

SUPPLEMENTAL NOTICE OF
PROPOSED CHANGES ON OIL & GAS PRODUCTION TAX IN THE REGULATIONS
OF THE DEPARTMENT OF REVENUE

BRIEF DESCRIPTION: The Department of Revenue proposes to change regulations affecting the oil and gas production tax to implement ch. 4, 4 SSLA 2016 (HB 247). The regulations relate to the calculation of production tax values, gross value reductions and tax credits for qualified North Slope oil and gas, the treatment of lease expenditures for oil and gas subject to tax limitations, tax credits, cash purchases of tax credit certificates, tax credits for municipalities, and conforming and clarifying changes related to recent legislation affecting the oil and gas production tax. The Department of Revenue further proposes to repeal regulations that are no longer necessary to implement the production tax program. The Department of Revenue's proposed changes are set out in more detail in the notice of proposed regulations dated September 21, 2016.

This is a SUPPLEMENTAL NOTICE adding to the SUPPLEMENTAL NOTICE issued October 17, 2016 and the NOTICE OF PROPOSED CHANGES that was issued on September 21, 2016, (Department of Law file number JU2016200654). This SUPPLEMENTAL NOTICE is being issued to provide additional opportunity for members of the public and other interested parties that were not able to dial-in to the October 19, 2016 public hearing. The correct dial-in information for the public hearing scheduled for Tuesday, October 25, 2016 is as follows: toll-free conference call number, 1-800-315-6338. When asked for the participant PIN code, enter 40720#.

You may comment on the proposed regulation changes, including the costs to private persons of complying with the proposed changes, by submitting written comments to: John Larsen, Audit Master, Alaska Department of Revenue, 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501. Additionally, the Department of Revenue will accept comments by electronic mail to john.larsen@alaska.gov, or by facsimile at (907) 269-6644. **Written comments must be received no later than 4:30 p.m., on Friday, October 28, 2016.**

Oral or written comments also may be submitted at a hearing to be held Tuesday, October 25, 2016, in Suite 670 of the Atwood Building located at 550 W. 7th Avenue, Anchorage, Alaska. The hearing will be held from 9:00 a.m. to 10:30 a.m. and may be extended to accommodate those present before 9:30 a.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 the toll-free conference call number, 1-800-315-6338. When asked for the participant PIN code, enter 40720#.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact John Larsen at john.larsen@alaska.gov or (907) 269-8436 no later

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than 4:30 p.m., Monday, October 24, 2016 to ensure that any necessary accommodations can be provided.

A copy of the proposed regulation changes is available on the Alaska Online Public Notice System and the Tax Division website, and by contacting John Larsen at (907) 269-8436 or john.larsen@alaska.gov.

After the public comment period ends on Friday, October 28, 2016, the Department of Revenue will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. 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. Written comments received are public records and are subject to public inspection.

Statutory Authority: AS 43.05.080; AS 43.55.110; AS 43.55.160.

Statutes Being Implemented, Interpreted, or Made Specific: AS 40.25.100; AS 43.05.225; AS 43.05.230; AS 43.20.046; AS 43.20.047; AS 43.20.053; AS 43.55.011; AS 43.55.020; AS 43.55.023; AS 43.55.024; AS 43.55.025; AS 43.55.028; AS 43.55.029; AS 43.55.030; AS 43.55.060; AS 43.55.150; AS 43.55.160; AS 43.55.165; AS 43.55.180; AS 43.55.890; AS 43.55.895; AS 43.55.900.

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

DATE: October 20, 2016
Anchorage, Alaska

/s/ Ken Alper
Ken Alper
Director, Tax Division
(907) 269-6620