

Original sponsor: Rules Committee by
request of the Governor

Offered: 3/29/72
Referred: Finance

1 IN THE HOUSE

BY THE LOCAL GOVERNMENT COMMITTEE

2 CS FOR HOUSE BILL NO. 598

SCS

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 transportation of unrefined oil and
8 gas; and providing for an effective date."

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

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

11 CHAPTER 56. OIL AND GAS TRANSPORTATION PROPERTY TAX.

12 Sec. 43.56.010. LEVY OF TAX. An annual tax of 20 mills is levied
13 each tax year beginning January 1, 1973, on the full and true value of
14 taxable real and tangible personal property employed in the transporta-
15 tion of unrefined oil and gas. With respect to a facility employed
16 for part of a tax year in a manner to render it taxable under this
17 chapter or partly so employed for a full tax year, the value of the
18 facility taxable under this chapter shall be proportionate to the
19 employment. Property taxable under this chapter does not include
20 property employed in the construction of facilities taxable under this
21 chapter as distinct from the facilities themselves; however, with
22 respect to pipelines and other facilities taxable under this chapter
23 which may be under construction or awaiting construction, full and true
24 value for each tax year before completion shall be measured by the
25 costs incurred or accrued with respect to the facility as of the assess-
26 ment date. The tax levied under this chapter does not apply to
27 property with respect to which an ad valorem tax is payable to a city or
28 borough on January 1, 1972 and on January 1 of any succeeding year
29 during which a tax is levied under this chapter.

1 Sec. 43.56.020. EXEMPTIONS. In addition to property excluded
2 under sec. 150(6) of this chapter, the following property is exempt
3 from the tax levied under this chapter:

4 (1) producing oil or gas leases;

5 (2) machinery, appliances and equipment used in and around
6 a well producing oil or gas and actually used in the operation of a
7 well; and

8 (3) oil and gas produced in the state upon which gross pro-
9 duction taxes are paid.

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

14 Sec. 43.56.040. ASSESSMENT. Assessment of property subject to
15 the tax levied under this chapter shall be carried out by the Local
16 Affairs Agency substantially in the manner provided in AS 29.10.378 -
17 29.10.453 for first class cities, except that the agency shall function
18 in place of the local assessor, and the State Assessment Review Board
19 shall function in the place of the city council sitting as a board of
20 equalization.

21 Sec. 43.56.050. STATE ASSESSMENT REVIEW BOARD. The director of
22 local affairs shall appoint at least five qualified persons to serve
23 at his pleasure as a State Assessment Review Board. At least one person
24 shall be appointed from each of the four judicial districts.

25 Sec. 43.56.060. PER DIEM AND EXPENSES. Members of the State
26 Assessment Review Board shall not be compensated but are entitled to
27 per diem and expenses authorized by law for boards.

28 Sec. 43.56.070. POWERS AND DUTIES. The State Assessment Review
29 Board has the powers and duties with respect to assessment of property.

1 taxable under this chapter of a city council sitting as a board of
2 equalization with respect to a first class city.

3 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied in
4 this chapter is payable in full to the Department of Revenue on
5 September 30 of the tax year, except that the Department of Revenue may
6 by regulation provide for prepayment of taxes and payment by install-
7 ments. A penalty of 10 per cent shall be added to delinquent taxes and
8 interest at the rate of eight per cent a year, or four percentage
9 points above the yearly rate charged member banks for advances by the
10 12th Federal Reserve District that prevailed on the first day of the
11 month preceding the commencement of that calendar quarter, whichever
12 is greater, shall accrue on all unpaid taxes, excluding penalties, from
13 the due date until paid in full. Collection of the tax levied under
14 this chapter shall be carried out by the Department of Revenue sub-
15 stantially in the manner provided in AS 29.10.456 - 29.10.537 and 29.10.
16 348 - 29.10.351 for first class cities.

17 Sec. 43.56.090. LIEN FOR TAX. The tax levied under this chapter
18 and interest and penalty set out in sec. 80 of this chapter are liens
19 upon the property subject to tax under this chapter. The liens pro-
20 vided by this section are prior and paramount to all other liens or
21 encumbrances upon the same property.

22 Sec. 43.56.100. FALSE STATEMENT. A person who knowingly fails
23 to file a return when due or makes a false statement in a return
24 required under this chapter as to the amount, location, kind or value
25 of property subject to taxation with intent to evade the taxation is
26 guilty of a misdemeanor and upon conviction is punishable by a fine
27 of not more than \$1,000, or by imprisonment for not more than six months,
28 or by both, together with the costs of prosecution.

29 Sec. 43.56.110. DEPOSIT IN GENERAL FUND. The annual revenue

1 from the tax levied under this chapter shall be deposited in the
2 general fund.

3 Sec. 43.56.120. AUTHORIZATION OF APPROPRIATION. There is autho-
4 rized to be appropriated to the Local Affairs Agency each year an
5 amount equal to the sum of the amounts deposited in the general fund
6 under sec. 110 of this chapter, less costs incurred or anticipated in
7 administration of the tax for the year of levy.

8 Sec. 43.56.130. DISTRIBUTION. As soon as practicable following
9 the annual appropriation provided for in sec. 120 of this chapter,
10 the Local Affairs Agency shall distribute to the treasurer of each
11 taxing unit, and shall segregate and expend for the benefit of the
12 unorganized borough area, an amount which bears the same ratio to the
13 total amount of the annual appropriation under sec. 120 of this chapter
14 as the distribution index of the governmental unit bears to the sum of
15 the distribution indices of all governmental units.

16 Sec. 43.56.140. DISTRIBUTION INDEX. The distribution index
17 of each governmental unit is based on its cost of services, wealth
18 and population and is determined annually in accordance with the

19 following formula: $D = \frac{PCF_a}{F_p}$
20 where D = distribution index

21 P = total population of the governmental unit as a percentage
22 of the statewide total population

23 C = cost of service index

24 F_p = fiscal capacity

25 F_a = statewide fiscal capacity.

26 Sec. 43.56.150. DEFINITIONS. In this chapter

27 (1) "cost of service index" means the ratio as determined
28 by the Local Affairs Agency of the average cost of materials and personal
29 services, weighed equally, in a particular governmental unit to the

1 average cost of materials and personal services in the state as a
2 whole for each tax year; in determining the cost of service index
3 the agency may utilize such standards of reference as federal cost of living
4 data, state employee regional pay differentials and other measures and
5 standards which in its opinion tend to reflect cost differentials of
6 construction materials, labor, and other components of the overall
7 cost of local government operations;

8 (2) "fiscal capacity" means the ratio of total taxable
9 assessed value to total population in a governmental unit;

10 (3) "governmental unit" means an organized borough or a
11 city levying ad valorem taxes whether located inside or outside an
12 organized borough, and an unorganized borough;

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

15 (5) "taxable real and tangible personal property" means
16 property not exempt from taxation under the constitution and laws
17 of the state or of the United States, but does not include any sub-
18 surface estate or property used in a consumer distribution system; the
19 term includes otherwise taxable property exempted from taxation under
20 home rule ordinance or charter;

21 (6) "taxing unit" means any organized borough or city levying
22 ad valorem taxes whether located inside or outside an organized borough;

23 (7) "total taxable assessed value" means the full and true
24 value of all real and tangible personal property not specifically
25 exempted from taxation under the constitution and laws of the state or
26 the United States, and for purposes of determining fiscal capacity
27 includes the value of property located in an unorganized borough even
28 though ad valorem tax is not levied on the property.

29 Sec. 43.56.160. REGULATIONS. The Local Affairs Agency and the

1 Department of Revenue may adopt regulations as appropriate to carry
2 out their respective duties under this chapter, including regulations
3 governing determination of the population valuation and cost factors
4 in sec. 140 of this chapter.

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