12 of the producer's lease expenditures under  
23 AS 43.55.165 for the calendar year applicable to the oil produced by the  
24 producer from that lease or property, as adjusted under AS 43.55.170;

25 (D) gas produced during a month from a lease or property in  
26 the Cook Inlet sedimentary basin is the gross value at the point of production  
27 of the gas taxable under AS 43.55.011(e) and produced by the producer from  
28 that lease or property, less 1/12 of the producer's lease expenditures under  
29 AS 43.55.165 for the calendar year applicable to the gas produced by the  
30 producer from that lease or property, as adjusted under AS 43.55.170;

31 (E) gas produced during a month from a lease or property

1 outside the Cook Inlet sedimentary basin and used in the state is the gross  
 2 value at the point of production of that gas taxable under AS 43.55.011(e) and  
 3 produced by the producer from that lease or property, less 1/12 of the  
 4 producer's lease expenditures under AS 43.55.165 for the calendar year  
 5 applicable to that gas produced by the producer from that lease or property, as  
 6 adjusted under AS 43.55.170.

7 \* **Sec. 10.** AS 43.55.160(e) is amended to read:

8 (e) Any adjusted lease expenditures under AS 43.55.165 and 43.55.170  
 9 incurred to explore for, develop, or produce oil or gas from a lease or property outside  
 10 the Cook Inlet sedimentary basin that would otherwise be deductible by a producer in  
 11 a calendar year but whose deduction would cause an annual production tax value  
 12 calculated under (a)(1) or (h)(1) [(h)] of this section of taxable oil or gas produced  
 13 during the calendar year to be less than zero may be used to establish a carried-  
 14 forward annual loss under AS 43.55.165(a)(3). A reduction under (f) or (g) of this  
 15 section must be added back to the calculation of production tax values for that  
 16 calendar year before the determination of a carried-forward annual loss under this  
 17 subsection. However, the department shall provide by regulation a method to ensure  
 18 that, for a period for which a producer's tax liability is limited by AS 43.55.011(o) or  
 19 (p), any adjusted lease expenditures under AS 43.55.165 and 43.55.170 that would  
 20 otherwise be deductible by a producer for that period but whose deduction would  
 21 cause a production tax value calculated under (a)(1)(E) or (F) or (h)(1)(C) [(h)(3)] of  
 22 this section to be less than zero are accounted for as though the adjusted lease  
 23 expenditures had first been used as deductions in calculating the production tax values  
 24 of oil or gas subject to any of the limitations under AS 43.55.011(o) or (p) that have  
 25 positive production tax values so as to reduce the tax liability calculated without  
 26 regard to the limitation to the maximum amount provided for under the applicable  
 27 provision of AS 43.55.011(o) or (p). Only the amount of those adjusted lease  
 28 expenditures remaining after the accounting provided for under this subsection may be  
 29 used to establish a carried-forward annual loss under AS 43.55.165(a)(3). In this  
 30 subsection, "producer" includes "explorer."

31 \* **Sec. 11.** AS 43.55.160(f) is amended to read:

1 (f) On and after January 1, 2014, in the calculation of an annual production tax  
 2 value of a producer under (a)(1)(A) or ~~(h)(1)(A)~~ [(h)(1)] of this section, the gross  
 3 value at the point of production of oil or gas produced from a lease or property north  
 4 of 68 degrees North latitude meeting one or more of the following criteria is reduced  
 5 by 20 percent: (1) the oil or gas is produced from a lease or property that does not  
 6 contain a lease that was within a unit on January 1, 2003; (2) the oil or gas is produced  
 7 from a participating area established after December 31, 2011, that is within a unit  
 8 formed under AS 38.05.180(p) before January 1, 2003, if the participating area does  
 9 not contain a reservoir that had previously been in a participating area established  
 10 before December 31, 2011; (3) the oil or gas is produced from acreage that was added  
 11 to an existing participating area by the Department of Natural Resources on and after  
 12 January 1, 2014, and the producer demonstrates to the department that the volume of  
 13 oil or gas produced is from acreage added to an existing participating area. This  
 14 subsection does not apply to gas produced before 2022 that is used in the state or to  
 15 gas produced on and after January 1, 2022. For oil and gas first produced from a lease  
 16 or property after December 31, 2016, a reduction allowed under this subsection  
 17 applies from the date of commencement of regular production of oil and gas from that  
 18 lease or property and expires after three years, consecutive or nonconsecutive, in  
 19 which the average annual price per barrel for Alaska North Slope crude oil for sale on  
 20 the United States West Coast is more than \$70 or after seven years, whichever occurs  
 21 first. For oil and gas first produced from a lease or property before January 1, 2017, a  
 22 reduction allowed under this subsection expires on the earlier of January 1, 2023, or  
 23 January 1 following three years, consecutive or nonconsecutive, in which the average  
 24 annual price per barrel for Alaska North Slope crude oil for sale on the United States  
 25 West Coast is more than \$70. The Alaska Oil and Gas Conservation Commission shall  
 26 determine the commencement of regular production of oil and gas for purposes of this  
 27 subsection. A reduction under this subsection may not reduce the gross value at the  
 28 point of production below zero. In this subsection, "participating area" means a  
 29 reservoir or portion of a reservoir producing or contributing to production as approved  
 30 by the Department of Natural Resources.

31 \* **Sec. 12.** AS 43.55.160(h) is amended to read:

1 (h) For oil produced on and after January 1, 2022, except as provided in (b),  
2 (f), and (g) of this section, for the purposes of

3 **(1) AS 43.55.011(e)(4)** [AS 43.55.011(e)(3)], the annual production  
4 tax value of oil taxable under AS 43.55.011(e) produced by a producer during a  
5 calendar year

6 **(A)** [(1)] from leases or properties in the state that include land  
7 north of 68 degrees North latitude is the gross value at the point of production  
8 of that oil, less the producer's lease expenditures under AS 43.55.165 for the  
9 calendar year incurred to explore for, develop, or produce oil and gas deposits  
10 located in the state north of 68 degrees North latitude or located in leases or  
11 properties in the state that include land north of 68 degrees North latitude, as  
12 adjusted under AS 43.55.170;

13 **(B)** [(2)] before or during the last calendar year under  
14 AS 43.55.024(b) for which the producer could take a tax credit under  
15 AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet  
16 sedimentary basin, no part of which is north of 68 degrees North latitude, other  
17 than leases or properties subject to AS 43.55.011(p), is the gross value at the  
18 point of production of that oil, less the producer's lease expenditures under  
19 AS 43.55.165 for the calendar year incurred to explore for, develop, or produce  
20 oil and gas deposits located in the state outside the Cook Inlet sedimentary  
21 basin and south of 68 degrees North latitude, other than oil and gas deposits  
22 located in a lease or property that includes land north of 68 degrees North  
23 latitude or that is subject to AS 43.55.011(p) or, before January 1, 2027, from  
24 which commercial production has not begun, as adjusted under AS 43.55.170;

25 **(C)** [(3)] from leases or properties subject to AS 43.55.011(p)  
26 is the gross value at the point of production of that oil, less the producer's lease  
27 expenditures under AS 43.55.165 for the calendar year incurred to explore for,  
28 develop, or produce oil and gas deposits located in leases or properties subject  
29 to AS 43.55.011(p) or, before January 1, 2027, located in leases or properties  
30 in the state outside the Cook Inlet sedimentary basin, no part of which is north  
31 of 68 degrees North latitude from which commercial production has not begun,

1 as adjusted under AS 43.55.170;

2 **(D)** [(4)] from leases or properties in the state no part of which  
 3 is north of 68 degrees North latitude, other than leases or properties subject to  
 4 **(B) or (C) of this paragraph** [(2) OR (3) OF THIS SUBSECTION], is the  
 5 gross value at the point of production of that oil less the producer's lease  
 6 expenditures under AS 43.55.165 for the calendar year incurred to explore for,  
 7 develop, or produce oil and gas deposits located in the state south of 68  
 8 degrees North latitude, other than oil and gas deposits located in a lease or  
 9 property in the state that includes land north of 68 degrees North latitude, and  
 10 excluding lease expenditures that are deductible under **(B) or (C) of this**  
 11 **paragraph** [(2) OR (3) OF THIS SUBSECTION] or would be deductible  
 12 under **(B) or (C) of this paragraph** [(2) OR (3) OF THIS SUBSECTION] if  
 13 not prohibited by (b) of this section, as adjusted under AS 43.55.170; a  
 14 separate annual production tax value shall be calculated for

15 **(i)** [(A)] oil produced from each lease or property in the  
 16 Cook Inlet sedimentary basin;

17 **(ii)** [(B)] oil produced from each lease or property  
 18 outside the Cook Inlet sedimentary basin, no part of which is north of  
 19 68 degrees North latitude, other than leases or properties subject to **(C)**  
 20 **of this paragraph;**

21 **(2) AS 43.55.011(g)(3), the monthly production tax value of oil**  
 22 **taxable under AS 43.55.011(e) produced by a producer during a month**

23 **(A) from leases or properties in the state that include land**  
 24 **north of 68 degrees North latitude is the gross value at the point of**  
 25 **production of that oil, less 1/12 the producer's lease expenditures under**  
 26 **AS 43.55.165 for the calendar year incurred to explore for, develop, or**  
 27 **produce oil and gas deposits located in the state north of 68 degrees North**  
 28 **latitude or located in leases or properties in the state that include land**  
 29 **north of 68 degrees North latitude, as adjusted under AS 43.55.170;**

30 **(B) in a calendar year that is before or during the last**  
 31 **calendar year under AS 43.55.024(b) for which the producer could take a**

1 tax credit under AS 43.55.024(a), from leases or properties in the state  
2 outside the Cook Inlet sedimentary basin, no part of which is north of 68  
3 degrees North latitude, other than leases or properties subject to  
4 AS 43.55.011(p), is the gross value at the point of production of that oil,  
5 less 1/12 the producer's lease expenditures under AS 43.55.165 for the  
6 calendar year incurred to explore for, develop, or produce oil and gas  
7 deposits located in the state outside the Cook Inlet sedimentary basin and  
8 south of 68 degrees North latitude, other than oil and gas deposits located  
9 in a lease or property that includes land north of 68 degrees North latitude  
10 or that is subject to AS 43.55.011(p) or, before January 1, 2027, from  
11 which commercial production has not begun, as adjusted under  
12 AS 43.55.170;

13 (C) from leases or properties subject to AS 43.55.011(p) is  
14 the gross value at the point of production of that oil, less 1/12 the  
15 producer's lease expenditures under AS 43.55.165 for the calendar year  
16 incurred to explore for, develop, or produce oil and gas deposits located in  
17 leases or properties subject to AS 43.55.011(p) or, before January 1, 2027,  
18 located in leases or properties in the state outside the Cook Inlet  
19 sedimentary basin, no part of which is north of 68 degrees North latitude  
20 from which commercial production has not begun, as adjusted under  
21 AS 43.55.170;

22 (D) from leases or properties in the state no part of which is  
23 north of 68 degrees North latitude, other than leases or properties subject  
24 to (B) or (C) of this paragraph, is the gross value at the point of  
25 production of that oil less 1/12 the producer's lease expenditures under  
26 AS 43.55.165 for the calendar year incurred to explore for, develop, or  
27 produce oil and gas deposits located in the state south of 68 degrees North  
28 latitude, other than oil and gas deposits located in a lease or property in  
29 the state that includes land north of 68 degrees North latitude, and  
30 excluding lease expenditures that are deductible under (B) or (C) of this  
31 paragraph or would be deductible under (B) or (C) of this paragraph if



1 not prohibited by (b) of this section, as adjusted under AS 43.55.170; a  
 2 separate monthly production tax value shall be calculated for

3 (i) oil produced from each lease or property in the  
 4 Cook Inlet sedimentary basin;

5 (ii) oil produced from each lease or property outside  
 6 the Cook Inlet sedimentary basin, no part of which is north of 68  
 7 degrees North latitude, other than leases or properties subject to  
 8 (C) of this paragraph [(3) OF THIS SUBSECTION].

9 \* **Sec. 13.** AS 43.55.024(i) and 43.55.024(j) are repealed.

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

12 TRANSITION: PAYMENT OF TAX; FILING. (a) Notwithstanding the amendments  
 13 to AS 43.55.020 by secs. 4 - 8 of this Act, a person subject to tax under AS 43.55 that is  
 14 required to make one or more installment payments of estimated tax or other payments of tax  
 15 under AS 43.55.020 for production before the effective date of secs. 4 - 8 of this Act shall pay  
 16 the tax under AS 43.55.020, as that section read on the day before the effective date of secs. 4  
 17 - 8 of this Act.

18 (b) The Department of Revenue may continue to apply and enforce AS 43.55.020, as  
 19 that section read on the day before the effective date of secs. 4 - 8 of this Act, for a tax or  
 20 installment payment for production before the effective date of secs. 4 - 8 of this Act.

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

23 TRANSITION: REGULATIONS; RETROACTIVITY OF REGULATIONS. (a) The  
 24 Department of Revenue may adopt regulations necessary to implement the changes made by  
 25 this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not  
 26 before the effective date of the law implemented by the regulation.

27 (b) Notwithstanding any contrary provision of AS 44.62.240, if the Department of  
 28 Revenue expressly designates in a regulation that the regulation applies retroactively, a  
 29 regulation adopted by the Department of Revenue to implement, interpret, make specific, or  
 30 otherwise carry out this Act may apply retroactively to the effective date of the law  
 31 implemented by the regulation.

- 1 \* **Sec. 16.** Section 15 of this Act takes effect immediately under AS 01.10.070(c).
- 2 \* **Sec. 17.** Except as provided in sec. 16 of this Act, this Act takes effect July 1, 2018.