

expenditures. (The deleted reference standards are moved to AS 43.55.165(b) in sec. 57 of the bill.) Under sec. 66 of the bill, this section applies to oil and gas produced after December 31, 2007. Under sec. 72 of the bill, this section takes effect January 1, 2008.

Section 57. Amends AS 43.55.165(b) by deleting the provision for the allowance of reasonable overhead expenses (which was moved to AS 43.55.165(a) in sec. 56 of the bill) and incorporating factors that appear in the current AS 43.55.165(a) for determining what costs are lease expenditures. Under sec. 66 of the bill, this section applies to oil and gas produced after December 31, 2007. Under sec. 72 of the bill, this section takes effect January 1, 2008.

Section 58. Amends AS 43.55.165(e) (relating to excluded lease expenditures) by deleting language in AS 43.55.165(e)(15) that relates to dismantlement, removal, surrender, or abandonment costs attributable to production before April 1, 2006, and adding additional categories of excluded costs. AS 43.55.165(e)(6) is amended to exclude costs that arise from a violation of law or the failure to comply with an obligation under a lease, permit, or license issued by the state or federal government. AS 43.55.165(e)(19) is added to exclude costs for repair, replacement, or deferred maintenance undertaken in response to an unscheduled interruption or reduction in the rate of production or undertaken in response to an unpermitted release of gas or other hazardous substances. (AS 43.55.165(e)(19) appears to address concerns similar to those addressed in HB 128 and SB 80, but uses different criteria than those in the existing legislation for determining excluded costs.) AS 43.55.165(e)(20) is added to exclude costs related to a refinery or crude oil topping plant, but allows the value of certain products produced from such a facility to be lease expenditures. Under sec. 66 of the bill, this section applies to oil and gas produced after March 31, 2006. Under sec. 71 of the bill, this section is retroactive to April 1, 2006.

Section 59. Amends AS 43.55.165(h) by specifying that the lease expenditures that are allocated are the costs of exploring for, developing, or producing oil or gas deposits. Under sec. 66 of the bill, this section applies to oil and gas produced after December 31, 2007. Under sec. 72 of the bill, this section takes effect January 1, 2008.

Section 60. Amends AS 43.55.170(a) by deleting an exception relating to the subtraction of a payment or credit in calculating billable or billed costs. Under sec. 66 of the bill, this section applies to oil and gas produced after March 31, 2006. Under sec. 71 of the bill, this section is retroactive to April 1, 2006.

Section 61. Adds a new section to AS 43.55 -- AS 43.55.890. The new section provides for the publication of information, if aggregated among three or more producers or explorers, that includes the amount of oil or gas production, the amount of taxes levied and paid under AS 43.55, and other information related to credits, expenditures, and the value of oil and gas produced.

Section 62. Amends AS 43.55.900 by adding definitions for "non-unitized reservoir," "pool," "producer," and "unit."

Section 63. Repeals AS 43.55.023(f) (relating to refundable credits).

Section 64. Repeals AS 43.55.165(c) and (d) (relating to the determination of lease expenditures using operating agreements). Under sec. 66 of the bill, these repeals apply to oil and gas produced after March 31, 2006. Under sec. 71 of the bill, these repeals are retroactive to April 1, 2006.

Section 65. Repeals AS 43.55.011(l) (relating to the taking of a tax reduction for Cook Inlet production), 43.55.023(i) (relating to transitional investment expenditures occurring after March 31, 2001, and before April 1, 2006), 43.55.160(c) (relating to the determination of the production tax value of oil and gas taxable under AS 43.55.011(g)). Under sec. 66 of the bill, these repeals apply to oil and gas produced after December 31, 2007. Under sec. 72 of the bill, these repeals are effective January 1, 2008.

Section 66. Makes identified bill sections applicable to oil and gas produced after March 31, 2006 and after December 31, 2007, to expenditures incurred after December 31, 2007, to tax credit certificates that have not been refunded, and statements and reports required to be filed after December 31, 2007.

Section 67. Provides for the assignment of current oil and gas auditors in the Department of Revenue and the Department of Natural Resources and their immediate supervisors to the exempt service, but allows those individuals hired before the effective date of sec. 10 of the bill (adding these position classifications to the exempt service) to choose to continue in the classified service.

Section 68. Allows regulations adopted by the Department of Revenue and the Department of Natural Resources to be retroactively applied. Under sec. 71 of the bill, this section is retroactive to April 1, 2006.

Section 69. Provides for the treatment of pending applications for transferable credits and for the refund of credits under AS 43.55.023.

Section 70. Authorizes the Department of Natural Resources and the Department of Revenue to proceed with the adoption of regulations necessary to implement the Act but provides that an adopted regulation may not take effect before the effective date of the law being implemented.

Section 71. Provides for the retroactivity of certain provisions of the Act. The retroactivity is noted in the analysis of the bill sections above.

Section 72. Makes certain provisions of the Act effective January 1, 2008. The sections effective on this date are noted in the analysis of the bill sections above.

Section 73. Except as provided in sec. 72, makes the Act take effect immediately.

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