

Original sponsor: Rules Committee by  
request of the Governor

Offered: 10/29/73  
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 *Fin.*  
CS FOR SENATE BILL NO. 4 *dm*

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  
7 production 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(a) is amended to read:

10 (a) There is levied upon the producer of oil or [AND] gas a tax based  
11 upon a per cent of the gross value at the well of all oil or [AND] gas  
12 removed or sold from each lease or property in the state, less the  
13 value of any part the ownership or right to which is exempt from  
14 taxation. The tax is determined according to the following schedules,  
15 and any part which is exempt from taxation is deducted from the tax  
16 levied on a pro rata basis as to each production level tax bracket:

17 (1) oil: based upon the average daily production for each  
18 well for the calendar month in barrels, the tax is

19 (A) three per cent on the first 300 barrels;

20 (B) five per cent on the next 700 barrels;

21 (C) six per cent on the next 1,500 barrels; and

22 (D) eight per cent on all production in excess of 2,500

23 barrels;

24 (2) gas: the tax [RATE] is four per cent of the gross value  
25 of the gas and liquid products produced each month.

26 \* Sec. 2. AS 43.55.010(c) - (e) are amended to read:

27 (c) An interest in the land not described in (b) of this section  
28 may [SHALL] be assessed and taxed under other provisions of state  
29 law [AS OTHER PROPERTY WITHIN THE TAXING DISTRICT IN WHICH THE

1 PROPERTY IS LOCATED].

2 (d) The [GROSS PRODUCTION] tax imposed by this chapter is not in  
3 place [LIEU] of income taxes or [EXCISE] taxes upon the retail sale of oil  
4 or [AND] gas products.

5 (e) If on a tax payment date the amount of tax due under (a)(1)  
6 of this section is less than the tax due under sec. 15 of this chapter,  
7 the tax levied in sec. 15 of this chapter is payable in place of the  
8 tax levied in this section [AND THE TAX LEVIED IN THIS SECTION NEED  
9 NOT BE PAID].

10 \* Sec. 3. AS 43.55.015 is repealed and re-enacted to read:

11 Sec. 43.55.015. TAX PER BARREL OF OIL. (a) There is levied  
12 upon the producer of oil a tax on each barrel of oil removed or sold  
13 from each lease or property in the state less any part the ownership  
14 or right to which is exempt from taxation. The tax is based upon  
15 the average daily production for each well for the calendar month in  
16 barrels determined according to the following schedule and any part  
17 which is exempt from taxation is deducted from the tax levied on a pro  
18 rata basis as to each production level bracket:

19 (1) \$.10125 on each of the first 300 barrels;

20 (2) \$.16875 on each of the next 700 barrels;

21 (3) \$.2025 on each of the next 1,500 barrels;

22 (4) \$.2700 on each barrel of production in excess of 2,500

23 barrels.

24 (b) The cents per barrel tax schedule set out in this section  
25 applies to oil of 27 degrees API gravity. For each degree of API  
26 gravity less than 27 degrees the cents per barrel tax in each production  
27 level bracket shall be reduced by two per cent of the base rate for  
28 27 degree oil and for each degree of API gravity greater than 27  
29 degrees the cents per barrel tax for each production level bracket

1 shall be increased by two per cent of the base rate for 27 degree oil;  
2 except that oil above 40 degrees API gravity shall be taxed as  
3 40 degree oil. In applying the gravity adjustment under this  
4 subsection, fractional degrees of API gravity shall be disregarded.

5 (c) The tax levied by this section shall be administered and  
6 paid in the same manner as the tax levied in sec. 10 of this chapter.

7 (d) If on a tax payment date the amount of tax due under this  
8 section is equal to or less than the tax due under sec. 10(a)(1) of  
9 this chapter, the tax levied in sec. 10(a)(1) of this chapter is  
10 payable in place of the tax levied in this section.

11 (e) When the tax levied under this section is payable, an  
12 amount not less than \$.05 for each barrel of oil produced shall be paid  
13 by the state out of its royalties from the oil, whenever payment by  
14 the state is required under the revenue-sharing provisions of  
15 sec. 9 of the Alaska Native Claims Settlement Act (PL 92-203; 85 Stat.  
16 688; 43 U.S.C. 1601 et seq.), into the Alaska Native Fund until all  
17 amounts paid in the fund equal \$500,000,000.

18 \* Sec. 4. AS 43.55.140 is amended by adding new paragraphs to read:

19 (6) "API gravity" means the specific gravity of oil  
20 measured in degrees on the American Petroleum Institute scale;

21 (7) "lease or property" means a lease or property including,  
22 but not limited to, a unitization or pooling agreement under the  
23 provisions of Section 614(b)(3) of the Internal Revenue Code of 1954  
24 as defined upon the effective date of this paragraph;

25 (8) "produced" means the removal or sale of oil or gas from  
26 a lease or property in the state;

27 (9) "production" means the volume or quantity of oil or  
28 gas removed or sold from a lease or property in the state;

29 (10) "the ownership or right to which is exempt from

1 taxation" means any ownership interest of the federal government or  
2 the state.

3 \* Sec. 5. This Act takes effect January 1, 1974.  
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