

SENATE BILL NO. 148

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY SENATORS WIELECHOWSKI, EGAN, ELLIS, FRENCH, DAVIS, AND KOOKESH

Introduced: 1/17/12

Referred: Community and Regional Affairs, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act exempting a gas pipeline with a design capacity of 500,000,000 or more cubic**
2 **feet of gas a day from the state's oil and gas exploration, production, and pipeline**
3 **transportation property taxes until the pipeline generates revenue for its owners; and**
4 **relating to the determination of full and true value for the purpose of determining the**
5 **amount of required local contribution for public school funding."**

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

7 *** Section 1.** AS 14.17.510(a) is amended to read:

8 (a) To determine the amount of required local contribution under
9 AS 14.17.410(b)(2) and to aid the department and the legislature in planning, the
10 Department of Commerce, Community, and Economic Development, in consultation
11 with the assessor for each district in a city or borough, shall determine the full and true
12 value of the taxable real and personal property in each district in a city or borough. If
13 there is no local assessor or current local assessment for a city or borough school

1 district, then the Department of Commerce, Community, and Economic Development
 2 shall make the determination of full and true value guided by AS 29.45.110 and based
 3 on a determination of full and true value made by the state assessor at least every two
 4 years using the best information available, including on-site inspections made by the
 5 state assessor in each of those districts at least once every four years. For purposes of
 6 this subsection, the full and true value of taxable real and personal property in any area
 7 detached shall be excluded from the determination of the full and true value of the
 8 municipality from which the property was detached for the two years immediately
 9 preceding the effective date of the detachment. Also, in making the determination for a
 10 municipality that is a school district, or for a city that is within a borough school
 11 district, the assessed value of property taxable under AS 43.56 shall be excluded if a
 12 tax is not levied under AS 29.45.080 by the municipality that is the school district. The
 13 determination of full and true value shall be made by October 1 and sent by certified
 14 mail, return receipt requested, on or before that date to the president of the school
 15 board in each city or borough school district. Duplicate copies shall be sent to the
 16 commissioner. The governing body of a city or borough that is a school district may
 17 obtain judicial review of the determination. The superior court may modify the
 18 determination of the Department of Commerce, Community, and Economic
 19 Development only upon a finding of abuse of discretion or upon a finding that there is
 20 no substantial evidence to support the determination. **In this subsection, "property**
 21 **taxable under AS 43.56" has the meaning given to "taxable property taxable**
 22 **under AS 43.56" in AS 29.45.080(e).**

23 * **Sec. 2.** AS 29.45.080(e) is amended to read:

24 (e) For purposes of this section,

25 (1) population shall be determined by the commissioner based on the
 26 latest statistics of the United States Bureau of the Census or on other reliable
 27 population data, and the commissioner shall advise each municipality of its population
 28 by January 15 of each year;

29 (2) **"taxable property taxable under AS 43.56" includes real and**
 30 **tangible personal property used or committed by contract or other agreement for**
 31 **use in this state primarily in the pipeline transportation of gas that is exempt**

1 **under AS 43.56.020(d) from the tax imposed under AS 43.56.**

2 * **Sec. 3.** AS 43.56.010(d) is amended to read:

3 (d) **Except as provided in (e) of this section, a** [A] tax paid to a municipality
4 under AS 29.45.080 **before July 1** [OR FORMER AS 29.53.045 ON OR BEFORE
5 JUNE 30] of the tax year shall be credited against the tax levied under (a) of this
6 section for that tax year. **Except as provided in (e) of this section, if** [IF,
7 HOWEVER,] a tax is not paid to a municipality until after June 30 of the taxable year,
8 the department, upon application, shall refund to the taxpayer the amount of tax paid
9 to the municipality under AS 29.45.080 [OR FORMER AS 29.53.045]. The credit or
10 refund of taxes paid to a municipality may not exceed the total amount of tax levied by
11 the department upon the taxpayer for the tax year, under (a) of this section.

12 * **Sec. 4.** AS 43.56.010 is amended by adding a new subsection to read:

13 (e) Notwithstanding (d) of this section, a tax paid to a municipality under
14 AS 29.45.080 on property that is exempt under AS 43.56.020(d) from the tax imposed
15 under (a) of this section may not be credited against the tax levied under (a) of this
16 section and may not be refunded to a taxpayer under (d) of this section.

17 * **Sec. 5.** AS 43.56.020 is amended by adding new subsections to read:

18 (d) Real and tangible personal property used or committed by contract or other
19 agreement for use in this state primarily in the pipeline transportation of gas in a
20 pipeline with a design capacity of 500,000,000 or more cubic feet of gas a day is
21 exempt from the tax imposed under AS 43.56.010(a) through December 31 of the year
22 in which the first flow of gas in that pipeline generates revenue for the owners of that
23 pipeline.

24 (e) For property that is not used exclusively for or committed by contract or
25 other agreement to the gas pipeline described in (d) of this section, the department
26 shall determine that portion of the full and true value that

27 (1) is not exempt under (d) of this section; and

28 (2) is subject to tax under AS 43.56.010(a).