

Original sponsor: Rules Committee by  
request of the Governor

Offered: 5/10/72  
Referred: Finance

1 IN THE HOUSE

BY THE LOCAL GOVERNMENT COMMITTEE

2 SENATE CS FOR CS FOR 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  
7 in connection with transportation of unrefined oil  
8 and 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 for  
16 part of a tax year in such a manner as 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 prop-  
20 erty employed in the construction of facilities taxable under this  
21 chapter as distinct from the facilities themselves. The tax levied  
22 under this chapter does not apply to property with respect to which an  
23 ad valorem tax is payable to a city or borough on January 1, 1972<sup>1</sup> and  
24 on January 1 of any succeeding year during which a tax is levied under  
25 this chapter.

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

29 (1) producing oil or gas leases;

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

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

6 Sec. 43.56.030. IN LIEU OF OTHER TAXES. Payment of the tax  
7 levied under this chapter is in lieu of all ad valorem taxes on prop-  
8 erty subject to tax under this chapter now or hereafter imposed by  
9 the state, or by a city or a borough.

10 Sec. 43.56.040. ASSESSMENT. Assessment of property subject to  
11 the tax levied under this chapter shall be carried out by the Local  
12 Affairs Agency substantially in the manner provided in AS 29.10.378 -  
13 29.10.453 for first class cities, except that the agency shall function  
14 in place of the local assessor, and the State Assessment Review Board  
15 shall function in the place of the city council sitting as a board  
16 of equalization.

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

21 Sec. 43.56.060. PER DIEM AND EXPENSES. Members of the State  
22 Assessment Review Board shall be compensated and are entitled to per  
23 diem and expenses authorized by law for boards.

24 Sec. 43.56.070. POWERS AND DUTIES. The State Assessment Review  
25 Board has the powers and duties with respect to assessment of property  
26 taxable under this chapter of a city council sitting as a board of  
27 equalization with respect to first class cities.

28 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied in  
29 this chapter is payable in full to the Department of Revenue on

1 September 30 of the tax year, except that, the Department of Revenue  
2 may by regulation provide for prepayment of taxes and payment by  
3 installments. A penalty of ten per cent shall be added to delinquent  
4 taxes and interest at the rate of eight per cent per annum, or four  
5 percentage points above the per annum rate charged member banks for  
6 advances by the 12th Federal Reserve District that prevailed on the  
7 first day of the month preceding the commencement of that calendar  
8 quarter, whichever is greater, shall accrue on all unpaid taxes,  
9 excluding penalties, from the due date until paid in full. Collection  
10 of the tax levied under this chapter shall be carried out by the  
11 Department of Revenue substantially in the manner provided in AS 29.10.-  
12 456 - 29.10.537 and 29.10.348 - 29.10.351 for first class cities.

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

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

25 Sec. 43.56.110. DEPOSIT IN GENERAL FUND. The annual revenue from  
26 the tax levied under this chapter shall be deposited in the general  
27 fund.

28 Sec. 43.56.120. AUTHORIZATION OF APPROPRIATION. There is  
29 authorized to be appropriated to the Local Affairs Agency each year

1 an amount equal to the sum of the amounts deposited in the general fund  
2 under sec. 110 of this chapter, less costs incurred or anticipated in  
3 administration of the tax for the year of levy.

4 Sec. 43.56.130. DISTRIBUTION. As soon as practicable following  
5 the annual appropriation provided for in sec. 120 of this chapter, the  
6 Local Affairs Agency shall distribute to the treasurer of each taxing  
7 unit, and shall segregate and hold for the benefit of each unorganized  
8 borough, an amount which bears the same ratio to the total amount of  
9 the annual appropriation under sec. 120 of this chapter as the distri-  
10 bution index of the governmental unit bears to the sum of the distri-  
11 bution indices of all governmental units.

12 Sec. 43.56.140. DISTRIBUTION INDEX. The distribution index of  
13 each governmental unit is based on its cost of services, wealth and  
14 population and is determined annually in accordance with the following  
15 formula:

$$16 \quad D = \frac{PCFa}{Fp}$$

17 where D = distribution index

18 P = total population of the governmental unit as a percentage  
19 of the statewide total population

20 C = cost of service index

21 F<sub>p</sub> = fiscal capacity

22 F<sub>a</sub> = statewide fiscal capacity.

23 Sec. 43.56.150. DEFINITIONS. In this chapter

24 (1) "cost of service index" means the ratio as determined by  
25 the Local Affairs Agency of the average cost of materials and personal  
26 services, weighed equally, in a particular governmental unit to the  
27 average cost of materials and personal services in the state as a whole  
28 for each tax year; in determining the cost of service index the state  
29 assessor may utilize such standards of reference as federal cost of

1 living data, state employee regional pay differentials and other  
2 measures and standards which in his opinion tend to reflect cost dif-  
3 ferentials of construction materials, labor, and other components of  
4 the overall cost of local government operations;

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

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

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

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

18 (6) "taxing unit" means any organized borough or city levy-  
19 ing ad valorem taxes whether located inside or outside an organized  
20 borough.

21 Sec. 43.56.160. REGULATIONS. The Local Affairs Agency and the  
22 Department of Revenue may adopt regulations as appropriate to carry out  
23 their respective duties under this chapter, including regulations  
24 governing determination of the population valuation and cost factors  
25 in sec. 140 of this chapter.

26 \* Sec. 2. This Act takes effect on the day after its passage and approval  
27 or on the day it becomes law without approval.  
28  
29