

CS FOR SENATE BILL NO. 148(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 3/2/12

Referred: Resources, Finance

Sponsor(s): SENATORS WIELECHOWSKI, EGAN, ELLIS, FRENCH, DAVIS, AND KOOKESH

A BILL

FOR AN ACT ENTITLED

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

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 14.17.510(a), as amended by sec. 1 of this Act, is amended to read:

24 (a) To determine the amount of required local contribution under
 25 AS 14.17.410(b)(2) and to aid the department and the legislature in planning, the
 26 Department of Commerce, Community, and Economic Development, in consultation
 27 with the assessor for each district in a city or borough, shall determine the full and true
 28 value of the taxable real and personal property in each district in a city or borough. If
 29 there is no local assessor or current local assessment for a city or borough school
 30 district, then the Department of Commerce, Community, and Economic Development
 31 shall make the determination of full and true value guided by AS 29.45.110 and based

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

21 * **Sec. 3.** AS 29.45.080(e) is amended to read:

22 (e) For purposes of this section,

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

27 **(2)** "**taxable property taxable under AS 43.56**" **includes real and**
 28 **tangible personal property used or committed by contract or other agreement for**
 29 **use in this state primarily in the pipeline transportation of gas that is exempt**
 30 **under AS 43.56.020(d) from the tax imposed under AS 43.56.**

31 * **Sec. 4.** AS 43.56.010(d) is amended to read:

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

10 * **Sec. 5.** AS 43.56.010(d), as amended by sec. 4 of this Act, is amended to read:

11 (d) **A** [EXCEPT AS PROVIDED IN (e) OF THIS SECTION, A] tax paid to a
 12 municipality under AS 29.45.080 before July 1 of the tax year shall be credited against
 13 the tax levied under (a) of this section for that tax year. **If** [EXCEPT AS PROVIDED
 14 IN (e) OF THIS SECTION, IF] a tax is not paid to a municipality until after June 30 of
 15 the taxable year, the department, upon application, shall refund to the taxpayer the
 16 amount of tax paid to the municipality under AS 29.45.080. The credit or refund of
 17 taxes paid to a municipality may not exceed the total amount of tax levied by the
 18 department upon the taxpayer for the tax year, under (a) of this section.

19 * **Sec. 6.** AS 43.56.010 is amended by adding a new subsection to read:

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

24 * **Sec. 7.** AS 43.56.020 is amended by adding new subsections to read:

25 (d) Real and tangible personal property used or committed by contract or other
 26 agreement for use in this state primarily in the pipeline transportation of gas in a
 27 pipeline with a design capacity of 500,000,000 or more cubic feet of gas a day to
 28 market for sale is exempt from the tax imposed under AS 43.56.010(a).

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

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

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

3 * **Sec. 8.** AS 43.56.060(a) is amended to read:

4 (a) The department shall assess property for the tax levied under
5 AS 43.56.010(b) and AS 29.45.080 on property used or committed by contract or
6 other agreement for use for the pipeline transportation of gas or unrefined oil or for the
7 production of gas or unrefined oil, including property that is exempt under
8 AS 43.56.020(d) from the tax imposed under AS 43.56.010(a), at its full and true
9 value as of January 1 of the assessment year.

10 * **Sec. 9.** AS 43.56.060(a), as amended by sec. 8 of this Act, is amended to read:

11 (a) The department shall assess property for the tax levied under
12 AS 43.56.010(b) and AS 29.45.080 on property used or committed by contract or
13 other agreement for use for the pipeline transportation of gas or unrefined oil or for the
14 production of gas or unrefined oil [, INCLUDING PROPERTY THAT IS EXEMPT
15 UNDER AS 43.56.020(d) FROM THE TAX IMPOSED UNDER AS 43.56.010(a),] at
16 its full and true value as of January 1 of the assessment year.

17 * **Sec. 10.** AS 43.56.070(a) is amended to read:

18 (a) The department may require by notice every person having ownership or
19 control of an interest in property taxable under this chapter or property that is
20 exempt under AS 43.56.020(d) from the tax imposed under AS 43.56.010(a) to
21 submit a return in the form prescribed by the department, based on property values
22 existing on January 1 of each year, except as otherwise provided in this chapter.

23 * **Sec. 11.** AS 43.56.070(a), as amended by sec. 10 of this Act, is amended to read:

24 (a) The department may require by notice every person having ownership or
25 control of an interest in property taxable under this chapter [OR PROPERTY THAT
26 IS EXEMPT UNDER AS 43.56.020(d) FROM THE TAX IMPOSED UNDER
27 AS 43.56.010(a)] to submit a return in the form prescribed by the department, based
28 on property values existing on January 1 of each year, except as otherwise provided in
29 this chapter.

30 * **Sec. 12.** AS 29.45.080(e)(2); AS 43.56.010(e), 43.56.020(d), and 43.56.020(e) are
31 repealed.

1 * **Sec. 13.** Sections 2, 5, 9, 11, and 12 of this Act take effect January 1, 2023.