

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 the Alaska Administrative Code, dealing with the oil and gas production tax including the following:

15 AAC 55.520 is proposed to be changed as follows:

- Requires the operator of a lease or property to report any unscheduled interruption of, or reduction in the rate of, oil or gas production during the month;
- Removes certain monthly cost reporting requirements for operators;
- Requires a producer or explorer that produces oil or gas during a month, incurs a lease expenditure during a month, incurs an expenditure for which a credit may be claimed under AS 43.55.025, or receives a payment or credit subject to AS 43.55.170 to submit a monthly report of
 - Amounts and dispositions of oil and gas produced
 - Destination values of oil and gas produced
 - Transportation costs and adjustments
 - Lease expenditures incurred, delineating: capital expenditures and other lease expenditures, exploration, development, and production expenditures, expenditures for which a credit may be claimed under 43.55.025 and the anticipated amount of the credit, overhead allowance, property taxes, net profit share payments, exclusions under AS 43.55.165(e)(18) and (19), and lease expenditures under AS 43.55.165(k) and (l)
 - Payments or credits subject to AS 43.55.170
 - Tax credits subtracted in calculating the monthly installment payment
 - Potential tax credits generated during the month that were not applied to the monthly installment payment
 - Tax credit certificates that were transferred to another person
 - Tax payments, including conservation surcharges, due for the month
- Requires that reports and other documents required to be submitted under this regulation be filed electronically in a form prescribed by the department.

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, at 550 W. 7th Ave. Ste. 500, Anchorage, AK 99501. The comments must be received no later than 5 p.m. on March 31, 2008.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Tammany Waterman at 907-269-6620 no later than March 24, 2008 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 www.tax.state.ak.us.

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 43.55.020; AS 43.55.030; AS 43.55.040; AS 43.55.110; AS 43.55.165; AS 43.55.180.

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

DATE: February 29, 2008

/s/ Jonathan Iversen
Director, Tax Division
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 regulation: 15 AAC 55.520
4. Reason for the proposed action:
 - compliance with federal law
 - compliance with new or changed state statute
 - compliance with court order
 - development of program standards
 - other: Amendments to AS 43.55
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 2008	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 Oil and Gas Revenue Specialist
Address 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501
Telephone 269-8436
E-mail address 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 29, 2008

Prepared by: /s/Jonathan Iversen
Director, Tax Division
907-269-6620