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A BILL
FOR AN ACT ENTITLED
“An Act relating to the oil and gas production tax, tax payments, and tax credits.”

BE IT ENACTED BY THE PEOPLE OF THE STATE OF ALASKA:

***Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

SHORT TITLE. This Act shall be known as the “Fair Share Act.”

Notwithstanding Any Other Statutory Provisions to the Contrary, the Oil and Gas Production Tax in AS 43.55 Shall Be Amended as Follows:

***Section 2, Applicability.** The provisions in Sections 3 and 4 only apply to oil produced from fields, units, and nonunitized reservoirs north of 68 degrees north latitude that have produced in excess of 40,000 barrels of oil per day in the previous calendar year and in excess of 400,000,000 barrels of total cumulative oil production. For other oil production, the tax shall be unchanged by this Act.

***Section 3, Alternative Gross Minimum Tax.** For oil production from fields, units, and nonunitized reservoirs that meet the conditions in Sec. 2, the amount of tax due for each calendar month shall be no less than:

(a) 10 percent of the gross value at the point of production when the average per-barrel price for Alaska North Slope crude oil for sale on the United States West Coast (La. Basin) during the calendar month for which the tax is due is less than \$50;

(b) an additional 1 percent of the gross value at the point of production for each \$5 increment by which the average per-barrel price for Alaska North Slope crude oil for sale on the United States West Coast (La. Basin) during the calendar month for which the tax is due is equal to or exceeds \$50. The maximum tax rate calculated in this section shall not exceed 15 percent, which is reached when the price per barrel is equal to or exceeds \$70; and

(c) No credits, carried-forward lease expenditures, including operating losses, or other offsets may reduce the amount of tax due below the amounts calculated in this section.

1 ***Section 4, Tax on Production Tax Value.** For production from fields, units, and
2 nonunitized reservoirs that meet the conditions in Sec. 2:

3 (a) The per-taxable-barrel credit in AS 43.55.024(i) and (j) shall not be used; and

4 (b) An additional production tax shall be paid for each month for which the
5 producer's average monthly Production Tax Value of taxable oil is equal to or more than
6 \$50. The additional tax shall be the difference between the average monthly Production
7 Tax Value of a barrel of oil and \$50, multiplied by the volume of taxable oil produced by
8 the producer for the month, multiplied by 15 percent.

9 ***Section 5, Separate Treatment.** For each producer, the taxes set forth in Sections 3
10 and 4 shall be calculated separately for the following:

11 (a) For oil and for gas;

12 (b) For each calendar month (annual lease expenditures shall be divided equally
13 among the 12 months of the tax year); and

14 (c) For each of the fields, units, and nonunitized reservoirs, the lease expenditures
15 shall be calculated, deducted, and carried forward separately.

16 ***Section 6, Greater-of.** For each producer, for each month, and for each of the fields,
17 units, and nonunitized reservoirs, the tax due shall be the greater of the tax under Section
18 3 or Section 4.

19 ***Section 7, Public Records.** All filings and supporting information provided by each
20 producer to the Department relating to the calculation and payment of the taxes set forth
21 in Sections 3 and 4 shall be a matter of public record.

22 ***Section 8, Scope of Initiative.** Nothing in this Act authorizes or requires the
23 Legislature to dedicate revenue, to make or repeal appropriations, to enact local or special
24 legislation, or to perform any unconstitutional act. While not required by this Act, the
25 revenues from this Act could be used to fund essential government services, capital
26 projects, the permanent fund, and permanent fund dividends.

27 ***Section 9, Severability.** The provisions of this Act are independent and severable, and
28 if any provision of this Act or applicability of any provision to any person or
29 circumstance shall be found to be invalid, the remainder of this Act shall not be affected
30 and shall be given effect to the fullest extent practicable.