

Introduced: 3/19/71  
Referred: Resources and  
Finance

1 IN THE HOUSE

BY BOWMAN

2 HOUSE BILL NO. 331

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the oil and gas production tax;  
7 and providing for an effective date."

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 AS 43.55.010(a) is repealed and re-enacted to read: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 each barrel of oil produced within the state and on the gross  
12 value at the well of all gas produced within the state, both less  
13 any part or value of any part the ownership or right to which is  
14 exempt from taxation. The tax is upon the whole production, including  
15 what is commonly known as the royalty interest, and is levied  
16 according to the following schedules:

17 (1) oil -- based upon the average daily production for  
18 each well for the calendar month in barrels and the specific gravity  
19 of the oil, the tax on each barrel of oil is:

	Specific Gravity	Production Rate - Tax		
		1,000 BPD or less	1,000-2,000 BPD	2,000 or more BPD
23	(A) 22 and below	\$ .16	\$ .18	\$ .20
24	(B) 22 - 28	.18	.20	.22
25	(C) 28 - 31	.19	.21	.23
26	(D) 31 - 32	.205	.225	.245
27	(E) 32 - 36	.225	.245	.265
28	(F) 36 - 43	.23	.25	.27
29	(G) 43 and above	.24	.26	.35

1 (2) oil -- wells incapable of producing more than 100  
2 barrels in average daily production, one-half scheduled fees shown in  
3 (1) of this subsection for production of 1,000 BPD or less;

4 (3) gas -- the tax rate shall be four per cent of the gross  
5 value of the gas and liquid products produced.

6 \* Sec. 2. AS 43.55.020(a) is amended to read:

7 (a) The gross production tax on oil or gas shall be paid monthly  
8 [QUARTERLY]. The tax is due on the last day of each [THE] calendar  
9 month [FOLLOWING THE PRECEDING QUARTERLY PERIOD] on all oil or gas  
10 produced [IN AND SAVED] during the preceding month [QUARTERLY PERIOD].  
11 If the tax is not paid on or before the end of the month in which it  
12 becomes due, the tax becomes delinquent.

13 \* Sec. 3. AS 43.55.020(b) is amended to read:

14 (b) The gross production tax on oil or gas [SOLD AT THE TIME OF  
15 PRODUCTION] shall be paid by or on behalf of the first [THE] purchaser,  
16 and [THE PURCHASE SHALL DEDUCT] the amount of the tax paid by the  
17 purchaser shall be deducted in making settlement with the producer or  
18 royalty owner, or both.

19 \* Sec. 4. AS 43.55.020(c) is amended to read:

20 (c) The [IF OIL ON WHICH THE] gross production tax [IS DUE IS NOT  
21 SOLD AT THE TIME OF PRODUCTION BUT IS RETAINED BY THE PRODUCER, THE TAX]  
22 on [THE] oil not sold but retained by the producer shall be paid by  
23 or on behalf of the producer [FOR HIMSELF] including the tax due on  
24 royalty oil not sold.

25 \* Sec. 5. AS 43.55.030(a) is repealed and re-enacted to read:

26 (a) The tax shall be paid to the department on forms prescribed  
27 by the department. The producer or person paying the tax shall, by  
28 the last day of each month and for the preceding calendar month, file  
29 with the department the forms giving

1 (1) the name and legal description of the lease from which  
2 the oil or gas was produced, including the assigned accounting code  
3 number;

4 (2) the names of the producer and the person paying the tax;

5 (3) the gross amount of oil or gas produced from the lease;

6 (4) the total value of oil or gas produced from the lease;

7 (5) the name of the first purchaser and the price received  
8 for the oil or gas if sold.

9 \* Sec. 6. AS 43.55.030(d) is amended to read:

10 (d) Reports from the [PURCHASER OR] producer or person paying the  
11 tax are delinquent 30 days after the time fixed for filing the reports.  
12 Each person required to file a report is subject to a penalty of \$25  
13 a day for each lease or property upon which he fails or refuses to file  
14 a report. The penalty for failure to file a report is in addition to  
15 the penalty for delinquent taxes, and is a lien against the assets of  
16 the person failing or refusing to file the reports.

17 \* Sec. 7. AS 43.55.080 is amended to read:

18 Sec. 43.55.080. COLLECTION AND DEPOSIT OF REVENUE. The depart-  
19 ment shall deposit monthly [QUARTERLY] in the general fund the money  
20 collected by it under this chapter.

21 \* Sec. 8. AS 43.55 is amended by adding a new section to read:

22 Sec. 43.55.135. MEASUREMENT. For the purposes of this chapter,  
23 oil shall be measured in terms of a "barrel of oil" and gas shall be  
24 measured in terms of a "cubic foot of gas".

25 \* Sec. 9. AS 43.55.140 is repealed and re-enacted to read:

26 Sec. 43.55.140. DEFINITIONS. In this chapter

27 (1) "oil" means crude petroleum oil and other hydrocarbons  
28 regardless of gravity which are produced at the wellhead in liquid form  
29 and the liquid hydrocarbons known as distillate or condensate recovered

1 or extracted from gas;

2 (2) "gas" means all natural, associated or casinghead gas  
3 and all hydrocarbons produced at the wellhead not defined as oil;

4 (3) "department" means the Department of Revenue;

5 (4) "barrel of oil" means 42 United States gallons of 231  
6 cubic inches a gallon computed at a temperature of 60 degrees Fahren-  
7 heit;

8 (5) "cubic foot of gas" means the volume of gas contained  
9 in one cubic foot of space measured at a pressure base of 14.65 pounds  
10 per square inch absolute and a temperature base of 60 degrees Fahren-  
11 heit.

12 \* Sec. 10. AS 43.55 is amended by adding a new section to read:

13 Sec. 43.55.150. SHORT TITLE. This chapter may be cited as the  
14 Oil and Gas Production Tax Act.

15 \* Sec. 11. AS 43.55.020(f), 43.55.030(b) and 43.55.030(c) are repealed.

16 \* Sec. 12. The first monthly return under this Act is due on August 31,  
17 1971 and shall include the gross production tax on all oil and gas produced  
18 and saved during the month of July 1971. The last quarterly report covering  
19 production before July 1971 shall be filed and paid before August 1, 1971.

20 \* Sec. 13. This Act takes effect on June 30, 1971.  
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