

Original sponsor: Rules Committee by
request of the Governor

Offered: 3/15/73
Referred: Community &
Regional Affairs and
Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR 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 in
7 connection with the production and transportation of
8 unrefined oil and gas and nonrenewable mineral
9 resources; and providing for an effective date."

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

11 * Section 1. In view of the economic and social impact on the state of
12 the production and transportation of oil and gas and other nonrenewable
13 mineral resources, and the resulting increase in the need and demand for
14 state services associated with increased population and economic development,
15 it is the purpose of this Act to provide revenue to the state to enable it
16 to meet the cost of increased state services.

17 * Sec. 2. AS 43 is amended by adding a new chapter to read:

18 CHAPTER 56. MINERAL RESOURCES PRODUCTION

19 AND TRANSPORTATION PROPERTY TAX.

20 Sec. 43.56.010. LEVY OF TAX. An annual tax of 20 mills is levied
21 each tax year beginning January 1, 1974, on the full and true value of
22 taxable real and tangible personal property used in the production and
23 transportation of unrefined oil and gas and nonrenewable mineral re-
24 sources; except that on property subject to tax under this chapter
25 located in a city or borough, the tax under this section shall be the
26 difference between the current year municipal tax levy and a 20-mill
27 levy on the full and true value of that property. With respect to a
28 facility used for part of a tax year in a manner as to render it taxable
29 under this chapter or partly so used for a full tax year, the value of

1 the facility taxable under this chapter shall be proportionate to the
2 employment. Property taxable under this chapter does not include
3 property used in the construction of facilities as distinguished from
4 the facilities themselves; however, with respect to pipelines and other
5 facilities taxable under this chapter which may be under construction
6 or awaiting construction, full and true value for each tax year shall be
7 measured by the costs incurred or accrued with respect to the facility
8 as of the assessment date.

9 Sec. 43.56.020. EXEMPTIONS. In addition to property excluded
10 under sec. 130(2) of this chapter, the following property is exempt
11 from the tax levied under this chapter:

12 (1) producing oil or gas leases;

13 (2) machinery, appliances and equipment used and around
14 a well producing oil or gas and actually used in the operation of a
15 well;

16 (3) oil and gas produced in the state upon which gross
17 production taxes are paid under ch. 55 of this title.

18 Sec. 43.56.030. LIMITATION ON LOCAL TAX LEVY. A city or borough
19 may levy an ad valorem tax on property subject to tax under this chapter
20 only at the same rate and on the same basis as tax is levied on other
21 real and personal property located within the city or borough. A city
22 or borough may levy a municipal property tax on real property or per-
23 sonal property subject to tax under sec. 10 of this chapter only if each
24 and every dollar of assessed value of real property or personal property
25 located in the city or borough is likewise taxed.

26 Sec. 43.56.040. ASSESSMENT. Assessment of property subject to the
27 tax levied under this chapter except taxes levied under sec. 30 of this
28 chapter shall be carried out by the state assessor substantially in
29 the manner provided in AS 29.53.060 - 29.53.160 for municipalities,

1 except that the state assessor shall function in place of the local
2 assessor, and the State Assessment Review Board shall function in the
3 place of the assembly or council sitting as a board of equalization.
4 For purposes of municipal taxes levied under sec. 30 of this chapter,
5 the property shall be assessed by the local assessor.

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

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

12 Sec. 43.56.070. POWERS AND DUTIES. The State Assessment Review
13 Board has the powers and duties with respect to assessment of property
14 taxable under this chapter of an assembly or council sitting as a
15 board of equalization.

16 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied in
17 this chapter is payable in full to the Department of Revenue on
18 September 30 of the tax year, except that the Department of Revenue may
19 by regulation provide for prepayment of taxes and payment by install-
20 ments. A penalty of ten per cent shall be added to delinquent taxes
21 and interest at the rate of eight per cent per annum shall accrue on
22 all unpaid taxes, excluding penalties, from the due date until paid in
23 full. Collection of the tax levied under this chapter shall be carried
24 out by the Department of Revenue substantially in the manner provided
25 in AS 29.53.200 - 29.53.390 except that the state is substituted for
26 references to cities and boroughs.

27 Sec. 43.56.090. LIEN FOR TAX. Notwithstanding any other provi-
28 sion of law, the tax levied under this chapter and interest and penalty
29 set out in sec. 80 of this chapter are liens upon the property subject

1 to tax under this chapter. The liens provided by this section are
2 prior and paramount to all other liens or encumbrances upon the same
3 property.

4 Sec. 43.56.100. FALSE STATEMENT. A person who knowingly makes
5 a false statement in a return required under this chapter with intent
6 to evade the taxation is guilty of a felony and upon conviction is
7 punishable by a fine of not more than \$5,000, or by imprisonment for
8 not more than five years, or by both, together with the costs of prose-
9 cution.

10 Sec. 43.56.110. DEPOSIT IN GENERAL FUND. The revenue from the
11 tax levied under this chapter shall be deposited in the general fund.

12 Sec. 43.56.120. DEFINITIONS. In this chapter "taxable real and
13 tangible personal property" means tank farms, tanker terminals,
14 gathering and transmission lines, and facilities associated with the
15 extraction, production and transportation of crude oil and natural gas
16 and nonrenewable mineral resources; the term includes otherwise taxable
17 property exempted from taxation under home rule ordinance or charter,
18 but does not include property exempt from taxation under the constitu-
19 tion and laws of the state or of the United States, or any subsurface
20 estate or property used in a consumer distribution system.

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

24 * Sec. 3. This Act takes effect on the day after its passage and approval
25 or on the day it becomes law without approval.
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