

An Act relating to the assessment of property for oil and gas exploration, production, and pipeline transportation property tax on a North Slope natural gas project; amending the definition of "taxable property"; adding a definition for "North Slope natural gas project"; and making conforming amendments.

SECTIONAL ANALYSIS

Senate Community & Regional Affairs Committee

Section 1 amends AS 43.56.060(a), related to assessment of property, to add a conforming reference to property exclusively used for a North Slope natural gas project.

Section 2 amends AS 43.56.060(e), related to the full and true value of pipeline transportation property, to add a conforming reference to except property exclusively used for a North Slope natural gas project in new subsection (h).

Section 3 amends AS 43.56.060 to add a new subsection (h), related to the full and true value of taxable property exclusively used for a North Slope natural gas project. This section provides that the full and true value of taxable property exclusively used for a North Slope natural gas project will be determined on each January 1 starting on the construction commencement date. This section provides that on January 1 following the date a North Slope natural gas project begins to transport gas, the full and true value of taxable property exclusively used for a North Slope natural gas project is determined by original cost with adjustments for inflation and depreciation and subject to a throughput factor. The throughput factor is measured in thousands of cubic feet of gas.

Section 4 amends AS 43.56.210(5), defining "taxable property", to add conforming references to property exclusively used for a North Slope natural gas project. The liquefaction plant and marine terminal of a North Slope natural gas project would be taxable property subject to the 20 mill levy in AS 43.56.010(a).

Section 5 amends AS 43.56.210 by adding a new paragraph (7) defining "North Slope natural gas project." This section includes subparagraphs (A)-(D) defining "gas pipeline", "gas treatment plant", "liquefaction plant", and "marine terminal" for the purposes of the definition of North Slope natural gas project in this section.

Section 6 provides that secs. 1-5 of the bill apply to tax years beginning after December 31, 2015. This applicability section would go into uncodified law.

The bill does not have a special effective date.