

Offered: 4/24/72
Referred: Finance by
Chair

1 IN THE SENATE

BY THE RULES COMMITTEE
BY REQUEST

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 364

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 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 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 pro-
20 perty 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
24 true value for each tax year before completion shall be measured by
25 the costs incurred or accrued with respect to the facility as of the
26 assessment 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
28 or 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
13 state, 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 office
16 of the state assessor in the Department of Community and Regional Affairs
17 substantially in the manner provided in AS 29.10.378 - 29.10.453 for
18 first class cities, except that the state assessor in the Department
19 of Community and Regional Affairs shall function in place of the local
20 assessor, and the State Assessment Review Board shall function in the
21 place of the city council sitting as a board of equalization.

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

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

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

5 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied in
6 this chapter is payable in full to the Department of Revenue on
7 September 30 of the tax year, except that, the Department of Revenue
8 may by regulation provide for prepayment of taxes and payment by install-
9 ments. A penalty of ten per cent shall be added to delinquent taxes
10 and interest at the rate of eight per cent per annum, or four percentage
11 points above the per annum rate charged member banks for advances by
12 the 12th Federal Reserve District that prevailed on the first day of
13 the month preceding the commencement of that calendar quarter, which-
14 ever is greater, shall accrue on all unpaid taxes, excluding penalties,
15 from the due date until paid in full. Collection of the tax levied
16 under this chapter shall be carried out by the Department of Revenue
17 substantially in the manner provided in AS 29.10.456 - 29.10.537 and
18 29.10.348 - 29.10.351 for first class cities.

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

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

1 or by both, together with the costs of prosecution.

2 Sec. 43.56.110. DEPOSIT IN GENERAL FUND. The annual revenue from
3 the tax levied under this chapter shall be deposited in the general
4 fund.

5 Sec. 43.56.120. AUTHORIZATION OF APPROPRIATION. There is
6 authorized to be appropriated to the Department of Community and
7 Regional Affairs each year an amount equal to the sum of the amounts
8 deposited in the general fund under sec. 110 of this chapter, less
9 costs incurred or anticipated in administration of the tax for the
10 year of levy.

11 Sec. 43.56.130. DISTRIBUTION. As soon as practicable following
12 the annual appropriation provided for in sec. 120 of this chapter, the
13 Department of Community and Regional Affairs shall distribute to the
14 treasurer of each taxing unit, and shall segregate and hold for the
15 benefit of each unorganized borough, an amount which bears the same
16 ratio to the total amount of the annual appropriation under sec. 120
17 of this chapter as the distribution index of the governmental unit bears
18 to the sum of the distribution indices of all governmental units.

19 Sec. 43.56.140. DISTRIBUTION INDEX. The distribution index of
20 each governmental unit is based on its cost of services, wealth and
21 population and is determined annually in accordance with the following
22 formula:

$$23 \quad D = \frac{PCF_a}{F_p}$$

24 where D = distribution index

25 P = total population of the governmental unit as a percentage of
26 the statewide total population

27 C = cost of service index

28 F_p = fiscal capacity

29 F_a = statewide fiscal capacity.

1 Sec. 43.56.150. DEFINITIONS. In this chapter

2 (1) "cost of service index" means the ratio as determined by
3 the state assessor of the average cost of materials and personal ser-
4 vices, weighed equally, in a particular governmental unit to the
5 average cost of materials and personal services in the state as a whole
6 for each tax year; in determining the cost of service index the state
7 assessor may utilize such standards of reference as federal cost of
8 living data, state employee regional pay differentials and other
9 measures and standards which in his opinion tend to reflect cost dif-
10 ferentials of construction materials, labor, and other components of
11 the overall cost of local government operations;

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

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

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

19 (5) "taxable real and tangible personal property" means
20 property not exempt from taxation under the constitution and laws of
21 the state or of the United States, but does not include any subsurface
22 estate or property used in a consumer distribution system. The term
23 includes otherwise taxable property exempted from taxation under home
24 rule ordinance or charter;

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

28 Sec. 43.56.160. REGULATIONS. The Department of Community and
29 Regional Affairs and the Department of Revenue may adopt regulations

1 as appropriate to carry out their respective duties under this chapter,
2 including regulations governing determination of the population valu-
3 ation and cost factors in sec. 140 of this chapter.

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