

NOTICE OF
PROPOSED CHANGES IN THE REGULATIONS
of the
DEPARTMENT OF REVENUE

The Department of Revenue proposes to adopt regulation changes in Title 15, Chapter 55 of the Alaska Administrative Code, dealing with the oil and gas production tax, including the following:

- (1) 15 AAC 55.280, dealing with adjustments to lease expenditures under AS 43.55.170, is proposed to be amended by adding new provisions relating to the shared use of production facilities in which a producer has an ownership interest; fees a producer pays or imputes to itself in connection with its use of a production facility in which the producer has an ownership interest; and the reimbursement of a producer's costs passed through to another person.
- (2) 15 AAC 55.320, dealing with transferable tax credit certificates under AS 43.55.023, is proposed to be amended by adding new provisions relating to assurances and financial security in situations where a tax credit is claimed in connection with expenditures for an asset or other item that has not yet been placed in service.
- (3) 15 AAC 55.810, dealing with the heating value of gas, is proposed to be amended to limit its application to gas produced before the effective date of the regulation.
- (4) A new section, 15 AAC 55.811, is proposed to be adopted, for the determination of the heating value of gas produced on or after the effective date of the regulation.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to:

John Larsen
Alaska Department of Revenue, Tax Division
550 W. 7th Ave., Ste. 500
Anchorage, AK 99501

Or, via email to: john.larsen@alaska.gov, or by fax to: (907) 269-6644. Written comments must be received no later than 12:01 p.m. on Monday, November 23, 2009. Written comments received are public records and are subject to public inspection.

Oral or written comments also may be submitted at a hearing to be held on Tuesday, November 10, 2009 in the East Hearing Conference Room of the Regulatory Commission of Alaska, located at 701 West 8th Avenue, Suite 300, Anchorage, Alaska. The hearing will be held from 1:30 p.m. to 2:30 p.m. and might be extended to accommodate those present before 2:00 p.m. who did not have an opportunity to comment. If you are unable to attend the public hearing, you may participate by teleconference by dialing, 1-800-315-6338, and entering 1003# when prompted.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Dave Flavin at (907) 269-6620 no later than Thursday, November 5, 2009 for the public hearing, and, no later than Wednesday, November 18, 2009 for the written comment period, to ensure that any necessary accommodations can be provided.

For a copy of the proposed regulation changes, contact the Tax Division at (907) 269-6620 or go to <http://www.tax.alaska.gov>.

After the public comment period ends, the Department of Revenue will either adopt these or other provisions dealing with the same subject, without further notice, or decide to take no action on them. The language of the final regulations may be different from that of the proposed regulations. **YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED.**

Statutory Authority: AS 43.05.080; AS 43.55.023; AS 43.55.110; AS 43.55.165; AS 43.55.170.
Statutes Being Implemented, Interpreted, or Made Specific: AS 43.55.023; AS 43.55.170; AS 43.55.900.

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

DATE: October 15, 2009

/s/ John Larsen
Audit Master
Department of Revenue

ADDITIONAL REGULATIONS NOTICE INFORMATION
(AS 44.62.190(d))

1. Adopting Agency: Department of Revenue
2. General subject of regulation: Alaska Oil and Gas Production Tax
3. Citation of regulations: 15 AAC 55.280; 15 AAC 55.320; 15 AAC 55.810; and 15 AAC 55.811.
4. Reason for the proposed action:
 - () compliance with federal law
 - (x) compliance with new or changed state statutes
 - () compliance with court order
 - (x) development of program standards
5. RDU/component affected: Tax Division, Revenue Operations
6. Cost of implementation to the state agency and available funding (in thousands of dollars):

| | Initial Year FY 2010 | Subsequent Years |
|-----------------------------------|-------------------------|---------------------|
| Operating Cost | \$ <u>0</u> | \$ <u>0</u> |
| Capital Cost | \$ <u>0</u> | \$ <u>0</u> |
| Federal receipts | \$ <u>0</u> | \$ <u>0</u> |
| General fund match | \$ <u>0</u> | \$ <u>0</u> |
| General fund | \$ <u>0</u> | \$ <u>0</u> |
| General fund/ program receipts | \$ <u>0</u> | \$ <u>0</u> |
| General fund/ mental health | \$ <u>0</u> | \$ <u>0</u> |
| Other funds (specify) | \$ <u>0</u> | \$ <u>0</u> |

7. The name of the contact person for the regulations:
 - Name: John Larsen
 - Title: Audit Master
 - Address: 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501
 - Telephone: (907) 269-8436
 - FAX: (907) 269-6644
 - E-mail: john.larsen@alaska.gov
8. The origin of the proposed action:

- staff of state agency
- federal government
- general public
- petition for regulation change
- other (please list) _____

9. DATE: October 15, 2009

Prepared by: /s/John Larsen
Audit Master, Tax Division
(907) 269-6620

The Department of Revenue, Tax Division, keeps a list of individuals and organizations interested in its regulations. Those on the list will automatically be sent a copy of all of the Tax Division's Notices of Proposed Regulation Changes. To be added to or removed from the list, send a request to:

Dave Flavin
Department of Revenue, Tax Division
550 W. 7th Ave., Ste. 500
Anchorage, AK 99501-3566

giving your name, and either your e-mail address or mailing address, as you prefer for receiving such notices.

You may also add or unsubscribe yourself to the Department of Revenue (DOR) Tax Division Interested Parties List Server, by the following:

1. go to <http://list.state.ak.us/guest/RemoteAvailableLists>
2. click on "D" in the Mailing List Directory
3. Scroll down and click on DOR-Tax-Division-Regs@list.state.ak.us
4. A new window will open up – in the "Your E-mail address" box, type in the e-mail address you wish to receive the DOR Tax notices.
5. Click the button "Immediate Delivery" or "Unsubscribe". Immediate Delivery will add the e-mail address you entered into the list server immediately.
6. Click the "Submit" button.

The e-mail address you entered will immediately receive the DOR Tax Division "Welcome" notice explaining how the list serve works and also advises that you are now a member of the list serve. Please read this "Welcome" advisory – it contains important information regarding the list serve.

You may also unsubscribe, by following steps 1-6 above, except in step 5, please select the button "Unsubscribe". You will immediately receive an e-mail advisory stating that you will no longer receive e-mail notifications regarding the DOR Tax Division.

If you do not receive a welcome notice or unsubscribe notice, please contact Dave Flavin at (907) 269-6620.