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Smith and Tillion

Offered: 2/22/68
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 376

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the oil and gas properties pro-
7 duction tax."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 43.55.010(a) is repealed and re-enacted to read:

10 (a) There is levied upon every person producing oil and gas a
11 tax on the gross value at the well of all oil and gas produced in the
12 state, less the value of any part, the ownership or right to which is
13 exempt from taxation. The tax is upon the whole production, including
14 what is commonly known as royalty interest. The rates of taxation
15 are as follows:

16 (1) on oil from a basin which has not yielded an average
17 of 100,000 barrels of oil a day for any quarter, the tax shall be
18 one per cent;

19 (2) on gas from a basin which has not yielded an average of
20 100,000 cubic feet of gas a day for any quarter, the tax shall be
21 one per cent;

22 (3) on oil from a basin which has yielded an average of
23 100,000 barrels of oil a day for any quarter, the tax shall be four
24 per cent; however, the tax on oil substantially processed or
25 consumed within the state, as provided in regulations of the Department
26 of Natural Resources, is two per cent;

27 (4) on gas from a basin which has yielded an average
28 of 100,000 cubic feet of gas a day for any quarter, the tax
29 shall be four per cent; however, the tax on gas substantially

1 processed or consumed within the state, as provided in regulations of
2 the Department of Natural Resources is two per cent.

3 * Sec. 2. AS 43.55.010 is amended by adding a new subsection to read:

4 (e) If the differential tax rate provided for under (a) of this
5 section is found to be unconstitutional by the supreme court of the
6 state, there is levied upon every person producing oil and gas a tax of
7 four per cent of the gross value at the well of all oil and gas produced
8 in the state, less the value of any part, the ownership or right to
9 which is exempt from taxation. The tax is upon the whole production,
10 including what is commonly known as the royalty interest.

11 * Sec. 3. AS 43.55.080 is amended to read:

12 Sec. 43.55.080. COLLECTION AND DEPOSIT OF REVENUE. (a) The de-
13 partment shall deposit quarterly in the general fund the money collec-
14 ted by it under this chapter. One-half of the money deposited shall be
15 placed in a special oil and gas properties production tax account in
16 the general fund. The legislature may appropriate funds from the
17 special account for expenditure by cities and organized boroughs for
18 education.

19 (b) Money appropriated from the special account to the cities and
20 organized boroughs, under (a) of this section, shall be distributed as
21 follows: divide the total amount distributed under the Public School
22 Foundation Program (AS 14.17) for the previous fiscal year into the
23 amount received by a particular school district under that program for
24 the previous fiscal year; the percentage figure obtained shall be
25 the share of the city or organized borough in which that particular
26 school district is located.