

**State of Alaska**  
**Department of Revenue**  
**Public Notice**  
**Regulations for Repeal**  
**Title 15 - Revenue**

**BRIEF DESCRIPTION:** The Alaska Department of Revenue (department) proposes to repeal existing regulations that mimic existing statutes, have been superseded, or are otherwise no longer in effect. In addition, the department proposes to make any necessary conforming changes resulting from the repeals.

The purpose of this notice is to ask the public and other interested parties for suggestions for regulations that have become obsolete or mimic existing statutes. It is the department's intent to protect the interests of the public without also requiring unnecessary administrative burden on either the state, interested parties, or the public for any of the taxes administered by the department.

Other minor changes or repeals proposed by the public or other interested parties may also be considered by the department.

Written comments, suggestions, questions, and other input must be received by the department no later than **4:00 p.m. on Tuesday, October 1, 2019.**

The Department of Revenue proposes to repeal the following regulations under 15 AAC 10, Enforcement; 15 AAC 55.20, Alaska Net Income Tax; 15 AAC 21, Application of Tax; and 15 AAC.55, Oil and Gas Production Tax and Oil Surcharge, of the Alaska Administrative Code including the following:

- (1) **15 AAC 10.010, Annual affidavit and tax liability security requirements, 15 AAC 10.020, Tax liability security requirements; 15 AAC 10.030, Annual required security; 15 AAC 10.035, Waiver procedures and "good cause"; 15 AAC 10.040, Tax liability bond requirements; 15 AAC 10.050, Collection recourse to the tax liability security held is not required; 15 AAC 10.060, Tax liability security requirement not met; 15 AAC 10.070, Return of cash deposit or reduction or cancellation of tax liability bond** are proposed to be repealed, as the enabling statute was repealed by sec. 2, ch. 93, SLA 1997;
- (2) **15 AAC 20.150, Requirement to file returns electronically,** is proposed to be repealed as this section has been superseded by AS 43.05.045;

- (3) **15 AAC 20.530, Gas exploration and development tax credit**, is proposed to be repealed as the authorizing statute sunset on January 1, 2016, per secs. 2, 5, ch. 61, SLA 2003, as amended by sec. 16, ch. 15, SLA 2010;
- (4) **15 AAC 20.900(c), Definitions**, is proposed to be amended to make conforming amendments to statutory and regulatory references;
- (5) **15 AAC 21.001, Findings of fact, 15 AAC 21.003, Determinations based on findings of fact; 15 AAC 21.005, Requirements of alternative allocation and apportionment method; 15 AAC 21.010, Persons subject to this chapter; 15 AAC 21.020, Taxpayers having income from other activities; 15 AAC 21.030, Consolidated business; 15 AAC 21.040, Attribution of income; 15 AAC 21.050, Net taxable income; 15 AAC 21.060, Surtax exemption; 15 AAC 21.065, Tax rates; 15 AAC 21.070, Treatment of net losses realized under this chapter; 15 AAC 21.100, Taxable production income; 15 AAC 21.110, Gross production revenue; 15 AAC 21.120, Value at the point of production; 15 AAC 21.122, Sales price; 15 AAC 21.124, Prevailing value for oil; 15 AAC 21.125, Prevailing value for gas; 15 AAC 21.128. Choice of methods for determining reasonable cost of transportation; 15 AAC 21.130, Calculation of reasonable costs of transportation; 15 AAC 21.140, Extraordinary production revenue (or loss); 15 AAC 21.200, Deductions from gross production revenue – In general; 15 AAC 21.210, Deduction for royalty; 15 AAC 21.215, Deduction for Native corporation revenue sharing; 15 AAC 21.220, Deduction for production taxes; 15 AAC 21.230, Deduction for ad valorem taxes; 15 AAC 21.235, Deduction for crude oil windfall profit tax; 15 AAC 21.240, Deduction for direct operating costs; 15 AAC 21.250, Deduction for acquisition costs; 15 AAC 21.260, Deduction for development costs; 15 AAC 21.270, Deduction for exploration costs; 15 AAC 21.280, Deduction for uncapitalized interest; 15 AAC 21.290, Deduction for general overhead and administrative expense; 15 AAC 21.300, Taxable oil pipeline income; 15 AAC 21.310, Operating revenues (oil pipelines); 15 AAC 21.320, Extraordinary operating revenues and losses (oil pipelines); 15 AAC 21.350, Operating expenses (oil pipelines); 15 AAC 21.400, Taxable gas pipeline income; 15 AAC 21.410, Operating revenues (gas pipelines); 15 AAC 21.420, Extraordinary operating revenues and losses (gas pipelines); 15 AAC 21.450, Operating expenses (gas pipelines); 15 AAC 21.500, Taxable apportioned income; 15 AAC 21.510, Apportionable income; 15 AAC 21.520, Three-factor formula for apportionment; 15 AAC 21.530, Property factor; 15 AAC 21.540, Payroll factor; 15 AAC 21.550, Sales factor; 15 AAC 21.600, General rule; 15 AAC 21.610, Notice of commencement of taxable activity; 15 AAC 21.620, Partial years; 15 AAC 21.630, Expenses and net operating losses under the old tax; 15 AAC 21.640, Installments under the old tax; 15 AAC 21.650, Net operating loss carryovers from AS 43.20; 15 AAC 21.660, Net operating loss carrybacks from AS 43.20; 15 AAC 21.700, Returns and assessments; 15 AAC 21.710, Payments; installments; 15 AAC 21.720, Refunds; 15 AAC 21.730, Computation of interest; 15 AAC 21.740, Civil Penalties; 15 AAC 21.750, Relief;**

**15 AAC 21.800, Application to the 1978 tax year; 15 AAC 21.810, Statute of limitations; 15 AAC 21.820, Fiscal-year taxpayers; and 15 AAC 21.900, Definitions** are proposed to be repealed as the enabling statutes were repealed by sec. 19, ch. 116, SLA 1981;

- (6) **15 AAC 55.151(b)(2)(A), Gross value of oil or gas at the point of production**, is proposed to be repealed to make conforming adjustments related to the repeal of 15 AAC 55.180 and 15 AAC 55.191;
- (7) **15 AAC 55.173(i), Prevailing value for gas**, is proposed to be repealed; the regulation is no longer necessary as the time period it governed has passed and new regulations are in effect;
- (8) **15 AAC 55.180, Choice of methods for determining reasonable cost of transportation for oil and gas produced before July 1, 2007**, is proposed to be repealed; the regulation is no longer necessary as the time period it governed has passed and new regulations are in effect;
- (9) **15 AAC 55.191, Calculation of reasonable costs of transportation for oil or gas produced before July 1, 2007**, is proposed to be repealed; the regulation is no longer necessary as the time period it governed has passed and new regulations are in effect;
- (10) **15 AAC 55.205, Calculation of production tax values for oil and gas produced before July 1, 2007**, is proposed to be repealed; the regulation is no longer necessary as the time period it governed has passed and new regulations are in effect;
- (11) **15 AAC 55.223, Cook Inlet lease expenditures incurred before July 1, 2007**, is proposed to be repealed; the regulation is no longer necessary as the time period it governed has passed and new regulations are in effect;
- (12) **15 AAC 55.270, Overhead before March 1, 2010**, is proposed to be repealed; the regulation is no longer necessary as the time period it governed has passed and new regulations are in effect;
- (13) **15 AAC 55.340, Cook Inlet credit provisions before July 1, 2007**, is proposed to be repealed; the regulation is no longer necessary as the time period it governed has passed and new regulations are in effect;
- (14) **15 AAC 55.345(d)(2), Procedures for applying certain tax credits**, is proposed to be amended to make conforming changes related to the repeal of 15 AAC 55.380;

- (15) **15 AAC 55.350, Alternative tax credit for exploration expenditures for work performed after June 30, 2003, and before July 1, 2008**, is proposed to be repealed; the regulation is no longer necessary as the time period it governed has passed and new regulations are in effect;
- (16) **15 AAC 55.355, Alternative oil and gas exploration tax credit claim for expenditures for work performed after June 30, 2003, and before July 1, 2008**, is proposed to be repealed; the regulation is no longer necessary as the time period it governed has passed and new regulations are in effect;
- (17) **15 AAC 55.370(a)(3), Applying production tax credit certificates against production tax liability**, is proposed to be amended to make conforming changes related to the repeal of 15 AAC 55.380;
- (18) **15 AAC 55.380, Subtraction of tax credits in calculation of installment payment of estimated tax for oil and gas produced before July 1, 2007**, is proposed to be repealed; the regulation is no longer necessary as the time period it governed has passed and new regulations are in effect;
- (19) **15 AAC 55.410(b), Tax on production tax value of oil and gas**, is proposed to be repealed; the regulation is no longer necessary as subsection (b) deals with oil and gas produced before July 1, 2007;
- (20) **15 AAC 55.420, Minimum tax for oil and gas produced before July 1, 2007**, is proposed to be repealed; the regulation is no longer necessary as the time period it governed has passed and new regulations are in effect;
- (21) **15 AAC 55.430, Tax based on price index for oil and gas produced before July 1, 2007**, is proposed to be repealed; the regulation is no longer necessary as the time period it governed has passed and new regulations are in effect;
- (22) **15 AAC 55.510, Installment payments of estimated tax for oil and gas produced before July 1, 2007**, is proposed to be repealed; the regulation is no longer necessary as the time period it governed has passed and new regulations are in effect;
- (23) **15 AAC 55.800(a)(2), (a)(4), (a)(6), (a)(10), (a)(11), (a)(12), (a)(14), (a)(15), (a)(17), (c)(13), (c)(14), (e)(4), and (g), Retroactive application of regulations**, are proposed to be repealed, as the affected regulations are proposed for repeal in this public notice;

- (24) **15 AAC 55.805, Rules for 2007 mid-year statutory changes**, is proposed to be repealed; the regulation is no longer necessary as the time period it governed has passed and new regulations are in effect;

You may comment on the proposed regulation changes, including the costs to private persons of complying with the proposed changes, by submitting written comments to: John Larsen, Audit Master, Alaska Department of Revenue, 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501. Additionally, the Department of Revenue will accept comments by electronic mail to [john.larsen@alaska.gov](mailto:john.larsen@alaska.gov), or by facsimile at (907) 269-6644. **Written comments must be received no later than 4:00 p.m., on Tuesday, October 1, 2019.**

You may submit written questions relevant to the proposed action to: John Larsen at [john.larsen@alaska.gov](mailto:john.larsen@alaska.gov) via email, or to: John Larsen, Audit Master, Alaska Department of Revenue, 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501. The questions must be received at least 10 days before the end of the public comment period. The Department of Revenue will aggregate its response to substantially similar questions and make the questions and responses available on the Alaska Online Public Notice System and Tax Division website at (<http://www.tax.alaska.gov>).

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact John Larsen at [john.larsen@alaska.gov](mailto:john.larsen@alaska.gov) or (907) 269-8436 no later than Thursday, September 26, 2019 to ensure that any necessary accommodations can be provided.

A copy of the regulations proposed for repeal are available on the Alaska Online Public Notice System and the Tax Division website, and by contacting John Larsen at (907) 269-8436 or [john.larsen@alaska.gov](mailto:john.larsen@alaska.gov).

**After the public comment period ends on Tuesday, October 1, 2019**, the Department of Revenue will either repeal the regulations proposed in this notice or other provisions dealing with the same subject, without further notice, or decide to take no action. **You should comment during the time allowed if your interests could be affected.** Written comments received are public records and are subject to public inspection.

**Statutory Authority:** AS 43.05.080; AS 43.10.160; AS 43.20.160; AS 43.55.110.

**Statutes Being Implemented, Interpreted, or Made Specific:** AS 43.10.080; AS 43.20.030; AS 43.20.043; sec. 19, ch. 116, SLA 1981; sec. 2, ch. 93, SLA 1997.

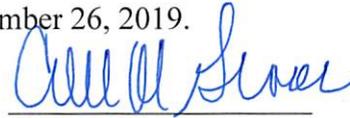
**Fiscal Information:** The proposed regulation changes are not expected to require an increased appropriation.

The department keeps a list of individuals and organizations interested in its regulations. Those on the list will automatically be sent a copy of all of the department's notices of proposed regulation changes. If you would like to be added or removed from the department's "Interested

Parties" list server to receive email notification of any proposed action you may do so at the following link: <http://tax.alaska.gov/programs/documentviewer/viewer.aspx?77n>

The department reserves the right to waive technical defects in this publication. The State of Alaska, Department of Revenue, complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who may need auxiliary aides, services, or special modifications to participate in this scoping request must contact the above address, email, or the TDD number (907) 269-8411 by 4:00 pm, Thursday, September 26, 2019.

DATE: August 23, 2019  
Anchorage, Alaska



Colleen Glover  
Director, Tax Division  
(907) 269-6620