

Comparison of HB 111 with Committee Substitute Work Draft (Resources)

Provision	HB 111	CSHB 111 (awaiting CS work draft)
Intent		Intent language regarding purchase of outstanding tax credit certificates.
Interest AS 43.05.225	Section 1. Amends the corporate income tax regarding interest on delinquent oil and gas production tax payments to remove a three year limit on accrual of interest.	No change.
Minimum Tax AS 43.55.011(f)	Section 2. Changes the minimum tax from not less than 4% to 5% when the average ANS price is \$25 or more for oil and gas produced after January 1, 2018; removes the variable minimum tax rates.	Sets the minimum tax at 5% when average ANS price is \$50 or more and at 4% when the average ANS price is less than \$50; removes the rest of the variable minimum tax rates.
Minimum Tax AS 43.55.011(f)	Section 2. Inadvertent language ends the minimum tax for oil in 2022. The minimum tax for oil should continue indefinitely; the minimum tax for gas ends in 2022 when the net production tax changes to a gross value tax.	Makes the necessary correction to apply the minimum tax to oil indefinitely and end it for gas in 2022.
Minimum Tax AS 43.55.011(q)(new)	Section 3. Adds a new section to AS 43.55.011: application of a tax credit issued under the oil and gas production tax may not be used to reduce the minimum tax below the floor.	No change.
Per Barrel Credit AS 43.55.011(q)(new) AS 43.55.024(j)	Section 3. Adds language intended to prevent taxpayers from using per barrel credits that cannot be used in one month due to the minimum tax to offset a tax liability from a different month in that calendar year.	The language in new AS 43.05.011(q) is deleted and new language is added to AS 43.55.024(j) – the per barrel credit section – that better addresses the issue of the credits being applied in different months.
Payment of Tax AS 43.55.020	Section 4. Amends the sections governing tax payments to reflect the changes to the minimum tax and migrating credit.	Same.
Net Operating Loss AS 43.55.023(b) AS 43.55.165	Section 5. Changes the North Slope carried-forward annual loss (net operating loss) credit rate established under AS 43.55.023(b) from 35 percent to 15 percent.	Eliminates net operating loss credits. Amends AS 43.55.165 – lease expenditures – to allow 50% of net operating losses to carry forward to when there is production; interest accrues at the federal reserve rate, compounded annually, for up to seven years.

Net Operating Loss AS 43.55.023(d)	Section 6. Amends AS 43.55.023(d) to remove the ability for taxpayers to apply for purchase of net operating loss credits.	Same.
Per Barrel Credit AS 43.55.024(j)	Section 7. Amends the sliding scale per barrel credit from \$8 at oil prices less than \$80 per barrel to zero at \$150 to \$5 at oil prices less than \$110; \$4 at \$110 to less than \$120; \$3 at \$120 to less than \$130; \$2 at \$130 to less than \$140; \$1 at \$140 to less than \$150; and zero when oil prices are \$150 and above.	Amends the per barrel credit to \$8 at oil prices less than \$60; \$7 at \$60 to less than \$70; \$6 at \$70 to less than \$80; \$5 at \$80 to less than \$90; \$4 at \$90 to less than \$100; \$3 at \$100 to less than \$110; and zero when oil prices are \$110 and above.
Dry Hole Credit		Allows an explorer to take up to a 15% purchasable tax credit of exploration expenditures incurred for drilling that results in a dry hole conditioned on payment of all service contracts, return of the lease to the state, the explorer has no oil or gas production, and the expenditure is not the basis for another credit claimed under the production tax.
Oil & Gas Tax Credit Fund AS 43.55.028(a)	Section 8. Amends the tax credit fund to reflect the change that removes the ability for taxpayers to apply for a cash payment for net operating loss credits.	No change.
Oil & Gas Tax Credit Fund AS 43.55.028(e)	Section 9. Changes the limit on cash payment of tax credits from a \$70 million cap to a \$35 million cap per company; limits purchasable credits to companies with not more than 15,000 barrels per day production, down from 50,000 barrels.	No change.
Gross Value at the Point of Production AS 43.55.150	Section 10. Adds a new section to AS 43.55.150 to ensure that the gross value at the point of production does not go below zero.	No change.
Oil & Gas Tax Credit Fund AS 43.55.028(g)(3)	Section 11. Repeals the provision that set the purchase of \$70 million in tax credits at 100% of the first \$35 million and 75% of the other \$35 million in a year.	No change.
Assignment of Tax Credit Certificates AS 43.55.029		Repeals the 2013 statute that allowed for the assignment of production tax credits to a third-party assignee.

Tax Credit Information AS 43.05.230; AS 43.55.030		Allows certain information related to tax credits to be made public.
Confidential Tax Information AS 43.05.230		Allows certain confidential taxpayer information to be disclosed to legislators in executive session in conformance with a signed confidentiality agreement.
DNR Approval		Directs the Department of Natural Resources to develop regulations to establish a review process for DNR pre-approval of lease expenditures that will generate a carry-forward annual loss.
Cook Inlet Working Group		Establishes a legislative working group to analyze the Cook Inlet fiscal regime.
Applicability	Section 12. Provisions relating to the minimum tax, migrating credit, and net operating loss credit apply to lease expenditures incurred on or after January 1, 2018.	No change.
Transition	Section 13. The department of revenue may purchase net operating loss credits for applications made before January 1, 2018.	No change.
Retroactivity	Section 14. The interest rate change in section 1 is retroactive to January 1, 2017.	No change.
Effective Dates	Section 15. The change to the interest rate and its retroactivity is effective immediately.	No change.
Effective Dates	Section 16. All other sections take effect January 1, 2018.	No change.