

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/29/72
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE 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 relating to taxation of 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. (a) An annual tax of 20 mills is
13 levied each tax year beginning January 1, 1973 on the full and true
14 value of taxable real and tangible personal property employed in the
15 transportation of unrefined oil and gas.

16 (b) Local governmental units may levy a tax not to exceed 20
17 mills on not more than 10 per cent of the full and true value of
18 taxable real and tangible personal property employed in the transporta-
19 tion of unrefined oil and gas. Payment of the tax levied under this
20 subsection is in lieu of the appropriate portion of the tax levied
21 by the state under (a) of this section.

22 (c) Property taxable under this chapter does not include property
23 employed in the construction of facilities taxable under this chapter
24 as distinct from the facilities themselves; however, with respect to
25 pipelines and other facilities taxable under this chapter which may
26 be under construction or awaiting construction, full and true value
27 for each tax year before completion shall be measured by the costs
28 incurred or accrued with respect to the facility as of the assessment
29 date.

1 (d) The tax levied under this chapter does not apply to property
2 with respect to which an ad valorem tax is payable to a city or borough
3 on January 1, 1972 and on January 1 of any succeeding year during which
4 a tax is levied under this chapter.

5 Sec. 43.56.020. EXEMPTIONS. The following property is exempt
6 from the tax levied under this chapter:

7 (1) producing oil or gas leases;

8 (2) machinery, appliances and equipment used in and around
9 a well producing oil or gas and actually used in the operation of a
10 well; and

11 (3) oil and gas produced in the state upon which gross
12 production taxes are paid.

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

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

24 Sec. 43.56.050. STATE ASSESSMENT REVIEW BOARD. The State Assess-
25 ment Review Board shall consist of the commissioners of administration,
26 commerce, natural resources, revenue and the attorney general. The
27 governor shall appoint a chairman from the membership.

28 Sec. 43.56.060. 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. 43.56.070. COLLECTION AND ENFORCEMENT. The tax levied
4 in this chapter is payable in full to the Department of Revenue on
5 June 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
8 and 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,
13 from the due date until paid in full. Collection of the tax levied
14 under this chapter shall be carried out by the Department of Revenue
15 substantially in the manner provided in AS 29.10.456 - 29.10.537 and
16 29.10.348 - 29.10.351 for first class cities.

17 Sec. 43.56.080. LIEN FOR TAX. The tax levied under this chapter
18 and interest and penalty set out in sec. 70 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. 43.56.090. 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
28 months, or by both, together with the costs of prosecution.

29 Sec. 43.56.100. 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. 43.56.110. IMPACT DISTRIBUTION. Each unit of local govern-
4 ment may request reimbursement from the state for expenses incurred by
5 the local government as a direct result of oil and gas development,
6 production or transmission within its boundaries. The governor shall
7 review and evaluate all requests for reimbursement and include his
8 recommendations in the annual budget for state government expenditures.
9 Funds to reimburse local governments may be appropriated annually by
10 the legislature.

11 Sec. 43.56.120. DEFINITIONS. In this chapter

12 (1) "local governmental unit" means an organized borough or
13 a city levying ad valorem taxes whether located inside or outside an
14 organized borough;

15 (2) "taxable real and tangible personal property" means
16 tank farms, tanker terminals, gathering and transmission lines, and
17 related oil or gas storage and transport facilities associated with
18 the production and transportation of crude oil and natural gas; the
19 term includes otherwise taxable property exempted from taxation under
20 home rule ordinance or charter, but does not include property exempt
21 from taxation under the constitution and laws of the state or of the
22 United States, or any subsurface estate or property user in a consumer
23 distribution system.

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