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Offered: 3/14/73
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 245

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 transportation and production of unrefined oil and
8 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. (a) An annual tax of 20 mills is
13 levied each tax year beginning January 1, 1974, on the full and true
14 value of taxable real and tangible personal property actually used or
15 designed or intended for use in the production and transportation of
16 unrefined oil and gas. With respect to the facility known as the trans-
17 Alaska pipeline, the tax does not apply until the appropriate federal
18 agency acquires legal authority to issue the permits necessary to begin
19 construction of that facility. The tax for the year in which the
20 authority is acquired shall be prorated from the time of acquisition.
21 With respect to a facility employed for part of a tax year in a manner
22 as to render it taxable under this chapter or partly so employed for a
23 full tax year, the value of the facility taxable under this chapter
24 shall be proportionate to the employment. Property taxable under this
25 chapter does not include equipment employed in the construction of
26 facilities as distinguished from the facilities themselves; however,
27 with respect to pipelines and other facilities taxable under this
28 chapter which may be under construction or awaiting construction, full
29 and true value for each tax year shall be measured by the costs incurred

1 or accrued with respect to the facility as of the assessment date
2 according to the percentage of completion method.

3 (b) Local governmental units may levy a tax not to exceed seven
4 mills on the full and true value of taxable real and tangible personal
5 property employed in the production and transportation of unrefined oil
6 and gas. Payment of the tax levied under this subsection is in lieu
7 of the appropriate portion of the tax levied by the state under (a) of
8 this section.

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) oil and gas produced in the state upon which gross
14 production taxes are paid under ch. 55 of this title;

15 (3) production machinery, appliances, and equipment used in
16 and around a well, until the well is producing oil or gas, at which
17 time the exemption terminates.

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

22 Sec. 43.56.040. ASSESSMENT. Assessment of property subject to the
23 tax levied under this chapter shall be carried out by the state assessor
24 substantially in the manner provided in AS 29.53.060 - 29.53.160 for
25 municipalities, except that the state assessor shall function in place
26 of the local assessor, and the State Assessment Review Board shall
27 function in the place of the assembly or council sitting as a board of
28 equalization.

29 Sec. 43.56.050. STATE ASSESSMENT REVIEW BOARD. The governor shall

1 appoint at least five qualified persons to serve at his pleasure as
2 the State Assessment Review Board.

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

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

10 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied in
11 this chapter is payable in full to the Department of Revenue on June 30
12 of the tax year, except that, the Department of Revenue may by regula-
13 tion provide for prepayment of taxes and payment by installments. A
14 penalty of ten per cent shall be added to delinquent taxes and interest
15 at the rate of eight per cent per annum, or four percentage points above
16 the per annum rate charged member banks for advances by the 12th Federal
17 Reserve District that prevailed on the first day of the month preceding
18 the commencement of that calendar quarter, whichever is greater, shall
19 accrue on all unpaid taxes, excluding penalties, from the due date until
20 paid in full. Collection of the tax levied under this chapter shall be
21 carried out by the Department of Revenue substantially in the manner
22 provided in AS 29.53.200 - 29.53.390 except that the state is sub-
23 stituted for references to cities and boroughs.

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

29 Sec. 43.56.100. FAILURE TO FILE: FALSE STATEMENT. A person who

1 knowingly fails to file a return when due or makes a false statement
2 in a return required under this chapter with intent to evade the
3 taxation is guilty of a felony and upon conviction is punishable by a
4 fine of not more than \$5,000, or by imprisonment for not more than
5 five years, or by both, together with the costs of prosecution.

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

8 Sec. 43.56.120. REGULATIONS. The state assessor and the Depart-
9 ment of Revenue may adopt regulations in accordance with AS 44.62 as
10 appropriate to carry out their respective duties under this chapter.

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

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