

1 IN THE HOUSE

BY HUBER

2 HOUSE BILL NO. 13

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 or production of gas or unrefined oil;
8 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 EXPLORATION AND PRODUCTION

12 PROPERTY TAXES.

13 Sec. 43.56.010. LEVY OF TAX. An annual tax of 10 mills is
14 levied each tax year beginning January 1, 1974, on the full and true
15 value of taxable property taxable under this chapter.

16 Sec. 43.56.020. EXEMPTIONS. The following are exempt from the
17 taxes levied or authorized under this chapter:

18 (1) property rights attached to or inherent in the right
19 to explore for or produce oil or gas;

20 (2) producing oil or gas leases or properties which are
21 paying gross production tax under AS 43.55.010 in an amount which
22 exceeds the amount of tax that would be due under this chapter;

23 (3) oil or gas leases, including the ownership of and the
24 right to extract the oil and gas under the lease, for the first five
25 years following the original issuance of the lease, whether producing
26 or not;

27 (4) oil or gas produced or extracted in the state.

28 Sec. 43.56.030. IN PLACE OF ALL OTHER TAXES. Except for those
29 taxes imposed under ch. 55 and ch. 57 of this title, the taxes levied

1 or authorized under this chapter are in place of

2 (1) all ad valorem taxes or other taxes imposed by the
3 state or a municipality on property subject to tax under this chapter
4 or exempted from taxation by sec. 20 of this chapter; and

5 (2) all ad valorem taxes imposed by a municipality on or
6 with respect to oil or gas in place.

7 Sec. 43.56.040. STATE ASSESSMENT REVIEW BOARD. The State Assess-
8 ment Review Board is created within the Department of Revenue. The board
9 consists of five persons appointed by the governor to serve at his
10 pleasure.

11 Sec. 43.56.050. PER DIEM AND EXPENSES. Members of the board shall
12 receive per diem and expenses authorized by law for boards and commissions.

13 Sec. 43.56.060. ASSESSMENT. The department shall assess property
14 for the taxes levied under sec. 10 of this chapter at its full and
15 true value as of January 1 of the assessment year.

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

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

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

28 (b) An employee or agent of the department may enter any premise
29 necessary for the investigation during reasonable hours and may examine

1 property and appropriate records. The owner of the taxable property upon
2 request shall furnish to the employee or agent of the department reason-
3 able assistance required for the investigation. If refused entry, the
4 department may seek a court order to compel entry.

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

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

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

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

19 (b) The department shall also send to a municipality a copy of the
20 notice of assessment on any taxable property which is assessed under the
21 provisions of this chapter and which is located in the municipality.

22 Sec. 43.56.110. APPEAL TO THE DEPARTMENT. (a) An owner of taxable prop-
23 erty or a municipality receiving an assessment notice may object to the
24 assessment by advising the department in writing of the objections to the
25 assessment within 20 days of the effective date of the notice.

26 (b) The department shall provide by regulation for notices of
27 appeals to interested persons and municipalities.

28 (c) Following an objection the department may adjust the assessment
29 and the assessment roll. An adjustment based on an objection from

1 an owner of taxable property or a municipality shall be made
2 within 30 days of the effective date of the notice of assessment.

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

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

8 (b) The board shall provide by regulation for notices of appeals
9 to interested persons and municipalities.

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

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

14 (c) The board shall provide by regulation for notices of hearings
15 to interested persons and municipalities.

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

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

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

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

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

29 (i) An owner or municipality may appeal to the superior

1 court for, and is entitled to, trial de novo of the board's action.

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

6 Sec. 43.56.150. COLLECTION AND DEPOSIT. (a) The tax levied by
7 this chapter is payable to the department on or before September 30 of
8 the tax year.

9 (b) The department may provide for voluntary prepayment and for
10 payment by installments.

11 (c) The amount of oil and gas properties production tax paid
12 under AS 43.55.010 during the assessment year may be taken as a credit
13 against the tax due under this chapter.

14 (d) All taxes, interest and penalties collected under this chapter
15 shall be deposited in the general fund.

16 Sec. 43.56.160. INTEREST AND PENALTY. When the tax levied by this
17 chapter becomes delinquent, a penalty of 10 per cent shall be added.
18 Interest on the delinquent taxes, exclusive of penalty, shall be
19 assessed at a rate of eight per cent a year.

20 Sec. 43.56.170. LIEN FOR TAX. The tax levied under this chapter
21 and the interest and penalty provided in sec. 160 of this chapter are
22 first and paramount liens on the property subject to tax under this
23 chapter.

24 Sec. 43.56.180. REMEDY. The remedy of distraint on property
25 set out in AS 43.20.270 applies to the tax levied by this chapter.
26 However, only property subject to the tax may be distrained.

27 Sec. 43.56.190. PENALTIES. A person who knowingly fails to
28 file a return when due or who makes a false statement in a return
29 required under this chapter with intent to evade taxation is guilty of

1 a misdemeanor and upon conviction is punishable by a fine of not more
2 than \$1,000, or by imprisonment for not more than six months, or by
3 both, together with costs of prosecution.

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

7 Sec. 43.56.210. DEFINITIONS. In this chapter

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

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

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

12 (4) "taxable property" means proven oil or gas reserves,
13 the ownership of which, or the ownership of the right to extract which,
14 is not exempt from taxation;

15 (5) "unrefined oil" includes crude petroleum oil and other
16 hydrocarbons regardless of gravity which are produced at the wellhead
17 in liquid form and the liquid hydrocarbons known as distillate or
18 condensate recovered or extracted from gas other than gas produced in
19 association with oil and commonly known as casinghead gas.

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