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Referred: Resources, Community
& Regional Affairs and Finance

1 IN THE HOUSE

BY GARDINER

2 HOUSE BILL NO. 287

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to (ad valorem) property taxation on
7 oil and gas transportation facilities; and providing
8 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 25 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 employed in the
15 production and transportation of unrefined oil and gas. With respect to
16 a facility employed for part of a tax year in a manner as to render it
17 taxable under this chapter or partly so employed for a full tax year, the
18 value of the facility taxable under this chapter shall be proportionate
19 to the 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 construc-
23 tion or awaiting construction, full and true value for each tax year
24 shall be measured by the costs incurred or accrued with respect to the
25 facility as of the assessment date. The tax levied under this chapter
26 does not apply to property subject to ad valorem taxation by a city or
27 borough on January 1, 1973 and on January 1 of each succeeding tax year.

28 (b) Local government units may levy a tax not to exceed five
29 mills on the full and true value of taxable real and tangible personal

1 property employed in the production and transportation of unrefined oil
2 and gas. The amount of tax actually paid under this subsection is in
3 lieu of the same amount of the tax levied by the state under (a) of
4 this section.

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

8 (1) producing oil or gas leases;

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

11 Sec. 43.56.030. IN PLACE OF OTHER TAXES. Payment of the tax
12 levied under this chapter is in place of all ad valorem taxes on prop-
13 erty subject to tax under this chapter now or hereafter imposed by the
14 state.

15 Sec. 43.56.040. ASSESSMENT. Assessment of property subject to
16 the tax levied under this chapter shall be carried out by the state
17 assessor substantially in the manner provided in AS 29.53.060 - 29.53.-
18 160 for municipalities, except that the state assessor shall function
19 in place of the local assessor, and the State Assessment Review Board
20 shall function in the place of the assembly or council sitting as a
21 board of equalization.

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

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

28 Sec. 43.56.070. POWERS AND DUTIES. The State Assessment Review
29 Board has the powers and duties with respect to assessment of property

1 taxable under this chapter of an assembly or council sitting as a board
2 of equalization.

3 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied in
4 this chapter is payable in full to the Department of Revenue on
5 September 30 of the tax year, except that the Department of Revenue may
6 by regulation provide for prepayment of taxes and payment by install-
7 ments. A penalty of 10 per cent shall be added to delinquent taxes
8 and interest at the rate of eight per cent per annum, or four percentage
9 points above the per annum rate charged member banks for advances by
10 the 12th Federal Reserve District that prevailed on the first day of
11 the month preceding the commencement of that calendar quarter, whichever
12 is greater, shall accrue on all unpaid taxes, excluding penalties,
13 from the due date until paid in full. Collection of the tax levied
14 under this chapter shall be carried out by the Department of Revenue
15 substantially in the manner provided in AS 29.53.200 - 29.53.390 except
16 that the state is substituted for references to cities and boroughs.

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

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

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

1 Sec. 43.56.120. AUTHORIZATION FOR APPROPRIATION. (a) Subject
2 to (b) of this section, there is authorized to be appropriated each
3 year for payment to each tax levying jurisdiction an amount equal to
4 the revenue which would be raised by application of a five mill levy
5 of the tax levying jurisdiction on the full and true value, as deter-
6 mined under this chapter for the current tax year, of property taxable
7 under this chapter located in the tax levying jurisdiction.

8 (b) The authorization in (a) of this section shall continue for
9 three tax years following completion and operation of the facility at
10 25 per cent of annual capacity. Thereafter the authorization shall
11 be successively reduced by the equivalent of a one mill levy for each
12 of the following four years.

13 Sec. 43.56.130. REGULATIONS. The state assessor and the Depart-
14 ment of Revenue may adopt regulations as appropriate to carry out their
15 respective duties under this chapter.

16 Sec. 43.56.140. DEFINITIONS. In this chapter

17 (1) "tax levying jurisdiction" means an organized borough or
18 a city levying ad valorem taxes whether located inside or outside an
19 organized borough;

20 (2) "taxable real and tangible personal property" means
21 machinery, appliances and equipment used in the operation of wells
22 producing oil or gas and tank farms, tanker terminals, gathering and
23 transmission lines, and related facilities associated with the produc-
24 tion and transportation of crude oil and natural gas; the term includes
25 otherwise taxable property exempted from taxation under home rule
26 ordinance or charter, but does not include property exempt from taxa-
27 tion under the constitution and laws of the state or of the United
28 States, or any subsurface estate or property used in a consumer distri-
29 bution system.

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* Sec. 2. This Act takes effect July 1, 1973.