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Referred: Resources, Local
Government and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 CS HOUSE BILL NO. 59

3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for a state tax on property used
7 in connection with transportation of unrefined oil
8 and gas; 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 TRANSPORTATION PROPERTY TAX.

12 Sec. 43.56.010. LEVY OF TAX. An annual tax of 20 mills is levied
13 each tax year beginning January 1, 1974, on the full and true value of
14 taxable real and tangible personal property employed in the transporta-
15 tion of unrefined oil and gas. With respect to a facility employed for
16 part of a tax year in a manner as to render it taxable under this
17 chapter or partly so employed for a full tax year, the value of the
18 facility taxable under this chapter shall be proportionate to the
19 employment. Property taxable under this chapter does not include
20 property employed in the construction of facilities as distinguished
21 from the facilities themselves; however, with respect to pipelines and
22 other facilities taxable under this chapter which may be under con-
23 struction or awaiting construction, full and true value for each tax
24 year shall be measured by the costs incurred or accrued with respect to
25 the facility as of the assessment date. The tax levied under this
26 chapter does not apply to property subject to ad valorem taxation by
27 a city or borough on January 1, 1973 and on January 1 of each succeeding
28 tax year.

29 Sec. 43.56.020. EXEMPTIONS. In addition to property excluded

1 under sec. 130(2) of this chapter, the following property is exempt
2 from the tax levied under this chapter:

3 (1) producing oil or gas leases;

4 (2) machinery, appliances and equipment used and around
5 a well producing oil or gas and actually used in the operation of a
6 well;

7 (3) oil and gas produced in the state upon which gross
8 production taxes are paid under AS 43.55;

9 (4) pipelines less than 21 inches in diameter.

10 Sec. 43.56.030. IN PLACE OF OTHER TAXES. Payment of the tax
11 levied under this chapter is in place of all ad valorem taxes on property
12 subject to tax under this chapter now or hereafter imposed by
13 the state, or by a city or a borough.

14 Sec. 43.56.040. ASSESSMENT. Assessment of property subject to
15 the tax levied under this chapter shall be carried out by the State
16 Assessor substantially in the manner provided in AS 29.53.060 -
17 29.53.160 for municipalities, except that the State Assessor shall
18 function in place of the local assessor, and the State Assessment
19 Review Board shall function in the place of the assembly or council
20 sitting as a board of equalization.

21 Sec. 43.56.050. STATE ASSESSMENT REVIEW BOARD. The governor
22 shall appoint at least five qualified persons to serve at his pleasure
23 as the State Assessment Review Board

24 Sec. 43.56.060. PER DIEM AND EXPENSES. Members of the State
25 Assessment Review Board shall be compensated and are entitled to per
26 diem and expenses authorized by law for boards and commissions.

27 Sec. 43.56.070. POWERS AND DUTIES. The State Assessment Review
28 Board has the powers and duties with respect to assessment of property
29 taxable under this chapter of an assembly or council sitting as a

1 board of equalization.

2 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied in
3 this chapter is payable in full to the Department of Revenue on
4 September 30 of the tax year, except that, the Department of Revenue
5 may by regulation provide for prepayment of taxes and payment by
6 installments. A penalty of ten per cent shall be added to delinquent
7 taxes and interest at the rate of eight per cent per annum, or four
8 percentage points above the per annum rate charged member banks for
9 advances by the 12th Federal Reserve District that prevailed on the
10 first day of the month preceding the commencement of that calendar
11 quarter, whichever is greater, shall accrue on all unpaid taxes,
12 excluding penalties, from the due date until paid in full. Collection
13 of the tax levied under this chapter shall be carried out by the
14 Department of Revenue substantially in the manner provided in AS 29.53.
15 200 - 29.53.390 except that the state is substituted for references
16 to cities and boroughs.

17 Sec. 43.56.090. LIEN FOR TAX. Notwithstanding any other
18 provision of law, the tax levied under this chapter and interest and
19 penalty set out in sec. 80 of this chapter are liens upon the property
20 subject to tax under this chapter. The liens provided by this section
21 are prior and paramount to all other liens or encumbrances upon the
22 same property.

23 Sec. 43.56.100. FAILURE TO FILE: FALSE STATEMENT. A person who
24 knowingly fails to file a return when due or makes a false statement
25 in a return required under this chapter with intent to evade the taxation
26 is guilty of a felony and upon conviction is punishable by a fine of
27 not more than \$5,000, or by imprisonment for not more than five years,
28 or by both, together with the costs of prosecution.

29 Sec. 43.56.110. DEPOSIT IN GENERAL FUND. The revenue from

1 the tax levied under this chapter shall be deposited in the general
2 fund.

3 Sec. 43.56.120. AUTHORIZATION OF APPROPRIATION. There is
4 authorized to be appropriated each year for payment to each tax levying
5 jurisdiction an amount equal to the revenue which would be raised by
6 application of the current year mill levy of the tax levying jurisdic-
7 tion to 20 per cent of the value, as determined under this chapter for
8 the current tax year, of property taxable under this chapter located
9 in the tax levying jurisdiction.

10 Sec. 43.56.130. DEFINITIONS. In this chapter

11 (1) "tax levying jurisdiction" means an organized borough or
12 a city levying ad valorem taxes whether located inside or outside an
13 organized borough;

14 (2) "taxable real and tanagible personal property" means
15 tank farms, tanker terminals, gathering and transmission lines, and
16 related facilities associated with the production and transportation of
17 crude oil and natural gas; the term includes otherwise taxable property
18 exempted from taxation under homerule ordinance or charter, but does not
19 include property exempt from taxation under the constitution and laws of
20 the state or of the United States, or any subsurface estate or property
21 used in a consumer distribution system.

22 Sec. 43.56.160. REGULATIONS. The State Assessor and the Depart-
23 ment of Revenue may adopt regulations as appropriate to carry out
24 their respective duties under this chapter.

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