SENATE BILL NO. 107

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FIRST SESSION

BY SENATORS WIELECHOWSKI, Gray-Jackson

Introduced: 3/10/21
Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

"An Act relating to the oil and gas production tax; relating to credits against the oil and gas production tax; relating to payments of the oil and gas production tax; relating to lease expenditures and adjustments to lease expenditures; making public certain information related to the oil and gas production tax; relating to the Department of Revenue; and providing for an effective date."

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

*** Section 1.** AS 40.25.100(a) is amended to read:

(a) Information in the possession of the Department of Revenue that discloses the particulars of the business or affairs of a taxpayer or other person, including information under AS 38.05.020(b)(11) that is subject to a confidentiality agreement under AS 38.05.020(b)(12), is not a matter of public record, except as provided in **<u>AS 43.05.230(i) - (m)</u>** [AS 43.05.230(i) - (*l*)] or for purposes of investigation and law enforcement. The information shall be kept confidential except when its production is required in an official investigation, administrative adjudication under AS 43.05.405 - 43.05.499, or court proceeding. These restrictions do not prohibit the publication of statistics presented in a manner that prevents the identification of particular reports and items, prohibit the publication of tax lists showing the names of taxpayers who are delinquent and relevant information that may assist in the collection of delinquent taxes, or prohibit the publication of records, proceedings, and decisions under AS 43.05.405 - 43.05.499.

*** Sec. 2.** AS 43.05.230 is amended by adding a new subsection to read:

(m) The information provided by a producer to the department on a return for the payment of oil production taxes assessed under AS 43.55.011(q) is public information.

*** Sec. 3.** AS 43.55.011(e) is amended to read:

(e) There is levied on the producer of oil or gas a tax for all oil and gas produced each calendar year from each lease or property in the state, less any oil and gas the ownership or right to which is exempt from taxation or constitutes a landowner's royalty interest or for which a tax is levied by AS 43.55.014. Except as otherwise provided under (f), (j), (k), (o), [AND] (p)**<u>, (q), and (s)</u>** of this section, for oil and gas produced

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

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

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

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

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

(A) oil is equal to the annual production tax value of the taxable oil as calculated under AS 43.55.160(h) multiplied by 35 percent;

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

* **Sec. 4.** AS 43.55.011(f) is amended to read:

(f) The levy of tax under (e) of this section for

(1) oil and gas produced before January 1, 2022, from leases or properties that include land north of 68 degrees North latitude, other than gas subject to (o) of this section **<u>and oil subject to (q) of this section</u>**, may not be less than

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

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

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

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

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

(2) oil produced on and after January 1, 2022, from leases or properties that include land north of 68 degrees North latitude, **<u>other than oil subject to (q) of this section,</u>** may not be less than

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

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

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

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

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

* **Sec. 5.** AS 43.55.011 is amended by adding new subsections to read:

(q) There is levied on the producer of oil or gas a tax for all oil produced from each major oil field each month of the calendar year, less any oil and gas the ownership or right to which is exempt from taxation or constitutes a landowner's royalty interest. For oil produced from a major oil field on and after January 1, 2021, the tax is equal to the sum of

(1) the annual production tax value of the taxable oil from the major oil field as calculated under AS 43.55.160(h)(5) or (i)(8), as applicable, multiplied by 35 percent; and

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

(r) For each month of a calendar year for which the average monthly production tax value under AS 43.55.160(j) of a barrel of taxable oil produced from each major oil field is more than $50, the amount of additional tax for purposes of (q)(2) of this section is determined by multiplying

(1) the monthly production tax value of the taxable oil produced by the producer from the major oil field during the month, less $50; and

(2) the tax rate of 15 percent.

(s) For each month of the calendar year, the levy of tax under (q) of this section for oil produced from each major oil field may not be less than

(1) 10 percent of the gross value at the point of production from the major oil field when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the month for which the tax is due is less than $50;

(2) 11 percent of the gross value at the point of production from the major oil field when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the month for which the tax is due is $50 or more but less than $55;

(3) 12 percent of the gross value at the point of production from the major oil field when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the month for which the tax is due is $55 or more but less than $60;

(4) 13 percent of the gross value at the point of production from the major oil field when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the month for which the tax is due is $60 or more but less than $65;

(5) 14 percent of the gross value at the point of production from the major oil field when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the month for which the tax is due is $65 or more but less than $70; or

(6) 15 percent of the gross value at the point of production from the major oil field when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the month for which the tax is due is $70

or more.

(t) A tax credit provided under this chapter may not be applied to reduce an amount due under (s) of this section.

*** Sec. 6.** AS 43.55.019(a) is amended to read:

(a) A producer of oil or gas is allowed a credit against the tax levied by **AS 43.55.011** [AS 43.55.011(e)] for contributions of cash or equipment accepted for

(1) direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;

(2) secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) vocational education courses, programs, equipment, and facilities by a state-operated vocational technical education and training school, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, and an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 - 50b (National Apprenticeship Act);

(4) a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;

(5) Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government; and

(7) the Alaska higher education investment fund under AS 37.14.750.

*** Sec. 7.** AS 43.55.019(e) is amended to read:

(e) The credit under this section may not reduce a person's tax liability under **AS 43.55.011** [AS 43.55.011(e)] to below zero for any tax year. An unused credit or portion of a credit not used under this section for a tax year may not be sold, traded, transferred, or applied in a subsequent tax year.

*** Sec. 8.** AS 43.55.020(a) is amended to read:

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

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

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

(i) zero; or

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

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

(i) zero;

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

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

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

(i) zero; or

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

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

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

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

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

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

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

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

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

(5) for oil and gas produced on and after January 1, 2014, and before **<u>January 1, 2021</u>** [JANUARY 1, 2022], an installment payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each month of the calendar year on the last day of the following month; except as otherwise provided under (6) of this subsection, the amount of the installment payment

is the sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount of the installment payment may not be less than zero:

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

(i) zero; or

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

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

(i) zero;

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

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

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

(i) zero; or

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

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

(i) 35 percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil and gas under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated, but not less than zero; or

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

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

(7) for oil and gas produced on and after January 1, 2021, and

before January 1, 2022, an installment payment of the estimated tax levied by AS 43.55.011, net of any tax credits applied as allowed by law, is due for each month of the calendar year on the last day of the following month; except as otherwise provided under (8) of this subsection, the amount of the installment payment is the sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be applied against the tax levied by AS 43.55.011 for the calendar year, but the amount of the installment payment may not be less than zero:

(A) for oil and gas subject to AS 43.55.011(e) and not subject to AS 43.55.011(o) or (p) produced from leases or properties in the state outside the Cook Inlet sedimentary basin and outside a major oil field, other than leases or properties subject to AS 43.55.011(f) or (s), the greater of

(i) zero; or

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

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

(i) zero;

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

(iii) 35 percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and

43.55.170 that are deductible for the oil and gas under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from those leases or properties during the month for which the installment payment is calculated, except that, for the purposes of this calculation, a reduction from the gross value at the point of production may apply for oil and gas subject to AS 43.55.160(f) or (g);

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

(i) zero; or

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

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

(i) 35 percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil and gas under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated, but not less than zero; or

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

(E) for oil produced from each major oil field subject to

AS 43.55.011(q), the greatest of

(i) zero;

(ii) the applicable percentage under AS 43.55.011(s) of the gross value at the point of production of the oil produced from the major oil field during the month for which the installment payment is calculated; a tax credit may not be applied against the tax levied by AS 43.55.011(s);

(iii) if the average monthly production tax value of a barrel of oil produced from the major oil field is $50 or less, 35 percent of the average monthly production tax value of a barrel of oil produced from the major oil field; for purposes of this sub-subparagraph, the average monthly production tax value of a barrel of oil produced from the major oil field is calculated under AS 43.55.160(j); or

(iv) if the average monthly production tax value of a barrel of oil produced from the major oil field is more than $50, the sum of 35 percent of the average monthly production tax value of a barrel of oil produced from the major oil field plus the difference between the average monthly production tax value of a barrel of oil produced from the major oil field and $50, multiplied by 15 percent; for the purposes of this sub-subparagraph, the average monthly production tax value of a barrel of oil produced from the major oil field is calculated under AS 43.55.160(j);

(8) an amount calculated under (7)(C) of this subsection for oil or gas subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as applicable, for gas or set out in AS 43.55.011(k) for oil, but substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable gas produced during the month for the amount of taxable gas produced during the calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced during the month for the amount of taxable oil produced

during the calendar year;

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

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

(i) zero;

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

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

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

(i) zero; or

(ii) 35 percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil under AS 43.55.160(h)(2) from the gross value at the point of production of the oil produced from the leases or properties during the month for which the installment payment is calculated;

(C) for oil and gas produced from leases or properties subject to AS 43.55.011(p), except as otherwise provided under **(10)** [(8)] of this subsection, the sum of

(i) 35 percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil under AS 43.55.160(h)(3) from the gross value at the point of production of the oil produced from the leases or properties during the month for which the installment payment is calculated, but not less than zero; and

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

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

(i) zero; or

(ii) 35 percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil under AS 43.55.160(h)(4) from the gross value at the point of production of the oil produced from the leases or properties during the month for which the installment payment is calculated;

(E) for gas produced from each lease or property in the state outside the Cook Inlet sedimentary basin, other than a lease or property subject to AS 43.55.011(o) or (p), 13 percent of the gross value at the point of production of the gas produced from the lease or property during the month for which the installment payment is calculated, but not less than zero;

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

(i) zero; or

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

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

(i) zero; or

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

(H) for oil produced from each major oil field subject to AS 43.55.011(q), the greatest of

(i) zero;

(ii) the applicable percentage under AS 43.55.011(s) of the gross value at the point of production of the oil produced from the major oil field during the month for which the installment payment is calculated; a tax credit may not be applied against the tax levied by AS 43.55.011(s);

(iii) if the average monthly production tax value of a barrel of oil produced from the major oil field is $50 or less, 35

percent of the average monthly production tax value of a barrel of oil produced from the major oil field; for the purposes of this sub-subparagraph, the average monthly production tax value of a barrel of oil produced from the major oil field is calculated under AS 43.55.160(j); or

(iv) if the average monthly production tax value of a barrel of oil produced from the major oil field is more than $50, the sum of 35 percent of the average monthly production tax value of a barrel of oil produced from the major oil field plus the difference between the average monthly production tax value of a barrel of oil produced from the major oil field and $50, multiplied by 15 percent; for the purposes of this sub-subparagraph, the average monthly production tax value of a barrel of oil produced from the major oil field is calculated under AS 43.55.160(j);

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

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

(12) [(10)] an amount calculated under **(9)(F)** [(7)(F)] or (G) of this subsection for oil or gas subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as applicable, for gas, or set out in AS 43.55.011(k) for oil, but substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable gas produced during the month for the amount of taxable gas produced during the calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced during the month for the amount of taxable oil produced during the calendar year.

*** Sec. 9.** AS 43.55.020(g) is amended to read:

(g) Notwithstanding any contrary provision of AS 43.05.225,

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

(2) on and after January 1, 2014, an unpaid amount of an installment payment required under (a)(3), (5), (6), [OR] (7)**<u>, (8), or (9)</u>** of this section that is not paid when due bears interest (A) at the rate provided for an underpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the date the installment payment is due until March 31 following the calendar year of production, and (B) as provided for a delinquent tax under AS 43.05.225 after that March 31; interest accrued under (A) of this paragraph that remains unpaid after that March 31 is treated as an addition to tax that bears interest under (B) of this paragraph; an unpaid amount of tax due under (a)(4) of this section that is not paid when due bears interest as provided for a delinquent tax under AS 43.05.225.

*** Sec. 10.** AS 43.55.020(h) is amended to read:

(h) Notwithstanding any contrary provision of AS 43.05.280,

(1) an overpayment of an installment payment required under (a)(1), (2), (3), (5), (6), [OR] (7)**<u>, (8), or (9)</u>** of this section bears interest at the rate provided for an overpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the later of the date the installment payment is due or the date the overpayment is made, until the earlier of

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

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

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

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

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

*** Sec. 11.** AS 43.55.020(k) is amended to read:

(k) For oil and gas produced on and after

<u>(1)</u> January 1, 2014, and before January 1, **<u>2021</u>** [2022], in making settlement with the royalty owner for oil and gas that is taxable under AS 43.55.011, the producer may deduct the amount of the tax paid on taxable royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in value at the time the tax becomes due to the amount of the tax paid**<u>; if</u>** [. IF] the total deductions of installment payments of estimated tax for a calendar year exceed the actual tax for that calendar year, the producer shall, before April 1 of the following year, refund the excess to the royalty owner**<u>; unless</u>** [. UNLESS] otherwise agreed between the producer and the royalty owner, the amount of the tax paid under AS 43.55.011(e) on taxable royalty oil and gas for a calendar year, other than oil and gas the ownership or right to which constitutes a landowner's royalty interest, is considered to be the gross value at the point of production of the taxable royalty oil and gas produced during the calendar year multiplied by a figure that is a quotient, in which

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

<u>(B)</u> [(2)] the denominator is the total gross value at the point of production of the oil and gas taxable under AS 43.55.011(e) produced by the producer from all leases and properties in the state during the calendar year**;**

(2) January 1, 2021, and before January 1, 2022, in making settlement with the royalty owner for oil and gas that is taxable under AS 43.55.011, the producer may deduct the amount of the tax paid on taxable royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in value at the time the tax becomes due to the amount of the tax paid; if the total deductions of installment payments of estimated tax for a calendar year exceed the actual tax for that calendar year, the producer shall, before April 1 of the following year, refund the excess to the royalty owner; unless otherwise agreed between the producer and the royalty owner, the amount of the tax paid under AS 43.55.011 on taxable royalty oil and gas for a calendar year, other than oil and gas the ownership or right to which constitutes a landowner's royalty interest, is considered to be the gross value at the point of production of the taxable royalty oil and gas produced during the calendar year multiplied by a figure that is a quotient, in which

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

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

*** Sec. 12.** AS 43.55.020(*l*) is amended to read:

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

(1) the numerator is the producer's total tax liability under AS 43.55.011(e)(3)(A) **and (q)** for the calendar year of production; and

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

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

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

(1) notwithstanding that a qualified capital expenditure may be a deductible lease expenditure for purposes of calculating the production tax value of oil and gas under AS 43.55.160(a), unless a credit for that expenditure is taken under former AS 43.20.043 or AS 43.55.025, a producer or explorer that incurs a qualified capital expenditure may also elect to apply a tax credit against a tax levied by **AS 43.55.011** [AS 43.55.011(e)] in the amount of 10 percent of that expenditure;

(2) a producer or explorer may take a credit for a qualified capital expenditure incurred in connection with geological or geophysical exploration or in connection with an exploration well only if the producer or explorer

(A) agrees, in writing, to the applicable provisions of AS 43.55.025(f)(2); and

(B) submits to the Department of Natural Resources all data that would be required to be submitted under AS 43.55.025(f)(2);

(3) a credit for a qualified capital expenditure incurred to explore for, develop, or produce oil or gas deposits located

(A) north of 68 degrees North latitude may be taken only if the expenditure is incurred before January 1, 2014;

(B) in the Cook Inlet sedimentary basin may be taken only if the expenditure is incurred before January 1, 2018.

*** Sec. 14.** AS 43.55.023(c) is amended to read:

(c) A credit or portion of a credit under this section

(1) may not be

(A) used to reduce a person's tax liability under **AS 43.55.011** [AS 43.55.011(e)] for any calendar year below zero; **or**

(B) applied against the tax imposed under AS 43.55.011(s);

(2) may, if not used under this subsection, be applied in a later calendar year;

(3) may, regardless of when the credit was earned, be used to satisfy a tax, interest, penalty, fee, or other charge that

(A) is related to the tax due under this chapter for a prior year, except for a surcharge under AS 43.55.201 - 43.55.299 or 43.55.300 or the tax levied by AS 43.55.011(i) or 43.55.014; and

(B) has not, for the purpose of art. IX, sec. 17(a), Constitution of the State of Alaska, been subject to an administrative proceeding or litigation.

*** Sec. 15.** AS 43.55.024(c) is amended to read:

(c) For a calendar year for which a producer's tax liability under **AS 43.55.011** [AS 43.55.011(e)] exceeds zero before application of any credits under this chapter, other than a credit under (a) of this section but after application of any credit under (a) of this section, a producer that is qualified under (e) of this section and whose average amount of oil and gas produced a day and taxable under **AS 43.55.011** [AS 43.55.011(e)] is less than 100,000 BTU equivalent barrels a day may apply a tax credit under this subsection against that liability. A producer whose average amount of oil and gas produced a day and taxable under **AS 43.55.011** [AS 43.55.011(e)] is

(1) not more than 50,000 BTU equivalent barrels may apply a tax credit of not more than $12,000,000 for the calendar year;

(2) more than 50,000 and less than 100,000 BTU equivalent barrels

may apply a tax credit of not more than $12,000,000 multiplied by the following fraction for the calendar year:

1 - [2 X (AP - 50,000)] ÷ 100,000

where AP = the average amount of oil and gas taxable under **AS 43.55.011** [AS 43.55.011(e)], produced a day during the calendar year in BTU equivalent barrels.

*** Sec. 16.** AS 43.55.024(e) is amended to read:

(e) On written application by a producer that includes any information the department may require, the department shall determine whether the producer qualifies for a calendar year under (a) and (c) of this section. To qualify under (a) and (c) of this section, a producer must demonstrate that its operation in the state or its ownership of an interest in a lease or property in the state as a distinct producer would not result in the division among multiple producer entities of any production tax liability under **AS 43.55.011** [AS 43.55.011(e)] that reasonably would be expected to be attributed to a single producer if the tax credit provisions of (a) or (c) of this section did not exist.

*** Sec. 17.** AS 43.55.024(g) is amended to read:

(g) A tax credit authorized by (c) of this section may not be applied

(1) to reduce a producer's tax liability for any calendar year under **AS 43.55.011** [AS 43.55.011(e)] below zero**; or**

(2) against the tax imposed under AS 43.55.011(s).

*** Sec. 18.** AS 43.55.024(i) is amended to read:

(i) A producer may apply against the producer's tax liability for the calendar year under AS 43.55.011(e) a tax credit of $5 for each barrel of oil taxable under AS 43.55.011(e) that receives a reduction in the gross value at the point of production under AS 43.55.160(f) or (g) and that is produced during a calendar year after December 31, 2013. A tax credit authorized by this subsection

(1) may not reduce a producer's tax liability for a calendar year under AS 43.55.011(e) below zero**; and**

(2) does not apply to oil produced from a major oil field.

*** Sec. 19.** AS 43.55.024(j) is amended to read:

(j) A producer may apply against the producer's tax liability for the calendar year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for each barrel of oil taxable under AS 43.55.011(e) that does not receive a reduction in the gross value at the point of production under AS 43.55.160(f) or (g) and that is produced during a calendar year after December 31, 2013, from leases or properties north of 68 degrees North latitude. A tax credit under this subsection may not reduce a producer's tax liability for a calendar year under AS 43.55.011(e) below the amount calculated under AS 43.55.011(f) **and does not apply to oil produced from a major oil field**. The amount of the tax credit for a barrel of taxable oil subject to this subsection produced during a month of the calendar year is

(1) $8 for each barrel of taxable oil if the average gross value at the point of production for the month is less than $80 a barrel;

(2) $7 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $80 a barrel, but less than $90 a barrel;

(3) $6 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $90 a barrel, but less than $100 a barrel;

(4) $5 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $100 a barrel, but less than $110 a barrel;

(5) $4 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $110 a barrel, but less than $120 a barrel;

(6) $3 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $120 a barrel, but less than $130 a barrel;

(7) $2 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $130 a barrel, but less than $140 a barrel;

(8) $1 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $140 a barrel, but less

than $150 a barrel;

(9) zero if the average gross value at the point of production for the month is greater than or equal to $150 a barrel.

*** Sec. 20.** AS 43.55.025(a) is amended to read:

(a) Subject to the terms and conditions of this section, a credit against the tax levied by **<u>AS 43.55.011</u>** [AS 43.55.011(e)] or, if the credit is for exploration expenditures incurred for work performed on or after July 1, 2016, against the tax levied by AS 43.20 is allowed for exploration expenditures that qualify under (b) of this section in an amount equal to one of the following:

(1) 30 percent of the total exploration expenditures that qualify only under (b) and (c) of this section;

(2) 30 percent of the total exploration expenditures that qualify only under (b) and (d) of this section;

(3) 40 percent of the total exploration expenditures that qualify under (b), (c), and (d) of this section;

(4) 40 percent of the total exploration expenditures that qualify only under (b) and (e) of this section;

(5) 80, 90, or 100 percent, or a lesser amount described in (*l*) of this section, of the total exploration expenditures described in (b)(2) and (3) of this section and not excluded by (b)(4) and (5) of this section that qualify only under (*l*) of this section;

(6) the lesser of $25,000,000 or 80 percent of the total exploration drilling expenditures described in (m) of this section and that qualify under (b) and (c)(1), (c)(2)(A), and (c)(2)(C) of this section; or

(7) the lesser of $7,500,000 or 75 percent of the total seismic exploration expenditures described in (n) of this section and that qualify under (b) of this section.

*** Sec. 21.** AS 43.55.025(f) is amended to read:

(f) For a production tax credit under this section,

(1) an explorer shall, in a form prescribed by the department and, except for a credit under (k) of this section, within six months of the completion of the

exploration activity, claim the credit and submit information sufficient to demonstrate to the department's satisfaction that the claimed exploration expenditures qualify under this section; in addition, the explorer shall submit information necessary for the commissioner of natural resources to evaluate the validity of the explorer's compliance with the requirements of this section;

(2) an explorer shall agree, in writing,

(A) to notify the Department of Natural Resources, within 30 days after completion of seismic or geophysical data processing, completion of well drilling, or filing of a claim for credit, whichever is the latest, for which exploration costs are claimed, of the date of completion and submit a report to that department describing the processing sequence and providing a list of data sets available;

(B) to provide to the Department of Natural Resources, within 30 days after the date of a request, unless a longer period is provided by the Department of Natural Resources, specific data sets, ancillary data, and reports identified in (A) of this paragraph; in this subparagraph,

(i) a seismic or geophysical data set includes the data for an entire seismic survey, irrespective of whether the survey area covers nonstate land in addition to state land or land in a unit in addition to land outside a unit;

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

(C) that, notwithstanding any provision of AS 38, information provided under this paragraph will be held confidential by the Department of Natural Resources,

(i) in the case of well data, until the expiration of the 24-month period of confidentiality described in AS 31.05.035(c), at which time the Department of Natural Resources will release the information after 30 days' public notice unless, in the discretion of the commissioner of natural resources, it is necessary to protect information relating to the valuation of unleased acreage in the same vicinity, or unless the well is on private land and the owner, including the lessor but not the lessee, of the oil and gas resources has not given permission to release the well data;

(ii) in the case of seismic or other geophysical data, other than seismic data acquired by seismic exploration subject to (k) of this section, for 10 years following the completion date, at which time the Department of Natural Resources will release the information after 30 days' public notice, except as to seismic or other geophysical data acquired from private land, unless the owner, including a lessor but not a lessee, of the oil and gas resources in the private land gives permission to release the seismic or other geophysical data associated with the private land;

(iii) in the case of seismic data obtained by seismic exploration subject to (k) of this section, only until the expiration of 30 days' public notice issued on or after the date the production tax credit certificate is issued under (5) of this subsection;

(3) if more than one explorer holds an interest in a well or seismic exploration, each explorer may claim an amount of credit that is proportional to the explorer's cost incurred;

(4) the department may exercise the full extent of its powers as though the explorer were a taxpayer under this title, in order to verify that the claimed expenditures are qualified exploration expenditures under this section; and

(5) if the department is satisfied that the explorer's claimed expenditures are qualified under this section and that all data required to be submitted under this section have been submitted, the department shall issue to the explorer a production tax credit certificate for the amount of credit to be allowed against production taxes levied by **AS 43.55.011** [AS 43.55.011(e)] and, if the credit is for

exploration expenditures incurred for work performed on or after July 1, 2016, against taxes levied by AS 43.20; notwithstanding any contrary provision of AS 38, AS 40.25.100, or AS 43.05.230, the following information is not confidential:

(A) the explorer's name;

(B) the date of the application;

(C) the location of the well or seismic exploration;

(D) the date of the department's issuance of the certificate; and

(E) the date on which the information required to be submitted under this section will be released.

*** Sec. 22.** AS 43.55.025(h) is amended to read:

(h) A producer that purchases a production tax credit certificate may apply the credits against its production tax levied by **AS 43.55.011** [AS 43.55.011(e)]. Regardless of the price the producer paid for the certificate, the producer may receive a credit against its production tax liability for the full amount of the credit, but for not more than the amount for which the certificate is issued. A production tax credit or a portion of a production tax credit or a production tax credit certificate or a portion of a production tax credit certificate allowed under this section

(1) may not be applied

(A) more than once;

(B) against the tax imposed under AS 43.55.011(s);

(2) may be applied in a later calendar year;

(3) may, regardless of when the credit was earned, be applied to satisfy a tax, interest, penalty, fee, or other charge that

(A) is related to the tax due under this chapter for a prior year, except for a surcharge under AS 43.55.201 - 43.55.299 or 43.55.300 or the tax levied by AS 43.55.011(i) or 43.55.014; and

(B) has not, for the purpose of art. IX, sec. 17(a), Constitution of the State of Alaska, been subject to an administrative proceeding or litigation.

*** Sec. 23.** AS 43.55.025(i) is amended to read:

(i) For a production tax credit under this section,

(1) a credit may not be applied to reduce a taxpayer's tax liability under **<u>AS 43.55.011</u>** [AS 43.55.011(e)] below zero for a calendar year;

(2) if the production tax credit is for exploration expenditures incurred for work performed on or after July 1, 2016, the explorer may apply the credit to reduce the explorer's tax liability under AS 43.20, except that the credit may not be applied to reduce the explorer's tax liability under AS 43.20 below zero for a tax year; and

(3) an amount of the production tax credit in excess of the amount that may be applied for a calendar or tax year under this subsection may be carried forward and applied against the taxpayer's tax liability under **<u>AS 43.55.011</u>** [AS 43.55.011(e)] in one or more later calendar years or under AS 43.20 in one or more later tax years.

*** Sec. 24.** AS 43.55.028(e) is amended to read:

(e) The department, on the written application of a person to whom a transferable tax credit certificate has been issued under AS 43.55.023(d) or former AS 43.55.023(m) for an expenditure incurred before July 1, 2017, or to whom a production tax credit certificate has been issued under AS 43.55.025(f) for an expenditure incurred before July 1, 2017, may use either available money in the oil and gas tax credit fund or, subject to appropriation by the legislature, money disbursed to the commissioner, or both, to purchase, in whole or in part, the certificate. The department may not purchase with money from the oil and gas tax credit fund a total of more than $70,000,000 in tax credit certificates from a person in a calendar year. The total amount of purchases made by the department with money from the oil and gas tax credit fund from a person in a year may not exceed the assumed payment amount for each year, as calculated under (*l*) of this section without the discount provided in (m) of this section. Before purchasing a certificate or part of a certificate, the department shall find that

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

(2) the application is not the result of the division of a single entity into multiple entities that would reasonably be expected to apply as a single entity if the

$70,000,000 limitation in this subsection did not exist;

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

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

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

* **Sec. 25.** AS 43.55.030(a) is amended to read:

(a) A producer that produces oil or gas from a lease or property in the state during a calendar year, whether or not any tax payment is due under AS 43.55.020(a) for that oil or gas, shall file with the department on March 31 of the following year a statement, under oath, in a form prescribed by the department, giving, with other information required, the following:

(1) a description of each lease or property **and each major oil field** from which oil or gas was produced, by name, legal description, lease number, or accounting codes assigned by the department;

(2) the names of the producer and, if different, the person paying the tax, if any;

(3) the gross amount of oil and the gross amount of gas produced from each lease or property **and each major oil field**, separately identifying the gross amount of gas produced from each oil and gas lease to which an effective election under AS 43.55.014(a) applies, the amount of gas delivered to the state under AS 43.55.014(b), and the percentage of the gross amount of oil and gas owned by the producer;

(4) the gross value at the point of production of the oil and of the gas produced from each lease or property **and each major oil field** owned by the producer and the costs of transportation of the oil and gas;

(5) the name of the first purchaser and the price received for the oil and

for the gas, unless relieved from this requirement in whole or in part by the department;

(6) the producer's qualified capital expenditures, as defined in AS 43.55.023, other lease expenditures under AS 43.55.165, and adjustments or other payments or credits under AS 43.55.170;

(7) the production tax values of the oil and gas**, separately,** under AS 43.55.160(a) **or (i)** or of the oil under AS 43.55.160(h) **or (j)**, as applicable;

(8) any claims for tax credits to be applied; and

(9) calculations showing the amounts, if any, that were or are due under AS 43.55.020(a) and interest on any underpayment or overpayment.

* **Sec. 26.** AS 43.55.075(b) is amended to read:

(b) A decision of a regulatory agency, court, or other body with authority to resolve disputes that results in a retroactive change to a lease expenditure, to an adjustment to a lease expenditure, **to the allocation of a lease expenditure between oil and gas,** to costs of transportation, to sale price, to prevailing value, or to consideration of quality differentials relating to the commingling of oils **that** has a corresponding effect, either an increase or decrease, as applicable, on the production tax value of oil or gas or the amount or availability of a tax credit as determined under this chapter. For purposes of this section, a change to a lease expenditure includes a change in the categorization of a lease expenditure as a qualified capital expenditure or as not a qualified capital expenditure. The producer shall

(1) within 60 days after the change, notify the department in writing; and

(2) within 120 days after the change, file amended returns covering all periods affected by the change, unless the department agrees otherwise or a stay is in place that affects the filing or payment, regardless of the pendency of appeals of the decision.

* **Sec. 27.** AS 43.55.150 is amended by adding new subsections to read:

(d) The department shall adopt regulations consistent with this section for determining the gross value at the point of production of

(1) oil;

(2) gas; and

(3) oil produced from a major oil field.

(e) The department shall adopt regulations consistent with this chapter for determining the monthly gross value at the point of production for oil produced from each major oil field.

* **Sec. 28.** AS 43.55.160(a) is amended to read:

(a) For oil and gas produced before **<u>January 1, 2021</u>** [JANUARY 1, 2022], except as provided in (b), (f), and (g) of this section, for the purposes of

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

(A) oil and gas produced from leases or properties in the state that include land north of 68 degrees North latitude, other than gas produced before **<u>2021</u>** [2022] and used in the state;

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

(i) gas produced before **<u>2021</u>** [2022] and used in the state; or

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

(C) oil produced before **<u>2021</u>** [2022] from each lease or property in the Cook Inlet sedimentary basin;

(D) gas produced before **<u>2021</u>** [2022] from each lease or property in the Cook Inlet sedimentary basin;

(E) gas produced before **<u>2021</u>** [2022] from each lease or property in the state outside the Cook Inlet sedimentary basin and used in the state, other than gas subject to AS 43.55.011(p);

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

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

(2) AS 43.55.011(g), for oil and gas produced before January 1, 2014, the monthly production tax value of the taxable

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

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

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

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

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

* **Sec. 29.** AS 43.55.160(c) is amended to read:

(c) Notwithstanding any contrary provision of AS 43.55.150, for purposes of calculating a monthly production tax value under (a)(2) **or (j)** of this section, the gross value at the point of production of the **oil, gas, or** oil and gas**, as applicable,** is calculated under regulations adopted by the department that provide for using an appropriate monthly share of the producer's costs of transportation for the calendar year.

* **Sec. 30.** AS 43.55.160(d) is amended to read:

(d) Irrespective of whether a producer produces taxable oil or gas during a calendar year or month, the producer is considered to have generated a positive production tax value if a calculation described in (a)**, (h), (i), or (j)** of this section yields a positive number because the producer's adjusted lease expenditures for a calendar year under AS 43.55.165 and 43.55.170 are less than zero as a result of the producer's receiving a payment or credit under AS 43.55.170. An explorer that has obtained a transferable tax credit certificate under AS 43.55.023(d) for the amount of a tax credit under former AS 43.55.023(b) is considered a producer, subject to the tax levied by AS 43.55.011(e), to the extent that the explorer generates a positive production tax value as the result of the explorer's receiving a payment or credit under AS 43.55.170.

*** Sec. 31.** AS 43.55.160(e) is amended to read:

(e) Any adjusted lease expenditures under AS 43.55.165 and 43.55.170 incurred to explore for, develop, or produce oil or gas from a lease**,** [OR] property**, or major oil field** outside the Cook Inlet sedimentary basin that would otherwise be deductible by a producer in a calendar year but whose deduction would cause an annual production tax value calculated under (a)(1)**,** [OR] (h)**, or (i)** of this section of taxable oil or gas produced during the calendar year to be less than zero may be used to establish a **carried-forward** [CARRIED- FORWARD] annual loss under AS 43.55.165(a)(3). A reduction under (f) or (g) of this section must be added back to the calculation of production tax values for that calendar year before the determination of a carried-forward annual loss under this subsection. However, the department shall provide by regulation a method to ensure that, for a period for which a producer's tax liability is limited by AS 43.55.011(o) or (p), any adjusted lease expenditures under AS 43.55.165 and 43.55.170 that would otherwise be deductible by a producer for that period but whose deduction would cause a production tax value calculated under (a)(1)(E) or (F)**,** [OR] (h)(3)**, or (i)(5) or (6)** of this section to be less than zero are accounted for as though the adjusted lease expenditures had first been used as deductions in calculating the production tax values of oil or gas subject to any of the limitations under AS 43.55.011(o) or (p) that have positive production tax values so as to reduce the tax liability calculated without regard to the limitation to the maximum amount provided for under the applicable provision of AS 43.55.011(o) or (p). Only the amount of those adjusted lease expenditures remaining after the accounting provided for under this subsection may be used to establish a carried-forward annual loss under AS 43.55.165(a)(3). In this subsection, "producer" includes "explorer."

*** Sec. 32.** AS 43.55.160(f) is amended to read:

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

*** Sec. 33.** AS 43.55.160(g) is amended to read:

(g) On and after January 1, 2014, in addition to the reduction under (f) of this section, in the calculation of an annual production tax value of a producer under (a)(1)(A)**,** [OR] (h)(1)**, (i)(1) or (8), or (j)** of this section, the gross value at the point of production of oil or gas produced from a lease**,** [OR] property**, or major oil field** north of 68 degrees North latitude that does not contain a lease that was within a unit on January 1, 2003, is reduced by 10 percent if the oil or gas is produced from a unit made up solely of leases that have a royalty share of more than 12.5 percent in amount or value of the production removed or sold from the lease as determined under AS 38.05.180(f). This subsection does not apply if the royalty obligation for one or more of the leases in the unit has been reduced to 12.5 percent or less under AS 38.05.180(j) for all or part of the calendar year for which the annual production tax value is calculated. This subsection does not apply to gas produced before 2022 that is used in the state or to gas produced on and after January 1, 2022. For oil and gas first produced from a lease or property after December 31, 2016, a reduction allowed under this subsection applies from the date of commencement of regular production of oil and gas from that lease or property and expires after three years, consecutive or nonconsecutive, in which the average annual price per barrel for Alaska North Slope crude oil for sale on the United States West Coast is more than $70 or after seven years, whichever occurs first. For oil and gas first produced from a lease or property before January 1, 2017, a reduction allowed under this subsection expires on the earlier of January 1, 2023, or January 1 following three years, consecutive or nonconsecutive, in which the average annual price per barrel for Alaska North Slope crude oil for sale on the United States West Coast is more than $70. The Alaska Oil and Gas Conservation Commission shall determine the commencement of regular production for purposes of this subsection. A reduction under this subsection may not reduce the gross value at the point of production below zero.

*** Sec. 34.** AS 43.55.160(h) is amended to read:

(h) For oil produced on and after January 1, 2022, except as provided in (b), (f), and (g) of this section, for the purposes of **AS 43.55.011** [AS 43.55.011(e)(3)], the annual production tax value of oil taxable under **AS 43.55.011** [AS 43.55.011(e)] produced by a producer during a calendar year

(1) from leases or properties in the state that include land north of 68 degrees North latitude**, other than major oil fields,** is the gross value at the point of production of that oil, less the producer's lease expenditures under AS 43.55.165 for

the calendar year incurred to explore for, develop, or produce oil and gas deposits located in the state north of 68 degrees North latitude or located in leases or properties in the state that include land north of 68 degrees North latitude, as adjusted under AS 43.55.170;

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

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

(4) from leases or properties in the state no part of which is north of 68 degrees North latitude, other than leases or properties subject to (2) or (3) of this subsection, is the gross value at the point of production of that oil less the producer's lease expenditures under AS 43.55.165 for the calendar year incurred to explore for, develop, or produce oil and gas deposits located in the state south of 68 degrees North latitude, other than oil and gas deposits located in a lease or property in the state that includes land north of 68 degrees North latitude, and excluding lease expenditures that are deductible under (2) or (3) of this subsection or would be deductible under (2) or (3) of this subsection if not prohibited by (b) of this section, as adjusted under

AS 43.55.170; a separate annual production tax value shall be calculated for

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

(B) oil produced from each lease or property outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, other than leases or properties subject to (3) of this subsection**;**

(5) for each major oil field in the state is the gross value at the point of production of that oil, less the lease expenditures allocated to the major oil field under AS 43.55.165 for the calendar year incurred to explore for, develop, or produce oil and gas deposits located in the major oil field, as adjusted under AS 43.55.170.

* **Sec. 35.** AS 43.55.160 is amended by adding new subsections to read:

(i) For oil and gas produced on and after January 1, 2021, and before January 1, 2022, except as provided in (b), (f), and (g) of this section, for the purposes of AS 43.55.011, the annual production tax value of taxable oil or gas produced during a calendar year in a category for which a separate annual production tax value is required to be calculated under this subsection is the gross value at the point of production of that oil or gas taxable under AS 43.55.011, less the producer's lease expenditures under AS 43.55.165 for the calendar year applicable to the oil or gas in that category produced by the producer during the calendar year, as adjusted under AS 43.55.170. A separate annual production tax value shall be calculated for

(1) oil and gas produced from leases or properties in the state that include land north of 68 degrees North latitude, other than

(A) oil produced from a major oil field; and

(B) gas produced before 2022 and used in the state;

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

(A) gas produced on and after January 1, 2021, and before 2022 and used in the state; or

(B) oil and gas subject to AS 43.55.011(p);

(3) oil produced on and after January 1, 2021, and before 2022 from each lease or property in the Cook Inlet sedimentary basin;

(4) gas produced on and after January 1, 2021, and before 2022 from each lease or property in the Cook Inlet sedimentary basin;

(5) gas produced on and after January 1, 2021, and before 2022 from each lease or property in the state outside the Cook Inlet sedimentary basin and used in the state, other than gas subject to AS 43.55.011(p);

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

(7) oil and gas produced from leases or properties in the state no part of which is north of 68 degrees North latitude, other than oil or gas described in (2), (3), (4), (5), or (6) of this subsection;

(8) oil produced from a major oil field.

(j) Except as provided in (b), (f), and (g) of this section, for the purposes of AS 43.55.011(q) and AS 43.55.020(a)(7)(E), the monthly production tax value of the taxable oil produced during a month from a major oil field is the gross value at the point of production of the oil produced by the producer from the major oil field and taxable under AS 43.55.011, less 1/12 of the producer's lease expenditures under AS 43.55.165 for the calendar year applicable to the oil produced by the producer from that major oil field, as adjusted under AS 43.55.170. For the purposes of the calculation under this subsection, a reduction in the gross value at the point of production may apply for oil subject to AS 43.55.160(f) and (g).

*** Sec. 36.** AS 43.55.165(a) is amended to read:

(a) For purposes of this chapter, a producer's lease expenditures for a calendar year are

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

(A) incurred by the producer during the calendar year after March 31, 2006, to explore for, develop, or produce oil or gas deposits located within the producer's leases or properties in the state**<u>, a major oil field in the state,</u>** or, in the case of land in which the producer does not own an operating right, operating interest, or working interest, to explore for oil or gas deposits within other land in the state; and

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

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

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

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

(2) a reasonable allowance for that calendar year, as determined under regulations adopted by the department, for overhead expenses that are directly related to exploring for, developing, or producing, as applicable, the oil or gas deposits; and

(3) lease expenditures incurred in a previous calendar year, subject to (*l*) - (r) of this section, that

(A) met the requirements of AS 43.55.160(e) in the year in which the lease expenditures were incurred;

(B) have not been deducted in the determination of the production tax value of oil and gas under AS 43.55.160(a)**,** [OR] (h)**, (i), or (j)** in a previous calendar year;

(C) were not the basis of a credit under this title; and

(D) were incurred to explore for, develop, or produce an oil or gas deposit located in the state outside the Cook Inlet sedimentary basin.

*** Sec. 37.** AS 43.55.165(h) is amended to read:

(h) The department shall adopt regulations that provide for reasonable methods of allocating costs between oil and gas, between gas subject to AS 43.55.011(o) and other gas, [AND] between leases or properties**, between leases or properties and major oil fields, and between major oil fields** in those circumstances where an allocation of costs is required to determine lease expenditures that are costs of exploring for, developing, or producing oil deposits or costs of exploring for, developing, or producing gas deposits, or that are costs of exploring for, developing, or producing oil or gas deposits located within **a** different **lease, property, or major oil field. A producer shall report to the department lease expenditures separately for oil subject to taxation under either AS 43.55.011(q) or (s)** [LEASES OR PROPERTIES].

*** Sec. 38.** AS 43.55.165(m) is amended to read:

(m) During a calendar year in which a taxpayer's liability under AS 43.55.011(e) is determined under AS 43.55.011(f), the maximum amount of carried-forward annual loss that a taxpayer may apply in that year is equal to the amount, when combined with the lease expenditures of the current year and any credits under this chapter, necessary to reduce the amount calculated under AS 43.55.011(e) to the equivalent amount of tax due under AS 43.55.011(f) before the application of any credits under this chapter. **During a calendar year in which a taxpayer's liability under AS 43.55.011(q) is determined under AS 43.55.011(s), the maximum amount of carried-forward annual loss that a taxpayer may apply in that year is equal to the amount, when combined with the lease expenditures of the current year and any credits under this chapter, necessary to reduce the amount calculated under AS 43.55.011(q) to the equivalent amount of tax due under AS 43.55.011(s) before the application of any credits under this chapter.** An amount of carried-forward annual loss not applied under this subsection may continue to be carried forward.

*** Sec. 39.** AS 43.55.165(n) is amended to read:

(n) A carried-forward annual loss may only be applied

(1) to determine the production tax value of oil or gas for a category for which a separate annual production tax value is required to be calculated under AS 43.55.160(a)**,** [OR] (h)**, (i), or (j)** if the lease expenditure resulting in the carried-forward annual loss was incurred in the same category;

(2) beginning in the calendar year in which regular production of oil or gas from the lease or property where the lease expenditure resulting in the **carried-forward** [CARRIED- FORWARD] annual loss was incurred commences.

*** Sec. 40.** AS 43.55.165(o) is amended to read:

(o) A carried-forward annual loss for a lease expenditure incurred on a lease**<u>,</u>** [OR] property**<u>, or major oil field</u>** that

(1) did not commence regular production of oil or gas before or during the year the lease expenditure was incurred decreases in value each year by one-tenth of the value of the carried-forward annual loss in the preceding year, beginning January 1 of the 11th calendar year after the lease expenditure is carried forward under (a)(3) of this section; a decrease in value under this paragraph does not apply for a year in which the department determines that regular production of oil or gas did not commence because of a natural disaster, an injunction or other court order, or an administrative order;

(2) commenced regular production of oil or gas before or during the year the lease expenditure was incurred decreases in value each year by one-tenth of the value of the carried-forward annual loss in the preceding year, beginning January 1 of the eighth calendar year after the lease expenditure is carried forward under (a)(3) of this section.

*** Sec. 41.** AS 43.55.165(r) is amended to read:

(r) In adopting a regulation that defines the lease**<u>,</u>** [OR] property**<u>, or major oil field</u>** where a lease expenditure resulting in a carried-forward annual loss is incurred for purposes of (n) and (o) of this section, the department shall include an exploration lease expenditure that is reasonably related to the lease**<u>,</u>** [OR] property**<u>, or major oil field</u>**.

*** Sec. 42.** AS 43.55.170 is amended by adding a new subsection to read:

(d) The department shall adopt regulations that provide for reasonable methods of allocating adjustments to lease expenditures for oil produced from a major oil field subject to taxation under AS 43.55.011(q). A producer shall report to the department adjustments to lease expenditures separately for oil subject to taxation under AS 43.55.011(q).

*** Sec. 43.** AS 43.55.895(b) is amended to read:

(b) A municipal entity subject to taxation because of this section

(1) is eligible for tax credits proportionate to its production taxable

under **<u>AS 43.55.011</u>** [AS 43.55.011(e)]; and

(2) shall allocate its lease expenditures in proportion to its production taxable under **<u>AS 43.55.011</u>** [AS 43.55.011(e)].

*** Sec. 44.** AS 43.55.900 is amended by adding a new paragraph to read:

(27) "major oil field" means a field all or part of which is north of 68 degrees North latitude that

(A) produced an average of more than 40,000 barrels of oil a day in the previous calendar year; and

(B) has produced more than 400,000,000 barrels of oil in cumulative production.

*** Sec. 45.** The uncodified law of the State of Alaska is amended by adding a new section to read:

MONTHLY PAYMENTS. Notwithstanding AS 43.55.020(g), as amended by sec. 9 of this Act, an unpaid amount of an installment payment due under AS 43.55.020, as amended by sec. 9 of this Act, as a result of the retroactivity of this Act does not accrue interest until after December 31, 2021.

*** Sec. 46.** The uncodified law of the State of Alaska is amended by adding a new section to read:

RETROACTIVITY. This Act is retroactive to January 1, 2021.

*** Sec. 47.** This Act takes effect immediately under AS 01.10.070(c).