SENATE JOURNAL

ALASKA STATE LEGISLATURE

TWENTY-NINTH LEGISLATURE

SECOND SESSION

Juneau, Alaska **Wednesday** **May 18, 2016**

One Hundred Twenty-first Day

Pursuant to adjournment the Senate was called to order by President Meyer at 9:16 a.m. in the Terry Miller Legislative Office Building gymnasium.

The roll showed twenty members present.

The prayer was offered by the Chaplain, Romo Marasigan. Senator Hoffman moved and asked unanimous consent that the prayer be spread. Without objection, it was so ordered.

May the long time sun
Shine upon you,
All love surround you,
And the pure light within you
Guide your way on. Amen.

Senator Micciche led the Senate in the Pledge of Allegiance.

Certification

Senator Coghill moved and asked unanimous consent that the journal for the one hundred twentieth legislative day be approved as certified by the Secretary. Without objection, it was so ordered.

Standing Committee Reports

HB 247
Corrected fiscal note from the Senate Finance Committee for SENATE CS FOR 2d CS FOR HOUSE BILL NO. 247(FIN) "An Act relating to the exploration incentive credits; relating to the powers and duties of the Alaska Oil and Gas Conservation Commission; relating to interest applicable to delinquent tax; relating to the oil and gas production tax, tax payments, and credits; relating to tax credit certificates; relating to refunds for the gas storage facility tax credit, the liquefied natural gas storage facility tax credit, and the qualified in-state oil refinery infrastructure expenditures tax credit; relating to oil and gas lease expenditures and production tax credits for municipal entities; requiring a bond or cash deposit with a business license application for an oil or gas business; and providing for an effective date" published today:

Fiscal Note No. 8, Department of Revenue

Special Committee Reports

HB 75

May 17, 2016

Mr. President:
Mr. Speaker:

The Conference Committee considering CS FOR HOUSE BILL NO. 75(JUD) am "An Act relating to the registration of marijuana establishments by municipalities; relating to the definition of 'marijuana'; clarifying standards for personal use of marijuana by persons 21 years of age or older; prohibiting the public consumption of marijuana; authorizing the registration of marijuana clubs; relating to established villages and to local option elections regarding the operation of marijuana establishments; and providing for an effective date"

and

2d SENATE CS FOR CS FOR HOUSE BILL NO. 75(RLS) "An Act relating to background checks for persons applying to operate marijuana establishments; relating to possessing, using, displaying, purchasing, growing, processing, transporting, and transferring marijuana; relating to assisting another person 21 years of age or older in activities related to marijuana; relating to established villages and to local option elections regarding the operation of marijuana establishments; and providing for an effective date"

requests limited powers of free conference on the following specific points:

Sections 9 and 19 (House)
Sections 4 and 6 (Senate)

which relate to a local option by an established village.

Signing the report: Senator Bishop, Chair, Senators McGuire, Hoffman; Representative Tilton, Chair, Representatives Millett, Drummond.

President Meyer granted the Senate members limited powers of free conference as requested.

The Secretary was requested to notify the House.

Consideration of the Calendar

President Meyer stated in accordance with Rule 30(c), Alaska State Legislature Uniform Rules, notice of reconsideration is not available on legislation considered today.

President Meyer stated in accordance with Rule 43(b), Alaska State Legislature Uniform Rules, engrossment may be waived on all bills and resolutions transmitted to the House this legislative day.

Third Reading of House Bills

HB 247
SENATE CS FOR 2d CS FOR HOUSE BILL NO. 247(FIN) "An Act relating to the exploration incentive credits; relating to the powers and duties of the Alaska Oil and Gas Conservation Commission; relating to interest applicable to delinquent tax; relating to the oil and gas production tax, tax payments, and credits; relating to tax credit certificates; relating to refunds for the gas storage facility tax credit, the liquefied natural gas storage facility tax credit, and the qualified in-state oil refinery infrastructure expenditures tax credit; relating to oil and gas lease expenditures and production tax credits for municipal entities; requiring a bond or cash deposit with a business license application for an oil or gas business; and providing for an effective date" was read the third time.

Senator Wielechowski moved that the bill be returned to second reading for the purpose of a specific amendment, that being Amendment No. 1. Without objection, the bill was returned to second reading.

President Meyer stated the bill will remain in second reading for all amendments offered today. There being no objection, it was so ordered.

Senator Wielechowski offered Amendment No. 1:

Page 23, line 10:
Delete "**workforce**"
Insert "**employees, contractors, and subcontractors**"

Page 23, lines 10 - 11:
Delete "**was composed of**"
Insert "**were**"

Page 24, line 1:
Delete "workforce"
Insert "employees, contractors, and subcontractors"
Delete "was composed of"
Insert "were"

Senator Wielechowski moved for the adoption of Amendment No. 1. Senator Giessel objected.

Senator Coghill moved and asked unanimous consent President Meyer be allowed to abstain from voting due to a conflict of interest. Objections were heard and Senator Meyer was required to vote.

Senator Micciche moved and asked unanimous consent to abstain from voting due to a conflict of interest. Objections were heard and Senator Micciche was required to vote.

The question being: "Shall Amendment No. 1 be adopted?" The roll was taken with the following result:

SCS 2d CSHB 247(FIN)
Second Reading
Amendment No. 1

YEAS: 4 NAYS: 15 EXCUSED: 0 ABSENT: 1

Yeas: Wielechowski, Egan, Ellis, Gardner

Nays: Bishop, Coghill, Costello, Dunleavy, Giessel, Hoffman, Huggins, Kelly, MacKinnon, Micciche, Olson, Stedman, Stevens, Stoltze, Meyer

Absent: McGuire

and so, Amendment No. 1 failed.

Senator Wielechowski offered Amendment No. 2:

Page 6, following line 11:
Insert a new bill section to read:
"*** Sec. 14.** 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 **<u>July 1, 2016</u>** [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 **July 1, 2016, and before** January 1, 2022, from leases or properties that include land north of 68 degrees North latitude, **other than gas subject to (o) of this section,** may not be less than **five percent of the gross value at the point of production; and**

(3) oil produced on and after January 1, 2022, from leases or properties that include land north of 68 degrees North latitude may not be less than five percent of the gross value at the point of production

[(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]."

Renumber the following bill sections accordingly.

Page 11, line 22:

Delete "or four percent"

Insert "[OR] four percent**<u>, or five percent</u>**"

Page 13, lines 14 - 15:

Delete "zero percent, one percent, two percent, three percent, or four percent, as applicable,"

Insert "**<u>five</u>** [ZERO] percent [, ONE PERCENT, TWO PERCENT, THREE PERCENT, OR FOUR PERCENT, AS APPLICABLE,]"

Page 15, line 28:
Delete "AS 43.55.011(f)(1) or (2)"
Insert "**AS 43.55.011(f)** [AS 43.55.011(f)(1) OR (2)]"

Page 15, lines 29 - 30:
Delete "AS 43.55.011(f)(1) and (2)"
Insert "**AS 43.55.011(f)** [AS 43.55.011(f)(1) AND (2)]"

Page 16, following line 9:
Insert a new bill section to read:
"*** Sec. 19.** AS 43.55 is amended by adding a new section to read:

Sec. 43.55.022. Limitations on tax credits. (a) Notwithstanding any contrary provision of this chapter, the application of tax credits under this chapter is subject to the limitations set out in this section.

(b) A tax credit or a fraction of a tax credit under AS 43.55.023, 43.55.024, and 43.55.025 may not be subtracted in calculating an installment payment of estimated tax required under AS 43.55.020(a) if the resulting amount of the installment payment would be less than the amount in AS 43.55.020(a)(5)(B)(ii) or 43.55.020(a)(7)(A)(ii), as applicable.

(c) The total amount of tax credits under AS 43.55.023, 43.55.024, and 43.55.025 that may be applied against a tax levied by AS 43.55.011(e) 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 (b) of this section to be subtracted in calculating the installment payments of estimated tax for each month in the calendar year."

Renumber the following bill sections accordingly.

Page 17, line 28:
Delete "sec. 19"
Insert "sec. 21"

Page 18, following line 25:
Insert a new bill section to read:
"*** Sec. 23.** AS 43.55.023(c) is amended to read:

(c) A credit or portion of a credit under this section may not be used to reduce a person's tax liability under AS 43.55.011(e) for any calendar year below **the amount calculated under**

AS 43.55.011(f) [ZERO], and any unused credit or portion of a credit not used under this subsection may be applied in a later calendar year."

Renumber the following bill sections accordingly.

Page 20, following line 15:

Insert new bill sections to read:

"*** Sec. 27.** AS 43.55.024(f) is amended to read:

(f) A tax credit authorized by (a) of this section may not be applied to reduce a producer's tax liability for any calendar year under AS 43.55.011(e) on oil and gas produced from leases or properties outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, below **the amount calculated under AS 43.55.011(f)** [ZERO].

*** Sec. 28.** AS 43.55.024(g) is amended to read:

(g) A tax credit authorized by (c) of this section may not be applied to reduce a producer's tax liability for any calendar year under AS 43.55.011(e) below **the amount calculated under AS 43.55.011(f)** [ZERO]."

Renumber the following bill sections accordingly.

Page 20, line 23:

Delete "zero"

Insert "**the amount calculated under AS 43.55.011(f)** [ZERO]"

Page 21, following line 28:

Insert new bill sections to read:

"*** Sec. 31.** AS 43.55.025(i) is amended to read:

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

(1) a credit may not be applied to reduce a taxpayer's tax liability under AS 43.55.011(e) below **the amount calculated under AS 43.55.011(f)** [ZERO] for a calendar year; and

(2) an amount of the production tax credit in excess of the amount that may be applied for a calendar year under this subsection may be carried forward and applied against the taxpayer's tax liability under AS 43.55.011(e) in one or more later calendar years.

*** Sec. 32.** AS 43.55.025 is amended by adding a new subsection to read:

(q) A credit or portion of a credit under this section may not be used to reduce a person's tax liability under AS 43.55.011(e) for any calendar year below the amount calculated under AS 43.55.011(f)."

Renumber the following bill sections accordingly.

Page 23, line 20:
Delete "sec. 28"
Insert "sec. 35"

Page 26, following line 19:
Insert a new bill section to read:
"*** Sec. 41.** AS 43.55.150 is amended by adding a new subsection to read:

(d) The gross value at the point of production may not be less than zero."

Renumber the following bill sections accordingly.

Page 35, line 21:
Delete "sec. 27"
Insert "sec. 34"

Page 35, line 22:
Delete "sec. 30"
Insert "sec. 37"

Page 35, line 24:
Delete "sec. 29"
Insert "sec. 36"

Page 35, line 25:
Delete "27, 29, and 30"
Insert "34, 36, and 37"

Page 35, line 26:
Delete "sec. 15"
Insert "sec. 16"

Page 35, line 27:
Delete "sec. 15"
Insert "sec. 16"

Page 35, line 31:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 1:
Delete "secs. 26 and 29"
Insert "secs. 33 and 36"

Page 36, line 3:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 5:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 7:
Delete "secs. 26 and 29"
Insert "secs. 33 and 36"

Page 36, line 8:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 10:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 12:
Delete "sec. 45"
Insert "sec. 53"

Page 36, lines 16 - 17:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 17:
Delete "secs. 21 and 22"
Insert "secs. 24 and 25"

Page 36, line 18:
Delete "sec. 31"
Insert "sec. 38"
Delete "sec. 38"
Insert "sec. 46"

Page 36, line 19:
Delete "sec. 39"
Insert "sec. 47"

Page 36, line 21:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 24:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 26:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 29:
Delete "sec. 45"
Insert "sec. 53"

Page 37, line 1:
Delete "sec. 45"
Insert "sec. 53"

Page 37, lines 2 - 3:
Delete "sec. 45"
Insert "sec. 53"

Page 37, line 7:
Delete "sec. 20"
Insert "sec. 22"

Page 37, line 8:
Delete "sec. 20"
Insert "sec. 22"

Page 37, line 12:
Delete "sec. 20"
Insert "sec. 22"

Page 37, line 16:
Delete "sec. 36"
Insert "sec. 44"

Page 37, line 17:
Delete "sec. 45"
Insert "sec. 53"

Page 37, line 20:
Delete "sec. 45"
Insert "sec. 53"

Page 38, line 15:
Delete "Sections 51 and 52"
Insert "Sections 59 and 60"

Page 38, line 16:
Delete "Sections 20 - 22, 26, 29, 31 - 33, 36 - 40, 45, 47 - 50"
Insert "Sections 22, 24, 25, 33, 36, 38 - 40, 44 - 48, 53, 55 - 58"

Page 38, line 17:
Delete "sec. 42"
Insert "sec. 50"

Page 38, line 18:
Delete "secs. 53 and 54"
Insert "secs. 61 and 62"

Senator Wielechowski moved for the adoption of Amendment No. 2. Senator MacKinnon objected.

The question being: "Shall Amendment No. 2 be adopted?" The roll was taken with the following result:

SCS 2d CSHB 247(FIN)
Second Reading
Amendment No. 2

YEAS: 4 NAYS: 16 EXCUSED: 0 ABSENT: 0

Yeas: Egan, Ellis, Gardner, Wielechowski

Nays: Bishop, Coghill, Costello, Dunleavy, Giessel, Hoffman, Huggins, Kelly, MacKinnon, McGuire, Micciche, Olson, Stedman, Stevens, Stoltze, Meyer

and so, Amendment No. 2 failed.

Senator Wielechowski offered Amendment No. 3:

Page 17, line 1, through page 18, line 25:
Delete all material and insert:
"*** Sec. 19.** 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 **during calendar year 2016** [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 35 percent of a carried-forward annual loss. **For lease expenditures incurred north of 68 degrees North latitude, a**

producer may elect to take a tax credit in the amount of 32 percent of a carried-forward annual loss incurred during calendar year 2017 or 2018; 29 percent of a carried-forward annual loss incurred during calendar year 2019 or 2020; 26 percent of a carried-forward annual loss incurred during calendar year 2021 or 2022; and 25 percent of a carried-forward annual loss incurred after calendar year 2022. For lease expenditures incurred on or after January 1, 2014, **and before January 1, 2018,** 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 after December 31, 2017, to explore for, develop, or produce oil or gas deposits located south of 68 degrees North latitude and outside of the Cook Inlet sedimentary basin, a producer may elect to take a tax credit in the amount of 25 percent of a carried-forward annual loss. A credit under this subsection for an expenditure incurred after December 31, 2016, is subject to the requirements of (q) of this section.** 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 after December 31, 2016, 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."

Renumber the following bill sections accordingly.

Page 20, following line 15:

Insert a new bill section to read:

"*** Sec. 23.** AS 43.55.023 is amended by adding a new subsection to read:

(q) For a calendar year after December 31, 2016, to qualify for a credit under (b) of this section,

(1) the producer incurring the expenditure may not have an average daily production of more than 15,000 BTU equivalent barrels a day in the state during the calendar year in which the expenditure is incurred;

(2) the expenditure must be incurred for a lease

(A) from which the state receives a royalty under AS 38.05 or federal law and in a unit under a unit plan of development approved by the commissioner of natural resources as consistent with AS 38.05.180 or by the applicable federal agency; and

(B) in which the producer has a working interest; and

(3) if the unit is in the Cook Inlet sedimentary basin, the producer incurring the expenditure must have produced oil or gas in the Cook Inlet sedimentary basin before January 1, 2017."

Renumber the following bill sections accordingly.

Page 36, line 17:
Delete "secs. 21 and 22"
Insert "secs. 20 and 21"

Page 37, lines 4 - 12:
Delete all material.

Page 38, line 15:
Delete "Sections 51 and 52"
Insert "Sections 50 and 51"

Page 38, line 16:
Delete "20 - 22"
Insert "20, 21"
Delete "47 - 50"
Insert "47 - 49"

Page 38, line 18:
Delete "secs. 53 and 54"
Insert "secs. 52 and 53"

Senator Wielechowski moved for the adoption of Amendment No. 3. Senator Giessel objected.

The question being: "Shall Amendment No. 3 be adopted?" The roll was taken with the following result:

SCS 2d CSHB 247(FIN)
Second Reading
Amendment No. 3

YEAS: 4 NAYS: 16 EXCUSED: 0 ABSENT: 0

Yeas: Egan, Ellis, Gardner, Wielechowski

Nays: Coghill, Costello, Dunleavy, Giessel, Hoffman, Huggins, Kelly, MacKinnon, McGuire, Micciche, Olson, Stedman, Stevens, Stoltze, Bishop, Meyer

and so, Amendment No. 3 failed.

Senator Wielechowski offered Amendment No. 4:

Page 11, line 2, following "(6)":
Insert "**and (11)**"

Page 13, line 6, following "**(10)**":
Insert "**and (11)**"

Page 16, line 9, following "**year**":
Insert "**;**
(11) after December 31, 2016, for the purposes of a calculation under (5) or (7) of this subsection, a reduction resulting from a credit under AS 43.55.024(j) may not be
(A) applied to reduce an installment payment to less than the applicable percentage under AS 43.55.011(f); or
(B) less than the amount of the credit accrued for the month for which the installment payment is due"

Page 21, line 1, following "AS 43.55.011(f).":

Insert "**The total amount of a tax credit under this subsection may not, for a calendar year, exceed the sum of the reductions resulting from this subsection from installment payments under AS 43.55.020(a) for the year.**"

Senator Wielechowski moved for the adoption of Amendment No. 4. Senator Giessel objected.

The question being: "Shall Amendment No. 4 be adopted?" The roll was taken with the following result:

SCS 2d CSHB 247(FIN)
Second Reading
Amendment No. 4

YEAS: 4 NAYS: 16 EXCUSED: 0 ABSENT: 0

Yeas: Egan, Ellis, Gardner, Wielechowski

Nays: Costello, Dunleavy, Giessel, Hoffman, Huggins, Kelly, MacKinnon, McGuire, Micciche, Olson, Stedman, Stevens, Stoltze, Bishop, Coghill, Meyer

and so, Amendment No. 4 failed.

Senator Wielechowski offered Amendment No. 5:

Page 26, following line 19:

Insert a new bill section to read:

"*** Sec. 34.** AS 43.55.150 is amended by adding a new subsection to read:

(d) The gross value at the point of production may not be less than zero."

Renumber the following bill sections accordingly.

Page 35, line 31:

Delete "sec. 45"

Insert "sec. 46"

Page 36, line 3:
Delete "sec. 45"
Insert "sec. 46"

Page 36, line 5:
Delete "sec. 45"
Insert "sec. 46"

Page 36, line 8:
Delete "sec. 45"
Insert "sec. 46"

Page 36, line 10:
Delete "sec. 45"
Insert "sec. 46"

Page 36, line 12:
Delete "sec. 45"
Insert "sec. 46"

Page 36, lines 16 - 17:
Delete "sec. 45"
Insert "sec. 46"

Page 36, line 18:
Delete "sec. 38"
Insert "sec. 39"

Page 36, line 19:
Delete "sec. 39"
Insert "sec. 40"

Page 36, line 21:
Delete "sec. 45"
Insert "sec. 46"

Page 36, line 24:
Delete "sec. 45"
Insert "sec. 46"

Page 36, line 26:
Delete "sec. 45"
Insert "sec. 46"

Page 36, line 29:
Delete "sec. 45"
Insert "sec. 46"

Page 37, line 1:
Delete "sec. 45"
Insert "sec. 46"

Page 37, lines 2 - 3:
Delete "sec. 45"
Insert "sec. 46"

Page 37, line 16:
Delete "sec. 36"
Insert "sec. 37"

Page 37, line 20:
Delete "sec. 45"
Insert "sec. 46"

Page 38, line 15:
Delete "Sections 51 and 52"
Insert "Sections 52 and 53"

Page 38, line 16:
Delete "36 - 40, 45, 47 - 50"
Insert "37 - 41, 46, 48 - 51"

Page 38, line 17:
Delete "sec. 42"
Insert "sec. 43"

Page 38, line 18:
Delete "secs. 53 and 54"
Insert "secs. 54 and 55"

Senator Wielechowski moved for the adoption of Amendment No. 5. Senator Giessel objected.

The question being: "Shall Amendment No. 5 be adopted?" The roll was taken with the following result:

SCS 2d CSHB 247(FIN)
Second Reading
Amendment No. 5

YEAS: 4 NAYS: 16 EXCUSED: 0 ABSENT: 0

Yeas: Egan, Ellis, Gardner, Wielechowski

Nays: Dunleavy, Giessel, Hoffman, Huggins, Kelly, MacKinnon, McGuire, Micciche, Olson, Stedman, Stevens, Stoltze, Bishop, Coghill, Costello, Meyer

and so, Amendment No. 5 failed.

Senator Wielechowski offered Amendment No. 6:

Page 20, line 24, through page 21, line 28:
Delete all material and insert:
"*** Sec. 25.** 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** [MEET ANY OF THE CRITERIA IN] 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 **from a lease or property**

(1) north of 68 degrees North latitude, within a unit that had first commercial production within 20 years after establishment under AS 38.05.180(p), and within a unit or nonunitized reservoir that has cumulatively produced

400,000,000 barrels of oil by the close of the most recent calendar year and from which the average daily production of oil from the unit or nonunitized reservoir during the most recent calendar year exceeded 20,000 barrels is

(A) $4 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;

(B) $3.50 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;

(C) $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 $90 a barrel, but less than $100 a barrel;

(D) $2.50 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;

(E) $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 $110 a barrel, but less than $120 a barrel;

(F) $1.50 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;

(G) $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 $130 a barrel, but less than $140 a barrel;

(H) $.50 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;

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

(2) not described in (1) of this subsection is

(A) [(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;

(B) [(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;

(C) [(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;

(D) [(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;

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

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

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

(H) [(8)] $1 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $140 a barrel, but less than $150 a barrel;

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

Senator Wielechowski moved for the adoption of Amendment No. 6. Senator Giessel objected.

The question being: "Shall Amendment No. 6 be adopted?" The roll was taken with the following result:

SCS 2d CSHB 247(FIN)
Second Reading
Amendment No. 6

YEAS: 4 NAYS: 16 EXCUSED: 0 ABSENT: 0

Yeas: Egan, Ellis, Gardner, Wielechowski

Nays: Giessel, Hoffman, Huggins, Kelly, MacKinnon, McGuire, Micciche, Olson, Stedman, Stevens, Stoltze, Bishop, Coghill, Costello, Dunleavy, Meyer

and so, Amendment No. 6 failed.

Senator Wielechowski offered Amendment No. 7:

Page 27, line 10:
Delete "**seven**"
Insert "**five**"

Page 27, line 12:
Delete "**January 1, 2023**"
Insert "**January 1, 2021**"

Page 28, line 5:
Delete "**seven**"
Insert "**five**"

Page 28, line 8:
Delete "**January 1, 2023**"
Insert "**January 1, 2021**"

Senator Wielechowski moved for the adoption of Amendment No. 7. Senator Giessel objected.

The question being: "Shall Amendment No. 7 be adopted?" The roll was taken with the following result:

SCS 2d CSHB 247(FIN)
Second Reading
Amendment No. 7

YEAS: 4 NAYS: 16 EXCUSED: 0 ABSENT: 0

Yeas: Ellis, Gardner, Wielechowski, Egan

Nays: Giessel, Hoffman, Huggins, Kelly, MacKinnon, McGuire, Micciche, Olson, Stedman, Stevens, Stoltze, Bishop, Coghill, Costello, Dunleavy, Meyer

and so, Amendment No. 7 failed.

Senator Wielechowski offered Amendment No. 8:

Page 6, following line 11:

Insert a new bill section to read:

"* **Sec. 14.** AS 43.55.011(e) is amended to read:

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

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

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

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

(2) on and after January 1, 2014, and before January 1, 2022, the tax is equal to **<u>the sum of</u>**

<u>(A)</u> the annual production tax value of the taxable oil and gas as calculated under AS 43.55.160(a)(1) multiplied by 35 percent; **<u>and</u>**

<u>(B) the sum, over all months of the calendar year, of the tax amounts determined under (q) of this section;</u>

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

(A) oil is equal to **<u>the sum of</u>**

(i) the annual production tax value of the taxable oil as calculated under AS 43.55.160(h) multiplied by 35 percent; **and**

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

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

Renumber the following bill sections accordingly.

Page 8, following line 2:

Insert a new bill section to read:

"*** Sec. 18.** AS 43.55.011 is amended by adding a new subsection to read:

(q) On and after January 1, 2017, for each month of the calendar year for which the producer's average monthly production tax value under AS 43.55.160 of a barrel of taxable oil is more than $20, the department shall impose a tax on oil, in addition to the tax under AS 43.55.011(e), at the rate of 0.3 percent multiplied by the number that represents the difference between the average monthly production tax value of a barrel of oil and $20. The tax under this subsection applies to oil produced from a lease or property within a unit or nonunitized reservoir that has cumulatively produced 400,000,000 barrels of oil by the close of the most recent calendar year and from which the average daily production of oil from the unit or nonunitized reservoir during the most recent calendar year exceeds 20,000 barrels."

Renumber the following bill sections accordingly.

Page 11, line 11:

Delete "35 percent"

Insert "**the sum of** 35 percent **and the tax rate calculated for the month under AS 43.55.011(q)**"

Page 11, line 25:
Delete "35 percent"
Insert "**the sum of** 35 percent **and the tax rate calculated for the month under AS 43.55.011(q)**"

Page 12, line 6:
Delete "35 percent"
Insert "**the sum of** 35 percent **and the tax rate calculated for the month under AS 43.55.011(q)**"

Page 12, line 15:
Delete "35 percent"
Insert "**the sum of** 35 percent **and the tax rate calculated for the month under AS 43.55.011(q)**"

Page 13, line 18:
Delete "35 percent"
Insert "**the sum of** 35 percent **and the tax rate calculated for the month under AS 43.55.011(q)**"

Page 14, line 3:
Delete "35 percent"
Insert "**the sum of** 35 percent **and the tax rate calculated for the month under AS 43.55.011(q)**"

Page 14, line 12:
Delete "35 percent"
Insert "**the sum of** 35 percent **and the tax rate calculated for the month under AS 43.55.011(q)**"

Page 14, line 26:
Delete "35 percent"
Insert "**the sum of** 35 percent **and the tax rate calculated for the month under AS 43.55.011(q)**"

Page 15, line 9:
Delete "**35 percent**"
Insert "**the sum of 35 percent and the tax rate calculated for the month under AS 43.55.011(q)**"

Page 17, line 28:
Delete "sec. 19"
Insert "sec. 21"

Page 23, line 20:
Delete "sec. 28"
Insert "sec. 30"

Page 35, line 21:
Delete "sec. 27"
Insert "sec. 29"

Page 35, line 22:
Delete "sec. 30"
Insert "sec. 32"

Page 35, line 24:
Delete "sec. 29"
Insert "sec. 31"

Page 35, line 25:
Delete "27, 29, and 30"
Insert "29, 31, and 32"

Page 35, line 26:
Delete "sec. 15"
Insert "sec. 16"

Page 35, line 27:
Delete "sec. 15"
Insert "sec. 16"

Page 35, line 31:
Delete "sec. 45"
Insert "sec. 47"

Page 36, line 1:
Delete "secs. 26 and 29"
Insert "secs. 28 and 31"

Page 36, line 3:
Delete "sec. 45"
Insert "sec. 47"

Page 36, line 5:
Delete "sec. 45"
Insert "sec. 47"

Page 36, line 7:
Delete "secs. 26 and 29"
Insert "secs. 28 and 31"

Page 36, line 8:
Delete "sec. 45"
Insert "sec. 47"

Page 36, line 10:
Delete "sec. 45"
Insert "sec. 47"

Page 36, line 12:
Delete "sec. 45"
Insert "sec. 47"

Page 36, lines 16 - 17:
Delete "sec. 45"
Insert "sec. 47"

Page 36, line 17:
Delete "secs. 21 and 22"
Insert "secs. 23 and 24"

Page 36, line 18:
Delete "sec. 31"
Insert "sec. 33"
Delete "sec. 38"
Insert "sec. 40"

Page 36, line 19:
Delete "sec. 39"
Insert "sec. 41"

Page 36, line 21:
Delete "sec. 45"
Insert "sec. 47"

Page 36, line 24:
Delete "sec. 45"
Insert "sec. 47"

Page 36, line 26:
Delete "sec. 45"
Insert "sec. 47"

Page 36, line 29:
Delete "sec. 45"
Insert "sec. 47"

Page 37, line 1:
Delete "sec. 45"
Insert "sec. 47"

Page 37, lines 2 - 3:
Delete "sec. 45"
Insert "sec. 47"

Page 37, line 7:
Delete "sec. 20"
Insert "sec. 22"

Page 37, line 8:
Delete "sec. 20"
Insert "sec. 22"

Page 37, line 12:
Delete "sec. 20"
Insert "sec. 22"

Page 37, line 16:
Delete "sec. 36"
Insert "sec. 38"

Page 37, line 17:
Delete "sec. 45"
Insert "sec. 47"

Page 37, line 20:
Delete "sec. 45"
Insert "sec. 47"

Page 38, line 15:
Delete "Sections 51 and 52"
Insert "Sections 53 and 54"

Page 38, line 16:
Delete "Sections 20 - 22, 26, 29, 31 - 33, 36 - 40, 45, 47 - 50"
Insert "Sections 22 - 24, 28, 31, 33 - 35, 38 - 42, 47, 49 - 52"

Page 38, line 17:
Delete "sec. 42"
Insert "sec. 44"

Page 38, line 18:
Delete "secs. 53 and 54"
Insert "secs. 55 and 56"

Senator Wielechowski moved for the adoption of Amendment No. 8. Senator Giessel objected.

The question being: "Shall Amendment No. 8 be adopted?" The roll was taken with the following result:

SCS 2d CSHB 247(FIN)
Second Reading
Amendment No. 8

YEAS: 4 NAYS: 15 EXCUSED: 0 ABSENT: 1

Yeas: Gardner, Wielechowski, Egan, Ellis

Nays: Giessel, Hoffman, Huggins, MacKinnon, McGuire, Micciche, Olson, Stedman, Stevens, Stoltze, Bishop, Coghill, Costello, Dunleavy, Meyer

Absent: Kelly

and so, Amendment No. 8 failed.

Senator Wielechowski offered Amendment No. 9:

Page 4, lines 20 - 25:
Delete all material and insert:
"*** Sec. 9.** AS 43.05.230 is amended by adding a new subsection to read:

(*l*) The following information for persons claiming a credit under AS 43.55 is public:

(1) the name of each person claiming a credit under AS 43.55;

(2) the aggregate amount of credits under AS 43.55 claimed by the taxpayer in the calendar year, except for the credit in AS 43.55.024(j);

(3) a description of the taxpayer's activities that generated the credits claimed under AS 43.55; and

(4) the aggregate amount of tax credits purchased under each statutory section or subsection, as applicable, classified to prevent the identification of a particular taxpayer."

Page 38, following line 15:
Insert a new bill section to read:
"*** Sec. 54.** Sections 7 and 9 of this Act take effect July 1, 2016."

Renumber the following bill sections accordingly.

Page 38, line 18:
Delete "secs. 53 and 54"
Insert "secs. 53 - 55"

Senator Wielechowski moved for the adoption of Amendment No. 9. Senator Giessel objected.

The question being: "Shall Amendment No. 9 be adopted?" The roll was taken with the following result:

SCS 2d CSHB 247(FIN)
Second Reading
Amendment No. 9

YEAS: 6 NAYS: 14 EXCUSED: 0 ABSENT: 0

Yeas: Micciche, Stoltze, Wielechowski, Egan, Ellis, Gardner

Nays: Giessel, Hoffman, Huggins, Kelly, MacKinnon, McGuire, Olson, Stedman, Stevens, Bishop, Coghill, Costello, Dunleavy, Meyer

and so, Amendment No. 9 failed.

Senator Wielechowski offered Amendment No. 10:

Page 6, following line 11:
Insert a new bill section to read:
"*** Sec. 14.** 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 **July 1, 2016** [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, 2017, but before January 1, 2022, from leases or properties that include land north of 68 degrees North latitude,**

(A) by a producer that does not qualify under (B) of this paragraph, may not be less than

(i) 10 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 $85;

(ii) nine 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 $80 but not over $85;

(iii) eight 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 $75 but not over $80;

(iv) seven 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 $70 but not over $75;

(v) six 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 $65 but not over $70;

(vi) five 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 $60 but not over $65; or

(vii) 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 $60 or less; or

(B) by a producer that produces less than an average of 30,000 barrels of oil a day, in total, from leases or properties located north of 68 degrees North latitude and that produces oil or gas that qualifies for a reduction in the gross value of the point of production under AS 43.55.160(f) may not be less than

(i) 10 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 $100;

(ii) nine 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 $95 but not over $100;

(iii) eight 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 $90 but not over $95;

(iv) seven 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

<u>the tax is due is over $85 but not over $90;</u>

<u>(v) six 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 $80 but not over $85;</u>

<u>(vi) five 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 $75 but not over $80; or</u>

<u>(vii) 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 $75 or less; and</u>

<u>(3)</u> oil produced on and after January 1, 2022, from leases or properties that include land north of 68 degrees North latitude,

<u>(A) by a producer that does not qualify under (B) of this paragraph,</u> may not be less than

<u>(i) 10</u> [(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 **<u>$85</u>** [$25];

<u>(ii) nine</u> [(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 **<u>$80</u>** [$20] but not over **<u>$85</u>** [$25];

<u>(iii) eight</u> [(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 **<u>$75</u>** [$17.50] but not over **<u>$80</u>** [$20];

(iv) seven [(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 **$70** [$15] but not over **$75;**

(v) six 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 $65 but not over $70;

(vi) five 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 $60 but not over $65 [$17.50]; or

(vii) four [(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 **$60** [$15] or less**; or**

(B) by a producer that produces less than an average of 30,000 barrels of oil a day, in total, from leases or properties located north of 68 degrees North latitude and that produces oil that qualifies for a reduction in the gross value of the point of production under AS 43.55.160(f) may not be less than

(i) 10 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 $100;

(ii) nine 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 $95 but not over $100;

(iii) eight 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 $90 but not over $95;

(iv) seven 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 $85 but not over $90;

(v) six 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 $80 but not over $85;

(vi) five 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 $75 but not over $80; or

(vii) 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 $75 or less."

Renumber the following bill sections accordingly.

Page 11, line 22:
Delete "or four percent"
Insert "[OR] four percent**, or five percent**"

Page 13, lines 14 - 15:
Delete "zero percent, one percent, two percent, three percent, or four percent, as applicable,"
Insert "**five** [ZERO] percent [, ONE PERCENT, TWO PERCENT, THREE PERCENT, OR FOUR PERCENT, AS APPLICABLE,]"

Page 15, line 28:
Delete "AS 43.55.011(f)(1) or (2)"
Insert "**<u>AS 43.55.011(f)</u>** [AS 43.55.011(f)(1) OR (2)]"

Page 15, lines 29 - 30:
Delete "AS 43.55.011(f)(1) and (2)"
Insert "**<u>AS 43.55.011(f)</u>** [AS 43.55.011(f)(1) AND (2)]"

Page 16, following line 9:
Insert a new bill section to read:
"*** Sec. 19.** AS 43.55 is amended by adding a new section to read:

Sec. 43.55.022. Limitations on tax credits. (a) Notwithstanding any contrary provision of this chapter, the application of tax credits under this chapter is subject to the limitations set out in this section.

(b) A tax credit or a fraction of a tax credit under AS 43.55.023, 43.55.024, and 43.55.025 may not be subtracted in calculating an installment payment of estimated tax required under AS 43.55.020(a) if the resulting amount of the installment payment would be less than the amount in AS 43.55.020(a)(5)(B)(ii) or 43.55.020(a)(7)(A)(ii), as applicable.

(c) The total amount of tax credits under AS 43.55.023, 43.55.024, and 43.55.025 that may be applied against a tax levied by AS 43.55.011(e) 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 (b) of this section to be subtracted in calculating the installment payments of estimated tax for each month in the calendar year."

Renumber the following bill sections accordingly.

Page 17, line 28:
Delete "sec. 19"
Insert "sec. 21"

Page 18, following line 25:
Insert a new bill section to read:
"*** Sec. 23.** AS 43.55.023(c) is amended to read:

(c) A credit or portion of a credit under this section may not be used to reduce a person's tax liability under AS 43.55.011(e) for any calendar year below **<u>the amount calculated under</u>**

AS 43.55.011(f) [ZERO], and any unused credit or portion of a credit not used under this subsection may be applied in a later calendar year."

Renumber the following bill sections accordingly.

Page 20, following line 15:

Insert new bill sections to read:

"*** Sec. 27.** AS 43.55.024(f) is amended to read:

(f) A tax credit authorized by (a) of this section may not be applied to reduce a producer's tax liability for any calendar year under AS 43.55.011(e) on oil and gas produced from leases or properties outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, below **the amount calculated under AS 43.55.011(f)** [ZERO].

*** Sec. 28.** AS 43.55.024(g) is amended to read:

(g) A tax credit authorized by (c) of this section may not be applied to reduce a producer's tax liability for any calendar year under AS 43.55.011(e) below **the amount calculated under AS 43.55.011(f)** [ZERO]."

Renumber the following bill sections accordingly.

Page 20, line 23:

Delete "zero"

Insert "**the amount calculated under AS 43.55.011(f)** [ZERO]"

Page 21, following line 28:

Insert new bill sections to read:

"*** Sec. 31.** AS 43.55.025(i) is amended to read:

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

(1) a credit may not be applied to reduce a taxpayer's tax liability under AS 43.55.011(e) below **the amount calculated under AS 43.55.011(f)** [ZERO] for a calendar year; and

(2) an amount of the production tax credit in excess of the amount that may be applied for a calendar year under this subsection may be carried forward and applied against the taxpayer's tax liability under AS 43.55.011(e) in one or more later calendar years.

*** Sec. 32.** AS 43.55.025 is amended by adding a new subsection to read:

(q) A credit or portion of a credit under this section may not be used to reduce a person's tax liability under AS 43.55.011(e) for any calendar year below the amount calculated under AS 43.55.011(f)."

Renumber the following bill sections accordingly.

Page 23, line 20:
Delete "sec. 28"
Insert "sec. 35"

Page 26, following line 19:
Insert a new bill section to read:
"*** Sec. 41.** AS 43.55.150 is amended by adding a new subsection to read:

(d) The gross value at the point of production may not be less than zero."

Renumber the following bill sections accordingly.

Page 35, line 21:
Delete "sec. 27"
Insert "sec. 34"

Page 35, line 22:
Delete "sec. 30"
Insert "sec. 37"

Page 35, line 24:
Delete "sec. 29"
Insert "sec. 36"

Page 35, line 25:
Delete "27, 29, and 30"
Insert "34, 36, and 37"

Page 35, line 26:
Delete "sec. 15"
Insert "sec. 16"

Page 35, line 27:
Delete "sec. 15"
Insert "sec. 16"

Page 35, line 31:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 1:
Delete "secs. 26 and 29"
Insert "secs. 33 and 36"

Page 36, line 3:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 5:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 7:
Delete "secs. 26 and 29"
Insert "secs. 33 and 36"

Page 36, line 8:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 10:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 12:
Delete "sec. 45"
Insert "sec. 53"

Page 36, lines 16 - 17:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 17:
Delete "secs. 21 and 22"
Insert "secs. 24 and 25"

Page 36, line 18:
Delete "sec. 31"
Insert "sec. 38"
Delete "sec. 38"
Insert "sec. 46"

Page 36, line 19:
Delete "sec. 39"
Insert "sec. 47"

Page 36, line 21:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 24:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 26:
Delete "sec. 45"
Insert "sec. 53"

Page 36, line 29:
Delete "sec. 45"
Insert "sec. 53"

Page 37, line 1:
Delete "sec. 45"
Insert "sec. 53"

Page 37, lines 2 - 3:
Delete "sec. 45"
Insert "sec. 53"

Page 37, line 7:
Delete "sec. 20"
Insert "sec. 22"

Page 37, line 8:
Delete "sec. 20"
Insert "sec. 22"

Page 37, line 12:
Delete "sec. 20"
Insert "sec. 22"

Page 37, line 16:
Delete "sec. 36"
Insert "sec. 44"

Page 37, line 17:
Delete "sec. 45"
Insert "sec. 53"

Page 37, line 20:
Delete "sec. 45"
Insert "sec. 53"

Page 38, line 15:
Delete "Sections 51 and 52"
Insert "Sections 59 and 60"

Page 38, line 16:
Delete "Sections 20 - 22, 26, 29, 31 - 33, 36 - 40, 45, 47 - 50"
Insert "Sections 22, 24, 25, 33, 36, 38 - 40, 44 - 48, 53, 55 - 58"

Page 38, line 17:
Delete "sec. 42"
Insert "sec. 50"

Page 38, line 18:
Delete "secs. 53 and 54"
Insert "secs. 61 and 62"

Senator Wielechowski moved for the adoption of Amendment No. 10. Senator Giessel objected.

The question being: "Shall Amendment No. 10 be adopted?" The roll was taken with the following result:

SCS 2d CSHB 247(FIN)
Second Reading
Amendment No. 10

YEAS: 4 NAYS: 16 EXCUSED: 0 ABSENT: 0

Yeas: Wielechowski, Egan, Ellis, Gardner

Nays: Hoffman, Huggins, Kelly, MacKinnon, McGuire, Micciche, Olson, Stedman, Stevens, Stoltze, Bishop, Coghill, Costello, Dunleavy, Giessel, Meyer

and so, Amendment No. 10 failed.

Senator Wielechowski offered Amendment No. 11:

Page 22, line 10:
Delete "**$70,000,000**"
Insert "**$25,000,000**"

Page 22, line 18:
Delete "**$70,000,000**"
Insert "**$25,000,000**"

Page 22, line 26:
Delete "and"
Insert "[AND]"

Page 22, line 27, following "(5)":

Insert "**<u>during the calendar year preceding the calendar year in which the application is made, the applicant's revenue generated from the applicant's oil and gas business, including the revenue of the applicant's affiliates if the applicant is part of an affiliated group, did not exceed $10,000,000,000; and</u>**

<u>(6)</u>"

Senator Wielechowski moved for the adoption of Amendment No. 11. Senator Giessel objected.

The question being: "Shall Amendment No. 11 be adopted?" The roll was taken with the following result:

SCS 2d CSHB 247(FIN)
Second Reading
Amendment No. 11

YEAS: 4 NAYS: 16 EXCUSED: 0 ABSENT: 0

Yeas: Wielechowski, Egan, Ellis, Gardner

Nays: Huggins, Kelly, MacKinnon, McGuire, Micciche, Olson, Stedman, Stevens, Stoltze, Bishop, Coghill, Costello, Dunleavy, Giessel, Hoffman, Meyer

and so, Amendment No. 11 failed.

Senator MacKinnon offered Amendment No. 12:

Page 2, lines 1 - 3:

Delete "(1) verify regular production for the purposes of AS 43.55.023(b) and (*l*); and

(2)"

Page 13, lines 11 - 12:

Delete "that include land north of 68 degrees North latitude"

Insert "**<u>subject to AS 43.55.011(f)</u>** [THAT INCLUDE LAND NORTH OF 68 DEGREES NORTH LATITUDE]"

Page 15, line 1, following "state":

Insert "**<u>outside the Cook Inlet sedimentary basin</u>**"

Page 16, line 17, following "expenditure":

Insert "**to explore for, develop, or produce oil or gas deposits located**"

Page 20, line 9:

Delete "state south of 68 degrees North latitude"

Insert "**Cook Inlet sedimentary basin** [STATE SOUTH OF 68 DEGREES NORTH LATITUDE]"

Page 21, line 29, through page 22, line 3:

Delete all material.

Renumber the following bill sections accordingly.

Page 23, line 20, through page 24, line 9:

Delete all material.

Renumber the following bill sections accordingly.

Page 28, lines 3 - 8:

Delete "**For oil or gas first produced after December 31, 2016, a reduction allowed under this subsection applies to oil or gas produced from a lease or property for the first seven years after the commencement of regular production of oil or gas from that lease or property. For oil or gas first produced before January 1, 2017, a reduction allowed under this subsection for a lease or property expires January 1, 2023.**"

Insert "**For oil and gas first produced from a lease or property after December 31, 2016, a reduction allowed under this subsection applies from the date of commencement of regular production of oil and gas from that lease or property and expires after three years, consecutive or nonconsecutive, in which the average annual price per barrel for Alaska North Slope crude oil for sale on the United States West Coast is more than $70 or after seven years, whichever occurs first. For oil and gas first produced from a lease or property before January 1, 2017, a reduction allowed under this subsection expires on the earlier of January 1, 2023, or January 1 following three years, consecutive or nonconsecutive, in which the average annual price per barrel for Alaska North Slope crude oil for sale on the United States West Coast is more than $70.**"

Page 28, following line 11:
Insert a new bill section to read:
"*** Sec. 34.** AS 43.55.160(h) is amended to read:

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

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

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

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

(4) from leases or properties in the state no part of which is north of 68 degrees North latitude, other than leases or properties subject to (2) or (3) of this subsection, is the gross value at the point of production of that oil less the producer's lease expenditures under AS 43.55.165 for the calendar year incurred to explore for, develop, or produce oil and gas deposits located in the state south of 68 degrees North latitude, other than oil and gas deposits located in a lease or property in the state that includes land north of 68 degrees North latitude, and excluding lease expenditures that are deductible under (2) or (3) of this subsection or would be deductible under (2) or (3) of this subsection if not prohibited by (b) of this section, as adjusted under AS 43.55.170**; a separate annual production tax value shall be calculated for**

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

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

Renumber the following bill sections accordingly.

Page 35, line 15:
Delete "AS 43.20.053;"

Page 35, line 21:
Delete "sec. 27"
Insert "sec. 26"

Page 35, line 22:
Delete "sec. 30"
Insert "sec. 28"

Page 35, line 24:
Delete "sec. 29"
Insert "sec. 27"

Page 35, line 25:
Delete "27, 29, and 30"
Insert "and 26 - 28"

Page 35, line 28, through page 36, line 12:
Delete all material.

Renumber the following bill sections accordingly.

Page 36, lines 16 - 17:
Delete "sec. 45"
Insert "sec. 44"

Page 36, line 18:
Delete "sec. 31"
Insert "sec. 29"
Delete "sec. 38"
Insert "sec. 37"

Page 36, line 19:
Delete "sec. 39"
Insert "sec. 38"

Page 36, line 21:
Delete "sec. 45"
Insert "sec. 44"

Page 36, line 24:
Delete "sec. 45"
Insert "sec. 44"

Page 36, line 26:
Delete "sec. 45"
Insert "sec. 44"

Page 36, line 29:
Delete "sec. 45"
Insert "sec. 44"

Page 37, line 1:
Delete "sec. 45"
Insert "sec. 44"

Page 37, lines 2 - 3:
Delete "sec. 45"
Insert "sec. 44"

Page 37, line 16:
Delete "sec. 36"
Insert "sec. 35"

Page 37, line 17:
Delete "sec. 45"
Insert "sec. 44"

Page 37, line 20:
Delete "sec. 45"
Insert "sec. 44"

Page 38, line 15:
Delete "Sections 51 and 52"
Insert "Sections 49 and 50"

Page 38, line 16:
Delete "26, 29, 31 - 33, 36 - 40, 45, 47 - 50"
Insert "29 - 31, 35 - 39, 44, 46 - 48"

Page 38, line 17:
Delete "sec. 42"
Insert "sec. 41"

Page 38, line 18:
Delete "secs. 53 and 54"
Insert "secs. 51 and 52"

Senator MacKinnon moved for the adoption of Amendment No. 12. Senator Giessel objected, then withdrew her objection. There being no further objection, Amendment No. 12 was adopted.

Senators MacKinnon, Bishop, Dunleavy, Coghill, Micciche, Kelly, Costello, Huggins, Giessel, Stevens, Hoffman, Olson offered Amendment No. 13:

Page 16, line 10, through page 20, line 15:

Delete all material and insert:

"*** Sec. 18.** AS 43.55.023(a) is amended to read:

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

(1) notwithstanding that a qualified capital expenditure may be a deductible lease expenditure for purposes of calculating the production tax value of oil and gas under AS 43.55.160(a), unless a credit for that expenditure is taken under [AS 38.05.180(i), AS 41.09.010,] AS 43.20.043 [,] or AS 43.55.025, a producer or explorer that incurs a qualified capital expenditure may also elect to apply a tax credit against a tax levied by AS 43.55.011(e) in the amount of **10** [20] percent of that expenditure;

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

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

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

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

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

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

*** Sec. 19.** 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 35 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. 20.** AS 43.55.023(*l*) is amended to read:

(*l*) A producer or explorer may apply for a tax credit for a well lease expenditure incurred in the state south of 68 degrees North latitude after June 30, 2010, as follows:

(1) notwithstanding that a well lease expenditure incurred in the state south of 68 degrees North latitude may be a deductible lease expenditure for purposes of calculating the production tax value of oil and gas under AS 43.55.160(a), unless a credit for that expenditure is taken under (a) of this section, [AS 38.05.180(i), AS 41.09.010,] AS 43.20.043, or AS 43.55.025, a producer or explorer that incurs a well lease expenditure in the state south of 68 degrees North latitude may elect to apply a tax

credit against a tax levied by AS 43.55.011(e) in the amount of

(A) 40 percent of that expenditure **incurred before January 1, 2017;**

(B) 20 percent of that expenditure incurred on or after January 1, 2017 [; A TAX CREDIT UNDER THIS PARAGRAPH MAY BE APPLIED FOR A SINGLE CALENDAR YEAR];

(2) a producer or explorer may take a credit for a well lease expenditure incurred in the state south of 68 degrees North latitude in connection with geological or geophysical exploration or in connection with an exploration well only if the producer or explorer

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

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

(3) a credit for a well lease expenditure incurred to explore for, develop, or produce oil or gas deposits located in the Cook Inlet sedimentary basin may be taken only if the expenditure is incurred before January 1, 2018."

Renumber the following bill sections accordingly.

Page 21, following line 28:

Insert a new bill section to read:

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

(m) The persons that drill the first four exploration wells in the state and within the areas described in (o) of this section on state lands, private lands, or federal onshore lands for the purpose of discovering oil or gas that penetrate and evaluate a prospect in a basin described in (o) of this section are eligible for a credit under (a)(6) of this section. A credit under this subsection may not be taken for more than two exploration wells in a single area described in (o)(1) - (6) of this section. **Notwithstanding (b) of this section, exploration** [EXPLORATION] expenditures eligible for the credit in this subsection must be incurred for work performed after June 1, 2012, and before **January 1, 2017, except that expenditures to complete an exploration well that was spudded but not completed before January 1, 2017, are**

eligible for the credit under this subsection [JULY 1, 2016]. A person planning to drill an exploration well on private land and to apply for a credit under this subsection shall obtain written consent from the owner of the oil and gas interest for the full public release of all well data after the expiration of the confidentiality period applicable to information collected under (f) of this section. The written consent of the owner of the oil and gas interest must be submitted to the commissioner of natural resources before approval of the proposed exploration well. In addition to the requirements in (c)(1), (c)(2)(A), and (c)(2)(C) of this section and submission of the written consent of the owner of the oil and gas interest, a person planning to drill an exploration well shall obtain approval from the commissioner of natural resources before the well is spudded. The commissioner of natural resources shall make a written determination approving or rejecting an exploration well within 60 days after receiving the request for approval or as soon as is practicable thereafter. Before approving the exploration well, the commissioner of natural resources shall consider the following: the location of the well; the proximity to a community in need of a local energy source; the proximity of existing infrastructure; the experience and safety record of the explorer in conducting operations in remote or roadless areas; the projected cost schedule; whether seismic mapping and seismic data sufficiently identify a particular trap for exploration; whether the targeted and planned depth and range are designed to penetrate and fully evaluate the hydrocarbon potential of the proposed prospect and reach the level below which economic hydrocarbon reservoirs are likely to be found, or reach 12,000 feet or more true vertical depth; and whether the exploration plan provides for a full evaluation of the wellbore below surface casing to the depth of the well. Whether the exploration well for which a credit is requested under this subsection is located within an area and a basin described under (o) of this section shall be determined by the commissioner of natural resources and reported to the commissioner. A taxpayer that obtains a credit under this subsection may not claim a tax credit under AS 43.55.023 or another provision in this section for the same exploration expenditure."

Renumber the following bill sections accordingly.

Page 23, line 20:
Delete "sec. 28"
Insert "sec. 26"

Page 24, line 26, through page 26, line 19:
Delete all material.

Renumber the following bill sections accordingly.

Page 29, line 4, through page 33, line 2:
Delete all material.

Renumber the following bill sections accordingly.

Page 33, line 10:
Delete "new paragraphs"
Insert "a new paragraph"

Page 33, line 11, through page 34, line 2:
Delete all material.

Renumber the following paragraph accordingly.

Page 35, lines 15 - 16:
Delete "AS 43.55.023(a), 43.55.023(*l*), 43.55.023(n), 43.55.023(o), 43.55.028(i), 43.55.075(d)(1), 43.55.165(j),"
Insert "AS 43.55.165(j)"

Page 35, line 21:
Delete "sec. 27"
Insert "sec. 25"

Page 35, line 22:
Delete "sec. 30"
Insert "sec. 28"

Page 35, line 24:
Delete "sec. 29"
Insert "sec. 27"

Page 35, line 25:
Delete "27, 29, and 30"
Insert "25, 27, and 28"

Page 35, line 31:
Delete "sec. 45"
Insert "sec. 36"

Page 36, line 1:
Delete "secs. 26 and 29"
Insert "secs. 24 and 27"

Page 36, line 3:
Delete "sec. 45"
Insert "sec. 36"

Page 36, line 5:
Delete "sec. 45"
Insert "sec. 36"

Page 36, line 7:
Delete "secs. 26 and 29"
Insert "secs. 24 and 27"

Page 36, line 8:
Delete "sec. 45"
Insert "sec. 36"

Page 36, line 10:
Delete "sec. 45"
Insert "sec. 36"

Page 36, line 12:
Delete "sec. 45"
Insert "sec. 36"

Page 36, line 13, through page 37, line 12:
Delete all material.

Renumber the following bill sections accordingly.

Page 37, line 16:
Delete "sec. 36"
Insert "sec. 31"

Page 37, line 17:
Delete "sec. 45"
Insert "sec. 36"

Page 37, line 20:
Delete "sec. 45"
Insert "sec. 36"

Page 38, line 15:
Delete "Sections 51 and 52"
Insert "Sections 23, 40, and 41"

Page 38, lines 16 - 17:
Delete "Sections 20 - 22, 26, 29, 31 - 33, 36 - 40, 45, 47 - 50, and AS 43.55.900(26), added by sec. 42 of this Act,"
Insert "Sections 24, 27, 31, 36, 38, and 39 of this Act"

Page 38, line 18:
Delete "secs. 53 and 54"
Insert "secs. 42 and 43"

Senator MacKinnon moved for the adoption of Amendment No. 13. Senator Giessel objected, then withdrew her objection. Senator Stoltze objected.

Senator McGuire moved and asked unanimous consent to be shown as a cosponsor on Amendment No. 13. Without objection, it was so ordered.

The question being: "Shall Amendment No. 13 be adopted?" The roll was taken with the following result:

SCS 2d CSHB 247(FIN) am S
Second Reading
Amendment No. 13

YEAS: 19 NAYS: 1 EXCUSED: 0 ABSENT: 0

Yeas: Kelly, MacKinnon, McGuire, Micciche, Olson, Stedman, Stevens, Wielechowski, Bishop, Coghill, Costello, Dunleavy, Egan, Ellis, Gardner, Giessel, Hoffman, Huggins, Meyer

Nays: Stoltze

and so, Amendment No. 13 was adopted.

Senators Micciche, MacKinnon, Bishop, Dunleavy, Kelly, Hoffman, Olson offered Amendment No. 14:

Page 34, line 10, following "subdivisions;":
Insert "and"

Page 34, lines 12 - 15:
Delete "; and
(3) amounts that may be adjudged against the applicant because of negligent or improper work or breach of contract while engaged in the business of oil or gas exploration, development, or production"

Page 35, lines 2 - 7:
Delete all material and insert:
"(1) material, equipment, and supplies delivered in the state;
(2) labor, including employee benefits;
(3) taxes and other amounts due to the city and borough, in that order;
(4) repair of public facilities;
(5) taxes and other amounts due to the state."

Senator Micciche moved for the adoption of Amendment No. 14. Senator Giessel objected, then withdrew her objection. There being no further objection, Amendment No. 14 was adopted.

SENATE CS FOR 2d CS FOR HOUSE BILL NO. 247(FIN) am S was automatically in third reading.

Senator Wielechowski rose to a point of order.

The question being: "Shall SENATE CS FOR 2d CS FOR HOUSE BILL NO. 247(FIN) am S "An Act relating to the exploration incentive credits; relating to the powers and duties of the Alaska Oil and Gas Conservation Commission; relating to interest applicable to delinquent tax; relating to the oil and gas production tax, tax payments, and credits; relating to tax credit certificates; relating to refunds for the gas storage facility tax credit, the liquefied natural gas storage facility tax credit, and the qualified in-state oil refinery infrastructure expenditures tax credit; relating to oil and gas lease expenditures and production tax credits for municipal entities; requiring a bond or cash deposit with a business license application for an oil or gas business; and providing for an effective date" pass the Senate?" The roll was taken with the following result:

SCS 2d CSHB 247(FIN) am S
Third Reading - Final Passage
Effective Dates

YEAS: 14 NAYS: 6 EXCUSED: 0 ABSENT: 0

Yeas: MacKinnon, Micciche, Olson, Stedman, Stevens, Bishop, Coghill, Costello, Dunleavy, Giessel, Hoffman, Huggins, Kelly, Meyer

Nays: McGuire, Stoltze, Wielechowski, Egan, Ellis, Gardner

and so, SENATE CS FOR 2d CS FOR HOUSE BILL NO. 247(FIN) am S passed the Senate.

Senator Coghill moved and asked unanimous consent that the vote on the passage of the bill be considered the vote on the effective date clauses. Without objection, it was so ordered.

In accordance with Uniform Rule 43, engrossment was waived on SENATE CS FOR 2d CS FOR HOUSE BILL NO. 247(FIN) am S and the bill was returned to the House for consideration with certified amendments.

SCR 32
Senator Coghill moved and asked unanimous consent to take up SENATE CONCURRENT RESOLUTION NO. 32, which had been held on the Secretary's desk (page 2824). Without objection, the resolution was before the Senate on final passage.

The question being: "Shall SENATE CONCURRENT RESOLUTION NO. 32 Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning House Bill No. 247, amending the powers of the board of trustees of the Alaska Retirement Management Board to authorize purchase and sale of transferable tax credit certificates issued in conjunction with the production tax on oil and gas; relating to interest applicable to delinquent tax; relating to the oil and gas production tax, tax payments, and credits; relating to exploration incentive credits; relating to refunds for the gas storage facility tax credit, the liquefied natural gas storage facility tax credit, and the qualified in-state oil refinery infrastructure expenditures tax credit; relating to the confidential information status and public record status of information in the possession of the Department of Revenue; relating to oil and gas lease expenditures and production tax credits for municipal entities; requiring a bond or cash deposit with a business license application for an oil or gas business; and establishing a legislative working group to study the fiscal regime and tax structure and rates for oil and gas produced south of 68 degrees North latitude, pass the Senate?" The roll was taken with the following result:

SCR 32
Final Passage

YEAS: 17 NAYS: 3 EXCUSED: 0 ABSENT: 0

Yeas: McGuire, Micciche, Olson, Stedman, Stevens, Stoltze, Bishop, Coghill, Costello, Dunleavy, Egan, Giessel, Hoffman, Huggins, Kelly, MacKinnon, Meyer

Nays: Wielechowski, Ellis, Gardner

and so, SENATE CONCURRENT RESOLUTION NO. 32 passed the Senate and was referred to the Secretary for engrossment.

Recess

Senator Coghill moved and asked unanimous consent that the Senate stand in recess to a call of the Chair. Without objection, the Senate recessed at 1:04 p.m.

After Recess

The Senate reconvened at 3:05 p.m. in the Beltz Room of the Thomas B. Stewart Legislative Office Building.

Unfinished Business

HB 75
Senator Coghill moved and asked unanimous consent to take up the Conference Committee Report on CONFERENCE CS FOR HOUSE BILL NO. 75, which had been held on the Secretary's desk (page 2823). Without objection, the Conference Committee Report, received and distributed at 4:47 p.m., May 16, was before the Senate.

May 16, 2016

Mr. President:
Mr. Speaker:

The Conference Committee with limited powers of free conference (page 2834) considered 2d SENATE CS FOR CS FOR HOUSE BILL NO. 75(RLS) and CS FOR HOUSE BILL NO. 75(JUD) am and recommends

> CONFERENCE CS FOR HOUSE BILL NO. 75 "An Act relating to possessing, using, displaying, purchasing, growing, processing, transporting, and transferring marijuana; relating to assisting another person 21 years of age or older in activities related to marijuana; relating to established villages and to local option elections regarding the operation of marijuana establishments; and providing for an effective date"

be adopted.

The following fiscal information was published May 17:
Fiscal Note No. 4, zero, Alaska Judiciary System
Fiscal Note No. 5, zero, Department of Commerce, Community and Economic Development
Fiscal Note No. 6, zero, Department of Public Safety

Signing the report: Senator Bishop, Chair, Senators McGuire, Hoffman; Representative Tilton, Chair, Representatives Millett, Drummond.

Senator Coghill moved that the Senate adopt the Conference Committee Report.

The question being: "Shall the Senate adopt the Conference Committee Report?" The roll was taken with the following result:

CCS HB 75
Shall the Senate Adopt the
Conference Committee Report? Effective Date

YEAS: 19 NAYS: 1 EXCUSED: 0 ABSENT: 0

Yeas: Micciche, Olson, Stedman, Stevens, Stoltze, Wielechowski, Bishop, Coghill, Costello, Dunleavy, Egan, Ellis, Gardner, Giessel, Hoffman, Huggins, MacKinnon, McGuire, Meyer

Nays: Kelly

and so, the report was adopted, thus adopting:

CONFERENCE CS FOR HOUSE BILL NO. 75 "An Act relating to possessing, using, displaying, purchasing, growing, processing, transporting, and transferring marijuana; relating to assisting another person 21 years of age or older in activities related to marijuana; relating to established villages and to local option elections regarding the operation of marijuana establishments; and providing for an effective date."

Senator Coghill moved and asked unanimous consent that the vote on the adoption of the Conference Committee Report be considered the vote on the effective date clause. Without objection, it was so ordered.

The Secretary was requested to notify the House.

Senator Stedman moved and asked unanimous consent to be excused from a call of the Senate from ferry time, May 19 through plane time, May 23. Without objection, Senator Stedman was excused.

Senator MacKinnon moved and asked unanimous consent to be excused from a call of the Senate from plane time, November 11 through plane time, November 23. Without objection, Senator MacKinnon was excused.

Recess

Senator Coghill moved and asked unanimous consent that the Senate stand in recess to a call of the Chair. Without objection, the Senate recessed at 3:18 p.m.

After Recess

The Senate reconvened at 10:54 p.m. in the Beltz Room of the Thomas B. Stewart Legislative Office Building.

Pursuant to Art. II, sec. 8 of the Alaska Constitution, Senator Coghill moved and asked unanimous consent the Second Session of the Twenty-Ninth Alaska State Legislature be extended for a period of not more than ten consecutive days. Senator Gardner objected.

The question being: "Shall the Second Session of the Twenty-Ninth Alaska State Legislature be extended for a period of not more than ten consecutive days?" The roll was taken with the following result:

Extend the Second Session Ten Days?

YEAS: 16 NAYS: 3 EXCUSED: 0 ABSENT: 1

Yeas: Olson, Stedman, Stevens, Stoltze, Bishop, Coghill, Costello, Dunleavy, Egan, Giessel, Huggins, Kelly, MacKinnon, McGuire, Micciche, Meyer

Nays: Wielechowski, Ellis, Gardner

Absent: Hoffman

and so, the motion to extend passed the Senate.

Announcements

Rule 23(d) of the Alaska State Legislature Uniform Rules is currently in effect.

Announcements are at the end of the journal.

Engrossment

SCR 32
SENATE CONCURRENT RESOLUTION NO. 32 Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning House Bill No. 247, amending the powers of the board of trustees of the Alaska Retirement Management Board to authorize purchase and sale of transferable tax credit certificates issued in conjunction with the production tax on oil and gas; relating to interest applicable to delinquent tax; relating to the oil and gas production tax, tax payments, and credits; relating to exploration incentive credits; relating to refunds for the gas storage facility tax credit, the liquefied natural gas storage facility tax credit, and the qualified in-state oil refinery infrastructure expenditures tax credit; relating to the confidential information status and public record status of information in the possession of the Department of Revenue; relating to oil and gas lease expenditures and production tax credits for municipal entities; requiring a bond or cash deposit with a business license application for an oil or gas business; and establishing a legislative working group to study the fiscal regime and tax structure and rates for oil and gas produced south of 68 degrees North latitude, was engrossed, signed by the President and Secretary and transmitted to the House for consideration.

Adjournment

Senator McGuire moved and asked unanimous consent that the Twenty-ninth Alaska State Senate adjourn sine die. Without objection, the Senate adjourned at 11:54 p.m.

Liz Clark
Secretary of the Senate

Announcements

Americans with Disabilities Act Notice - Persons with disabilities who require special accommodation or alternative communication formats to access committee meetings may contact the appropriate committee office or the Legislative Information Office in their community. Reasonable advance notice is needed to accommodate the request. For further information, call the ADA Coordinator at 465-3854 Voice/465-4980 TDD.

STANDING COMMITTEES

+ indicates teleconference
= indicates bill previously heard/scheduled

FINANCE

May 18	**Wednesday**	**Bill Ray Center 230**	**1:00 PM**
	-- Delayed to a Call of the Chair --		
+	Bills Previously Heard/Scheduled		

CONFERENCE COMMITTEES

CONFERENCE COMMITTEE ON HB256 AND HB257

May 18	**Wednesday**	**Bill Ray Center 230**	**Time TBA**
	-- Meeting Recessed from May 17th --		
= HB 256	APPROP: OPERATING BUDGET/LOANS/FUNDS		
= HB 257	APPROP: MENTAL HEALTH BUDGET		