

HOUSE BILL NO. 155

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE THOMPSON

Introduced: 3/20/15
Referred:

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to fees charged by the commercial fisheries entry commission;**
2 **repealing an exploration incentive credit; amending the calculation of adjusted gross**
3 **income for purposes of the tax on gambling activities aboard large passenger vessels;**
4 **repealing the amount that may be deducted from the motor fuel tax to cover the expense**
5 **of accounting and filing for the monthly tax return; repealing a provision allowing an**
6 **investigation expense under the Alaska Small Loans Act to be in place of a fee required**
7 **under the Alaska Business License Act; repealing the amount that may be deducted**
8 **from the tobacco excise tax to cover the expense of accounting and filing for the monthly**
9 **tax return; repealing the discount on cigarette tax stamps provided as compensation for**
10 **affixing the stamps to packages; repealing the amount that may be deducted from a tire**
11 **fee remittance to cover the expense of accounting and filing for the quarterly fee return;**
12 **and providing for an effective date."**

1 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

2 * **Section 1.** AS 16.43.100 is amended by adding a new subsection to read:

3 (c) In establishing and collecting fees under this section, the commission shall
4 require that each person subject to a fee is required to pay the same fee for the same
5 service.

6 * **Sec. 2.** AS 16.43.160(a) is amended to read:

7 (a) **The** [EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION,
8 THE] commission shall establish annual fees for the issuance and annual renewal of
9 entry permits or interim-use permits. **In establishing fees under this section, the**
10 **commission shall require that each person subject to a fee for a permit is**
11 **required to pay the same fee for the same permit, except that the commission**
12 **may establish a nonresident surcharge under (c) of this section.**

13 * **Sec. 3.** AS 41.09.010(a) is amended to read:

14 (a) **The** [UNDER AN INCENTIVE PROGRAM DISTINCT FROM THE
15 EXPLORATION INCENTIVE CREDIT AUTHORIZED BY AS 38.05.180(i), THE]
16 commissioner may extend to a qualified applicant an exploration incentive credit for
17 each of the following activities performed on land in the state, regardless of whether
18 the land is state-owned land:

- 19 (1) geophysical work [ON LAND THAT IS NOT SUBJECT TO A
20 CREDIT UNDER AS 38.05.180(i)];
21 (2) drilling a stratigraphic test well; and
22 (3) drilling an exploratory well.

23 * **Sec. 4.** AS 41.09.010(b) is amended to read:

24 (b) An exploration incentive credit extended under (a) of this section may be
25 applied against

- 26 (1) [A PAYMENT OR OBLIGATION AGAINST WHICH A
27 CREDIT AUTHORIZED BY AS 38.05.180(i) MAY BE CLAIMED];
28 (2)] taxes payable under AS 43.20; and
29 **(2)** [(3)] oil and gas bonus payments due the state under
30 AS 38.05.180(f).

31 * **Sec. 5.** AS 43.20.043(g) is amended to read:

1 (g) A taxpayer that obtains a credit for a qualified capital investment or cost
 2 incurred for qualified services under this section may not also claim a tax credit or
 3 royalty modification for the same qualified capital investment or cost incurred for
 4 qualified services under [AS 38.05.180(i),] AS 41.09.010, AS 43.55.023, or
 5 43.55.025. However, a taxpayer may elect not to obtain a credit under this section in
 6 order to qualify for a credit provided under [AS 38.05.180(i),] AS 41.09.010,
 7 AS 43.55.023, or 43.55.025.

8 * **Sec. 6.** AS 43.35.210 is amended to read:

9 **Sec. 43.35.210. Tax on gambling activities.** There is imposed on the operator
 10 of gaming or gambling activities aboard large passenger vessels in the state a tax of 33
 11 percent of the adjusted gross income from those activities. "Adjusted gross income"
 12 means gross income less prizes awarded and [FEDERAL AND] municipal taxes paid
 13 or owed on the income. The tax shall be collected and is due and payable to the
 14 Department of Revenue in the manner and at the times required by the Department of
 15 Revenue.

16 * **Sec. 7.** AS 43.40.010(c) is amended to read:

17 (c) Every dealer who sells or otherwise transfers motor fuel in the state shall
 18 collect the tax at the time of sale, and remit the total tax collected during each calendar
 19 month of each year to the department by the last day of each succeeding month. Every
 20 user shall likewise remit the tax accrued on motor fuel actually used by the user during
 21 each month. [IF THE MONTHLY TAX RETURN IS TIMELY FILED, ONE
 22 PERCENT OF THE TOTAL MONTHLY TAX DUE, LIMITED TO A MAXIMUM
 23 OF \$100, MAY BE DEDUCTED AND RETAINED TO COVER THE EXPENSE OF
 24 ACCOUNTING AND FILING THE MONTHLY TAX RETURN.] At the time the
 25 remittance is made, each dealer or user shall submit a statement to the department
 26 showing all fuel which the dealer or user has distributed or used during the month.

27 * **Sec. 8.** AS 43.50.590(a) is amended to read:

28 (a) The department shall adopt procedures for a refund or credit to a licensee
 29 in the amount of the denominated value [, LESS THE DISCOUNT GIVEN UNDER
 30 AS 43.50.540,] for

31 (1) unused or damaged stamps;

1 (2) stamps affixed to cigarette packages that have become unfit for use
2 or sale, are destroyed, or are returned to the manufacturer for credit or replacement if
3 the licensee provides proof acceptable to the department that the cigarettes have not
4 been and will not be consumed in this state; or

5 (3) stamps affixed to cigarette packages that are sold or distributed
6 outside the state if the licensee provides proof acceptable to the department that the
7 cigarettes have not been and will not be consumed in this state and the licensee is
8 properly licensed in the jurisdictions outside the state where the sales or distributions
9 are made.

10 * **Sec. 9.** AS 43.55.011(m) is amended to read:

11 (m) Notwithstanding any contrary provision of [AS 38.05.180(i),]
12 AS 41.09.010, AS 43.55.024, or 43.55.025, the department shall provide by regulation
13 a method to ensure that, for a calendar year for which a producer's tax liability is
14 limited by (j), (k), or (o) of this section, tax credits based on a lease expenditure
15 incurred before January 1, 2011, that are otherwise available under [AS 38.05.180(i),]
16 AS 41.09.010, AS 43.55.024, or 43.55.025 and allocated to gas subject to the
17 limitations in (j), (k), and (o) of this section are accounted for as though the credits had
18 been applied first against a tax liability calculated without regard to the limitations
19 under (j), (k), and (o) of this section so as to reduce the tax liability to the maximum
20 amount provided for under (j) or (o) of this section for the production of gas or (k) of
21 this section for the production of oil. The regulation must provide for a reasonable
22 method to allocate tax credits to gas subject to (j) and (o) of this section. Only the
23 amount of a tax credit remaining after the accounting provided for under this
24 subsection may be used for a later calendar year, transferred to another person, or
25 applied against a tax levied on the production of oil or gas not subject to (j), (k), or (o)
26 of this section to the extent otherwise allowed.

27 * **Sec. 10.** AS 43.55.023(a) is amended to read:

28 (a) A producer or explorer may take a tax credit for a qualified capital
29 expenditure as follows:

30 (1) notwithstanding that a qualified capital expenditure may be a
31 deductible lease expenditure for purposes of calculating the production tax value of oil

1 and gas under AS 43.55.160(a), unless a credit for that expenditure is taken under
2 [AS 38.05.180(i),] AS 41.09.010, AS 43.20.043, or AS 43.55.025, a producer or
3 explorer that incurs a qualified capital expenditure may also elect to apply a tax credit
4 against a tax levied by AS 43.55.011(e) in the amount of 20 percent of that
5 expenditure;

6 (2) a producer or explorer may take a credit for a qualified capital
7 expenditure incurred in connection with geological or geophysical exploration or in
8 connection with an exploration well only if the producer or explorer

9 (A) agrees, in writing, to the applicable provisions of
10 AS 43.55.025(f)(2); and

11 (B) submits to the Department of Natural Resources all data
12 that would be required to be submitted under AS 43.55.025(f)(2);

13 (3) a credit for a qualified capital expenditure incurred to explore for,
14 develop, or produce oil or gas deposits located north of 68 degrees North latitude may
15 be taken only if the expenditure is incurred before January 1, 2014.

16 * **Sec. 11.** AS 43.55.023(l) is amended to read:

17 (l) A producer or explorer may apply for a tax credit for a well lease
18 expenditure incurred in the state south of 68 degrees North latitude after June 30,
19 2010, as follows:

20 (1) notwithstanding that a well lease expenditure incurred in the state
21 south of 68 degrees North latitude may be a deductible lease expenditure for purposes
22 of calculating the production tax value of oil and gas under AS 43.55.160(a), unless a
23 credit for that expenditure is taken under (a) of this section, [AS 38.05.180(i),]
24 AS 41.09.010, AS 43.20.043, or AS 43.55.025, a producer or explorer that incurs a
25 well lease expenditure in the state south of 68 degrees North latitude may elect to
26 apply a tax credit against a tax levied by AS 43.55.011(e) in the amount of 40 percent
27 of that expenditure; a tax credit under this paragraph may be applied for a single
28 calendar year;

29 (2) a producer or explorer may take a credit for a well lease
30 expenditure incurred in the state south of 68 degrees North latitude in connection with
31 geological or geophysical exploration or in connection with an exploration well only if

1 the producer or explorer

2 (A) agrees, in writing, to the applicable provisions of
3 AS 43.55.025(f)(2); and

4 (B) submits to the Department of Natural Resources all data
5 that would be required to be submitted under AS 43.55.025(f)(2).

6 * **Sec. 12.** AS 06.20.030(c); AS 16.43.160(d); AS 38.05.180(i); AS 41.09.030;
7 AS 43.50.330(b), 43.50.540(c), 43.50.540(h); and AS 43.98.025(e) are repealed.

8 * **Sec. 13.** 20 AAC 05.250(b), 20 AAC 05.425(e)(1) and (2), and 20 AAC 05.1910(h) are
9 annulled.

10 * **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 TRANSITION. (a) The repeal of AS 38.05.180(i) by sec. 12 of this Act does not
13 prohibit the Department of Natural Resources from issuing a credit for an expenditure
14 incurred before the effective date of sec. 12 of this Act. A credit issued under former
15 AS 38.05.180(i) before the effective date of sec. 12 of this Act may, during the period
16 established by the commissioner under former AS 38.05.180(i), be assigned or used to offset
17 taxes imposed under the provisions identified in former AS 38.05.180(i).

18 (b) Notwithstanding the annulment of 20 AAC 05.1910(h) by sec. 13 of this Act, the
19 Alaska Commercial Fisheries Entry Commission may continue to charge a fee of \$50 to
20 process permanent and emergency transfers of interim-use and entry permits while proceeding
21 to adopt a new regulation that otherwise meets the requirements of this Act. Each person
22 subject to a fee under this subsection is required to pay the same fee.

23 * **Sec. 15.** Section 6 of this Act takes effect January 1, 2016.

24 * **Sec. 16.** Except as provided in sec. 15 of this Act, this Act takes effect July 1, 2015.