

SENATE BILL NO. 50

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - FIRST SESSION

BY THE SENATE RESOURCES COMMITTEE

Introduced: 2/1/23

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the assessment of property for the purposes of the oil and gas
2 exploration, production, and pipeline transportation property tax; and providing for an
3 effective date."

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

5 * **Section 1.** AS 43.56.060(c) is amended to read:

6 (c) Except as provided in (h) of this section, the [THE] full and true value of
7 taxable property used or committed by contract or other agreement for use in the
8 exploration for gas or unrefined oil, or in the operation or maintenance of facilities for
9 the exploration for gas or unrefined oil, is the estimated price that the property would
10 bring in an open market and under the then prevailing market conditions in a sale
11 between a willing seller and a willing buyer both conversant with the property and
12 with prevailing general price levels.

13 * **Sec. 2.** AS 43.56.060(d) is amended to read:

14 (d) The full and true value of taxable property used or committed by contract

1 or other agreement for the production of gas or unrefined oil or in the operation or
 2 maintenance of facilities for the production of gas or unrefined oil is [:]

3 (1) on the construction commencement date, the actual cost incurred or
 4 accrued with respect to the property as of the date of assessment;

5 (2) determined on each January 1 thereafter on the basis of
 6 replacement cost less depreciation based on the economic life of proven reserves; **the**
 7 **full and true value under this paragraph may not exceed the estimated price that**
 8 **the property would bring in an open market and under the then prevailing**
 9 **market conditions in a sale between a willing seller and a willing buyer both**
 10 **conversant with the property and with prevailing general price levels.**

11 * **Sec. 3.** AS 43.56.060 is amended by adding new subsections to read:

12 (h) If property within the Cook Inlet sedimentary basin changes ownership in
 13 an arm's length transaction, other than a liquidation bankruptcy under 11 U.S.C. 701 -
 14 784, the value of taxable assets for the first year of assessment after the change in
 15 ownership is the purchase price paid for the property, adjusted for depreciation.

16 (i) In this section,

17 (1) "Cook Inlet sedimentary basin" has the meaning given in
 18 AS 43.55.900;

19 (2) "proven reserves" has the meaning given to "proved oil and gas
 20 reserves" in 17 C.F.R. 210.4-10, as that regulation read on January 1, 2022.

21 * **Sec. 4.** This Act takes effect January 1, 2024.