

SENATE BILL NO. 114

IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTY-THIRD LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE

Introduced: 3/24/23
Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing an income tax on certain entities producing or transporting oil or**
2 **gas in the state; relating to the oil and gas production tax; and providing for an effective**
3 **date."**

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

5 * **Section 1.** AS 43.20 is amended by adding a new section to read:

6 **Sec. 43.20.019. Tax on income attributable to a qualified entity.** (a) If an
7 entity has qualified taxable income over \$4,000,000 in a tax year, the entity shall pay a
8 tax of 9.4 percent on the qualified taxable income over \$4,000,000.

9 (b) The tax under this section does not apply to a corporation paying tax under
10 AS 43.20.011.

11 (c) The department may aggregate the qualified taxable income of two or
12 more entities for the purpose of determining the tax due under this section if the
13 department determines that, without the provisions of this section, the qualified
14 taxable income would reasonably be expected to be attributed to a single entity.

1 (d) In this section,

2 (1) "entity" means a

3 (A) sole proprietorship;

4 (B) partnership; or

5 (C) entity that has elected to file federal returns under 26
6 U.S.C. 1361 - 1379 (Internal Revenue Code);

7 (2) "qualified taxable income" means income from the production of
8 oil or gas from a lease or property in the state or from the transportation of oil or gas
9 by pipeline in the state before deductions for

10 (A) dividends and gifts; and

11 (B) wages, salaries, bonuses, or other similar payments to
12 owners, partners, members, or shareholders of the entity.

13 * **Sec. 2.** AS 43.55.011(e) is amended to read:

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

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

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

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

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

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

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

31 (B) gas is equal to 13 percent of the gross value at the point of

1 production of the taxable gas; if the gross value at the point of production of
 2 gas produced from a lease or property is less than zero, that gross value at the
 3 point of production is considered zero for purposes of this subparagraph.

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

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

6 (1) oil and gas produced before January 1, 2022, from leases or
 7 properties that include land north of 68 degrees North latitude, other than gas subject
 8 to (o) of this section, may not be less than

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

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

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

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

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

29 (2) oil produced from leases or properties on and after January 1,
 30 2022, or from units on and after January 1, 2023, [FROM LEASES OR
 31 PROPERTIES] that include land north of 68 degrees North latitude, may not be less

1 than

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

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

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

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

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

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

23 (o) Notwithstanding other provisions of this section, for a calendar year, the
24 tax levied under (e) of this section for each 1,000 cubic feet of gas for gas produced
25 from a lease, [OR] property, **or unit** outside the Cook Inlet sedimentary basin and
26 used in the state, other than gas subject to (p) of this section, may not exceed the
27 amount of tax for each 1,000 cubic feet of gas that is determined under (j)(2) of this
28 section.

29 * **Sec. 5.** AS 43.55.011 is amended by adding a new subsection to read:

30 (q) On and after January 1, 2023, the tax under (e) of this section is levied by
31 unit if the unit includes land north of 68 degrees North latitude.

1 * **Sec. 6.** AS 43.55.020(a) is amended to read:

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

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

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

16 (i) zero; or

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

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

27 (i) zero;

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

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

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

11 (i) zero; or

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

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

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

30 (ii) four percent of the gross value at the point of
31 production of the oil and gas produced from the leases or properties

1 during the month, but not less than zero;

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

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

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

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

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

26 (5) for oil and gas produced on and after January 1, 2014, and before
27 January 1, 2022, an installment payment of the estimated tax levied by
28 AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each
29 month of the calendar year on the last day of the following month; except as otherwise
30 provided under (6) of this subsection, the amount of the installment payment is the
31 sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be

1 applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount
2 of the installment payment may not be less than zero:

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

7 (i) zero; or

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

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

17 (i) zero;

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

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

31 (C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for

1 each lease or property, the greater of

2 (i) zero; or

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

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

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

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

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

30 (7) for oil and gas produced on or after January 1, 2022, **and before**
31 **January 1, 2023,** an installment payment of the estimated tax levied by

1 AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each
2 month of the calendar year on the last day of the following month; except as otherwise
3 provided under (10) of this subsection, the amount of the installment payment is the
4 sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be
5 applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount
6 of the installment payment may not be less than zero:

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

9 (i) zero;

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

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

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

29 (i) zero; or

30 (ii) 35 percent multiplied by the remainder obtained by
31 subtracting 1/12 of the producer's adjusted lease expenditures for the

1 calendar year of production under AS 43.55.165 and 43.55.170 that are
2 deductible for the oil under AS 43.55.160(h)(2) from the gross value at
3 the point of production of the oil produced from the leases or properties
4 during the month for which the installment payment is calculated;

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

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

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

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

21 (i) zero; or

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

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

1 which the installment payment is calculated, but not less than zero;

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

4 (i) zero; or

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

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

14 (i) zero; or

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

18 (8) an amount calculated under (7)(C) **or (11)(B)** of this subsection
19 may not exceed four percent of the gross value at the point of production of the oil and
20 gas produced from leases or properties subject to AS 43.55.011(p) during the month
21 for which the installment payment is calculated;

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

27 (10) an amount calculated under (7)(F) or (G) **or (11)(E) or (F)** of this
28 subsection for oil or gas subject to AS 43.55.011(j), (k), or (o) may not exceed the
29 product obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or
30 43.55.011(o), as applicable, for gas, or set out in AS 43.55.011(k) for oil, but
31 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the

1 amount of taxable gas produced during the month for the amount of taxable gas
2 produced during the calendar year and substituting in AS 43.55.011(k) the amount of
3 taxable oil produced during the month for the amount of taxable oil produced during
4 the calendar year;

5 (11) for oil and gas produced on or after January 1, 2023, an
6 installment payment of the estimated tax levied by AS 43.55.011(e), net of any tax
7 credits applied as allowed by law, is due for each month of the calendar year on
8 the last day of the following month; except as otherwise provided under (10) of
9 this subsection, the amount of the installment payment is the sum of the following
10 amounts, less 1/12 of the tax credits that are allowed by law to be applied against
11 the tax levied by AS 43.55.011(e) for the calendar year, but the amount of the
12 installment payment may not be less than zero:

13 (A) for units subject to AS 43.55.011(f), the greatest of

14 (i) zero;

15 (ii) the percent applicable under AS 43.55.011(f) of
16 the gross value at the point of production of the oil produced from
17 the unit during the month for which the installment payment is
18 calculated; or

19 (iii) for each unit operated by the producer, 35
20 percent multiplied by the remainder obtained by subtracting 1/12
21 of the producer's adjusted unit expenditures for the calendar year
22 of production under AS 43.55.165 and 43.55.170 that are
23 deductible for the oil under AS 43.55.160(h)(5) from the producer's
24 gross value at the point of production of the oil produced from that
25 unit during the month for which the installment payment is
26 calculated, except that, for the purposes of this calculation, a
27 reduction from the gross value at the point of production may
28 apply for oil subject to AS 43.55.160(f) or 43.55.160(f) and (g);

29 (B) for oil and gas produced from leases or properties
30 subject to AS 43.55.011(p), except as otherwise provided under (8) of this
31 subsection, the sum of

1 (i) 35 percent multiplied by the remainder obtained
2 by subtracting 1/12 of the producer's adjusted lease expenditures
3 for the calendar year of production under AS 43.55.165 and
4 43.55.170 that are deductible for the oil under AS 43.55.160(h)(3)
5 from the gross value at the point of production of the oil produced
6 from the leases or properties during the month for which the
7 installment payment is calculated, but not less than zero; and

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

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

14 (i) zero; or

15 (ii) 35 percent multiplied by the remainder obtained
16 by subtracting 1/12 of the producer's adjusted lease expenditures
17 for the calendar year of production under AS 43.55.165 and
18 43.55.170 that are deductible for the oil under AS 43.55.160(h)(4)
19 from the gross value at the point of production of the oil produced
20 from the leases or properties during the month for which the
21 installment payment is calculated;

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

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

30 (i) zero; or

31 (ii) 35 percent multiplied by the remainder obtained

1 by subtracting 1/12 of the producer's adjusted lease expenditures
 2 for the calendar year of production under AS 43.55.165 and
 3 43.55.170 that are deductible under AS 43.55.160 for the oil
 4 produced from the lease or property from the gross value at the
 5 point of production of the oil produced from the lease or property
 6 during the month for which the installment payment is calculated;
 7 (F) for gas subject to AS 43.55.011(j) or (o), for each lease,
 8 property, or unit, as applicable, the greater of
 9 (i) zero; or
 10 (ii) 13 percent of the gross value at the point of
 11 production of the gas produced from the lease, property, or unit, as
 12 applicable, during the month for which the installment payment is
 13 calculated.

14 * **Sec. 7.** AS 43.55.020(e) is amended to read:

15 (e) Gas flared, released, or allowed to escape in excess of the amount
 16 authorized by the Alaska Oil and Gas Conservation Commission is considered, for the
 17 purpose of AS 43.55.011 - 43.55.180, as gas produced from a lease, [OR] property, **or**
 18 **unit, as applicable.** Oil or gas used in the operation of a lease, [OR] property, **or unit**
 19 in the state in drilling for or producing oil or gas, or for repressuring, except to the
 20 extent determined by the Alaska Oil and Gas Conservation Commission to be waste, is
 21 not considered, for the purpose of AS 43.55.011 - 43.55.180, as oil or gas produced
 22 from a lease, [OR] property, **or unit, as applicable.**

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

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

1 addition to tax that bears interest under (B) of this paragraph; an unpaid amount of tax
 2 due under (a)(4) of this section that is not paid when due bears interest as provided for
 3 a delinquent tax under AS 43.05.225;

4 (2) on and after January 1, 2014, an unpaid amount of an installment
 5 payment required under (a)(3), (5), (6), [OR] (7), or (11) of this section that is not paid
 6 when due bears interest (A) at the rate provided for an underpayment under 26 U.S.C.
 7 6621 (Internal Revenue Code), as amended, compounded daily, from the date the
 8 installment payment is due until March 31 following the calendar year of production,
 9 and (B) as provided for a delinquent tax under AS 43.05.225 after that March 31;
 10 interest accrued under (A) of this paragraph that remains unpaid after that March 31 is
 11 treated as an addition to tax that bears interest under (B) of this paragraph; an unpaid
 12 amount of tax due under (a)(4) of this section that is not paid when due bears interest
 13 as provided for a delinquent tax under AS 43.05.225.

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

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

16 (1) an overpayment of an installment payment required under (a)(1),
 17 (2), (3), (5), (6), [OR] (7), or (11) of this section bears interest at the rate provided for
 18 an overpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended,
 19 compounded daily, from the later of the date the installment payment is due or the date
 20 the overpayment is made, until the earlier of

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

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

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

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

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

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

4 (j) Cushion gas in a gas storage facility is not considered to be gas used in the
5 operation of a lease, [OR] property, or unit or gas used for repressuring as described
6 in (e) of this section. Gas withdrawn from a gas storage facility regulated under
7 AS 42.05 is considered to be non-native gas until all non-native gas injected into the
8 gas storage facility has been withdrawn from the gas storage facility. Non-native gas
9 withdrawn from a gas storage facility is not considered to be gas produced for the
10 purposes of AS 43.55.011 - 43.55.180. Gas withdrawn from a gas storage facility after
11 all non-native gas previously injected into the gas storage facility has been withdrawn
12 is gas considered to be produced from the lease, [OR] property, or unit for the
13 purposes of AS 43.55.011 - 43.55.180. In this subsection, "native gas" and "non-native
14 gas" have the meanings given in AS 31.05.032.

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

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

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

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

6 * **Sec. 12.** AS 43.55.024(c) is amended to read:

7 (c) For a calendar year for which a producer's tax liability under
8 AS 43.55.011(e) exceeds zero before application of any credits under this chapter,
9 [OTHER THAN A CREDIT UNDER (a) OF THIS SECTION BUT AFTER
10 APPLICATION OF ANY CREDIT UNDER (a) OF THIS SECTION,] a producer that
11 is qualified under (e) of this section and whose average amount of oil and gas
12 produced a day and taxable under AS 43.55.011(e) is less than 100,000 BTU
13 equivalent barrels a day may apply a tax credit under this subsection against that
14 liability. A producer whose average amount of oil and gas produced a day and taxable
15 under AS 43.55.011(e) is

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

18 (2) more than 50,000 and less than 100,000 BTU equivalent barrels
19 may apply a tax credit of not more than \$12,000,000 multiplied by the following
20 fraction for the calendar year:

$$21 \quad 1 - [2 \times (AP - 50,000)] \div 100,000$$

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

24 * **Sec. 13.** AS 43.55.024(e) is amended to read:

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

1 single producer if the tax credit provisions of [(a) OR] (c) of this section did not exist.

2 * **Sec. 14.** AS 43.55.024(i) is amended to read:

3 (i) **Subject to the restriction in (k) of this section, a** [A] producer may apply
4 against the producer's tax liability for the calendar year under AS 43.55.011(e) a tax
5 credit of \$5 for each barrel of oil taxable under AS 43.55.011(e) that receives a
6 reduction in the gross value at the point of production under AS 43.55.160(f) or (g)
7 and that is produced during a calendar year after December 31, 2013. A tax credit
8 authorized by this subsection may not reduce a producer's tax liability for a calendar
9 year under AS 43.55.011(e) below zero.

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

11 (j) **Subject to the restriction in (k) of this section, a** [A] producer may apply
12 against the producer's tax liability for the calendar year under AS 43.55.011(e) a tax
13 credit in the amount specified in this subsection for each barrel of oil taxable under
14 AS 43.55.011(e) that does not receive a reduction in the gross value at the point of
15 production under AS 43.55.160(f) or (g) and that is produced during a calendar year
16 after December 31, 2013, from **units** [LEASES OR PROPERTIES] north of 68
17 degrees North latitude. A tax credit under this subsection may not reduce a producer's
18 tax liability for a calendar year under AS 43.55.011(e) below the amount calculated
19 under AS 43.55.011(f). The amount of the tax credit for a barrel of taxable oil subject
20 to this subsection produced during a month of the calendar year is

21 (1) **\$5** [\$8] for each barrel of taxable oil if the average gross value at
22 the point of production for the month is less than \$80 a barrel;

23 (2) **\$4** [\$7] for each barrel of taxable oil if the average gross value at
24 the point of production for the month is greater than or equal to \$80 a barrel, but less
25 than \$90 a barrel;

26 (3) **\$3** [\$6] for each barrel of taxable oil if the average gross value at
27 the point of production for the month is greater than or equal to \$90 a barrel, but less
28 than \$100 a barrel;

29 (4) **\$2** [\$5] for each barrel of taxable oil if the average gross value at
30 the point of production for the month is greater than or equal to \$100 a barrel, but less
31 than \$110 a barrel;

1 (5) \$1 [\$4] for each barrel of taxable oil if the average gross value at
 2 the point of production for the month is greater than or equal to \$110 a barrel [, BUT
 3 LESS THAN \$120 A BARREL;

4 (6) \$3 FOR EACH BARREL OF TAXABLE OIL IF THE AVERAGE
 5 GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS
 6 GREATER THAN OR EQUAL TO \$120 A BARREL, BUT LESS THAN \$130 A
 7 BARREL;

8 (7) \$2 FOR EACH BARREL OF TAXABLE OIL IF THE AVERAGE
 9 GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS
 10 GREATER THAN OR EQUAL TO \$130 A BARREL, BUT LESS THAN \$140 A
 11 BARREL;

12 (8) \$1 FOR EACH BARREL OF TAXABLE OIL IF THE AVERAGE
 13 GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS
 14 GREATER THAN OR EQUAL TO \$140 A BARREL, BUT LESS THAN \$150 A
 15 BARREL;

16 (9) ZERO IF THE AVERAGE GROSS VALUE AT THE POINT OF
 17 PRODUCTION FOR THE MONTH IS GREATER THAN OR EQUAL TO \$150 A
 18 BARREL].

19 * **Sec. 16.** AS 43.55.024 is amended by adding a new subsection to read:

20 (k) In a calendar year, for each lease, property, or unit, a producer may not
 21 apply against the producer's tax liability under AS 43.55.011(e) credits earned under
 22 (i) or (j) of this section in an amount that exceeds the producer's qualified capital
 23 expenditures for the lease, property, or unit. A producer may not carry forward an
 24 unused credit under this subsection. In this subsection, "qualified capital expenditure"
 25 has the meaning given in AS 43.55.023(o).

26 * **Sec. 17.** AS 43.55.030(e) is amended to read:

27 (e) An explorer or producer that incurs a unit or lease expenditure under
 28 AS 43.55.165 or receives a payment or credit under AS 43.55.170 during a calendar
 29 year but does not produce oil or gas from a lease, [OR] property, or unit in the state
 30 during the calendar year shall file with the department, on March 31 of the following
 31 year, a statement, under oath, in a form prescribed by the department, giving, with

1 other information required, the following:

2 (1) the explorer's or producer's qualified capital expenditures, as
3 defined in AS 43.55.023, other unit or lease expenditures under AS 43.55.165, and
4 adjustments or other payments or credits under AS 43.55.170; and

5 (2) if the explorer or producer receives a payment or credit under
6 AS 43.55.170, calculations showing whether the explorer or producer is liable for a
7 tax under AS 43.55.160(d) or 43.55.170(b) and, if so, the amount.

8 * **Sec. 18.** AS 43.55.030(f) is amended to read:

9 (f) The department may require a producer, an explorer, or an operator of a
10 lease, [OR] property, or unit to file monthly reports, as applicable, of

11 (1) the amounts and gross value at the point of production of oil and
12 gas produced;

13 (2) transportation costs of the oil and gas;

14 (3) any unscheduled interruption of, or reduction in the rate of, oil or
15 gas production;

16 (4) unit or lease expenditures and adjustments under AS 43.55.165
17 and 43.55.170;

18 (5) joint interest billings;

19 (6) contracts for the sale or transportation of oil or gas;

20 (7) information and calculations used in determining monthly
21 installment payments of estimated tax under AS 43.55.020(a); and

22 (8) other records and information the department considers necessary
23 for the administration of this chapter.

24 * **Sec. 19.** AS 43.55.040 is amended to read:

25 **Sec. 43.55.040. Powers of Department of Revenue.** Except as provided in
26 AS 43.05.405 - 43.05.499, the department may

27 (1) require a person engaged in production and the agent or employee
28 of the person, and the purchaser of oil or gas, or the owner of a royalty interest in oil
29 or gas to furnish, whether by the filing of regular statements or reports or otherwise,
30 additional information that is considered by the department as necessary to compute
31 the amount of the tax; notwithstanding any contrary provision of law, the disclosure of

1 additional information under this paragraph to the producer obligated to pay the tax
 2 does not violate AS 40.25.100(a) or AS 43.05.230(a); before disclosing information
 3 under this paragraph that is otherwise required to be held confidential under
 4 AS 40.25.100(a) or AS 43.05.230(a), the department shall

5 (A) provide the person that furnished the information a
 6 reasonable opportunity to be heard regarding the proposed disclosure and the
 7 conditions to be imposed under (B) of this paragraph; and

8 (B) impose appropriate conditions limiting

9 (i) access to the information to those legal counsel,
 10 consultants, employees, officers, and agents of the producer who have a
 11 need to know that information for the purpose of determining or
 12 contesting the producer's tax obligation; and

13 (ii) the use of the information to use for that purpose;

14 (2) examine the books, records, and files of the person;

15 (3) conduct hearings and compel the attendance of witnesses and the
 16 production of books, records, and papers of any person;

17 (4) make an investigation or hold an inquiry that is considered
 18 necessary to a disclosure of the facts as to

19 (A) the amount of production from any oil or gas location, or of
 20 a company or other producer of oil or gas; and

21 (B) the rendition of the oil and gas for taxing purposes;

22 (5) require a producer, an explorer, or an operator of a lease, [OR]
 23 property, or unit to file reports and copies of records that the department considers
 24 necessary to forecast state revenue under this chapter; in the case of reports and copies
 25 of records relating to proposed, expected, or approved unit expenditures for a unit for
 26 which one or more working interest owners other than the operator have authority to
 27 approve unit expenditures, the required reports and copies of records are limited to
 28 those reports or copies of records that constitute or disclose communications between
 29 the operator and the working interest owners relating to unit budget matters;

30 (6) require a producer that has an average total production in the state
 31 of more than 100,000 barrels a day for a calendar year to report the gross value at the

1 point of production of the producer's taxable oil and gas in the state for a calendar year
 2 and the total amount of lease and unit expenditures in the state for that calendar year;
 3 and

4 (7) assess against a person required under this section to file a report,
 5 statement, or other document a penalty, as determined by the department under
 6 standards adopted in regulation by the department, of not more than \$1,000 for each
 7 day the person fails to file the report, statement, or other document after notice by the
 8 department; the penalty is in addition to any penalties under AS 43.05.220 and
 9 43.05.290 and is assessed, collected, and paid in the same manner as a tax deficiency
 10 under this title; the penalty shall bear interest at the rate specified under
 11 AS 43.05.225(1).

12 * **Sec. 20.** AS 43.55.075(b) is amended to read:

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

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

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

29 * **Sec. 21.** AS 43.55.160(a) is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (E) gas produced during a month from a lease or property
31 outside the Cook Inlet sedimentary basin and used in the state is the gross

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

6 * **Sec. 22.** AS 43.55.160(e) is amended to read:

7 (e) Any adjusted lease expenditures under AS 43.55.165 and 43.55.170
8 incurred to explore for, develop, or produce oil or gas from a lease or property outside
9 the Cook Inlet sedimentary basin that would otherwise be deductible by a producer in
10 a calendar year but whose deduction would cause an annual production tax value
11 calculated under (a)(1) or ~~(h)(2) - (4)~~ [(h)] of this section of taxable oil or gas
12 produced during the calendar year to be less than zero may be used to establish a
13 carried- forward annual loss under AS 43.55.165(a)(3). A reduction under (f) or (g) of
14 this section must be added back to the calculation of production tax values for that
15 calendar year before the determination of a carried-forward annual loss under this
16 subsection. However, the department shall provide by regulation a method to ensure
17 that, for a period for which a producer's tax liability is limited by AS 43.55.011(o) or
18 (p), any adjusted lease expenditures under AS 43.55.165 and 43.55.170 that would
19 otherwise be deductible by a producer for that period but whose deduction would
20 cause a production tax value calculated under (a)(1)(E) or (F) or (h)(3) of this section
21 to be less than zero are accounted for as though the adjusted lease expenditures had
22 first been used as deductions in calculating the production tax values of oil or gas
23 subject to any of the limitations under AS 43.55.011(o) or (p) that have positive
24 production tax values so as to reduce the tax liability calculated without regard to the
25 limitation to the maximum amount provided for under the applicable provision of
26 AS 43.55.011(o) or (p). Only the amount of those adjusted lease expenditures
27 remaining after the accounting provided for under this subsection may be used to
28 establish a carried-forward annual loss under AS 43.55.165(a)(3). In this subsection,
29 "producer" includes "explorer."

30 * **Sec. 23.** AS 43.55.160(f) is amended to read:

31 (f) On and after January 1, 2014, in the calculation of an annual production tax

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

31 * **Sec. 24.** AS 43.55.160(g) is amended to read:

1 (g) On and after January 1, 2014, in addition to the reduction under (f) of this
 2 section, in the calculation of an annual production tax value of a producer under
 3 (a)(1)(A) or (h)(1) of this section, the gross value at the point of production of oil or
 4 gas produced from a unit [LEASE OR PROPERTY] north of 68 degrees North
 5 latitude that did [DOES] not contain a lease [THAT WAS] within it [A UNIT] on
 6 January 1, 2003, is reduced by 10 percent if the oil or gas is produced from the [A]
 7 unit made up solely of leases that have a royalty share of more than 12.5 percent in
 8 amount or value of the production removed or sold from the lease as determined under
 9 AS 38.05.180(f). This subsection does not apply if the royalty obligation for one or
 10 more of the leases in the unit has been reduced to 12.5 percent or less under
 11 AS 38.05.180(j) for all or part of the calendar year for which the annual production tax
 12 value is calculated. This subsection does not apply to gas produced before 2022 that is
 13 used in the state or to gas produced on and after January 1, 2022. For oil and gas first
 14 produced from a lease, [OR] property, or unit after December 31, 2016, a reduction
 15 allowed under this subsection applies from the date of commencement of regular
 16 production of oil and gas from that lease, [OR] property, or unit and expires after
 17 three years, consecutive or nonconsecutive, in which the average annual price per
 18 barrel for Alaska North Slope crude oil for sale on the United States West Coast is
 19 more than \$70 or after seven years, whichever occurs first. For oil and gas first
 20 produced from a lease or property before January 1, 2017, a reduction allowed under
 21 this subsection expires on the earlier of January 1, 2023, or January 1 following three
 22 years, consecutive or nonconsecutive, in which the average annual price per barrel for
 23 Alaska North Slope crude oil for sale on the United States West Coast is more than
 24 \$70. The Alaska Oil and Gas Conservation Commission shall determine the
 25 commencement of regular production for purposes of this subsection. A reduction
 26 under this subsection may not reduce the gross value at the point of production below
 27 zero.

28 * **Sec. 25.** AS 43.55.160(h) is amended to read:

29 (h) Except [FOR OIL PRODUCED ON AND AFTER JANUARY 1, 2022,
 30 EXCEPT] as provided in (b), (f), [AND] (g), and (i) of this section, for the purposes
 31 of AS 43.55.011(e)(3), the annual production tax value of oil taxable under

1 AS 43.55.011(e) produced by a producer during a calendar year

2 (1) **on and after January 1, 2022, and before January 1, 2023**, from
3 leases or properties in the state that include land north of 68 degrees North latitude is
4 the gross value at the point of production of that oil, less the producer's lease
5 expenditures under AS 43.55.165 for the calendar year incurred to explore for,
6 develop, or produce oil and gas deposits located in the state north of 68 degrees North
7 latitude or located in leases or properties in the state that include land north of 68
8 degrees North latitude, as adjusted under AS 43.55.170;

9 (2) **on and after January 1, 2022, and** before or during the last
10 calendar year under **former** AS 43.55.024(b) for which the producer could take a tax
11 credit under **former** AS 43.55.024(a), from leases or properties in the state outside the
12 Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude,
13 other than leases or properties subject to AS 43.55.011(p), is the gross value at the
14 point of production of that oil, less the producer's lease expenditures under
15 AS 43.55.165 for the calendar year incurred to explore for, develop, or produce oil and
16 gas deposits located in the state outside the Cook Inlet sedimentary basin and south of
17 68 degrees North latitude, other than oil and gas deposits located in a lease or property
18 that includes land north of 68 degrees North latitude or that is subject to
19 AS 43.55.011(p) or, before January 1, 2027, from which commercial production has
20 not begun, as adjusted under AS 43.55.170;

21 (3) **on and after January 1, 2022**, from leases or properties subject to
22 AS 43.55.011(p) is the gross value at the point of production of that oil, less the
23 producer's lease expenditures under AS 43.55.165 for the calendar year incurred to
24 explore for, develop, or produce oil and gas deposits located in leases or properties
25 subject to AS 43.55.011(p) or, before January 1, 2027, located in leases or properties
26 in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68
27 degrees North latitude from which commercial production has not begun, as adjusted
28 under AS 43.55.170;

29 (4) **on and after January 1, 2022**, from leases or properties in the
30 state no part of which is north of 68 degrees North latitude, other than leases or
31 properties subject to (2) or (3) of this subsection, is the gross value at the point of

1 production of that oil less the producer's lease expenditures under AS 43.55.165 for
 2 the calendar year incurred to explore for, develop, or produce oil and gas deposits
 3 located in the state south of 68 degrees North latitude, other than oil and gas deposits
 4 located in a lease or property in the state that includes land north of 68 degrees North
 5 latitude, and excluding lease expenditures that are deductible under (2) or (3) of this
 6 subsection or would be deductible under (2) or (3) of this subsection if not prohibited
 7 by (b) of this section, as adjusted under AS 43.55.170; a separate annual production
 8 tax value shall be calculated for

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

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

14 **(5) on and after January 1, 2023, from units in the state that**
 15 **include land north of 68 degrees North latitude is the producer's gross value at**
 16 **the point of production of oil from each unit operated by the producer, less the**
 17 **producer's unit expenditures under AS 43.55.165 for the calendar year incurred**
 18 **to explore for, develop, or produce oil and gas deposits in that unit, as adjusted**
 19 **under AS 43.55.170.**

20 * **Sec. 26.** AS 43.55.160 is amended by adding a new subsection to read:

21 (i) An adjusted unit expenditure under AS 43.55.165 and 43.55.170 incurred
 22 to explore for, develop, or produce oil or gas from a unit that includes land north of 68
 23 degrees North latitude that would otherwise be deductible by a producer in a calendar
 24 year but whose deduction would cause an annual production tax value calculated
 25 under (h)(5) of this section of taxable oil or gas produced during the calendar year to
 26 be less than zero may be used to establish a carried-forward annual loss under
 27 AS 43.55.165(a)(3). A reduction under (f) or (g) of this section must be added back to
 28 the calculation of production tax values for that calendar year when calculating the
 29 carried-forward annual loss under this subsection. In this subsection, "producer"
 30 includes an explorer.

31 * **Sec. 27.** AS 43.55.165(a) is amended to read:

1 (a) For purposes of this chapter, a producer's calendar year lease
 2 expenditures, from a lease or property that does not include land north of 68
 3 degrees North latitude, or unit expenditures, from a unit that includes land north
 4 of 68 degrees North latitude, [FOR A CALENDAR YEAR] are

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

6 (A) incurred by the producer during the calendar year after
 7 March 31, 2006, to explore for, develop, or produce oil or gas deposits located
 8 within the producer's units, leases, or properties, as applicable, in the state or,
 9 in the case of land in which the producer does not own an operating right,
 10 operating interest, or working interest, to explore for oil or gas deposits within
 11 other land in the state; and

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

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

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

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

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

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

27 (A) met the requirements of AS 43.55.160(e) or (i), as
 28 applicable, in the year in which the lease or unit expenditures were incurred;

29 (B) have not been deducted in the determination of the
 30 production tax value of oil and gas under AS 43.55.160(a) or (h) in a previous
 31 calendar year;

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

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

4 * **Sec. 28.** AS 43.55.165(b) is amended to read:

5 (b) For purposes of (a) of this section,

6 (1) direct costs include

7 (A) an expenditure, when incurred, to acquire an item if the
8 acquisition cost is otherwise a direct cost, notwithstanding that the expenditure
9 may be required to be capitalized rather than treated as an expense for financial
10 accounting or federal income tax purposes;

11 (B) payments of or in lieu of property taxes, sales and use
12 taxes, motor fuel taxes, and excise taxes;

13 (2) an activity does not need to be physically located on, near, or
14 within the premises of the lease, [OR] property, or unit within which an oil or gas
15 deposit being explored for, developed, or produced is located in order for the cost of
16 the activity to be a cost upstream of the point of production of the oil or gas;

17 (3) in determining whether costs are lease or unit expenditures, the
18 department may consider, among other factors, the

19 (A) typical industry practices and standards in the state that
20 determine the costs, other than items listed in (e) of this section, that an
21 operator is allowed to bill a producer that is not the operator, under unit
22 operating agreements or similar operating agreements that were in effect
23 before December 2, 2005, and were subject to negotiation with at least one
24 producer with substantial bargaining power, other than the operator; and

25 (B) standards adopted by the Department of Natural Resources
26 that determine the costs, other than items listed in (e) of this section, that a
27 lessee is allowed to deduct from revenue in calculating net profits under a lease
28 issued under AS 38.05.180(f)(3)(B), (D), or (E).

29 * **Sec. 29.** AS 43.55.165(e) is amended to read:

30 (e) For purposes of this section, lease and unit expenditures do not include

31 (1) depreciation, depletion, or amortization;

1 (2) oil or gas royalty payments, production payments, lease profit
2 shares, or other payments or distributions of a share of oil or gas production, profit, or
3 revenue, except that a producer's lease or unit expenditures applicable to oil and gas
4 produced from a lease issued under AS 38.05.180(f)(3)(B), (D), or (E) include the
5 share of net profit paid to the state under that lease;

6 (3) taxes based on or measured by net income;

7 (4) interest or other financing charges or costs of raising equity or debt
8 capital;

9 (5) acquisition costs for a lease, [OR] property, or unit, or exploration
10 license;

11 (6) costs arising from fraud, wilful misconduct, gross negligence,
12 violation of law, or failure to comply with an obligation under a lease, permit, or
13 license issued by the state or federal government;

14 (7) fines or penalties imposed by law;

15 (8) costs of arbitration, litigation, or other dispute resolution activities
16 that involve the state or concern the rights or obligations among owners of interests in,
17 or rights to production from, one or more leases or properties or a unit;

18 (9) costs incurred in organizing a partnership, joint venture, or other
19 business entity or arrangement;

20 (10) amounts paid to indemnify the state; the exclusion provided by
21 this paragraph does not apply to the costs of obtaining insurance or a surety bond from
22 a third-party insurer or surety;

23 (11) surcharges levied under AS 43.55.201 or 43.55.300;

24 (12) an expenditure otherwise deductible under (b) of this section that
25 is a result of an internal transfer, a transaction with an affiliate, or a transaction
26 between related parties, or is otherwise not an arm's length transaction, unless the
27 producer establishes to the satisfaction of the department that the amount of the
28 expenditure does not exceed the fair market value of the expenditure;

29 (13) an expenditure incurred to purchase an interest in any corporation,
30 partnership, limited liability company, business trust, or any other business entity,
31 whether or not the transaction is treated as an asset sale for federal income tax

1 purposes;

2 (14) a tax levied under AS 43.55.011 or 43.55.014;

3 (15) costs incurred for dismantlement, removal, surrender, or
4 abandonment of a facility, pipeline, well pad, platform, or other structure, or for the
5 restoration of a lease, field, unit, area, tract of land, body of water, or right-of-way in
6 conjunction with dismantlement, removal, surrender, or abandonment; a cost is not
7 excluded under this paragraph if the dismantlement, removal, surrender, or
8 abandonment for which the cost is incurred is undertaken for the purpose of replacing,
9 renovating, or improving the facility, pipeline, well pad, platform, or other structure;

10 (16) costs incurred for containment, control, cleanup, or removal in
11 connection with any unpermitted release of oil or a hazardous substance and any
12 liability for damages imposed on the producer or explorer for that unpermitted release;
13 this paragraph does not apply to the cost of developing and maintaining an oil
14 discharge prevention and contingency plan under AS 46.04.030;

15 (17) costs incurred to satisfy a work commitment under an exploration
16 license under AS 38.05.132;

17 (18) that portion of expenditures, that would otherwise be qualified
18 capital expenditures, as defined in AS 43.55.023, incurred during a calendar year that
19 are less than the product of \$0.30 multiplied by the total taxable production from each
20 lease, [OR] property, or unit, as applicable, in BTU equivalent barrels, during that
21 calendar year, except that, when a portion of a calendar year is subject to this
22 provision, the expenditures and volumes shall be prorated within that calendar year;

23 (19) costs incurred for repair, replacement, or deferred maintenance of
24 a facility, a pipeline, a structure, or equipment, other than a well, that results in or is
25 undertaken in response to a failure, problem, or event that results in an unscheduled
26 interruption of, or reduction in the rate of, oil or gas production; or costs incurred for
27 repair, replacement, or deferred maintenance of a facility, a pipeline, a structure, or
28 equipment, other than a well, that is undertaken in response to, or is otherwise
29 associated with, an unpermitted release of a hazardous substance or of gas; however,
30 costs under this paragraph that would otherwise constitute lease or unit expenditures
31 under (a) and (b) of this section may be treated as lease or unit expenditures if the

1 department determines that the repair or replacement is solely necessitated by an act of
 2 war, by an unanticipated grave natural disaster or other natural phenomenon of an
 3 exceptional, inevitable, and irresistible character, the effects of which could not have
 4 been prevented or avoided by the exercise of due care or foresight, or by an intentional
 5 or negligent act or omission of a third party, other than a party or its agents in privity
 6 of contract with, or employed by, the producer or an operator acting for the producer,
 7 but only if the producer or operator, as applicable, exercised due care in operating and
 8 maintaining the facility, pipeline, structure, or equipment, and took reasonable
 9 precautions against the act or omission of the third party and against the consequences
 10 of the act or omission; in this paragraph,

11 (A) "costs incurred for repair, replacement, or deferred
 12 maintenance of a facility, a pipeline, a structure, or equipment" includes costs
 13 to dismantle and remove the facility, pipeline, structure, or equipment that is
 14 being replaced;

15 (B) "hazardous substance" has the meaning given in
 16 AS 46.03.826;

17 (C) "replacement" includes renovation or improvement;

18 (20) costs incurred to construct, acquire, or operate a refinery or crude
 19 oil topping plant, regardless of whether the products of the refinery or topping plant
 20 are used in oil or gas exploration, development, or production operations; however, if
 21 a producer owns a refinery or crude oil topping plant that is located on or near the
 22 premises of the producer's lease, [OR] property, **or unit, as applicable,** in the state
 23 and that processes the producer's oil produced from that lease, [OR] property, **or unit**
 24 into a product that the producer uses in the operation of the lease, [OR] property, **or**
 25 **unit** in drilling for or producing oil or gas, the producer's lease expenditures include
 26 the amount calculated by subtracting from the fair market value of the product used
 27 the prevailing value, as determined under AS 43.55.020(f), of the oil that is processed;

28 (21) costs of lobbying, public relations, public relations advertising, or
 29 policy advocacy.

30 * **Sec. 30.** AS 43.55.165(g) is amended to read:

31 (g) The department shall specify or approve a reasonable allocation method

1 for determining the portion of a cost that is appropriately treated as a lease or unit
 2 expenditure under this section if a cost that would otherwise constitute a lease or unit
 3 expenditure under this section is incurred to explore for, develop, or produce

4 (1) both an oil or gas deposit located within land outside the state and
 5 an oil or gas deposit located within a lease, [OR] property, or unit, as applicable, or
 6 other land, in the state; or

7 (2) an oil or gas deposit located partly within land outside the state and
 8 partly within a lease, [OR] property, or unit, as applicable, or other land, in the state.

9 * **Sec. 31.** AS 43.55.165(h) is amended to read:

10 (h) The department shall adopt regulations that provide for reasonable
 11 methods of allocating costs between oil and gas, between gas subject to
 12 AS 43.55.011(o) and other gas, and between leases, [OR] properties, or units in those
 13 circumstances where an allocation of costs is required to determine lease or unit
 14 expenditures that are costs of exploring for, developing, or producing oil deposits or
 15 costs of exploring for, developing, or producing gas deposits, or that are costs of
 16 exploring for, developing, or producing oil or gas deposits located within different
 17 leases, [OR] properties, or units.

18 * **Sec. 32.** AS 43.55.165(l) is amended to read:

19 (l) In a calendar year, after application of a producer's lease or unit
 20 expenditures, as applicable, that are incurred in that calendar year, the producer may
 21 choose to apply all or a portion of a carried-forward annual loss or carry any unused
 22 portion forward. The department may not require a producer to apply all or a portion
 23 of a carried-forward annual loss in a calendar year.

24 * **Sec. 33.** AS 43.55.165(m) is amended to read:

25 (m) During a calendar year in which a taxpayer's liability under
 26 AS 43.55.011(e) is determined under AS 43.55.011(f), the maximum amount of
 27 carried-forward annual loss that a taxpayer may apply in that year is equal to the
 28 amount, when combined with the lease or unit expenditures, as applicable, of the
 29 current year and any credits under this chapter, necessary to reduce the amount
 30 calculated under AS 43.55.011(e) to the equivalent amount of tax due under
 31 AS 43.55.011(f) before the application of any credits under this chapter. An amount of

1 carried-forward annual loss not applied under this subsection may continue to be
2 carried forward.

3 * **Sec. 34.** AS 43.55.165(n) is amended to read:

4 (n) A carried-forward annual loss resulting from expenditures incurred in
5 (1) leases, properties, or units that do not include land north of 68
6 degrees North latitude or resulting from a lease or property that includes land
7 north of 68 degrees North latitude and that were incurred before January 1,
8 2023, may only be applied

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

13 (B) [(2)] beginning in the calendar year in which regular
14 production of oil or gas from the lease or property where the lease expenditure
15 resulting in the carried-forward annual loss was incurred commences;

16 (2) units that include land north of 68 degrees North latitude and
17 that were incurred on or after January 1, 2023, may only be applied

18 (A) to determine the production tax value of oil or gas for
19 the unit in which the carried-forward loss was incurred;

20 (B) beginning in the calendar year in which regular
21 production of oil or gas from the unit where the lease expenditure
22 resulting in the carried-forward annual loss was incurred commences.

23 * **Sec. 35.** AS 43.55.165(o) is amended to read:

24 (o) A carried-forward annual loss for a lease or unit expenditure incurred on a
25 lease, [OR] property, or unit that

26 (1) did not commence regular production of oil or gas before or during
27 the year the lease or unit expenditure was incurred decreases in value each year by
28 one-tenth of the value of the carried-forward annual loss in the preceding year,
29 beginning January 1 of the 11th calendar year after the lease or unit expenditure is
30 carried forward under (a)(3) of this section; a decrease in value under this paragraph
31 does not apply for a year in which the department determines that regular production

1 of oil or gas did not commence because of a natural disaster, an injunction or other
2 court order, or an administrative order;

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

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

9 (r) In adopting a regulation that defines the lease, [OR] property, or unit
10 where a lease or unit expenditure resulting in a carried-forward annual loss is incurred
11 for purposes of (n) and (o) of this section, the department shall include an exploration
12 lease or unit expenditure that is reasonably related to the lease, [OR] property, or
13 unit.

14 * **Sec. 37.** AS 43.55.170(a) is amended to read:

15 (a) A producer's lease or unit expenditures under AS 43.55.165 must be
16 adjusted by subtracting payments or credits, other than tax credits, received by the
17 producer or by an operator acting for the producer for

18 (1) the use by another person of a production facility in which the
19 producer has an ownership interest or the management by the producer of a production
20 facility under a management agreement providing for the producer to receive a
21 management fee;

22 (2) a reimbursement or similar payment that offsets the producer's
23 lease or unit expenditures, including an insurance recovery from a third-party insurer
24 and a payment from the state or federal government for reimbursement of the
25 producer's upstream costs, including costs for gathering, separating, cleaning,
26 dehydration, compressing, or other field handling associated with the production of oil
27 or gas upstream of the point of production;

28 (3) the sale or other transfer of

29 (A) an asset, including geological, geophysical, or well data or
30 interpretations, acquired by the producer as a result of a lease or unit
31 expenditure or an expenditure that would be a lease or unit expenditure if it

1 were incurred after March 31, 2006; for purposes of this subparagraph,

2 (i) if a producer removes from the state, for use outside
3 the state, an asset described in this subparagraph, the value of the asset
4 at the time it is removed is considered a payment received by the
5 producer for sale or transfer of the asset;

6 (ii) for a transaction that is an internal transfer or is
7 otherwise not an arm's length transaction, if the sale or transfer of the
8 asset is made for less than fair market value, the amount subtracted
9 must be the fair market value; and

10 (B) oil or gas

11 (i) that is not considered produced from a lease, [OR]
12 property, or unit, under AS 43.55.020(e); and

13 (ii) the cost of acquiring which is a lease or unit
14 expenditure incurred by the person that acquires the oil or gas.

15 * **Sec. 38.** AS 43.55.170(b) is amended to read:

16 (b) Except as otherwise provided under this subsection, if one or more
17 payments or credits subject to this section are received by a producer or by an operator
18 acting for the producer during a calendar year and if either the total amount of the
19 payments or credits exceeds the amount of the producer's applicable lease and unit
20 expenditures for that calendar year or the producer has no lease or unit expenditures
21 for that calendar year, the producer shall nevertheless subtract those payments or
22 credits from the lease and unit expenditures or from zero, respectively, and the
23 producer's applicable adjusted lease and unit expenditures for that calendar year are a
24 negative number and shall be applied to the pertinent calculation under
25 AS 43.55.160(a) or (h) as a negative number.

26 * **Sec. 39.** AS 43.55.180(a) is amended to read:

27 (a) The department shall study

28 (1) the effects of the provisions of this chapter on oil and gas
29 exploration, development, and production in the state, on investment expenditures for
30 oil and gas exploration, development, and production in the state, on the entry of new
31 producers into the oil and gas industry in the state, on state revenue, and on tax

1 administration and compliance, giving particular attention to the tax rates provided
 2 under AS 43.55.011, the tax credits provided under AS 43.55.023 - 43.55.025, and the
 3 deductions for and adjustments to lease **and unit** expenditures provided under
 4 AS 43.55.160 - 43.55.170; and

5 (2) the effects of the tax rates under AS 43.55.011(i) on state revenue
 6 and on oil and gas exploration, development, and production on private land, and the
 7 fairness of those tax rates for private landowners.

8 * **Sec. 40.** AS 43.55.890 is amended to read:

9 **Sec. 43.55.890. Disclosure of tax information.** Notwithstanding any contrary
 10 provision of AS 40.25.100, and regardless of whether the information is considered
 11 under AS 43.05.230(e) to constitute statistics classified to prevent the identification of
 12 particular returns or reports, the department may publish the following information
 13 under this chapter, if aggregated among three or more producers or explorers, showing
 14 by month or calendar year and by lease or property, unit, or area of the state:

- 15 (1) the amount of oil or gas production;
 16 (2) the amount of taxes levied under this chapter or paid under this
 17 chapter;
 18 (3) the effective tax rates under this chapter;
 19 (4) the gross value of oil or gas at the point of production;
 20 (5) the transportation costs for oil or gas;
 21 (6) qualified capital expenditures, as defined in AS 43.55.023;
 22 (7) exploration expenditures under AS 43.55.025;
 23 (8) production tax values of oil or gas under AS 43.55.160;
 24 (9) lease **or unit** expenditures under AS 43.55.165;
 25 (10) adjustments to lease **or unit** expenditures under AS 43.55.170;
 26 (11) tax credits applicable or potentially applicable against taxes levied
 27 by this chapter.

28 * **Sec. 41.** AS 43.55.895(b) is amended to read:

- 29 (b) A municipal entity subject to taxation because of this section
 30 (1) is eligible for tax credits proportionate to its production taxable
 31 under AS 43.55.011(e); and

1 (2) shall allocate its lease **and unit** expenditures in proportion to its
2 production taxable under AS 43.55.011(e).

3 * **Sec. 42.** AS 43.55.024(a), 43.55.024(b), and 43.55.024(f) are repealed.

4 * **Sec. 43.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 APPLICABILITY. (a) Section 1 of this Act applies to an entity with qualified taxable
7 income over \$4,000,000 for a tax year beginning on or after January 1, 2023.

8 (b) AS 43.55.011(e), (f), and (o); 43.55.020(a), (e), (g), (h), (j), and (l); 43.55.024(c),
9 (e), (i), and (j); 43.55.030(e) and (f); 43.55.040; 43.55.075(b); 43.55.160(a), (e), (f), (g), and
10 (h); 43.55.165(a), (b), (e), (g), (h), (l), (m), (n), (o), and (r); 43.55.170(a) and (b);
11 43.55.180(a); 43.55.890; and 43.55.895(b), as amended by secs. 2 - 4, 6 - 15, 17 - 25, and 27 -
12 41 of this Act, and 43.55.011(q); 43.55.024(k); and 43.55.160(i), added by secs. 5, 16, and 26
13 of this Act, apply to oil and gas produced or determinations of production tax value, gross
14 value at the point of production, lease expenditures, credits, or carried-forward losses
15 resulting from oil and gas produced on or after January 1, 2023.

16 * **Sec. 44.** The uncodified law of the State of Alaska is amended by adding a new section to
17 read:

18 TRANSITION: PAYMENT OF TAX. (a) A person subject to tax before the effective
19 date of sec. 1 of this Act under AS 43.20.019, added by sec. 1 of this Act, shall pay the
20 balance of the tax due for a tax year ending before January 1, 2024, by January 1, 2024. Until
21 January 1, 2024, the Department of Revenue shall waive interest that would otherwise accrue
22 under AS 43.05.225 and civil and criminal penalties accruing under AS 43.05.220, 43.05.245,
23 and 43.05.290 that are a result of the retroactivity of this Act.

24 (b) Notwithstanding AS 43.55.020, a person subject to tax under AS 43.55.011(e), (f),
25 and (o); 43.55.020(a), (e), (g), (h), (j), and (l); 43.55.024(c), (e), (i), and (j); 43.55.030(e) and
26 (f); 43.55.040; 43.55.075(b); 43.55.160(a), (e), (f), (g), and (h); 43.55.165(a), (b), (e), (g), (h),
27 (l), (m), (n), (o), and (r); 43.55.170(a) and (b); 43.55.180(a); 43.55.890; and 43.55.895(b), as
28 amended by secs. 2 - 4, 6 - 15, 17 - 25, and 27 - 41 of this Act, and 43.55.011(q);
29 43.55.024(k); and 43.55.160(i), added by secs. 5, 16, and 26 of this Act, shall pay the balance
30 of the tax due before January 1, 2024, by January 1, 2024. Until January 1, 2024, the
31 Department of Revenue shall waive interest that would otherwise accrue under AS 43.05.225

1 and civil and criminal penalties accruing under AS 43.05.220, 43.05.245, and 43.05.290 that
2 are a result of the retroactivity of this Act.

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

5 **RETROACTIVITY OF REGULATIONS.** Notwithstanding a contrary provision of
6 AS 44.62.240, if the Department of Revenue expressly designates in the regulation that the
7 regulation applies retroactively to a specific date, a regulation adopted by the department to
8 implement, interpret, make specific, or otherwise carry out sec. 1 of this Act applies
9 retroactively to that date.

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

12 **RETROACTIVITY.** This Act is retroactive to January 1, 2023.

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