

NOTICE OF PROPOSED ADOPTION OF REGULATIONS JOINTLY BY THE
DEPARTMENT OF REVENUE and DEPARTMENT OF NATURAL RESOURCES

The Department of Revenue and the Department of Natural Resources propose to adopt regulation changes in Title 15, Chapter 90, of the Alaska Administrative Code, dealing with resource inducements under the Alaska Gasline Inducement Act, including the following:

A new section, 15 AAC 90.200, is proposed to be adopted, dealing with the requirements that must be met in order to demonstrate to the satisfaction of the commissioners that a person qualifies for a tax exemption resource inducement under AS 43.90.300 and AS 43.90.320; either as a person who has committed to acquire firm transportation capacity or is a holder of a voucher under 43.90.330.

A new section, 15 AAC 90.210, is proposed to be adopted, dealing with gas subject to the gas production tax exemption under AS 43.90.320 and AS 43.90.300.

A new section, 15 AAC 90.220, is proposed to be adopted, dealing with calculation of a producer's gas production tax obligation under the gas production tax in effect at the start of the first binding open season under AS 43.90 for North Slope gas produced during a calendar year and transported in firm transportation capacity acquired in the first binding open season.

A new section, 15 AAC 90.230, is proposed to be adopted, dealing with the application for an inducement voucher under AS 43.90 before the commissioners of the Department of Revenue and the Department of Natural Resources; and transferability of an inducement voucher issued under this proposed section.

15 AAC 90.900, dealing with definitions, is proposed to be amended to define terms as necessary for purposes of the proposed regulations and AS 43.90.

You may comment on the proposed regulations, 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 4:30 p.m., Monday, March 22, 2010. 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, March 9, 2010 at 550 West 7th Avenue, Suite 240, Anchorage, Alaska. The hearing will be held from 1:00 p.m. to 3:00 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, March 4, 2010 for the public hearing, and, no later than Tuesday, March 16, 2010 for the written comment period, to ensure that any necessary accommodations can be provided.

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

After the public comment period ends, the Department of Revenue and the Department of Natural Resources 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.**

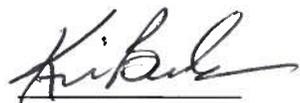
Statutory Authority: AS 43.05.080; AS 43.55.110; AS 43.90.410,

Statutes Being Implemented, Interpreted, or Made Specific: AS 43.90.300; AS 43.90.320; AS 43.90.330; AS 43.90.900.

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

DATE: February 18, 2010


Jonathan E. Iversen
Director, Tax Division
Department of Revenue


Kevin Banks
Director, Oil and Gas
Department of Natural
Resources

ADDITIONAL REGULATIONS NOTICE INFORMATION
(AS 44.62.190(d))

1. Adopting Agency: Department of Revenue and the Department of Natural Resources
2. General subject of regulation: Alaska Gasline Inducement Act Resource Inducement and Gas Production Tax exemption
3. Citation of regulations: 15 AAC 90.200; 15 AAC 90.210; 15 AAC 90.220; 15 AAC 90.230; 15 AAC 55.900.
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: For the Department of Revenue, Tax Division, Revenue Operations, for the Department of Natural Resources: Oil and Gas Division, Resource Development/Oil and Gas Development
6. Cost of implementation to the state agency and available funding (in thousands of dollars):

For the Department of Revenue

	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>

For the Department of Natural Resources:

	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: February 18, 2010

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

/s/Antony Scott
Commercial Analyst, Division of Oil
and Gas
(907) 269-8530

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.

The Department of Natural Resources Division of Oil and Gas, 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 Oil and Gas Division's Notices of Proposed Regulation Changes. To be added to or removed from the list, send a request to:

Christina Holmgren
Department of Natural Resources Division of Oil and Gas
550 W. 7th Ave., Ste. 800
Anchorage, AK 99501-3560

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