

**Table of Tax Credits under AS 43.55 - The Alaska Oil and Gas Production Tax and Comparison to Proposed Changes in HB 247**

Below is a table relating to credits under AS 43.55, the Oil and Gas Production Tax, for the State of Alaska. This is intended as an informational guide only. The State of Alaska makes no warranty, expressed or implied, of the accuracy of this. To be certain of the current statutes and regulations, refer to the official printed version of the statutes and regulations. This information only relates to credits in effect on January 1, 2016.

Credits under AS 43.55									Credits that may only be used to offset a tax liability					
Statute for Credit	Credits that May be Issued as Certificates and Submitted to the State for Cash Purchase								Credits that may only be used to offset a tax liability					
	AS 43.55.023(b)	AS 43.55.023(a)(1)	AS 43.55.023(a)(2)	AS 43.55.023(l)(1)	AS 43.55.023(l)(2)	AS 43.55.025(a)(1-4)	AS 43.55.025(a)(5)	AS 43.55.025(a)(6) & (7)	AS 43.55.019	AS 43.55.024(a)	AS 43.55.024(c)	AS 43.55.024(i)	AS 43.55.024(j)	AS 38.05.180(i) / AS 41.09.010
<b>Informal Title</b>	Carried-Forward Annual Loss Credit; NOL Credit	Qualified Capital Expenditures (QCE) Credit	Qualified Capital Expenditures (QCE) Credit for Exploration	Well Lease Expenditure (WLE) Credit	Well Lease Expenditure (WLE) Credit for Exploration	Alternative Credit for Exploration	Exploration - Jack-up Rig	Exploration - Frontier Basins	Education Credit	New Area Development ("Middle Earth") Credit	Small Producer Credit	Credit on GVR Oil	Sliding Scale Credit	(DNR) Exploration Incentive Credits
<b>Initial and Most Recent Effective Date(s)</b>	4/1/2006, amended 7/1/2007 & 1/1/2014	4/1/2006, amended 7/1/2007, 1/1/2013 & 1/1/2014		7/1/2010		9/9/2003, amended 7/1/2008 & 1/1/2013	5/10/2010	1/1/2013	1987, amended 1/1/2011	4/1/2006	4/1/2006	1/1/2014	1/1/2014	
<b>Expiration Date</b>	No expiration	North Slope QCEs expire on 12/31/2013		No expiration		7/1/2016 for projects in North Slope and Cook Inlet; 1/1/2022 for "Middle Earth"	7/1/2016	7/1/2016	Changes 1/1/2021, no expiration	If started before 5/1/16, after 9th calendar year of production	If started before 5/1/16, after 9th calendar year of production	No expiration	No expiration	
<b>Credit Percentage / Amount</b>	North Slope 35%; rest of state 25%	20%		40%		30% or 40% (pre-7/1/08 20% or 40%)	80%, 90%, or 100% (up to \$20, \$22.5 or \$25 million)	80% (up to \$25 million) for wells; 75% (up to \$7.5 million) for seismic	Max of \$5,000,000	\$6,000,000	\$12,000,000	\$5 per bbl	\$0-\$8 per bbl	N/A
<b>Description</b>	Calculated for each segment by taking 25% or 35% of excess lease expenditures.	A QCE must be a lease expenditure and treated as a capitalized cost under 26 IRC. .	A QCE must be a lease expenditure and related to exploration.	A WLE must be a lease expenditure, QCE, and an Intangible Drilling and Development Cost (IDC)	A WLE must be a lease expenditure, QCE, and an Intangible Drilling and Development Cost (IDC) related to exploration	Costs directly related to drilling an exploration well or performing a seismic shoot; amount depends on location	For the first 3 unaffiliated wells drilled by the same jack-up rig in Cook Inlet pre-Tertiary zone	The first two qualified exploration wells and the first seismic project in each basin	A part of cash donations to qualified educational institutes or foundations	For production south of 68 degrees North latitude and outside of Cook Inlet	Full credit if the taxpayer produces less than 50,000 BTU equiv. barrels. Prorated between 50,000-100,000 BTU equiv. barrels	\$5 per barrel, based on oil produced that meets one of the criteria for "new oil"	Sliding scale of \$0-\$8, based on average monthly gross value, for oil that does not meet the criteria for "new oil"	DNR administers this credit, two statutes depend on state land vs. non-state land
<b>DNR Data Requirements</b>	No	No	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No	No
<b>Location Requirements</b>	No	Effective 1/1/2014, no QCEs on North Slope		Must be south of 68 degrees North latitude		Some have distance requirements from other wells and units	Yes - must be a jack-up rig in Cook Inlet	Yes - six basins defined in AS 43.55.025(o)	No	Outside North Slope and Cook Inlet	No	Must be north of 68 degrees North latitude (North Slope)		N/A
<b>Regulations**</b>	15 AAC 55.310-320 and 15 AAC 55.250-260	15 AAC 55.310-320 and 15 AAC 55.250-260		15 AAC 55.310-320 and 15 AAC 55.250-260		15 AAC 55.350-360			None	15 AAC 55.335			15 AAC 55.520(f)	
<b>Combinations</b>	May be "stacked" with credits under AS 43.55.023(a), (l), or 025(a)	Same expenditures may also qualify for credit under AS 43.55.023(b)				None of the expenditures included in this credit may receive a credit under any other section of this chapter			Credit may be in addition to all other credits	Not for specific expenditures - credit may be in addition to all other credits				N/A
<b>Uses of Credit</b>	Applied directly to tax or issued as a certificate. The certificate may be transferred to another company, applied against tax liability, or "cashed" out with the State under AS 43.55.028								Applied directly to tax at 1/12 each month and may not be carried forward or transferred				Applied to tax at actual amount earned each month. Can't be carried forward or transferred	Applied against royalty, rental payments, or tax liability

**Proposed Changes to Credits in HB 247**

<b>See below</b>	These credit are repealed	Cannot reduce tax liability below the minimum tax under AS 43.55.011(f), retroactive to 1/1/16. (Sec. 17, 19, and 44)	No change	Credits cannot reduce tax liability below the minimum tax under AS 43.55.011(f), retroactive to 1/1/16. (Sec. 17(b) and 19)	This credit is repealed
				The Per-Taxable-Credits are monthly calculations instead of annual. (Sec. 17(c))	
<b>Changes to Carried-Forward Annual Loss (NOL) Credit</b>					
1) If a company producing at a loss is producing oil that qualifies as "new oil" that is eligible for the Gross Value Reduction (GVR), the GVR is added back into the production tax value calculation for determining the NOL credit. (Sec. 18)					
2) Any unused portion of this credit can only be used up to the 10th calendar year after the carried-forward annual lost was incurred. (Sec 19)					
3) Applies the current DNR seismic and well data sharing requirements currently mandated for exploration credits (Sec. 22)					
<b>Proposed Changes (General for All Credits)</b>					
<b>General Changes</b>					
1) The name of each company claiming credits, the aggregate amount of credits in a calendar year, and the general description of the activities which generated the credit will be public information. (Sec. 8)					
2) Companies with a non-tardy liability to the state cannot receive a cash refund for a credit from the state; it must be applied towards that liability					
<b>Changes Impacting Repurchase of Certificates</b>					
1) Companies can only receive \$25 million in cashed out credits annually.					
2) Only companies whose gross revenues in the previous year were less than \$10 billion can get a cash refund for a credit					
3) The state will only repurchase a percentage of a credit certificate equal to the percentage of a company's Alaska resident hire in the previous calendar year. (Sec. 9, 10, 11, 26, 27, & 39)					

Statute for Credit	Informal Title	Initial and Most Recent Effective Date(s)	Expiration Date	Credit Percentage / Amount	Description	DNR Data Requirements	Location Requirements	Regulations**	Combinations	Uses to Credit	Filing Requirements	Can be Taken Against Other Tax Types or Royalty
AS 43.55.023(a)(1)	Qualified Capital Expenditures Credit	4/1/2006, amended 7/1/2007, 1/1/2013 & 1/1/2014	North Slope QCEs expire on 12/31/2013	20%	A Qualified Capital Expenditure (QCE) must be a lease expenditure and treated as a capitalized cost under 26 IRC. Effective 1/1/2013, these credits are issued as one certificate. Effective 1/1/2014, there is no longer a QCE credit for North Slope expenditures.	No	Effective 1/1/2014, no QCEs on North Slope Pre-1/1/2014, QCEs allowed Statewide	15 AAC 55.310-320	Same expenditures may also qualify for credit under AS 43.55.023(b)		Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	
AS 43.55.023(a)(2)	Qualified Capital Expenditures Credit in Relation to Exploration	4/1/2006, amended 7/1/2007, 1/1/2013 & 1/1/2014	North Slope QCEs expire on 12/31/2013	20%	A Qualified Capital Expenditure (QCE) must be a lease expenditure and related to exploration. Effective 1/1/2013, these credits are issued as one certificate. Effective 1/1/2014, there is no longer a QCE credit for North Slope expenditures.	Yes	Effective 1/1/2014, no QCEs on North Slope Pre-1/1/2014, QCEs allowed Statewide	15 AAC 55.310-320	Same expenditures may also qualify for credit under AS 43.55.023(b)		Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	
AS 43.55.023(b)	Carried-Forward Annual Loss Credit	4/1/2006, amended 7/1/2007 & 1/1/2014	No expiration		Cook Inlet 25% North Slope 1/1/14-12/31/15 45% North Slope 1/1/16 forward 35% Statewide 7/1/07-12/31/13 25% Statewide pre-7/1/07 20% The carried forward annual loss is calculated for each segment by taking 25% or 45% of excess lease expenditures (lease expenditures not deductible in calculating production tax values). Effective 1/1/2013, these credits are issued as one certificate. Calendar years 2014-2014, North Slope losses have a 45% credit. After 2015, the credit is 35% for North Slope.	No	No	15 AAC 55.310-320	Same expenditures may also qualify for credit under AS 43.55.023(a), (i), or 025(a)(1-4)	Applied directly to tax or issued as a certificate. The certificate may be transferred to another company, applied against tax liability, or "cashed" out with the State under AS 43.55.028 - or a combination of the above. Effective 6/23/2013, the certificates may also be assigned. Note: the recipient of a transferred certificate may not "cash" out the certificate with the State. If applied against tax - must be 1:12 against each month (except credits under .025 and certificates).	Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	
AS 43.55.023(j)(1)	Well Lease Expenditure Credit	7/1/2010	No expiration	40%	A Well Lease Expenditure (WLE) must be a lease expenditure, QCE, AND an Intangible Drilling and Development Cost (IDC) south of 68 degrees North latitude.	No	Yes - must be south of 68 degrees North latitude	None	Same expenditures may also qualify for credit under AS 43.55.023(b)		Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	
AS 43.55.023(j)(2)	Well Lease Expenditure Credit in Relation to Exploration	7/1/2010	No expiration	40%	A Well Lease Expenditure (WLE) must be a lease expenditure, QCE, AND an Intangible Drilling and Development Cost (IDC) related to exploration south of 68 degrees North latitude.	Yes	Yes - must be south of 68 degrees North latitude	None	Same expenditures may also qualify for credit under AS 43.55.023(b)		Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	
AS 43.55.025(a)(1-4)	Alternative Credit for Exploration	9/9/2003, amended 7/1/2008 & 1/1/2013	7/1/2016 for projects in North Slope and Cook Inlet; 1/1/2022 for "Middle Earth"	30% or 40% (pre-7/1/08 20% or 40%)	These credits are narrowly defined by both the statute and regulations as costs directly related to drilling an exploration well or performing a seismic shoot. An exploration well may receive either the 30% or 40% depending on location and seismic exploration may receive 40% credit.	Yes	For some of these credits there are distance requirements from other wells and units	15 AAC 55.350-360	Same expenditures may also qualify for credit under AS 43.55.023(b)		Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	
AS 43.55.025(a)(5)	Alternative Credit for Exploration - Jack-up Rig	5/10/2010	7/1/2016	80%, 90%, or 100% (up to \$20, \$22.5 or \$25 million)	The qualified expenditures related to the first 3 unaffiliated wells drilled by the same jack-up rig in Cook Inlet pre-Tertiary zone qualify for this credit. The first well receives a 100% credit up to \$25 million, the second well receives a 90% credit up to \$22.5 million, and the third well receives a 80% credit up to \$20 million.	Yes	Yes - must be a jack-up rig in Cook Inlet	15 AAC 55.350-360	None of the expenditures included in this credit may receive a credit under any other section of this chapter		Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	
AS 43.55.025(a)(6) & (7)	Alternative Credit for Exploration - Frontier Basins	1/1/2013	7/2/2016	80% (up to \$25 million) for wells; 75% (up to \$7.5 million) for seismic	The first two exploration wells drilled inside each of six frontier basins receives 80% credit up to \$25 million of qualified expenditures. The first seismic project performed inside each of six frontier basins receives 75% credit up to \$7.5 million of qualified expenditures.	Yes	Yes - projects must be located in one of the six prescribed basins under AS 43.55.025(p)	15 AAC 55.350-360	None of the expenditures included in this credit may receive a credit under any other section of this chapter		Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	
AS 43.55.019	Education Credit	1987, amended 1/1/2011	Changes 1/1/2021, no expiration	Max of \$5,000,000	For cash donations to qualified educational institutes or foundations a portion of the donation may be taken as a credit against tax liability.	No	No	None	Credit may be in addition to all other credits	Applied directly to tax at 1/12 each month and may not be carried forward or transferred	Reported on the return - no form needed	
AS 43.55.023(i)	Transitional Investment ("TIE") Credit	4/1/2006, amended 1/1/2008	12/31/2013	20%	For taxpayers that did not have commercial production before January 1, 2008, a 20% credit for QCEs for the period April 1, 2001 to March 31, 2006 is allowed. This credit is limited to 1/10 of the QCEs incurred April 1, 2007 through December 31, 2007.	No	No	15 AAC 55.330	May not have received an AS 43.55.025 credit for the same expenditures	Applied directly to tax at 1/12 each month and may not be transferred or used after 2013.	Reported on the return - no form needed	
AS 43.55.024(a)	New Area Development ("Middle Earth") Credit	4/1/2006	Later of 12/31/2016 or the 9th calendar year after production started in Middle Earth (if started before 5/1/2016)	\$6,000,000	For production south of 68 degrees North latitude and outside of Cook Inlet (aka "Middle Earth"), a producer may take a credit of \$6,000,000 to offset tax liability. Expires 2016.	No	Yes - must be outside of Cook Inlet and south of the North Slope aka "middle earth"	15 AAC 55.335	Not for specific expenditures - credit may be in addition to all other credits	Applied directly to tax at 1/12 each month and may not be carried forward or transferred	Reported on the return - no form needed	
AS 43.55.024(c)	Small Producer Credit	4/1/2006	Later of 12/31/2016 or the 9th calendar year after production started (if started before 5/1/2016)	\$12,000,000	If the taxpayer produces less than 50,000 BTU equivalent barrels average daily production, then they may take the full \$12,000,000 credit. For production between 50,000-100,000 BTU equivalent barrels the credit is prorated. Expires 2016.	No	No	15 AAC 55.335	Not for specific expenditures - credit may be in addition to all other credits	Applied directly to tax at 1/12 each month and may not be carried forward or transferred	Reported on the return - no form needed	
AS 43.55.024(f)	Credit on GVR Oil	1/1/2014	No expiration	\$5 per bbl	A credit of \$5 per barrel is allowed based on oil produced that meets one of the criteria under AS 43.55.160(i) or (g).	No	Yes - must be north of 68 degrees North latitude (North Slope)	15 AAC 55.335	Not for specific expenditures - credit may be in addition to all other credits	Applied directly to tax at 1/12 each month and may not be carried forward or transferred	Reported on the return - no form needed	
AS 43.55.024(j)	Sliding Scale Credit	1/1/2014	No expiration	\$1-\$8 per bbl	A sliding scale credit of \$1-\$8 per barrel is allowed based on oil that does not meet the criteria under AS 43.55.160(i) or (g) when the monthly average Gross Value at the Point of Production is less than \$150.	No	Yes - must be north of 68 degrees North latitude (North Slope)	15 AAC 55.335	Not for specific expenditures - credit may be in addition to all other credits	Applied directly to tax at 1/12 each month OR actual amount earned each month and may not be carried forward or transferred	Reported on the return - no form needed	
AS 43.55.023(d) Certificate Against Tax	Credit Certificate from AS 43.55.023(a), (i), or (b) credits		No expiration							Applied directly against tax liability may be taking all in one month & may be carried forward, transferred, split	Reported on the return - no form needed	
AS 43.55.025 Certificate Against Tax	Credit Certificate from AS 43.55.025 credits		No expiration							Applied directly against tax liability may be taking all in one month & may be carried forward, transferred, split	Reported on the return - no form needed	
AS 43.98	Film Tax Credits	7/1/2013 Effective for AS 43.55 Tax Liability	7/1/2023	N/A	A tax credit certificate is issued and may be applied against tax - Film Division issues the certificates	N/A	N/A	43.98.030	N/A	Applied directly against tax liability	Reported on the return - no form needed	offset taxes imposed under AS 21.09.210, AS 21.06.110, AS 43.20, AS 43.88, AS 43.56, AS 43.69, AS 43.76, and AS 43.77
AS 41.09.010	(DNR) Exploration Incentive Credits			N/A	DNR administers this credit (does not need to be on State leased land).	N/A	N/A	41.09.010 15 AAC 55.520(f)	N/A	Applied directly against tax liability	Reported on the return - no form needed	a payment or obligation against which a credit authorized by AS 38.05.180(i) may be claimed; taxes payable under AS 43.20; and oil and gas bonus payments due the state under AS 38.05.180(f).
AS 38.05.180(i)	(DNR) Exploration Incentive Credits			N/A	DNR administers this credit in leasing section (must be on State leased land). A credit may not exceed 50 percent of the payment toward which it is being applied.	N/A	N/A	38.05.180 15 AAC 55.520(f)	N/A	Applied directly against tax liability	Reported on the return - no form needed	Credits may be applied against (1) royalty and rental payments for oil and gas or for gas only payable to the state or (2) taxes payable under AS 43.55.

Small Producer Credit	A credit of up to \$12 million for producers with less than 100,000 btu equivalent barrels per day.
Oil and Gas Producer Education Credit	A credit for qualified contributions to vocational education programs or accredited Alaska universities or colleges.
Exploration Incentive Credits under AS 41.09.010	Exploration Incentive Credits granted under AS 41.09.010
Film Tax Credits under AS 43.98	Film Tax Credits granted under AS 43.98
Exploration Incentive Credits under AS 38.05.180	Exploration Incentive Credits granted under AS 38.05.180
New Area Development Credit	Non Transferable Tax Credit that is not from the North Slope nor Cook Inlet, A.K.A. "Middle Earth."
Alternative Tax Credit for Exploration	Alternative Tax Credit for Oil and Gas Exploration used (applied against tax) in the tax year.
Transferred alternative tax credit certificates	Alternative Tax Credit for Oil and Gas Exploration that were not earned, rather transferred.
Transitional Investment Expenditure Credits	Credit for transition of investment expenditure.
Carry-forward Qualified Capital Expenditure Credits from a prior year	Carry-forward of a Qualified Capital Expenditure Credit from a prior period earned for expenditures
Qualified Capital Expenditure Credits earned during this period - Election to Apply a Tax Credit Against Oil and Gas Production Tax	Qualified capital expenditure credits earned during the reported month for expenditures.
Qualified Capital Expenditure Credits earned during this period - Geological or Geophysical Exploration	Qualified capital expenditure credits earned during the reported month for expenditures
Carry-forward Well Lease Expenditure Credit from a prior year	Carry-forward of a Well Lease Expenditure Credit from a prior year.
Well Lease Expenditure Credit- Election to Apply a Tax Credit Against Oil and Gas Production Tax	Well Lease Expenditure Credits earned this period.
Well Lease Expenditure Credit- Geological or Geophysical Exploration	Well Lease Expenditure Credits earned this period.
Carry-forward Annual Loss Credit from a previous year	Carry-forward Annual Loss Credit from a previous year
Credits from Transferable Tax Credit Certificates	Credits from Transferable Tax Credit Certificates under AS 43.55.023(d) as limited by AS 43.55.23(e)
Per Barrel Credit for Oil subject to the Gross Value Reduction	For North Slope Oil subject to the Gross Value Reduction
Sliding Scale Production Credit	For North Slope Oil not subject to the Gross Value Reduction.

43.55.024(c)  
15 AAC 55.520(f)

43.55.019  
15 AAC 55.520(f)  
41.09.010  
15 AAC 55.520(f)  
43.98.030  
38.05.180  
15 AAC 55.520(f)

43.55.024(a)  
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43.55.023(a)  
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43.55.023(a)(1)  
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43.55.023(a)(2)  
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43.55.023(l)  
15 AAC 55.520(f)

43.55.023(l)(1)  
15 AAC 55.520(f)  
43.55.023(l)(2)  
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43.55.023(b)  
15 AAC 55.520(f)

43.55.023(d)  
15 AAC 55.520(f)

43.55.024(i)

43.55.024(j)