

Introduced: 10/22/73
Referred: Finance

1 IN THE HOUSE

BY FERGUSON AND DEGNAN

2 HOUSE BILL NO. 9

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act providing for taxes on property used in the
7 exploration for, production of, or pipeline transporta-
8 tion of gas or unrefined oil; and providing for an
9 effective date."

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

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

12 CHAPTER 56. OIL AND GAS EXPLORATION, PRODUCTION AND
13 PIPELINE TRANSPORTATION PROPERTY TAXES.

14 Sec. 43.56.010. LEVY OF TAX. (a) An annual tax of 30 mills is
15 levied each tax year beginning January 1, 1974, on the full and true
16 value of taxable property taxable under this chapter.

17 (b) This chapter shall not prevent political subdivisions from
18 assessing, levying and collecting taxes pursuant to AS 29. A tax
19 collected by a political subdivision under this subsection shall be
20 credited against the tax levied under (a) of this section on the
21 property within that political subdivision in the same taxable year.

22 Sec. 43.56.040. STATE ASSESSMENT REVIEW BOARD. The State Assess-
23 ment Review Board is created within the Department of Revenue to review
24 and equalize assessments under sec. 60(a) of this chapter. The board
25 shall consist of the state assessor and the assessor from each political
26 subdivision having within their jurisdiction property that is subject
27 to this chapter and three other members appointed by, and serving at
28 the pleasure of, the governor.

29 Sec. 43.56.050. PER DIEM AND EXPENSES. Members of the board shall

1 receive per diem and expenses authorized by law for boards and commis-
2 sions.

3 Sec. 43.56.060. ASSESSMENT. (a) The department shall assess
4 property for the taxes levied under sec. 10(a) of this chapter at its
5 full and true value as of January 1 of the assessment year.

6 (b) The full and true value of taxable property used or intended
7 to be used for the exploration, production, and transportation of gas
8 or unrefined oil, or in the erection, construction, installation, opera-
9 tion or maintenance of facilities for the exploration, production, and
10 transportation of gas or unrefined oil, is the estimated price which
11 the property would bring in an open market and under the then prevailing
12 market conditions in a sale between a willing seller and a willing
13 buyer both conversant with the property and with prevailing general
14 price levels.

15 Sec. 43.56.070. RETURNS. (a) The department may require by
16 notice every person having ownership or control of an interest in
17 property taxable under this chapter to submit a return in the form
18 prescribed by the department, based on property values existing on
19 January 1, except as otherwise provided in this chapter.

20 (b) The department by written notice may require a person to
21 provide additional information within 30 days of the notice.

22 Sec. 43.56.080. INVESTIGATION. (a) The department may make an
23 investigation of property on which a return has been filed or of
24 taxable property upon which no return has been filed. In either case,
25 the department may make its own valuation of the taxable property,
26 which is prima facie evidence of full and true value.

27 (b) An employee or agent of the department may enter any premise
28 necessary for the investigation during reasonable hours and may examine
29 property and appropriate records. The owner of the taxable property

1 upon request shall furnish to the employee or agent of the department
2 reasonable assistance required for the investigation. If refused
3 entry, the department may seek a court order to compel entry.

4 (c) For the purpose of the investigation the owner of the taxable
5 property or his representative may be required to present himself for
6 examination under oath by the department.

7 Sec. 43.56.090. ASSESSMENT ROLL. The department shall prepare
8 annually an assessment roll for taxation under this chapter. The roll
9 shall contain:

- 10 (1) a description of all taxable property;
11 (2) the assessed value of all taxable property;
12 (3) the names and addresses of persons owning property
13 subject to assessment and taxation.

14 Sec. 43.56.100. ASSESSMENT NOTICE. (a) On or before March 1
15 of each year, the department shall send to every owner of taxable
16 property named in the assessment roll a notice of assessment, showing
17 the assessed value of the property. Notice of assessment is effective
18 on the date of mailing.

19 (b) The department shall also send to a political subdivision
20 a copy of the notice of assessment on any taxable property which is
21 assessed under the provisions of this chapter and which is located
22 in the political subdivision and on which a tax is authorized under
23 sec. 10(b) of this chapter.

24 Sec. 43.56.110. APPEAL TO THE DEPARTMENT. (a) An owner of
25 taxable property receiving an assessment notice may object to the
26 assessment by advising the department in writing of the objections
27 to the assessment within 20 days of the effective date of the notice.

28 (b) The department shall provide by regulation for notices of
29 appeals to interested persons and political subdivisions.

1 (c) Following an objection the department may adjust the assess-
2 ment and the assessment roll. An adjustment based on an objection
3 from an owner of taxable property shall be made within 30 days of the
4 effective date of the notice of assessment.

5 Sec. 43.56.120. APPEAL TO THE STATE ASSESSMENT REVIEW BOARD.

6 (a) After a ruling by the department on an appeal made under sec. 110
7 of this chapter, the owner may further appeal to the board. The appeal
8 must be filed in writing within 50 days of the effective date of the
9 notice of assessment.

10 (b) The board shall provide by regulation for notices of appeals
11 to interested persons and political subdivisions.

12 Sec. 43.56.130. HEARINGS OF STATE ASSESSMENT REVIEW BOARD. (a)
13 The board shall hear appeals filed under sec. 120(a) of this chapter.

14 (b) A majority of the board constitutes a quorum required to
15 transact business.

16 (c) The board shall provide by regulation for notices of hearings
17 to interested persons and political subdivisions.

18 (d) If an appellant fails to appear at the hearing, the board
19 may proceed with the hearing in his absence.

20 (e) The appellant bears the burden of proof at the hearing.

21 (f) The only grounds for adjustment of assessed value is proof
22 of unequal, excessive or improper valuation or valuation not determined
23 in accordance with the standards set out in this chapter, based on facts
24 stated in a written appeal timely filed or proved at the hearing.

25 (g) The board shall certify its determinations to the department
26 within seven days of the hearing.

27 (h) The department shall enter the changes and certify the final
28 assessment roll on or before June 1 of each year and by July 1 shall
29 mail to the owner of taxable property or his authorized agent a

1 statement of the amount of tax due.

2 (1) An owner may appeal to the superior court for, and is en-
3 titled to, trial de novo of the board's action.

4 Sec. 43.56.140. SUPPLEMENTARY ASSESSMENT ROLLS. The department
5 shall include property omitted from the assessment roll on a supple-
6 mentary roll, using the procedures set out in this chapter for the
7 original roll.

8 Sec. 43.56.150. COLLECTION AND DEPOSIT. (a) The tax levied
9 under sec. 10(a) of this chapter is payable to the department on or
10 before September 30 of the tax year.

11 (b) The department may provide for voluntary prepayment and for
12 payment by installments.

13 (c) All other taxes, interest and penalties collected under
14 sec. 10(a) of this chapter shall be deposited in the general fund.

15 Sec. 43.56.160. INTEREST AND PENALTY. When the tax levied under
16 sec. 10(a) of this chapter becomes delinquent, a penalty of 10 per cent
17 shall be added. Interest on the delinquent taxes, exclusive of penalty,
18 shall be assessed at a rate of 8 per cent a year.

19 Sec. 43.56.170. LIEN FOR TAX. The taxes levied under this chapter
20 and the interest and penalties thereon are first and paramount liens
21 on the property subject to tax under this chapter.

22 Sec. 43.56.180. REMEDY. The remedy of distraint on property set
23 out in AS 43.20.270 applies to the tax levied by this chapter. How-
24 ever, only property subject to the tax may be distrained.

25 Sec. 43.56.190. PENALTIES. A person who knowingly fails to file
26 a return when due or who makes a false statement in a return required
27 under this chapter with intent to evade taxation is guilty of a mis-
28 demeanor and upon conviction is punishable by a fine of not more than
29 \$1,000 or by imprisonment for not more than six months, or by both,

1 together with costs of prosecution.

2 Sec. 43.56.200. REGULATIONS. The board and the department may
3 adopt regulations in accordance with AS 44.62 as appropriate to carry
4 out their respective duties under this chapter.

5 Sec. 43.56.210. DEFINITIONS. In this chapter

6 (1) "board" means State Assessment Review Board;

7 (2) "department" means Department of Revenue;

8 (3) "gas" includes all natural gas and all hydrocarbons
9 produced at the wellhead not defined as oil;

10 (4) "taxable property" means real and personal property used
11 or intended to be used within this state primarily in the exploration
12 for, production of, or pipeline transportation of gas or unrefined
13 oil (except for property used solely for the retail distribution or
14 solely for the liquification of natural gas), or in the erection, con-
15 struction, installation, operation or maintenance of facilities used
16 in the exploration for, production of or pipeline transportation of
17 gas or unrefined oil, including machinery, appliances, supplies,
18 equipment, drilling rigs, gathering lines and transmission lines,
19 pumping stations, compressor stations, power plants, topping plants,
20 processing units, roads, tank farms, tanker terminals, docks and other
21 port facilities, air strips, communication equipment and facilities,
22 and maintenance equipment and facilities, construction and maintenance
23 camps and other related facilities;

24 (5) "unrefined oil" includes crude petroleum oil and other
25 hydrocarbons regardless of gravity which are produced at the wellhead
26 in liquid form and the liquid hydrocarbons known as distillate or
27 condensate recovered or extracted from gas other than gas produced in
28 association with oil and commonly known as casinghead gas.

29 * Sec. 2. AS 43.55.010(b) and (c) are repealed.

1 * Sec. 3. This Act takes effect on the day after its passage and approval
2 or on the day it becomes law without approval.
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