

Offered: 11/3/73  
Referred: Finance

1 IN THE SENATE

BY HENSLEY AND HOHMAN

2 SENATE 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 relating to the taxation of oil and gas  
7 properties; and providing for an effective date."

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

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

10 CHAPTER 58. OIL AND GAS PROPERTY TAXES.

11 Sec. 43.58.010. LEVY OF TAX. An annual tax of 8 mills is  
12 levied each year beginning January 1, 1974, on the full and true  
13 value of taxable property taxable under this chapter. When the  
14 taxable property taxable under this chapter is in production, it is  
15 subject to the oil and gas properties production tax (ch. 55 of this  
16 title).

17 Sec. 43.58.020. IN PLACE OF ALL OTHER TAXES. Except for the  
18 imposition of the oil and gas properties production tax (ch. 55 of  
19 this title) and the oil and gas transportation property tax (ch. 56  
20 of this title), the tax imposed by this chapter is in place of all  
21 taxes imposed by:

- 22 (1) the state or any of its political subdivisions upon  
23 (A) producing oil or gas leases; or  
24 (B) oil or gas produced or extracted in the state; or  
25 (2) a political subdivision upon  
26 (A) oil or gas in place;  
27 (B) possessory interests in oil or gas leaseholds

28 whether producing or not;

- 29 (C) the value of intangible drilling and exploration

1 expenses; or

2 (D) real and tangible personal property used within  
3 this state primarily for an interborough common carrier pipeline  
4 system for the transportation of gas or unrefined oil (except  
5 gas pipeline systems operating as utilities and regulated by  
6 the Alaska Public Utilities Commission).

7 Sec. 43.58.030. STATE ASSESSMENT REVIEW BOARD. The State  
8 Assessment Review Board is created within the Department of REvenue.  
9 The board consists of three persons appointed by the governor to  
10 serve at his pleasure. Each board member

11 (1) must be a resident of the state and knowledgeable  
12 of assessment procedures; and

13 (2) is subject to confirmation by a majority of the  
14 members of the legislature in joint session.

15 Sec. 43.58.040. COMPENSATION; PER DIEM AND EXPENSES. Except  
16 for a state official or employee who is a member of the board, each  
17 member of the board shall receive a stipend of \$100 a day for each  
18 day in which he attends a board meeting or carries out his responsibi-  
19 lities under this chapter. All board members shall receive per diem  
20 and expenses authorized by law for boards and commission.

21 Sec. 43.58.050. ASSESSMENT. (a) The department shall assess  
22 property for the tax levied under sec. 10 of this chapter at its  
23 full and true value as of January 1 of the assessment year.

24 (b) The full and true value of taxable property is determined  
25 each January 1 by ascertaining the present value of the proven  
26 reserves of gas or unrefined oil. As used in this section "proven  
27 reserves" means the volumes of gas and unrefined oil that geological  
28 and engineering information indicates are recoverable in the future  
29 from oil and gas reservoirs under existing economic and operating

1 conditions.

2 Sec. 43.58.060. RETURNS. (a) The department may require by  
3 notice every person having ownership or control of an interest in  
4 property taxable under sec. 10 of this chapter to submit a return  
5 in the form prescribed by the department, based on property values  
6 existing on January 1, except as otherwise provided in this chapter.

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

9 Sec. 43.58.070. INVESTIGATION. (a) The department may make an  
10 investigation of property on which a return has been filed or of taxable  
11 property upon which no return has been filed. In either case, the  
12 department may make its own valuation of the taxable property, which  
13 is prima facie evidence of full and true value.

14 (b) An employee or agent of the department may enter any premise  
15 necessary for the investigation during reasonable hours and may examine  
16 property and appropriate records. The owner of the taxable property  
17 upon request shall furnish to the employee or agent of the department  
18 reasonable assistance required for the investigation. If refused entry,  
19 the department may seek a court order to compel entry.

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

23 Sec. 43.58.080. ASSESSMENT ROLL. The department shall prepare  
24 annually the only assessment roll for taxation under sec. 10 of this  
25 chapter. The roll shall contain:

- 26 (1) a description of all taxable property;  
27 (2) the assessed value of all taxable property;  
28 (3) the names and addresses of persons owning property  
29 subject to assessment and taxation.

1           Sec. 43.58.090. ASSESSMENT NOTICE. Before March 2 of each  
2 year, the department shall send to every owner of taxable property  
3 named in the assessment roll a notice of assessment, showing the  
4 assessed value of the property. Notice of assessment is effective  
5 on the date of mailing.

6           Sec. 43.58.100. APPEAL TO THE DEPARTMENT. (a) An owner of  
7 taxable property receiving an assessment notice may object to the  
8 assessment by advising the department in writing of the objections  
9 to the assessment within 20 days of the effective date of the  
10 notice.

11           (b) The department shall provide by regulation for notices of  
12 appeals to interested persons.

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

17           Sec. 43.58.110. APPEAL TO THE STATE ASSESSMENT REVIEW BOARD.

18           (a) After a ruling by the department on an appeal made under sec. 100  
19 of this chapter, the owner may further appeal to the board. The appeal  
20 must be filed in writing within 50 days of the effective date of  
21 the notice of assessment.

22           (b) The board shall provide by regulation for notices of appeals  
23 to interested persons.

24           Sec. 43.58.120. HEARINGS OF STATE ASSESSMENT REVIEW BOARD. (a)  
25 The board shall hear appeals filed under sec. 110(a) of this chapter.

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

28           (c) The board shall provide by regulation for notices of hearings  
29 to interested persons.

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

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

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

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

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

14 (i) An owner may appeal to the superior court for, and is  
15 entitled to, trial de novo of the board's action.

16 Sec. 43.58.130. SUPPLEMENTARY ASSESSMENT ROLLS. The department  
17 shall include property omitted from the assessment roll on a supple-  
18 mentary roll, using the procedures set out in this chapter for the  
19 original roll.

20 Sec. 43.58.140. COLLECTION AND DEPOSIT. (a) The tax levied by  
21 sec. 10 of this chapter is payable to the department before October 1  
22 of the tax year.

23 (b) The department may provide for voluntary prepayment and for  
24 payment by installments.

25 (c) All other taxes, interest and penalties collected under  
26 this chapter shall be deposited in the general fund.

27 Sec. 43.58.150. INTEREST AND PENALTY. When the tax levied by  
28 sec. 10 of this chapter becomes delinquent, a penalty of 10 per cent  
29 shall be added. Interest on the delinquent taxes, exclusive of penalty,

1 shall be assessed at a rate of eight per cent a year.

2 Sec. 43.58.160. LIEN FOR TAX. The tax levied under sec. 10  
3 of this chapter and the interest and penalty provided in sec. 150 of  
4 this chapter are first and paramount liens on the property subject to  
5 tax under this chapter.

6 Sec. 43.58.170. REMEDY. The remedy of distraint on property  
7 set out in AS 43.20.270 applies to the tax levied by sec. 10 of  
8 this chapter. However, only property subject to the tax may be dis-  
9 trained.

10 Sec. 43.58.180. PENALTIES. A person who knowingly fails to  
11 file a return when due or who makes a false statement in a return  
12 required under this chapter with intent to evade taxation is guilty of  
13 a misdemeanor and upon conviction is punishable by a fine of not more  
14 than \$1,000 or by imprisonment for not more than six months, or by both,  
15 together with the costs of prosecution, notwithstanding the provisions  
16 of AS 12.80.030.

17 Sec. 43.58.190. REGULATIONS. The board and the department may  
18 adopt regulations in accordance with the Administrative Procedure Act  
19 (AS 44.62) as appropriate to carry out their respective duties under  
20 this chapter.

21 Sec. 43.58.200. DEFINITIONS. In this chapter

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

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

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

26 (4) "taxable property" means the ownership of, or possessory  
27 rights and privileges in, non-producing oil and gas properties or  
28 leasehold interests;

29 (5) "unrefined oil" includes crude petroleum and other

1 hydrocarbons regardless of gravity which are produced at the wellhead  
2 in liquid form.

3 \* Sec. 2. AS 29.53 is amended by adding a new section to read:

4 Sec. 29.53.045. OIL AND GAS PROPERTIES. No municipality may  
5 assess, levy or collect an ad valorem tax on the value of intangible  
6 drilling and exploration expenses, oil or gas in place, possessory  
7 interests in oil or gas leaseholds whether producing or not, or  
8 on real and tangible personal property used within the state for an  
9 interborough common carrier pipeline system for the transportation  
10 of gas or unrefined oil (except gas pipeline systems operating as  
11 utilities and regulated by the Alaska Public Utilities Commission).  
12 This prohibition does not limit the collectability of any tax levied  
13 before the effective date of this section.

14 \* Sec. 3. AS 29.53.050 is amended by adding a new subsection to read:

15 (b) No municipality, or combination of municipalities occupying  
16 the same geographical area in whole or in part, may levy taxes  
17 which will result in tax revenues from all sources exceeding \$2,000  
18 a year for each person residing within its boundaries. If two or  
19 more municipalities occupying the same geographical area, in whole  
20 or in part, attempt to levy a tax, the combined levy of which  
21 would result in tax revenues from all sources exceeding \$2,000 a  
22 year for each person residing within their boundaries, the commissioner  
23 of community and regional affairs shall apportion the lawful levy  
24 and equitably divide these revenues on the basis of need, services  
25 performed and other considerations in the public interest. For  
26 the purpose of this subsection, population shall be determined by  
27 the commissioner of community and regional affairs based on the  
28 latest statistics of the United States Bureau of the Census or  
29 on other reliable population data.

1 \* Sec. 4. AS 43.55.010(b) is repealed and re-enacted to read:

2 (b) Except for the imposition of the oil and gas transportation  
3 property tax (ch. 56 of this title) and the oil and gas property tax  
4 (ch. 58 of this title), the tax imposed by this chapter is in place  
5 of all taxes imposed by:

6 (1) the state or any of its political subdivisions upon

7 (A) producing oil or gas leases; or

8 (B) oil or gas produced or extracted in the state; or

9 (2) a political subdivision upon

10 (A) oil or gas in place;

11 (B) possessory interests in oil or gas leaseholds

12 whether producing or not;

13 (C) the value of intangible drilling and exploration  
14 expenses; or

15 (D) real and tangible personal property used within  
16 this state primarily for an interborough common carrier  
17 pipeline system for the transportation of gas or unrefined  
18 oil (except gas pipeline systems operating as utilities  
19 and regulated by the Alaska Public Utilities Commission).

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