

Introduced: 2/20/73  
Referred: Resources, Community  
& Regional Affairs and Finance

1 IN THE HOUSE

BY FINK, BANFIELD, FISCHER  
AND MCVEIGH

2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

CS

HOUSE BILL NO. 245  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to oil and gas revenue; and providing  
for an effective date."

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

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

CHAPTER 56. OIL AND GAS TRANSPORTATION PROPERTY TAX.

Sec. 43.56.010. LEVY OF TAX. (a) An annual tax of 20 mills is levied each tax year beginning January 1, 1974, on the full and true value of taxable real and tangible personal property employed in the production and transportation of unrefined oil and gas. With respect to a facility employed for part of a tax year in a manner as to render it taxable under this chapter or partly so employed for a full tax year, the value of the facility taxable under this chapter shall be proportionate to the employment. Property taxable under this chapter does not include property employed in the construction of facilities as distinguished from the facilities themselves; however, with respect to pipelines and other facilities taxable under this chapter which may be under construction or awaiting construction, full and true value for each tax year shall be measured by the costs incurred or accrued with respect to the facility as of the assessment date.

(b) Local governmental units may levy a tax not to exceed 20 mills on not more than 25 per cent of the full and true value of taxable real and tangible personal property employed in the production and transportation of unrefined oil and gas. Payment of the tax levied under this subsection is in lieu of the appropriate portion of the tax levied

CS

1 by the state under (a) of this section.

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

5 (1) producing oil or gas leases;

6 (2) oil and gas produced in the state upon which gross  
7 production taxes are paid under AS 43.55.

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

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

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

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

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

29 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied in

1 this chapter is payable in full to the Department of Revenue on  
2 September 30 of the tax year, except that, the Department of Revenue  
3 may by regulation provide for prepayment of taxes and payment by  
4 installments. A penalty of ten per cent shall be added to delinquent  
5 taxes and interest at the rate of eight per cent per annum, or four  
6 percentage points above the per annum rate charged member banks for  
7 advances by the 12th Federal Reserve District that prevailed on the  
8 first day of the month preceding the commencement of that calendar  
9 quarter, whichever is greater, shall accrue on all unpaid taxes,  
10 excluding penalties, from the due date until paid in full. Collection  
11 of the tax levied under this chapter shall be carried out by the  
12 Department of Revenue substantially in the manner provided in AS  
13 29.53.200 - 29.53.390 except that the state is substituted for ref-  
14 erences to cities and boroughs.

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

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

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

28 Sec. 43.56.120. REGULATIONS. The state assessor and the Depart-  
29 ment of Revenue may adopt regulations as appropriate to carry out their

1        respective duties under this chapter.

2                Sec. 43.56.120. DEFINITIONS. In this chapter

3                (1) "tax levying jurisdiction" means an organized borough or  
4 a city levying ad valorem taxes whether located inside or outside an  
5 organized borough;

6                (2) "taxable real and tangible personal property" means  
7 machinery, appliances and equipment used in the operation of wells  
8 producing oil or gas and tank farms, tanker terminals, gathering and  
9 transmission lines, and related facilities associated with the pro-  
10 duction and transportation of crude oil and natural gas; the term  
11 includes otherwise taxable property exempted from taxation under home  
12 rule ordinance or charter, but does not include property exempt from  
13 taxation under the constitution and laws of the state or of the United  
14 States, or any subsurface estate or property used in a consumer dis-  
15 tribution system.

16 \* Sec. 2. AS 38.35.140 is repealed and re-enacted to read:

17                Sec. 38.35.140. PAYMENT OF RENTAL. (a) The carrier shall agree  
18 in the lease, as a condition for obtaining the lease of state public  
19 land for pipeline right-of-way, that it will pay annually to the state  
20 as rent for the premises demised an amount determined in accordance  
21 with the provisions of AS 38.05.330 for the lease of state public land  
22 for easements and rights-of-way.

23                (b) Each lease of state public land for pipeline right-of-way  
24 shall provide that all money and other sums which become due to the  
25 state by reason of any provision of the lease is and shall always be  
26 a valid and first lien upon the buildings and improvements on the  
27 demised property, and upon all of the interests of the lessee carrier  
28 in the lease and in the property of the carrier transported by the  
29 pipeline subject to the lease and paramount to any mortgage which the

1 carrier may execute on them, or any lien caused by the carrier.

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

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29