

15 AAC 55.191(b)(3)(C) is amended to read:

(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

15 AAC 55.191(b)(3)(D) is amended to read:

(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;

15 AAC 55.191(b)(4)(B)(iii) is amended to read:

(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(<sup>a</sup>A), (<sup>b</sup>B), (<sup>c</sup>C), OR (<sup>d</sup>D), AS APPLICABLE];

15 AAC 55.191(b)(4)(B)(iv) is repealed:

(iv) repealed 1 / 1 / 2020 ;

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15 AAC 55.191(b)(8)(A) is repealed:

(A) repealed 1 / 1 / 2020 ;

(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; am 1 / 1 / 2020 , Register 232 )

**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 55.193(b)(3)(B) is amended to read:

(B) the positioning cost, amortized over 36 months, for that vessel; **and**

15 AAC 55.193(b)(3)(C) is amended to read:

(C) depreciation of the vessel **and a cost of capital allowance calculated under 15 AAC 55.196(d);** [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), OR (c) OR 15 AAC 55.196, AS APPLICABLE; AND]

15 AAC 55.193(b)(3)(D) is repealed:

(D) repealed 1 / 1 / 2020 ;

<sup>(B)</sup>  
15 AAC 55.193(b)(4)(ii) is amended to read:

(ii) the positioning cost, amortized over 36 months, in the case of an LNG tanker; and

15 AAC 55.193(b)(4)<sup>(B)</sup>(iii) is amended to read:

(iii) depreciation of the LNG transportation facility and a cost of capital allowance calculated under 15 AAC 55.196(d) [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) OR 15 AAC 55.196, AS APPLICABLE];

15 AAC 55.193(b)(4)<sup>(B)</sup>(iv) is ~~amended to read:~~ <sup>repealed</sup>

(iv) repealed 1 / 1 / 2020 ;

(Eff. 4/30/2010, Register 194; am 3/1/2017, Register 221, am 1 / 1 / 2020, Register 232 )

<b>Authority:</b>	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 55.195 is repealed.

**15 AAC 55.195. Return on investment or cost of capital allowance to be used in calculation of costs of transportation for oil or gas, other than certain LNG or vessel transportation costs for oil or gas produced on or after January 1, 2003. Repealed. (Eff.**

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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

1 / 1 / 2020, Register 232 )

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

The section heading for 15 AAC 55.196 is amended to read:

**15 AAC 55.196. Cost of capital allowance to be used in calculation of costs of vessel transportation for oil or gas [PRODUCED ON OR AFTER JANUARY 1, 2003, OTHER THAN CERTAIN COSTS PERTAINING TO VESSELS PLACED IN SERVICE BEFORE JANUARY 1, 1995], and in calculation of transportation costs for gas by an LNG transportation facility [PLACED IN SERVICE AFTER DECEMBER 31, 2010].**

15 AAC 55.196(a) is amended to read:

(a) **For** [EXCEPT IF 15 AAC 55.195(a) APPLIES, FOR] oil or gas produced on or after January 1, 2003, a cost of capital allowance that consists of depreciation and a return on invested capital will be allowed under this section, as provided in 15 AAC 55.191 or 15 AAC 55.193, as applicable, for a (1) vessel, or an improvement completed on or after January 1, 2002 to a vessel, owned or effectively owned by the producer; or (2) LNG transportation facility owned or effectively owned by the producer and placed in service after December 31, 2010, or an improvement to that facility. However, a producer may elect to expense the first **\$2,000,000** [\$1,000,000] in costs incurred with respect to improvements during a calendar year.

15 AAC 55.196(d) is amended to read:

(d) A [WITH THE EXCEPTIONS SET OUT IN THIS SUBSECTION FOR AN LNG TRANSPORTATION FACILITY, A] cost of capital allowance under this section must be calculated using the methodology set out in the department's publication *Computation of a Cost-of-Capital Allowance under 15 AAC 55.196, Incorporating Depreciation and Return on Invested Capital for Marine Vessels and Improvements*, [THIRD] Edition 4.0, dated November 19, 2019 [~~SEPTEMBER 19~~, NOVEMBER 8, 2018] and adopted by reference. [IN THE CASE OF AN LNG TRANSPORTATION FACILITY,

(1) THE METHODOLOGY IS APPLIED AS IF THE TERM "VESSEL" READ "LNG TRANSPORTATION FACILITY";

(2) THE USEFUL LIFE FOR PURPOSES OF THE METHODOLOGY IS 30 YEARS;

(3) THE WEIGHTED AVERAGE COST OF CAPITAL IS 0.2 PERCENTAGE POINT GREATER THAN THAT OTHERWISE CALCULATED UNDER THE METHODOLOGY.]

(Eff. 1/1/2003, Register 164; am 1/1/2004, Register 168; am 4/30/2010, Register 194; am 12/28/2018, Register 228; am 1 / 1 / 2020, Register 232 )

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

15 AAC 55.800(e)(5) is repealed:

(5) repealed 1 / 1 / 2020;

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

(4) repealed 1 / 1 / 2020;

15 AAC 55.800(j)(5) is repealed:

(5) repealed 1 / 1 / 2020.

(Eff. 5/3/2007, Register 182; am 10/21/2009, Register 192; am ~~2/27~~7/2010, 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 1 / 1 / 2020, Register 232)

**Authority:** AS 43.05.080      Sec. 72, ch. 1, SSSLA 2007      Sec. 41, ch. 3, SSLA 2017  
AS 43.55.110      Sec. 38, ch. 4, 4SSLA 2016      Sec. 42, ch. 3, SSLA 2017  
Sec. 37, ch. 2, TSSLA 2006