

15 AAC 10.010 is repealed:

15 AAC 10.010. Annual affidavit and tax liability security requirements. Repealed.

[(a) ON OR BEFORE JUNE 2 OF EACH YEAR, EVERY NONRESIDENT ENGAGED IN THE ACT OF SEVERING OR TAKING RESOURCES FROM OR TRANSACTING OR DOING BUSINESS IN THE STATE SHALL

(1) SIGN AND FILE A STATEMENT OF INFORMATION ON AN AFFIDAVIT FORM PRESCRIBED BY THE DEPARTMENT; AND

(2) COMPLY WITH ONE OF THE TAX LIABILITY SECURITY REQUIREMENTS OF 15 AAC 10.020.

(b) THE AFFIDAVIT REQUIRED BY (a) OF THIS SECTION MUST

(1) STATE THE INFORMATION REQUIRED BY AS 43.10.160(a)(1) - (5);

(2) STATE THE TOTAL AMOUNT OF ACTUAL TAXES AND LICENSE FEES REQUIRED TO HAVE BEEN SHOWN ON RETURNS REQUIRED TO HAVE BEEN FILED DURING ALL PRIOR YEARS THAT ARE NOT YEARS CLOSED BY THE APPLICABLE PERIOD OF LIMITATION ON ASSESSMENT OR COLLECTION OF TAX, EXCLUSIVE OF ANY PENALTIES OR INTEREST; AND

(3) BE ACCOMPANIED BY A FULL EXPLANATION WITH RESPECT TO AN ESTIMATE OF CURRENT YEAR TAXES AND LICENSE FEES WHICH IS LESS THAN THE TOTAL ACTUAL PRIOR YEAR TAXES AND LICENSE FEES REQUIRED TO BE SHOWN ON THE AFFIDAVIT.

(c) AT ANY TIME DURING THE YEAR THAT A TAXPAYER HAS ACTUAL NOTICE OR KNOWLEDGE OF ANY FACT WHICH WOULD LEAD A REASONABLE BUSINESS PERSON TO BELIEVE THAT THE TAXPAYER'S PREVIOUSLY FILED

ESTIMATE OF TAXES AND LICENSE FEES UNDERESTIMATES THE AMOUNT OF TAXES AND LICENSE FEES FOR THE CURRENT YEAR, THE TAXPAYER SHALL FILE A CORRECTED AFFIDAVIT AND BRING HIMSELF INTO COMPLIANCE WITH THE TAX LIABILITY SECURITY REQUIREMENTS OF 15 AAC 10.020. THE CORRECTED AFFIDAVIT AND ADDITIONAL TAX LIABILITY SECURITY MUST BE FILED WITHIN 30 DAYS AFTER THE DATE ON WHICH THE TAXPAYER HAD ACTUAL NOTICE OR KNOWLEDGE OF SUCH A FACT.

EXAMPLE: A TAXPAYER FILED AN AFFIDAVIT AND MADE A CASH DEPOSIT OF \$3,000 FOR THE CURRENT YEAR ON JANUARY 15. THE TAXPAYER IS A CONSTRUCTION CONTRACTOR WHO, AT THE TIME OF FILING HIS ORIGINAL AFFIDAVIT, HAD TWO CONTRACTS IN PROGRESS. ON JULY 15, THE TAXPAYER WAS NOTIFIED THAT HIS BID ON A THIRD CONTRACT TO BE PERFORMED IN ALASKA DURING THE CURRENT YEAR WAS ACCEPTED. IN PERFORMING THE CONTRACT, THE TAXPAYER KNOWS HE WILL BE WITHHOLDING ALASKA INCOME AND SCHOOL TAXES ON THOSE EMPLOYEES HIRED TO DO THE WORK. THE TAXPAYER ANTICIPATES MAKING A PROFIT ON THE CONTRACT WHICH WILL RESULT IN A HIGHER ALASKA NET INCOME TAX THAN ORIGINALLY ANTICIPATED. THE TAXPAYER WILL ALSO DERIVE GROSS RECEIPTS FROM THE PERFORMANCE OF THE CONTRACT, WHICH RECEIPTS WILL RESULT IN A HIGHER BUSINESS LICENSE TAX THAN ORIGINALLY ANTICIPATED. ON OR BEFORE AUGUST 14, THE TAXPAYER MUST FILE A CORRECTED AFFIDAVIT REFLECTING THE HIGHER ESTIMATED TAXES AND LICENSE FEES AND COMPLY WITH THE TAX

LIABILITY SECURITY REQUIREMENTS OF 15 AAC 05.020.] (Eff. 6/21/78, Register 66;
repealed ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.10.160

15 AAC 10.020 is repealed:

15 AAC 10.020. Tax liability security requirements. Repealed. [(a) THE TAXPAYER SHALL POST A TAX LIABILITY BOND, MAKE A CASH DEPOSIT OR POST OTHER SECURITY WITH THE DEPARTMENT AT THE SAME TIME AS THE AFFIDAVIT REQUIRED BY 15 AAC 10.010 IS FILED OR IS REQUIRED TO BE FILED, WHICHEVER IS EARLIER, IN AN AMOUNT EQUAL TO OR GREATER THAN THE "ANNUAL REQUIRED SECURITY" AS DEFINED IN 15 AAC 10.030. THE ANNUAL POSTING OF A TAX LIABILITY BOND, PAYMENT OF A CASH DEPOSIT, OR POSTING OF OTHER SECURITY IS IN ADDITION TO THE TAX LIABILITY BONDS, CASH DEPOSITS, OR OTHER SECURITY POSTED WITH AFFIDAVITS FILED FOR PREVIOUS YEARS AND IS IN ADDITION TO ANY TAXES OR LICENSE FEES PAID OR OWING DURING THE CURRENT YEAR. PAYMENTS TREATED AS A CASH DEPOSIT IN ACCORDANCE WITH THE TAX LIABILITY SECURITY REQUIREMENTS MAY NOT BE USED AT THE TAXPAYER'S REQUEST TO PAY TAXES OR LICENSE FEES UNTIL RETURNED BY THE DEPARTMENT.

(b) IF THE VALUE OF THE TAXPAYER'S INTEREST IN REAL PROPERTY SHOWN ON THE AFFIDAVIT IN RESPONSE TO AS 43.10.160(a)(5) FOR THE CURRENT YEAR EQUALS OR EXCEEDS THE SUM OF (1) THE "ANNUAL REQUIRED SECURITY" AS DEFINED IN 15 AAC 10.030, PLUS (2) THE "ANNUAL REQUIRED SECURITY" REQUIRED TO HAVE BEEN SHOWN ON ALL AFFIDAVITS FOR EACH PREVIOUS

YEAR FOR WHICH AN AFFIDAVIT WAS REQUIRED, THAT IS NOT A YEAR CLOSED BY THE PERIOD OF LIMITATION ON ASSESSMENT OR COLLECTION OF TAX FOR THAT YEAR, AND FOR WHICH OTHER SECURITY HAS NOT BEEN PROVIDED, THEN THE TAXPAYER IS NOT REQUIRED TO POST A TAX LIABILITY BOND OR MAKE A CASH DEPOSIT AS SPECIFIED IN (A) OF THIS SECTION.] (Eff. 6/21/78, Register 66; am 5/16/81, Register 78; repealed ____/____/____, Register_____)

Authority: AS 43.05.080 AS 43.10.160

15 AAC 10.030 is repealed:

15 AAC 10.030. Annual required security. Repealed. [(a) THE TOTAL ESTIMATED TAXES AND LICENSE FEES REQUIRED TO BE SHOWN ON THE AFFIDAVIT FOR THE CURRENT YEAR IS AN ESTIMATE OF THE TOTAL TAXES AND LICENSE FEES REQUIRED TO BE SHOWN ON ALL RETURNS AND LICENSE APPLICATIONS REQUIRED TO BE FILED FOR TAX PERIODS ENDING WITH OR WITHIN THE SAME CALENDAR YEAR IN WHICH THE AFFIDAVIT IS DUE.

(b) IN THE CASE WHERE THE TAX SECURITY REQUIREMENT IS MET EITHER BY THE TAXPAYER'S INTEREST IN REAL PROPERTY IN THE STATE, OR BY A TAX LIABILITY BOND OR CASH DEPOSIT, OR BY SOME OTHER FORM OF SECURITY APPROVED BY THE DEPARTMENT, THE ANNUAL REQUIRED SECURITY IS TWICE THE AMOUNT COMPUTED IN (a) OF THIS SECTION UNLESS THE ANNUAL SECURITY REQUIREMENT HAS BEEN WAIVED IN ACCORDANCE WITH 15 AAC 10.035.

(c) INSTEAD OF FILING THE ANNUAL REQUIRED SECURITY DEFINED IN (b) OF THIS SECTION, THE TAXPAYER MAY PAY THE TOTAL ESTIMATED TAXES AND LICENSE FEES DETERMINED UNDER (a) OF THIS SECTION IN ADVANCE.

(d) IN THIS CHAPTER

(1) "INTEREST IN REAL PROPERTY" MEANS AN EQUITY INTEREST IN REAL PROPERTY LOCATED WITHIN THE STATE OF ALASKA ON WHICH THE TAXES MAY BECOME A FIRST LIEN;

(2) "OTHER SECURITY" MEANS ANY ALTERNATE FORM OF SECURITY APPROVED BY THE DEPARTMENT INCLUDING THE FOLLOWING:

(A) IF THE VALUE OF THE TAXPAYER'S INTEREST IN REAL PROPERTY SHOWN ON THE AFFIDAVIT FOR THE CURRENT YEAR IS NOT ADEQUATE TO AVOID THE REQUIREMENT OF FILING A BOND OR OTHER SECURITY UNDER AS 43.10.160(b), THE TAXPAYER'S INTEREST IN REAL PROPERTY MAY BE CONSIDERED FOR PURPOSES OF SATISFYING PART OF THE ANNUAL REQUIRED SECURITY; OR

(B) THE DEPARTMENT WILL ACCEPT A GUARANTY GIVEN BY A PERSON OR BUSINESS, RESIDENT OR NONRESIDENT, TO SECURE PAYMENT OF THE TAXES OF ANOTHER NONRESIDENT PERSON IF

(i) THE GUARANTY CONFORMS TO A FORM APPROVED BY THE DEPARTMENT;

(ii) THE GUARANTOR OWNS AN INTEREST IN REAL PROPERTY WITHIN THE STATE HAVING A VALUE OF TWICE THE AMOUNT OF TAXES TO BE GUARANTEED, AND

(iii) THE INTEREST IN REAL PROPERTY OWNED BY THE GUARANTOR IS NOT OTHERWISE COMMITTED TO MEET THE ANNUAL REQUIRED SECURITY OF THE GUARANTOR OR A PRIOR YEAR OF THE TAXPAYER.] (Eff. 6/12/78, Register 66; am 5/16/81, Register 78; repealed ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.10.160

15 AAC 10.035 is repealed:

15 AAC 10.035. Waiver procedures and "good cause". Repealed. [(a) REQUEST FOR A WAIVER OF THE ANNUAL SECURITY REQUIRED BY 15 AAC 10.030 MUST BE MADE IN WRITING TO THE DEPARTMENT AND MUST STATE WITH SPECIFICITY REASONS CONSTITUTING GOOD CAUSE FOR GRANTING THE WAIVER. AN APPLICANT FOR A WAIVER MUST ALSO SUBMIT A FINANCIAL STATEMENT FOR THE THREE YEARS PRECEDING THE YEAR FOR WHICH THE REQUEST FOR WAIVER IS MADE.

(b) THE FOLLOWING FACTORS WILL BE CONSIDERED IN DETERMINING GOOD CAUSE FOR WAIVER OF THE ANNUAL REQUIRED SECURITY. THE DEPARTMENT WILL CONSIDER THE FACTORS SET OUT IN (1) - (8) OF THIS SUBSECTION TOGETHER WITH THE STATE'S INTEREST IN ASSURING PAYMENT OF TAXES.

(1) PAST PAYMENT RECORD OF THE TAXPAYER. A RECORD OF PROMPT PAYMENT OF TAXES WILL BE CONSIDERED IN THE TAXPAYER'S FAVOR. A POOR RECORD, OR NO RECORD, WILL WEIGH AGAINST THE POSSIBILITY OF

WAIVER. A GOOD-FAITH GRIEVANCE OF LIABILITY BY THE TAXPAYER DOES NOT AFFECT A FAVORABLE PAYMENT RECORD.

(2) REASONABLENESS OF THE TAXPAYER'S ESTIMATES OF TAX LIABILITY. A TOTAL WAIVER WILL NOT BE GRANTED IF THE TAXPAYER'S ESTIMATES ARE UNREASONABLY LOW IN THE OPINION OF THE DEPARTMENT OR HAVE BEEN CONSISTENTLY LOW FOR PAST TAX YEARS.

(3) LENGTH OF TIME OF DOING BUSINESS IN THE STATE. THIS FACTOR IS RELATED TO THE PAST PAYMENT RECORD BUT MAY INDICATE THAT TAX LIABILITIES WILL BE MET, THAT THE TAXPAYER IS ENGAGED IN A STABLE BUSINESS ENTERPRISE, AND THAT THE TAXPAYER EXERCISES SOUND BUSINESS JUDGMENT.

(4) VOLUME OF BUSINESS DONE IN THE STATE, INCLUDING NUMBER OF ALASKA RESIDENTS EMPLOYED. BENEFIT TO THE STATE FROM THE TAXPAYER'S OPERATION WILL BE CONSIDERED IN THE TAXPAYER'S FAVOR. BECAUSE VOLUME OF BUSINESS DONE IN THE STATE GENERALLY RESULTS IN HIGHER TAX LIABILITY, IT WILL BE CONSIDERED IN CONJUNCTION WITH PAST PAYMENT RECORD, REASONABLENESS OF THE TAXPAYER'S ESTIMATES OF CURRENT LIABILITY, AND OTHER RELEVANT FACTORS.

(5) CONSIDERATION WILL BE GIVEN TO THE VALUE OF LEASES AND LEASE IMPROVEMENTS. WHILE LEASES CANNOT BE USED AS SECURITY FOR TAX LIABILITY, A LEASE MAY INDICATE OPERATIONAL STABILITY AND AN INVESTMENT IN THE STATE.

(6) PREPAYMENT OR QUARTERLY PAYMENT BEFORE THE DEADLINE FOR POSTING SECURITY OF SOME OR ALL TAXES DUE IN THE CURRENT YEAR WILL BE CONSIDERED IN THE TAXPAYER'S FAVOR, ESPECIALLY IF COMBINED WITH A GOOD PAYMENT RECORD.

(7) CONSIDERATION WILL BE GIVEN TO THE VALUE OF OTHER SECURITY ACCEPTABLE TO THE DEPARTMENT WHICH COVERS A PART OF THE ANNUAL SECURITY REQUIREMENT.

(8) THE COST OF BONDING MAY BE GIVEN SOME WEIGHT IF THERE IS AN UNUSUALLY GREAT DIFFERENCE IN THE COST OF A BOND FOR TWICE THE AMOUNT OF ESTIMATED TAXES BY CONTRAST TO THE COST IF THE DOUBLING REQUIREMENT IS WAIVED AND IF THIS COST IS UNDULY BURDENSOME GIVEN THE SIZE OF THE BUSINESS.

(c) A REQUEST FOR A WAIVER UNDER THIS SECTION WILL BE REVIEWED ON A CASE-BY-CASE BASIS AND MAY BE GRANTED IN WHOLE OR IN PART. A PARTIAL WAIVER WILL BE GRANTED TO THE EXTENT THAT OTHERWISE ACCEPTABLE SECURITY OR SECURITY POSTED TO COVER OTHER SPECIFIC TAX OBLIGATIONS, INCLUDING LIQUOR EXCISE TAX, OR SALMON IN THE ROUND OR OTHER TAXES, IS AVAILABLE TO MEET A PART OF THE ANNUAL REQUIRED SECURITY. THE DEPARTMENT MAY GRANT A TOTAL OR PARTIAL WAIVER UPON REVIEW OF THE GOOD CAUSE STATEMENT IN THE APPLICANT'S REQUEST. THE \$1,000 MINIMUM REQUIREMENT IS WAIVABLE ONLY IF THE NONRESIDENT FIRM IS A SOLE PROPRIETORSHIP, PARTNERSHIP OR OTHER UNINCORPORATED

BUSINESS ASSOCIATION NOT SUBJECT TO ANY OTHER TAX OR FEE UNDER AS 43, AS 23.20, OR ANY OTHER TAX, OTHER THAN THE TAX IMPOSED BY AS 43.70.030.

(d) A WAIVER OR PARTIAL WAIVER IS EFFECTIVE ONLY FOR THE YEAR FOR WHICH IT IS GRANTED AND A NEW WAIVER OR PARTIAL WAIVER MUST BE OBTAINED FROM THE DEPARTMENT BY JUNE 2 OF THE FOLLOWING YEAR.] (Eff. 5/16/81, Register 78; repealed ____/____/____, Register_____)

Authority: AS 43.05.080 AS 43.10.160

15 AAC 10.040 is repealed:

15 AAC 10.040. Tax liability bond requirements. Repealed. [(a) IF THE TAXPAYER POSTS A TAX LIABILITY BOND FOR THE CURRENT YEAR, THE BOND MAY BE A NEW BOND OR AN AMENDMENT TO AN EXISTING TAX LIABILITY BOND MADE PAYABLE TO THE DEPARTMENT OF REVENUE. IF AN EXISTING TAX LIABILITY BOND IS AMENDED TO COVER THE CURRENT YEAR ITS COVERAGE MUST BE INCREASED BY THE FULL AMOUNT OF THE REQUIRED SECURITY FOR THE CURRENT YEAR WITHOUT OFFSET BY ANY APPLICATION FOR REDUCTION OR CANCELLATION, UNTIL THE DEPARTMENT HAS GRANTED SUCH AN APPLICATION UNDER 15 AAC 10.070.

(b) A TAX LIABILITY BOND, OR AN AMENDMENT TO A TAX LIABILITY BOND, MAY NOT BE REDUCED OR CANCELLED IN PART OR IN WHOLE BY THE TAXPAYER OR SURETY WITHOUT PERMISSION FROM THE DEPARTMENT UNDER 15 AAC 10.070, EXCEPT THAT A SURETY MAY UPON 30 DAYS' NOTICE TO THE DEPARTMENT CANCEL A BOND PROSPECTIVELY WITH REGARD TO THE TAXES

ATTRIBUTABLE TO A TAX PERIOD OR TO THAT PORTION OF ANY TAX PERIOD WHICH BEGINS ON A DATE MORE THAN 30 DAYS AFTER THE DATE OF THE NOTICE TO THE DEPARTMENT.

(c) A TAX LIABILITY BOND, OR AN AMENDMENT TO A TAX LIABILITY BOND, WITH RESPECT TO ANY YEAR REMAINS IN EFFECT UNTIL THE ASSESSMENT OR COLLECTION OF A TAX OR LICENSE FEE, REQUIRED TO BE SHOWN IN THE AFFIDAVIT FOR THAT YEAR FOR WHICH THE TAX LIABILITY BOND WAS ISSUED, IS PROHIBITED BY THE APPLICABLE STATUTE OF LIMITATIONS.] (Eff. 6/21/78, Register 66; repealed ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.10.160

15 AAC 10.050 is repealed:

15 AAC 10.050. Collection recourse to the tax liability security held is not required.

Repealed. [WHEN THE PAYMENT OF ANY TAX OR LICENSE FEE IS DELINQUENT, THE DEPARTMENT, NOTWITHSTANDING THE TAX SECURITY HELD, RETAINS THE RIGHT TO COLLECT THE TAX OR LICENSE FEE FROM ANY OTHER SOURCE BY ANY MEANS OF COLLECTION AVAILABLE TO THE DEPARTMENT UNDER STATUTE. EVEN IF THE DEPARTMENT HAS RECEIVED A CASH DEPOSIT FROM A TAXPAYER WHO IS DELINQUENT IN PAYMENT OF A TAX, THE DEPARTMENT MAY LEVY UPON, OR DISTRAIN, OR FILE A LIEN, CIVIL ACTION OR FORECLOSURE ACTION AGAINST THE TAXPAYER'S PROPERTY OR INCOME TO COLLECT THE TAX WITHOUT RECOURSE TO THE CASH DEPOSIT TO SATISFY THE DELINQUENCY.]

Register _____, _____ 20____ REVENUE

(Eff. 6/21/78, Register 66; am 5/16/81, Register 78; repealed ____/____/_____,
Register_____)

Authority: AS 43.05.080 AS 43.10.160

15 AAC 10.060 is repealed:

15 AAC 10.060. Tax liability security requirement not met. Repealed. [IF, AT ANY TIME, THE TAXPAYER'S INTEREST IN REAL PROPERTY, THE AMOUNT OF TAX LIABILITY BONDS POSTED, THE AMOUNT OF CASH DEPOSITED, OR THE AMOUNT OF OTHER APPROVED SECURITY POSTED WITH THE DEPARTMENT IS LESS THAN THE TOTAL ANNUAL REQUIRED SECURITY FOR ALL OF THE YEARS FOR WHICH AN AFFIDAVIT IS OR WAS REQUIRED, THAT ARE NOT YEARS CLOSED BY THE APPLICABLE PERIOD OF LIMITATION ON ASSESSMENT OR COLLECTION OF TAX, THE DEPARTMENT WILL, IN ITS DISCRETION, APPLY ANY OR ALL MONEY RECEIVED DURING THE CURRENT YEAR FROM THE TAXPAYER OR FOR THE TAXPAYER'S BENEFIT TOWARD THE REQUIRED SECURITY UNTIL THE TOTAL CASH DEPOSIT EQUALS THE REQUIRED SECURITY.] (Eff. 6/21/78, Register 66; am 5/16/81, Register 78; repealed ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.10.160

15 AAC 10.070 is repealed:

15 AAC 10.070. Return of cash deposit or reduction or cancellation of tax liability bond. Repealed. [(a) IF, AT ANY TIME, THE TAX LIABILITY BOND, THE AMOUNT OF

CASH ON DEPOSIT, OR OTHER APPROVED SECURITY EXCEEDS THE TOTAL REQUIRED SECURITY FOR ALL OF THE YEARS FOR WHICH AN AFFIDAVIT IS OR WAS REQUIRED AND THAT ARE NOT YEARS CLOSED BY THE APPLICABLE PERIOD OF LIMITATION ON ASSESSMENT OR COLLECTION OF TAX, THE TAXPAYER MAY APPLY FOR AND RECEIVE A RETURN OF THE EXCESS ACTUAL CASH DEPOSIT OR A REDUCTION OF THE EXCESS TAX LIABILITY BOND OR OF THE EXCESS OTHER APPROVED SECURITY.

(b) IF, AT ANY TIME, THE TAXPAYER IS ABLE TO COMPLY WITH THE TAX SECURITY REQUIREMENT IN 15 AAC 10.020(b), THE TAXPAYER MAY APPLY FOR AND RECEIVE A RETURN OF ITS ACTUAL CASH DEPOSIT OR A CANCELLATION OF ITS TAX LIABILITY BOND, OR A CANCELLATION OF ITS OTHER APPROVED SECURITY.

(c) A TAXPAYER MAY APPLY FOR A RETURN OF AN ACTUAL CASH DEPOSIT OR A REDUCTION OR CANCELLATION OF A TAX LIABILITY BOND IF ONE OF THESE SECURITIES IS OFFERED AS A SUBSTITUTE IN FULL VALUE FOR THE OTHER.

(d) WHEN THE TAXPAYER HAS COMPLIED WITH THE TAX SECURITY REQUIREMENT OF 15 AAC 10.020 FOR THE CURRENT YEAR, THE TAXPAYER MAY RECEIVE A RETURN OF THAT PART OF THE ACTUAL CASH DEPOSIT, OR A REDUCTION OR CANCELLATION OF THAT PART OF A TAX LIABILITY BOND OR OTHER APPROVED SECURITY ALREADY FILED WITH THE DEPARTMENT WHICH IS EQUAL TO THE PART OF THE TAX LIABILITY SECURITY REQUIREMENTS WAIVED

BY THE DEPARTMENT UNDER 15 AAC 10.035.] (Eff. 6/21/78, Register 66; am 5/16/81, Register 78; repealed ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.10.160

15 AAC 20.150 is repealed:

15 AAC 20.150. Requirement to file returns electronically. Repealed. [(a) A CORPORATION REQUIRED TO ELECTRONICALLY FILE ITS FEDERAL RETURN IS REQUIRED TO ELECTRONICALLY FILE ITS ALASKA RETURN.

(b) A PARTNERSHIP REQUIRED TO ELECTRONICALLY FILE ITS FEDERAL PARTNERSHIP INFORMATION RETURN IS REQUIRED TO ELECTRONICALLY FILE ITS ALASKA PARTNERSHIP INFORMATION RETURN.

(c) ANY CORPORATION OR PARTNERSHIP NOT REQUIRED TO ELECTRONICALLY FILE ITS FEDERAL RETURN MAY VOLUNTARILY FILE ITS ALASKA RETURN ELECTRONICALLY.

(d) THE DEPARTMENT WILL ESTABLISH AND IMPLEMENT PROCEDURES PERMITTING ELECTRONIC FILING OF A SPECIFIC RETURN. A CORPORATION OR PARTNERSHIP THAT FILES A RETURN ELECTRONICALLY MUST FOLLOW THE PROCEDURES AND FORMATS ESTABLISHED BY THE DEPARTMENT FOR THE PARTICULAR RETURN.

(e) THE ELECTRONIC FILING REQUIREMENT IN THIS SECTION APPLIES TO CORPORATION INCOME TAX RETURNS AND PARTNERSHIP INFORMATION RETURNS FILED FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2014.

(f) FOR THE PURPOSES OF THIS SECTION ELECTRONIC FILING IS THE PROCESS OF SUBMITTING TAX RETURNS OVER THE INTERNET, USING TAX PREPARATION SOFTWARE THAT HAS BEEN PROVIDED OR PREAPPROVED BY THE DEPARTMENT.] (Eff. 10/25/2015, Register 216; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.20.160 AS 43.20.300

AS 43.20.030

15 AAC 20.530 is repealed:

15 AAC 20.530. Gas exploration and development tax credit. Repealed. [(a) FOR PURPOSES OF AS 43.20.043(a), AN OPERATOR OR WORKING INTEREST OWNER IS DIRECTLY ENGAGING IN THE EXPLORATION FOR AND DEVELOPMENT OF GAS IF THE PRIMARY PURPOSE OF THE ACTIVITY IS TO EXPLORE FOR AND DEVELOP GAS AND NOT OIL. AN OPERATOR MAY CLAIM A CREDIT AS A TAXPAYER ONLY TO THE EXTENT THAT THE OPERATING AGREEMENT DIRECTLY ATTRIBUTES THE QUALIFIED CAPITAL INVESTMENTS AND SERVICES TO THE WORKING INTEREST OF THE OPERATOR.

(b) A TAXPAYER SHALL MAKE AN IRREVOCABLE ELECTION TO CLAIM THE CREDIT UNDER AS 43.20.043 ON A TIMELY FILED TAX RETURN, INCLUDING FILING EXTENSIONS, FOR THE TAX YEAR IN WHICH THE RESERVOIR FIRST PRODUCES GAS FOR SALE AND DELIVERY. A TAXPAYER THAT FAILS TO MAKE A TIMELY ELECTION WAIVES THE AMOUNT OF THE CREDIT THAT WOULD HAVE BEEN ALLOWABLE ON THE ORIGINAL AND ALL AMENDED TAX RETURNS FOR THAT

TAX YEAR. A TAXPAYER THAT ELECTS TO CLAIM A CREDIT UNDER AS 43.20.043, UPON REQUEST BY THE DEPARTMENT, SHALL PROVIDE TO THE DEPARTMENT THE INFORMATION NECESSARY TO PREPARE THE REPORT REQUIRED BY SEC. 4, CH. 61, SLA 2003.

(c) IN ORDER TO QUALIFY FOR A CREDIT, THE QUALIFIED CAPITAL INVESTMENT MUST BE MADE EXCLUSIVELY FOR ONE OR MORE SPECIFIC GAS RESERVOIRS. INDIRECT OR OVERHEAD COSTS, INCLUDING FINANCING COSTS, DO NOT QUALIFY FOR THE CREDIT.

(d) UPON MAKING AN ELECTION AS PROVIDED IN (b) OF THIS SECTION, AND SUBJECT TO THE LIMITATIONS AND CARRYOVER PROVISIONS IN AS 43.20.043(c), THE TAXPAYER SHALL APPLY THE CREDIT AGAINST TAX LIABILITY IN THE TAX YEAR IN WHICH THE RESERVOIR FIRST PRODUCES GAS FOR SALE AND DELIVERY. THE EXPENDITURES FOR ASSETS DISPOSED OF, REMOVED FROM THE STATE, OR TRANSFERRED FROM THE STATE THROUGH THE DATE OF FIRST PRODUCTION DO NOT QUALIFY FOR THE CREDIT. ASSETS DISPOSED OF, REMOVED FROM THE STATE, OR TRANSFERRED FROM THE STATE AFTER THE DATE OF FIRST PRODUCTION DO NOT REDUCE THE AVAILABLE CREDIT. A TAXPAYER THAT IS ENTITLED TO A CREDIT FROM MORE THAN ONE GAS RESERVOIR SHALL APPLY THE CREDIT FROM THE GAS RESERVOIR THAT FIRST PRODUCES GAS FOR SALE AND DELIVERY UNTIL THE CREDIT IS EXHAUSTED, THEN FROM THE NEXT GAS RESERVOIR, UNTIL THE CREDIT FROM EACH SUCCESSIVE GAS RESERVOIR IS EXHAUSTED.

(e) FOR PURPOSES OF AS 43.20.043(e)(1), A TAXPAYER MAY CONVEY, ASSIGN, OR TRANSFER THE CREDIT IF THE CONVEYANCE, ASSIGNMENT, OR TRANSFER IS

(1) IN CONNECTION WITH THE MERGER OR ACQUISITION OF THE ENTIRE WORLDWIDE UNITARY BUSINESS OF WHICH THE TAXPAYER WAS A PART; AND

(2) NOT THE RESULT OF A PARTIAL LIQUIDATION.

(f) FOR PURPOSES OF SEC. 3, CH. 61, SLA 2003, THE TAXPAYER MAY NOT CARRY FORWARD ANY UNUSED PORTION OF THE CREDIT TO TAX YEARS BEGINNING AFTER DECEMBER 31, 2017.

(g) FOR PURPOSES OF AS 43.20.043 AND THIS SECTION,

(1) "BINDING PAYMENT AGREEMENTS" MEANS BINDING CONTRACTS THAT

(A) ARE ENTERED INTO AFTER JUNE 30, 2003;

(B) ARE ENTERED INTO BEFORE THE DATE THE RESERVOIR PRODUCES GAS FOR SALE AND DELIVERY; AND

(C) PROVIDE FOR PAYMENT OF AN ACCRUED EXPENDITURE AFTER THE DATE THE RESERVOIR PRODUCES GAS FOR SALE OR DELIVERY;

(2) "FIRST USE" MEANS A USE IN ANY MANNER FOR A PROPERTY'S DESIGNED AND INTENDED PURPOSE;

(3) "GAS FOR SALE AND DELIVERY" MEANS THE PORTION OF A COMMERCIAL QUANTITY OF GAS FROM THE RESERVOIR THAT IS PRODUCED FOR

SALE AND DELIVERY INTO COMMERCE; "GAS FOR SALE AND DELIVERY" DOES NOT INCLUDE CASINGHEAD GAS OR GAS PRODUCED FOR REINJECTION OR FIELD USE ON ANY LEASE OR PROPERTY;

(4) "OPERATOR" MEANS A PERSON HOLDING

(A) A WORKING INTEREST IN THE LEASE OR PROPERTY; AND

(B) THE RIGHT TO EXPLORE FOR AND PRODUCE GAS FROM THE LEASE OR PROPERTY;

(5) "TAXPAYER'S TOTAL TAX LIABILITY" MEANS THE CONSOLIDATED BUSINESS'S NET INCOME TAX LIABILITY TO THIS STATE AS FINALLY DETERMINED BY THE DEPARTMENT, BEFORE THE ALTERNATIVE MINIMUM TAX IMPOSED BY AS 43.20.021(f) AND OTHER TAXES IMPOSED UNDER AS 43.20.021(a).] (Eff. 3/25/2004, Register 169; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.20.043 Secs. 3-4, ch. 61, SLA 2003

15 AAC 20.900(c) is amended to read:

(c) For purposes of AS 43.20.144 and 15 AAC 20.410 – 15 AAC 20.520, [AS 43.20.043, 43.20.144, and 15 AAC 20.410 - 15 AAC 20.530,]

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(Eff. 7/2/77, Register 62; am 3/6/98, Register 145; am 3/25/2004, Register 169; am ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.20.043 AS 43.20.145

AS 43.19.010

AS43.20.144

15 AAC 21.001 is repealed:

15 AAC 21.001. Findings of fact. Repealed. [BASED UPON THE ENTIRE LEGISLATIVE HISTORY CULMINATING IN THE PASSAGE OF CH. 110, SLA 1978, AND ALSO THE LEGISLATIVE HISTORY OF CH. 113, SLA 1980, AND CH. 116, SLA 1981, AND, AFTER REVIEWING IN-DEPTH THE TAX RETURNS OF CORPORATIONS ENGAGED IN OIL AND GAS PRODUCTION OR PIPELINE TRANSPORTATION IN THE STATE, THE DEPARTMENT FINDS THAT

(1) THE THREE-FACTOR FORMULA SET OUT IN AS 43.19.010, ART. IV, DOES NOT FAIRLY OR FULLY REPRESENT THE INCOME-PRODUCING ACTIVITY IN THE STATE OR THE INCOME EARNED IN THE STATE OF CORPORATIONS ENGAGED IN OIL AND GAS PRODUCTION OR PIPELINE TRANSPORTATION IN THE STATE;

(2) SPECIFICALLY, THE PROPERTY FACTOR, PAYROLL FACTOR, AND SALES FACTOR IN COMBINATION DO NOT ACCURATELY REPRESENT THE VALUE OF ACTIVITY RELATING TO OR ASSOCIATED WITH THE EXTRACTION AND TRANSPORTATION OF NONRENEWABLE RESOURCES OF OIL AND GAS IN THE STATE; AND

(3) THE APPLICATION OF THE THREE-FACTOR FORMULA IN AS 43.19.010, ART. IV, RESULTS IN A TOTAL DISTORTION OF THE INCOME-PRODUCING ACTIVITIES AND INCOME EARNED BY CORPORATIONS ENGAGED IN OIL AND GAS PRODUCTION AND PIPELINE TRANSPORTATION BECAUSE LITTLE

WEIGHT IS GIVEN TO THE TREMENDOUS RAW WEALTH REPRESENTED BY THE OIL AND GAS PRODUCED FROM A LEASE OR PROPERTY IN THE STATE OR TRANSPORTED IN THE STATE, OR BOTH.] (Eff. 2/22/79, Register 69; am 5/21/81, Register 78; am 3/26/82, Register 81; repealed ____/____/_____, Register _____)

Authority: AS 43.05.010 AS 43.19.010 AS 44.25.020
AS 43.05.080 AS 43.20.142 Art. IV, sec. 18
Ak. Const.

15 AAC 21.003 is repealed:

15 AAC 21.003. Determinations based on findings of fact. Repealed. [UNDER AS 43.19.010, ART. IV, SEC. 18, AND BASED UPON THE FINDINGS CONTAINED IN 15 AAC 21.001 FOR THE PURPOSE OF THE TAX IMPOSED UNDER AS 43.21, THE DEPARTMENT HAS DETERMINED THAT

(1) THE ALLOCATION AND APPORTIONMENT PROVISIONS OF AS 43.19.010, ART. IV, SECS. 1 - 17, DO NOT FAIRLY OR FULLY REPRESENT THE EXTENT OF A CORPORATION'S BUSINESS ACTIVITIES IN THE STATE WITH RESPECT TO THE PRODUCTION OR PIPELINE TRANSPORTATION OF OIL OR GAS IN THE STATE; AND

(2) THE METHOD OF ALLOCATION AND APPORTIONMENT ADOPTED BY THE LEGISLATURE IN AS 43.21 MORE ACCURATELY REPRESENTS THE EXTENT OF BUSINESS ACTIVITY OF CORPORATIONS ENGAGED IN OIL AND GAS PRODUCTION, PIPELINE TRANSPORTATION, OR BOTH, IN THE STATE, THAN DO THE ALLOCATION AND APPORTIONMENT PROVISIONS OF AS 43.19.010, ART. IV,

SECS. 1 - 17.] (Eff. 2/22/79, Register 69; am 5/21/81, Register 78; am 3/26/82, Register 81, repealed ____/____/_____, Register _____)

Authority: AS 43.05.010 AS 43.19.010 AS 44.25.020
AS 43.05.080 AS 43.20.142 Art. IV, sec. 18

Ak. Const.

15 AAC 21.005 is repealed:

15 AAC 21.005. Requirement of alternative allocation and apportionment method.

Repealed. [PURSUANT TO AS 43.19.010, ART. IV, SEC. 18, AND BASED UPON THE FINDINGS AND DETERMINATIONS IN 15 AAC 21.001 AND 15 AAC 21.003, A CORPORATION DOING BUSINESS IN THE STATE WHICH DERIVES INCOME FROM THE PRODUCTION OF OIL OR GAS FROM A LEASE OR PROPERTY IN THE STATE, OR FROM THE PIPELINE TRANSPORTATION OF OIL OR GAS IN THE STATE, OR BOTH, SHALL COMPUTE ITS INCOME UNDER THE METHODS PRESCRIBED IN AS 43.21 AND THIS CHAPTER.] (Eff. 2/22/79, Register 69; am 5/21/81, Register 78; repealed ____/____/_____, Register _____)

Authority: AS 43.05.010 AS 43.19.010 AS 44.25.020
AS 43.05.080 AS 43.20.142 Art. IV, sec. 18

Ak. Const.

15 AAC 21.010 is repealed:

15 AAC 21.010. Persons subject to this chapter. Repealed. [(a) A CORPORATION DOING BUSINESS IN THE STATE AND DERIVING INCOME FROM ONE OR MORE OF

THE FOLLOWING SOURCES IS SUBJECT TO THE PROVISIONS OF THIS CHAPTER, EVEN IF THAT INCOME IS MORE THAN OFFSET DURING A YEAR BY EXPENSES ASSOCIATED WITH IT:

(1) A PRODUCTION INTEREST IN ONE OR MORE LEASES OR PROPERTIES IN COMMERCIAL PRODUCTION THAT ARE WITHIN THE STATE; OR

(2) REPEALED 5/21/81;

(3) THE TRANSPORTATION OF OIL OR GAS OR BOTH BY MEANS OF A PIPELINE OR PIPELINE SYSTEM OF WHICH PART OR ALL IS WITHIN THE STATE.

(b) THE RIGHT UNDER SEC. 7(i) OF THE ALASKA NATIVE CLAIMS SETTLEMENT ACT TO SHARE IN REVENUE FROM OIL OR GAS PRODUCTION FROM A REGIONAL NATIVE CORPORATION'S LAND IS NOT A PRODUCTION INTEREST IN THAT PROPERTY, AND THEREFORE A CORPORATION DERIVING INCOME FROM OIL AND GAS PRODUCTION SOLELY BY VIRTUE OF SECS. 7(i) AND 7(j) OF THE ALASKA NATIVE CLAIMS SETTLEMENT ACT IS NOT SUBJECT TO THE PROVISIONS OF THIS CHAPTER. (Eff. 2/22/79, Register 69; am 5/21/81, Register 78; am 3/26/82, Register 81; repealed ____/____/_____, Register _____)

Authority:	AS 43.05.010	AS 43.21.010	AS 44.25.020
	AS 43.05.080	AS 43.21.010	Art. IV, sec. 18
	AS 43.19.010	AS 43.21.090	Ak. Const.

15 AAC 21.020 is repealed:

15 AAC 21.020. Taxpayers having income from other activities. Repealed. [A TAXPAYER DERIVING INCOME FROM ONE OR MORE SOURCES IN ADDITION TO

ANY OF THOSE LISTED IN 15 AAC 21.010 IS SUBJECT TO THE REQUIREMENTS AND INCOME TAX LIABILITY UNDER AS 43.21 AND THIS CHAPTER ONLY, FOR ALL OF ITS INCOME.] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority:	AS 43.05.080	AS 43.20.011	AS 43.21.090
	AS 43.19.010	AS 43.21.010	Art. IV, sec. 18
	AS 43.20.011		Ak. Const.

15 AAC 21.030 is repealed:

15 AAC 21.030. Consolidated business. Repealed. [(a) A GROUP OF TWO OR MORE CORPORATIONS THAT ARE DIRECTLY OR INDIRECTLY CONTROLLED OR MORE THAN 50-PERCENT OWNED (DIRECTLY OR THROUGH ONE OR MORE INTERMEDIARIES) BY ONE COMMON PERSON (CORPORATE OR OTHERWISE) IS A CONSOLIDATED BUSINESS FOR PURPOSES OF THIS CHAPTER.

(b) THE INCOME, EXPENSES, AND ASSETS OF A CONSOLIDATED BUSINESS INCLUDE, RESPECTIVELY, ALL INCOME, EXPENSES AND ASSETS ATTRIBUTED TO IT UNDER 15 AAC 21.040.

(c) IF A CORPORATION OR CONSOLIDATED BUSINESS IS CONTROLLED (BY A MEANS CHARACTERISTIC OF OWNERSHIP RATHER THAN THROUGH THE EXERCISE OF GENERAL GOVERNMENTAL POWERS SUCH AS LAWS, REGULATIONS, JUDICIAL DECISIONS, PROCLAMATIONS, AND THE LIKE) OR MORE THAN 50-PERCENT OWNED BY A SOVEREIGN, HEAD OF STATE, GOVERNMENT OR GOVERNMENTAL AGENCY, THE CONSOLIDATED BUSINESS DOES NOT INCLUDE THE SOVEREIGN, HEAD OF STATE, GOVERNMENT OR GOVERNMENTAL AGENCY

FOR PURPOSES OF THIS CHAPTER.] (Eff. 2/22/79, Register 69; am 5/21/81, Register 78; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.050 AS 43.21.120
AS 43.19.010 AS 43.21.090 Art. IV, sec. 18

Ak. Const.

15 AAC 21.040 is repealed:

15 AAC 21.040. Attribution of income. Repealed. [(a) THE INCOME, EXPENSES AND ASSETS OF AN ENTERPRISE INVOLVING UNDIVIDED JOINT OWNERSHIP MUST BE ATTRIBUTED TO THE JOINT OWNERS OF THAT ENTERPRISE ON THE BASIS OF THEIR RESPECTIVE OWNERSHIP INTERESTS, AS MAY BE MODIFIED BY AGREEMENT AMONG THOSE JOINT OWNERS. FOR PURPOSES OF THIS SECTION, PARTNERSHIPS, JOINT VENTURES, TRUSTS WITH JOINT BENEFICIARIES AND SIMILAR LEGAL ENTITIES (BUT NOT A CORPORATION) ARE ENTERPRISES INVOLVING UNDIVIDED JOINT OWNERSHIP.

(b) IF A CORPORATION DOING BUSINESS IN THE STATE CONDUCTS, THROUGH ONE OR MORE NONCORPORATE INTERMEDIARIES, OPERATIONS THAT GENERATE INCOME FOR THOSE INTERMEDIARIES WHICH WOULD MAKE THEM SUBJECT TO TAX UNDER AS 43.21 AND THIS CHAPTER IF THEY WERE CORPORATIONS, THEN THAT CORPORATION IS PRESUMED TO DERIVE INCOME FROM THOSE OPERATIONS IN THE AMOUNT OF THE INCOME EARNED BY THOSE INTERMEDIARIES AND THEREFORE SUBJECT TO TAX UNDER THIS CHAPTER. SUCH A CORPORATION'S TAX IS CALCULATED USING THE REVENUES AND

DEDUCTIONS OF THE INTERMEDIARIES, AS IF THE CORPORATION WERE DIRECTLY CONDUCTING THE OPERATIONS ACTUALLY CONDUCTED BY THE INTERMEDIARIES.] (Eff. 2/22/79, Register 69; repealed ____/____/____, Register _____)

Authority: AS 43.05.080 AS 43.21.050 AS 43.21.120
AS 43.19.010 AS 43.21.090 Art. IV, sec. 18
Ak. Const.

15 AAC 21.050 is repealed:

15 AAC 21.050. Net taxable income. Repealed. [(a) A TAXPAYER'S 5.4-PERCENT TAX AND 4-PERCENT SURTAX UNDER AS 43.21 AND THIS CHAPTER FOR A YEAR ARE ON THE TAXPAYER'S NET TAXABLE INCOME FOR THAT YEAR AS DETERMINED UNDER (b) OF THIS SECTION, EXCEPT THAT THE SURTAX WILL BE COMPUTED ON THAT NET TAXABLE INCOME MINUS THE SURTAX EXEMPTION SPECIFIED IN 15 AAC 21.060.

(b) A TAXPAYER'S NET TAXABLE INCOME FOR A YEAR IS THAT TAXPAYER'S TAXABLE PRODUCTION INCOME UNDER 15 AAC 21.100 FOR THAT YEAR, PLUS THAT TAXPAYER'S TAXABLE OIL PIPELINE INCOME UNDER 15 AAC 21.300 FOR THAT YEAR, PLUS THAT TAXPAYER'S TAXABLE GAS PIPELINE INCOME UNDER 15 AAC 21.400 FOR THAT YEAR, PLUS THAT TAXPAYER'S TAXABLE APPORTIONED INCOME UNDER 15 AAC 21.500 FOR THAT YEAR, AND MINUS ALL NET LOSSES OF THAT TAXPAYER THAT ARE BEING CARRIED BACK OR CARRIED FORWARD TO THAT YEAR FROM ONE OR MORE OTHER TAX YEARS IN ACCORDANCE WITH 15 AAC 21.070. IF THE TAXPAYER'S INCOME UNDER ONE OR

MORE OF 15 AAC 21.100, 15 AAC 21.300, 15 AAC 21.400 AND 15 AAC 21.500 REFLECTS A LOSS, THE TOTAL OF THE LOSSES UNDER THOSE SECTIONS IS OFFSET AGAINST THE TOTAL GAIN (IF ANY) UNDER THE REST OF THOSE SECTIONS. (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.010 AS 43.21.050
AS 43.19.010 AS 43.21.020 AS 43.21.090
AS 43.20.011 AS 43.21.030 Art. IV, sec. 18

Ak. Const.

15 AAC 21.060 is repealed:

15 AAC 21.060. Surtax exemption. Repealed. [A TAXPAYER'S SURTAX EXEMPTION SHALL BE CALCULATED IN ACCORDANCE WITH AS 43.20.011(e) AND AS 43.20.021(a). THE SURTAX EXEMPTION FOR TAX YEAR 1978 IS \$50,000. THE SURTAX EXEMPTION, IF ANY, FOR TAX YEARS AFTER 1978 WILL BE AN AMOUNT DETERMINED UNDER AS 43.20.] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.20.021 AS 43.21.090
AS 43.19.010 AS 43.21.010 Art. IV, sec. 18
AS 43.20.011 AS 43.21.050 Ak. Const.

15 AAC 21.065 is repealed:

15 AAC 21.065. Tax rates. Repealed. [TAX OBLIGATIONS ARISING UNDER AS 43.21 AND THIS CHAPTER FOR TAX YEARS BEGINNING BEFORE JANUARY 1,

1981, MUST BE COMPUTED BY USING THE SURTAX EXEMPTION ALLOWED BY 15 AAC 21.060 AND THE RATES SET OUT IN 15 AAC 21.050. FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 1980, THE TAX RATE SCHEDULE SET OUT IN AS 43.20.011 AS REENACTED BY CH. 116, SLA 1981, MUST BE USED TO COMPUTE TAX OBLIGATIONS ARISING UNDER AS 43.21 AND THIS CHAPTER WITHOUT REGARD TO THE TAX RATES SET OUT IN 15 AAC 21.050 AND THE SURTAX EXEMPTIONS ALLOWED BY 15 AAC 21.060.] (Eff. 3/26/82, Register 81, repealed _____/_____/_____, Register _____)

Authority:	AS 43.05.080	AS 43.21.020	AS 43.21.090
	AS 43.19.010	AS 43.21.030	Art. IV, sec. 18
	AS 43.20.011	AS 43.21.040	Ak. Const.
	AS 43.21.010	AS 43.21.050	

15 AAC 21.070 is repealed:

15 AAC 21.070. Treatment of net losses realized under this chapter. Repealed. [(a) A TAXPAYER REALIZES A NET LOSS UNDER THIS CHAPTER IF THE TAXPAYER'S NET TAXABLE INCOME UNDER 15 AAC 21.050 FOR THAT YEAR IS LESS THAN ZERO.

(b) A TAXPAYER'S NET LOSS MAY BE CARRIED BACK NOT MORE THAN THREE TAX YEARS BEFORE THE TAX YEAR FOR WHICH IT IS REALIZED (BUT IN NO EVENT BEFORE THE 1978 TAX YEAR) AND MAY BE CARRIED FORWARD, IF NECESSARY, AS FAR AS THE 15TH TAX YEAR FOLLOWING THE TAX YEAR FOR WHICH IT IS REALIZED. THIS CARRYING BACK AND CARRYING FORWARD MUST BE ON A FIRST-IN, FIRST-OUT BASIS; THAT IS, THE TAX LOSS MUST FIRST BE

CARRIED BACK AS AN OFFSET AGAINST THE TAXPAYER'S NET TAXABLE INCOME, IF ANY, FOR THE THIRD PRECEDING TAX YEAR, AND ANY REMAINING TAX LOSS MUST NEXT BE APPLIED AS AN OFFSET AGAINST THE TAXPAYER'S NET TAXABLE INCOME, IF ANY, FOR THE SECOND PRECEDING TAX YEAR, AND SO ON UNTIL EITHER THE TAX LOSS IS FULLY USED AS OFFSETS AGAINST THE TAXPAYER'S NET TAXABLE INCOME UNDER AS 43.21 AND, AFTER DECEMBER 31, 1981, AS 43.20 OR UNTIL IT HAS BEEN CARRIED FORWARD INTO THE 15TH YEAR FOLLOWING THE TAX YEAR IN WHICH THE NET LOSS IS REALIZED. ANY NET LOSS FROM A TAX YEAR STILL REMAINING AFTER THE 15TH FOLLOWING TAX YEAR WILL BE LOST.

(c) IF A TAXPAYER HAS NET LOSSES FROM MORE THAN ONE TAX YEAR THAT MAY BE APPLIED AS OFFSETS AGAINST THE TAXPAYER'S NET TAXABLE INCOME FOR THE SAME TAX YEAR, THE NET LOSS FROM THE EARLIEST OF THOSE TAX YEARS MUST FIRST BE APPLIED, THEN THE NET LOSS FROM THE SECOND EARLIEST OF THOSE TAX YEARS MUST BE APPLIED, ASSUMING THAT THE EARLIEST TAX LOSS DOES NOT FULLY OFFSET THE NET TAXABLE INCOME AGAINST WHICH IT IS APPLIED, AND SO ON.] (Eff. 2/22/79, Register 69; am 3/26/82, Register 81; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const

15 AAC 21.100 is repealed:

15 AAC 21.100. Taxable production income. Repealed. [A TAXPAYER'S TAXABLE PRODUCTION INCOME DURING A YEAR EQUALS THE TOTAL OF THE TAXPAYER'S GROSS PRODUCTION REVENUE (DETERMINED IN ACCORDANCE WITH 15 AAC 21.100 - 15 AAC 21.130) DURING THAT YEAR FOR EACH LEASE OR PROPERTY IN THE STATE IN WHICH THE TAXPAYER HAS A PRODUCTION INTEREST, PLUS THE TOTAL OF THE TAXPAYER'S EXTRAORDINARY PRODUCTION REVENUE (DETERMINED IN ACCORDANCE WITH 15 AAC 21.140), IF ANY, DURING THAT YEAR FOR EACH LEASE OR PROPERTY IN THE STATE IN WHICH THE TAXPAYER HAS A PRODUCTION INTEREST, MINUS THE TOTAL OF THE TAXPAYER'S DEDUCTIONS FOR THAT YEAR UNDER 15 AAC 21.200 - 15 AAC 21.290, AND MINUS THE TOTAL OF THE TAXPAYER'S EXTRAORDINARY PRODUCTION LOSS (DETERMINED IN ACCORDANCE WITH 15 AAC 21.140), IF ANY, DURING THAT YEAR FOR EACH LEASE OR PROPERTY IN THE STATE IN WHICH THE TAXPAYER HAS A PRODUCTION INTEREST. (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)]

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.110 is repealed:

15 AAC 21.110. Gross production revenue. Repealed. [A TAXPAYER'S GROSS PRODUCTION REVENUE DURING A YEAR FROM A PRODUCTION INTEREST IN A LEASE OR PROPERTY IS THE VALUE AT THE POINT OF PRODUCTION OF THE TAXPAYER'S GROSS SHARE OF THE OIL AND GAS PRODUCED FROM (OR

ALLOCATED TO) THAT LEASE OR PROPERTY; HOWEVER, OIL OR GAS THAT IS USED, FLARED OR UNAVOIDABLY LOST IN THE PRODUCTION OPERATIONS FOR THE LEASE OR PROPERTY OR IS INJECTED INTO A RESERVOIR IN THE COURSE OF THE OPERATIONS FOR THE SAME FIELD, MAY NOT BE INCLUDED IN DETERMINING THE TAXPAYER'S GROSS PRODUCTION REVENUE FROM THAT OR ANY OTHER LEASE OR PROPERTY.] (Eff. 2/22/79, Register 69; repealed ____/____/____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.120 is repealed:

15 AAC 21.120. Value at the point of production. Repealed. [(a) THE GROSS VALUE AT THE POINT OF PRODUCTION FOR A TAXPAYER'S OIL OR GAS EQUALS THE SALES PRICE UNDER 15 AAC 21.122 FOR THAT OIL OR GAS, LESS THE TAXPAYER'S REASONABLE COSTS OF TRANSPORTATION UNDER 15 AAC 21.128 AND 15 AAC 21.130 FOR THAT OIL OR GAS FROM ITS POINT OF PRODUCTION TO ITS SALES DELIVERY POINT, AND LESS THE TAXPAYER'S REASONABLE COSTS (NOT OTHERWISE DEDUCTED UNDER THIS CHAPTER) INCURRED DOWNSTREAM OF THE POINT OF PRODUCTION FOR PROCESSING, CONDITIONING, AND PREPARING GAS AND GAS PLANT LIQUIDS FOR SALE; UNLESS

(1) SUBSECTION (b) OF THIS SECTION APPLIES, IN WHICH CASE THE GROSS VALUE AT THE POINT OF PRODUCTION FOR THAT OIL OR GAS IS THE PREVAILING VALUE UNDER 15 AAC 21.124 OR 15 AAC 21.125 FOR THAT OIL OR

GAS, LESS THE REASONABLE COSTS OF TRANSPORTATION TO ITS SALES DELIVERY POINT (OR, IF DIFFERENT, TO THE POINT WHERE PREVAILING VALUE IS CALCULATED UNDER 15 AAC 21.124 OR 15 AAC 21.125) AND LESS THE TAXPAYER'S REASONABLE COSTS INCURRED DOWNSTREAM OF THE POINT OF PRODUCTION FOR PROCESSING, CONDITIONING, AND PREPARING GAS AND GAS PLANT LIQUIDS FOR SALE; OR

(2) THE GROSS VALUE AT THE POINT OF PRODUCTION FOR THE TAXPAYER'S OIL OR GAS WOULD EXCEED THE APPLICABLE MAXIMUM LAWFUL PRICE (IF ANY) SET BY THE U.S. DEPARTMENT OF ENERGY, THE FEDERAL ENERGY REGULATORY COMMISSION, ANOTHER GOVERNMENTAL AGENCY OR A COURT OF LAW (ADJUSTED FOR ANY CHANGES IN VALUE BECAUSE OF ANY PROCESSING, CONDITIONING, PREPARATION, AND TRANSPORTATION OF THAT OIL OR GAS OCCURRING BETWEEN ITS POINT OF PRODUCTION AND THE POINT AT WHICH THE APPLICABLE MAXIMUM LAWFUL PRICE IS EFFECTIVE) IN WHICH CASE THE GROSS VALUE AT THE POINT OF PRODUCTION IS THAT APPLICABLE MAXIMUM LAWFUL PRICE AS ADJUSTED FOR THE CHANGES IN VALUE.

(b) PREVAILING VALUE UNDER 15 AAC 21.124 AND 15 AAC 21.125 MUST BE USED IN DETERMINING THE GROSS VALUE AT THE POINT OF PRODUCTION FOR A TAXPAYER'S OIL OR GAS IF

(1) THE CIRCUMSTANCES RELATING TO THE DISPOSITION OF THE TAXPAYER'S OIL OR GAS SHOW FRAUD OR AN INTENT TO EVADE TAXES; OR

(2) THE SALES PRICE UNDER 15 AAC 21.122 FOR THAT OIL OR GAS IS SUBSTANTIALLY LOWER (DETERMINED BY ANALYZING THE CASH VALUE OF

THE CONSIDERATION RECEIVED FOR THAT OIL OR GAS AND THE DEGREE OF DIFFERENCE BETWEEN THE PREVAILING VALUE AND THE SALES PRICE FOR THAT OIL OR GAS, THE QUANTITY OF OIL OR GAS INVOLVED IN THE TRANSACTION, AND THE DURATION OF THE TRANSACTION) THAN THE PREVAILING VALUE UNDER 15 AAC 21.124 AND 15 AAC 21.125 FOR THAT OIL OR GAS, AND ONE OR MORE OF THE FOLLOWING CONDITIONS EXIST:

(A) THE CONTRACT UNDER WHICH THE TAXPAYER'S OIL OR GAS IS SOLD OR EXCHANGED IS EXECUTED OR RENEGOTIATED AFTER DECEMBER 31, 1979, AND EITHER SETS A PRICE FOR THAT OIL OR GAS WITHOUT ADJUSTMENTS TIED TO MARKET CONDITIONS, OR DOES NOT PROVIDE FOR LATER RENEGOTIATION OF PRICES AT MARKET RATES;

(B) THE CONTRACT SETS A PRICE WHICH DOES NOT REASONABLY REFLECT MARKET CONDITIONS FOR PRODUCTION FROM THAT FIELD OR AREA PREVAILING AT THE TIME THE CONTRACT IS EXECUTED OR RENEGOTIATED; OR

(C) THE CONTRACT PRICE UNDER WHICH THE TAXPAYER'S OIL OR GAS IS SOLD OR EXCHANGED REFLECTS AN UNUSUALLY WEAK BARGAINING POSITION ON THE TAXPAYER'S PART BECAUSE OF CIRCUMSTANCES WHICH THE TAXPAYER COULD REASONABLY HAVE FORESEEN AND TAKEN STEPS TO AMELIORATE OR AVOID.

(c) AS USED IN THIS SECTION AND 15 AAC 21.122, 15 AAC 21.124, 15 AAC 21.125 AND 15 AAC 21.900, THE TERMS "EXCHANGE" AND "EXCHANGED" DO NOT INCLUDE TRANSACTIONS WHERE A TAXPAYER TRANSFERS OIL TO A THIRD

PARTY AT THE PORT OF VALDEZ OR AT ANOTHER PORT IN ALASKA FOR PURPOSES OF OPERATIONAL NECESSITY OR CONVENIENCE IN WHAT OTHERWISE WOULD BE A BONA FIDE, ARM'S-LENGTH EXCHANGE BUT FOR THE FACT THAT AT THE TIME OF THE PARTICULAR TRANSFER THE TAXPAYER EXPECTS SUBSEQUENTLY TO RECEIVE A LIKE AMOUNT OF SIMILAR QUALITY OIL FROM THAT THIRD PARTY AT THE SAME PORT. SUCH A TRANSFER TO A THIRD PARTY AND THE SUBSEQUENT TRANSFER FROM THE THIRD PARTY, WHEN THEY OCCUR, WILL BE DISREGARDED AND THE OIL SUBJECT TO THAT TRANSFER WILL BE TREATED AS IF IT HAD REMAINED IN THE POSSESSION OF THE TRANSFERRING TAXPAYER PENDING FINAL DISPOSITION OF THAT OIL.] (Eff. 2/22/79, Register 69; am 5/21/81, Register 78; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 AS 43.21.120
AS 43.19.010 AS 43.21.090 Art. IV, sec. 18
Ak. Const.

15 AAC 21.122 is repealed:

15 AAC 21.122. Sales price. Repealed. [(a) THE SALES PRICE FOR PURPOSES OF THIS CHAPTER FOR FIRST SALES OF A TAXPAYER'S OIL OR GAS TO ONE OR MORE THIRD PARTIES IS THE CASH VALUE OF THE FULL CONSIDERATION BEING GIVEN IN RECEIPT FOR THAT OIL IN THOSE SALES.

(b) IF A TAXPAYER'S OIL OR GAS IS BEING SOLD TO AN AFFILIATE OF THAT TAXPAYER (AS OPPOSED TO BEING TRANSFERRED FROM ONE DIVISION TO

ANOTHER WITHIN THE SAME CORPORATE PERSON), THE SALES PRICE OF THAT OIL OR GAS FOR PURPOSES OF THIS CHAPTER IS THE GREATER OF

(1) THE CASH VALUE OF THE FULL CONSIDERATION GIVEN IN RECEIPT FOR THE OIL OR GAS SO SOLD; OR

(2) THE PRICE ATTRIBUTABLE TO THAT SALE WHICH IS ENTERED ON THE TAXPAYER'S BOOKS AND RECORDS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, CONSISTENTLY APPLIED.

(c) IF A TAXPAYER'S OIL OR GAS IS RETAINED BY THE TAXPAYER OR IS TRANSFERRED FROM THE PRODUCTION DIVISION TO ANOTHER DIVISION WITHIN THE SAME CORPORATE PERSON, THE SALES PRICE OF THAT OIL OR GAS FOR PURPOSES OF THIS CHAPTER IS THE PRICE ATTRIBUTABLE TO THE PRODUCTION DIVISION FOR THAT OIL OR GAS WHICH IS ENTERED ON THE TAXPAYER'S BOOKS AND RECORDS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, CONSISTENTLY APPLIED.

(d) IF A TAXPAYER EXCHANGES OIL OR GAS WITH A THIRD PARTY, THE SALES PRICE OF THAT OIL OR GAS FOR PURPOSES OF THIS CHAPTER IS

(1) THE PRICE PRESCRIBED IN THE EXCHANGE AGREEMENT FOR THE TAXPAYER'S OIL OR GAS FOR PURPOSES OF SETTLING ACCOUNTS AND CASHING OUT ANY NET EXCHANGE BALANCES IN THE TAXPAYER'S FAVOR (TO ILLUSTRATE WHAT IS MEANT BY A NET EXCHANGE BALANCE IN THE TAXPAYER'S FAVOR, SUPPOSE THE EXCHANGE IS FOR OIL ON A BARREL-FOR-BARREL BASIS AND THE TAXPAYER'S VOLUME TO THE THIRD PARTY EXCEEDS THE VOLUME RECEIVED FROM THE THIRD PARTY; THE AMOUNT OF THAT

EXCESS WOULD BE THE NET EXCHANGE BALANCE IN THE TAXPAYER'S FAVOR);
OR

(2) IF THERE IS NO SUCH PRICE PRESCRIBED IN THE EXCHANGE AGREEMENT, THE PRICE ATTRIBUTABLE TO THE OIL OR GAS RECEIVED BY THE TAXPAYER WHICH IS ENTERED ON THE TAXPAYER'S BOOKS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, CONSISTENTLY APPLIED.] (Eff. 5/21/81, Register 78; repealed _____/_____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 AS 43.21.120
AS 43.19.010 AS 43.21.090 Art. IV, sec. 18
Ak. Const.

15 AAC 21.124 is repealed:

15 AAC 21.124. Prevailing value for oil. Repealed. [(a) FOR A TAXPAYER'S OIL, THE PREVAILING VALUE FOR PURPOSES OF THIS CHAPTER IS THE ARITHMETIC AVERAGE ACQUISITION COST C.I.F. (AT THE REFINERY INLET IN THE SAME MARKET IN WHICH THE TAXPAYER'S ALASKAN OIL IS REFINED) BASED ON THE SALES PRICE OF LIKE OIL SOLD IN UP TO THREE THIRD-PARTY, ARM'S-LENGTH TRANSACTIONS SELECTED BY THE DEPARTMENT, IF DISCLOSURE OF THE SALES PRICE INFORMATION IS PERMITTED BY THE PARTIES TO THOSE TRANSACTIONS AT THE TIME OF AN AUDIT OF THE TAXPAYER. IN THIS SUBSECTION, "LIKE OIL" MEANS AN OIL OF SUBSTANTIALLY SIMILAR QUALITY PRODUCED IN THE SAME GENERAL AREA OF THE STATE AND SUBJECT TO THE SAME FEDERAL PRICE

CONTROLS, IF ANY, AS THE OIL FOR WHICH THE PREVAILING VALUE IS TO BE DETERMINED.

(b) IF THE INFORMATION UNDER (a) OF THIS SECTION MAY NOT BE DISCLOSED OR IS UNAVAILABLE, THEN THE PREVAILING VALUE FOR PURPOSES OF THIS CHAPTER EQUALS THE ARITHMETIC AVERAGE ACQUISITION COST C.I.F. (AT THE REFINERY INLET IN THE SAME MARKET IN WHICH THE TAXPAYER'S ALASKAN OIL IS REFINED) OF UP TO SIX OILS SELECTED BY THE DEPARTMENT INCLUDING

(1) UP TO THREE DOMESTIC OILS OF SUBSTANTIALLY SIMILAR QUALITY WHICH ARE SOLD IN SIGNIFICANT QUANTITIES IN THE SAME MARKET OR NEAR THE SAME MARKET; AND

(2) UP TO THREE IMPORTED OILS OF SUBSTANTIALLY SIMILAR QUALITY WHICH ARE SOLD IN SIGNIFICANT QUANTITIES IN THE SAME MARKET OR NEAR THE SAME MARKET.

(c) THE RESPECTIVE ACQUISITION COST C.I.F. AT THE REFINERY INLET IN A MARKET FOR EACH OF THE SOURCES OF OIL USED IN THIS SECTION EQUALS THE SUM OF

(1) THE RESPECTIVE OFFICIAL GOVERNMENT SALES PRICE OR POSTED PRICE OF THE OIL (WITH ADJUSTMENTS FOR DIFFERENTIALS AND SURCHARGES) APPEARING IN THE LATEST PLATT'S OILGRAM PRICE REPORT PUBLISHED ON OR BEFORE THE LAST DAY OF A MONTH; PLUS

(2) THE RESPECTIVE TANKER TRANSPORTATION COST OF THE OIL FROM ITS PORT OF ORIGIN TO SHIP'S RAIL IN THE SAME MARKET AS THAT IN WHICH THE TAXPAYER'S ALASKAN OIL IS REFINED, TO BE CALCULATED

(A) BY MULTIPLYING THE LONDON TANKER BROKER'S AVERAGE FREIGHT RATE ASSESSMENT ("AFRA") APPLICABLE TO THAT VOYAGE DURING THAT MONTH FOR AFRA LR 2 (LONG RANGE 2) OIL TANKERS, BY THE MOST RECENTLY PUBLISHED WORLDSCALE RATE FOR THAT VOYAGE; OR

(B) BY APPLYING ANOTHER APPLICABLE FREIGHT RATE IF FOREIGN FLAG VESSELS ARE PROHIBITED FROM TRANSPORTING THAT OIL; PLUS

(3) ANY CANAL TOLLS AND EXPENSES NOT INCLUDED IN THE APPLICABLE FREIGHT RATE FOR THAT VOYAGE; PLUS

(4) PIPELINE OR OTHER CARRYING CHARGES.] (Eff. 5/21/81, Register 78, repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020(b) Art. IV, sec. 18
AS 43.19.010 Ak. Const.

15 AAC 21.125 is repealed:

15 AAC 21.125. Prevailing value for gas. Repealed. [FOR A TAXPAYER'S GAS, THE PREVAILING VALUE FOR PURPOSES OF THIS CHAPTER IS

(1) THE VOLUME-WEIGHTED AVERAGE OF THE PRICES RECEIVED UNDER THE TERMS OF SALES CONTRACTS FOR SIGNIFICANT QUANTITIES WHICH

15 AAC 21.128 is repealed:

15 AAC 21.128. Choice of methods for determining reasonable cost of transportation. Repealed. [THE REASONABLE COST OF TRANSPORTATION IS THE ACTUAL COST OF TRANSPORTATION AS DETERMINED IN 15 AAC 21.130(a) AND (b). HOWEVER, THE REASONABLE COST OF TRANSPORTATION IS THE FAIR MARKET VALUE AS DEFINED IN 15 AAC 21.130(c) IF THE DEPARTMENT DETERMINES THAT ALL OF THE FOLLOWING CONDITIONS EXIST:

(1) THE PARTIES TO THE TRANSPORTATION OF OIL OR GAS ARE AFFILIATED;

(2) THE CONTRACT FOR THE TRANSPORTATION OF OIL OR GAS IS NOT AN ARM'S-LENGTH TRANSACTION OR IS NOT REPRESENTATIVE OF THE MARKET VALUE OF THE TRANSPORTATION AT THE TIME THE CONTRACT WAS EXECUTED OR RENEGOTIATED; AND

(3) THE METHOD OF TRANSPORTATION OF OIL OR GAS IS NOT REASONABLE IN VIEW OF THE EXISTING ALTERNATIVE METHODS OF TRANSPORTATION AT THE TIME THE TAXPAYER ENTERED INTO THE TRANSPORTATION COMMITMENT.] (Eff. 5/21/81, Register 78; repealed ____/____/____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 AS 43.21.120
AS 43.19.010 AS 43.21.090 Art. IV, sec. 18

Ak. Const.

15 AAC 21.130 is repealed:

15 AAC 21.130. Calculation of reasonable costs of transportation. Repealed. [(a)

REASONABLE COSTS OF TRANSPORTATION ARE CALCULATED FROM THE POINT OF PRODUCTION TO THE SALES DELIVERY POINT.

(b) ACTUAL COSTS OF TRANSPORTATION FOR PURPOSES OF 15 AAC 21.128 ARE

(1) IF THE TRANSPORTATION OF OIL OR GAS IS BY A REGULATED CARRIER, THE TARIFF ON FILE WITH FERC OR OTHER REGULATORY AGENCY HAVING JURISDICTION THAT APPLIES TO THAT TRANSPORTATION OF THE OIL OR GAS BY THE CARRIER, FROM THE POINT THAT OIL OR GAS IS TENDERED INTO THE FACILITIES OF THE CARRIER TO THE POINT THAT IT IS DELIVERED FROM THE FACILITIES OF THE CARRIER;

(2) IF TRANSPORTATION OF OIL IS BY A TANKER OR OTHER VESSEL THAT IS NOT OWNED OR EFFECTIVELY OWNED BY THE TAXPAYER

(A) FOR A SINGLE VOYAGE CHARTER, THE CHARTER FEE FOR THAT VESSEL, PLUS ANY VOYAGE AND PORT COSTS NOT INCLUDED IN THAT FEE WHICH ARE INCURRED WITH RESPECT TO THAT TRANSPORTATION DURING THE TERM OF THE CHARTER AND WHICH ARE BORNE BY THE TAXPAYER, PLUS THE POSITIONING COST, IF ANY, BORNE BY THE TAXPAYER FOR THAT VESSEL;

(B) FOR A CONSECUTIVE VOYAGE CHARTER OR A TIME CHARTER, THE CHARTER FEE FOR THAT VESSEL, PLUS ANY VOYAGE AND PORT COSTS NOT INCLUDED IN THAT FEE WHICH ARE INCURRED WITH

RESPECT TO THAT TRANSPORTATION DURING THE TERM OF THE CHARTER AND WHICH ARE BORNE BY THE TAXPAYER, PLUS THE POSITIONING COST (AMORTIZED OVER THE LESSER OF 36 MONTHS OR THE TERM OF THE CHARTER IN THE CASE OF A TIME CHARTER, AND AMORTIZED ON THE BASIS OF THE NUMBER OF VOYAGES IN THE CASE OF A CONSECUTIVE VOYAGE CHARTER), IF ANY, BORNE BY THE TAXPAYER FOR THAT VESSEL;
OR

(C) FOR A CONTRACT OF AFFREIGHTMENT, THE AFFREIGHTMENT FEE SPECIFIED IN THAT CONTRACT, PLUS ANY VOYAGE AND PORT COSTS AND ANY POSITIONING COSTS NOT INCLUDED IN THAT FEE WHICH ARE INCURRED WITH RESPECT TO THAT TRANSPORTATION DURING THE TERM OF THE CONTRACT OF AFFREIGHTMENT WHICH ARE BORNE BY THE TAXPAYER;

(3) IF TRANSPORTATION OF OIL IS BY A TANKER OR OTHER VESSEL THAT IS OWNED OR EFFECTIVELY OWNED BY THE TAXPAYER, THE TAXPAYER'S ACTUAL COST FOR THAT TRANSPORTATION, WHICH IS THE SUM OF

(A) VOYAGE AND PORT COSTS INCURRED WITH RESPECT TO THAT TRANSPORTATION;

(B) THE POSITIONING COST, AMORTIZED OVER 36 MONTHS, FOR THAT VESSEL;

(C) DEPRECIATION OF THE VESSEL; IF THE VESSEL IS ACTUALLY OWNED BY THE TAXPAYER, DEPRECIATION MUST BE CALCULATED IN ACCORDANCE WITH THE APPLICABLE FASB FINANCIAL

ACCOUNTING STANDARDS FOR THIS ASSET; IF THE VESSEL IS EFFECTIVELY OWNED BY THE TAXPAYER, DEPRECIATION MUST BE CALCULATED IN ACCORDANCE WITH FASB-13 FROM THE STANDPOINT OF A LESSEE UNDER A CAPITAL LEASE; AND

(D) AN AMOUNT WHICH, WHEN ADDED TO THE AMOUNT OF DEPRECIATION INCLUDED UNDER (C) OF THIS PARAGRAPH, WILL PROVIDE A REASONABLE RETURN ON THE ACQUISITION COST OF THE VESSEL OVER ITS EXPECTED LIFE; FOR PURPOSES OF THIS SUBPARAGRAPH

(i) "ACQUISITION COST" MEANS THE COST OF THE VESSEL WHICH MAY BE CAPITALIZED BY ITS ACTUAL OWNER IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, INCLUDING COSTS OF IMPROVEMENTS MADE AFTER THE DATE THE VESSEL IS PLACED IN SERVICE BY OR ON BEHALF OF THE TAXPAYER; AND

(ii) "EXPECTED LIFE" MEANS THE PERIOD OF TIME USED TO CALCULATE DEPRECIATION UNDER (C) OF THIS PARAGRAPH;

(4) IN THE CASE OF TRANSPORTATION OF GAS AS LNG

(A) IF ONLY A PART OF THE LNG TRANSPORTATION FACILITIES ARE SUBJECT TO TARIFF REGULATIONS BY FERC OR OTHER AGENCIES OF THE UNITED STATES, STATE OR TERRITORY OR A POSSESSION OF THE UNITED STATES OR A FOREIGN NATION AND IF THE TAXPAYER DOES NOT HAVE OR EFFECTIVELY HAVE ANY OWNERSHIP

INTEREST IN THE LNG TRANSPORTATION FACILITY, THE AMOUNT CHARGED TO THE TAXPAYER FOR THAT LNG TRANSPORTATION;

(B) IF THE TAXPAYER HAS OR EFFECTIVELY HAS AN OWNERSHIP INTEREST IN THE LNG TRANSPORTATION FACILITY, THE TAXPAYER'S ACTUAL COST FOR THAT TRANSPORTATION WHICH IS THE SUM OF

(i) THE DIRECT OPERATING COSTS OF THE LNG TRANSPORTATION FACILITY (IN THE CASE OF AN LNG TANKER, ITS RESPECTIVE VOYAGE AND PORT COSTS) INCURRED WITH RESPECT TO THE TAXPAYER'S GAS;

(ii) THE POSITIONING COST, AMORTIZED OVER 36 MONTHS, FOR THAT VESSEL;

(iii) DEPRECIATION OF THE LNG TRANSPORTATION FACILITY, IF THE FACILITY IS ACTUALLY OWNED BY THE TAXPAYER, DEPRECIATION MUST BE CALCULATED IN ACCORDANCE WITH THE APPLICABLE FASB FINANCIAL ACCOUNTING STANDARDS FOR THE OWNER OF THESE ASSETS; IF THE LNG TRANSPORTATION FACILITY IS EFFECTIVELY OWNED BY THE TAXPAYER, DEPRECIATION MUST BE CALCULATED IN ACCORDANCE WITH FASB-13 FROM THE STANDPOINT OF A LESSEE UNDER A CAPITAL LEASE; AND

(iv) AN AMOUNT WHICH, WHEN ADDED TO THE AMOUNT OF DEPRECIATION ALLOWED UNDER (iii) OF THIS

SUBPARAGRAPH, PROVIDES A REASONABLE RETURN ON THE ACQUISITION COST OF THE LNG TRANSPORTATION FACILITY OVER ITS EXPECTED LIFE, FOR PURPOSES OF THIS SUB-SUBPARAGRAPH, "ACQUISITION COST" MEANS THE COST OF THE LNG TRANSPORTATION FACILITY WHICH MAY BE CAPITALIZED BY ITS ACTUAL OWNER IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, INCLUDING THE COST OF IMPROVEMENTS MADE AFTER THE DATE THE LNG TRANSPORTATION FACILITY IS PLACED IN SERVICE BY OR ON BEHALF OF THE TAXPAYER, AND "EXPECTED LIFE" MEANS THE PERIOD OF TIME USED TO CALCULATE DEPRECIATION UNDER (iii) OF THIS SUBPARAGRAPH;

(5) IF THE TRANSPORTATION OF OIL OR GAS IS BY A NONREGULATED PIPELINE FACILITY THAT IS NOT OWNED OR EFFECTIVELY OWNED BY THE PRODUCER OF THAT OIL OR GAS, THE TRANSPORTATION FEE SPECIFIED IN THE CONTRACT PLUS ANY OTHER COSTS NOT INCLUDED IN THE FEE WITH RESPECT TO THAT TRANSPORTATION WHICH ARE BORNE BY THE PRODUCER;

(6) IF THE TRANSPORTATION OF OIL OR GAS IS BY A NONREGULATED PIPELINE FACILITY THAT IS OWNED OR EFFECTIVELY OWNED BY THE PRODUCER OF THAT OIL OR GAS, THE AMOUNT WHICH WOULD HAVE BEEN REPORTED TO THE FERC OR OTHER REGULATORY AGENCY HAVING JURISDICTION APPLICABLE TO THE TRANSPORTATION OF OIL OR GAS UNDER (1)

OF THIS SUBSECTION IF THE TRANSPORTATION HAD BEEN UNDER THE JURISDICTION OF FERC OR OTHER REGULATORY AGENCY FOR THE TAX REPORTING PERIOD.

(c) THE FAIR MARKET VALUE OF TRANSPORTATION FOR THE PURPOSE OF DETERMINING THE REASONABLE COST OF TRANSPORTATION UNDER 15 AAC 21.128 IS DETERMINED

(1) FOR SHIPMENTS OF OIL, ON THE BASIS OF THIRD-PARTY CHARTERS (THAT IS, TIME CHARTERS IN WHICH THE TAXPAYER DOES NOT OWN OR EFFECTIVELY OWN THE VESSEL) OF LIKE VESSELS OF ONE YEAR OR MORE, PLUS REGULATED TRANSPORTATION COSTS DETERMINED UNDER (b)(1) OF THIS SECTION; TWO VESSELS WILL BE CONSIDERED LIKE VESSELS FOR PURPOSES OF COMPARING LIKE TRANSPORTATION UNDER THIS CHAPTER IF THE DIFFERENCE BETWEEN THEM IN TONNAGE IS LESS THAN 10,000 DEADWEIGHT TONS AND IF THEY ARE BOTH JONES ACT VESSELS, OR ARE BOTH CDS VESSELS, OR ARE BOTH ODS VESSELS OR ARE BOTH CDS/ODS VESSELS; OR

(2) FOR SHIPMENTS OF GAS AS LNG, ON THE BASIS OF THIRD-PARTY CHARTERS OR LEASES (THAT IS, CHARTERS OR LEASES IN WHICH THE TAXPAYER DOES NOT OWN OR EFFECTIVELY OWN THE LNG TRANSPORTATION FACILITY IN QUESTION) OF THREE YEARS OR MORE WHICH ARE REPORTED TO THE DEPARTMENT FOR LIKE LNG TRANSPORTATION FACILITIES, PLUS REGULATED TRANSPORTATION COSTS DETERMINED UNDER (b)(1) OF THIS SECTION.

(d) IF A TAXPAYER SELLS ITS OIL OR GAS TO A THIRD PARTY IN WHAT WOULD OTHERWISE BE A BONA FIDE, ARM'S-LENGTH SALE BUT AT THE TIME OF THE SALE THE TAXPAYER EXPECTS TO REPURCHASE THAT OIL OR GAS AT A LATER TIME AND PLACE, THEN THAT SALE TO THE THIRD PARTY AND THE REPURCHASE FROM THE THIRD PARTY, WHEN IT OCCURS, WILL BE DISREGARDED AND THE OIL OR GAS SUBJECT TO THAT SALE WILL BE TREATED AS IF IT HAS REMAINED THE TAXPAYER'S OWN OIL OR GAS THROUGHOUT THE TIME BETWEEN THAT SALE AND REPURCHASE. IN DETERMINING THE VALUE AT THE POINT OF PRODUCTION IN THIS CASE, THE REASONABLE COST OF TRANSPORTATION BETWEEN THE POINT OF SALE FOR THAT SALE AND THE POINT OF REPURCHASE MUST BE DETERMINED AS IF THE TAXPAYER WERE THE SHIPPER. THIS SUBSECTION DOES NOT APPLY IF THE TAXPAYER'S EXPECTED REPURCHASE DOES NOT OCCUR.

(e) FOR PURPOSES OF THIS SECTION, "VOYAGE AND PORT COSTS" FOR A VESSEL ARE

(1) COSTS ACTUALLY INCURRED FOR FUEL FOR THE VESSEL WHILE IN PORT AND AT SEA, STORES AND PROVISIONS FOR THE VESSEL AND CAPTAIN AND CREW, WAGES AND BENEFITS OF THE VESSEL'S CAPTAIN AND CREW, ROUTINE MAINTENANCE, PORT AND DOCK FEES, STORAGE COSTS, DEMURRAGE, TUG AND PILOTAGE FEES, MARINE AGENTS' FEES IN PORT, LIGHTERING, TRANSSHIPMENT CHARGES, CUSTOMS FEES AND DUTIES, REGULAR AND CUSTOMARY GRATUITIES WHICH ARE LAWFULLY PAID, INSURANCE PREMIUMS PAID TO THIRD-PARTY INSURERS, MINOR CARGO LOSSES OR MEASURING

DIFFERENTIALS, LOADING AND UNLOADING INSPECTION FEES, PANAMA CANAL TRANSIT FEES, A REASONABLE MANAGEMENT FEE (TO BE PRORATED EQUALLY AMONG VESSELS) FOR COORDINATING ARRIVALS AND DEPARTURES INTO AND OUT OF PORTS FOR VESSELS OWNED, EFFECTIVELY OWNED OR CHARTERED BY THE TAXPAYER, AND OTHER REASONABLE COSTS ASSOCIATED WITH THE OPERATION OR MAINTENANCE (OR BOTH) OF THE VESSEL; AND

(2) IN ADDITION TO THE COSTS SET OUT IN (1) OF THIS SUBSECTION, IN THE CASE OF CATASTROPHIC LOSS OR DAMAGE OF A VESSEL TRANSPORTING OIL OR LNG FROM ALASKA OR EN ROUTE TO ALASKA TO TAKE ON OIL OR LNG, A PART OF THE LOSS (FOR LOSS OR DAMAGE TO THE SHIP, FOR INJURY OR LOSS OF THE CAPTAIN OR CREW AND FOR DAMAGE AND CLEANUP DUE TO SPILLAGE OF PART OR ALL OF HER CARGO, BUT NOT FOR THE LOSS OF THE CARGO ITSELF) WHICH IS BORNE BY THE SHIPPER AS THE RESULT OF THAT CATASTROPHIC LOSS OR DAMAGE AND WHICH IS NOT REIMBURSED BY INSURANCE OR BY A THIRD PARTY; THIS PART OF THE LOSS IS DETERMINED BY ALLOCATING THE UNREIMBURSED LIABILITY ON THE BASIS OF DEADWEIGHT TONNAGE AMONG THE VESSELS OWNED, EFFECTIVELY OWNED OR CHARTERED BY THE SHIPPER TO TRANSPORT OIL OR LNG (WHICHEVER WAS LOST) FROM ALASKA.

(f) A TAXPAYER "EFFECTIVELY OWNS," HAS "EFFECTIVE OWNERSHIP" OR "EFFECTIVELY HAS AN OWNERSHIP INTEREST" IN A VESSEL, LNG TRANSPORTATION FACILITY, OR NONREGULATED PIPELINE FACILITY FOR PURPOSES OF THIS SECTION, IF

(1) THE VESSEL, LNG TRANSPORTATION FACILITY, OR NONREGULATED PIPELINE FACILITY IS OWNED BY ANOTHER PERSON COMPRISING PART OF A CONSOLIDATED BUSINESS IN WHICH THE TAXPAYER IS ALSO A PART;

(2) THE VESSEL, LNG TRANSPORTATION FACILITY, OR NONREGULATED PIPELINE FACILITY IS THE SUBJECT OF A CAPITAL LEASE IN WHICH THE TAXPAYER (OR ANOTHER PERSON COMPRISING PART OF A CONSOLIDATED BUSINESS IN WHICH THE TAXPAYER IS ALSO A PART) IS THE LESSEE; OR

(3) THE VESSEL, LNG TRANSPORTATION FACILITY, OR NONREGULATED PIPELINE FACILITY WAS BUILT TO THE ACCOUNT OF THE TAXPAYER (OR ANOTHER PERSON COMPRISING PART OF THE CONSOLIDATED BUSINESS IN WHICH THE TAXPAYER IS ALSO A PART), WAS SOLD AND WAS CHARTERED BACK BY THE TAXPAYER (OR ANOTHER PERSON COMPRISING PART OF A CONSOLIDATED BUSINESS IN WHICH THE TAXPAYER IS ALSO A PART) IN A SIMULTANEOUS TRANSACTION AND THE VESSEL OR LNG TRANSPORTATION FACILITY IS ON A TERM CHARTER OR LEASE TO THE TAXPAYER (OR ANOTHER PERSON COMPRISING PART OF A CONSOLIDATED BUSINESS IN WHICH THE TAXPAYER IS ALSO A PART) FOR 15 YEARS OR LONGER.

(g) FOR PURPOSES OF THIS CHAPTER, THE "POSITIONING COST" FOR A VESSEL INCLUDES THE COSTS NOT INCLUDED IN THE CHARTER FOR THAT VESSEL WHICH ARE BORNE BY THE TAXPAYER FOR PLACING THAT VESSEL INTO POSITION BEFORE THE FIRST VOYAGE UNDER THAT CHARTER OR THE

ESTIMATED COSTS TO BE BORNE BY THE TAXPAYER FOR DELIVERING IT UP AT A SPECIFIED LOCATION AFTER THE LAST VOYAGE UNDER THAT CHARTER, OR BOTH IF THE TAXPAYER IS OBLIGATED UNDER THE TERMS OF THE CHARTER OR CONTRACT OF AFFREIGHTMENT TO PAY BOTH COSTS.

(h) A REASONABLE RATE OF RETURN UNDER (b)(3)(D) OR (b)(4)(B) OF THIS SECTION IS PRESUMED TO BE THAT AMOUNT WHICH YIELDS AN INTERNAL RATE OF RETURN (AFTER FEDERAL INCOME TAX) ON AN INVESTMENT WHICH EQUALS TWO PERCENT PLUS THE AVERAGE ANNUAL NATIONAL INFLATION RATE (MEASURED BY THE GNP DEFLATOR) DURING

(1) THE PERIOD BETWEEN THE TIME THE COMMITMENT IS MADE TO CONSTRUCT OR ACQUIRE THE VESSEL OR LNG TRANSPORTATION FACILITY AND THE TIME THE VESSEL OR LNG TRANSPORTATION FACILITY HAS BEEN RECEIVED (OR DELIVERED) AND IS READY TO BE PLACED INTO SERVICE; OR

(2) IF THE PERIOD IN (1) OF THIS SUBSECTION FALLS ENTIRELY WITHIN A CALENDAR YEAR, THAT ENTIRE CALENDAR YEAR.

(i) AT THE REQUEST OF A TAXPAYER OR ON ITS OWN MOTION, THE DEPARTMENT WILL, IN ITS DISCRETION, REPLACE THE RETURN UNDER (h) OF THIS SECTION WITH ONE BASED ON THE RATE OF RETURN IMPUTED TO THAT INVESTMENT OR SIMILAR ONES BY THE PERSON OWNING OR EFFECTIVELY OWNING THE VESSEL OR LNG TRANSPORTATION FACILITY.

(j) THE THIRD-PARTY NATURE OF AN AGREEMENT BETWEEN A TAXPAYER AND A THIRD-PARTY CARRIER REGARDING TRANSPORTATION COSTS IS NOT AFFECTED DURING THE TERM OF THAT AGREEMENT BY A LATER

CONSOLIDATION OF THAT TAXPAYER AND CARRIER INTO A CONSOLIDATED BUSINESS, IF, AT THE TIME THEY ENTERED INTO THAT AGREEMENT, THE TAXPAYER AND THE CARRIER DID NOT EXERCISE, DIRECTLY OR INDIRECTLY, ANY CONTROL OVER THE BUSINESS AFFAIRS OF THE OTHER AS THE RESULT OF, OR IN ANTICIPATION OF, THEIR CONSOLIDATION INTO THE CONSOLIDATED BUSINESS.

(k) FOR PURPOSES OF THIS SECTION, A "PIPELINE FACILITY" INCLUDES ALL FACILITIES INCIDENT TO THE PIPELINE TRANSPORTATION OF OIL OR GAS DOWNSTREAM FROM THE POINT OF PRODUCTION AS DEFINED IN 15 AAC 21.900.] (Eff. 2/22/79, Register 69; am 5/21/81, Register 78; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 AS 43.21.120
AS 43.19.010 AS 43.21.090 Art. IV, sec. 18
Ak. Const.

15 AAC 21.140 is repealed:

15 AAC 21.140. Extraordinary production revenue (or loss). Repealed. [(a) A TAXPAYER'S EXTRAORDINARY PRODUCTION REVENUE OR LOSS FOR A LEASE OR PROPERTY IS FULLY RECOGNIZED FOR PURPOSES OF THIS CHAPTER IN THE YEAR IN WHICH IT IS REALIZED. THERE IS NO CARRY-BACK OR CARRY-FORWARD OF EXTRAORDINARY PRODUCTION REVENUE OR LOSS UNDER THIS CHAPTER TO ANY OTHER YEAR EXCEPT TO THE EXTENT THAT AN EXTRAORDINARY PRODUCTION LOSS MAY CONTRIBUTE TO A TAXPAYER'S NET

LOSS UNDER 15 AAC 21.070. MULTIPLE REALIZATIONS OF EXTRAORDINARY PRODUCTION REVENUE OR LOSS BY A TAXPAYER DURING A SINGLE YEAR ARE CUMULATIVE, WITH REVENUES ADDED TO REVENUES AND LOSSES TO LOSSES, AND WITH REVENUES AND LOSSES OFFSET AGAINST EACH OTHER.

(b) A RETROACTIVE DECREASE OR INCREASE IN THE TARIFF OR FEE ALLOWED TO BE CHARGED BY A REGULATED CARRIER FOR TRANSPORTING A TAXPAYER'S OIL AND GAS PRODUCED FROM A LEASE OR PROPERTY IN THE STATE RESULTS IN EXTRAORDINARY PRODUCTION REVENUE OR LOSS, RESPECTIVELY, FOR THAT TAXPAYER, WHICH IS REALIZED FOR PURPOSES OF THIS CHAPTER AT THE TIME WHEN THE RETROACTIVE CHANGE TAKES EFFECT.

(c) A RETROACTIVE INCREASE OR DECREASE IN THE SALES PRICE IN A BONA FIDE, ARM'S-LENGTH SALE OF A TAXPAYER'S OIL AND GAS PRODUCED FROM A LEASE OR PROPERTY IN THE STATE RESULTS IN EXTRAORDINARY PRODUCTION REVENUE OR LOSS, RESPECTIVELY, FOR THAT TAXPAYER, WHICH IS REALIZED FOR PURPOSES OF THIS CHAPTER AT THE TIME WHEN THE RETROACTIVE CHANGE TAKES EFFECT.

(d) THE AMOUNT OF A TAXPAYER'S EXTRAORDINARY PRODUCTION REVENUE OR LOSS UNDER (b) OR (c) OF THIS SECTION FOR A LEASE OR PROPERTY IS THE AMOUNT OF THE INCREASE OR DECREASE, RESPECTIVELY, IN THE VALUE AT THE POINT OF PRODUCTION FOR THE TAXPAYER'S OIL AND GAS FROM THAT LEASE OR PROPERTY TO WHICH THE RETROACTIVE TARIFF CHANGE OR CHANGE IN SALES PRICE APPLIES, OFFSET BY ANY CORRESPONDING INCREASE OR DECREASE IN DEDUCTIONS UNDER 15 AAC 21.200 - 15 AAC 21.290

WHICH CHANGE AS THE RESULT OF CHANGING THE VALUE AT THE POINT OF PRODUCTION FOR THAT OIL AND GAS.

(e) IN THE CASE OF CATASTROPHIC LOSS OF A TAXPAYER'S OIL OR GAS THAT HAS PASSED ITS POINT OF PRODUCTION BUT FOR WHICH THE RISK OF LOSS HAS NOT SHIFTED FROM THE TAXPAYER TO A COMMON CARRIER OR A THIRD PARTY, THE TAXPAYER REALIZES AN EXTRAORDINARY PRODUCTION LOSS FOR THAT OIL OR GAS. THE AMOUNT OF THE TAXPAYER'S EXTRAORDINARY LOSS IN SUCH A CASE EQUALS THE REASONABLE COST OF TRANSPORTATION BORNE BY THE TAXPAYER FOR THAT OIL OR GAS FROM ITS POINT OF PRODUCTION TO THE POINT OF ITS LOSS, PLUS THE VALUE AT THE POINT OF PRODUCTION FOR THAT OIL OR GAS BUT ONLY TO THE EXTENT THAT THE VALUE AT THE POINT OF PRODUCTION FOR THAT OIL OR GAS IS INCLUDED IN THE TAXPAYER'S GROSS PRODUCTION REVENUE FOR THE LEASE OR PROPERTY FROM (OR TO) WHICH THAT OIL OR GAS WAS PRODUCED (OR ALLOCATED), AND MINUS REIMBURSEMENTS TO THE TAXPAYER FROM INSURANCE OR FROM ONE OR MORE THIRD PARTIES FOR THAT LOSS.] (Eff.2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.200 is repealed:

15 AAC 21.200. Deductions from gross production revenue - In general. Repealed.

[(a) UNLESS OTHERWISE SPECIFIED, A TAXPAYER'S COSTS GIVING RISE TO A

DEDUCTION UNDER 15 AAC 21.210 - 15 AAC 21.290 ARE REGARDED AS BEING INCURRED ON A CASH BASIS OR ON AN ACCRUAL BASIS, DEPENDING ON WHICH BASIS IS USED FOR PURPOSES OF THE TAXPAYER'S FINANCIAL ACCOUNTING.

(b) COSTS PREVIOUSLY CLAIMED AND ACTUALLY DEDUCTED ON ONE OR MORE OF A TAXPAYER'S RETURNS FILED UNDER AS 43.20 AND 15 AAC 20 MUST BE EXCLUDED FROM THE COSTS TO BE USED IN CALCULATING A DEDUCTION UNDER 15 AAC 21.210 - 15 AAC 21.290.

(c) WHEN A TAXPAYER INCURS COSTS GIVING RISE TO A DEDUCTION UNDER 15 AAC 21.210 - 15 AAC 21.290 AND PART OR ALL OF THOSE COSTS ARE REIMBURSABLE TO THE TAXPAYER FROM ONE OR MORE THIRD PARTIES, ONLY THE UNREIMBURSED PORTION OF THOSE COSTS OF THE TAXPAYER MAY BE USED IN CALCULATING THAT DEDUCTION.] (Eff. 2/22/79, Register 69; repealed _____/_____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.210 is repealed:

15 AAC 21.210. Deduction for royalty. Repealed. [(a) THE AMOUNT OF ROYALTY FOR A LEASE OR PROPERTY IN THE STATE THAT IS PAID DURING A YEAR BY OR FOR A TAXPAYER IS A DEDUCTION FOR PURPOSES OF DETERMINING THE TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THAT YEAR.

(b) THE VALUE AT THE POINT OF PRODUCTION (DETERMINED ON THE BASIS OF THE VALUE AT THE POINT OF PRODUCTION FOR THE TAXPAYER'S

PRODUCTION INTEREST AT THE TIME WHEN THE ROYALTY IS DELIVERED) OF ROYALTY FOR A LEASE OR PROPERTY IN THE STATE THAT IS DELIVERED IN KIND BY OR FOR A TAXPAYER DURING A YEAR IS A DEDUCTION FOR PURPOSES OF DETERMINING THE TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THAT YEAR.] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.215 is repealed:

15 AAC 21.215. Deduction for Native corporation revenue sharing. Repealed. [THE AMOUNT OF INCOME FROM THE PRODUCTION OF OIL AND GAS FROM A LEASE OR PROPERTY REPORTED AS REVENUE UNDER AS 43.21.020 AND 15 AAC 21.110 FOR THE TAX YEAR THAT A TAXPAYER IS REQUIRED UNDER SEC. 7(i) OF THE ALASKA NATIVE CLAIMS SETTLEMENT ACT TO DIVIDE AMONG THE REGIONAL NATIVE CORPORATIONS IS A DEDUCTION IN DETERMINING THE TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THAT YEAR.] (Eff. 3/26/82, Register 81; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.220 is repealed:

15 AAC 21.220. Deduction for production taxes. Repealed. [TAXES IMPOSED UNDER AS 43.55 AND AS 43.57 FOR PRODUCTION FROM (OR ALLOCATED TO) A

LEASE OR PROPERTY WHICH ARE PAID BY, OR ON BEHALF OF, A TAXPAYER DURING A YEAR CONSTITUTE A DEDUCTION IN DETERMINING THE TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THAT YEAR. THE AMOUNT OF TAX PAID UNDER AS 43.55 INCLUDES EDIC APPLIED UNDER AS 43.55.018 AGAINST THAT TAX.] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.230 is repealed:

15 AAC 21.230. Deduction for ad valorem taxes. Repealed. [THE AMOUNT OF TAX UNDER AS 43.56 PAID DURING A YEAR TO THE STATE (NET OF CREDITS OR REFUNDS MADE THAT YEAR FOR MUNICIPAL AD VALOREM TAXES ON THE SAME PROPERTIES) AND THE TOTAL AMOUNT PAID THAT YEAR FOR MUNICIPAL AD VALOREM TAXES UNDER AS 29.53.045 - 29.53.055, FOR A TAXPAYER'S PROPERTIES USED DIRECTLY IN THE PRODUCTION, GATHERING, TREATMENT OR PREPARATION FOR PIPELINE SHIPMENT OF OIL AND GAS FROM A LEASE OR PROPERTY THAT IS IN COMMERCIAL PRODUCTION BEFORE THOSE PAYMENTS TO THE STATE OR ANY MUNICIPALITY ARE MADE, CONSTITUTE A DEDUCTION IN DETERMINING THE TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THAT YEAR.] (Eff. 2/22/79, Register 69, repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.235 is repealed:

15 AAC 21.235. Deduction for crude oil windfall profit tax. Repealed. [THE AMOUNT OF TAX IMPOSED UNDER SEC. 4986 OF THE INTERNAL REVENUE CODE FOR PRODUCTION FROM (OR ALLOCATED TO) A LEASE OR PROPERTY WHICH IS PAID OR INCURRED BY OR ON BEHALF OF A TAXPAYER DURING A YEAR CONSTITUTES A DEDUCTION IN DETERMINING THE TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THAT YEAR.] (Eff. 3/26/82, Register 81, repealed _____/_____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.240 is repealed:

15 AAC 21.240. Deduction for direct operating costs. Repealed. [(a) THE DIRECT OPERATING COSTS DURING A YEAR THAT ARE INCURRED BY OR FOR A TAXPAYER FOR A LEASE OR PROPERTY IN THE STATE ARE A DEDUCTION IN DETERMINING THE TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THAT YEAR.

(b) BEFORE THE COMMENCEMENT OF COMMERCIAL PRODUCTION FROM (OR ALLOCATED TO) A LEASE OR PROPERTY, THE DIRECT OPERATING COSTS FOR THAT LEASE OR PROPERTY ARE (1) THE COSTS FOR GEOLOGICAL AND GEOPHYSICAL WORK CONDUCTED ON THE LEASE OR PROPERTY AFTER THE TAXPAYER HAS ACQUIRED A WORKING INTEREST IN THE LEASE OR PROPERTY, (2) RENTALS AND SHUT-IN ROYALTIES PAID IN ORDER TO RETAIN THE LEASE OR

PROPERTY, AND (3) THE COSTS FOR OPERATIONS CONDUCTED ON OR NEAR THE LEASE OR PROPERTY IN SUPPORT OF DRILLING AND/OR DEVELOPMENT OPERATIONS FOR THE LEASE OR PROPERTY BUT EXCLUDING THE ACTUAL DRILLING COSTS AND DEVELOPMENT COSTS THEMSELVES; HOWEVER, IF THE LEASE OR PROPERTY IS SUBJECT TO AN OPERATING AGREEMENT IN WHICH AT LEAST ONE WORKING-INTEREST OWNER IS A THIRD PARTY TO THE OPERATOR, THEN THE DIRECT OPERATING COSTS FOR THAT LEASE OR PROPERTY ARE THE COSTS (EXCLUDING DRILLING COSTS AND DEVELOPMENT COSTS) THAT ARE INCURRED BY THE OPERATOR IN OPERATING THAT LEASE OR PROPERTY AND WHICH ARE REIMBURSABLE TO THE OPERATOR BY THE WORKING-INTEREST OWNERS, UNDER THE TERMS OF THAT OPERATING AGREEMENT.

(c) AFTER THE COMMENCEMENT OF COMMERCIAL PRODUCTION FROM (OR ALLOCATED TO) A LEASE OR PROPERTY, THE DIRECT OPERATING COSTS FOR THAT LEASE OR PROPERTY ARE THE COSTS OF OPERATING THE WELLS, FACILITIES AND EQUIPMENT ON OR FOR THE LEASE OR PROPERTY WHICH DIRECTLY RESULT IN OR ARE NECESSARY FOR THE CONTINUED OR ENHANCED PRODUCTION FROM (OR ALLOCATED TO) THE LEASE OR PROPERTY AND THE COSTS OF OPERATIONS CONDUCTED ON OR NEAR THE LEASE OR PROPERTY IN SUPPORT OF DRILLING AND/OR DEVELOPMENT OPERATIONS FOR THE LEASE OR PROPERTY BUT EXCLUDING THE ACTUAL DRILLING COSTS AND DEVELOPMENT COSTS THEMSELVES; HOWEVER, IF THE LEASE OR PROPERTY IS SUBJECT TO AN OPERATING AGREEMENT IN WHICH AT LEAST ONE WORKING-INTEREST OWNER IS A THIRD PARTY TO THE OPERATOR, THEN THE DIRECT OPERATING COSTS FOR

THAT LEASE OR PROPERTY ARE THE COSTS (EXCLUDING DRILLING COSTS AND DEVELOPMENT COSTS) THAT ARE INCURRED BY THE OPERATOR IN OPERATING THAT LEASE OR PROPERTY AND WHICH ARE REIMBURSABLE TO THE OPERATOR BY THE WORKING-INTEREST OWNERS, UNDER THE TERMS OF THAT OPERATING AGREEMENT.

(d) NO COST FOR THE TAXPAYER'S GENERAL OVERHEAD OR ADMINISTRATIVE EXPENSE AND NO COST THAT IS TO BE AMORTIZED OR DEPRECIATED UNDER 15 AAC 21.250 AND 15 AAC 21.260, RESPECTIVELY, MAY BE INCLUDED IN A DEDUCTION UNDER THIS SECTION.] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.250 is repealed:

15 AAC 21.250. Deduction for acquisition costs. Repealed. [(a) A TAXPAYER'S ACQUISITION COSTS FOR A LEASE OR PROPERTY IN THE STATE THAT HAS NEVER HAD COMMERCIAL PRODUCTION FROM (OR ALLOCATED TO) IT FROM ANY ZONE ARE DEFERRED FOR PURPOSES OF THIS CHAPTER UNTIL EITHER THERE IS COMMERCIAL PRODUCTION FROM (OR ALLOCATED TO) IT OR UNTIL THE LEASE OR PROPERTY IS ABANDONED WITHOUT EVER HAVING HAD COMMERCIAL PRODUCTION FROM (OR ALLOCATED TO) IT.

(b) IF A LEASE OR PROPERTY IS ABANDONED, THEN THE TAXPAYER'S UNAMORTIZED ACQUISITION COSTS FOR THAT LEASE OR PROPERTY ARE A

DEDUCTION IN DETERMINING THE TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THE YEAR IN WHICH THE LEASE OR PROPERTY IS ABANDONED. IF ONLY PART OF THE LEASE OR PROPERTY IS THUS ABANDONED, THE UNAMORTIZED ACQUISITION COSTS FOR THAT LEASE OR PROPERTY MUST BE APPORTIONED TO THAT ABANDONED PORTION ON THE BASIS OF ACREAGE.

(c) A TAXPAYER'S ACQUISITION COSTS FOR A LEASE OR PROPERTY HAVING COMMERCIAL PRODUCTION FROM (OR ALLOCATED TO) IT DURING A YEAR MUST BE AMORTIZED, AND THE AMOUNT OF AMORTIZATION THAT YEAR FOR THOSE ACQUISITION COSTS IS A DEDUCTION IN DETERMINING THE TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THE YEAR. EXCEPT FOR CASES WHEN (d) OF THIS SECTION APPLIES, THE AMOUNT OF AMORTIZATION IN A YEAR FOR A LEASE OR PROPERTY EQUALS THE TAXPAYER'S UNAMORTIZED ACQUISITION COSTS AS OF THE BEGINNING OF THAT YEAR, MULTIPLIED BY THE RATIO OF THE BTU-EQUIVALENTS OF THE PRODUCTION FROM (OR ALLOCATED TO) THAT LEASE OR PROPERTY DURING THE YEAR, TO THE TOTAL NUMBER OF THE BTU-EQUIVALENTS REPRESENTED BY THE REMAINING PROVED RESERVES (BOTH DEVELOPED AND UNDEVELOPED) OF THAT LEASE OR PROPERTY AS OF THE BEGINNING OF THE YEAR.

(d) DURING A YEAR IT MAY HAPPEN THAT A TAXPAYER TRANSFERS PART OR ALL OF ITS PRODUCTION INTEREST IN A COMMERCIALY PRODUCING LEASE OR PROPERTY TO ONE OR MORE THIRD PARTIES OR RECEIVES PART OR ALL OF A PRODUCTION INTEREST IN A LEASE OR PROPERTY AS THE RESULT OF A TRANSFER FROM ONE OR MORE THIRD PARTIES. IN SUCH A CASE, THE

TAXPAYER RECEIVING THE PRODUCTION INTEREST AND THE TAXPAYER TRANSFERRING THE PRODUCTION INTEREST SHALL EACH CALCULATE ITS RESPECTIVE AMORTIZATION OF ACQUISITION COSTS FOR THAT PORTION OF THE YEAR PRECEDING THE TRANSFER SEPARATELY FROM ITS AMORTIZATION OF ACQUISITION COSTS FOR THAT PORTION OF THE YEAR FOLLOWING THE TRANSFER; AND THE SUM OF EACH TAXPAYER'S RESPECTIVE AMORTIZATION OF ACQUISITION COSTS FOR THOSE TWO PORTIONS OF THE YEAR WILL BE A DEDUCTION IN DETERMINING THAT TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THAT YEAR. IN CALCULATING AMORTIZATION FOR THE PORTION OF THE YEAR PRECEDING THE DATE OF THE TRANSFER, THE TAXPAYER SHALL USE THE PROCEDURE PRESCRIBED IN (c) OF THIS SECTION, EXCEPT THAT THE RATIO OF THE BTU-EQUIVALENTS OF PRODUCTION MAY INCLUDE ONLY THE TAXPAYER'S PRODUCTION FROM (OR ALLOCATED TO) THE LEASE OR PROPERTY FOR THE PORTION OF THE YEAR PRECEDING THE DATE OF THE PRODUCTION-INTEREST TRANSFER. FOR THAT PORTION OF THE YEAR FOLLOWING THE TRANSFER, THE AMOUNT OF AMORTIZATION EQUALS THE TAXPAYER'S UNAMORTIZED ACQUISITION COSTS AS OF THE TIME IMMEDIATELY FOLLOWING THE PRODUCTION-INTEREST TRANSFER, MULTIPLIED BY THE RATIO OF BTU-EQUIVALENTS OF THE TAXPAYER'S PRODUCTION FROM (OR ALLOCATED TO) THE LEASE OR PROPERTY FOR THE PORTION OF THE YEAR ON AND AFTER THE DATE OF THE TRANSFER TO THE TOTAL NUMBER OF BTU-EQUIVALENTS REPRESENTED BY THE TAXPAYER'S REMAINING PROVED RESERVES (BOTH

DEVELOPED AND UNDEVELOPED) OF THE LEASE OR PROPERTY AS OF THE TIME IMMEDIATELY FOLLOWING THE PRODUCTION-INTEREST TRANSFER.

(e) THE AMOUNT OF A TAXPAYER'S UNAMORTIZED ACQUISITION COSTS FOR A LEASE OR PROPERTY AS OF A PARTICULAR DATE EQUALS THE TAXPAYER'S ACQUISITION COSTS FOR ITS ORIGINAL PRODUCTION INTEREST IN THE LEASE OR PROPERTY, PLUS THE UNAMORTIZED ACQUISITION COSTS FOR EACH PRODUCTION INTEREST IN THE LEASE OR PROPERTY TRANSFERRED TO THE TAXPAYER ON OR BEFORE THAT DATE, AND MINUS THE SUM OF

(1) THE UNAMORTIZED ACQUISITION COSTS FOR EACH PRODUCTION INTEREST IN THE LEASE OR PROPERTY TRANSFERRED FROM THE TAXPAYER ON OR BEFORE THAT DATE;

(2) THE CUMULATIVE AMOUNT (AS OF THAT DATE) OF THE TAXPAYER'S ACQUISITION COSTS FOR THE LEASE OR PROPERTY THAT HAS BEEN ALLOWED UNDER THIS SECTION FOR AMORTIZATION OR ABANDONMENT; AND

(3) THE TAXPAYER'S STANDARDIZED PRIOR-TAX AMORTIZATION FOR THE LEASE OR PROPERTY UNDER 15 AAC 21.630.

(f) A TAXPAYER AMORTIZING ITS ACQUISITION COSTS FOR A LEASE OR PROPERTY FOR FINANCIAL ACCOUNTING PURPOSES ON A BASIS OTHER THAN A VARIANT OF UNIT-OF-PRODUCTION AMORTIZATION MAY APPLY TO THE DEPARTMENT FOR AUTHORIZATION TO USE THAT OTHER BASIS FOR PURPOSES OF CALCULATING THE DEDUCTION UNDER THIS SECTION. UPON A SATISFACTORY SHOWING THAT THE TAXPAYER DOES USE ANOTHER BASIS FOR AMORTIZING ITS ACQUISITION COSTS FOR FINANCIAL ACCOUNTING PURPOSES,

THE DEPARTMENT MAY GRANT THE REQUESTED AUTHORIZATION TO THE TAXPAYER. UNTIL THAT AUTHORIZATION IS GRANTED IN WRITING, THE TAXPAYER SHALL FOLLOW THE METHOD PRESCRIBED IN THIS SECTION TO AMORTIZE ITS ACQUISITION COSTS FOR LEASES OR PROPERTIES IN THE STATE.

(g) THE AMOUNT OF A TAXPAYER'S ACQUISITION COSTS FOR A LEASE OR PROPERTY EQUALS THE TAXPAYER'S NET PAYMENTS FOR

(1) CASH BONUS OR COMPARABLE ADVANCE PAYMENT TO ACQUIRE THE LEASE OR PROPERTY;

(2) DRILLING COSTS FOR WELLS BOTTOMED ON THE LEASE OR PROPERTY WHICH WERE COMPLETED OR ABANDONED NO LATER THAN THE COMPLETION OF THE DISCOVERY WELL FOR THE FIELD THAT INCLUDES THE LEASE OR PROPERTY AND WHICH WERE SPURRED AFTER THE ACQUISITION OF THE LEASE OR PROPERTY OR IN FULFILLMENT OF A CONDITION OR REQUIREMENT TO ACQUIRE OR RETAIN THE LEASE OR PROPERTY;

(3) TAX PAID UNDER AS 43.56 TO THE STATE (NET OF ALL CREDITS AND REFUNDS FOR MUNICIPAL AD VALOREM TAXES ON THE SAME PROPERTY) FOR PROPERTY USED ON OR FOR THE LEASE OR PROPERTY AFTER ITS ACQUISITION AND BEFORE THE COMPLETION OF THE DISCOVERY WELL FOR THE FIELD THAT INCLUDES THE LEASE OR PROPERTY OR FOR PROPERTY USED IN THE DRILLING DESCRIBED IN (2) OF THIS SUBSECTION, AND AD VALOREM AND OTHER TAXES PAID TO ONE OR MORE MUNICIPALITIES UNDER AS 29.53 THAT WERE INCURRED FOR THE DRILLING REFERRED TO IN (2) OF THIS SUBSECTION

OR FOR PROPERTY OR OPERATIONS ON OR FOR THE LEASE OR PROPERTY AFTER ITS ACQUISITION AND BEFORE THE COMPLETION OF THAT DISCOVERY WELL;

(4) THAT PORTION OF THE FULL CONSIDERATION GIVEN BY THE TAXPAYER IN ACQUIRING A PRODUCTION INTEREST IN THE LEASE OR PROPERTY WHICH IS PROPERLY ATTRIBUTABLE TO THE ACQUISITION OF THE LEASE OR PROPERTY (AS OPPOSED TO THE WELLS, FACILITIES AND EQUIPMENT ON OR IN SUPPORT OF THE LEASE OR PROPERTY WHICH DIRECTLY RESULT IN OR ARE NECESSARY FOR CONTINUED OR ENHANCED PRODUCTION FROM (OR ALLOCATED TO) THE LEASE OR PROPERTY);

(5) INTEREST ON CAPITAL BORROWED FROM ONE OR MORE THIRD PARTIES FOR ANY OF THE EXPENDITURES DESCRIBED IN (1) - (4) OF THIS SUBSECTION THAT WAS CAPITALIZED FOR PURPOSES OF THE TAXPAYER'S FINANCIAL ACCOUNTING; HOWEVER, INTEREST SO CAPITALIZED MAY BE RECOGNIZED FOR PURPOSES OF THIS CHAPTER AT A RATE NOT TO EXCEED THE COMPOSITE COST OF THE TAXPAYER'S BORROWED CAPITAL FROM THIRD PARTIES AS REFLECTED IN THE TAXPAYER'S FINANCIAL ACCOUNTING FOR THE YEAR IN WHICH THE INTEREST IS CAPITALIZED.

(h) IN THE CASE OF A TAXPAYER WHICH IS A REGIONAL NATIVE CORPORATION, THE AMOUNT OF THE TAXPAYER'S ACQUISITION COSTS FOR A LEASE OR PROPERTY MAY ALSO INCLUDE THE TAXPAYER'S BASIS DETERMINED FOR A LEASE OR PROPERTY UNDER SEC. 21(c) OF THE ALASKA NATIVE CLAIMS SETTLEMENT ACT, AS AMENDED, FOR FEDERAL INCOME TAX PURPOSES UNDER

THE INTERNAL REVENUE CODE OF 1954.] (Eff. 2/22/79, Register 69; am 3/26/82, Register 81; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.260 is repealed:

15 AAC 21.260. Deduction for development costs. Repealed. [(a) A TAXPAYER'S DEVELOPMENT COSTS FOR A LEASE OR PROPERTY IN THE STATE THAT HAS NEVER HAD COMMERCIAL PRODUCTION FROM (OR ALLOCATED TO) IT FROM ANY ZONE ARE DEFERRED FOR PURPOSES OF THIS CHAPTER UNTIL EITHER THERE IS PRODUCTION FROM (OR ALLOCATED TO) IT OR UNTIL THE LEASE OR PROPERTY IS ABANDONED WITHOUT EVER HAVING HAD COMMERCIAL PRODUCTION FROM (OR ALLOCATED TO) IT.

(b) IF A LEASE OR PROPERTY IS ABANDONED WITHOUT EVER HAVING HAD COMMERCIAL PRODUCTION FROM (OR ALLOCATED TO) IT, THEN THE TAXPAYER'S UNDEPRECIATED DEVELOPMENT COSTS FOR THAT LEASE OR PROPERTY ARE A DEDUCTION IN DETERMINING THAT TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THE YEAR IN WHICH THE LEASE OR PROPERTY IS ABANDONED.

(c) EXCEPT FOR DEVELOPMENT COSTS TO WHICH (d) OR (e) OF THIS SECTION APPLIES, A TAXPAYER'S DEVELOPMENT COSTS FOR A LEASE OR PROPERTY HAVING COMMERCIAL PRODUCTION FROM (OR ALLOCATED TO) IT DURING A YEAR MUST BE DEPRECIATED, AND THE AMOUNT OF DEPRECIATION

THAT YEAR FOR THOSE DEVELOPMENT COSTS IS A DEDUCTION IN DETERMINING THE TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THE YEAR. THE AMOUNT OF DEPRECIATION IN A YEAR FOR A LEASE OR PROPERTY EQUALS

(1) THE AVERAGE BETWEEN THE TAXPAYER'S UNDEPRECIATED DEVELOPMENT COSTS FOR THE LEASE OR PROPERTY AS OF THE BEGINNING OF THE YEAR AND THOSE COSTS AS OF THE END OF THE YEAR; MULTIPLIED BY

(2) THE RATIO OF THE BTU-EQUIVALENTS OF THE PRODUCTION FROM (OR ALLOCATED TO) THAT LEASE OR PROPERTY DURING THE YEAR, TO THE TOTAL NUMBER OF THE BTU-EQUIVALENTS REPRESENTED BY THE REMAINING PROVED DEVELOPED RESERVES FOR THAT LEASE OR PROPERTY AS OF THE BEGINNING OF THAT YEAR.

(d) A TAXPAYER'S UNDEPRECIATED DEVELOPMENT COSTS FOR WELLS OF A LEASE OR PROPERTY THAT ARE ABANDONED DURING A YEAR OR FOR FACILITIES OR EQUIPMENT FOR THE LEASE OR PROPERTY WHICH ARE REMOVED DURING THE YEAR ARE EXCLUDED FROM THE DEVELOPMENT COSTS THAT ARE TO BE DEPRECIATED THAT YEAR UNDER (c) OF THIS SECTION FOR THAT LEASE OR PROPERTY. INSTEAD, THE UNDEPRECIATED DEVELOPMENT COSTS FOR THOSE WELLS, FACILITIES OR EQUIPMENT AS OF THE BEGINNING OF THE YEAR, OFFSET BY THEIR SALVAGE VALUE (IF ANY), ARE A DEDUCTION IN DETERMINING THE TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THE YEAR IN WHICH THEY ARE REMOVED.

(e) DURING A YEAR IT MAY HAPPEN THAT A TAXPAYER TRANSFERS PART OR ALL OF ITS PRODUCTION INTEREST IN A COMMERCIALY PRODUCING LEASE

OR PROPERTY TO ONE OR MORE THIRD PARTIES OR RECEIVES PART OR ALL OF A PRODUCING INTEREST IN A LEASE OR PROPERTY AS THE RESULT OF A TRANSFER FROM ONE OR MORE THIRD PARTIES. IN SUCH A CASE, THE TAXPAYER RECEIVING THE PRODUCTION INTEREST AND THE TAXPAYER TRANSFERRING THE PRODUCTION INTEREST SHALL EACH CALCULATE ITS RESPECTIVE DEPRECIATION OF DEVELOPMENT COSTS FOR THAT PORTION OF THE YEAR PRECEDING THE TRANSFER SEPARATELY FROM ITS DEPRECIATION OF DEVELOPMENT COSTS FOR THAT PORTION OF THE YEAR FOLLOWING THE TRANSFER; AND THE SUM OF EACH TAXPAYER'S RESPECTIVE DEPRECIATION OF DEVELOPMENT COSTS FOR THOSE TWO PORTIONS OF THE YEAR WILL BE A DEDUCTION IN DETERMINING THAT TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THAT YEAR. IN CALCULATING DEPRECIATION FOR THE PORTION OF THE YEAR PRECEDING THE DATE OF THE TRANSFER, THE TAXPAYER SHALL USE THE PROCEDURE PRESCRIBED IN (c) OF THIS SECTION, EXCEPT THAT THE RATIO OF THE BTU-EQUIVALENTS OF PRODUCTION MAY INCLUDE ONLY THE TAXPAYER'S PRODUCTION FROM (OR ALLOCATED TO) THE LEASE OR PROPERTY FOR THE PORTION OF THE YEAR PRECEDING THE DATE OF THE PRODUCTION-INTEREST TRANSFER. FOR THAT PORTION OF THE YEAR FOLLOWING THE TRANSFER, THE AMOUNT OF DEPRECIATION EQUALS THE AVERAGE OF THE TAXPAYER'S UNDEPRECIATED DEVELOPMENT COSTS AS OF THE TIME IMMEDIATELY FOLLOWING THE PRODUCTION-INTEREST TRANSFER AND AS OF THE END OF THE YEAR, MULTIPLIED BY THE RATIO OF BTU-EQUIVALENTS OF THE TAXPAYER'S PRODUCTION FROM (OR ALLOCATED TO) THE LEASE OR

PROPERTY FOR THE PORTION OF THE YEAR ON AND AFTER THE DATE OF THE TRANSFER TO THE TOTAL NUMBER OF BTU-EQUIVALENTS REPRESENTED BY THE TAXPAYER'S REMAINING PROVED DEVELOPED RESERVES OF THE LEASE OR PROPERTY AS OF THE TIME IMMEDIATELY FOLLOWING THE PRODUCTION-INTEREST TRANSFER.

(f) THE AMOUNT OF A TAXPAYER'S UNDEPRECIATED DEVELOPMENT COSTS FOR A LEASE OR PROPERTY AS OF A PARTICULAR DATE EQUALS THE TAXPAYER'S DEVELOPMENT COSTS AS OF THAT DATE FOR THE WELLS, FACILITIES AND EQUIPMENT FOR THAT LEASE OR PROPERTY THAT ARE THEN IN PLACE, MINUS THE SUM OF

(1) THE CUMULATIVE AMOUNT (AS OF THAT DATE) ALLOWED UNDER THIS CHAPTER FOR DEPRECIATION OF THE TAXPAYER'S DEVELOPMENT COSTS FOR THE LEASE OR PROPERTY; AND

(2) THE TAXPAYER'S STANDARDIZED PRIOR-TAX DEPRECIATION FOR THE LEASE OR PROPERTY UNDER 15 AAC 21.630.

(g) A TAXPAYER DEPRECIATING ITS DEVELOPMENT COSTS FOR A LEASE OR PROPERTY FOR FINANCIAL ACCOUNTING PURPOSES ON A BASIS OTHER THAN A VARIANT OF UNIT-OF-PRODUCTION DEPRECIATION MAY APPLY TO THE DEPARTMENT FOR AUTHORIZATION TO USE THAT OTHER BASIS FOR PURPOSES OF CALCULATING THE DEDUCTION UNDER THIS SECTION. UPON A SATISFACTORY SHOWING THAT THE TAXPAYER DOES USE ANOTHER BASIS FOR DEPRECIATING ITS DEVELOPMENT COSTS FOR FINANCIAL ACCOUNTING PURPOSES, THE DEPARTMENT MAY GRANT THE REQUESTED AUTHORIZATION TO

THE TAXPAYER. UNTIL THAT AUTHORIZATION IS GRANTED IN WRITING, THE TAXPAYER SHALL FOLLOW THE METHOD PRESCRIBED IN THIS SECTION TO DEPRECIATE ITS DEVELOPMENT COSTS FOR LEASES OR PROPERTIES IN THE STATE FOR PURPOSES OF THIS CHAPTER.

(h) THE AMOUNT OF A TAXPAYER'S DEVELOPMENT COSTS FOR A LEASE OR PROPERTY EQUALS THE TAXPAYER'S NET PAYMENTS FOR

(1) DRILLING COSTS FOR WELLS DRILLED ON OR FOR THE LEASE OR PROPERTY WHICH WERE COMPLETED OR ABANDONED AFTER THE COMPLETION OF THE DISCOVERY WELL FOR THE FIELD THAT INCLUDES THE LEASE OR PROPERTY;

(2) DEVELOPMENT COSTS FOR FACILITIES AND EQUIPMENT ON OR IN SUPPORT OF THE LEASE OR PROPERTY THAT DIRECTLY RESULT IN OR ARE NECESSARY FOR CONTINUED OR ENHANCED PRODUCTION FROM (OR ALLOCATED TO) THE LEASE OR PROPERTY;

(3) TAX PAID UNDER AS 43.56 TO THE STATE (NET OF ALL CREDITS AND REFUNDS FOR MUNICIPAL AD VALOREM TAXES ON THE SAME PROPERTY) FOR PROPERTY USED IN THE DRILLING DESCRIBED IN (1) OF THIS SUBSECTION OR DESCRIBED IN (2) OF THIS SUBSECTION, AND AD VALOREM AND OTHER TAXES PAID TO ONE OR MORE MUNICIPALITIES UNDER AS 29.53 THAT WERE INCURRED DIRECTLY AS THE RESULT OF, AND IN THE COURSE OF, THE DRILLING DESCRIBED IN (1) OF THIS SUBSECTION AND/OR THE INSTALLATION OR OPERATION OF THE PROPERTY DESCRIBED IN (2) OF THIS SUBSECTION;

(4) THAT PORTION OF THE FULL CONSIDERATION GIVEN BY THE TAXPAYER IN ACQUIRING A PRODUCTION INTEREST IN THE LEASE OR PROPERTY, WHICH IS PROPERLY ATTRIBUTABLE TO THE WELLS, FACILITIES AND EQUIPMENT ON OR IN SUPPORT OF THE LEASE OR PROPERTY WHICH DIRECTLY RESULT IN OR ARE NECESSARY FOR CONTINUED OR ENHANCED PRODUCTION FROM (OR ALLOCATED TO) THE LEASE OR PROPERTY (AS OPPOSED TO THE CONSIDERATION GIVEN FOR THE LEASE OR PROPERTY ITSELF);

(5) INTEREST ON CAPITAL BORROWED FROM ONE OR MORE THIRD PARTIES FOR ANY OF THE EXPENDITURES DESCRIBED IN (1) - (4) OF THIS SUBSECTION THAT WAS CAPITALIZED FOR PURPOSES OF THE TAXPAYER'S FINANCIAL ACCOUNTING; HOWEVER, INTEREST SO CAPITALIZED MAY BE RECOGNIZED FOR PURPOSES OF THIS CHAPTER AT A RATE NOT TO EXCEED THE COMPOSITE COST OF THE TAXPAYER'S BORROWED CAPITAL FROM THIRD PARTIES AS REFLECTED IN THE TAXPAYER'S FINANCIAL ACCOUNTING FOR THE YEAR IN WHICH THE INTEREST IS CAPITALIZED.] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18

AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.270 is repealed:

15 AAC 21.270. Deduction for exploration costs. Repealed. [(a) A TAXPAYER'S COSTS (EXCLUDING ALL GENERAL OVERHEAD AND ADMINISTRATIVE EXPENSE ALLOCATED TO THE EXPLORATION) FOR OIL AND GAS EXPLORATION ON LAND

IN THE STATE BEFORE THE TAXPAYER HAS ANY PRODUCTION INTEREST IN THAT LAND CONSTITUTE A DEDUCTION IN DETERMINING THE TAXPAYER'S TAXABLE PRODUCTION INCOME FOR THE EARLIER OF (1) THE YEAR IN WHICH THE PERMIT OR OTHER AUTHORIZATION TO ENTER THAT LAND TO CONDUCT THAT EXPLORATION EXPIRES WITHOUT THE TAXPAYER'S HAVING BY THEN ACQUIRED A PRODUCTION INTEREST IN THAT LAND OR (2) THE YEAR THE TAXPAYER ACQUIRES A PRODUCTION INTEREST IN THAT LAND; EXCEPT THAT THE DRILLING COSTS FOR A WELL DRILLED IN THE COURSE OF THAT EXPLORATION MAY BE DEDUCTED IN DETERMINING THE TAXPAYER'S TAXABLE PRODUCTION INCOME FOR ONLY THAT YEAR IN WHICH THE WELL IS COMPLETED OR ABANDONED.

(b) A TAXPAYER'S EXPLORATION COSTS INCURRED IN A PROJECT INVOLVING LAND BOTH WITHIN AND OUTSIDE THE STATE AND IN WHICH THE TAXPAYER THEN HAS NO PRODUCTION INTEREST SHOULD BE ALLOCATED ON THE BASIS OF RELATIVE ACREAGE INVOLVED IN THE PROJECT. THE DEPARTMENT MAY AUTHORIZE OR REQUIRE SUCH AN ALLOCATION TO BE ON ANOTHER BASIS IF THAT IS MORE APPROPRIATE THAN USING ACREAGE.] (Eff.

2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.280 is repealed:

15 AAC 21.280. Deduction for uncapitalized interest. Repealed. [(a) SUBJECT TO THE LIMITATIONS IN (b) OF THIS SECTION, A DEDUCTION IS ALLOWED IN DETERMINING A TAXPAYER'S TAXABLE PRODUCTION INCOME DURING A YEAR FOR INTEREST PAID OR INCURRED TO THIRD PARTIES BY THE TAXPAYER THAT YEAR, IN CONNECTION WITH OIL AND GAS PRODUCTION IN ALASKA, WHICH WAS NOT CAPITALIZED BY THE TAXPAYER FOR FINANCIAL ACCOUNTING PURPOSES.

(b) UNLESS A CORPORATION DEMONSTRATES TO THE SATISFACTION OF THE DEPARTMENT THAT IT PAID OR INCURRED GREATER ACTUAL EXPENSES FOR INTEREST ATTRIBUTABLE TO DERIVING INCOME FROM OIL OR GAS PRODUCTION IN THE STATE, THE DEDUCTION UNDER (a) OF THIS SECTION FOR INTEREST BY A TAXPAYER FOR ANY YEAR MAY NOT EXCEED AN AMOUNT EQUAL TO THE TOTAL INTEREST PAID WORLDWIDE THAT YEAR BY THE CONSOLIDATED BUSINESS OF WHICH THE TAXPAYER IS A PART, MULTIPLIED BY A FRACTION WHOSE NUMERATOR EQUALS THE NET BOOK VALUE (AS OF THE END OF THAT YEAR) FOR FINANCIAL ACCOUNTING PURPOSES OF THE TAXPAYER'S REAL AND TANGIBLE PERSONAL PROPERTY OF THE TYPE DESCRIBED IN 15 AAC 21.250 AND 15 AAC 21.260 (EXCLUDING THE ESTIMATED VALUE OF THE TAXPAYER'S REMAINING OIL AND GAS RESERVES), AND WHOSE DENOMINATOR IS THE NET BOOK VALUE (AS OF THE END OF THAT YEAR) FOR FINANCIAL ACCOUNTING PURPOSES OF ALL REAL AND TANGIBLE PERSONAL PROPERTY (EXCLUDING THE ESTIMATED VALUE OF REMAINING OIL AND GAS RESERVES) WORLDWIDE OF THE CONSOLIDATED BUSINESS OF WHICH THE

TAXPAYER IS A PART. IN THIS SUBSECTION, "TOTAL INTEREST PAID BY THE CONSOLIDATED BUSINESS" INCLUDES ONLY INTEREST PAID TO THIRD PARTIES PLUS THE PASS-THROUGH OF INTEREST ON THIRD-PARTY BORROWINGS BY ANY MEMBER OF THE CONSOLIDATED BUSINESS FOR THE EXPRESSED PURPOSE OF FINANCING THE ALASKA BUSINESS ACTIVITY OF THE TAXPAYER.] (Eff. 2/22/79, Register 69; am 3/26/82, Register 81; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.290 is repealed:

15 AAC 21.290. Deduction for general overhead and administrative expense.

Repealed. [(a) SUBJECT TO THE LIMITATION IN (b) OF THIS SECTION, A DEDUCTION IS ALLOWED IN DETERMINING A TAXPAYER'S TAXABLE PRODUCTION INCOME DURING A YEAR, FOR THE TAXPAYER'S GENERAL OVERHEAD AND ADMINISTRATIVE EXPENSE DURING THAT YEAR WHICH IS PROPERLY ALLOCATED (ON THE BASIS OF PERSONNEL TIME SHEETS, OFFICE SPACE OR ANOTHER BASIS HAVING GENERAL CURRENCY IN THE OIL AND GAS INDUSTRY) TO (1) OPERATIONS FOR LEASES OR PROPERTIES IN THE STATE, (2) ACQUIRING LEASES OR PROPERTIES IN THE STATE, OR (3) EXPLORATION IN THE STATE. WHERE GENERAL OVERHEAD AND ADMINISTRATIVE EXPENSE IS PROPERLY ALLOCATED TO AN ACTIVITY DESCRIBED IN THE PRECEDING SENTENCE THAT IS CONDUCTED BOTH WITHIN AND OUTSIDE THE STATE, THAT GENERAL OVERHEAD AND ADMINISTRATIVE EXPENSE MUST BE ALLOCATED TO IN-STATE

ACTIVITY ON THE BASIS OF THE RELATIVE ACREAGE INVOLVED IN THAT ACTIVITY WHICH IS IN THE STATE; HOWEVER, THE DEPARTMENT WILL, IN ITS DISCRETION, AUTHORIZE OR REQUIRE ANOTHER BASIS FOR THIS ALLOCATION IF THAT OTHER BASIS IS MORE APPROPRIATE THAN ACREAGE.

(b) UNLESS A CORPORATION DEMONSTRATES TO THE SATISFACTION OF THE DEPARTMENT THAT IT PAID OR INCURRED GREATER ACTUAL EXPENSES FOR GENERAL OVERHEAD AND ADMINISTRATIVE COSTS (INCLUDING A REASONABLE AMOUNT OF PROFIT, IF ANY, THAT IS ACTUALLY ALLOCATED TO GENERAL OVERHEAD AND ADMINISTRATIVE ACTIVITIES FOR PURPOSES OF REPORTING THAT YEAR'S EARNINGS AND PROFITS TO THE STOCKHOLDERS) ATTRIBUTABLE TO DERIVING INCOME FROM OIL OR GAS PRODUCTION IN THE STATE, THE DEDUCTION UNDER (a) OF THIS SECTION FOR A TAXPAYER'S GENERAL OVERHEAD AND ADMINISTRATIVE EXPENSE FOR ANY YEAR MAY NOT EXCEED AN AMOUNT EQUAL TO THE GENERAL OVERHEAD AND ADMINISTRATIVE EXPENSE WORLDWIDE (INCLUDING A REASONABLE AMOUNT OF PROFIT, IF ANY, THAT IS ACTUALLY ALLOCATED TO GENERAL OVERHEAD AND ADMINISTRATIVE ACTIVITIES FOR PURPOSES OF REPORTING THAT YEAR'S EARNINGS AND PROFITS TO STOCKHOLDERS) DURING THAT YEAR FOR THE CONSOLIDATED BUSINESS OF WHICH THE TAXPAYER IS A PART, MULTIPLIED BY A FRACTION OF WHOSE NUMERATOR EQUALS THE NET BOOK VALUE (AS OF THE END OF THAT YEAR) FOR FINANCIAL ACCOUNTING PURPOSES OF THE TAXPAYER'S REAL AND TANGIBLE PERSONAL PROPERTY OF THE TYPE DESCRIBED IN 15 AAC 21.250 AND 15 AAC 21.260 (EXCLUDING THE ESTIMATED

VALUE OF THE TAXPAYER'S REMAINING OIL AND GAS RESERVES), AND WHOSE DENOMINATOR IS THE NET BOOK VALUE (AS OF THE END OF THAT YEAR) FOR FINANCIAL ACCOUNTING PURPOSES OF ALL REAL AND TANGIBLE PERSONAL PROPERTY (EXCLUDING THE ESTIMATED VALUE OF REMAINING OIL AND GAS RESERVES) WORLDWIDE OF THE CONSOLIDATED BUSINESS OF WHICH THE TAXPAYER IS A PART.] (Eff. 2/22/79, Register 69; am 3/26/82, Register 81; repealed _____/_____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.300 is repealed:

15 AAC 21.300. Taxable oil pipeline income. Repealed. [TAXABLE OIL PIPELINE INCOME DURING A YEAR FROM AN OIL PIPELINE OPERATING WHOLLY OR PARTIALLY IN THE STATE EQUALS THAT YEAR'S OPERATING REVENUES (DETERMINED UNDER 15 AAC 21.310) FOR THAT PIPELINE, MINUS THAT YEAR'S OPERATING EXPENSES (DETERMINED UNDER 15 AAC 21.350) FOR THAT PIPELINE, AND PLUS OR MINUS THAT YEAR'S EXTRAORDINARY OPERATING REVENUES OR LOSSES (DETERMINED UNDER 15 AAC 21.320), RESPECTIVELY, FOR THAT PIPELINE. A TAXPAYER'S TAXABLE OIL-PIPELINE INCOME DURING A YEAR FOR PURPOSES OF THIS CHAPTER EQUALS THE SUM OF THE TAXPAYER'S SHARE (IF ANY) OF THAT YEAR'S TAXABLE OIL-PIPELINE INCOME DERIVED FROM IN-STATE OPERATIONS FOR EACH OIL PIPELINE OPERATING WHOLLY OR PARTIALLY IN THE STATE.] (Eff. 2/22/79, Register 69; repealed _____/_____/_____, Register _____)

Register _____, _____ 20____ REVENUE

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.310 is repealed:

15 AAC 21.310. Operating revenues (oil pipelines). Repealed. [(a) THE OPERATING REVENUES DURING A YEAR FOR AN OIL PIPELINE ARE EQUAL TO THE SUM OF THE GATHERING REVENUES FOR THAT PIPELINE DURING THAT YEAR, THE TRUNK REVENUES FOR THAT PIPELINE DURING THAT YEAR, THE DELIVERY REVENUES FOR THAT PIPELINE DURING THAT YEAR, THE ALLOWANCE OIL REVENUE FOR THAT PIPELINE DURING THAT YEAR, THE STORAGE AND DEMURRAGE REVENUE FOR THAT PIPELINE DURING THAT YEAR, THE RENTAL REVENUE FOR THAT PIPELINE DURING THAT YEAR AND THE INCIDENTAL REVENUE FOR THAT PIPELINE DURING THAT YEAR.

(b) FOR PURPOSES OF THIS CHAPTER, "GATHERING REVENUES," "TRUNK REVENUES," "DELIVERY REVENUES," "ALLOWANCE OIL REVENUE," "STORAGE AND DEMURRAGE REVENUE," "RENTAL REVENUE" AND "INCIDENTAL REVENUE" MEAN THE SAME AS THE ACCOUNTS OF THE SAME NAMES (ACCOUNTS 200, 210, 220, 230, 240, 250 AND 260, RESPECTIVELY) IN FERC'S UNIFORM SYSTEM OF ACCOUNTS FOR OIL PIPELINES; AND THE AMOUNT OF EACH MUST BE DETERMINED IN THE SAME MANNER AS ITS COUNTERPART IN THAT UNIFORM SYSTEM OF ACCOUNTS.] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18

AS 43.19.010

AS 43.21.090

Ak. Const.

15 AAC 21.320 is repealed:

15 AAC 21.320. Extraordinary operating revenues and losses (oil pipelines).

Repealed. [(a) A RETROACTIVE INCREASE OR DECREASE IN THE TARIFF(S) LEGALLY ALLOWED TO BE CHARGED BY AN OIL PIPELINE RESULTS IN EXTRAORDINARY OPERATING REVENUES OR EXTRAORDINARY OPERATING LOSSES, RESPECTIVELY, FOR THAT PIPELINE, WHICH ARE FULLY RECOGNIZED FOR PURPOSES OF THIS CHAPTER AT THE TIME THE RETROACTIVE TARIFF CHANGE TAKES EFFECT. THE AMOUNT OF THE EXTRAORDINARY OPERATING REVENUES OR EXTRAORDINARY OPERATING LOSSES EQUALS THE DIFFERENCE BETWEEN THE OPERATING REVENUES ACTUALLY RECEIVED UNDER THE TARIFF(S) PREVIOUSLY CHARGED AND THE OPERATING REVENUES THAT WOULD HAVE BEEN RECEIVED UNDER THE TARIFF(S) AS RETROACTIVELY CHANGED, DURING THE PERIOD TO WHICH THE CHANGE APPLIES.

(b) A CATASTROPHIC LOSS OF OIL BEING TRANSPORTED BY A PIPELINE, FOR WHICH THAT PIPELINE IS LIABLE, MAY RESULT IN EXTRAORDINARY OPERATING LOSSES FOR THAT PIPELINE. THE AMOUNT OF THOSE EXTRAORDINARY OPERATING LOSSES EQUALS THE PIPELINE'S COSTS, UNREIMBURSED BY INSURANCE OR FROM ONE OR MORE THIRD PARTIES AND NOT INCLUDED IN ACCOUNT 570 OF FERC'S UNIFORM SYSTEM OF ACCOUNTS FOR OIL PIPELINES, FOR DAMAGE TO PIPELINE PROPERTY, FOR REPAYMENT TO SHIPPERS FOR LOST OIL, AND FOR DAMAGE OR CLEANUP OF SPILLED OIL. THESE

EXTRAORDINARY OPERATING LOSSES ARE FULLY RECOGNIZED FOR PURPOSES OF THIS CHAPTER IN THE YEAR WHEN THE OIL IS LOST.

(c) THE COSTS OF PERMANENTLY TERMINATING OPERATIONS OR REMOVING PART OR ALL OF THE FACILITIES AND EQUIPMENT OF A PIPELINE RESULT IN EXTRAORDINARY OPERATING LOSSES FOR THAT PIPELINE. THE AMOUNT OF THESE EXTRAORDINARY OPERATING LOSSES WHICH MAY BE TAKEN IN ANY ONE TAXABLE YEAR IS THE UNREIMBURSED TERMINATION AND REMOVAL COSTS FOR THE PIPELINE THAT ARE ACTUALLY INCURRED THAT YEAR, OFFSET BY THE SALVAGE VALUE, IF ANY, OF THE REMOVED FACILITIES AND EQUIPMENT AND OFFSET TO THE EXTENT OF ANY AMOUNTS ALLOWED TO BE DEDUCTED BEFORE TERMINATION AND REMOVAL UNDER 15 AAC 21.350(a) BY THE TAXPAYER.

(d) IF UNDER (c) OF THIS SECTION OR 15 AAC 21.350(a), UNREIMBURSED, ESTIMATED TERMINATION AND REMOVAL COSTS FOR A PIPELINE ARE NOT ACTUALLY EXPENDED OR THE DEDUCTION OF THOSE AMOUNTS IS DISALLOWED BY FERC OR OTHER AUTHORITY HAVING JURISDICTION, THEN THE AMOUNT ALLOWED OR ALLOWABLE AS A DEDUCTION MUST BE RECAPTURED AS EXTRAORDINARY OPERATING REVENUE.] (Eff. 2/22/79, Register 69; am 5/21/81, Register 78; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.020 Art. IV, sec. 18
AS 43.19.010 Ak. Const.

15 AAC 21.350 is repealed:

15 AAC 21.350. Operating expenses (oil pipeline). Repealed. [(a) THE OPERATING EXPENSES DURING A YEAR FOR AN OIL PIPELINE INCLUDE THAT YEAR'S AMOUNTS FOR THE PIPELINE THAT ARE PROPERLY INCLUDED IN THE FOLLOWING ACCOUNTS UNDER FERC'S UNIFORM SYSTEM OF ACCOUNTS FOR OIL PIPELINES:

OPERATIONS

300 SALARIES AND WAGES

310 SUPPLIES AND EXPENSES

320 OUTSIDE SERVICES

330 OPERATING FUEL AND POWER

340 OIL LOSSES AND SHORTAGES

MAINTENANCE

400 SALARIES AND WAGES

410 SUPPLIES AND EXPENSES

420 OUTSIDE SERVICES

430 MAINTENANCE MATERIALS

GENERAL

500 SALARIES AND WAGES

510 SUPPLIES AND EXPENSES

520 OUTSIDE SERVICES

530 RENTALS

540 DEPRECIATION AND AMORTIZATION

550 PENSIONS AND BENEFITS

560 INSURANCE

570 CASUALTY AND OTHER LOSSES

(b) IN ADDITION TO THE AMOUNTS INCLUDED IN THE ACCOUNTS LISTED IN (a) OF THIS SECTION, THE OPERATING EXPENSES DURING A YEAR FOR AN OIL PIPELINE ALSO INCLUDE

(1) ACCRUALS TO THIRD PARTIES DURING THAT YEAR, BY ANY MEMBER OF THE CONSOLIDATED BUSINESS OF WHICH THE TAXPAYER IS A PART, FOR UNCAPITALIZED INTEREST ON CAPITAL BORROWED TO ACQUIRE, CONSTRUCT, OR ENLARGE THE FACILITIES OF THE PIPELINE; AND

(2) ACCRUALS DURING THAT YEAR FOR TAXES OF ALL KINDS, EXCEPTING FEDERAL INCOME TAXES AND THE TAXES ADMINISTERED UNDER THIS CHAPTER, RELATING TO THE CARRIER PROPERTY, OPERATIONS, PRIVILEGES, AND LICENSES OF THAT PIPELINE.] (Eff. 2/22/79, Register 69; am 8/29/85, Register 95; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.030 Art. IV, sec. 18

AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.400 is repealed:

15 AAC 21.400. Taxable gas pipeline income. Repealed. [TAXABLE GAS PIPELINE INCOME DURING A YEAR FROM A GAS PIPELINE OPERATING WHOLLY OR PARTIALLY IN THE STATE EQUALS THAT YEAR'S OPERATING REVENUES

(DETERMINED UNDER 15 AAC 21.410) FOR THAT PIPELINE, MINUS THAT YEAR'S OPERATING EXPENSES (DETERMINED UNDER 15 AAC 21.450) FOR THAT PIPELINE, AND PLUS OR MINUS THAT YEAR'S EXTRAORDINARY OPERATING REVENUES OR LOSSES (DETERMINED UNDER 15 AAC 21.420) RESPECTIVELY, FOR THAT PIPELINE. A TAXPAYER'S TAXABLE GAS-PIPELINE INCOME DURING A YEAR FOR PURPOSES OF THIS CHAPTER EQUALS THE SUM OF THE TAXPAYER'S SHARE (IF ANY) OF THAT YEAR'S TAXABLE GAS-PIPELINE INCOME DERIVED FROM IN-STATE OPERATIONS FOR EACH GAS PIPELINE OPERATING WHOLLY OR PARTIALLY IN THE STATE.] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.030 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.410 is repealed:

15 AAC 21.410. Operating revenues (gas pipelines). Repealed. [(a) FOR A GAS PIPELINE NOT SUBJECT TO (c) OF THIS SECTION THAT IS (OR IS PART OF) A CLASS A OR B NATURAL GAS COMPANY, ITS OPERATING REVENUES DURING A YEAR EQUAL THE GROSS PROCEEDS FROM ALL GAS DELIVERED OR SOLD THAT YEAR BY THAT GAS PIPELINE, MINUS THE SUM OF

(1) FOR GAS THAT THE PIPELINE ACQUIRED FROM ONE OR MORE THIRD PARTIES, THE TOTAL OF THE AMOUNTS PROPERLY INCLUDED FOR THAT YEAR IN ACCOUNTS 800 (NATURAL GAS WELL HEAD PURCHASES), 801 (NATURAL GAS FIELD LINE PURCHASES), 802 (NATURAL GAS GASOLINE PLANT OUTLET

PURCHASES), 803 (NATURAL GAS TRANSMISSION LINE PURCHASES) AND 805 (OTHER GAS PURCHASES) OF FERC'S UNIFORM SYSTEM OF ACCOUNTS FOR CLASS A AND B NATURAL GAS COMPANIES; AND

(2) FOR GAS THAT THE PIPELINE DID NOT ACQUIRE FROM ONE OR MORE THIRD PARTIES, THE VALUE AT THE POINT OF PRODUCTION UNDER 15 AAC 21.120 FOR ALL SUCH GAS PRODUCED THAT YEAR AND TRANSPORTED BY THE GAS PIPELINE.

(b) FOR A GAS PIPELINE NOT SUBJECT TO (c) OF THIS SECTION THAT IS (OR IS PART OF) A CLASS C OR D NATURAL GAS COMPANY, ITS OPERATING REVENUES DURING A YEAR EQUAL THE GROSS PROCEEDS FROM ALL GAS DELIVERED OR SOLD THAT YEAR BY THAT GAS PIPELINE, MINUS THE SUM OF

(1) FOR GAS THAT THE PIPELINE ACQUIRED FROM ONE OR MORE THIRD PARTIES, THE TOTAL OF THE AMOUNTS PROPERLY INCLUDED FOR THAT YEAR IN ACCOUNTS 730 (NATURAL GAS PURCHASES) AND 731 (OTHER GAS PURCHASES) OF FERC'S UNIFORM SYSTEM OF ACCOUNTS FOR CLASS C AND D NATURAL GAS COMPANIES; AND

(2) FOR GAS THAT THE PIPELINE DID NOT ACQUIRE FROM ONE OR MORE THIRD PARTIES, THE VALUE AT THE POINT OF PRODUCTION UNDER 15 AAC 21.120 FOR ALL SUCH GAS PRODUCED THAT YEAR AND TRANSPORTED BY THE GAS PIPELINE.

(c) FOR A GAS PIPELINE THAT IS REGULATED ON A CONSOLIDATED BASIS WITH A RETAIL SALES AND DISTRIBUTION SYSTEM IN THIS STATE, ITS OPERATING REVENUES FOR A YEAR EQUAL THE AMOUNT, REPORTED TO THE

REGULATORY AGENCY HAVING JURISDICTION, WHICH IS PROPERLY INCLUDED FOR THAT YEAR IN ACCOUNT 400 (OPERATING REVENUE) AND ALLOCATED TO THAT GAS PIPELINE (ACCOUNT 400 REFERS TO THE ACCOUNT OF THAT NUMBER IN BOTH FERC'S UNIFORM SYSTEM OF ACCOUNTS FOR CLASS A AND B NATURAL GAS COMPANIES AND THE ONE FOR CLASS C AND D NATURAL GAS COMPANIES).] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.030 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.420 is repealed:

15 AAC 21.420. Extraordinary operating revenues and losses (gas pipelines).

Repealed. [(a) A RETROACTIVE CHANGE IN THE PRICES OR COST OF SERVICE ALLOWED FOR A GAS PIPELINE MAY RESULT IN EXTRAORDINARY OPERATING REVENUES OR EXTRAORDINARY OPERATING LOSSES FOR THAT PIPELINE, WHICH ARE FULLY RECOGNIZED FOR PURPOSES OF THIS CHAPTER AT THE TIME THE RETROACTIVE CHANGE TAKES EFFECT. THE AMOUNT OF EXTRAORDINARY OPERATING REVENUE OR EXTRAORDINARY OPERATING LOSS IN SUCH A CASE EQUALS THE INCREASE OR DECREASE, RESPECTIVELY, IN OPERATING REVENUES UNDER THE RETROACTIVE CHANGE FROM ITS OPERATING REVENUES UNDER THE PREVIOUS PRICES AND COST OF SERVICE, FOR THE PERIOD TO WHICH THE CHANGE APPLIES.

(b) A CATASTROPHIC LOSS OF GAS BEING TRANSPORTED BY A PIPELINE, FOR WHICH THAT PIPELINE IS LIABLE, MAY RESULT IN EXTRAORDINARY

OPERATING LOSSES FOR THAT PIPELINE. THE AMOUNT OF THOSE EXTRAORDINARY OPERATING LOSSES EQUALS THE PIPELINE'S COSTS, UNREIMBURSED BY INSURANCE OR FROM ONE OR MORE THIRD PARTIES AND NOT INCLUDED IN THE PIPELINE'S OPERATING EXPENSES UNDER 15 AAC 21.450, FOR DAMAGE TO PIPELINE PROPERTY, FOR THE LOST GAS AND FOR OTHER DAMAGE OR CLEANUP RESULTING FROM THE LOSS OF THE GAS. THESE EXTRAORDINARY OPERATING LOSSES ARE FULLY RECOGNIZED FOR PURPOSES OF THIS CHAPTER IN THE YEAR WHEN THE LOSS OCCURS.

(c) THE AMOUNT AUTHORIZED OR REQUIRED BY FERC TO BE INCLUDED IN ACCOUNT 182 (EXTRAORDINARY PROPERTY LOSSES) FOR A GAS PIPELINE IS AN EXTRAORDINARY OPERATING LOSS FOR THAT PIPELINE, FULLY RECOGNIZED FOR PURPOSES OF THIS CHAPTER IN THE YEAR IN WHICH IT IS INCURRED (ACCOUNT 182 REFERS TO THE ACCOUNT OF THAT NUMBER IN BOTH FERC'S UNIFORM SYSTEM OF ACCOUNTS FOR CLASS A AND B NATURAL GAS COMPANIES AND THE ONE FOR CLASS C AND D NATURAL GAS COMPANIES).] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.030 Art. IV, sec. 18
 AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.450 is repealed:

15 AAC 21.450. Operating expenses (gas pipelines). Repealed. [(a) FOR A GAS PIPELINE NOT SUBJECT TO (c) OF THIS SECTION THAT IS OR IS PART OF A CLASS A OR B NATURAL GAS COMPANY, ITS OPERATING EXPENSES DURING A YEAR

INCLUDE THAT YEAR'S AMOUNTS FOR THE PIPELINE THAT ARE PROPERLY INCLUDED IN THOSE ACCOUNTS UNDER FERC'S UNIFORM SYSTEM OF ACCOUNTS FOR CLASS A AND B NATURAL GAS COMPANIES WHICH, WHEN DEDUCTED FROM OPERATING REVENUES UNDER 15 AAC 21.410, YIELD NET CARRIER OPERATING INCOME.

(b) FOR A GAS PIPELINE NOT SUBJECT TO (c) OF THIS SECTION THAT IS OR IS PART OF A CLASS C OR D NATURAL GAS COMPANY, ITS OPERATING EXPENSES DURING A YEAR INCLUDE THAT YEAR'S AMOUNTS PROPERLY ALLOCATED TO THE PIPELINE AND INCLUDED IN THE FOLLOWING ACCOUNTS UNDER FERC'S UNIFORM SYSTEM OF ACCOUNTS FOR CLASS C AND D NATURAL GAS COMPANIES:

750 OPERATION SUPERVISION AND LABOR

751 COMPRESSOR STATION FUEL AND POWER

752 OPERATION SUPPLIES AND EQUIPMENT

753 TRANSMISSION AND COMPRESSION OF GAS BY OTHERS

754 RENTS

755 MAINTENANCE OF MAINS

756 MAINTENANCE OF COMPRESSOR STATION EQUIPMENT

757 MAINTENANCE OF OTHER PLANT

(c) FOR A GAS PIPELINE THAT IS REGULATED ON A CONSOLIDATED BASIS WITH A RETAIL SALES AND DISTRIBUTION SYSTEM IN THIS STATE, A YEAR'S OPERATING EXPENSES FOR THE PIPELINE EQUAL THE TOTAL OF THE AMOUNTS, REPORTED TO THE REGULATORY AGENCY HAVING JURISDICTION, WHICH ARE

PROPERLY ALLOCATED TO THAT PIPELINE AND INCLUDED IN ACCOUNTS 401 (OPERATION EXPENSE), 402 (MAINTENANCE EXPENSE), 403 (DEPRECIATION EXPENSE), 404.2 (AMORTIZATION OF UNDERGROUND STORAGE LAND AND LAND RIGHTS), 404.3 (AMORTIZATION OF OTHER LIMITED TERM GAS PLANT), 405 (AMORTIZATION OF OTHER GAS PLANT), 406 (AMORTIZATION OF GAS PLANT ACQUISITION ADJUSTMENTS), 407.2 (AMORTIZATION OF CONVERSION EXPENSES), 408.1 (TAXES OTHER THAN INCOME TAXES, UTILITY OPERATING INCOME) AND 427 (INTEREST ON LONGTERM DEBT) FOR THAT YEAR (THE ACCOUNTS REFERRED TO ARE THE SAME AS THOSE OF THE SAME NUMBER IN FERC'S UNIFORM SYSTEM OF ACCOUNTS FOR CLASS A AND B NATURAL GAS COMPANIES).

(d) FOR A GAS PIPELINE SUBJECT TO (a) OR (b) OF THIS SECTION, ITS OPERATING EXPENSES FOR A YEAR INCLUDE, IN ADDITION TO (BUT ONLY TO THE EXTENT NOT ALREADY REFLECTED IN) THE AMOUNTS INCLUDED IN SPECIFIED FERC ACCOUNTS APPLICABLE TO THAT PIPELINE

(1) ACCRUALS TO THIRD PARTIES DURING THAT YEAR FOR UNCAPITALIZED INTEREST ON CAPITAL BORROWED TO CONSTRUCT OR ENLARGE THE FACILITIES OF THE PIPELINE; AND

(2) ACCRUALS DURING THAT YEAR FOR TAXES OF ALL KINDS, EXCEPTING FEDERAL INCOME TAXES AND THE TAXES ADMINISTERED UNDER THIS CHAPTER, RELATING TO THE CARRIER PROPERTY, OPERATIONS, PRIVILEGES AND LICENSES OF THAT PIPELINE.] (Eff. 2/22/79, Register 69; am 5/21/81, Register 78; repealed ____/____/_____, Register _____)

Register _____, _____ 20____ REVENUE

Authority: AS 43.05.080 AS 43.21.030 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.500 is repealed:

15 AAC 21.500. Taxable apportioned income. Repealed. [A TAXPAYER'S TAXABLE APPORTIONED INCOME FOR A YEAR FROM ACTIVITIES IN THE STATE OTHER THAN THE PRODUCTION OF OIL AND GAS AND THE PIPELINE TRANSPORTATION OF OIL AND GAS EQUALS THAT TAXPAYER'S APPORTIONABLE INCOME (DETERMINED UNDER 15 AAC 21.510) FOR THAT YEAR, MULTIPLIED BY THE THREE-FACTOR FORMULA (UNDER 15 AAC 21.520 - 15 AAC 21.550) FOR THAT YEAR.] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.040 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.510 is repealed:

15 AAC 21.510. Apportionable income. Repealed. [A TAXPAYER'S APPORTIONABLE INCOME FOR A YEAR EQUALS
(1) THE SUM OF
(A) FOR A MEMBER OF THE CONSOLIDATED BUSINESS OF WHICH THE TAXPAYER IS A PART WHICH IS REQUIRED TO FILE UNDER THE UNITED STATES INTERNAL REVENUE CODE, THAT MEMBER'S TAXABLE INCOME UNDER CHAPTER 1 OF SUBTITLE A OF THE INTERNAL REVENUE CODE OF 1954;

(B) FOR A MEMBER OF THE CONSOLIDATED BUSINESS OF WHICH THE TAXPAYER IS A PART WHICH IS NOT REQUIRED TO FILE UNDER THE UNITED STATES INTERNAL REVENUE CODE, THAT MEMBER'S BOOK INCOME REPORTED TO SHAREHOLDERS OR ITS INCOME AS IT WOULD BE DETERMINED UNDER (1)(A) OF THIS SECTION; AND

(C) ANY TAXES BASED ON OR MEASURED BY NET INCOME THAT ARE DEDUCTED TO DETERMINE INCOME IN (1)(A) AND (1)(B) OF THIS SECTION;

(2) MINUS THE SUM OF

(A) ANY DIVIDENDS RECEIVED FROM MEMBERS OF THE CONSOLIDATED BUSINESS OF WHICH THE TAXPAYER IS A PART THAT ARE TAXABLE UNDER THE UNITED STATES INTERNAL REVENUE CODE AND FOREIGN INTERCOMPANY DIVIDENDS;

(B) ANY INCOME INCLUDED IN (1)(A) AND (1)(B) OF THIS SECTION ATTRIBUTABLE TO THE WORLDWIDE PRODUCTION AND PIPELINE TRANSPORTATION OF OIL AND GAS; AND

(C) ANY TAXES BASED ON OR MEASURED BY NET INCOME THAT ARE DEDUCTED TO DETERMINE THE INCOME INCLUDED IN (2)(B) OF THIS SECTION ATTRIBUTABLE TO THE WORLDWIDE PRODUCTION AND PIPELINE TRANSPORTATION OF OIL AND GAS.] (Eff. 2/22/79, Register 69; am 5/21/81, Register 78; am 3/26/82, Register 81, repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.040 Art. IV, sec. 18

AS 43.19.010

AS 43.21.090

Ak. Const.

15 AAC 21.520 is repealed:

15 AAC 21.520. Three-factor formula for apportionment. Repealed. [THE THREE-FACTOR FORMULA TO BE USED IN DETERMINING A TAXPAYER'S TAXABLE APPORTIONED INCOME FOR A YEAR UNDER 15 AAC 21.500 IS A FRACTION. THE NUMERATOR OF THAT FRACTION IS THE SUM OF (1) THAT YEAR'S PROPERTY FACTOR UNDER 15 AAC 21.530 FOR THE TAXPAYER, (2) THAT YEAR'S PAYROLL FACTOR UNDER 15 AAC 21.540 FOR THE TAXPAYER, AND (3) THAT YEAR'S SALES FACTOR UNDER 15 AAC 21.550 FOR THE TAXPAYER. THE DENOMINATOR OF THAT FRACTION IS THE NUMBER THREE.] (Eff. 2/22/79, Register 69; repealed _____/_____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.040 Art. IV, sec. 18

AS 43.19.010

AS 43.21.090

Ak. Const.

15 AAC 21.530 is repealed:

15 AAC 21.530. Property factor. Repealed. [A TAXPAYER'S PROPERTY FACTOR FOR A YEAR EQUALS THE PROPERTY FACTOR THAT YEAR FOR THE CONSOLIDATED BUSINESS OF WHICH THE TAXPAYER IS A PART, AS DETERMINED UNDER THE APPLICABLE METHODS OF AS 43.19.010 (ART. IV, SECS. 10 - 12), AS 43.20.143(b) AND (e), AND 15 AAC 19.141 - 15 AAC 19.202; EXCEPT THAT THE NUMERATOR AND DENOMINATOR OF THE PROPERTY FACTOR MUST EACH BE DETERMINED WITHOUT REFERENCE TO

(1) LEASES OR PROPERTIES, OTHER REAL PROPERTY AND TANGIBLE PERSONAL PROPERTY IN THE STATE THAT IS OWNED OR LEASED BY THE TAXPAYER AND IS USED DIRECTLY IN, OR IS NECESSARY FOR THE CONTINUATION OR ENHANCEMENT OF, EXPLORATION FOR OIL AND GAS, PRODUCTION OF OIL AND GAS, OR TRANSPORTATION OF OIL AND GAS BY PIPELINE; AND

(2) VESSELS TRANSPORTING ALASKAN OIL OR GAS OF THE CONSOLIDATED BUSINESS WHICH ARE NOT OWNED OR EFFECTIVELY OWNED BY THE CONSOLIDATED BUSINESS.] (Eff. 2/22/79, Register 69; am 5/21/81, Register 78; am 3/26/82, Register 81, repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.040 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.540 is repealed:

15 AAC 21.540. Payroll factor. Repealed. [A TAXPAYER'S PAYROLL FACTOR FOR A YEAR EQUALS THE PAYROLL FACTOR THAT YEAR FOR THE CONSOLIDATED BUSINESS OF WHICH THE TAXPAYER IS A PART, AS DETERMINED UNDER THE APPLICABLE METHODS OF AS 43.19.010 (ART. IV, SECS. 13 AND 14), AS 43.20.143(c) AND (e), AND 15 AAC 19.211 - 15 AAC 19.241; EXCEPT THAT THE NUMERATOR AND DENOMINATOR OF THE PAYROLL FACTOR MUST EACH BE DETERMINED WITHOUT REFERENCE TO

(1) COMPENSATION EARNED BY THE TAXPAYER'S EMPLOYEES WORKING DIRECTLY IN OPERATIONS ON OR FOR A LEASE OR PROPERTY IN THE

STATE WHICH DIRECTLY RESULT IN OR ARE NECESSARY FOR THE CONTINUED OR ENHANCED PRODUCTION OF OIL OR GAS FROM (OR ALLOCATED TO) THE LEASE OR PROPERTY; AND

(2) COMPENSATION EARNED BY THE TAXPAYER'S EMPLOYEES WORKING DIRECTLY IN THE IN-STATE OPERATIONS OF AN OIL PIPELINE OR A GAS PIPELINE.] (Eff. 2/22/79, Register 69; am 3/26/82, Register 81; repealed _____/_____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.040 Art. IV, sec. 18
AS 43.19.010 AS 43.21.090 Ak. Const.

15 AAC 21.550 is repealed:

15 AAC 21.550.Sales Factor. Repealed. [A TAXPAYER'S SALES FACTOR FOR A YEAR EQUALS THE SALES FACTOR THAT YEAR FOR THE CONSOLIDATED BUSINESS OF WHICH THE TAXPAYER IS A PART, AS DETERMINED UNDER THE APPLICABLE METHODS OF AS 43.19.010 (ART. IV, SECS. 15 - 17), AS 43.20.143(d) AND (e), AND 15 AAC 19.251 - 15 AAC 19.302; EXCEPT THAT THE NUMERATOR AND DENOMINATOR OF THE SALES FACTOR MUST EACH EXCLUDE NONRETAIL SALES OF OIL OR GAS PRODUCED FROM (OR ALLOCATED TO) ONE OR MORE LEASES OR PROPERTIES IN THE STATE, BUT ONLY TO THE EXTENT THAT THOSE SALES WOULD OTHERWISE BE INCLUDED IN THE NUMERATOR AND DENOMINATOR OF THE SALES FACTOR.] (Eff. 2/22/79, Register 69; repealed _____/_____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.040 Art. IV, sec. 18

AS 43.19.010

AS 43.21.090

Ak. Const.

15 AAC 21.600 is repealed:

15 AAC 21.600. General rule. Repealed. [INCOME OF A TAXPAYER THAT WAS TAXED UNDER AS 43.20 AND 15 AAC 20 WILL NOT BE TAXED AGAIN UNDER THIS CHAPTER AS THE RESULT OF THAT TAXPAYER'S BECOMING SUBJECT TO TAX UNDER AS 43.21 AND THIS CHAPTER. SIMILARLY, EXPENSES OF A TAXPAYER THAT WERE DEDUCTED UNDER AS 43.20 AND 15 AAC 20 WILL NOT BE DEDUCTED AGAIN UNDER THIS CHAPTER AS THE RESULT OF THAT TAXPAYER'S BECOMING SUBJECT TO TAX UNDER AS 43.21 AND THIS CHAPTER. THE DEPARTMENT WILL WORK ON A CASE-BY-CASE BASIS WITH TAXPAYERS THAT BECOME SUBJECT TO TAX UNDER AS 43.21 AND THIS CHAPTER, TO ENSURE THAT NEITHER INCOME NOR EXPENSE OF ANY TAXPAYER THAT WAS ALREADY TREATED UNDER AS 43.20 AND 15 AAC 20 IS INCLUDED AGAIN IN THAT TAXPAYER'S TREATMENT UNDER AS 43.21 AND THIS CHAPTER.] (Eff. 2/22/79, Register 69; repealed _____/_____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.080 AS 43.21.090

15 AAC 21.610 is repealed:

15 AAC 21.610. Notice of commencement of taxable activity. Repealed. [A CORPORATION NOT SUBJECT TO TAX UNDER AS 43.21 AND THIS CHAPTER SHALL, WITHIN 30 DAYS OF THE TIME IT BEGINS TO DERIVE INCOME (EVEN IF THAT INCOME IS EXCEEDED BY THE EXPENSES INVOLVED) FROM ANY OF THE

SOURCES DESCRIBED IN 15 AAC 21.010, GIVE WRITTEN NOTICE TO THE DEPARTMENT OF THE FACT THAT IT HAS BEGUN DERIVING INCOME FROM THOSE SOURCES. THIS SECTION APPLIES ONLY TO THOSE WHO, AFTER THE EFFECTIVE DATE OF AS 43.21 AND THE ORIGINAL ADOPTION DATE OF THIS SECTION, BEGIN DERIVING INCOME FROM ANY SOURCE DESCRIBED IN 15 AAC 21.010.] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.080 AS 43.21.090

15 AAC 21.620 is repealed:

15 AAC 21.620. Partial years. Repealed. [A FISCAL-YEAR TAXPAYER AUTHORIZED UNDER 15 AAC 21.810 TO REPORT AND PAY TAXES ON A FISCAL-YEAR BASIS AND DOING SO FOR THE FIRST TIME SHALL NOTIFY THE DEPARTMENT IN WRITING WHICH OF THE FOLLOWING BASES IT ELECTS TO USE IN DIVIDING ITS INCOME AND EXPENSES DURING THAT FIRST FISCAL YEAR BETWEEN THE PORTION OF THE FISCAL YEAR THAT ENDS WITH THE CALENDAR YEAR ENDING DURING THAT FISCAL YEAR AND THE REMAINING PORTION OF THAT FISCAL YEAR:

(1) PRO-RATIONING ON THE BASIS OF THE NUMBER OF DAYS IN THE TWO PORTIONS OF THE FISCAL YEAR;

(2) DIVISION ON THE BASIS OF THE DATE EACH ITEM OF INCOME OR EXPENSE IS CONSIDERED INCURRED FOR PURPOSES OF THE TAXPAYER'S FINANCIAL ACCOUNTING.] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080

AS 43.21.080

AS 43.21.090

15 AAC 21.630 is repealed:

15 AAC 21.630. Expenses and net operating losses under the old tax. Repealed. [(a)
TO AVOID DOUBLE DEDUCTIONS WITH RESPECT TO A TAXPAYER'S ACQUISITION
COSTS AND DEVELOPMENT COSTS FOR A LEASE OR PROPERTY THAT WERE
INCURRED BEFORE THE TAXPAYER BECAME SUBJECT TO TAX UNDER AS 43.21
AND THIS CHAPTER, AND TO INSURE EQUITABLE TREATMENT AMONG
TAXPAYERS

(1) THE TAXPAYER'S UNAMORTIZED ACQUISITION COSTS FOR THE
LEASE OR PROPERTY MUST BE REDUCED BY THE TAXPAYER'S STANDARDIZED
PRIOR-TAX AMORTIZATION FOR THAT LEASE OR PROPERTY, AS PROVIDED IN
15 AAC 21.250(e); AND

(2) THE TAXPAYER'S UNDEPRECIATED DEVELOPMENT COSTS FOR
THE LEASE OR PROPERTY MUST BE REDUCED BY THE TAXPAYER'S
STANDARDIZED PRIOR-TAX DEPRECIATION FOR THAT LEASE OR PROPERTY, AS
PROVIDED IN 15 AAC 21.260(f).

(b) FOR PURPOSES OF THIS CHAPTER, A TAXPAYER'S "STANDARDIZED
PRIOR-TAX AMORTIZATION" MEANS THE AMOUNT, PRESUMED TO HAVE BEEN
ALREADY DEDUCTED UNDER AS 43.20 AND 15 AAC 20, WHICH EQUALS THE
LESSER OF

(1) AN AMOUNT EQUAL TO AC

$$P AC x \frac{P}{P+R},$$

WHERE AC EQUALS THE TAXPAYER'S TOTAL ACQUISITION COSTS FOR THE LEASE OR PROPERTY AS OF THE NEW-TAX COMMENCEMENT DATE FOR THAT TAXPAYER, P EQUALS THE BTU-EQUIVALENTS OF THE PRODUCTION FROM (OR ALLOCATED TO) THE LEASE OR PROPERTY BEFORE THAT NEW-TAX COMMENCEMENT DATE, AND R EQUALS THE BTU-EQUIVALENTS REPRESENTED BY THE REMAINING PROVED RESERVES (BOTH DEVELOPED AND UNDEVELOPED) OF THE LEASE OR PROPERTY AS OF THAT NEW-TAX COMMENCEMENT DATE;
AND

(2) THE AMOUNT OF THE TAXPAYER'S ACQUISITION COSTS FOR THE LEASE OR PROPERTY WHICH THE TAXPAYER DEMONSTRATES, TO THE DEPARTMENT'S SATISFACTION, AS HAVING BEEN ACTUALLY DEDUCTED ON THE TAXPAYER'S REPORTS FILED UNDER AS 43.20 AND 15 AAC 20.

(c) FOR PURPOSES OF THIS CHAPTER, A TAXPAYER'S "STANDARDIZED PRIOR-TAX DEPRECIATION" MEANS THE AMOUNT, PRESUMED TO HAVE BEEN DEDUCTED UNDER AS 43.20 AND 15 AAC 20, WHICH EQUALS THE LESSER OF

(1) AN AMOUNT EQUAL TO DC

$$DC x \frac{P}{P+DR},$$

WHERE DC EQUALS THE TAXPAYER'S TOTAL DEVELOPMENT COSTS FOR THE LEASE OR PROPERTY AS OF THE NEW-TAX COMMENCEMENT DATE FOR THAT TAXPAYER, P EQUALS THE BTU-EQUIVALENTS OF THE PRODUCTION FROM (OR ALLOCATED TO) THE LEASE OR PROPERTY BEFORE THAT NEW-TAX COMMENCEMENT DATE, AND DR EQUALS THE BTU-EQUIVALENTS REPRESENTED

BY THE REMAINING PROVED DEVELOPED RESERVES OF THE LEASE OR PROPERTY AS OF THAT NEW-TAX COMMENCEMENT DATE; AND

(2) THE AMOUNT OF THE TAXPAYER'S DEVELOPMENT COSTS FOR THE LEASE OR PROPERTY WHICH THE TAXPAYER DEMONSTRATES, TO THE DEPARTMENT'S SATISFACTION, AS HAVING BEEN ACTUALLY DEDUCTED ON THE TAXPAYER'S REPORTS FILED UNDER AS 43.20 AND 15 AAC 20.

(d) REPEALED 3/26/82.

(e) FOR PURPOSES OF THIS CHAPTER, THE "NEW-TAX COMMENCEMENT DATE" FOR A PARTICULAR TAXPAYER IS JANUARY 1, 1978 OR, IF THE TAXPAYER HAD NOT BEGUN DERIVING INCOME FROM A SOURCE SPECIFIED IN 15 AAC 21.010 BEFORE JANUARY 1, 1978, THE DATE WHEN THE TAXPAYER DOES BEGIN DERIVING INCOME FROM SUCH A SOURCE.] (Eff. 2/22/79, Register 69; am 3/26/82, Register 81, repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.080 AS 43.21.090

15 AAC 21.640 is repealed:

15 AAC 21.640. Installments under the old tax. Repealed. [INSTALLMENT PAYMENTS OF A TAXPAYER'S ESTIMATED TAX UNDER AS 43.20 AND 15 AAC 20 DURING THE TAX YEAR IN WHICH IT BECOMES SUBJECT TO TAX UNDER AS 43.21 AND THIS CHAPTER, WILL BE TREATED AS INSTALLMENTS MADE UNDER 15 AAC 21.710 FOR THAT TAX YEAR. THE TAXPAYER SHALL MAKE ANY ADDITIONAL PAYMENTS THAT MAY COME DUE UNDER 15 AAC 21.710 FOR THE REMAINDER OF THAT TAX YEAR AFTER THE TAXPAYER HAS BECOME SUBJECT TO TAX UNDER

AS 43.21 AND THIS CHAPTER.] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.080 AS 43.21.090

15 AAC 21.650 is repealed:

15 AAC 21.650. Net operating loss carryovers from AS 43.20. Repealed. [(a) NET OPERATING LOSS DEDUCTIONS ARISING FROM LOSSES INCURRED UNDER AS 43.20 BEFORE THE TAXPAYER'S BECOMING SUBJECT TO TAX UNDER AS 43.21 MAY BE CARRIED FORWARD AND APPLIED AGAINST INCOME REPORTED UNDER AS 43.21.040 AND 15 AAC 21.500 - 15 AAC 21.550. FOR MULTISTATE TAXPAYERS, THE AMOUNT OF THE CARRYFORWARD IS CALCULATED BY APPLYING THE APPORTIONMENT FACTOR IN THE YEAR OF THE LOSS TO THE AMOUNT OF THE LOSS DETERMINED FOR AS 43.20 PURPOSES. THE CARRYFORWARD FOR ANY YEAR MAY NOT EXCEED THE INCOME REPORTED, OR AS SUBSEQUENTLY DETERMINED BY THE DEPARTMENT, UNDER AS 43.21.040 AND 15 AAC 21.500 – 15 AAC 21.550. ANY UNUSED LOSS MAY BE CARRIED FORWARD TO THE NEXT SUCCEEDING YEAR AND APPLIED IN ACCORDANCE WITH THESE RULES. UNUSED LOSSES NOT APPLIED TO INCOME UNDER AS 43.21.040 MAY BE CARRIED FORWARD AND APPLIED TO INCOME REPORTED UNDER AS 43.20 FOR A PERIOD OF 15 YEARS FOLLOWING THE YEAR OF THE LOSS.

(b) NET OPERATING LOSS DEDUCTIONS UNDER THIS SECTION MUST BE APPLIED AGAINST INCOME REPORTED UNDER AS 43.21.040 AND 15 AAC 21.500 – 15 AAC 21.550 BEFORE ANY NET OPERATING LOSS CARRYBACKS UNDER 15 AAC

21.660 ARE APPLIED TO THAT INCOME.] (Eff. 3/26/82, Register 81; repealed
_____/_____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.080 AS 43.21.090

15 AAC 21.660 is repealed:

15 AAC 21.660. Net operating loss carrybacks from AS 43.20. Repealed. [NET OPERATING LOSS DEDUCTIONS ARISING FROM LOSSES INCURRED UNDER AS 43.20 FOR TAX YEARS COMMENCING AFTER DECEMBER 31, 1981, MAY BE CARRIED BACK FOR A PERIOD OF THREE YEARS AND APPLIED AGAINST INCOME REPORTED UNDER AS 43.21.040 AND 15 AAC 21.500 - 15 AAC 21.550. FOR MULTISTATE TAXPAYERS, THE AMOUNT OF THE CARRYBACK IS CALCULATED BY APPLYING THE APPORTIONMENT FACTOR IN THE YEAR OF THE LOSS TO THE AMOUNT OF THE LOSS DETERMINED FOR AS 43.20 PURPOSES. THE CARRYBACK FOR ANY YEAR MAY NOT EXCEED THE INCOME REPORTED, OR AS SUBSEQUENTLY DETERMINED BY THE DEPARTMENT, UNDER AS 43.21.040 AND 15 AAC 21.500 - 15 AAC 21.550. THE CARRYBACK MUST FIRST BE APPLIED TO THE THIRD TAX YEAR PRECEDING THE YEAR OF THE LOSS. ANY UNUSED LOSS MAY BE CARRIED FORWARD TO THE NEXT SUCCEEDING YEAR AND APPLIED IN ACCORDANCE WITH THIS SECTION. UNUSED LOSSES NOT APPLIED TO INCOME UNDER AS 43.21.040 MAY BE CARRIED FORWARD AND APPLIED TO INCOME REPORTED UNDER AS 43.20 FOR A PERIOD OF 15 YEARS FOLLOWING THE YEAR OF THE LOSS.] (Eff. 3/26/82, Register 81; repealed _____/_____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.040 AS 43.21.090

AS 43.19.010

AS 43.21.080

Art. IV, sec. 18

Ak. Const.

15 AAC 21.700 is repealed:

15 AAC 21.700. Returns and assessments. Repealed. [(a) A TAXPAYER REPORTING ON A CALENDAR-YEAR BASIS SHALL FILE, ON OR BEFORE APRIL 15 OF EACH YEAR, A TAX RETURN ON SUCH FORMS AS MAY BE PRESCRIBED BY THE DEPARTMENT, SETTING OUT ALL THE INFORMATION REQUIRED IN DETERMINING THAT TAXPAYER'S NET TAXABLE INCOME UNDER THIS CHAPTER FOR THE PREVIOUS YEAR AND THE AMOUNT OF TAX DUE ON THAT INCOME.

(b) A FISCAL-YEAR TAXPAYER SHALL FILE, ON OR BEFORE THE 15TH DAY OF THE FOURTH MONTH AFTER THE MONTH IN WHICH THE TAXPAYER'S FISCAL YEAR ENDS, A TAX RETURN ON SUCH FORMS AS MAY BE PRESCRIBED BY THE DEPARTMENT, SETTING OUT ALL THE INFORMATION REQUIRED IN DETERMINING THAT TAXPAYER'S NET TAXABLE INCOME UNDER THIS CHAPTER FOR THE TAXPAYER'S FISCAL YEAR LAST ENDED AND THE AMOUNT OF TAX DUE ON THAT INCOME.

(c) IN ITS DISCRETION, THE DEPARTMENT WILL GRANT A TAXPAYER AN EXTENSION OF AS MANY AS 60 DAYS FROM THE DEADLINES FOR FILING RETURNS SPECIFIED IN (a) AND (b) OF THIS SECTION. AN APPLICATION FOR AN EXTENSION MUST BE ON A FORM PRESCRIBED BY THE DEPARTMENT, SETTING FORTH ALL THE INFORMATION REQUIRED TO SUPPORT THE APPLICATION.

(d) RETURNS REQUIRED UNDER THIS SECTION MUST BE FILED BY THE CORPORATION DERIVING INCOME (OR TO WHICH INCOME IS ATTRIBUTED UNDER 15 AAC 21.040) FROM ONE OR MORE OF THE SOURCES DESCRIBED IN 15 AAC 21.010. WHERE TWO OR MORE SUCH CORPORATIONS ARE PARTS OF THE SAME CONSOLIDATED BUSINESS, THEY SHALL FILE A SINGLE CONSOLIDATED RETURN.

(e) ON OR BEFORE AUGUST 15 (FOR FISCAL-YEAR TAXPAYERS, THE 15TH DAY OF THE EIGHTH MONTH AFTER THE MONTH IN WHICH THE TAXPAYER'S FISCAL YEAR ENDS), THE DEPARTMENT WILL ASSESS THE TAXPAYER AND SEND THE TAXPAYER A NOTICE OF ASSESSMENT SHOWING THE AMOUNT OF NET TAXABLE INCOME UNDER THIS CHAPTER FOR THAT TAXPAYER DURING THE PREVIOUS YEAR, THE TOTAL AMOUNT OF TAX DUE UNDER THIS CHAPTER, AND THE AMOUNT (IF ANY) OF THAT TAX REMAINING UNPAID OR OVERPAID. RETURNS AND ASSESSMENTS UNDER THIS SECTION ARE SUBJECT TO AMENDMENT FOR THREE YEARS FROM THE DATE OF THE ORIGINAL NOTICE OF ASSESSMENT.

(f) THE TAXPAYER SHALL NOTIFY THE DEPARTMENT IN WRITING OF ANY AMENDMENTS TO FORMS, REPORTS, OR OTHER MATERIALS REQUIRED TO BE SUBMITTED TO THE DEPARTMENT AS A PART OF A RETURN WITHIN 60 DAYS AFTER THE AMENDMENT IS MADE. THE REASONS FOR AND FACTS SUPPORTING THE AMENDMENTS MUST BE DESCRIBED IN DETAIL. THE APPLICABLE STATUTE OF LIMITATION PERIODS SET OUT IN AS 43.05.260 AND 15 AAC 21.700(e) RUNS FROM THE TIME THE DEPARTMENT IS NOTIFIED BY THE TAXPAYER OF THE

AMENDMENT.] (Eff. 2/22/79, Register 69; am 5/21/81, Register 78, repealed
_____/_____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.050 AS 43.21.090
AS 43.21.030

15 AAC 21.710 is repealed:

15 AAC 21.710. Payments; installments. Repealed. [(a) FOR THE 1978 TAX YEAR, EACH TAXPAYER SHALL PREPAY ITS ESTIMATED TAX UNDER THIS CHAPTER IN AN INSTALLMENT ON OR BEFORE MARCH 15, 1979, WHICH, WHEN COMBINED WITH THE TAXPAYER'S INSTALLMENT PAYMENTS (IF ANY) OF ESTIMATED TAX UNDER AS 43.20 AND 15 AAC 20 MADE AFTER DECEMBER 31, 1977, BRINGS THE TOTAL PREPAID TAX TO 100 PERCENT OF THE TAX AND SURTAX ON THE TAXPAYER'S TOTAL ESTIMATED 1978 NET TAXABLE INCOME UNDER THIS CHAPTER, AS THAT NET TAXABLE INCOME IS ESTIMATED AND REPORTED BY THE TAXPAYER AT THE TIME IT MAKES THE INSTALLMENT.

(b) FOR TAX YEARS AFTER THE 1978 TAX YEAR, EACH TAXPAYER SHALL PREPAY ITS ESTIMATED TAX UNDER THIS CHAPTER IN INSTALLMENTS IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

(1) ON JUNE 15 OF EACH YEAR (FOR A FISCAL-YEAR TAXPAYER, THE 15TH DAY OF THE SIXTH MONTH AFTER THE START OF THE FISCAL YEAR), A FIRST INSTALLMENT COMES DUE THAT IS EQUAL TO ONE-QUARTER OF THE TAX AND SURTAX ON THE TAXPAYER'S TOTAL ESTIMATED NET TAXABLE INCOME

FOR THAT YEAR UNDER THIS CHAPTER, AS THAT NET TAXABLE INCOME IS THEN ESTIMATED AND REPORTED BY THE TAXPAYER.

(2) ON SEPTEMBER 15 OF EACH YEAR (FOR A FISCAL-YEAR TAXPAYER, THE 15TH DAY OF THE NINTH MONTH AFTER THE START OF THE FISCAL YEAR), A SECOND INSTALLMENT COMES DUE THAT, WHEN COMBINED WITH THE FIRST INSTALLMENT, BRINGS THE TOTAL PREPAID TAX TO ONE-HALF OF THE TAX AND SURTAX ON THE TAXPAYER'S TOTAL ESTIMATED NET TAXABLE INCOME FOR THAT YEAR UNDER THIS CHAPTER, AS THAT NET TAXABLE INCOME IS THEN ESTIMATED AND REPORTED BY THE TAXPAYER.

(3) ON DECEMBER 15 OF EACH YEAR (FOR A FISCAL-YEAR TAXPAYER, THE 15TH DAY OF THE 12TH MONTH AFTER THE START OF THE FISCAL YEAR), A THIRD INSTALLMENT COMES DUE THAT, WHEN COMBINED WITH THE FIRST TWO INSTALLMENTS, BRINGS THE TOTAL PREPAID TAX TO THREE-QUARTERS OF THE TAX AND SURTAX ON THE TAXPAYER'S TOTAL ESTIMATED NET TAXABLE INCOME FOR THAT YEAR UNDER THIS CHAPTER, AS THAT NET TAXABLE INCOME IS THEN ESTIMATED AND REPORTED BY THE TAXPAYER.

(4) ON MARCH 15 OF EACH YEAR (FOR A FISCAL-YEAR TAXPAYER, THE 15TH DAY OF THE 15TH MONTH AFTER THE START OF THE FISCAL YEAR), A FOURTH INSTALLMENT COMES DUE THAT, WHEN COMBINED WITH THE FIRST THREE INSTALLMENTS, BRINGS THE TOTAL PREPAID TAX TO 100 PERCENT OF THE TAX AND SURTAX ON THE TAXPAYER'S TOTAL ESTIMATED NET TAXABLE

INCOME UNDER THIS CHAPTER FOR THE YEAR IN QUESTION, AS THAT NET TAXABLE INCOME IS THEN ESTIMATED AND REPORTED BY THE TAXPAYER.

(c) IF, BECAUSE OF UNEXPECTED EVENTS, A TAXPAYER HAS TO REVISE ITS TOTAL ESTIMATED NET TAXABLE INCOME DOWNWARD SO SIGNIFICANTLY THAT ITS PRIOR INSTALLMENTS THAT YEAR UNDER (b) OF THIS SECTION EQUAL OR EXCEED THE AMOUNT TO WHICH THE TOTAL PREPAID TAX IS TO BE BROUGHT WHEN THE NEXT INSTALLMENT COMES DUE, THEN THE TAXPAYER NEEDS ONLY TO REPORT THE CURRENT ESTIMATE OF ITS TOTAL TAX FOR THAT YEAR AND DOES NOT NEED TO MAKE ANY FURTHER PAYMENT AS AN INSTALLMENT AT THAT TIME. NO REFUND WILL BE MADE AT THAT TIME AS THE RESULT OF A TAXPAYER'S HAVING AN APPARENT OVERPAYMENT FROM ITS PRIOR INSTALLMENTS; HOWEVER, IF THE CONDITION OF OVERPAYMENT CONTINUES UNTIL THE TIME OF THE DEPARTMENT'S ASSESSMENT UNDER 15 AAC 21.700, THE REMAINING OVERPAYMENT WILL THEN BE HANDLED AS AN ORDINARY REFUND UNDER 15 AAC 21.720.

(d) AT THE TIME A TAXPAYER FILES ITS TAX RETURN REQUIRED UNDER 15 AAC 21.700, THE TAXPAYER SHALL PAY THE EXCESS, IF ANY, OF ITS TOTAL TAX OVER THE AMOUNT ALREADY PAID BY THE TAXPAYER IN ITS INSTALLMENTS UNDER THIS SECTION.

(e) IF THE DEPARTMENT'S ASSESSMENT UNDER 15 AAC 21.700 SHOWS A TOTAL TAX FOR A TAXPAYER GREATER THAN THE AMOUNT ALREADY PAID BY THE TAXPAYER IN ITS INSTALLMENTS AND ITS PAYMENT MADE AT THE TIME OF FILING ITS RETURN UNDER 15 AAC 21.700 FOR THAT YEAR, THE TAXPAYER

SHALL PAY THE ADDITIONAL AMOUNT OF TAX ON OR BEFORE SEPTEMBER 30 (FOR A FISCAL-YEAR TAXPAYER, THE LAST DAY OF THE NINTH MONTH AFTER THE MONTH IN WHICH THE TAXPAYER'S LATEST FISCAL YEAR ENDED).

(f) REPEALED 9/15/82.

(g) PAYMENTS AND REPORTS REQUIRED UNDER THIS SECTION SHALL BE MADE ON THE SAME BASIS AS RETURNS REQUIRED UNDER 15 AAC 21.700.] (Eff. 2/22/79, Register 69; am 5/21/81, Register 78; am 9/15/82, Register 83; repealed _____/_____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.070 AS 43.21.090
AS 43.05.280

15 AAC 21.720 is repealed:

15 AAC 21.720. Refunds. Repealed. [(a) THE DEPARTMENT WILL REFUND TO A TAXPAYER ANY OVERPAYMENT OF THE TAXPAYER'S TAX FOR A YEAR UNDER THIS CHAPTER ON OR BEFORE SEPTEMBER 30 OF THE FOLLOWING YEAR (IN THE CASE OF A FISCAL-YEAR TAXPAYER, THE LAST DAY OF THE NINTH MONTH AFTER THE MONTH IN WHICH THE TAXPAYER'S FISCAL YEAR ENDED). THE AMOUNT OF THE OVERPAYMENT WILL BE DETERMINED ON THE BASIS OF THE TAX AS DETERMINED BY THE DEPARTMENT IN ITS ASSESSMENT UNDER 15 AAC 21.700 FOR THE YEAR IN QUESTION, UNLESS THE OVERPAYMENT ARISES FROM A REDUCTION IN THE ASSESSMENT AS THE RESULT OF A SUBSEQUENT AUDIT BY THE DEPARTMENT OR A CARRYBACK OF A LATER YEAR'S NET LOSS UNDER 15 AAC 21.070. IN THE CASE OF SUCH A REDUCTION IN A TAXPAYER'S

ASSESSMENT, THE REFUND BY THE DEPARTMENT WILL EQUAL THAT REDUCTION. IN ADDITION, THE DEPARTMENT WILL SIMULTANEOUSLY PAY THE TAXPAYER ANY INTEREST DUE ON THE REFUND AS COMPUTED IN ACCORDANCE WITH 15 AAC 21.730.

(b) AT ITS OPTION, THE TAXPAYER MAY ELECT TO HAVE THE DEPARTMENT APPLY THE AMOUNT OF A REFUND (INCLUDING ANY INTEREST) UNDER THIS SECTION AS A CREDIT AGAINST FUTURE PAYMENTS OF TAX COMING DUE UNDER THIS CHAPTER, INSTEAD OF REMITTING THE REFUND TO THE TAXPAYER.

(c) A CLAIM FOR CREDIT OR REFUND OF A TAX PAID UNDER AS 43.21 ARISING FROM A CHANGE IN AS 43.21 RETROACTIVELY APPLIED, MUST BE FILED BY THE TAXPAYER WITHIN THREE YEARS FROM THE DATE THE ORIGINAL RETURN WAS DUE OR FILED, WHICHEVER IS LATER.] (Eff. 2/22/79, Register 69; am 3/26/82, Register 81; repealed ____/____/_____, Register ____)

Authority: AS 43.05.080 AS 43.21.070 Sec. 20, ch. 116,
AS 43.05.280 AS 43.21.090 SLA 1981

15 AAC 21.730 is repealed:

15 AAC 21.730. Computation of interest. Repealed. [(a) **ON UNPAID TAXES.** A TAXPAYER SHALL PAY INTEREST AT THE RATE PRESCRIBED IN AS 43.05.225 FOR THAT PORTION OF ITS TAXES REMAINING UNPAID AFTER PAYMENT BECOMES DUE. THIS INTEREST MUST BE COMPUTED FOR THE PERIOD BEGINNING FROM (AND INCLUDING) THE APPLICABLE STARTING DATE SPECIFIED IN THIS

SUBSECTION AND ENDING WITH (BUT NOT INCLUDING) THE DATE OF PAYMENT.
FOR PURPOSES OF THIS SUBSECTION,

(1) FOR AN INSTALLMENT UNDER 15 AAC 21.710(a) OR (b), THE STARTING DATE IS THE DATE SPECIFIED FOR THAT INSTALLMENT IN THE SCHEDULE IN 15 AAC 21.710(a) AND (b); BUT THE ONLY AMOUNT THAT MAY BE CONSIDERED UNPAID IN CONNECTION WITH AN INSTALLMENT PAYMENT IS THE AMOUNT (IF ANY) BY WHICH THE INSTALLMENT ACTUALLY PAID FALLS SHORT OF WHAT THE AMOUNT OF THAT INSTALLMENT SHOULD BE, AS INDICATED FROM THE TAXPAYER'S REPORT FILED FOR THAT INSTALLMENT;

(2) FOR A PAYMENT REQUIRED TO BE PAID UNDER 15 AAC 21.710(d) AT THE TIME THE TAXPAYER FILES ITS ANNUAL RETURN, THE STARTING DATE IS THE EARLIER OF (A) THE DATE THE RETURN IS FILED; OR (B) THE DATE THE RETURN IS REQUIRED TO BE FILED (NOT COUNTING ANY EXTENSION FOR FILING GRANTED UNDER 15 AAC 21.710(d)); BUT THE ONLY AMOUNT THAT MAY BE CONSIDERED UNPAID IN CONNECTION WITH A PAYMENT MADE AT THE TIME OF FILING IS THE AMOUNT (IF ANY) BY WHICH THAT PAYMENT FALLS SHORT OF THE AMOUNT THAT SHOULD BE PAID AS INDICATED FROM THE RETURN;

(3) FOR A PAYMENT REQUIRED UNDER 15 AAC 21.710(e) TO SATISFY AN ASSESSMENT BY THE DEPARTMENT, THE STARTING DATE IS THE DATE SPECIFIED IN THAT SECTION FOR THE PAYMENT;

(4) FOR A PAYMENT REQUIRED AS THE RESULT OF AN AUDIT THAT INCREASES THE ASSESSMENT FOR A TAX YEAR, THE STARTING DATE IS SEPTEMBER 30 OF THE YEAR FOLLOWING THAT TAX YEAR (FOR A FISCAL-YEAR

TAXPAYER, THE LAST DAY OF THE NINTH MONTH AFTER THE MONTH IN WHICH THAT TAX YEAR ENDED).

(b) **ON REFUNDS.** INTEREST AT THE RATE PRESCRIBED IN AS 43.05.280 WILL BE PAID TO A TAXPAYER FOR A REFUND UNDER 15 AAC 21.720. THIS INTEREST WILL BE COMPUTED FOR A PERIOD BEGINNING FROM (AND INCLUDING) THE APPLICABLE STARTING DATE SPECIFIED IN THIS SUBSECTION AND ENDING ON A DATE CHOSEN BY THE DEPARTMENT THAT IS NOT MORE THAN 30 DAYS BEFORE THE DATE OF THE REFUND CHECK OR WIRE TRANSFER. FOR PURPOSES OF THIS SUBSECTION,

(1) WHEN THE REFUND ARISES FROM ONE OR MORE INSTALLMENTS UNDER 15 AAC 21.710(a) OR (b) THAT PARTIALLY OR WHOLLY EXCEEDED THE AMOUNT OF THE DEPARTMENT'S ORIGINAL ASSESSMENT UNDER 15 AAC 21.700(e), THE STARTING DATE IS THE DATE OF EACH SUCH INSTALLMENT;

(2) WHEN THE REFUND ARISES FROM A PAYMENT REQUIRED TO BE PAID UNDER 15 AAC 21.710(d) AT THE TIME THE TAXPAYER FILES ITS ANNUAL RETURN, THE STARTING DATE IS THE DATE THE PAYMENT IS MADE;

(3) FOR A REFUND ARISING FROM A REDUCTION IN THE ASSESSMENT FOR A TAX YEAR AS THE RESULT OF A SUBSEQUENT AUDIT BY THE DEPARTMENT, THE STARTING DATE IS SEPTEMBER 30 OF THE YEAR FOLLOWING THAT TAX YEAR (FOR A FISCAL-YEAR TAXPAYER, THE LAST DAY OF THE NINTH MONTH AFTER THE MONTH IN WHICH THAT TAX YEAR ENDED);

(4) FOR A REFUND ARISING FROM A REDUCTION IN THE ASSESSMENT FOR A TAX YEAR AS THE RESULT OF A CARRYBACK OF A LATER

YEAR'S NET LOSS, THE STARTING DATE IS SEPTEMBER 30 OF THE YEAR FOLLOWING THE TAX YEAR WHOSE NET LOSS IS BEING CARRIED BACK (FOR A FISCAL-YEAR TAXPAYER, THE LAST DAY OF THE NINTH MONTH AFTER THE MONTH IN WHICH THE TAX YEAR ENDED WHOSE NET LOSS IS BEING CARRIED BACK).

(c) ON CREDITS ARISING FROM RETROACTIVE AMENDMENTS TO AS 43.21. INTEREST AT THE RATE PRESCRIBED IN AS 43.05.280 WILL BE CREDITED TO A TAXPAYER FOR A REDUCTION IN TAX LIABILITY RESULTING FROM RETROACTIVE AMENDMENTS TO AS 43.21. THIS INTEREST WILL BE COMPUTED FOR A PERIOD BEGINNING FROM (AND INCLUDING) THE DATE AN OVERPAYMENT WAS MADE AND ENDING WITH (BUT NOT INCLUDING) THE DATE THE CREDIT IS APPLIED. FOR PURPOSES OF THIS SUBSECTION, THE AMOUNT OF AN OVERPAYMENT IS THE AMOUNT BY WHICH THE ORIGINAL PAYMENT WOULD HAVE BEEN REDUCED IF THE RETROACTIVE AMENDMENTS TO AS 43.21 HAD BEEN IN EFFECT FOR THE INCOME PERIOD GIVING RISE TO THAT ORIGINAL OBLIGATION. THE DATE THE CREDIT IS APPLIED WILL BE THE EARLIEST DATE ON WHICH THE TAXPAYER WOULD BE REQUIRED TO SUBMIT A PAYMENT TO THE DEPARTMENT WITH A DECLARATION OF ESTIMATED TAX OR AS A FINAL PAYMENT OF TAX UNDER AS 43.21 OR AS 43.20. THE BALANCE OF THE CREDIT, IF ANY, WILL BE APPLIED TO SUBSEQUENT PAYMENTS ON THE DATES ON WHICH THE TAXPAYER WOULD BE REQUIRED TO MAKE A PAYMENT UNDER AS 43.21 OR AS 43.20, WITH INTEREST CONTINUING ON THE BALANCE OF THE CREDIT UNTIL

THE BALANCE IS APPLIED IN FULL.] (Eff. 2/22/79, Register 69; am 3/26/82, Register 81; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.05.280 Sec. 20, ch. 116,
AS 43.05.225 AS 43.21.090 SLA 1981

15 AAC 21.740 is repealed:

15 AAC 21.740. Civil penalties. Repealed. [FOR UNPAID TAXES TO WHICH 15 AAC 21.730(a) APPLIES, THE CIVIL PENALTIES PROVIDED BY AS 43.05.220 WILL BE IMPOSED BEGINNING THE DAY AFTER THE STARTING DATE SPECIFIED IN THE APPLICABLE PARAGRAPH OF THAT SECTION.] (Eff. 2/22/79, Register 69; am 5/21/81, Register 78; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.090 AS 43.21.100
AS 43.05.220

15 AAC 21.750 is repealed:

15 AAC 21.750. Relief. Repealed. [IF THE METHODS OF ALLOCATION AND APPORTIONMENT PROVIDED IN THIS CHAPTER DO NOT FAIRLY REPRESENT THE EXTENT OF A CORPORATION'S BUSINESS ACTIVITY IN THE STATE, THE CORPORATION MAY PETITION FOR OR THE DEPARTMENT MAY REQUIRE, IN RESPECT TO ALL OR ANY PART OF THE CORPORATION'S BUSINESS ACTIVITY, IF REASONABLE, THE EMPLOYMENT OF ANY METHOD AUTHORIZED UNDER ART. IV, SEC. 18, OF THE MULTISTATE TAX COMPACT (AS 43.19.010) TO EFFECTUATE AN EQUITABLE ALLOCATION AND APPORTIONMENT OF THE CORPORATION'S

INCOME. (Eff. 2/22/79, Register 69; am 3/26/82, Register 81; repealed ____/____/_____, Register _____)

Authority: AS 43.05.060 AS 43.19.010 Art. IV, § 18,
AS 43.05.070 AS 43.21.050 Ak Const.
AS 43.05.080 AS 43.21.090

15 AAC 21.800 is repealed:

15 AAC 21.800. Application to the 1978 tax year. Repealed. [THE REGULATIONS UNDER THIS CHAPTER AS ORIGINALLY ADOPTED APPLY BEGINNING WITH THE 1978 TAX YEAR FOR ALL CORPORATIONS THAT WERE OR BECAME TAXPAYERS UNDER THIS CHAPTER DURING THAT TAX YEAR.] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.090

15 AAC 21.810 is repealed:

15 AAC 21.810. Statute of limitations. Repealed. [EXCEPT AS OTHERWISE PROVIDED IN AS 43.05.260 OR AS 43.05.270, THE DEPARTMENT WILL, IN ITS DISCRETION

(1) AMEND AN ASSESSMENT UNDER THIS CHAPTER NO LATER THAN THREE YEARS FROM THE DATE A RETURN IS DUE OR FILED UNDER THIS CHAPTER, WHICHEVER IS LATER; AND

(2) COLLECT TAX, PENALTIES, AND INTEREST UNDER THIS CHAPTER AS SPECIFIED IN AN ASSESSMENT OR IN AN AMENDMENT TO THAT ASSESSMENT

NO LATER THAN SIX YEARS FROM THE ORIGINAL DATE OF THAT ASSESSMENT OR, IF AMENDED, THE DATE OF THE AMENDMENT TO THAT ASSESSMENT.] (Eff. 2/22/79, Register 69; am 3/26/82, Register 81; repealed ____/____/_____, Register _____)

Authority: AS 09.10.010 AS 43.05.260 AS 43.21.090
AS 43.05.080 AS 43.05.270

15 AAC 21.820 is repealed:

15 AAC 21.820. Fiscal-year taxpayers. Repealed. [ALL TAXPAYERS SHALL REPORT AND PAY TAX UNDER THIS CHAPTER ON A CALENDAR-YEAR BASIS UNLESS THEY HAVE RECEIVED PRIOR WRITTEN AUTHORIZATION FROM THE DEPARTMENT TO REPORT AND PAY TAX UNDER THIS CHAPTER ON A FISCAL-YEAR BASIS. THE DEPARTMENT, IN ITS DISCRETION, WILL GRANT SUCH AN AUTHORIZATION TO A TAXPAYER, BUT ONLY IF THE TAXPAYER'S FINANCIAL ACCOUNTING IS DONE ON A FISCAL-YEAR (AS OPPOSED TO CALENDAR-YEAR) BASIS. IF GRANTED, EACH SUCH AUTHORIZATION BY THE DEPARTMENT AUTHORIZES A TAXPAYER TO REPORT AND PAY TAX UNDER THIS CHAPTER ON THE BASIS OF ONLY THE FISCAL YEAR THAT IS USED FOR PURPOSES OF THE TAXPAYER'S FINANCIAL ACCOUNTING AND NOT ON THE BASIS OF ANY OTHER FISCAL YEAR. A TAXPAYER THUS AUTHORIZED TO USE ITS FINANCIAL ACCOUNTING FISCAL YEAR IS A "FISCAL-YEAR TAXPAYER."] (Eff. 2/22/79, Register 69; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.090 Art. IV, § 18,
AS 43.19.010 Ak Const.

15 AAC 21.900 is repealed:

15 AAC 21.900. Definitions. [IN THIS CHAPTER

(1) "ALLOCATE," IN THE SENSE OF PRODUCTION ALLOCATED TO A LEASE OR PROPERTY, MEANS TO ATTRIBUTE (PURSUANT TO THE TERMS OF A POOLING AGREEMENT, UNIT AGREEMENT, LEASE-LINE WELL AGREEMENT, DRAINAGE AGREEMENT OR OTHER SIMILAR AGREEMENT BETWEEN THE PRODUCTION-INTEREST OWNER(S) OF THE LEASE OR PROPERTY AND THE PRODUCTION-INTEREST OWNER(S) OF AN ADJACENT LEASE OR PROPERTY, OR PURSUANT TO THE TERMS OF AN ORDER OR DECISION BY AN APPROPRIATE REGULATORY AGENCY OR BY A COURT) TO THAT LEASE OR PROPERTY PART OR ALL OF THE PRODUCTION FROM ONE OR MORE WELLS BOTTOMED ON THE ADJACENT LEASE OR PROPERTY;

(2) "BTU-EQUIVALENT" MEANS A BARREL OF OIL OR SIX MCF OF GAS; EXCEPT THAT IF THE BTU-EQUIVALENTS OF THE PROVED RESERVES OF OIL ORIGINALLY IN PLACE IN THE FIELD THAT INCLUDES A PARTICULAR LEASE OR PROPERTY DO NOT EXCEED 20 PERCENT OF THE BTU-EQUIVALENTS OF THE PROVED RESERVES OF GAS ORIGINALLY IN PLACE IN THAT FIELD, OR VICE VERSA, THEN "BTU-EQUIVALENT" WILL BE UNDERSTOOD TO REFER TO THE UNIT OF PRODUCTION (BARREL OF OIL OR MCF OF GAS) OF THE DOMINANT RESERVE OF THAT FIELD FOR PURPOSES OF THIS CHAPTER; EXCEPT, FURTHER, THAT IF A TAXPAYER USES A SIMILAR BUT DIFFERENT UNIT OF PRODUCTION FOR ITS UNIT-OF-PRODUCTION AMORTIZATION OR DEPRECIATION FOR FINANCIAL

ACCOUNTING PURPOSES, THEN "BTU-EQUIVALENT" WILL BE UNDERSTOOD TO REFER TO THE UNIT OF PRODUCTION USED IN THAT AMORTIZATION AND/OR DEPRECIATION;

(3) "CAPITAL LEASE" MEANS A LEASE CLASSIFIED AS A CAPITAL LEASE FROM THE STANDPOINT OF THE LESSEE UNDER FASB-13;

(4) "CDS VESSEL" MEANS A UNITED STATES FLAG VESSEL BUILT FOR USE IN FOREIGN TRADE WHICH RECEIVES (WHILE IT IS SO USED) A SUBSIDY FOR THE DIFFERENTIAL IN CONSTRUCTION COSTS BETWEEN BUILDING IT IN THE UNITED STATES AND BUILDING IT ELSEWHERE;

(5) "CDS/ODS VESSEL" MEANS A UNITED STATES FLAG VESSEL BUILT FOR USE IN FOREIGN TRADE WHICH RECEIVES (WHILE IT IS SO USED) BOTH THE SUBSIDY FOR A CDS VESSEL AND THE SUBSIDY FOR AN ODS VESSEL;

(6) "COMMERCIAL PRODUCTION" MEANS THE PRODUCTION OF OIL AND GAS FOR PURPOSES OF SALE OR OTHER BENEFICIAL USE NOT ASSOCIATED WITH THE EXPLORATION AND DEVELOPMENT OF THE FIELD IN WHICH THE LEASE OR PROPERTY LIES, EXCEPT WHEN THE SALE OR OTHER BENEFICIAL USE IS INCIDENTAL TO THE TESTING OF AN UNPROVED WELL OR UNPROVED COMPLETION INTERVAL;

(7) "ENTITLEMENTS TREATMENT" REFERS TO THE ISSUANCE, PURCHASE, SALE OR USE OF WHOLE AND/OR FRACTIONAL ENTITLEMENTS ASSOCIATED WITH REFINING A PARTICULAR RUN OF OIL PURSUANT TO 10 C.F.R. 211 AND 212, OR TO THE TREATMENT OF THAT OIL UNDER ANY OTHER PROGRAM HAVING A SIMILAR EFFECT WHICH THE UNITED STATES DEPARTMENT OF

ENERGY MAY ADOPT OR ADMINISTER AS A REPLACEMENT OR CONTINUATION OF THE PRESENT ENTITLEMENTS PROGRAM;

(8) "ESTIMATED VALUE OF REMAINING OIL AND GAS RESERVES" MEANS THE EXCESS, IF ANY, OF THE PRESENT VALUE OF FUTURE CASH FLOW FROM THE ANTICIPATED DISPOSITION OF OIL AND GAS RESERVES AT A FUTURE DATE (AS THAT VALUE MAY BE REQUIRED TO BE RECOGNIZED UNDER RESERVES RECOGNITION ACCOUNTING IN THE TAXPAYER'S FINANCIAL STATEMENTS UNDER SECURITIES AND EXCHANGE COMMISSION RELEASE NO. 33-5966 (AS-253) OR MODIFICATIONS THEREOF) OVER THE DEPRECIATED COST OF SUCH RESERVES;

(9) "FASB" MEANS THE FINANCIAL ACCOUNTING STANDARDS BOARD;

(10) "FASB-13" MEANS FASB'S STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 13 "ACCOUNTING FOR LEASES" (NOVEMBER 1976), AS AMENDED OR INTERPRETED BY FASB'S STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 17 "ACCOUNTING FOR LEASES - INITIAL DIRECT COSTS" (NOVEMBER 1977), FASB'S STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 22 "CHANGES IN THE PROVISIONS OF LEASE AGREEMENTS RESULTING FROM REFUNDINGS OF TAX-EXEMPT DEBT" (JUNE 1978), FASB'S STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 23 "INCEPTION OF THE LEASE" (AUGUST 1978), FASB INTERPRETATION NO. 19 "LESSEE GUARANTEE OF THE RESIDUAL VALUE OF LEASED PROPERTY" (OCTOBER 1977) AND FASB

INTERPRETATION NO. 21 "ACCOUNTING FOR LEASES IN A BUSINESS COMBINATION" (APRIL 1978);

(11) "FERC" MEANS THE FEDERAL ENERGY REGULATORY COMMISSION OF THE UNITED STATES DEPARTMENT OF ENERGY, OR THE AGENCY SUCCEEDING TO ITS REGULATORY FUNCTIONS;

(12) "FERC'S UNIFORM SYSTEM OF ACCOUNTS FOR CLASS A AND B NATURAL GAS COMPANIES" MEANS THE SYSTEM OF ACCOUNTS IN 18 C.F.R. 201 APPLICABLE TO CLASS A AND B NATURAL GAS COMPANIES (AS DEFINED THERE) WHICH WAS IN EFFECT ON JANUARY 1, 1978;

(13) "FERC'S UNIFORM SYSTEM OF ACCOUNTS FOR CLASS C AND D NATURAL GAS COMPANIES" MEANS THE SYSTEM OF ACCOUNTS IN 18 C.F.R. 204 APPLICABLE TO CLASS C AND D NATURAL GAS COMPANIES (AS DEFINED THERE) WHICH WAS IN EFFECT ON JANUARY 1, 1978;

(14) "FERC'S UNIFORM SYSTEM OF ACCOUNTS FOR OIL PIPELINES" MEANS THE SYSTEM OF ACCOUNTS IN 49 C.F.R. 1204 APPLICABLE TO PIPELINES TRANSPORTING CRUDE OIL WHICH WAS IN EFFECT ON JANUARY 1, 1978;

(15) "FISCAL YEAR" MEANS A PERIOD OF ONE YEAR WHICH BEGINS ON A DATE OTHER THAN JANUARY 1;

(16) "FISCAL-YEAR TAXPAYER" IS DEFINED IN 15 AAC 21.820;

(17) "GROSS SHARE" MEANS THE VOLUME OF PRODUCTION ATTRIBUTABLE TO A PRODUCTION INTEREST BEFORE ANY DEDUCTIONS DESCRIBED IN 15 AAC 21.200 - 15 AAC 21.290 WHICH MAY BE CHARGEABLE TO THAT PRODUCTION INTEREST;

(18) "JONES ACT VESSEL" MEANS A UNITED STATES FLAG VESSEL BUILT FOR USE IN DOMESTIC TRADE;

(19) "LNG" MEANS A CRYOGENIC LIQUID FORMED FROM NORMALLY GASEOUS HYDROCARBONS, CHIEFLY METHANE;

(20) "LNG TRANSPORTATION FACILITY" MEANS ANY OR ALL OF THE FOLLOWING WHEN THEY ARE PARTS OF AN INTEGRATED SYSTEM TO TRANSPORT LNG: THE LNG LIQUEFACTION PLANT, GATHERING LINES TO THAT PLANT, LOADING AND UNLOADING FACILITIES FOR LNG TANKERS, LNG TANKERS THEMSELVES AND FACILITIES TO REGASIFY THE LNG;

(21) "MCF" OR "MCF OF GAS" MEANS ONE THOUSAND CUBIC FEET OF GAS MEASURED AT 60 DEGREES FAHRENHEIT AND 14.65 POUNDS PER SQUARE INCH (ABSOLUTE);

(22) "ODS VESSEL" MEANS A UNITED STATES FLAG VESSEL BUILT FOR USE IN FOREIGN TRADE, WHICH RECEIVES (WHILE IT IS SO USED) A SUBSIDY FOR THE DIFFERENTIAL IN OPERATING COSTS BETWEEN BEING MANNED BY UNITED STATES CREWS AND BEING MANNED BY FOREIGN CREWS;

(23) "OIL AND GAS" MAY, IF APPROPRIATE, REFER TO EITHER OIL OR GAS, AS WELL AS MEANING BOTH OF THEM IN OTHER CONTEXTS;

(24) "POINT OF PRODUCTION" MEANS

(A) FOR OIL, THE AUTOMATIC CUSTODY TRANSFER METER OR UNIT THROUGH WHICH THE OIL ENTERS INTO THE FACILITIES OF A CARRIER PIPELINE OR OTHER TRANSPORTATION CARRIER; AND IN THE ABSENCE OF AN AUTOMATIC CUSTODY TRANSFER METER OR UNIT, THE

"POINT OF PRODUCTION" FOR OIL IS THE OUTLET FLANGE OF THE TANK GAUGE (OR IN THE ABSENCE OF A TANK GAUGE, ANOTHER MECHANISM OR DEVICE TO MEASURE THE QUANTITY OF OIL THAT HAS BEEN APPROVED BY THE DEPARTMENT FOR THIS PURPOSE) THROUGH WHICH THE OIL IS TENDERED AND ACCEPTED INTO THE FACILITIES OF A CARRIER PIPELINE OR OTHER TRANSPORTATION CARRIER;

(B) FOR GAS, THE METER ON, OR NEAREST (MEASURED ALONG THE COURSE TAKEN BY THE GAS) TO, THE LEASE OR PROPERTY FROM WHICH THE GAS IS RECOVERED, AT WHICH METER THE SALES STREAM OF GAS IS MEASURED WITH SUFFICIENT ACCURACY AND AT APPROPRIATE TEMPERATURE, PRESSURE AND OTHER CONDITION FOR PURPOSES OF SALE, REGARDLESS OF WHETHER THE PARTICULAR GAS IN QUESTION IS ACTUALLY SOLD AT THAT METER;

(25) "POSITIONING COSTS" IS DEFINED IN 15 AAC 21.130(g);

(26) "PRODUCTION INTEREST" MEANS A ROYALTY INTEREST OR A WORKING INTEREST;

(27) "PROVED DEVELOPED RESERVES" MEANS PROVED RESERVES WHICH CAN BE EXPECTED TO BE RECOVERED THROUGH EXISTING WELLS WITH EXISTING EQUIPMENT AND OPERATING METHODS, AND INCLUDES

(A) PROVED RESERVES WHICH ARE EXPECTED TO BE PRODUCED FROM EXISTING COMPLETION INTERVAL(S) CURRENTLY OPEN FOR PRODUCTION IN EXISTING WELLS; AND IT IS NOT NECESSARY THAT PRODUCTION, GATHERING OR TRANSPORTATION FACILITIES BE IN PLACE

OR OPERATIVE, ALTHOUGH IT SHOULD BE VIRTUALLY CERTAIN THAT SUCH FACILITIES WILL BE INSTALLED IN THE FUTURE;

(B) PROVED RESERVES WHICH EXIST BEHIND THE CASING OF EXISTING WELLS, OR AT MINOR DEPTHS BELOW THE PRESENT BOTTOM OF SUCH WELLS, WHICH ARE EXPECTED TO BE PRODUCED THROUGH THOSE WELLS IN THE PREDICTABLE FUTURE, PROVIDED THE COST OF MAKING THAT OIL AND GAS AVAILABLE FOR PRODUCTION IS RELATIVELY SMALL COMPARED TO THE COST OF A NEW WELL; AND

(C) ADDITIONAL OIL AND GAS EXPECTED TO BE OBTAINED THROUGH THE APPLICATION OF FLUID INJECTION OR OTHER IMPROVED RECOVERY TECHNIQUES FOR SUPPLEMENTING THE NATURAL FORCES AND MECHANISMS OF PRIMARY RECOVERY, PROVIDED THAT TESTING BY A PILOT PROJECT OR THE OPERATION OF AN INSTALLED PROGRAM HAS CONFIRMED, THROUGH PRODUCTION RESPONSE, THAT INCREASED RECOVERY WILL BE ACHIEVED;

(28) "PROVED RESERVES" MEANS THOSE ESTIMATED QUANTITIES OF OIL AND GAS WHICH GEOLOGICAL AND ENGINEERING DATA DEMONSTRATE WITH REASONABLE CERTAINTY TO BE RECOVERABLE IN FUTURE YEARS FROM KNOWN RESERVOIRS BASED UPON PRICES AND COSTS EXISTING AT THE TIME THE ESTIMATE IS MADE;

(29) "PROVED UNDEVELOPED RESERVES" MEANS THOSE PROVED RESERVES WHICH ARE EXPECTED TO BE RECOVERED FROM NEW WELLS ON UNDRILLED ACREAGE, OR FROM EXISTING WELLS WHERE A RELATIVELY MAJOR

EXPENDITURE IS REQUIRED FOR COMPLETION; RESERVES ON UNDRILLED ACREAGE MUST BE LIMITED TO THOSE DRILLING UNITS THAT OFFSET PRODUCTIVE UNITS AND WHICH ARE REASONABLY CERTAIN OF PRODUCTION WHEN DRILLED; AND PROVED UNDEVELOPED RESERVES FOR OTHER UNDRILLED ACREAGE MAY BE CLAIMED ONLY WHERE IT CAN BE DEMONSTRATED WITH VIRTUAL CERTAINTY THAT THERE IS CONTINUITY OF PRODUCTION FROM THE EXISTING PRODUCTIVE FORMATION, AND UNDER NO CIRCUMSTANCES SHOULD ESTIMATES FOR PROVED UNDEVELOPED RESERVES BE ATTRIBUTABLE TO ANY ACREAGE FOR WHICH AN APPLICATION OF FLUID INJECTION OR OTHER IMPROVED RECOVERY TECHNIQUE IS CONTEMPLATED, UNLESS THOSE TECHNIQUES HAVE BEEN PROVED EFFECTIVE BY ACTUAL TESTS IN THE AREA AND IN THE SAME RESERVOIR;

(30) "ROYALTY" OR "ROYALTY INTEREST" MEANS A BASIC ROYALTY, OVERRIDING ROYALTY, PRODUCTION PAYMENT (EXCLUDING LOAN REPAYMENT), NET PROFITS INTEREST, OR CARRIED INTEREST, IN THE PRODUCTION OF OIL AND GAS;

(31) "SALES DELIVERY POINT" MEANS

(A) FOR A TAXPAYER'S OIL AND GAS SOLD IN A BONA FIDE ARM'S-LENGTH SALE TO A THIRD PARTY, OTHER THAN A SALE TO WHICH 15 AAC 21.122(d) APPLIES, THE POINT OF DELIVERY UNDER THE TERMS OF THE CONTRACT OR AGREEMENT FOR THAT SALE;

(B) FOR A TAXPAYER'S OIL NOT SOLD IN A BONA FIDE ARM'S-LENGTH SALE TO A THIRD PARTY, THE GATE OF THE REFINERY TO WHICH THAT OIL IS ULTIMATELY TRANSPORTED; AND

(C) FOR A TAXPAYER'S GAS NOT SOLD IN A BONA FIDE ARM'S-LENGTH SALE TO A THIRD PARTY, THE POINT OF DELIVERY UNDER THE TERMS OF THE SALES CONTRACT USED AS THE REFERENCE FOR THE SALES PRICE OF THE TAXPAYER'S GAS UNDER 15 AAC 21.122 AND 15 AAC 21.125;

(32) "SALES PRICE" IS DEFINED IN 15 AAC 21.122;

(33) "SAME MARKET" MEANS

(A) WITH RESPECT TO A TAXPAYER'S OIL REFINED IN ALASKA, THE ALASKAN MARKET;

(B) WITH RESPECT TO A TAXPAYER'S OIL LANDED ON THE U.S. WEST COAST (INCLUDING HAWAII), THE WEST COAST MARKET OR, IF APPROPRIATE, THE SUBMARKETS ON THE WEST COAST (I.E., PUGET SOUND, SAN FRANCISCO BAY, THE LONG BEACH AND LOS ANGELES AREA, AND HAWAII);

(C) WITH RESPECT TO A TAXPAYER'S OIL LANDED ON THE U.S. GULF COAST, THE GULF COAST MARKET;

(D) WITH RESPECT TO A TAXPAYER'S OIL LANDED ON THE U.S. EAST COAST, THE EAST COAST MARKET;

(E) WITH RESPECT TO A TAXPAYER'S OIL LANDED IN PUERTO RICO OR THE U.S. VIRGIN ISLANDS, THE PUERTO RICAN AND VIRGIN ISLAND MARKET;

(F) WITH RESPECT TO A TAXPAYER'S GAS MARKETED IN ALASKA, THE ALASKAN MARKET OR PART OF IT SERVED BY GAS FROM THE SAME FIELD OR AREA AS THE TAXPAYER'S GAS;

(G) WITH RESPECT TO A TAXPAYER'S GAS MARKETED IN THE 48 CONTIGUOUS STATES OF THE UNITED STATES, THE MARKET FOR THOSE STATES;

(H) WITH RESPECT TO A TAXPAYER'S GAS MARKETED IN A FOREIGN COUNTRY, THE MARKET IN THAT FOREIGN COUNTRY;

(34) "TAXPAYER" MEANS A CORPORATION OR, COLLECTIVELY, TWO OR MORE CORPORATIONS SUBJECT TO THIS CHAPTER THAT ARE PARTS OF THE SAME CONSOLIDATED BUSINESS UNDER THIS CHAPTER;

(35) "TAX YEAR" MEANS A PERIOD BEGINNING ON JANUARY 1 AND ENDING ON THE FOLLOWING DECEMBER 31; HOWEVER, FOR A FISCAL-YEAR TAXPAYER "TAX YEAR" MEANS THAT TAXPAYER'S FISCAL YEAR OR, FOR THE FIRST FISCAL YEAR IN WHICH THE TAXPAYER REPORTS AND PAYS TAX ON A FISCAL-YEAR BASIS UNDER THIS CHAPTER, THAT PART OF THAT FISCAL YEAR BEGINNING ON AND FOLLOWING JANUARY 1;

(36) "VOYAGE AND PORT COSTS" IS DEFINED IN 15 AAC 21.130(e);

(37) "WORKING INTEREST" MEANS ANY INTEREST (INCLUDING FEE TITLE), IN THE PRODUCTION OF OIL AND GAS THAT IS NOT A ROYALTY INTEREST; AND

(38) "YEAR" MEANS TAX YEAR UNLESS THE CONTEXT INDICATES OTHERWISE.] (Eff. 2/22/79, Register 69; am 5/21/81, Register 78; am 4/14/82, Register 82; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.21.090

15 AC 55.151(b)(2)(A) is repealed:

(A) repealed ____/____/_____; [BEFORE JULY 1, 2007, THE PRODUCER'S REASONABLE COSTS OF TRANSPORTATION UNDER 15 AAC 55.180 AND 15 AAC 55.191 MUST BE SUBTRACTED FROM THE DESTINATION VALUE DETERMINED UNDER (1) OF THIS SUBSECTION; REASONABLE COSTS OF TRANSPORTATION ARE CALCULATED FROM THE POINT OF PRODUCTION OF THE OIL OR GAS TO ITS SALES DELIVERY POINT, OR IF DIFFERENT, TO A POINT WHERE PREVAILING VALUE IS CALCULATED UNDER 15 AAC 55.171 OR 15 AAC 55.173;]

(Eff. 1/1/95, Register 132; am 1/1/2000, Register 152; am 1/1/2002, Register 160; am 1/1/2003, Register 164; am 5/3/2007, Register 182; am 4/30/2010, Register 194; am ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.110 AS 43.55.900
AS 43.55.020 AS 43.55.150

15 AAC 55.173(i) is repealed:

(i) Repealed ____/____/_____. [NOTWITHSTANDING (a)(2) OF THIS SECTION, FOR THE JULY - SEPTEMBER 2008 CALENDAR QUARTER, THE DEPARTMENT WILL PUBLISH WITHIN 15 DAYS AFTER OCTOBER 1, 2008 THE PREVAILING VALUE FOR THAT QUARTER FOR GAS DELIVERED IN THE ALASKA NORTH SLOPE AREA.]

(Eff. 1/1/95, Register 132; am 1/1/2000, Register 152; am 1/1/2003, Register 164; am 5/3/2007, Register 182; am 10/1/2008, Register 187; am 4/30/2010, Register 194; am ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.55.030 AS 43.55.110
AS 43.55.020 AS 43.55.040

15 AAC 55.180 is repealed:

15 AAC 55.180. Choice of methods for determining reasonable cost of transportation for oil and gas produced before July 1, 2007. Repealed. [(a) EXCEPT AS PROVIDED IN (b) OF THIS SECTION, THE REASONABLE COST OF TRANSPORTATION IS THE ACTUAL COST OF TRANSPORTATION AS DETERMINED IN 15 AAC 55.191(a) AND (b), IF THE ACTUAL COSTS INCURRED ARE ORDINARY AND NECESSARY TRANSPORTATION EXPENSES.

(b) THE REASONABLE COST OF TRANSPORTATION IS THE FAIR MARKET VALUE AS DEFINED IN 15 AAC 55.191(h) IF ALL OF THE FOLLOWING CONDITIONS EXIST:

(1) THE PARTIES TO THE TRANSPORTATION OF OIL OR GAS ARE AFFILIATED;

(2) THE CONTRACT FOR THE TRANSPORTATION OF OIL OR GAS IS NOT AN ARM'S-LENGTH TRANSACTION OR IS NOT REPRESENTATIVE OF THE MARKET VALUE OF THE TRANSPORTATION; AND

(3) THE METHOD OF TRANSPORTATION OF OIL OR GAS IS NOT REASONABLE IN VIEW OF EXISTING ALTERNATIVE METHODS OF TRANSPORTATION.

(c) THIS SECTION APPLIES TO OIL AND GAS PRODUCED BEFORE JULY 1, 2007.] (Eff. 1/6/80, Register 73; am 1/1/95, Register 132; am 1/1/2000, Register 152; am 4/30/2010, Register 194; repealed ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.55.110 AS 43.55.150
AS 43.55.020

15 AAC 55.191 is repealed:

15 AAC 55.191. Calculation of reasonable costs of transportation for oil or gas produced before July 1, 2007. Repealed. [(a) REASONABLE COSTS OF TRANSPORTATION ARE THE ORDINARY AND NECESSARY COSTS INCURRED TO TRANSPORT THE OIL OR GAS FROM THE POINT OF PRODUCTION TO THE SALES DELIVERY POINT OR, IF GAS PRODUCED BEFORE APRIL 1, 2006 HAS BEEN RUN THROUGH A GAS PROCESSING PLANT, FROM THE PLANT TO THE SALES DELIVERY POINT.

(b) ACTUAL COSTS OF TRANSPORTATION ALLOWABLE FOR PURPOSES OF 15 AAC 55.180(a) ARE

(1) IF TRANSPORTATION OF OIL OR GAS IS BY A REGULATED CARRIER, THE TARIFF THAT IS ON FILE WITH THE FEDERAL ENERGY REGULATORY COMMISSION OR OTHER REGULATORY AGENCY HAVING JURISDICTION, AND THAT IS APPLICABLE TO THAT TRANSPORTATION OF THE OIL OR GAS BY THE CARRIER, FROM THE POINT WHERE THAT OIL OR GAS IS TENDERED INTO THE FACILITIES OF THE CARRIER TO THE POINT WHERE IT IS DELIVERED FROM THE FACILITIES OF THE CARRIER;

(2) IF TRANSPORTATION OF OIL IS BY A VESSEL THAT IS NOT OWNED OR EFFECTIVELY OWNED, IN WHOLE OR IN PART, BY THE PRODUCER OF THAT OIL

(A) FOR A SINGLE VOYAGE CHARTER, THE TOTAL COSTS UNDER THE CHARTER FOR THAT VESSEL, PLUS ANY VOYAGE AND PORT COSTS AS PROVIDED IN (j) OF THIS SECTION IF THOSE VOYAGE AND PORT COSTS ARE INCURRED FOR THAT TRANSPORTATION DURING THE TERM OF THE CHARTER, ARE NOT INCLUDED IN THE CHARTER FEE, AND ARE BORNE BY THE PRODUCER, PLUS THE POSITIONING COSTS, IF ANY, BORNE BY THE PRODUCER FOR THAT VESSEL;

(B) FOR A CONSECUTIVE VOYAGE CHARTER OR A TIME CHARTER, THE TOTAL COSTS UNDER THE CHARTER FOR THAT VESSEL, PLUS ANY VOYAGE AND PORT COSTS AS PROVIDED IN (j) OF THIS SECTION IF THOSE VOYAGE AND PORT COSTS ARE INCURRED FOR THAT TRANSPORTATION DURING THE TERM OF THE CHARTER, ARE NOT INCLUDED IN THE CHARTER FEE, AND ARE BORNE BY THE PRODUCER,

PLUS THE POSITIONING COST, IF ANY, BORNE BY THE PRODUCER FOR THAT VESSEL; THE POSITIONING COST MUST BE AMORTIZED OVER THE LESSER OF 36 MONTHS OR THE TERM OF THE CHARTER IN THE CASE OF A TIME CHARTER, AND AMORTIZED ON THE BASIS OF THE NUMBER OF VOYAGES IN THE CASE OF A CONSECUTIVE VOYAGE CHARTER; OR

(C) FOR A CONTRACT OF AFFREIGHTMENT, THE TOTAL COSTS UNDER THE CONTRACT, PLUS ANY VOYAGE AND PORT COSTS AS PROVIDED IN (j) OF THIS SECTION IF THOSE VOYAGE AND PORT COSTS ARE INCURRED FOR THAT TRANSPORTATION DURING THE CONTRACT OF AFFREIGHTMENT, ARE NOT INCLUDED IN THE CHARTER FEE, AND ARE BORNE BY THE PRODUCER, PLUS ANY POSITIONING COSTS NOT INCLUDED IN THAT FEE THAT ARE INCURRED WITH RESPECT TO THAT TRANSPORTATION DURING THE CONTRACT OF AFFREIGHTMENT AND THAT ARE BORNE BY THE PRODUCER;

(3) IF TRANSPORTATION OF OIL IS BY A VESSEL THAT IS OWNED OR EFFECTIVELY OWNED, IN WHOLE OR IN PART, BY THE PRODUCER OF THAT OIL, THE PRODUCER'S ACTUAL COST FOR THAT TRANSPORTATION, WHICH IS THE SUM OF

(A) VOYAGE AND PORT COSTS INCURRED WITH RESPECT TO THAT TRANSPORTATION, AS PROVIDED IN (j) OF THIS SECTION;

(B) THE POSITIONING COST, AMORTIZED OVER 36 MONTHS, FOR THAT VESSEL;

(C) DEPRECIATION OF THE VESSEL AS CALCULATED BY THE PRODUCER FOR FINANCIAL ACCOUNTING PURPOSES AND USED FOR REPORTING INCOME AND EXPENSES TO SHAREHOLDERS AND OWNERS, OR AS PROVIDED IN 15 AAC 55.195(a), (b), (c), (f), OR (h) OR 15 AAC 55.196, AS APPLICABLE; AND

(D) AN AMOUNT THAT, WHEN ADDED TO THE AMOUNT OF DEPRECIATION ALLOWED UNDER (C) OF THIS PARAGRAPH, WILL PROVIDE A REASONABLE RETURN ON THE ACQUISITION COST, AS PROVIDED IN 15 AAC 55.195(a), OF THE VESSEL OVER ITS EXPECTED USEFUL LIFE AS USED FOR FINANCIAL ACCOUNTING PURPOSES AND USED FOR REPORTING INCOME AND EXPENSES TO SHAREHOLDERS AND OWNERS, OR ON THE ADJUSTED SHIPYARD COST OR INVESTED CAPITAL AS PROVIDED IN 15 AAC 55.195(b), (c), (f), OR (h) OR 15 AAC 55.196, AS APPLICABLE;

(4) IN THE CASE OF TRANSPORTATION OF GAS AS LIQUEFIED NATURAL GAS (LNG),

(A) IF NOT ALL OF THE LNG TRANSPORTATION FACILITIES ARE SUBJECT TO TARIFF REGULATIONS OF THE FEDERAL ENERGY REGULATORY COMMISSION OR ANOTHER FEDERAL AGENCY, A STATE, TERRITORY, OR POSSESSION OF THE UNITED STATES, OR A FOREIGN NATION, AND IF THE PRODUCER DOES NOT OWN OR EFFECTIVELY OWN, IN WHOLE OR IN PART, THE LNG TRANSPORTATION FACILITY, THE AMOUNT CHARGED TO THE PRODUCER FOR THAT LNG TRANSPORTATION;

(B) IF THE PRODUCER OWNS OR EFFECTIVELY OWNS, IN WHOLE OR IN PART, THE LNG TRANSPORTATION FACILITY, THE PRODUCER'S ACTUAL COST FOR THAT TRANSPORTATION, WHICH IS THE SUM OF

(i) THE DIRECT OPERATING COSTS OF THE LNG TRANSPORTATION FACILITY INCURRED WITH RESPECT TO THE PRODUCER'S GAS; FOR AN LNG TANKER, DIRECT OPERATING COSTS CONSIST OF THE TANKER'S VOYAGE AND PORT COSTS AS PROVIDED IN (j) OF THIS SECTION;

(ii) THE POSITIONING COST, AMORTIZED OVER 36 MONTHS, IN THE CASE OF AN LNG TANKER;

(iii) DEPRECIATION OF THE LNG TRANSPORTATION FACILITY AS CALCULATED BY THE PRODUCER FOR FINANCIAL ACCOUNTING PURPOSES AND USED FOR REPORTING INCOME AND EXPENSES TO SHAREHOLDERS AND OWNERS, OR AS PROVIDED IN 15 AAC 55.195(a), (b), (c), OR (d), AS APPLICABLE;

(iv) AN AMOUNT THAT, WHEN ADDED TO THE AMOUNT OF DEPRECIATION ALLOWED UNDER (iii) OF THIS SUBPARAGRAPH, WILL PROVIDE A REASONABLE RETURN ON THE ACQUISITION COST, AS PROVIDED IN 15 AAC 55.195(a), (b), (c), OR (d), AS APPLICABLE, OF THE LNG TRANSPORTATION FACILITY OVER ITS EXPECTED USEFUL LIFE AS USED FOR FINANCIAL ACCOUNTING PURPOSES AND USED FOR REPORTING INCOME AND EXPENSES TO SHAREHOLDERS AND

OWNERS, OR ON THE ADJUSTED SHIPYARD COST AS PROVIDED IN 15 AAC 55.195(a), (b), (c), OR (d), AS APPLICABLE;

(5) IF TRANSPORTATION OF OIL OR GAS IS BY A NONREGULATED PIPELINE FACILITY THAT IS NOT OWNED OR EFFECTIVELY OWNED, IN WHOLE OR IN PART, BY THE PRODUCER OF THAT OIL OR GAS, THE TRANSPORTATION FEE SPECIFIED IN THE CONTRACT PLUS ANY OTHER COSTS NOT INCLUDED IN THE FEE WITH RESPECT TO THAT TRANSPORTATION THAT ARE BORNE BY THE PRODUCER;

(6) REPEALED 5/3/2007;

(7) REPEALED 5/3/2007; OR

(8) IF TRANSPORTATION OF OIL OR GAS IS BY A NONREGULATED PIPELINE FACILITY THAT IS OWNED OR EFFECTIVELY OWNED, IN WHOLE OR IN PART, BY THE PRODUCER OF THAT OIL OR GAS, THE SUM OF THE FOLLOWING, ALLOCATED TO THAT OIL OR GAS IN THE PROPORTION THAT THE VOLUME OF THAT OIL OR GAS BEARS TO THE TOTAL VOLUME OF FLUIDS TRANSPORTED BY THE PIPELINE:

(A) A COST OF CAPITAL ALLOWANCE THAT INCLUDES DEPRECIATION AND A RETURN ON INVESTMENT, AS PROVIDED IN 15 AAC 55.195(d);

(B) THE REASONABLE OPERATING AND MAINTENANCE COSTS FOR THE PIPELINE FACILITY, WHICH ARE DETERMINED BY MULTIPLYING THE PROJECTED ACTUAL ANNUAL AMOUNT OF DIRECT OPERATING AND MAINTENANCE COSTS FOR THE PIPELINE FACILITY BY 112 PERCENT; FOR

PURPOSES OF THIS SUBPARAGRAPH, DIRECT OPERATING AND MAINTENANCE COSTS ARE ONLY THOSE COSTS NECESSARY TO PHYSICALLY OPERATE AND MAINTAIN THE PIPELINE FACILITY;

(C) AD VALOREM TAXES ASSOCIATED WITH THE PIPELINE FACILITY.

(c) REPEALED 1/1/2000.

(d) REPEALED 1/1/2000.

(e) REPEALED 1/1/2000.

(f) REPEALED 1/1/2000.

(g) REPEALED 1/1/2000.

(h) REASONABLE COST OF TRANSPORTATION UNDER 15 AAC 55.180(b) IS FAIR MARKET VALUE. FAIR MARKET VALUE OF TRANSPORTATION IS DETERMINED

(1) FOR SHIPMENTS OF OIL, ON THE BASIS OF THIRD-PARTY CHARTERS (THAT IS, TIME CHARTERS IN WHICH THE PRODUCER DOES NOT OWN OR EFFECTIVELY OWN THE VESSEL IN WHOLE OR IN PART) OF ONE YEAR OR MORE WHICH ARE REPORTED TO THE DEPARTMENT FOR LIKE VESSELS, PLUS REGULATED TRANSPORTATION COSTS UNDER (b)(1) OF THIS SECTION; TWO VESSELS WILL BE CONSIDERED LIKE VESSELS IF THE DIFFERENCE BETWEEN THEM IN TONNAGE IS LESS THAN 10,000 DEAD-WEIGHT TONS AND IF THEY ARE BOTH

(A) JONES ACT VESSELS (46 U.S.C. APP. 808 AND 883);

(B) CONSTRUCTION-DIFFERENTIAL SUBSIDY ("CDS") VESSELS

(46 U.S.C. APP. 1151 - 1161);

(C) OPERATING-DIFFERENTIAL SUBSIDY ("ODS") VESSELS (46

U.S.C. APP. 1171 - 1185);

(D) CDS AND ODS VESSELS; OR

(E) VESSELS THAT DO NOT MEET THE QUALIFICATIONS OF (A)

- (D) OF THIS PARAGRAPH; OR

(2) FOR SHIPMENTS OF GAS AS LNG, ON THE BASIS OF THIRD PARTY CHARTERS OR LEASES (THAT IS, TIME CHARTERS OR LEASES IN WHICH THE PRODUCER DOES NOT OWN OR EFFECTIVELY OWN, IN WHOLE OR IN PART, THE LNG TRANSPORTATION FACILITY IN QUESTION) OF THREE YEARS OR MORE THAT ARE REPORTED TO THE DEPARTMENT FOR LIKE LNG TRANSPORTATION FACILITIES, PLUS REGULATED TRANSPORTATION COSTS UNDER (b)(1) OF THIS SECTION.

(i) IF A PRODUCER SELLS ITS OIL OR GAS TO A THIRD PARTY IN WHAT WOULD OTHERWISE BE A BONA FIDE, ARM'S-LENGTH SALE BUT AT THE TIME OF THE SALE THE PRODUCER EXPECTS TO REPURCHASE THAT OIL OR GAS AT A SUBSEQUENT TIME AND PLACE, THEN THAT SALE TO THE THIRD PARTY AND THE REPURCHASE FROM THE THIRD PARTY, WHEN IT OCCURS, MUST BE DISREGARDED AND THE OIL OR GAS SUBJECT TO THAT SALE MUST BE REGARDED AS IF IT HAD REMAINED THE PRODUCER'S OWN OIL OR GAS THROUGHOUT THE TIME BETWEEN THAT SALE AND REPURCHASE. IN DETERMINING THE VALUE AT THE POINT OF PRODUCTION IN SUCH A CASE, THE

REASONABLE COST OF TRANSPORTATION BETWEEN THE POINT OF SALE FOR THAT SALE AND THE POINT OF REPURCHASE MUST BE DETERMINED AS IF THE PRODUCER WERE THE SHIPPER. THIS SUBSECTION DOES NOT APPLY IF THE PRODUCER'S EXPECTED REPURCHASE DOES NOT IN FACT OCCUR.

(j) FOR PURPOSES OF THIS SECTION, ALLOWABLE VOYAGE AND PORT COSTS FOR A VESSEL DO NOT INCLUDE LOSSES, DAMAGES, OR EXPENSES INCURRED IN CONNECTION WITH AN OIL DISCHARGE EXCEPT AS PROVIDED IN THIS SUBSECTION, AND DO NOT INCLUDE TAXES OR FEES ON THE RECEIPT OF OIL OR LNG AT A MARINE TERMINAL FROM A VESSEL. ALLOWABLE VOYAGE AND PORT COSTS FOR A VESSEL OR LNG TANKER ARE COSTS ACTUALLY INCURRED FOR THE FOLLOWING PURPOSES:

(1) FUEL FOR THE VESSEL OR LNG TANKER WHILE IN PORT AND AT SEA NOT TO EXCEED THE ACTUAL COST IF PURCHASED FROM A THIRD PARTY, OR IF THE FUEL IS NOT PURCHASED FROM A THIRD PARTY, THE SPOT MARKET PRICE OF COMPARABLE FUEL AS REPORTED BY PLATT'S AT THE TIME OF THE FUEL PURCHASE FOR THE MARKET NEAREST THE POINT OF REFUELING, PLUS RELATED ALLOWABLE FUEL TAXES AND HANDLING CHARGES;

(2) STORES AND PROVISIONS FOR THE VESSEL OR LNG TANKER AND ITS CAPTAIN AND CREW;

(3) WAGES AND BENEFITS OF THE VESSEL'S OR LNG TANKER'S CAPTAIN AND CREW;

(4) ROUTINE MAINTENANCE;

(5) DRYDOCKING COSTS, EXPENSED IN THE YEAR PAID;

- (6) PORT AND DOCK FEES;
- (7) REPEALED 1/1/2002;
- (8) DEMURRAGE;
- (9) TUG AND PILOTAGE FEES;
- (10) MARINE AGENTS' FEES IN PORT;
- (11) LIGHTERING;
- (12) TRANSSHIPMENT CHARGES;
- (13) CUSTOMS FEES AND DUTIES;
- (14) TAXES INCURRED DUE TO THE OWNERSHIP AND OPERATION OF THE VESSEL OR LNG TANKER, EXCEPT FOR INCOME TAXES AND OTHER TAXES (INCLUDING CERTAIN FRANCHISE TAXES) MEASURED BY INCOME;
- (15) REGULAR AND CUSTOMARY GRATUITIES THAT ARE ALSO LEGAL;
- (16) INSURANCE PREMIUMS ACTUALLY PAID TO THIRD-PARTY INSURERS;
- (17) MINOR CARGO LOSSES OR MEASURING DIFFERENTIALS NOT TO EXCEED .0025 OF THE OIL TRANSPORTED, DETERMINED ON AN ANNUAL BASIS FOR EACH VESSEL;
- (18) LOADING AND UNLOADING INSPECTION FEES;
- (19) PANAMA CANAL TRANSIT FEES;
- (20) A REASONABLE MANAGEMENT FEE FOR OPERATING VESSELS OR LNG TANKERS; THIS FEE IS SET AT SIX PERCENT OF THE ALLOWABLE COSTS SET OUT IN (1) - (3) OF THIS SUBSECTION; THIS SET FEE COVERS ALL GENERAL

AND ADMINISTRATIVE COSTS RELATED TO VESSEL OPERATIONS, INCLUDING ALL COSTS FOR ACCOUNTING SERVICES, CLERICAL SERVICES, ADMINISTRATIVE SERVICES, SECRETARIAL SERVICES, DATA PROCESSING SERVICES, LEGAL SERVICES, CORPORATE AND OPERATIONS MANAGEMENT, OVERHEAD PASS-THROUGHS, FACILITY COSTS AND DEPRECIATION, CORPORATE PLANNING, RISK MANAGEMENT, ENVIRONMENTAL PLANNING AND RISK EVALUATION, PUBLIC AFFAIRS, GOVERNMENTAL AFFAIRS, POLITICAL AFFAIRS, DUES AND SUBSCRIPTIONS OTHER THAN DUES ALLOWABLE UNDER (22) OF THIS SUBSECTION, LONG-RANGE SCHEDULING, AND LONG-RANGE PLANNING; ADDITIONAL DEDUCTIONS WILL NOT BE ALLOWED FOR THESE COSTS;

(21) OTHER COSTS DIRECTLY ASSOCIATED WITH THE OPERATION OR MAINTENANCE OF THE VESSEL OR LNG TANKER, INCLUDING COSTS FOR PORT SERVICES AND OPERATIONS, CARGO SCHEDULING AND PLANNING, FLEET STAFFING, FLEET SCHEDULING, FLEET STAFF TRAINING, FLEET SAFETY, ENGINEERING FOR REPAIR, ENGINEERING FOR MAINTENANCE, ENGINEERING FOR DRY-DOCKING, QUALITY ASSURANCE FOR VESSEL OPERATIONS, COMMUNICATION SYSTEMS, NAVIGATION SYSTEMS, UNITED STATES COAST GUARD CERTIFICATIONS, AND UTILITY SERVICES; THESE COSTS INCLUDE COSTS FOR PERSONNEL PERFORMING THE FUNCTIONS LISTED AND THE FIRST LEVEL OF SUPERVISION OF THESE PERSONNEL;

(22) COSTS INCURRED IN TRANSPORTATION OF OIL TO COMPLY WITH 33 U.S.C. 2701 - 2761 (OIL POLLUTION ACT OF 1990), AS 46.04, AND APPLICABLE LAWS OF THIS OR ANY OTHER STATE OR POLITICAL SUBDIVISION

REQUIRING EQUIPMENT AND PERSONNEL TO BE IN PLACE FOR SPILL PREVENTION AND RESPONSE TO SPILLS FROM VESSELS; THOSE COSTS MUST HAVE NOT BEEN INCORPORATED INTO A PIPELINE TARIFF, BUT MUST HAVE BEEN INCURRED AS AN ACTUAL COST IN THE TRANSPORTATION OF OIL PRODUCED IN THE STATE; AND

(23) COSTS OF CONTAINING AND CLEANING UP CARGO LOST IN A DISCHARGE, UNLESS THE DISCHARGE IS A CATASTROPHIC OIL DISCHARGE UNDER AS 46.04.900.

(k) FOR PURPOSES OF THIS SECTION, A PRODUCER "EFFECTIVELY OWNS" A VESSEL, LNG TRANSPORTATION FACILITY, OR NONREGULATED PIPELINE FACILITY IF THE VESSEL, LNG TRANSPORTATION FACILITY, OR NONREGULATED PIPELINE FACILITY

(1) IS OWNED BY ANOTHER PERSON COMPRISING PART OF A CONSOLIDATED BUSINESS IN WHICH THE PRODUCER IS ALSO A PART;

(2) IS THE SUBJECT OF A LEASE THAT QUALIFIES AS A CAPITAL LEASE UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, IN WHICH THE PRODUCER OR ANOTHER PERSON COMPRISING PART OF A CONSOLIDATED BUSINESS IN WHICH THE PRODUCER IS ALSO A PART, IS THE LESSEE;

(3) WAS BUILT TO THE ACCOUNT OF THE PRODUCER, OR OF ANOTHER PERSON COMPRISING PART OF A CONSOLIDATED BUSINESS IN WHICH THE PRODUCER IS ALSO A PART, WAS SOLD AND WAS CHARTERED OR LEASED BACK BY THE PRODUCER, OR BY ANOTHER PERSON COMPRISING PART OF A CONSOLIDATED BUSINESS IN WHICH THE PRODUCER IS ALSO A PART, ALL IN A

SIMULTANEOUS TRANSACTION, AND IS ON A TERM CHARTER OR LEASE FOR A PERIOD OF 15 YEARS OR LONGER TO THE PRODUCER, OR TO ANOTHER PERSON COMPRISING PART OF A CONSOLIDATED BUSINESS IN WHICH THE PRODUCER IS ALSO A PART; OR

(4) IN THE CASE OF A VESSEL FOR WHICH A COST OF CAPITAL ALLOWANCE IS ALLOWED UNDER 15 AAC 55.196, IS TREATED AS OWNED BY THE PRODUCER, OR BY ANOTHER PERSON COMPRISING PART OF A CONSOLIDATED BUSINESS IN WHICH THE PRODUCER IS ALSO A PART, IN A FEDERAL INCOME TAX RETURN FILED BY OR ON BEHALF OF THE PRODUCER, OR BY OR ON BEHALF OF ANOTHER PERSON COMPRISING PART OF A CONSOLIDATED BUSINESS IN WHICH THE PRODUCER IS ALSO A PART.

(l) FOR PURPOSES OF THIS SECTION, THE "POSITIONING COST" FOR A VESSEL OR LNG TANKER INCLUDES THE COSTS BORNE BY THE PRODUCER FOR PLACING THAT VESSEL OR LNG TANKER INTO POSITION BEFORE THE VESSEL'S OR LNG TANKER'S FIRST VOYAGE IN SERVICE FOR THAT PRODUCER.

(m) THE THIRD-PARTY NATURE OF AN AGREEMENT BETWEEN A PRODUCER AND A THIRD-PARTY CARRIER REGARDING TRANSPORTATION COSTS IS NOT AFFECTED DURING THE TERM OF THAT AGREEMENT BY A SUBSEQUENT CONSOLIDATION OF THAT PRODUCER AND CARRIER INTO A CONSOLIDATED BUSINESS, IF, AT THE TIME THEY ENTERED INTO THAT AGREEMENT, NEITHER THE PRODUCER NOR THE CARRIER EXERCISED DIRECTLY OR INDIRECTLY ANY CONTROL OVER THE BUSINESS AFFAIRS OF THE OTHER.

(n) THE PRODUCER'S ACTUAL MARINE TRANSPORTATION COST, AS OTHERWISE DETERMINED UNDER THIS SECTION, FOR A PRODUCER THAT TRANSPORTS OIL PRODUCED IN THE STATE ON BEHALF OF A NON-AFFILIATED PARTY THROUGH A CHARTER, CONTRACT OF AFFREIGHTMENT, SUBLEASE, OR OTHER ARRANGEMENT, IN ADDITION TO THE PRODUCER'S OWN OIL PRODUCED IN THE STATE, INCLUDES THE COST OF TRANSPORTING THAT NON-AFFILIATED PARTY'S OIL PRODUCED IN THE STATE AND IS REDUCED BY THE REVENUE RECEIVED FOR PROVIDING THAT TRANSPORTATION. FOR PURPOSES OF THIS SUBSECTION,

(1) "AFFILIATED PARTY" MEANS A COMPANY EFFECTIVELY CONTROLLED BY THE PRODUCER OR BY THE SAME COMPANY THAT EFFECTIVELY CONTROLS THE PRODUCER; A COMPANY "EFFECTIVELY CONTROLS" ANOTHER COMPANY IF IT DIRECTLY OR INDIRECTLY OWNS 20 PERCENT OR MORE OF THE OUTSTANDING STOCK OR OTHER OWNERSHIP INTERESTS;

(2) "NON-AFFILIATED PARTY" MEANS A PRODUCER OF OIL PRODUCED IN THE STATE THAT IS NOT AN AFFILIATED PARTY.

(o) A PRODUCER SHALL REPORT ANY REIMBURSED COSTS TO THE DEPARTMENT. REIMBURSED COSTS ARE NOT ALLOWABLE AS ACTUAL COSTS OF TRANSPORTATION UNDER THIS SECTION.

(p) ONLY COSTS INCURRED IN THE TRANSPORTATION OF OIL OR GAS PRODUCED FROM A LEASE OR PROPERTY IN THE STATE ARE ALLOWABLE

COSTS. COSTS INCURRED IN CONNECTION WITH THE TRANSPORTATION OF ANY OTHER OIL OR GAS ARE NOT ALLOWABLE COSTS.

(q) FOR PURPOSES OF THIS SECTION, "EXPECTED USEFUL LIFE" MEANS THE PERIOD OF TIME USED TO CALCULATE DEPRECIATION UNDER (b)(3)(C) OR (b)(4)(B)(iii) OF THIS SECTION.

(r) REPEALED 1/1/2002.

(s) REPEALED 1/1/2000.

(t) REPEALED 5/3/2007.

(u) FOR OIL OR GAS PRODUCED DURING CALENDAR YEAR 2002 THAT IS TRANSPORTED BY A VESSEL PLACED IN SERVICE ON OR AFTER JANUARY 1, 1995, THE ACTUAL COSTS OF TRANSPORTATION UNDER (b) OF THIS SECTION DO NOT INCLUDE DEPRECIATION, RETURN ON ACQUISITION COST, OR LEASE OR CHARTER PAYMENTS FOR A VESSEL OR LNG TANKER THAT HAS NOT, DURING ANY PERIOD OF 60 CONSECUTIVE DAYS OR LONGER, RETROACTIVE TO THE FIRST DAY OF THE PERIOD, TRANSPORTED OIL OR GAS PRODUCED IN THE STATE. HOWEVER, IF THE VESSEL IS PLACED IN DRY DOCK BEFORE THE END OF THE 60-DAY PERIOD, THE ACTUAL COSTS OF TRANSPORTATION UNDER (b) OF THIS SECTION DO NOT INCLUDE DEPRECIATION, RETURN ON INVESTMENT, OR LEASE OR CHARTER PAYMENTS FOR THE VESSEL IF IT HAS NOT, DURING ANY PERIOD OF MORE THAN 120 CONSECUTIVE DAYS, TRANSPORTED OIL OR GAS PRODUCED IN THE STATE, WITH THE DISALLOWANCE OF THE COSTS OF TRANSPORTATION STARTING WITH THE 121ST DAY.

(v) OTHER COSTS INCURRED TO TRANSPORT OIL OR GAS FROM THE FLANGE OF THE VESSEL TO THE SALES DELIVERY POINT ARE ALLOWABLE FOR PURPOSES OF 15 AAC 55.180(a) IF THE OTHER COSTS ARE ACTUAL COSTS OF TRANSPORTATION.

(w) THIS SECTION APPLIES TO OIL AND GAS PRODUCED BEFORE JULY 1, 2007.] (Eff. 1/1/95, Register 132; am 1/1/2000, Register 152; am 1/1/2002, Register 160; am 1/1/2003, Register 164; am 5/3/2007, Register 182; am 4/30/2010, Register 194; am 3/1/2017, Register 221; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.040 AS 43.55.150
AS 43.55.020 AS 43.55.110 AS 43.55.900
AS 43.55.030

15 AAC 55.205 is repealed:

15 AAC 55.205. Calculation of production tax values for oil and gas produced before July 1, 2007. Repealed. [(a) A PRODUCER OR, UNDER AS 43.55.160(d), AN EXPLORER SHALL CALCULATE A SINGLE PRODUCTION TAX VALUE FOR A CALENDAR YEAR, UNDER AS 43.55.160(a)(1), AS THE PROVISIONS OF THAT PARAGRAPH READ ON JUNE 30, 2007, AND FOR A MONTH, UNDER AS 43.55.160(a)(2), AS THE PROVISIONS OF THAT PARAGRAPH READ ON JUNE 30, 2007, FOR EACH SEGMENT.

(b) THE PROVISION OF AS 43.55.160(b) THAT A PRODUCTION TAX VALUE MAY NOT BE LESS THAN ZERO APPLIES TO EACH PRODUCTION TAX VALUE CALCULATED FOR EACH SEGMENT. ADJUSTED LEASE EXPENDITURES

APPLICABLE TO A SEGMENT THAT EXCEED THE AMOUNT OF ADJUSTED LEASE EXPENDITURES THAT MAY, UNDER AS 43.55.160(b), BE DEDUCTED IN CALCULATING A PRODUCTION TAX VALUE FOR THE SEGMENT ARE CONSIDERED EXCESS ADJUSTED LEASE EXPENDITURES AND, EXCEPT AS OTHERWISE PROVIDED UNDER 15 AAC 55.223, MAY NOT BE REALLOCATED TO, OR DEDUCTED IN CALCULATING A PRODUCTION TAX VALUE FOR, A DIFFERENT SEGMENT. EXCESS ADJUSTED LEASE EXPENDITURES RELATING TO THE CALCULATION OF AN ANNUAL PRODUCTION TAX VALUE, BUT NOT A MONTHLY PRODUCTION TAX VALUE, MAY BE USED TO ESTABLISH A CARRIED-FORWARD ANNUAL LOSS TO THE EXTENT ALLOWED UNDER AS 43.55.023(b) and 43.55.160(e).

(c) FOR PURPOSES OF THIS SECTION,

(1) EXCEPT AS OTHERWISE PROVIDED UNDER (2) OF THIS SUBSECTION, EACH OF THE FOLLOWING IS A SEGMENT FOR A PRODUCER:

(A) ALL OIL AND GAS, IF ANY, TAXABLE UNDER AS 43.55.011(e) THAT THE PRODUCER PRODUCES FROM LEASES OR PROPERTIES IN THE STATE THAT INCLUDE LAND NORTH OF 68 DEGREES NORTH LATITUDE;

(B) ALL OIL AND GAS, IF ANY, TAXABLE UNDER AS 43.55.011(e) THAT THE PRODUCER PRODUCES FROM LEASES OR PROPERTIES IN THE STATE OUTSIDE THE COOK INLET SEDIMENTARY BASIN NO PART OF WHICH IS NORTH OF 68 DEGREES NORTH LATITUDE;

(C) OIL, IF ANY, TAXABLE UNDER AS 43.55.011(e) THAT THE PRODUCER PRODUCES FROM EACH LEASE OR PROPERTY IN THE COOK INLET SEDIMENTARY BASIN; FOR PURPOSES OF THIS PARAGRAPH, OIL

PRODUCED FROM EACH LEASE OR PROPERTY CONSTITUTES A SEPARATE SEGMENT;

(D) GAS, IF ANY, TAXABLE UNDER AS 43.55.011(e) THAT THE PRODUCER PRODUCES FROM EACH LEASE OR PROPERTY IN THE COOK INLET SEDIMENTARY BASIN; FOR PURPOSES OF THIS PARAGRAPH, GAS PRODUCED FROM EACH LEASE OR PROPERTY CONSTITUTES A SEPARATE SEGMENT;

(2) IF A PRODUCER OR EXPLORER DOES NOT PRODUCE ANY OIL OR GAS FROM LEASES OR PROPERTIES IN THE

(A) STATE THAT INCLUDE LAND NORTH OF 68 DEGREES NORTH LATITUDE, THE AREA OF THE STATE NORTH OF 68 DEGREES NORTH LATITUDE IS A SEGMENT FOR THE PRODUCER OR EXPLORER;

(B) STATE OUTSIDE THE COOK INLET SEDIMENTARY BASIN NO PART OF WHICH IS NORTH OF 68 DEGREES NORTH LATITUDE, THE AREA OF THE STATE OUTSIDE THE COOK INLET SEDIMENTARY BASIN AND NOT INCLUDING ANY LAND NORTH OF 68 DEGREES NORTH LATITUDE IS A SEGMENT FOR THE PRODUCER OR EXPLORER;

(C) COOK INLET SEDIMENTARY BASIN, THE COOK INLET SEDIMENTARY BASIN IS A SEGMENT FOR THE PRODUCER OR EXPLORER.

(d) FOR LEASES OR PROPERTIES IN THE COOK INLET SEDIMENTARY BASIN THAT FIRST COMMENCED COMMERCIAL PRODUCTION OF OIL OR GAS BEFORE APRIL 1, 2006, UNLESS OTHERWISE APPROVED OR REQUIRED BY THE DEPARTMENT, THE PRODUCER SHALL CONTINUE TO TREAT AS A SINGLE LEASE

OR PROPERTY EACH TRACT, GROUP OF TRACTS, PARTICIPATING AREA, OR UNIT THAT THE PRODUCER CONSISTENTLY TREATED, SUBJECT TO FINAL AUDIT RESOLUTION, AS A SINGLE LEASE OR PROPERTY FOR PURPOSES OF CALCULATING AN ECONOMIC LIMIT FACTOR UNDER FORMER AS 43.55.013. PRODUCTION OF OIL OR GAS FROM A LEASE OR PROPERTY IN THE COOK INLET SEDIMENTARY BASIN THAT FIRST COMMENCES COMMERCIAL PRODUCTION OF OIL OR GAS ON OR AFTER APRIL 1, 2006, AND THAT CORRESPONDS TO A PARTICIPATING AREA OR UNIT APPROVED BY THE DEPARTMENT OF NATURAL RESOURCES UNDER AS 38.05.180, OTHER THAN A LEASE OR PROPERTY FOR WHICH THE PRODUCER CALCULATED AN ECONOMIC LIMIT FACTOR UNDER FORMER AS 43.55.013, MUST BE TREATED AS PRODUCTION FROM A DISTINCT LEASE OR PROPERTY.

(e) THIS SECTION APPLIES TO OIL AND GAS PRODUCED BEFORE JULY 1, 2007.] (Eff. 5/3/2007, Register 182; am 10/21/2009, Register 192; repealed ____/____/____, Register_____)

Authority: AS 43.05.080 AS 43.55.160 AS 43.55.165
AS 43.55.110

15 AAC 55.223 is repealed:

15 AAC 55.223. Cook Inlet lease expenditures incurred before July 1, 2007.

Repealed. [(a) IN CALCULATING AN ANNUAL PRODUCTION TAX VALUE FOR A SEGMENT DESCRIBED IN 15 AAC 55.205(c)(1)(C) OR (D), A PRODUCER SHALL DEDUCT APPLICABLE ADJUSTED LEASE EXPENDITURES FOR THE CALENDAR

YEAR TO THE MAXIMUM EXTENT THAT DEDUCTIBILITY IS ALLOWED UNDER APPLICABLE LAW, INCLUDING (b) OF THIS SECTION.

(b) FOR A CALENDAR YEAR FOR WHICH A LIMITATION UNDER AS 43.55.011(j) OR (k), AS THE PROVISIONS OF THOSE SUBSECTIONS READ ON JUNE 30, 2007, ON THE TAX LEVIED BY AS 43.55.011(e) AND (g), AS THE PROVISIONS OF THOSE SUBSECTIONS READ ON JUNE 30, 2007, WOULD HAVE THE EFFECT, BEFORE REALLOCATION OF ADJUSTED LEASE EXPENDITURES UNDER THIS SECTION, OF REDUCING THE PRODUCER'S TAX ON OIL OR GAS PRODUCED FROM ONE OR MORE LEASES OR PROPERTIES BELOW THE AMOUNT OF THE TAX THAT WOULD BE LEVIED IN THE ABSENCE OF THAT LIMITATION, THE PRODUCER SHALL REALLOCATE UNDER THIS SUBSECTION ADJUSTED LEASE EXPENDITURES THAT ARE EXCESS ADJUSTED LEASE EXPENDITURES, IF ANY, UNDER 15 AAC 55.205(b) IN THE CALCULATION OF ANNUAL PRODUCTION TAX VALUES FOR SEGMENTS DESCRIBED IN 15 AAC 55.205(c)(1)(C) OR (D). THE PRODUCER SHALL (1) CALCULATE THE TOTAL AMOUNT OF THOSE EXCESS ADJUSTED LEASE EXPENDITURES; (2) MULTIPLY THAT TOTAL AMOUNT BY 20 PERCENT; (3) CALCULATE FOR EACH LEASE OR PROPERTY THE AMOUNT BY WHICH A LIMITATION UNDER AS 43.55.011(j) OR (k), AS THE PROVISIONS OF THOSE SUBSECTIONS READ ON JUNE 30, 2007, WOULD REDUCE, BEFORE REALLOCATION OF ADJUSTED LEASE EXPENDITURES UNDER THIS SECTION, THE AMOUNT OF THE PRODUCER'S TAX LEVIED BY AS 43.55.011(e) AND (g), AS THE PROVISIONS OF THOSE SUBSECTIONS READ ON JUNE 30, 2007; (4) CALCULATE THE TOTAL OF THE REDUCTIONS CALCULATED UNDER (3) OF THIS SUBSECTION FOR ALL AFFECTED

LEASES OR PROPERTIES; (5) IF THE AMOUNT CALCULATED UNDER (2) OF THIS SUBSECTION IS GREATER THAN THE AMOUNT CALCULATED UNDER (4) OF THIS SUBSECTION, SUBTRACT THE LATTER FROM THE FORMER; AND (6) MULTIPLY THE AMOUNT, IF ANY, CALCULATED UNDER (5) OF THIS SUBSECTION BY FIVE. THE AMOUNT, IF ANY, CALCULATED UNDER (6) OF THIS SUBSECTION IS THE ONLY AMOUNT OF THE EXCESS ADJUSTED LEASE EXPENDITURES APPLICABLE TO SEGMENTS DESCRIBED IN 15 AAC 55.205(c)(1)(C) OR (D) THAT MAY BE USED TO ESTABLISH A CARRIED-FORWARD ANNUAL LOSS, TO THE EXTENT ALLOWED UNDER AS 43.55.023(b) AND 43.55.160(e). THE OTHER EXCESS ADJUSTED LEASE EXPENDITURES APPLICABLE TO SEGMENTS DESCRIBED IN 15 AAC 55.205(c)(1)(C) OR (D) ARE CONSIDERED TO BE REALLOCATED TO, AND DEDUCTED IN CALCULATING PRODUCTION TAX VALUES FOR, OTHER SEGMENTS DESCRIBED IN 15 AAC 55.205(c)(1)(C) OR (D).

(c) THIS SECTION APPLIES TO LEASE EXPENDITURES INCURRED BEFORE July 1, 2007.] (Eff. 5/3/2007, Register 182; am 10/21/2009, Register 192; repealed _____/_____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.110 AS 43.55.165
AS 43.55.011 AS 43.55.160

15 AAC 55.270 is repealed:

15 AAC 55.270. Overhead before March 1, 2010. Repealed. [(a) THIS SUBSECTION APPLIES ONLY TO DETERMINING ALLOWABLE OVERHEAD EXPENSES UNDER AS 43.55.165(a) AND (b), AS THOSE PROVISIONS READ ON JUNE 30, 2007, AND

UNDER AS 43.55.165(a), AS REPEALED AND REENACTED BY SEE. 58, CH. 1, SSSLA 2007. FOR PURPOSES OF AS 43.55.165(b)(1)(C), AS THAT PROVISION READ ON JUNE 30, 2007, AND AS 43.55.165(a)(2), AS REPEALED AND REENACTED BY SEC. 58, CH. 1, SSSLA 2007, A REASONABLE ALLOWANCE FOR A PRODUCER'S OR EXPLORER'S OVERHEAD EXPENSES DIRECTLY RELATED TO EXPLORING FOR, DEVELOPING, OR PRODUCING OIL OR GAS DEPOSITS LOCATED WITHIN A LEASE OR PROPERTY OR OTHER LAND IN THE STATE IS THE SUM OF

(1) THREE PERCENT OF THE PRODUCER'S OR EXPLORER'S NON-OVERHEAD LEASE EXPENDITURES THAT ARE QUALIFIED CAPITAL EXPENDITURES; AND

(2) NINE PERCENT OF THE PRODUCER'S OR EXPLORER'S NON-OVERHEAD LEASE EXPENDITURES THAT ARE NOT

(A) QUALIFIED CAPITAL EXPENDITURES;

(B) PAYMENTS OF OR IN LIEU OF TAXES; OR

(C) NET PROFIT SHARE PAYMENTS UNDER 15 AAC 55.260(a)(2).

(b) REPEALED 12/4/2010.

(c) REPEALED 12/4/2010.

(d) AN ALLOWANCE FOR OVERHEAD EXPENSES IS NOT A QUALIFIED CAPITAL EXPENDITURE.

(e) THE PROVISIONS OF (a)(2)(C) OF THIS SECTION APPLY TO EXPENDITURES INCURRED AFTER JUNE 30, 2007.

(f) THIS SECTION APPLIES TO EXPENDITURES INCURRED BEFORE MARCH 1, 2010. (Eff. 5/3/2007, Register 182; am 2/27/2010, Register 193; am 12/4/2010, Register 196; repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.110 AS 43.55.165

15 AAC 55.340 is repealed:

15 AAC 55.340. Cook Inlet credit provisions before July 1, 2007. Repealed. [(a) FOR PURPOSES OF AS 43.55.011(m), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, THE PORTION OF A TAX CREDIT FOR THE CALENDAR YEAR OF PRODUCTION THAT IS ALLOCATED TO GAS PRODUCED BY A PRODUCER DURING A CALENDAR YEAR FROM LEASES OR PROPERTIES IN THE COOK INLET SEDIMENTARY BASIN IS, FOR A CREDIT UNDER

(1) AS 43.55.024(c), A FRACTION WHOSE NUMERATOR IS THE AMOUNT OF GAS TAXABLE UNDER AS 43.55.011(e) IN BTU EQUIVALENT BARRELS PRODUCED BY THE PRODUCER DURING THE CALENDAR YEAR FROM ALL LEASES OR PROPERTIES IN THE COOK INLET SEDIMENTARY BASIN AND WHOSE DENOMINATOR IS THE TOTAL AMOUNT OF OIL AND GAS TAXABLE UNDER AS 43.55.011(e) IN BTU EQUIVALENT BARRELS PRODUCED BY THE PRODUCER DURING THE CALENDAR YEAR FROM ALL LEASES OR PROPERTIES IN THE STATE;

(2) AS 38.05.180(i), AS 41.09.010, or AS 43.55.025 FOR AN EXPENDITURE INCURRED FOR EXPLORATION IN THE COOK INLET SEDIMENTARY BASIN AND THAT IS AVAILABLE TO BE APPLIED FOR THE CALENDAR YEAR OF PRODUCTION, A FRACTION WHOSE NUMERATOR IS THE AMOUNT OF GAS TAXABLE UNDER

AS 43.55.011(e) IN BTU EQUIVALENT BARRELS PRODUCED BY THE PRODUCER DURING THE CALENDAR YEAR FROM ALL LEASES OR PROPERTIES IN THE COOK INLET SEDIMENTARY BASIN AND WHOSE DENOMINATOR IS THE AMOUNT OF OIL AND GAS TAXABLE UNDER AS 43.55.011(e) IN BTU EQUIVALENT BARRELS PRODUCED BY THE PRODUCER DURING THE CALENDAR YEAR FROM ALL LEASES OR PROPERTIES IN THE COOK INLET SEDIMENTARY BASIN;

(3) AS 38.05.180(i), AS 41.09.010, OR AS 43.55.025 FOR AN EXPENDITURE INCURRED FOR EXPLORATION OUTSIDE THE COOK INLET SEDIMENTARY BASIN, ZERO;

(4) AS 43.20.043 OR AS 43.55.024(a), ZERO.

(b) EXCEPT FOR EXCESS TAX CREDITS REMAINING AFTER REDUCTION AS DETERMINED UNDER AS 43.55.011(m)(4), AS THE PROVISIONS OF THAT PARAGRAPH READ ON JUNE 30, 2007, AND UNDER (c) AND (d) OF THIS SECTION, A TAX CREDIT REQUIRED TO BE ALLOCATED UNDER AS 43.55.011(m) AND (n), AS THE PROVISIONS OF THOSE SUBSECTIONS READ ON JUNE 30, 2007, TO GAS PRODUCED BY A PRODUCER DURING A CALENDAR YEAR FROM LEASES OR PROPERTIES IN THE COOK INLET SEDIMENTARY BASIN

(1) MAY BE APPLIED, IF AT ALL, ONLY AGAINST THE TAX LEVIED BY AS 43.55.011(e) FOR THAT GAS;

(2) TO THE EXTENT NOT APPLIED AS DESCRIBED IN (1) OF THIS SUBSECTION, IS NOT AVAILABLE TO BE USED AS A TAX CREDIT IN ANY MANNER AND IS CONSIDERED LOST.

(c) THE ONLY TYPES OF TAX CREDITS THAT MAY BE INCLUDED IN A DETERMINATION OF EXCESS TAX CREDITS UNDER AS 43.55.011(m), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, ARE TAX CREDITS UNDER AS 38.05.180(i), AS 41.09.010, AND AS 43.55.025. IN CALCULATING EXCESS TAX CREDITS, THE TOTAL AMOUNT OF THE PORTIONS OF THE TAX CREDITS UNDER AS 38.05.180(i), AS 41.09.010, AND AS 43.55.025 THAT ARE ALLOCATED TO GAS PRODUCED FROM LEASES OR PROPERTIES IN THE COOK INLET SEDIMENTARY BASIN DURING THE CALENDAR YEAR IS COMPARED TO THE TOTAL AMOUNT OF TAX LEVIED FOR THAT GAS BY AS 43.55.011(e), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, AFTER APPLICATION OF ANY LIMITATION UNDER AS 43.55.011(j), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007. IF THE FORMER AMOUNT EXCEEDS THE LATTER AMOUNT, THE DIFFERENCE IS THE AMOUNT OF EXCESS TAX CREDITS. AFTER THE AMOUNT OF EXCESS TAX CREDITS, IF ANY, HAS BEEN REDUCED UNDER AS 43.55.011(m)(3), AS THE PROVISIONS OF THAT PARAGRAPH READ ON June 30, 2007, THE REMAINING AMOUNT OF EXCESS TAX CREDITS, IF ANY, IS TREATED AS A CREDIT UNDER AS 43.55.025 TO THE EXTENT, IF ANY, THAT THE PRODUCER CORRECTLY INCLUDED A CREDIT UNDER AS 43.55.025 IN DETERMINING EXCESS TAX CREDITS, AND THE BALANCE OF THE REMAINING AMOUNT OF EXCESS TAX CREDITS IS TREATED AS A CREDIT UNDER AS 38.05.180(i) OR AS 41.09.010.

(d) IF A PRODUCER'S EXCESS ADJUSTED LEASE EXPENDITURES ARE REQUIRED TO BE REALLOCATED UNDER 15 AAC 55.223(b), THEN FOR PURPOSES

OF AS 43.55.011(m)(3), AS THE PROVISIONS OF THAT PARAGRAPH READ ON JUNE 30, 2007, THE TOTAL CALCULATED UNDER AS 43.55.011(m)(2), AS THE PROVISIONS OF THAT PARAGRAPH READ ON JUNE 30, 2007, IS REPLACED BY

(1) ZERO, IF THE AMOUNT CALCULATED UNDER 15 AAC 55.223(b)(2) IS GREATER THAN OR EQUAL TO THE AMOUNT CALCULATED UNDER 15 AAC 55.223(b)(4);

(2) THE REMAINDER CALCULATED BY SUBTRACTING THE AMOUNT CALCULATED UNDER 15 AAC 55.223(b)(2) FROM THE AMOUNT CALCULATED UNDER 15 AAC 55.223(b)(4), IF THE FORMER AMOUNT IS LESS THAN THE LATTER AMOUNT.

(e) A TAX CREDIT UNDER AS 38.05.180(i), AS 41.09.010, OR AS 43.55.025 IS SUBJECT TO AS 43.55.011(m), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, AND (a) - (c) OF THIS SECTION IF THE PERSON THAT ORIGINALLY QUALIFIED FOR THE TAX CREDIT FAILS TO TRANSFER THE TAX CREDIT TO ANOTHER PERSON BEFORE OR DURING THE CALENDAR YEAR THAT THE CREDIT BECOMES AVAILABLE TO BE APPLIED AGAINST A TAX LEVIED BY AS 43.55.011(e) FOR GAS PRODUCED FROM LEASES OR PROPERTIES IN THE COOK INLET SEDIMENTARY BASIN. IF THE TAX CREDIT IS TRANSFERRED TO ANOTHER PERSON BEFORE OR DURING THAT CALENDAR YEAR, THE TRANSFEREE'S USE OF THE TAX CREDIT IS NOT SUBJECT TO AS 43.55.011(m), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, OR (a) - (c) OF THIS SECTION, IRRESPECTIVE OF WHETHER THE TRANSFEREE PRODUCES GAS FROM A LEASE OR PROPERTY IN THE COOK INLET SEDIMENTARY BASIN. FOR PURPOSES OF THIS

SUBSECTION, A TAX CREDIT UNDER AS 43.55.025 IS NOT AVAILABLE TO BE APPLIED AGAINST A TAX UNTIL THE DEPARTMENT HAS ISSUED A PRODUCTION TAX CREDIT CERTIFICATE FOR THE CREDIT UNDER AS 43.55.025(f)(5).

(f) AT THE REQUEST OF THE PERSON SEEKING A PRODUCTION TAX CREDIT CERTIFICATE UNDER AS 43.55.025(f), THE DEPARTMENT WILL DEFER ISSUING A CERTIFICATE THAT IS OTHERWISE READY FOR ISSUANCE IN DECEMBER OF A CALENDAR YEAR UNTIL JANUARY OF THE NEXT CALENDAR YEAR.

(g) THIS SECTION APPLIES TO OIL AND GAS PRODUCED AND EXPENDITURES INCURRED BEFORE JULY 1, 2007.] (Eff. 5/3/2007, Register 182; am 10/21/2009, Register 192; repealed ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.55.024 AS 43.55.110
AS 43.55.011 AS 43.55.025

15 AAC 55.345(d)(2) is amended to read:

(2) state the percentage, if any, of the tax credit that was subtracted in calculating the amount of an installment payment for each month under **15 AAC 55.381(b)** [15 AAC 55.380(b) OR 15 AAC 55.381(b)], as applicable.

(Eff. 5/3/2007, Register 182; am 10/21/2009, Register 192; am 9/14/2012, Register 203; am 3/1/2017, Register 221; am 12/6/2018, Register 228; am ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.55.025 AS 43.55.040
AS 43.55.023 AS 43.55.030 AS 43.55.110
AS 43.55.024

15 AAC 55.350 is repealed:

15 AAC 55.350. Alternative tax credit for exploration expenditures for work performed after June 30, 2003, and before July 1, 2008. Repealed. [(a) AN EXPLORER MAY REQUEST AN ALTERNATIVE OIL AND GAS EXPLORATION TAX CREDIT UNDER AS 43.55.025, AS THE PROVISIONS OF THAT SECTION READ ON JUNE 30, 2008, BY FILING AN APPLICATION WITH THE DEPARTMENT NO LATER THAN SIX MONTHS AFTER THE COMPLETION DATE OF THE EXPLORATION ACTIVITY FOR WHICH THE TAX CREDIT IS CLAIMED. FOR A TAX CREDIT THAT THE APPLICANT WISHES TO USE FOR A PREVIOUS CALENDAR YEAR, AS PROVIDED UNDER 15 AAC 55.370(c), AN APPLICATION MAY BE FILED WITH THE STATEMENT FILED UNDER AS 43.55.030(a) FOR THAT CALENDAR YEAR.

(b) FOR A PARTICULAR EXPLORATION WELL, AN EXPLORER MAY CLAIM A TAX CREDIT OF

(1) 20 PERCENT OF EXPLORATION EXPENDITURES,

(A) IF THOSE EXPENDITURES QUALIFY UNDER AS 43.55.025(b) AND (c), AS THE PROVISIONS OF THOSE SUBSECTIONS READ ON JUNE 30, 2008; AND

(B) REGARDLESS OF WHETHER THE WELL IS LESS THAN 25 MILES FROM AN EXISTING UNIT THAT IS UNDER A PLAN OF DEVELOPMENT;

(2) 20 PERCENT OF EXPLORATION EXPENDITURES,

(A) IF THOSE EXPENDITURES QUALIFY UNDER AS 43.55.025(b) AND (d), AS THE PROVISIONS OF THOSE SUBSECTIONS READ ON JUNE 30, 2008; AND

(B) REGARDLESS OF WHETHER THE BOTTOM HOLE OF THE EXPLORATION WELL IS LESS THAN THREE MILES AWAY FROM THE BOTTOM HOLE OF A PREEXISTING SUSPENDED, COMPLETED, OR ABANDONED OIL OR GAS WELL, AS THE TERM "PREEXISTING" WAS DEFINED IN AS 43.55.025(c)(2)(A) ON JUNE 30, 2008; OR

(3) 40 PERCENT OF EXPLORATION EXPENDITURES, IF THOSE EXPENDITURES QUALIFY UNDER AS 43.55.025(b), (c), AND (d), AS THE PROVISIONS OF THOSE SUBSECTIONS READ ON JUNE 30, 2008.

(c) FOR A PARTICULAR SEISMIC OR GEOPHYSICAL EXPLORATION ACTIVITY, AN EXPLORER MAY CLAIM A TAX CREDIT OF 40 PERCENT OF EXPLORATION EXPENDITURES, IF THOSE EXPENDITURES QUALIFY UNDER AS 43.55.025(b) AND (e), AS THE PROVISIONS OF THOSE SUBSECTIONS READ ON JUNE 30, 2008.

(d) THIS SECTION APPLIES TO EXPLORATION EXPENDITURES FOR WORK PERFORMED AFTER JUNE 30, 2003, AND BEFORE JULY 1, 2008.] (Eff. 5/3/2007, Register 182; am 12/25/2009, Register 192; repealed ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.55.025 AS 43.55.110

15 AAC 55.355 is repealed:

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. Repealed. [(a) AN APPLICATION FOR AN ALTERNATIVE OIL AND GAS EXPLORATION TAX CREDIT UNDER AS 43.55.025, AS THE PROVISIONS OF THAT SECTION READ ON JUNE 30, 2008, FOR A PARTICULAR EXPLORATION ACTIVITY MAY, ON A FORM PROVIDED BY THE DEPARTMENT, BE FILED BY

(1) A SINGLE EXPLORER THAT

(A) HOLDS THE ENTIRE INTEREST IN THE PARTICULAR WELL OR SEISMIC OR GEOPHYSICAL EXPLORATION ACTIVITY; AND

(B) INCURRED 100 PERCENT OF THE EXPENDITURES FOR WHICH THE CREDIT IS CLAIMED; OR

(2) A DESIGNATED JOINT APPLICANT THAT IS AUTHORIZED IN A WRITING, SIGNED BY EACH EXPLORER THAT INCURRED EXPENDITURES, TO FILE A JOINT TAX CREDIT APPLICATION ON BEHALF OF ALL THOSE EXPLORERS; A JOINT APPLICATION MUST BE FOR THE TOTAL QUALIFIED EXPENDITURES INCURRED BY ALL THE EXPLORERS FOR THE EXPLORATION ACTIVITY FOR WHICH THE CREDIT IS CLAIMED AND MUST INCLUDE A COPY OF THE WRITTEN AUTHORIZATION SIGNED BY EACH EXPLORER.

(b) A TAX CREDIT APPLICATION FOR AN EXPLORATION WELL MUST INCLUDE THE FOLLOWING INFORMATION:

(1) THE APPLICANT'S NAME, PERMANENT CONTACT ADDRESS, AND TELEPHONE NUMBER;

(2) IF THE APPLICANT IS A DESIGNATED JOINT APPLICANT, UNDER (a)(2) OF THIS SECTION, THE NAME AND ADDRESS OF EACH EXPLORER REPRESENTED IN THE APPLICATION AND THE PERCENTAGE OF THE TOTAL QUALIFIED EXPLORATION EXPENDITURES INCURRED BY EACH EXPLORER;

(3) A DESCRIPTION OF THE EXPLORATION ACTIVITIES FOR WHICH THE CREDIT IS CLAIMED;

(4) AN ACCOUNTING OF THE QUALIFIED EXPLORATION EXPENDITURES FOR WHICH CREDIT IS CLAIMED;

(5) THE DATE THE EXPLORATION WELL WAS SPUDDED, THE DATE IT WAS DRILLED, AND THE COMPLETION DATE;

(6) THE BOTTOM HOLE LOCATION AND THE SURFACE LOCATION OF THE EXPLORATION WELL;

(7) FOR AN APPLICATION UNDER AS 43.55.025(b) AND (c), AS THE PROVISIONS OF THOSE SUBSECTIONS READ ON JUNE 30, 2008, THE

(A) BOTTOM HOLE LOCATION OF THE NEAREST PREEXISTING WELL, AS THE TERM "PREEXISTING" WAS DEFINED IN AS 43.55.025(c)(2)(A) ON JUNE 30, 2008, OR FOR A WELL THAT EXPLORES A COOK INLET PROSPECT, A SHOWING THAT THE WELL CONSTITUTES A DISTINCT SEPARATE EXPLORATION TARGET;

(B) DATE THE NEAREST PREEXISTING WELL WAS DRILLED, AS THE TERM "PREEXISTING" WAS DEFINED IN AS 43.55.025(c)(2)(A) ON JUNE 30, 2008;

(C) COMPLETION DATE OF THE NEAREST PREEXISTING WELL, AS THE TERM "PREEXISTING" WAS DEFINED IN AS 43.55.025(c)(2)(A) ON JUNE 30, 2008; AND

(D) THE DISTANCE BETWEEN THE BOTTOM HOLE LOCATION OF THE EXPLORATION WELL AND THE BOTTOM HOLE LOCATION OF THE NEAREST PREEXISTING WELL, AS THE TERM "PREEXISTING" WAS DEFINED IN AS 43.55.025(c)(2)(A) ON JUNE 30, 2008, MEASURED AS A HORIZONTAL DISTANCE BETWEEN THE SURFACE LOCATION DIRECTLY ABOVE THE BOTTOM HOLE LOCATION OF EACH WELL;

(8) IF THE EXPLORATION WELL IS WITHIN A UNIT BOUNDARY,

(A) IDENTIFICATION OF THE UNIT; AND

(B) A COPY OF THE PLAN OF EXPLORATION OR PLAN OF DEVELOPMENT THAT WAS IN EFFECT FOR THE UNIT ON MAY 13, 2003;

(9) FOR AN APPLICATION UNDER AS 43.55.025(b) AND (d), AS THE PROVISIONS OF THOSE SUBSECTIONS READ ON JUNE 30, 2008,

(A) IDENTIFICATION OF THE NEAREST UNIT THAT IS UNDER A PLAN OF DEVELOPMENT; AND

(B) THE DISTANCE BETWEEN THE BOTTOM HOLE LOCATION OF THE EXPLORATION WELL AND THE OUTER BOUNDARY OF THE NEAREST UNIT THAT IS UNDER A PLAN OF DEVELOPMENT,

(i) AS THE BOUNDARY WAS DELINEATED ON JULY 1, 2003; AND

(ii) MEASURED AS A HORIZONTAL DISTANCE BETWEEN THE SURFACE LOCATION DIRECTLY ABOVE THE BOTTOM HOLE LOCATION OF THE WELL AND THE NEAREST POINT ON THE OUTER BOUNDARY OF THE UNIT;

(10) A SURVEY PLAT THAT GRAPHICALLY IDENTIFIES ALL THE LOCATIONS, DISTANCES, AND DATES REQUIRED UNDER THIS SUBSECTION;

(11) A COPY OF THE WELL COMPLETION OR RECOMPLETION REPORT AND LOG (FORM 10-407) FOR THE EXPLORATION WELL FILED WITH THE ALASKA OIL AND GAS CONSERVATION COMMISSION UNDER 20 AAC 25.070, OR A COPY OF A WELL COMPLETION REPORT THAT IS SUBSTANTIALLY SIMILAR TO THAT FILING AND THAT IS FILED WITH A FEDERAL AGENCY; IN ADDITION, IF THE APPLICATION IS FOR EXPENDITURES THAT QUALIFY UNDER AS 43.55.025(c)(2), AS THE PROVISIONS OF THAT PARAGRAPH READ ON JUNE 30, 2008, THE APPLICATION MUST INCLUDE A COPY OF THE WELL COMPLETION OR RECOMPLETION REPORT AND LOG (FORM 10-407) FOR THE NEAREST PREEXISTING WELL, AS THE TERM "PREEXISTING" WAS DEFINED IN AS 43.55.025(c)(2)(A) ON JUNE 30, 2008, OR THE SUBSTANTIALLY SIMILAR FEDERAL FILING;

(12) THE WRITTEN AGREEMENTS REQUIRED UNDER AS 43.55.025(f)(2), AS THE PROVISIONS OF THAT PARAGRAPH READ ON JUNE 30, 2008;

(13) OTHER INFORMATION REQUESTED BY THE DEPARTMENT, AS THE DEPARTMENT CONSIDERS NECESSARY FOR REVIEWING THE APPLICATION.

(c) A TAX CREDIT APPLICATION FOR A PARTICULAR SEISMIC OR GEOPHYSICAL EXPLORATION ACTIVITY MUST INCLUDE THE FOLLOWING INFORMATION:

(1) THE NAME, PERMANENT CONTACT ADDRESS, AND TELEPHONE NUMBER OF THE APPLICANT;

(2) IF THE APPLICANT IS A DESIGNATED JOINT APPLICANT, UNDER (a)(2) OF THIS SECTION, THE NAME AND ADDRESS OF EACH EXPLORER REPRESENTED IN THE APPLICATION AND THE PERCENTAGE OF THE TOTAL QUALIFIED EXPLORATION EXPENDITURES INCURRED BY EACH EXPLORER;

(3) A DESCRIPTION OF THE SEISMIC OR GEOPHYSICAL EXPLORATION ACTIVITIES FOR WHICH THE CREDIT IS CLAIMED;

(4) AN ACCOUNTING OF THE QUALIFIED EXPLORATION EXPENDITURES FOR WHICH CREDIT IS CLAIMED;

(5) THE DATE OF AND LOCATION WHERE THE SEISMIC OR GEOPHYSICAL ACTIVITY OCCURRED;

(6) A STATEMENT VERIFYING

(A) THAT THE SEISMIC OR GEOPHYSICAL EXPLORATION ACTIVITIES OCCURRED OUTSIDE OF THE BOUNDARIES OF A UNIT THAT IS UNDER A PLAN OF EXPLORATION OR A PLAN OF DEVELOPMENT; OR

(B) THE PERCENTAGE OF THE SEISMIC OR GEOPHYSICAL EXPLORATION ACTIVITIES THAT OCCURRED INSIDE THE UNIT BOUNDARY, IF A PORTION OF THOSE ACTIVITIES CROSSED INTO THE BOUNDARY OF A UNIT;

(7) THE WRITTEN AGREEMENTS REQUIRED UNDER AS 43.55.025(f)(2), AS THE PROVISIONS OF THAT PARAGRAPH READ ON JUNE 30, 2008;

(8) OTHER INFORMATION REQUESTED BY THE DEPARTMENT, AS THE DEPARTMENT CONSIDERS NECESSARY FOR REVIEWING THE APPLICATION.

(d) AN APPLICANT UNDER THIS SECTION SHALL RETAIN, AND MAKE AVAILABLE TO THE DEPARTMENT UPON REQUEST, ALL FINANCIAL AND TECHNICAL SOURCE DOCUMENTS AND RECORDS SUPPORTING THE CREDIT CLAIMED FOR AN EXPLORATION WELL OR SEISMIC OR GEOPHYSICAL EXPLORATION ACTIVITIES, INCLUDING THE RIG LOGS, DAILY DRILLING LOGS, AND ACTIVITY LOGS.

(e) AFTER THE SIX-MONTH APPLICATION PERIOD IN AS 43.55.025(f) HAS EXPIRED, THE DEPARTMENT WILL ISSUE ONE OR MORE PRODUCTION TAX CREDIT CERTIFICATES FOR THE QUALIFIED EXPENDITURES ALLOWED UNDER AS 43.55.025.

(f) THE DEPARTMENT MAY ALLOCATE CLAIMED EXPENDITURES BETWEEN EXPLORATION AND NON-EXPLORATION ACTIVITIES, AND WILL DENY A CLAIMED EXPLORATION EXPENDITURE THAT IT DETERMINES NOT TO BE REASONABLY REQUIRED OR NOT INCURRED FOR QUALIFIED EXPLORATION ACTIVITIES.

(g) THIS SECTION APPLIES TO EXPLORATION EXPENDITURES FOR WORK PERFORMED AFTER JUNE 30, 2003, AND BEFORE JULY 1, 2008.] (Eff. 5/3/2007, Register 182; am 12/25/2009, Register 192; repealed ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.55.025 AS 43.55.110

15 AAC 55.370(a)(3) is proposed to be amended to read:

(3) percentage, if any, of the tax credit that was subtracted in calculating the amount of an installment payment for each month under **15 AAC 55.381(b)** [15 AAC 55.380(b) OR 15 AAC 55.381(b)], as applicable.

(Eff. 5/3/2007, Register 182; am 12/25/2009, Register 192; am 1/1/2018, Register 224; am _____/_____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.025 AS 43.55.110
AS 43.20.044

15 AAC 55.380 is repealed:

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. Repealed. [(a) FOR PURPOSES ONLY OF THE

(1) CALCULATION REQUIRED UNDER AS 43.55.020(a)(2)(A), AS THE PROVISIONS OF THAT SUBPARAGRAPH READ ON JUNE 30, 2007, THE AMOUNT OF THE TAX CREDITS THAT ARE ALLOWED BY LAW TO BE APPLIED AGAINST THE TAX LEVIED BY AS 43.55.011(e), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, FOR A CALENDAR YEAR

(A) IS CALCULATED WITHOUT REGARD TO A MINIMUM TAX UNDER AS 43.55.011(f); AND

(B) DOES NOT INCLUDE ANY AMOUNT OF A TAX CREDIT THAT THE PRODUCER TRANSFERS TO ANOTHER PERSON;

(2) CALCULATIONS REQUIRED UNDER AS 43.55.020(a)(1) - (3), AS THE PROVISIONS OF THOSE PARAGRAPHS READ ON JUNE 30, 2007, THE AMOUNT CALCULATED UNDER AS 43.55.020(a)(2), AS THE PROVISIONS OF THAT PARAGRAPH READ ON JUNE 30, 2007, MAY BE LESS THAN ZERO, BUT THE SUM OF THE AMOUNTS CALCULATED UNDER AS 43.55.020(a)(2) AND (3), AS THE PROVISIONS OF THOSE PARAGRAPHS READ ON JUNE 30, 2007, MAY NOT BE LESS THAN ZERO;

(3) INSTALLMENT PAYMENT REQUIRED UNDER AS 43.55.020(a)(4), AS THE PROVISIONS OF THAT PARAGRAPH READ ON JUNE 30, 2007, A TAX CREDIT IS NOT DEDUCTIBLE IN CALCULATING THE AMOUNT OF THE PAYMENT.

(b) THE PROVISION OF AS 43.55.020(a)(2)(A), AS THAT SUBPARAGRAPH READ ON JUNE 30, 2007, PRESCRIBING A LIMIT OF 1/12 OF CERTAIN TAX CREDITS DOES NOT APPLY TO A TAX CREDIT SHOWN ON A TRANSFERABLE TAX CREDIT CERTIFICATE THAT HAS BEEN ISSUED UNDER AS 43.55.023(d) OR A TAX CREDIT FOR WHICH A PRODUCTION TAX CREDIT CERTIFICATE HAS BEEN ISSUED UNDER AS 43.55.025(f). SUBJECT TO THE PROVISION OF AS 43.55.020(a)(1), AS THAT PARAGRAPH READ ON JUNE 30, 2007, THAT THE AMOUNT OF AN INSTALLMENT PAYMENT MAY NOT BE LESS THAN ZERO AND SUBJECT TO THE 80 PERCENT LIMITATION PROVIDED UNDER AS 43.55.023(e), IN CALCULATING THE AMOUNT DESCRIBED IN AS 43.55.020(a)(2) FOR A MONTH, AS THE PROVISIONS OF THAT PARAGRAPH READ ON JUNE 30, 2007, A PRODUCER THAT OWNS A TRANSFERABLE TAX CREDIT CERTIFICATE OR PRODUCTION TAX CREDIT CERTIFICATE MAY SUBTRACT ANY PERCENTAGE, IRRESPECTIVE OF WHETHER IT

IS EQUAL TO OR GREATER THAN 1/12, OF THE CREDIT THAT WAS NOT PREVIOUSLY SUBTRACTED, TO THE EXTENT THAT THE CREDIT IS ALLOWED BY LAW TO BE APPLIED AGAINST THE TAX LEVIED BY AS 43.55.011(e) FOR THE CALENDAR YEAR.

(c) IF IN CALCULATING THE AMOUNT OF AN INSTALLMENT PAYMENT FOR A MONTH REQUIRED UNDER AS 43.55.020(a)(1), AS THE PROVISIONS OF THAT PARAGRAPH READ ON JUNE 30, 2007, A PRODUCER IS UNABLE TO SUBTRACT THE FULL AMOUNT OF TAX CREDITS DESCRIBED IN AS 43.55.020(a)(2)(A), AS THE PROVISION OF THAT SUBPARAGRAPH READ ON JUNE 30, 2007, THE UNUSED AMOUNT OF TAX CREDITS IS NOT CONSIDERED AN OVERPAYMENT, DOES NOT ACCRUE INTEREST, AND EXCEPT AS PROVIDED UNDER (b) OF THIS SECTION MAY NOT BE CARRIED FORWARD TO OR USED IN CALCULATING AN INSTALLMENT PAYMENT FOR A FUTURE MONTH. THE AMOUNT OF TAX CREDITS SUBTRACTED IN CALCULATING THE AMOUNT OF AN INSTALLMENT PAYMENT DOES NOT AFFECT THE AVAILABILITY OF TAX CREDITS TO BE APPLIED AS ALLOWED BY LAW AGAINST AN ANNUAL TAX LIABILITY UNDER AS 43.55.011 IN CALCULATING THE AMOUNT DUE UNDER AS 43.55.020(a)(5), AS THE PROVISIONS OF THAT PARAGRAPH READ ON JUNE 30, 2007.

(d) THIS SECTION APPLIES TO OIL AND GAS PRODUCED BEFORE JULY 1, 2007.] (Eff. 5/3/2007, Register 182; am 10/21/2009, Register 192; repealed ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.55.020 AS 43.55.110

15 AAC 55.410(b) is repealed:

(b) Repealed____/____/_____. [THE COMPARISON PROVIDED UNDER AS 43.55.011(e), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, BETWEEN 22.5 PERCENT OF THE PRODUCTION TAX VALUE OF A PRODUCER'S TAXABLE OIL AND GAS AND THE MINIMUM TAX DETERMINED UNDER AS 43.55.011(f), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, APPLIES ONLY TO OIL AND GAS PRODUCED BEFORE JULY 1, 2007, FROM LEASES OR PROPERTIES IN THE STATE NORTH OF 68 DEGREES NORTH LATITUDE. EXCEPT AS OTHERWISE PROVIDED UNDER AS 43.55.011(j) AND (k), THE TAX LEVIED BY AS 43.55.011(e), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, FOR THE REST OF THE PRODUCER'S TAXABLE OIL AND GAS PRODUCED BEFORE JULY 1, 2007, IS EQUAL TO 22.5 PERCENT OF THE PRODUCTION TAX VALUE OF THAT OIL AND GAS AS CALCULATED UNDER AS 43.55.160, AS THE PROVISIONS OF THAT SECTION READ ON JUNE 30, 2007, IRRESPECTIVE OF WHETHER THE MINIMUM TAX DETERMINED UNDER AS 43.55.011(f), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, IS GREATER THAN 22.5 PERCENT OF THE PRODUCTION TAX VALUE OF THE PRODUCER'S TAXABLE OIL AND GAS PRODUCED FROM LEASES OR PROPERTIES IN THE STATE NORTH OF 68 DEGREES NORTH LATITUDE.]

(Eff. Eff. 5/3/2007, Register 182; am 10/21/2009, Register 192; am 12/25/2013, Register 208; am 3/1/2017, Register 221; am ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.55.011 AS 43.55.110

15 AAC 55.420 is repealed:

15 AAC 55.420. Minimum tax for oil and gas produced before July 1, 2007.

Repealed. [(a) FOR PURPOSES OF AS 43.55.011(e), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, A PRODUCER'S MINIMUM TAX FOR A CALENDAR YEAR DETERMINED UNDER AS 43.55.011(f), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, ON OIL AND GAS PRODUCED BEFORE JULY 1, 2007, FROM LEASES OR PROPERTIES IN THE STATE NORTH OF 68 DEGREES NORTH LATITUDE IS THE AMOUNT CALCULATED BY

(1) CALCULATING THE APPLICABLE PERCENTAGE UNDER AS 43.55.011(f), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, OF THE GROSS VALUE AT THE POINT OF PRODUCTION OF ALL OIL AND GAS PRODUCED BY THE PRODUCER DURING THE CALENDAR YEAR FROM LEASES OR PROPERTIES IN THE STATE NORTH OF 68 DEGREES NORTH LATITUDE, EXCLUDING ONLY OIL AND GAS THE OWNERSHIP OR RIGHT TO WHICH IS EXEMPT FROM TAXATION; AND

(2) SUBTRACTING, FROM THE AMOUNT CALCULATED UNDER (1) OF THIS SUBSECTION, THE SUM OF

(A) THE TAX, IF ANY, LEVIED BY AS 43.55.011(g), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, FOR OIL AND GAS PRODUCED BY THE PRODUCER DURING THE CALENDAR YEAR FROM LEASES OR PROPERTIES IN THE STATE NORTH OF 68 DEGREES NORTH LATITUDE AND TAXABLE UNDER AS 43.55.011(g), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007; AND

(B) THE TAX, IF ANY, LEVIED BY AS 43.55.011(i) FOR OIL AND GAS PRODUCED BY THE PRODUCER DURING THE CALENDAR YEAR FROM LEASES OR PROPERTIES IN THE STATE NORTH OF 68 DEGREES NORTH LATITUDE AND TAXABLE UNDER AS 43.55.011(i).

(b) A PRODUCER'S MINIMUM TAX CALCULATED UNDER AS 43.55.011(f) AND (a) OF THIS SECTION MAY NOT BE LESS THAN ZERO.

(c) FOR PURPOSES OF AS 43.55.011(f), THE AVERAGE PRICE PER BARREL FOR OIL AND GAS FOR SALE ON THE UNITED STATES WEST COAST DURING A CALENDAR YEAR IS EQUAL TO THE SIMPLE AVERAGE OF THE AVERAGE SPOT PRICES FOR OIL AND GAS AT THE UNITED STATES WEST COAST DURING ALL MONTHS OF THE CALENDAR YEAR AS CALCULATED UNDER 15 AAC 55.171(m).

(d) THIS SECTION APPLIES TO OIL AND GAS PRODUCED BEFORE JULY 1, 2007.] (Eff. 5/3/2007, Register 182; am 10/21/2009, Register 192; repealed ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.55.011 AS 43.55.110

15 AAC 55.430 is repealed:

15 AAC 55.430. Tax based on price index for oil and gas produced before July 1, 2007. Repealed. [(a) THE AMOUNT OF TAX LEVIED BY AS 43.55.011(g), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, FOR OIL AND GAS PRODUCED BEFORE JULY 1, 2007, IS CALCULATED SEPARATELY FOR EACH SEGMENT UNDER 15 AAC 55.205(c) FOR EACH MONTH IN A CALENDAR YEAR. THE AMOUNT OF TAX FOR A SEGMENT FOR A MONTH IS EQUAL TO THE MONTHLY

PRODUCTION TAX VALUE FOR THE SEGMENT UNDER AS 43.55.160(a)(2), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, AND 15 AAC 55.205, MULTIPLIED BY A TAX RATE THAT IS EQUAL TO THE PRODUCT OF .25 PERCENT MULTIPLIED BY THE PRICE INDEX FOR THE MONTH DETERMINED UNDER AS 43.55.011(h), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007. FOR PURPOSES OF THE SUM, OVER ALL MONTHS IN A CALENDAR YEAR, OF THE AMOUNTS OF TAX CALCULATED FOR EACH MONTH UNDER AS 43.55.011(g), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, IF THE PRICE INDEX FOR A MONTH DETERMINED UNDER AS 43.55.011(h), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, IS ZERO, THE AMOUNT OF TAX CALCULATED FOR ALL SEGMENTS FOR THAT MONTH IS ZERO.

(b) THE PRICE INDEX DETERMINED UNDER AS 43.55.011(h), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, IS CALCULATED SEPARATELY FOR EACH MONTH IN A CALENDAR YEAR. FOR PURPOSES ONLY OF AS 43.55.011(h), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, THE TOTAL

(1) MONTHLY PRODUCTION TAX VALUE OF THE TAXABLE OIL AND GAS PRODUCED BY A PRODUCER DURING A MONTH IS THE TOTAL GROSS VALUE AT THE POINT OF PRODUCTION OF THAT TAXABLE OIL AND GAS PRODUCED FROM ALL LEASES OR PROPERTIES IN THE STATE, LESS 1/12 OF THE TOTAL ADJUSTED LEASE EXPENDITURES INCURRED BY THE PRODUCER DURING THE CALENDAR YEAR IRRESPECTIVE OF THE LEASE OR PROPERTY IN THE STATE

FROM WHICH THE OIL AND GAS, IF ANY, TO WHICH THE LEASE EXPENDITURES ARE APPLICABLE UNDER 15 AAC 55.215 WERE PRODUCED;

(2) AMOUNT OF THE TAXABLE OIL AND GAS PRODUCED BY A PRODUCER DURING A MONTH IS THE TOTAL AMOUNT OF OIL AND GAS TAXABLE UNDER AS 43.55.011(g), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, AND PRODUCED BY THE PRODUCER DURING THE MONTH FROM ALL LEASES OR PROPERTIES IN THE STATE.

(c) FOR PURPOSES OF DETERMINING A PRICE INDEX UNDER AS 43.55.011(h), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007, AND A TAX RATE UNDER (a) OF THIS SECTION, THE AUTOMATIC CONVENTION IN THE ROUNDING COMMAND OR FUNCTION IN COMMERCIALY AVAILABLE SOFTWARE MUST BE FOLLOWED TO ROUND

- (1) THE PRICE INDEX TO THE NEAREST 1/10 OF A CENT; AND
- (2) THE TAX RATE, EXPRESSED AS A PERCENTAGE, TO THREE

DECIMAL PLACES.

(d) THIS SECTION APPLIES TO OIL AND GAS PRODUCED BEFORE JULY 1, 2007. (Eff. 5/3/2007, Register 182; am 10/21/2009, Register 192; repealed ____/____/_____,

Register _____)

Authority: AS 43.05.080 AS 43.55.110 AS 43.55.160

AS 43.55.011

15 AAC 55.510 is repealed:

15 AAC 55.510. Installment payments of estimated tax for oil and gas produced before July 1, 2007. Repealed. [(a) IF A LIMITATION UNDER AS 43.55.011(j) OR (k) ON THE TAX LEVIED BY AS 43.55.011(e) AND (g), AS THE PROVISIONS OF THOSE SUBSECTIONS READ ON JUNE 30, 2007, HAS THE EFFECT OF REDUCING A PRODUCER'S TAX FOR A CALENDAR YEAR FOR OIL OR GAS PRODUCED BEFORE JULY 1, 2007, FROM A LEASE OR PROPERTY IN THE COOK INLET SEDIMENTARY BASIN BELOW THE AMOUNT OF TAX THAT WOULD BE LEVIED IN THE ABSENCE OF THAT LIMITATION, THE CALCULATION OF THE AMOUNT OF THE PRODUCER'S INSTALLMENT PAYMENT REQUIRED BY AS 43.55.020(a)(1) - (3), AS THE PROVISIONS OF THOSE PARAGRAPHS READ ON JUNE 30, 2007, FOR EACH MONTH OF THE CALENDAR YEAR IS MODIFIED IN THE MANNER SET OUT IN (b) - (d) OF THIS SECTION.

(b) THE PRODUCTION TAX VALUE OF OIL AND GAS FOR WHICH THE PRODUCER'S TAX IS REDUCED AS DESCRIBED IN (a) OF THIS SECTION IS EXCLUDED FROM THE CALCULATIONS DESCRIBED IN AS 43.55.020(a)(2)(B) AND (3), AS THE PROVISIONS OF THAT SUBPARAGRAPH AND PARAGRAPH READ ON JUNE 30, 2007.

(c) FOR EACH LEASE OR PROPERTY FOR WHICH THE PRODUCER'S TAX FOR GAS IS REDUCED AS DESCRIBED IN (a) OF THIS SECTION, THE FOLLOWING AMOUNT IS ADDED TO THE AMOUNT CALCULATED FOR EACH MONTH UNDER AS 43.55.020(a)(2)(B), AS THE PROVISIONS OF THAT SUBPARAGRAPH READ ON JUNE 30, 2007: THE PRODUCT OBTAINED BY CARRYING OUT THE CALCULATION SET OUT IN AS 43.55.011(j)(1) OR (2), AS APPLICABLE, BUT SUBSTITUTING IN

AS 43.55.011(j)(1)(A) or (2)(A), AS APPLICABLE, THE AMOUNT OF TAXABLE GAS PRODUCED DURING THE MONTH FOR THE AMOUNT OF TAXABLE GAS PRODUCED DURING THE CALENDAR YEAR.

(d) FOR EACH LEASE OR PROPERTY FOR WHICH THE PRODUCER'S TAX FOR OIL IS REDUCED AS DESCRIBED IN (a) OF THIS SECTION, THE FOLLOWING AMOUNT IS ADDED TO THE AMOUNT CALCULATED FOR EACH MONTH UNDER AS 43.55.020(a)(2)(B), AS THE PROVISIONS OF THAT SUBPARAGRAPH READ ON JUNE 30, 2007: THE PRODUCT OBTAINED BY CARRYING OUT THE CALCULATION SET OUT IN AS 43.55.011(k)(1) OR (2), AS APPLICABLE, BUT SUBSTITUTING IN AS 43.55.011(k)(1)(A) OR (2)(A), AS APPLICABLE, THE AMOUNT OF TAXABLE OIL PRODUCED DURING THE MONTH FOR THE AMOUNT OF TAXABLE OIL PRODUCED DURING THE CALENDAR YEAR.

(e) THIS SECTION APPLIES TO OIL AND GAS PRODUCED BEFORE JULY 1, 2007. (Eff. 5/3/2007, Register 182; am 10/21/2009, Register 192; repealed ____/____/_____, Register_____)

Authority: AS 43.05.080 AS 43.55.020 AS 43.55.110
AS 43.55.011

15 AAC 55.800(a)(2) is repealed:

(2) repealed ____/____/____ [15 AAC 55.205];

15 AAC 55.800(a)(4) is repealed:

(4) repealed ____/____/____ [15 AAC 55.223];

15 AAC 55.800(a)(6) is repealed:

(6) repealed ____/____/____ [15 AAC 55.270 AS AMENDED EFFECTIVE DECEMBER 4, 2010, EXCEPT 15 AAC 5.270(a)(2)(C) AND (e), WHICH APPLY RETROACTIVELY TO JULY 1, 2007];

15 AAC 55.800(a)(10) is amended to read:

(10) **15 AAC 55.335 – 15 AAC 55.337** [15 AAC 55.335 – 15 AAC 55.340];

15 AAC 55.800(a)(11) is amended to read:

(11) **15 AAC 55.335 – 15 AAC 55.351** [15 AAC 55.335 – 15 AAC 55.355],

except 15 AAC 55.351(d) as amended effective March 1, 2017, and as amended effective January 1, 2018, and 15 AAC 55.351(e) as adopted effective March 1, 2017;

15 AAC 55.800(a)(12) is amended to read:

(12) **15 AAC 55.370 – 15 AAC 55.375** [15 AAC 55.370 – 15 AAC 55.380],

except 15 AAC 55.370(c), (d), and (e) as amended effective January 1, 2018, apply retroactively to July 28, 2017, and 15 AAC 55.375(a) and (c), as amended effective March 1, 2017;

15 AAC 55.800(a)(14) is repealed:

(14) repealed ____/____/____ [15 AAC 55.420];

15 AAC 55.800(a)(15) is repealed:

(15) repealed ____/____/____ [15 AAC 55.430];

15 AAC 55.800(a)(17) is repealed:

(17) repealed ____/____/____ [15 AAC 55.510];

15 AAC 55.800(c)(13) is repealed:

(13) repealed ____/____/____ [15 AAC 55.191(b)(6) AND (7)];

15 AAC 55.800(c)(14) is repealed:

(14) repealed ____/____/____ [15 AAC 55.191(t)];

15 AAC 55.800(e)(4) is repealed:

(4) repealed ____/____/____ [15 AAC 55.191(b)(8)];

15 AAC 55.800(g) is repealed:

(g) repealed ____/____/____ [THE PROVISIONS OF 15 AAC 55.805 APPLY RETROACTIVELY TO JULY 1, 2007, INsofar AS THAT SECTION AFFECTS THE DETERMINATION OF TAX FOR PERIODS AFTER JUNE 30, 2007, AND OTHERWISE APPLY RETROACTIVELY TO JANUARY 1, 2007.]

(Eff. 5/3/2007, Register 182; am 10/21/2009, Register 192; am 2/27/2010, Register 193; am 4/30/2010, Register 194; am 12/4/2010, Register 196; am 3/1/2017, Register 221; am 1/1/2018, Register 224; am 12/6/2018, Register 228; am ____/____/____, Register _____)

Authority:	AS 43.05.080	Sec. 72, ch. 1, SSSLA 2007	Sec. 41, ch. 3 SSSLA 2017
	AS 43.55.110		
	Sec. 37, ch2, TSSLA 2006	Sec. 38, ch. 4, 4SSLA 2016	Sec. 42, ch. 3, SSSLA 2017

15 AAC 55.805 is repealed:

15 AAC 55.805. Rules for 2007 mid-year statutory changes. Repealed. [(a) EXCEPT AS PROVIDED BY AS 43.55.011(f), (j), (k), AND (o) AND BY (e) OF THIS SECTION, THE TAX LEVIED ON A PRODUCER FOR CALENDAR YEAR 2007 BY AS 43.55.011, OTHER THAN THE TAX LEVIED BY AS 43.55.011(i), IS THE SUM OF THE TAX CALCULATED UNDER (b) OF THIS SECTION FOR THE PERIOD AFTER DECEMBER 31, 2006, AND BEFORE JULY 1, 2007, AND THE TAX CALCULATED UNDER (c) OF THIS SECTION FOR THE PERIOD AFTER JUNE 30, 2007, AND BEFORE JANUARY 1, 2008.

(b) FOR PURPOSES OF (a) OF THIS SECTION, THE TAX FOR THE PERIOD AFTER DECEMBER 31, 2006, AND BEFORE JULY 1, 2007, IS THE SUM OF

(1) 22.5 PERCENT OF THE PRODUCTION TAX VALUE OF THE TAXABLE OIL AND GAS AS CALCULATED UNDER AS 43.55.160(a)(1), AS THE PROVISIONS OF THAT PARAGRAPH READ ON JUNE 30, 2007, BUT SUBSTITUTING IN THAT CALCULATION THE GROSS VALUE AT THE POINT OF PRODUCTION OF THE OIL OR GAS, AS APPLICABLE, PRODUCED DURING THE FIRST SIX MONTHS OF THE CALENDAR YEAR IN PLACE OF THE ENTIRE CALENDAR YEAR AND THE LEASE EXPENDITURES, AS ADJUSTED, FOR THE FIRST SIX MONTHS OF THE CALENDAR YEAR IN PLACE OF THE ENTIRE CALENDAR YEAR; AND

(2) THE SUM, OVER THE FIRST SIX MONTHS OF THE CALENDAR YEAR, OF THE AMOUNTS CALCULATED FOR EACH MONTH UNDER AS 43.55.011(g), AS THE PROVISIONS OF THAT SUBSECTION READ ON JUNE 30, 2007.

(c) FOR PURPOSES OF (a) OF THIS SECTION, THE TAX FOR THE PERIOD AFTER JUNE 30, 2007, AND BEFORE JANUARY 1, 2008, IS THE SUM OF

(1) 25 PERCENT OF THE PRODUCTION TAX VALUE OF THE TAXABLE OIL AND GAS AS CALCULATED UNDER AS 43.55.160(a)(1) AS AMENDED BY SEC. 54, CH. 1, SSSLA 2007, BUT SUBSTITUTING IN THAT CALCULATION THE GROSS VALUE AT THE POINT OF PRODUCTION OF THE OIL OR GAS, AS APPLICABLE, PRODUCED DURING THE LAST SIX MONTHS OF THE CALENDAR YEAR IN PLACE OF THE ENTIRE CALENDAR YEAR AND THE LEASE EXPENDITURES, AS ADJUSTED, FOR THE LAST SIX MONTHS OF THE CALENDAR YEAR IN PLACE OF THE ENTIRE CALENDAR YEAR; AND

(2) THE SUM, OVER THE LAST SIX MONTHS OF THE CALENDAR YEAR, OF THE TAX AMOUNTS DETERMINED FOR EACH MONTH UNDER AS 43.55.011(g) AS REPEALED AND REENACTED BY SEC. 17, CH. 1, SSSLA 2007.

(d) FOR PURPOSES OF

(1) PARAGRAPHS (b)(1) AND (c)(1) OF THIS SECTION, IN THE CASE OF A UNIT SUBJECT TO AS 43.55.165(j) AND (k), THE LEASE EXPENDITURES, OTHER THAN QUALIFIED CAPITAL EXPENDITURES, FOR EACH SIX-MONTH PERIOD OF 2007 ARE EQUAL TO ONE-HALF OF THE LEASE EXPENDITURES, OTHER THAN QUALIFIED CAPITAL EXPENDITURES, DETERMINED UNDER AS 43.55.165(j) AND (k) FOR CALENDAR YEAR 2007;

(2) PARAGRAPHS (b)(2) AND (c)(2) OF THIS SECTION, MONTHLY PRODUCTION TAX VALUES ARE CALCULATED USING $1/6$ OF THE LEASE EXPENDITURES FOR THE RESPECTIVE SIX-MONTH PERIOD OF 2007 AND AN APPROPRIATE MONTHLY SHARE, AS DETERMINED USING AN ACCEPTABLE METHOD UNDER 15 AAC 55.192, OF THE PRODUCER'S COSTS OF TRANSPORTATION

FOR THE RESPECTIVE SIX-MONTH PERIOD OR, AT THE PRODUCER'S OPTION, OF THE PRODUCER'S COSTS OF TRANSPORTATION FOR THE ENTIRE CALENDAR YEAR; HOWEVER, THE PRODUCER HAS THE OPTION OF USING A MONTHLY SHARE OF THE PRODUCER'S COSTS OF TRANSPORTATION FOR THE ENTIRE CALENDAR YEAR ONLY IF ACTUAL COSTS, RATHER THAN REASONABLE COSTS, OF TRANSPORTATION ARE DEDUCTIBLE FOR THE LAST SIX MONTHS OF 2007 UNDER AS 43.55.150(a) AND (b).

(e) THE MAXIMUM AMOUNT OF TAX PROVIDED BY AS 43.55.011(j) AND (k) IS DETERMINED SEPARATELY FOR THE FIRST SIX MONTHS AND THE LAST SIX MONTHS OF 2007, BASED ON THE AMOUNT OF TAXABLE GAS OR OIL, RESPECTIVELY, PRODUCED FROM THE LEASE OR PROPERTY DURING THE APPLICABLE SIX-MONTH PERIOD RATHER THAN DURING THE ENTIRE CALENDAR YEAR. THE MAXIMUM AMOUNT OF TAX PROVIDED BY AS 43.55.011(o) IS DETERMINED ONLY FOR THE LAST SIX MONTHS OF 2007, BASED ON THE AMOUNT OF TAXABLE GAS PRODUCED FROM THE LEASE OR PROPERTY DURING THE LAST SIX MONTHS OF 2007. THE MINIMUM AMOUNT OF TAX PROVIDED BY AS 43.55.011(f) IS DETERMINED SEPARATELY FOR THE FIRST SIX MONTHS AND THE LAST SIX MONTHS OF 2007, BUT WITH REFERENCE TO THE AVERAGE PRICE PER BARREL FOR ANS FOR SALE ON THE UNITED STATES WEST COAST FOR THE ENTIRE CALENDAR YEAR.

(f) THE LIMITATION IN AS 43.55.023(a)(1) THAT NOT MORE THAN HALF OF A TAX CREDIT UNDER AS 43.55.023(a) MAY BE APPLIED FOR A SINGLE CALENDAR

YEAR APPLIES ONLY TO TAX CREDITS FOR QUALIFIED CAPITAL EXPENDITURES THAT ARE INCURRED AFTER JUNE 30, 2007.

(g) A TAX CREDIT UNDER AS 43.55.023(b) THAT IS APPLIED AGAINST A TAX LEVIED FOR CALENDAR YEAR 2007 IS 20 PERCENT OF THE AMOUNT OF THE CARRIED-FORWARD ANNUAL LOSS.

(h) FOR PURPOSES OF DETERMINING TAX CREDITS UNDER AS 43.55.023(b) BASED ON LEASE EXPENDITURES INCURRED DURING 2007, A CARRIED-FORWARD ANNUAL LOSS FOR THE

(1) FIRST SIX MONTHS OF 2007 IS THE AMOUNT OF ADJUSTED LEASE EXPENDITURES THAT WAS NOT DEDUCTIBLE IN CALCULATING PRODUCTION TAX VALUES UNDER (B)(1) OF THIS SECTION, AND THE TAX CREDIT RATE APPLICABLE TO THE CARRIED-FORWARD ANNUAL LOSS IS 20 PERCENT;

(2) LAST SIX MONTHS OF 2007 IS THE AMOUNT OF ADJUSTED LEASE EXPENDITURES THAT WAS NOT DEDUCTIBLE IN CALCULATING PRODUCTION TAX VALUES UNDER (c)(1) OF THIS SECTION, AND THE TAX CREDIT RATE APPLICABLE TO THE CARRIED-FORWARD ANNUAL LOSS IS 25 PERCENT.

(i) THE PROVISION OF AS 43.55.023(d) FOR ISSUANCE OF TWO TRANSFERABLE TAX CREDIT CERTIFICATES AND POSTPONEMENT OF USE OF THE CREDIT SHOWN ON THE SECOND OF THE TWO CERTIFICATES APPLIES ONLY TO TAX CREDITS BASED ON EXPENDITURES INCURRED AFTER JUNE 30, 2007, AND FOR WHICH A TRANSFERABLE TAX CREDIT CERTIFICATE HAD NOT BEEN ISSUED BEFORE DECEMBER 20, 2007.

(j) FOR PURPOSES OF CALCULATING THE GROSS VALUE AT THE POINT OF PRODUCTION OF OIL OR GAS PRODUCED DURING THE LAST SIX MONTHS OF 2007, THE LOWER OF ACTUAL COSTS OF TRANSPORTATION OR REASONABLE COSTS OF TRANSPORTATION IS DETERMINED UNDER AS 43.55.150(b) FOR THE SIX-MONTH PERIOD AFTER JUNE 30, 2007, AND BEFORE JANUARY 1, 2008.

(k) THE PROVISIONS OF 15 AAC 55.223 AND 15 AAC 55.224 ARE APPLIED RESPECTIVELY FOR THE FIRST SIX MONTHS AND THE LAST SIX MONTHS OF 2007, USING PRODUCTION TAX VALUES, ADJUSTED LEASE EXPENDITURES, AND DETERMINATIONS OF THE MAXIMUM AMOUNT OF TAX PROVIDED BY AS 43.55.011(j), (k), AND (o) FOR THE APPLICABLE SIX-MONTH PERIOD INSTEAD OF FOR THE CALENDAR YEAR.

(l) FOR CALENDAR YEAR 2007, THE EXCLUSION FROM LEASE EXPENDITURES PROVIDED BY AS 43.55.165(e)(18) IS DETERMINED SEPARATELY FOR THE FIRST SIX MONTHS AND THE LAST SIX MONTHS OF THE CALENDAR YEAR, BASED ON THE EXPENDITURES INCURRED DURING THE RESPECTIVE SIX-MONTH PERIOD AND THE TOTAL TAXABLE PRODUCTION DURING THE RESPECTIVE SIX-MONTH PERIOD.] (Eff. 10/21/2009, Register 192; repealed

_____/_____/_____, Register _____)

Authority:	AS 43.05.080	AS 43.55.110	AS 43.55.165
	AS 43.55.011	AS 43.55.150	Sec. 73, ch. 1, SSSLA 2007
	AS 43.55.023	AS 43.55.160	Sec. 74, ch. 1, SSSLA 2007