

AMENDMENT #2

OFFERED IN THE HOUSE

BY REPRESENTATIVE WILSON

TO: CSHB 111(FIN), Draft Version "M"

1 Page 1, lines 1 - 9:

2 Delete all material and insert:

3 **""An Act relating to the interest applicable to delinquent oil and gas production**
4 **tax; relating to the net operating loss credit against the oil and gas production tax;**
5 **relating to lease expenditures; and providing for an effective date.""**

6

7 Page 1, line 11, through page 2, line 16:

8 Delete all material.

9

10 Page 2, line 17:

11 Delete "Sec. 3"

12 Insert "Section 1"

13

14 Renumber the following bill sections accordingly.

15

16 Page 3, line 12, through page 21, line 28:

17 Delete all material.

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19 Renumber the following bill sections accordingly.

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21 Page 22, line 29:

22 Delete "[OR (g)]"

23 Insert "or (g)"

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Page 23, line 1, through page 27, line 24:

Delete all material.

Renumber the following bill sections accordingly.

Page 27, line 28:

Delete "**(h)(1)** [(h)]"

Insert "(h)"

Page 28, line 5:

Delete "**(h)(1)(C)** [(h)(3)]"

Insert "(h)(3)"

Page 28, line 15, through page 31, line 28:

Delete all material.

Renumber the following bill sections accordingly.

Page 32, lines 21 - 30:

Delete all material and insert:

- "(3) lease expenditures, as adjusted under (m) of this section, that**
- (A) met the requirements of AS 43.55.160(e) in the year that**
- the lease expenditures were incurred;**
- (B) were deductible in the immediately preceding 10**
- calendar years, not counting the year in which the expenditure was**
- incurred;**
- (C) have not been deducted in the determination of the**
- production tax value of oil and gas under AS 43.55.160(a) in a previous**
- calendar year;**
- (D) were not the basis of a credit under this title; and**

(E) were incurred to explore for, develop, or produce an oil or gas deposit located north of 68 degrees North latitude.

Page 32, line 31, through page 33, line 10:

Delete all material and insert:

**** Sec. 5.** AS 43.55.165 is amended by adding a new subsection to read:

(m) A loss carried forward under (a)(3) of this section shall increase in value at a rate of 10 percent, compounded annually. An increase in value under this subsection begins to accrue on January 1 of the calendar year immediately following the calendar year in which the loss was accrued and no longer accrues on December 31 of the calendar year immediately preceding the calendar year in which a carried-forward annual loss is applied. The increase in value accrued under this subsection has no value except as applied in this section. An increase in value may not accrue

(1) for a partial calendar year;

(2) for more than 10 calendar years, consecutive or nonconsecutive; or

(3) on a loss carried forward by a producer whose average amount of oil and gas produced a day and taxable under AS 43.55.011(e) is more than 50,000 BTU equivalent barrels during the calendar year that the loss was accrued."

Page 33, line 11, through page 38, line 4:

Delete all material and insert:

**** Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. (a) AS 43.55.023(b), as amended by sec. 2 of this Act, applies to lease expenditures incurred on or after the effective date of sec. 2 of this Act.

(b) AS 43.55.165(a)(3) and 43.55.165(m), added by secs. 4 and 5 of this Act, apply to a lease expenditure incurred on or after the effective date of secs. 4 and 5 of this Act."

Renumber the following bill sections accordingly.

1 Page 38, line 14:

2 Delete "Section 3"

3 Insert "Section 1"

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5 Page 38, line 15:

6 Delete "Sections 3, 30, 36, and 37"

7 Insert "Sections 1, 7, and 8"

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9 Page 38, line 17:

10 Delete "Section 26"

11 Insert "Section 4"

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13 Page 38, line 19:

14 Delete "secs. 38 and 39"

15 Insert "secs. 9 and 10"