

Original sponsor: Rules Committee
by request

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

1 IN THE SENATE

BY THE LOCAL GOVERNMENT COMMITTEE

2 CS FOR 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 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 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;

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

10 (4) pipelines less than 21 inches in diameter.

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

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

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

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

29 Sec. 43.56.070. POWERS AND DUTIES. The State Assessment Review

1 Board has the powers and duties with respect to assessment of property
2 taxable under this chapter of a city council sitting as a board of
3 equalization with respect to first class cities.

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

18 Sec. 43.56.090. LIEN FOR TAX. The tax levied under this chapter
19 and interest and penalty set out in sec. 80 of this chapter are liens
20 upon the property subject to tax under this chapter.

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

28 Sec. 43.56.110. DEPOSIT IN GENERAL FUND. The annual revenue
29 from the tax levied under this chapter shall be deposited in the

1 general fund.

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

7 Sec. 43.56.125. DIRECT RETURN. From the appropriation authorized
8 under sec. 120 of this chapter, an amount equal to the net revenue
9 raised by a three mill levy on property taxable under this chapter
10 shall be returned to the taxing unit, in which the particular property
11 is located.

12 Sec. 43.56.130. DISTRIBUTION. As soon as practicable following
13 the annual appropriation provided for in sec. 120 of this chapter, the
14 Local Affairs Agency shall distribute to the treasurer of each taxing
15 unit, and shall hold and use for the benefit of each unorganized borough,
16 an amount which bears the same ratio to the total amount of the annual
17 appropriation under sec. 120 of this chapter, less the amount, if any,
18 allotted under sec. 125 of this chapter, as the distribution index of
19 the governmental unit bears to the sum of the distribution indices of
20 all governmental units.

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

25
$$D = PCI$$

26 where D = distribution index

27 P = total population of the governmental unit

28 C = cost of service index

29 I = income deficiency

1 Sec. 43.56.150. DEFINITIONS. In this chapter

2 (1) "taxing unit" means any organized borough or city
3 levying ad valorem taxes whether located within or outside an
4 organized borough;

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

8 (3) "income deficiency" means the percentage of families in
9 the governmental unit with family income below 125 per cent of the
10 poverty level as established by the United States Department of Labor.
11 Family income shall be based upon the most recent report of the Bureau
12 of the Census. The Local Affairs Agency may make periodic adjustments
13 to the family income figures reported by the census in order most
14 accurately to establish family income for each year;

15 (4) "cost of service index" means the ratio as determined
16 by the state assessor of the average cost of materials and personal
17 services, weighed equally, in a particular governmental unit to the
18 average cost of materials and personal services in the state as a
19 whole for each tax year. In determining the cost of service index
20 the state assessor may utilize such standards of reference as federal
21 cost of living data, state employee regional pay differentials and
22 other measures and standards which in his opinion tend to reflect
23 cost differentials of construction materials, labor, and other
24 components of the overall cost of local government operations;

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

1 rule ordinance or charter.

2 Sec. 43.56.160. REGULATIONS. The Local Affairs Agency and the
3 Department of Revenue may adopt regulations as appropriate to carry out
4 their respective duties under this chapter, including regulations
5 governing determination of the population income and cost factors in
6 sec. 140 of this chapter.

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