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1 IN THE SENATE

2 SENATE BILL NO. 339

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the oil and gas exploration,
7 production and pipeline transportation property tax;
8 and providing for an effective date."

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

10 * Section 1. AS 43.56.010(a) is amended to read:

11 (a) An annual tax of 20 mills is levied each tax year beginning
12 January 1, 1974, on the full and true value of taxable property taxable
13 under this chapter, except as provided in sec. 15 of this chapter.

14 * Sec. 2. AS 43.56 is amended by adding a new section to read:

15 Sec. 43.56.015. OIL IN PLACE. An annual tax of 20 mills is
16 levied each year beginning January 1, 1974, on the full and true value
17 of:

18 (1) oil leases within the state under which there are
19 proven reserves; and

20 (2) ownership interest in proven oil reserves in place
21 within the state.

22 * Sec. 3. AS 43.56.020 is amended by adding a new subsection to read:

23 (c) Producing oil leases or properties which are paying gross
24 production tax under ch. 55 of this title during the assessment year
25 in an amount which exceeds the amount of tax that would otherwise be
26 due under sec. 15 of this chapter for that year are exempt from the
27 taxes levied or authorized under this chapter for that year.

28 * Sec. 4. AS 43.56.060(a) is amended to read:

29 (a) The department shall assess property for the tax levied

1 under sec. 10(b) of this chapter and AS 29.53.045 on property used or
2 committed by contract or other agreement for use for the pipeline trans-
3 portation of gas or unrefined oil or for the production of gas or
4 unrefined oil, and under sec. 15 of this chapter, at its full and true
5 value as of January 1 of the assessment year.

6 * Sec. 5. AS 43.56.060 is amended by adding a new subsection to read:

7 (g) The full and true value of property taxable under sec. 15
8 of this chapter is the estimated price which the property would bring
9 in an open market and under the then prevailing market conditions in
10 a sale between a willing seller and a willing buyer both conversant
11 with the property and with prevailing general price levels. In deter-
12 mining this value the assessor shall take into account the discounted
13 value of the expected future net income from the production of proven
14 reserves under the property.

15 * Sec. 6. AS 43.56.150(c) is amended to read:

16 (c) The taxes [TAX] levied under secs. [SEC.] 10(a) and 15 of
17 this chapter, interest and penalties collected with respect to these
18 levies [THIS LEVY] shall be deposited in the general fund.

19 * Sec. 7. AS 43.56.150 is amended by adding a new subsection to read:

20 (d) The amount of oil properties production tax paid under ch. 55
21 of this title during the assessment year may be taken as a credit against
22 the tax due under sec. 15 of this chapter.

23 * Sec. 8. AS 43.56.160 is amended to read:

24 Sec. 43.56.160. INTEREST AND PENALTY. When the tax levied by
25 sec. 10(a) or sec. 15 of this chapter becomes delinquent, a penalty of
26 10 per cent shall be added. Interest on the delinquent taxes, exclusive
27 of penalty, shall be assessed at a rate of eight per cent a year.

28 * Sec. 9. AS 43.56.170 is amended to read:

29 Sec. 43.56.170. LIEN FOR TAX. The taxes [TAX] levied under secs.

1 [SEC.] 10(a) and 15 of this chapter and the interest and penalty
2 provided in sec. 160 of this chapter are first and paramount liens on
3 the property subject to tax under this chapter.

4 * Sec. 10. AS 43.56.180 is amended to read:

5 Sec. 43.56.180. REMEDY. The remedy of distraint of property set
6 out in AS 43.20.270 applies to the taxes [TAX] levied by secs. [SEC.]
7 10(a) and 15 of this chapter. However, only property subject to [THE]
8 tax may be distrained.

9 * Sec. 11. AS 43.56.210(6) is amended to read:

10 (6) "taxable property" means property described in sec. 15
11 of this chapter or real and tangible personal property used or committed
12 by contract or other agreement for use within this state primarily in
13 the exploration for, production of, or pipeline transportation of gas
14 or unrefined oil (except for property used solely for the retail distri-
15 bution or liquefaction of natural gas), or in the operation or mainte-
16 nance of facilities used in the exploration for, production of, or
17 pipeline transportation of gas or unrefined oil, including machinery,
18 appliances, supplies, equipment, drilling rigs, wells (whether pro-
19 ducing or not), gathering lines and transmission lines, pumping stations,
20 compressor stations, power plants, topping plants, processing units,
21 roads, tank farms, tanker terminals, docks and other port facilities,
22 air strips and communication equipment and facilities, maintenance
23 equipment and facilities, and maintenance camps and other related facili-
24 ties; "taxable property" does not include permanent residences, office
25 buildings requiring substantial local government services, or gas
26 pipeline systems operated as utilities and regulated by the Alaska
27 Public Utilities Commission;

28 * Sec. 12. This Act takes effect January 1, 1974.
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