A BILL

FOR AN ACT ENTITLED

"An Act relating to the oil and gas production tax, tax payments, and credits; relating to interest applicable to delinquent oil and gas production tax; and providing for an effective date."

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

* Section 1. AS 43.05.225 is amended to read:

Sec. 43.05.225. Interest. Unless otherwise provided,

(1) a delinquent tax

(A) under this title, before January 1, 2014, bears interest in each calendar quarter at the rate of five percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District as of the first day of that calendar quarter, or at the annual rate of 11 percent, whichever is greater, compounded quarterly as of the last day of that quarter;

(B) under this title, on and after January 1, 2014, except as provided in (C) of this paragraph, bears interest in each calendar quarter at the
rate of three percentage points above the annual rate charged member banks
for advances by the 12th Federal Reserve District as of the first day of that
calendar quarter;

(C) under AS 43.55, on and after January 1, 2017,

[(i) FOR THE FIRST THREE YEARS AFTER A TAX
BECOMES DELINQUENT,] bears interest in each calendar quarter at
the rate of seven percentage points above the annual rate charged
member banks for advances by the 12th Federal Reserve District as of
the first day of that calendar quarter, compounded quarterly as of the
last day of that quarter; [AND

(ii) AFTER THE FIRST THREE YEARS AFTER A
TAX BECOMES DELINQUENT, DOES NOT BEAR INTEREST;]

(2) the interest rate is 12 percent a year for

(A) delinquent fees payable under AS 05.15.095(c); and

(B) unclaimed property that is not timely paid or delivered, as
allowed by AS 34.45.470(a).

* Sec. 2. 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, 2018** [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, 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 and gas produced on and after January 1, 2018, and before January 1, 2022, from leases or properties that include land north of 68 degrees North latitude, may not be less than five [(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. 3. AS 43.55.011 is amended by adding a new subsection to read:

(q) The amount of tax determined under (f) of this section may not be reduced
by the application of a credit authorized under this chapter. The total amount of tax
credits that may be applied against the tax levied by (e) of this section for a calendar
year may not exceed the sum of the amount of the tax credits or fractions of tax credits
that are allowed under AS 43.55.020(a) to be subtracted in calculating the installment
payments of estimated tax for each month in the calendar year.

* Sec. 4. 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
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) the [ZERO] percent [, ONE PERCENT, TWO
PERCENT, THREE PERCENT, OR FOUR PERCENT, AS applicable 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;

(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 or after 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 (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(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) **five** [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 (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;

(8) an amount calculated under (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;

(9) for purposes of the calculation under (1)(B)(ii), (5)(B)(ii), and (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";

(10) an amount calculated under (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;

(11) for purposes of the calculation under (5)(B)(ii) or (7)(A)(ii) of this subsection, a credit under this chapter may not be applied to reduce an installment payment to less than the applicable percentage under AS 43.55.011(f).

* Sec. 5. AS 43.55.023(b) is amended to read:

(b) [BEFORE JANUARY 1, 2014, A PRODUCER OR EXPLORER MAY ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 25 PERCENT OF A CARRIED-FORWARD ANNUAL LOSS. FOR LEASE EXPENDITURES INCURRED ON AND AFTER JANUARY 1, 2014, AND BEFORE JANUARY 1, 2016, TO EXPLORE FOR, DEVELOP, OR PRODUCE OIL OR GAS DEPOSITS LOCATED NORTH OF 68 DEGREES NORTH LATITUDE, A PRODUCER OR EXPLORER MAY ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 45 PERCENT OF A CARRIED-FORWARD ANNUAL LOSS.] For lease expenditures
incurred [ON AND AFTER JANUARY 1, 2016,] to explore for, develop, or produce oil or gas deposits located north of 68 degrees North latitude, a producer or explorer may elect to take a tax credit in the amount of 15% percent of a carried-forward annual loss. [FOR LEASE EXPENDITURES INCURRED ON OR AFTER JANUARY 1, 2014, AND BEFORE JANUARY 1, 2017, TO EXPLORE FOR, DEVELOP, OR PRODUCE OIL OR GAS DEPOSITS LOCATED SOUTH OF 68 DEGREES NORTH LATITUDE, A PRODUCER OR EXPLORER MAY ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 25 PERCENT OF A CARRIED-FORWARD ANNUAL LOSS.] For lease expenditures incurred [ON OR AFTER JANUARY 1, 2017,] to explore for, develop, or produce oil or gas deposits located south of 68 degrees North latitude, a producer or explorer may elect to take a tax credit in the amount of 15 percent of a carried-forward annual loss, except that a credit for lease expenditures incurred to explore for, develop, or produce oil or gas deposits located in the Cook Inlet sedimentary basin may only be taken if the expenditure is incurred before January 1, 2018. A credit under this subsection may be applied against a tax levied by AS 43.55.011(e). For purposes of this subsection, 

(1) a carried-forward annual loss is the amount of a producer's or explorer's adjusted lease expenditures under AS 43.55.165 and 43.55.170 for a previous calendar year that was not deductible in calculating production tax values for that calendar year under AS 43.55.160;

(2) for lease expenditures incurred on or after January 1, 2017, any reduction under AS 43.55.160(f) or (g) is added back to the calculation of production tax values for that calendar year under AS 43.55.160 for the determination of a carried-forward annual loss.

* Sec. 6. AS 43.55.023(d) is amended to read:

(d) A person that is entitled to take a tax credit under this section that wishes to transfer the unused credit to another person [OR OBTAIN A CASH PAYMENT UNDER AS 43.55.028] may apply to the department for a transferable tax credit certificate. **A person that is entitled to take a tax credit under (a) or (l) of this section that wishes to obtain a cash payment under AS 43.55.028 may apply to the department for a transferable tax credit certificate.** An application under this
subsection must be in a form prescribed by the department and must include
supporting information and documentation that the department reasonably requires.
The department shall grant or deny an application, or grant an application as to a lesser
amount than that claimed and deny it as to the excess, not later than 120 days after the
latest of (1) March 31 of the year following the calendar year in which the qualified
capital expenditure or carried-forward annual loss for which the credit is claimed was
incurred; (2) the date the statement required under AS 43.55.030(a) or (e) was filed for
the calendar year in which the qualified capital expenditure or carried-forward annual
loss for which the credit is claimed was incurred; or (3) the date the application was
received by the department. If, based on the information then available to it, the
department is reasonably satisfied that the applicant is entitled to a credit, the
department shall issue the applicant a transferable tax credit certificate for the amount
of the credit. A certificate issued under this subsection does not expire.

* Sec. 7. 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). 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;

(2) $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;

(3) $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;

(4) $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;

(5) $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;

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

* Sec. 8. AS 43.55.028(a) is amended to read:

(a) The oil and gas tax credit fund is established as a separate fund of the state. The purpose of the fund is to purchase transferable tax credit certificates issued under AS 43.55.023 for a tax credit earned under AS 43.55.023(a) or (l) and production tax credit certificates issued under AS 43.55.025 and to pay refunds and payments claimed under AS 43.20.046, 43.20.047, or 43.20.053.

* Sec. 9. 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) or to whom a production tax credit certificate has been issued under AS 43.55.025(f), may use available money in the oil and gas tax credit fund to
purchase, in whole or in part, the certificate. The department may not purchase a total
of more than $35,000,000 [$70,000,000] in tax credit certificates from a person in a
calendar year. 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
$35,000,000 [$70,000,000] limitation in this subsection did not exist;

3. the applicant's total tax liability under 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(e) during the calendar year preceding the calendar year in which
the application is made was not more than 15,000 [50,000] BTU equivalent barrels; and

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

* Sec. 10. AS 43.55.150 is amended by adding a new subsection to read:

(d) For purposes of calculating the tax under this chapter, the gross value at
the point of production may not be less than zero.

* Sec. 11. AS 43.55.028(g)(3) is repealed.

* Sec. 12. The uncodified law of the State of Alaska is amended by adding a new section to
read:

APPLICABILITY. (a) The limitations on the use of tax credits in AS 43.55.011(q),
added by sec. 3 of this Act, and the adjustment to the calculation of a tax payment under
AS 43.55.020(a)(11), added by sec. 4 of this Act, apply to credits applied to reduce a tax
liability for a tax year starting on or after the effective date of secs. 3 and 4 of this Act.

(b) AS 43.55.023(b), as amended by sec. 5 of this Act, applies to lease expenditures
incurred on or after the effective date of sec. 5 of this Act.
* Sec. 13. The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION. Notwithstanding AS 43.55.023(d), as amended by sec. 6 of this Act, and AS 43.55.028(a), as amended by sec. 8 of this Act, the Department of Revenue may purchase a transferable tax credit certificate that was issued under AS 43.55.023(d) for a credit earned under AS 43.55.023(b) before the effective date of secs. 6 and 8 of this Act, under AS 43.55.023(d) and 43.55.028(a), as those subsections read on the day before the effective date of secs. 6 and 8 of this Act.

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

RETROACTIVITY. Section 1 of this Act is retroactive to January 1, 2017.

* Sec. 15. Sections 1 and 14 of this Act take effect immediately under AS 01.10.070(c).

* Sec. 16. Except as provided in sec. 15 of this Act, this Act takes effect January 1, 2018.