

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

The Department of Revenue, Tax Division, proposes to amend oil and gas production tax regulations in Title 15, Chapter 55 of the Alaska Administrative Code, dealing with conforming changes, transferable tax credit certificates, procedures for applying for credits, credit provisions for Cook Inlet oil and gas and gas used in state, and order of applying credits, including the following:

15 AAC 55.310, concerning qualified capital expenditures, is proposed to be amended in light of statutory changes that changed the section reference for the definition of qualified capital expenditures in AS 43.55.023.

15 AAC 55.320, concerning transferable tax credit certificates, is proposed to be amended in light of statutory changes to AS 43.55.023 in 2010 to add reference the provisions of AS 43.55.023(I), the well lease expenditure credit.

15 AAC 55.341, concerning allocation of certain credits, is proposed to be amended in light of statutory changes to AS 43.55.011(m) in 2010 to no longer require allocation of credits available under AS 38.05.180(i), AS 41.09.010, AS 43.55.024 or AS 43.55.025 for Cook Inlet production and gas used in state for certain expenditures made after December 31, 2010 and for certain oil or gas produced after December 31, 2010.

15 AAC 55.345, setting out the procedure for applying for tax credits under AS 43.55.023 is proposed to be amended to add references to the provisions of AS 43.55.023(I).

15 AAC 55.375, concerning the order of applying tax credits, is proposed to be amended to add references to AS 43.55.019 and AS 43.55.023(I).

15 AAC 55.900 is proposed to be amended to update references to statutory sections.

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
Audit Master
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. on Monday, October 24, 2011.** Written comments received are public records and are subject to public inspection.

If you are a person who needs special accommodation in order to participate in the process for written comments, please contact John Larsen at (907) 269-8436 no later than Tuesday, October 18, 2011 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 43.55.110

Statutes Being Implemented, Interpreted, or Made Specific: AS 38.05.180, AS 43.55.011, 43.55.019, AS 43.55.023; AS 43.55.024; AS 43.55.025; AS 43.55.030, and AS 43.55.900.

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

Notice: 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: Karen Fletcher, 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 join or leave the Department of Revenue (DOR) Tax Division Interested Parties List Server, by following the directions given at: <http://list.state.ak.us/soalists/DOR-Tax-Division-Regs/jl.htm>

DATE: September 19, 2011

/s/ John M. Larsen
Audit Master
Department of Revenue

**ADDITIONAL REGULATIONS NOTICE INFORMATION
(AS 44.62.190(d))**

1. **Adopting Agency:** Department of Revenue, Tax Division
2. **General subject of regulation:** Alaska Oil and Gas Production Tax Credits
3. **Citation of regulations:** 15 AAC 55.310, 15 AAC 55.320, 15 AAC 55.341, 15 AAC 55.345, 15 AAC 55.375 and 15 AAC 55.900
4. **Reason for the proposed action:** Compliance with new or changed state statutes and 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):** No costs are expected in 2012 or in subsequent years.
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:** Tax Division, Department of Revenue.
9. DATE: September 19, 2011 Prepared by: /s/ John M. Larsen
Audit Master, Tax Division
(907) 269-6620