

1 IN THE HOUSE

BY FERGUSON AND DEGNAN

2 HOUSE BILL NO. 11

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 a sales tax on property used in
7 the exploration for, production of, or pipeline trans-
8 portation of oil or gas; and providing for an effective
9 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 58. SALES TAX ON PROPERTY USED IN OIL OR GAS

13 EXPLORATION, PRODUCTION, OR PIPELINE TRANSPORTATION.

14 Sec. 43.58.010. IMPOSITION OF TAX. (a) There is a sales tax at
15 the rate of six per cent on the sale at retail within the state of all
16 tangible personal property and services taxable under this chapter.

17 (b) There is a use tax on the storage, use or other consumption
18 in this state of taxable items purchased, leased or rented from any
19 retailer for storage, use or other consumption in the state, at the same
20 percentage rate as provided in (a) of this section, on the sales price
21 of the taxable item, or in the case of leases or rentals, on the lease
22 or rental price.

23 Sec. 43.58.020. ADMINISTRATION OF THE TAX. (a) Every retailer
24 shall add the sales tax imposed by sec. 10(a) of this chapter to his
25 sales price and when added the tax shall constitute a part of the
26 price, shall be a debt of the purchaser to the retailer until paid, and
27 shall be recoverable at law in the same manner as the purchase price.

28 (b) Every retailer engaged in business in this state and selling,
29 leasing or renting items for storage, use or other consumption in the

1 state shall at the time of making the sale collect any use tax which
2 may be due from the purchaser and give to the purchaser a receipt for
3 it in the manner prescribed by the department.

4 (c) Every person storing, using or otherwise consuming in this
5 state taxable items purchased from a retailer or leased or rented from
6 another person for this purpose is liable for the tax. His liability
7 is not extinguished until the tax has been paid to the department,
8 except that a receipt from a retailer engaged in business in this state,
9 or from a retailer who is authorized by the department to collect the
10 tax, given to the purchaser under (b) of this section is sufficient to
11 relieve the purchaser from further liability for the tax to which the
12 receipt refers.

13 Sec. 43.58.030. RETURN OF PAYMENT. (a) The taxes imposed by
14 this chapter shall be paid monthly. The tax is due on the last day of
15 each calendar month on sales, use, storage or other consumption of
16 taxable items during the preceding month.

17 (b) A return shall be filed by each retailer engaged in the
18 business of selling taxable items in the state and by every person who
19 has purchased taxable items on which a use tax is due, but who has not
20 paid the use tax due to the retailer.

21 (c) The return shall show the amount of taxes for the period
22 covered by the return and other information that the department re-
23 quires as necessary for the proper administration of the tax.

24 (d) If a person fails to file a report as required or fails to
25 pay to the department the tax as imposed under this chapter when the
26 report or payment is due, he shall forfeit five per cent of the amount
27 due as a penalty, and after the first 30 days he shall forfeit an
28 additional five per cent; however, the penalty shall never be less
29 than \$1. Delinquent taxes draw interest at the rate of six per cent

1 a year, beginning 60 days from the date due.

2 Sec. 43.58.040. REGULATION. The department shall enforce the
3 provisions of this chapter and shall adopt regulations relating to the
4 administration and enforcement of this chapter.

5 Sec. 43.58.050. RECORDS. Every seller, every retailer, and every
6 person storing, using or otherwise consuming in this state taxable
7 items purchased from a retailer shall keep records, receipts, invoices
8 and other pertinent papers in the form that the department may reason-
9 ably require.

10 Sec. 43.58.060. VIOLATIONS. A person who wilfully violates a
11 provision of this chapter is guilty of a misdemeanor and, upon con-
12 viction, is punishable by a fine of not more than \$1,000 for each
13 violation.

14 Sec. 43.58.070. DEPOSIT IN THE GENERAL FUND. All revenue from
15 the tax imposed by this chapter shall be deposited in the general fund.

16 Sec. 43.58.080. DEFINITIONS. In this chapter

17 (1) "department" means the Department of Revenue;

18 (2) "taxable property" means real and tangible personal
19 property used or intended to be used within this state primarily in
20 the exploration for, production of, or pipeline transportation of gas
21 or unrefined oil (except for property used solely for the retail dis-
22 tribution or solely for the liquification of natural gas), or in the
23 erection, construction, installation, operation or maintenance of
24 facilities used in the exploration for, production of, or pipeline
25 transportation of gas or unrefined oil, including machinery, appliances,
26 supplies, equipment, drilling rigs, gathering lines and transmission
27 lines, pumping stations, compressor stations, power plants, topping
28 plants, processing units, roads, tank farms, tanker terminals, docks
29 and other port facilities, air strips, communication equipment and

1 facilities, and maintenance equipment and facilities, construction
2 and maintenance camps and other related facilities; and includes
3 intangible drilling and development expenses and exploration expenses.

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