

CS FOR SENATE BILL NO. 134(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered: 4/13/99
Referred: Finance

Sponsor(s): SENATOR PEARCE

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing the Alaska Oil and Gas Conservation Commission to
2 determine the amount of and to collect a charge for operating wells subject to
3 the commission's jurisdiction, and to allocate expenses of investigation and hearing;
4 repealing the oil and gas conservation tax; and providing for an effective date."

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1.** AS 31.05 is amended by adding a new section to article 1 to read:

7 **Sec. 31.05.085. Expenses of investigation or hearing.** (a) During a hearing
8 or investigation held under this chapter, the commission may allocate the costs of the
9 hearing or investigation among the parties, including the commission, as is just under
10 the circumstances. In allocating costs, the commission shall consider the regulatory
11 cost charge paid by a permittee under AS 31.05.093 and may consider the results,
12 ability to pay, evidence of good faith, other relevant factors, and mitigating
13 circumstances. The costs allocated may include

14 (1) the costs of any time devoted to the investigation or hearing by

1 hired consultants, whether or not the consultants appear as witnesses or participants;
2 and

3 (2) any out-of-pocket expenses incurred by the commission in the
4 particular proceeding.

5 (b) The commission shall provide an opportunity for any person objecting to
6 an allocation to be heard before the allocation becomes final.

7 * **Sec. 2.** AS 31.05 is amended by adding a new section to read:

8 **Sec. 31.05.093. Regulated well regulatory cost charge.** (a) Every person
9 operating a well for which a permit to drill has been issued under AS 31.05.090 and
10 from which oil or gas is produced or into which oil, gas, water, or other fluids,
11 including waste slurry, are injected shall pay to the commission an annual regulatory
12 cost charge. A regulatory cost charge may not be collected from a person unless the
13 operation for which the person is responsible is within the jurisdiction of the
14 commission.

15 (b) The commission shall by regulation establish a method to determine
16 annually the amount of the regulatory cost charge under this section. The regulatory
17 cost charge to be paid by a person must be based on the total volume during a
18 calendar year of the wells of the permittee as a percentage of the total volume during
19 the same year of all wells for which permits to drill have been issued under
20 AS 31.05.090. For purposes of this subsection, "volume" means the sum of all oil,
21 gas, or water produced from wells, and oil, gas, water, and other fluids, including
22 waste slurry, injected into the wells. For purpose of determining volume under this
23 subsection, 6,000 cubic feet of injected gas has a volume that is the equivalent of one
24 barrel of oil.

25 (c) If the amount the commission expects to collect under this section and
26 under AS 31.05.090 exceeds the appropriations made for the operating costs of the
27 commission under this chapter, the commission shall, by order, adjust the regulatory
28 cost charge so that the total amount of the regulatory cost charge and fees that are
29 collected approximately equals the appropriations made for the operating costs of the
30 commission under this chapter for the fiscal year.

31 (d) The commission shall administer the collection of the regulatory cost

1 charge imposed under this section. The Department of Administration shall identify
 2 the amount of the appropriations made for the operating costs of the commission under
 3 this chapter that lapses into the general fund each year. The legislature may
 4 appropriate to the commission for its operating costs under this chapter for the next
 5 fiscal year an amount that is at least equal to the lapsed amount. If the legislature
 6 makes an appropriation to the commission under this subsection that is at least equal
 7 to the lapsed amount, the commission shall reduce the total regulatory cost charge
 8 collected for that fiscal year by a comparable amount.

9 (e) The commission may adopt regulations under AS 44.62 (Administrative
 10 Procedure Act) necessary to administer this section, including regulations for
 11 investigation of the accuracy of reported information and for collecting required
 12 payments.

13 * **Sec. 3.** AS 37.05.146(b)(4) is amended by adding a new subparagraph to read:

14 (W) Alaska Oil and Gas Conservation Commission under
 15 AS 31.05.093.

16 * **Sec. 4.** AS 43.55.017(c) is amended to read:

17 (c) The taxes imposed by this chapter are not in place of the tax imposed by
 18 [AS 43.57 OR] income taxes, franchise taxes, or taxes upon the retail sale of oil or gas
 19 products.

20 * **Sec. 5.** AS 43.56.030 is amended to read:

21 **Sec. 43.56.030. In place of other taxes.** Except for those taxes imposed under
 22 AS 43.55 [AND AS 43.57], the taxes levied or authorized under AS 43.56.010(b) are
 23 in place of

24 (1) all other ad valorem taxes or other taxes imposed by a municipality
 25 on property subject to tax under this chapter or exempted from taxation by
 26 AS 43.56.020; [,] and

27 (2) all other taxes imposed by a municipality on or with respect to the
 28 property subject to tax under this chapter or exempted from taxation by AS 43.56.020,
 29 including, but not limited to,

30 (A) taxes on the retail sale or use of the property except for the
 31 retail sales tax on the first \$1,000 of each sale;

1 (B) taxes on the sale or use of gas or unrefined oil;

2 (C) taxes on the sale or use of services used in or associated
3 with the property or in its maintenance or operation except for the sales tax on
4 the first \$1,000 of each sale;

5 (D) taxes on or measured by gross or net income from the
6 property, including income from the exploration for, production of, or pipeline
7 transportation of gas or unrefined oil or property; and

8 (E) any license, excise, fee, charge or other tax on or pertaining
9 to the property or services.

10 * **Sec. 6.** AS 43.57.010 and AS 43.82.210(a)(3) are repealed.

11 * **Sec. 7.** INITIAL REGULATORY COST CHARGE OF THE ALASKA OIL AND GAS
12 CONSERVATION COMMISSION. Until adjusted as required by AS 31.05.093(c), added by
13 sec. 2 of this Act, the regulated well regulatory cost charge to be levied and collected by the
14 Alaska Oil and Gas Conservation Commission under AS 31.05.093 shall be determined by
15 applying the method for determining the regulatory cost charge set out in AS 31.05.093(b),
16 added by sec. 2 of this Act, to the total volume described in that subsection during the
17 calendar year ending December 31, 1998.

18 * **Sec. 8.** This Act takes effect July 1, 1999.