

What is ACES?



Tools to Protect the State's Interests

- Competitive Pay for Auditors [Sec. 10. AS 39.25.110](#)
- Information Needed by the State
 - Cost forecasts [Sec. 49. AS 43.55.040](#)
 - Expenditure details in a timely manner and useful format
 - [Sec. 46. AS 43.55.030\(a\)](#)[annual report-producer],
 - [Sec. 48. AS.43.55.030](#) [annual report-non-producer], ,
 - [Sec. 49. AS 43.55.040\(5\),\(6\)](#)[explicit power to require info]
 - [Sec. 51 AS 43.55.110](#) [electronic filing and payment]
 - Information sharing between state agencies
 - [Sec. 2. AS 38.05.035\(a\)](#), [Sec. 13. AS 43.05.230\(h\)](#)
 - Public disclosure of certain information [Sec 61. AS 43.55.890](#)

What is ACES?



Tools continued...

– Clear Rules

- Define allowable lease expenditures
 - [Sec. 56. AS 43.55.165\(a\)](#)
- Exclude inappropriate deductions (Corrosion / DR&R/ COTP)
 - [Sec. 58. AS 43.55.165\(e\)](#)
- Clarification of Annual Loss Carry-forward of unused Lease expenditures
 - [Sec. 54. AS 43.55.160\(e\)](#);
 - [Sec 55 AS 43.55.160\(f\)](#)

– Statute of Limitations

- Extended for completing assessments from 3 to 6 years.
 - [Sec.50. AS 43.55.075](#)

What is ACES?



Hybrid Tax System

– Net Tax Base

- 25% Rate [Sec. 17. AS 43.55.011\(g\)](#)
- Adjustments to Progressivity
 - [Sec. 17. AS 43.55.011\(g\)](#)[Trigger price];
 - [Sec. 18. AS 43.55.011\(h\)](#)[rate]
- Adjustments to Qualified Capital Credits
 - [Sec. 21. AS 43.55.011\(m\)](#)[Cook Inlet];
 - [Sec. 26. AS 43.55.023\(a\)](#)[2 year spread, geo info to DNR, legacy restriction];
 - [Sec. 27. AS 43.55.023\(b\)](#) [no legacy carry forward];
 - [Sec 31. AS 43.55.023\(l\)](#) [no transferable cert. for tax exempt];
- Improved credit system for explorers
 - [Sec. 37- 43 AS 43.55.025\(b\)-\(l\)](#) [Exploration Credit changes]
 - [Sec. 44 AS 43.55.025\(l\)](#) [credit for old Seismic data]
 - [Sec. 45. AS 43.55.028](#) [Fund to purchase capital and explorer credits]
- Elimination of TIE credits (for past expenditures)
 - [Sec. 63. AS 43.55.023 \(f\)](#)

What is ACES?



Hybrid Tax System continued...

- Gross Tax Floor (Not Additive) [Sec.16. AS.43.55.011\(f\)](#)
 - 10% on Prudhoe Bay and Kuparuk Fields
 - Will kick in at low oil prices