

Introduced: 1/29/75
Referred: Resources and
Finance

BY BROWN, BOWMAN, BRADNER,
COTTEN, GARDINER, MCKINNON,
MILLER, NAUGHTON AND PARKER

1 IN THE HOUSE

2 SS HOUSE BILL NO. 102

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST 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 AND GAS IN PLACE. An annual tax of 20 mills
16 is levied each year beginning January 1, 1974, on the full and true
17 value of

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

20 (2) ownership interests in proven oil and gas reserves in
21 place 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
3 transportation 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 of
8 this chapter is the estimated price which the property would bring in
9 an open market and under the then prevailing market conditions in a
10 sale between a willing seller and a willing buyer both conversant with
11 the property and with prevailing general price levels. In determining
12 this value the assessor shall take into account the discounted value
13 of the expected future net income from the production of proven reserves
14 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
17 of this chapter, interest and penalties collected with respect to
18 these 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.
21 55 of this title on a particular lease or interest during the assess-
22 ment year may be taken as a credit against the tax due under sec. 15
23 of this chapter on that lease or interest.

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

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

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

1 Sec. 43.56.170. LIEN FOR TAX. The taxes [TAX] levied under
2 secs. [SEC.] 10(a) and 15 of this chapter and the interest and penalty
3 provided in sec. 160 of this chapter are first and paramount liens on
4 the property subject to tax under this chapter.

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

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

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

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

29 * Sec. 12. This Act takes effect January 1, 1976.