

## **Final amendments offered on 03-17-06 in House Resources to CS HB 488**

CSHB 488 is on its way to Finance. Here are the final amendments introduced today.

9 failed  
11a withdrawn  
13 withdrawn  
14 passed  
15 passed  
16 failed  
17 failed  
18 passed  
19 passed  
20 passed  
21 passed

The amended CS should be available on Basis early next week (03-20-06).

Thanks

Jim Pound (Committee Aide)

# 14

24-GH2052\Y.12  
Chenoweth  
3/16/06

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 488(RES), Draft Version "Y"

1 Page 18, line 31, through page 19, line 1:

2 Delete "April 1, 2006"

3 Insert "January 1, 2006"

4

5 Page 28, line 10, following "TRANSITIONAL PROVISIONS.":

6 Insert "(a) Notwithstanding any contrary provision of AS 43.55.024(a), enacted by  
7 sec. 14 of this Act, a producer or explorer may apply for a credit under AS 43.55.024 based  
8 on a qualified capital expenditure incurred on or after January 1, 2006."

9

10 Reletter the following subsections accordingly.

11

12 Page 29, line 21:

13 Delete "(f)(1)"

14 Insert "(g)(1)"

15

16 Page 29, line 23:

17 Delete "(f)(2)"

18 Insert "(g)(2)"

19

20 Page 29, line 25:

21 Delete "(f)(1)"

22 Insert "(g)(1)"

23

1 Page 29, line 26:

2 Delete "(g)(1)"

3 Insert "(h)(1)"

4

5 Page 30, following line 16:

6 Insert a new bill section to read:

7 **\*\* Sec. 46.** The uncodified law of the State of Alaska is amended by adding a new section to  
8 read:

9 **RETROACTIVITY OF CERTAIN EXPENDITURES USED TO SUPPORT**  
10 **PRODUCTION TAX CREDIT CLAIM AND DETERMINATION OF PRODUCTION TAX**  
11 **VALUE OF OIL AND GAS.** AS 43.55.160(c)(1), enacted by sec. 28 of this Act, applies to  
12 allow a producer to claim as lease expenditures certain expenditures incurred on or after  
13 January 1, 2006, and before the effective date of AS 43.55.160, added by sec. 28 of this Act,  
14 and sec. 43(a) of this Act applies to authorize a producer or explorer to apply for a credit  
15 under AS 43.55.024, enacted by sec. 14 of this Act, based on a qualified capital expenditure  
16 incurred on or after January 1, 2006, and before the effective date of AS 43.55.024, enacted  
17 by sec. 14 of this Act. To the extent these provisions give legal effect to prior conduct, they  
18 are retroactive to January 1, 2006."

19

20 Renumber the following bill sections accordingly.

21

22 Page 30, line 19:

23 Delete "sec. 48"

24 Insert "sec. 49"

25

26 Page 30, line 22:

27 Delete "46"

28 Insert "47"

29

30 Page 30, line 24:

31 Delete "sec. 47"

1

Insert "sec. 48"

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 488(RES), Draft Version "Y"

1 Page 4, line 8:

2 Delete "(g) of"

3

4 Page 4, lines 13 - 19:

5 Delete all material.

6 Insert "index as determined under this subsection. The oil price index for a month is  
7 the number equal to the average United States Gulf Coast price determined under (h) of this  
8 section for that month of West Texas Intermediate crude oil in dollars per barrel, less 50. If  
9 the average price determined under (h) of this section is not more than \$50 per barrel, the oil  
10 price index is zero.

11 (g) Notwithstanding calculation of the rate of tax under (f) of this section, if  
12 the average price determined under (h) of this section is at least \$110 per barrel, the  
13 rate of tax under (f) of this section is 37.5 percent."

# 16

24-GH2052\Y.14  
Chenoweth  
3/17/06

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE CRAWFORD

TO: CSHB 488(RES), Draft Version "Y"

1 Page 4, following line 31:

2 Insert a new subsection to read:

3 "(i) Notwithstanding any other provision of this chapter, except as to oil or gas  
4 described in (e) of this section, tax credits that are authorized against the tax due under  
5 this section by this title, AS 38.05.180, and AS 41.09 may not be applied to reduce the  
6 producer's total tax due under this section on oil and gas produced during a calendar  
7 year to less than six percent of the production tax value of the taxable oil and gas  
8 produced by the producer from all leases or properties in the state, based on the gross  
9 value of the oil and gas at the point of production and determined without reference to  
10 adjustments authorized by AS 43.55.160. In making the determination required by this  
11 subsection, the department shall exclude oil and gas produced, the ownership or right  
12 to which is exempt from taxation."

# 17

CONCEPTUAL AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE CRAWFORD

TO: CSHB 488 (RES), Version Y

Delete inclusion of gas in the new production tax; retain current tax on gas.

# 18

(relates to 11-A)

24-GH2052\Y.10  
Chenoweth  
3/16/06

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE CRAWFORD

TO: CSHB 488(RES), Draft Version "Y"

- 1 Page 19, line 7, following "AS 38.05.132":
- 2       Insert ", and do not include, in connection with a catastrophic oil discharge into the
- 3 marine or inland water of the state, the containment and clean up expenses incurred by the
- 4 producer, the incremental expenses of transportation of oil due to loss or damage incurred by
- 5 the producer, and any damages or penalties imposed on the producer"



AMENDMENT #19

OFFERED IN THE HOUSE RESOURCES  
COMMITTEE

BY Rep. Ramras

TO: CSHB 488(RES) (24-GH2052\Y) (3/15/06 Work Draft: Chenoweth)

1 Page 4, following line 31:

2 Insert the following material:

3 "(i) In addition to the taxes levied under (a), (e), and (f) of this section, for each  
4 month for which the gas price index determined under (j) of this section is greater than  
5 zero, there is levied upon the producer of gas a tax for all gas produced during that month  
6 from each lease or property in the state, less any gas the ownership or right to which is  
7 exempt from taxation. The tax is equal to two percent of the gross value at the point of  
8 production of the gas multiplied by the gas price index as determined under (j) of this  
9 section.

10 (j) The gas price index for a month is the number equal to the average Henry Hub  
11 gas price determined under (k) of this section for that month in dollars per million British  
12 thermal units, less eight, except that if the average price determined under (k) of this  
13 section is

14 (1) not more than \$8 per million British thermal units, the gas price index  
15 is zero; and

16 (2) more than \$23 per million British thermal units, the gas price index is  
17 15.

18 (k) For purposes of (i) and (j) of this section, the department may calculate the  
19 average price or may, by regulation, specify the method by which the average price shall  
20 be calculated with reference to one or more published sources of price information. If, in  
21 the department's judgment, reliable published sources of Henry Hub gas price

1 information cease, or appear likely to soon cease, to be available, or if, in the  
2 department's judgment, the Henry Hub gas price ceases, or appears likely to soon cease,  
3 to be a reliable indicator of the general price level of gas, the department shall, by  
4 regulation, specify a substitute formula for computing the gas price index. The substitute  
5 formula specified by the department under this subsection must bear, as nearly as is  
6 reasonably possible, the same relationship to the general price level of gas as did the  
7 Henry Hub gas price."  
8

9 Page 6, line 26:

10 Delete "and (f)"

11 Insert ", (f), and (i)"  
12

13 Page 6, line 31:

14 Delete "and (f)"

15 Insert "(f), and (i)"  
16

17 Page 17, line 24, following "AS 43.55.011(f)":

18 Insert "and (i)"  
19

20 Page 29, line 12:

21 Delete "and (f)"

22 Insert ", (f), and (i)"

AMENDMENT

#20

OFFERED IN THE HOUSE RESOURCES  
COMMITTEE

BY Rep. Ramras

TO: CSHB 488(RES) (24-GH2052\Y) (3/15/06 Work Draft: Chenoweth)

- 1 Page 24, line 9:
- 2 Delete "\$10,000,000"
- 3 Insert "\$12,000,000"
- 4
- 5 Page 24, line 10:
- 6 Delete "\$2,500,000"
- 7 Insert "\$3,000,000"
- 8
- 9 Page 28, line 28:
- 10 Delete ""\$10,000,000""
- 11 Insert ""\$12,000,000""
- 12
- 13 Page 28, line 29:
- 14 Delete ""\$7,500,000"
- 15 Insert ""\$9,000,000""
- 16

# 21

by Seaton

Conceptual  
Amendment # 21

to Amend #19 Adopted 3/17/06

Page 1 line 16

delete 23

Insert 18

page 1 line 17

delete 15

Insert 18.75