

Introduced: 2/7/72
Referred: Local Government
and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

CS
2 HOUSE BILL NO. 598

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for a state tax on property used in
7 connection with exploration for and transportation of
8 unrefined oil and gas; and providing for an effective
9 date."

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

11 * Section 1. AS 43 is amended by adding a new chapter to read:

12 CHAPTER 56. OIL AND GAS EXPLORATION AND
13 TRANSPORTATION PROPERTY TAX.

14 Sec. 43.56.010. LEVY OF TAX. (a) An annual tax of 20 mills is
15 levied each tax year, beginning January 1, 1973, on the full and true
16 value of all the taxable real and personal property employed in the
17 state in the exploration for and transportation of unrefined oil and
18 gas, except that the tax levied under this section does not apply to
19 property with respect to which an ad valorem tax is payable to a city
20 or borough on January 1, 1972 and on January 1 of any succeeding year
21 during which a tax is levied under this section.

22 Sec. 43.56.020. EXEMPTIONS. In addition to property excluded
23 under sec. 90(6) of this chapter, the following property is exempt
24 from the tax levied under this chapter

- 25 (1) producing oil or gas leases;
26 (2) machinery, appliances and equipment used in and around
27 a well producing oil or gas and actually used in the operation of a
28 well; and
29 (3) oil and gas produced in the state upon which gross

1 production taxes are paid.

2 Sec. 43.56.030. IN LIEU OF OTHER TAXES. Payment of the tax
3 levied under this chapter is in lieu of all ad valorem taxes on
4 property subject to tax under this chapter now or hereafter imposed by
5 the state, or by a city or a borough.

6 Sec. 43.56.040. ASSESSMENT AND COLLECTION. Property subject to
7 the tax levied under this chapter shall be assessed and collected in
8 the manner provided in AS 43.77.050 - 43.77.090, AS 43.77.110, and
9 AS 43.77.130 - 43.77.140.

10 Sec. 43.56.050. DEPOSIT IN GENERAL FUND. The annual revenue from
11 the tax levied under this chapter shall be deposited in the general
12 fund.

13 Sec. 43.56.060. AUTHORIZATION OF APPROPRIATION. There is
14 authorized to be appropriated each year an amount equal to the sum of
15 the amounts deposited in the general fund under sec. 50 of this
16 chapter. The amount appropriated under authority of this section shall
17 be administered by the Department of Community and Regional Development.

18 Sec. 43.56.070. DISTRIBUTION. As soon as practicable following
19 the annual appropriation provided for in sec. 60 of this chapter,
20 the Department of Community and Regional Development shall distribute
21 to the treasurer of each taxing unit, and shall segregate and hold
22 for the benefit of each unorganized borough, an amount which bears the
23 same ratio to the total amount of the annual appropriation as the
24 distribution index of the governmental unit bears to the sum of the
25 distribution indices of all governmental units.

26 Sec. 43.56.080. DISTRIBUTION FORMULA. The distribution index of
27 each governmental unit is based on its cost of services, wealth and
28 population and is determined annually in accordance with the following
29 formula

1 D = $\frac{PCF_a}{F_p}$
2

3 where D = distribution index

4 P = total population of the governmental unit as a percentage
5 of the statewide total population.

6 C = cost of service index

7 F_p = fiscal capacity

8 F_a = statewide fiscal capacity.

9 Sec. 43.56.090. DEFINITIONS. In this chapter

10 (1) "taxing unit" means any organized borough or city
11 levying ad valorem taxes whether located within or outside an organized
12 borough;

13 (2) "governmental unit" means an organized borough or a
14 city levying ad valorem taxes whether located within or outside an
15 organized borough, and an unorganized borough;

16 (3) "fiscal capacity" means the ratio of total taxable
17 assessed value to total population within a governmental unit;

18 (4) "statewide fiscal capacity" means the ratio of total
19 taxable assessed value to total population for the state as a whole;

20 (5) "cost of service index" means the cost as determined
21 by the state assessor in the Department of Community and Regional
22 Development for each tax year in each particular governmental unit
23 of education, sewer, water, police and fire protection, road
24 construction and other governmental services expressed as a percentage
25 of the average cost of those services in the state as a whole;

26 (6) "taxable real and personal property" means property not
27 exempt from taxation under the constitution and laws of the state or
28 of the United States, but does not include any subsurface estate or
29 property used in a consumer distribution system. The term includes

1 otherwise taxable property exempted from taxation under home rule
2 ordinance or charter.

3 Sec. 43.56.100. REGULATIONS. The Department of Community and
4 Regional Development and the Department of Revenue may adopt regula-
5 tions as appropriate to carry out their respective duties under this
6 chapter.

7 * Sec. 2. This Act takes effect on the day after its passage and
8 approval or on the day it becomes law without approval.