



# STATE OF ALASKA

## Legislative Affairs Agency

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TWENTY-FIFTH STATE LEGISLATURE

Second Special Session

ADDENDUM TO  
SUMMARY  
OF  
ALASKA LEGISLATION  
-2007-

Compiled by  
Legal Services

TWENTY-FIFTH LEGISLATURE  
SECOND SPECIAL SESSION

SESSION LAWS OF ALASKA 2007

SYNOPSIS OF LAWS ENACTED BY CHAPTER

Chapter 1

**AMENDING THE PRODUCTION TAX ON OIL AND GAS; RELATING TO THE SHARING BETWEEN AGENCIES OF CERTAIN INFORMATION RELATING TO THAT TAX AND TO OIL AND GAS OR GAS ONLY LEASES; RELATING TO STATE OIL AND GAS AUDIT MASTERS, OIL AND GAS AUDITORS, AND OIL AND GAS AUDITOR SUPERVISORS; ESTABLISHING AN OIL AND GAS TAX CREDIT FUND AND AUTHORIZING PAYMENT FROM THAT FUND; AND MAKING CONFORMING AMENDMENTS**

For the state's production tax on taxable oil and gas, increases the base tax applicable to that production, other than production that constitutes a landowner's royalty interest, from 22.5 percent of the production tax value to 25 percent. Provides for increasing the tax rate when a producer's average monthly production tax value is greater than \$30 a BTU equivalent barrel and limits the additional tax rate to 50 percent. Limits the production tax on gas produced in the state outside of the Cook Inlet sedimentary basin that is used in the state. States when the actual cost of transportation of oil and gas should be rejected in favor of reasonable transportation costs when determining gross value at the point of production. Describes lease expenditures that are allowed for the purpose of determining qualified capital expenditures and production tax value. Specifically excludes certain lease expenditures from allowable lease expenditures, including expenditures related to violations of law, production rate reduction, and spills or releases. Provides a formula for determining total lease expenditures for a unit that produced a total of more than 1,000,000,000 BTU equivalent barrels before 2007 and had average production of more than 100,000 BTU equivalent barrels a day during 2006. Narrows the eligibility requirements for taking a tax credit for transitional investment expenditures. Increases to 25 percent the amount of credit that may be taken for a carried-forward annual loss. Establishes eligibility requirements, including a requirement of information sharing, to qualify for tax credits. Limits the amount of a credit that may be taken in a calendar year for a qualified capital expenditure. Increases the percentage of certain exploration expenditures that may be taken as a credit and extends the period during which certain qualified expenditures may be made. Prohibits a tax-exempt entity from applying for a transferable tax credit certificate. Requires a municipal entity to pay production tax and surcharges for the production of oil and gas produced and sold to another party and makes the municipal entity eligible for the same tax credits as any other producer if the

municipal entity sells production to another party. Establishes a fund to be used for the state's purchase of certain tax credits and provides the procedure for a person to apply and qualify to sell a tax credit certificate to the state. Requires a producer that does not have tax liability for a calendar year to file an annual statement with the Department of Revenue, and requires an explorer or producer that does not have production in a calendar year to report lease expenditures, adjustments to lease expenditures, and adjustments. Adds penalties for failing to timely file annual statements or other reports and information. Allows the Department of Revenue to require additional reporting by explorers, producers, and operators that is necessary to forecast state revenue. Authorizes the Department of Revenue to require filings and payments to be made electronically, and authorizes that department to publish advisory statements concerning its interpretations relating to the taxation of oil and gas production. Authorizes the Department of Revenue to compensate a person who in good faith provides information that leads to the collection of additional taxes, penalties, or interest from a producer when that producer has failed to comply with provisions relating to the taxation of oil and gas production. Allows the Department of Revenue to publish certain tax information, including the gross value of oil or gas at the point of production, volume of production, transportation costs, expenditures, and tax credits. Authorizes the Departments of Revenue and Natural Resources to exchange information that would otherwise be confidential and requires each department to maintain the confidentiality of that information. Allows an assessment for the tax on oil and gas production and oil surcharges to be made within six years after a return is filed. Requires a producer to file amended returns if the resolution of a dispute or adjustment in federal income tax liability affects the amount of production tax or surcharges due to the state. Creates a class of state oil and gas audit masters in the state's exempt service and requests the Department of Administration to implement a distinct classification and pay plan for other oil and gas auditors and supervisors. Authorizes the adoption of regulations that may be retroactive to the date that the provisions in the Act become effective, and includes provisions for making the transition to changes enacted in the Act. **(SCS CSHB 2001(FIN) am S)**

Effective Date: Sections 29, 30, 46, and 67 take effect January 1, 2008; sections 36 - 40 and 42 - 45 take effect July 1, 2008; remainder of Act takes effect December 20, 2007; section 41 and AS 43.55.895, enacted by section 64, are retroactive to July 1, 2003; section 31 and AS 43.55.165(e)(6) and (19), as amended and enacted by the amendment to AS 43.55.165(e) in section 60, are retroactive to April 1, 2006; AS 43.55.165(k) and (l), enacted by section 62, are retroactive to January 1, 2007; except as provided in section 74(b), sections 15 - 28, 32 - 35, 53 - 61, 63, 65, and 66 are retroactive to July 1, 2007

**ADDENDUM TO THE**  
**TABLE OF SECTIONS AFFECTED 2007**  
**BY SESSION LAWS OF ALASKA**  
**TWENTY-FIFTH LEGISLATURE -- FIRST SESSION**  
**FIRST SPECIAL SESSION**  
**SECOND SPECIAL SESSION**



Am -- Amended  
 Add -- Added  
 Rep -- Repealed  
 ref -- Referred to  
 \* -- Retroactive  
 Cond'l -- Conditional

<b>Sections Affected</b>	<b>Eff. Date</b>	<b>Change</b>	<b>Chapter and Sections</b>			
14.17.300	12/20/07	ref	Ch.	1 sec.	1	SSSLA
38.05.035(a)	12/20/07	Am	Ch.	1 sec.	2	SSSLA
38.05.036(b)	12/20/07	Am	Ch.	1 sec.	3	SSSLA
38.05.036(f)	12/20/07	Am	Ch.	1 sec.	4	SSSLA
38.05.036(g)	12/20/07	Am	Ch.	1 sec.	5	SSSLA
38.05.123(f)	12/20/07	Am	Ch.	1 sec.	6	SSSLA
38.05.133(e)	12/20/07	Am	Ch.	1 sec.	7	SSSLA
38.05.180(f)(3)(B), (D), (E)	12/20/07	ref	Ch.	1 sec.	72(2)	SSSLA
38.05.180(j)	12/20/07	Am	Ch.	1 sec.	8	SSSLA

<b>Sections Affected</b>	<b>Eff. Date</b>	<b>Change</b>	<b>Chapter and Sections</b>			
38.05.275(c)	12/20/07	Am	Ch.	1 sec.	9	SSSLA
39.25.110(42)	12/20/07	Add	Ch.	1 sec.	10	SSSLA
39.25.150(2)	12/20/07	ref	Ch.	1 sec.	70	SSSLA
41.09.010(d)	12/20/07	Am	Ch.	1 sec.	11	SSSLA
43.05.230(a)	12/20/07	Am	Ch.	1 sec.	12	SSSLA
43.05.230(h)	12/20/07	Am	Ch.	1 sec.	13	SSSLA
43.05.260	12/20/07	ref	Ch.	1 sec.	1(b)	SSSLA
43.05.260(a)	12/20/07	Am	Ch.	1 sec.	14	SSSLA
43.55.011(e)	12/20/07*	Am	Ch.	1 sec.	15	SSSLA
43.55.011(f)	12/20/07*	Am	Ch.	1 sec.	16	SSSLA
43.55.011(g)	12/20/07*	Am	Ch.	1 sec.	17	SSSLA
43.55.011(h)	12/20/07*	Rep	Ch.	1 sec.	66	SSSLA
43.55.011(j)	12/20/07*	Am	Ch.	1 sec.	18	SSSLA
43.55.011(k)	12/20/07*	Am	Ch.	1 sec.	19	SSSLA
43.55.011(l)	12/20/07*	Rep	Ch.	1 sec.	66	SSSLA
43.55.011(m)	12/20/07*	Am	Ch.	1 sec.	20	SSSLA
43.55.011(n)	12/20/07*	Rep	Ch.	1 sec.	66	SSSLA
43.55.011(o)	12/20/07*	Add	Ch.	1 sec.	21	SSSLA
43.55.020(a)	12/20/07*	Am	Ch.	1 sec.	22	SSSLA
43.55.020(g)	12/20/07*	Am	Ch.	1 sec.	23	SSSLA
43.55.020(h)	12/20/07*	Am	Ch.	1 sec.	24	SSSLA
43.55.023(a)	12/20/07*	Am	Ch.	1 sec.	25	SSSLA
43.55.023(b)	12/20/07*	Am	Ch.	1 sec.	26	SSSLA
43.55.023(d)	12/20/07*	Am	Ch.	1 sec.	27	SSSLA
43.55.023(e)	12/20/07*	Am	Ch.	1 sec.	28	SSSLA
43.55.023(f)	01/01/08	Rep	Ch.	1 sec.	67	SSSLA
43.55.023(g)	01/01/08	Am	Ch.	1 sec.	29	SSSLA
43.55.023(i)	01/01/08	Am	Ch.	1 sec.	30	SSSLA

<b>Sections Affected</b>	<b>Eff. Date</b>	<b>Change</b>	<b>Chapter and Sections</b>			
43.55.023(l)	12/20/07*	Add	Ch.	1 sec.	31	SSSLA
43.55.024(a)	12/20/07*	Am	Ch.	1 sec.	32	SSSLA
43.55.024(c)	12/20/07*	Am	Ch.	1 sec.	33	SSSLA
43.55.024(e)	12/20/07*	Am	Ch.	1 sec.	34	SSSLA
43.55.024(g)	12/20/07*	Am	Ch.	1 sec.	35	SSSLA
43.55.025(a)	07/01/08	Am	Ch.	1 sec.	36	SSSLA
43.55.025(b)	07/01/08	Am	Ch.	1 sec.	37	SSSLA
43.55.025(c)	07/01/08	Am	Ch.	1 sec.	38	SSSLA
43.55.025(d)	07/01/08	Am	Ch.	1 sec.	39	SSSLA
43.55.025(f)	07/01/08	Am	Ch.	1 sec.	40	SSSLA
43.55.025(g)	12/20/07*	Am	Ch.	1 sec.	41	SSSLA
43.55.025(h)	07/01/08	Am	Ch.	1 sec.	42	SSSLA
43.55.025(i)	07/01/08	Am	Ch.	1 sec.	43	SSSLA
43.55.025(k)(4)	07/01/08	Add	Ch.	1 sec.	44	SSSLA
43.55.025(l)	07/01/08	Add	Ch.	1 sec.	45	SSSLA
43.55.028	01/01/08	Add	Ch.	1 sec.	46	SSSLA
43.55.030(a)	12/20/07	Am	Ch.	1 sec.	47	SSSLA
43.55.030(d)	12/20/07	Am	Ch.	1 sec.	48	SSSLA
43.55.030(e) - (f)	12/20/07	Add	Ch.	1 sec.	49	SSSLA
43.55.040	12/20/07	Am	Ch.	1 sec.	50	SSSLA
43.55.075	12/20/07	Add	Ch.	1 sec.	51	SSSLA
43.55.110(e) - (i)	12/20/07	Add	Ch.	1 sec.	52	SSSLA
43.55.150	12/20/07*	Am	Ch.	1 sec.	53	SSSLA
43.55.160(a)	12/20/07*	Am	Ch.	1 sec.	54	SSSLA
43.55.160(b)	12/20/07*	Am	Ch.	1 sec.	55	SSSLA
43.55.160(c)	12/20/07*	Am	Ch.	1 sec.	56	SSSLA
43.55.160(e)	12/20/07*	Am	Ch.	1 sec.	57	SSSLA
43.55.165(a)	12/20/07*	Am	Ch.	1 sec.	58	SSSLA

<b>Sections Affected</b>	<b>Eff. Date</b>	<b>Change</b>	<b>Chapter and Sections</b>				
43.55.165(b)	12/20/07*	Am	Ch.	1	sec.	59	SSSLA
43.55.165(c)	12/20/07*	Rep	Ch.	1	sec.	66	SSSLA
43.55.165(d)	12/20/07*	Rep	Ch.	1	sec.	66	SSSLA
43.55.165(e)	12/20/07*	Am	Ch.	1	sec.	60	SSSLA
43.55.165(h)	12/20/07*	Am	Ch.	1	sec.	61	SSSLA
43.55.165(k) - (l)	12/20/07*	Add	Ch.	1	sec.	62	SSSLA
43.55.170(a)	12/20/07*	Am	Ch.	1	sec.	63	SSSLA
43.55.890	12/20/07	Add	Ch.	1	sec.	64	SSSLA
43.55.895	12/20/07*	Add	Ch.	1	sec.	64	SSSLA
43.55.900(22) - (24)	12/20/07*	Add	Ch.	1	sec.	65	SSSLA
44.62	12/20/07	ref	Ch.	1	sec.	73	SSSLA
44.62.240	12/20/07	ref	Ch.	1	sec.	72	SSSLA