

1 IN THE HOUSE

BY HUBER

2 HOUSE BILL NO. 12

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 relating to the oil and gas properties produc-
7 tion tax; and providing for an effective date."

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

9 * Section 1. AS 43.55.010 is repealed and re-enacted to read:

10 Sec. 43.55.010. GROSS PRODUCTION TAX ON OIL. (a) There is
11 levied upon the producer of oil a tax of \$1 on each barrel of oil
12 removed or sold from each lease or property in the state, less any
13 part the ownership or right to which is exempt from taxation. The tax
14 is upon the whole production, including what is commonly known as the
15 royalty interest.

16 (b) If the average refinery price for oil of a particular kind
17 and quality exceeds \$5, then the tax levied under (a) of this section
18 on that kind and grade of oil shall be increased by \$0.01 for each
19 \$0.02 by which the refinery price exceeds \$4.

20 * Sec. 2. AS 43.55 is amended by adding new sections to read:

21 Sec. 43.55.012. GROSS PRODUCTION TAX ON GAS. There is levied
22 upon the producer of natural gas a tax at the rate of four per cent on
23 the gross value of the gas and liquid products removed or sold from
24 each lease or property in the state, less the value of any part the
25 ownership or right to which is exempt. The tax is upon the whole
26 production, including what is commonly known as the royalty interest.

27 Sec. 43.55.014. IN PLACE OF AD VALOREM TAXES. (a) Payment of
28 the tax imposed under this chapter is in place of all ad valorem taxes
29 now or hereafter imposed by municipalities upon

1 (1) property rights attached to or inherent in the right
2 to producing oil or gas;

3 (2) producing oil or gas leases;

4 (3) oil or gas in place;

5 (4) oil or gas produced in the state upon which gross
6 production taxes are paid;

7 (5) an investment in property described in this section.

8 (b) When the annual amount of the tax levied under sec. 10 of
9 this chapter on the production of an oil or gas lease or property
10 exceeds the amount of ad valorem tax levied under AS 43.56.010 on
11 the oil or gas reserves under the lease or property, the tax provided
12 under this chapter is in place of the tax levied under AS 43.56.010.

13 (c) An interest in land not described in this section shall be
14 assessed and taxed as other property within the taxing district in
15 which property is located.

16 (d) The gross production tax is not in place of income taxes
17 or excise taxes upon the retail sale of oil or gas products.

18 * Sec. 3. AS 43.55.015 is repealed.

19 * Sec. 4. This Act takes effect January 1, 1974.
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