

Introduced: 2/25/75  
Referred: Resources and  
Finance

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

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR 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. (a) An annual tax of 20  
16 mills is levied each year beginning January 1, 1975, on the full and  
17 true 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 (b) Oil leases and ownership interests in proven oil reserves  
23 are exempt from taxation under (a) of this section for a period of  
24 five years from (1) the date of the original lease, or (2) the date  
25 the existence of oil reserves under the land covered by the lease or  
26 interest is established to a reasonable certainty, whichever occurs  
27 earlier.

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

29 (c) Producing oil leases or properties which are paying gross

1 production tax under ch. 55 of this title during the assessment year  
2 in an amount which exceeds the amount of tax that would otherwise be  
3 due under sec. 15 of this chapter for that year are exempt from the  
4 taxes levied or authorized under this chapter for that year.

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

6 (a) The department shall assess property for the tax levied  
7 under sec. 10(b) of this chapter and AS 29.53.045 on property used or  
8 committed by contract or other agreement for use for the pipeline  
9 transportation of gas or unrefined oil or for the production of gas or  
10 unrefined oil, and under sec. 15 of this chapter, at its full and true  
11 value as of January 1 of the assessment year.

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

13 (g) The full and true value of property taxable under sec. 15 of  
14 this chapter is the estimated price which the property would bring in  
15 an open market and under the then prevailing market conditions in a  
16 sale between a willing seller and a willing buyer both conversant with  
17 the property and with prevailing general price levels. In determining  
18 this value the assessor shall take into account the discounted value  
19 of the expected future net income from the production of proven reserves  
20 under the property.

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

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

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

26 (d) The amount of oil properties production tax paid under ch.  
27 55 of this title on a particular lease or interest during the assess-  
28 ment year may be taken as a credit against the tax due under sec. 15  
29 of this chapter on that lease or interest.

1 \* Sec. 8. AS 43.56.160 is amended to read:

2       Sec. 43.56.160. INTEREST AND PENALTY. When the tax levied by  
3       sec. 10(a) or sec. 15 of this chapter becomes delinquent, a penalty of  
4       10 per cent shall be added. Interest on the delinquent taxes, exclusive  
5       of penalty, shall be assessed at a rate of eight per cent a year.

6 \* Sec. 9. AS 43.56.170 is amended to read:

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

11 \* Sec. 10. AS 43.56.180 is amended to read:

12       Sec. 43.56.180. REMEDY. The remedy of distraint of property set  
13       out in AS 43.20.270 applies to the taxes [TAX] levied by secs. [SEC.]  
14       10(a) and 15 of this chapter. However, only property subject to [THE]  
15       tax may be distrained.

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

17       (6) "taxable property" means property described in sec. 15  
18       of this chapter or real and tangible personal property used or com-  
19       mitted by contract or other agreement for use within this state  
20       primarily in the exploration for, production of, or pipeline transpor-  
21       tation of gas or unrefined oil (except for property used solely for  
22       the retail distribution or liquefaction of natural gas), or in the  
23       operation or maintenance of facilities used in the exploration for,  
24       production of, or pipeline transportation of gas or unrefined oil,  
25       including machinery, appliances, supplies, equipment, drilling rigs,  
26       wells (whether producing or not), gathering lines and transmission  
27       lines, pumping stations, compressor stations, power plants, topping  
28       plants, processing units, roads, tank farms, tanker terminals, docks  
29       and other port facilities, air strips and communication equipment and

1 facilities, maintenance equipment and facilities, and maintenance  
2 camps and other related facilities; "taxable property" does not include  
3 permanent residences, office buildings requiring substantial local  
4 government services, or gas pipeline systems operated as utilities and  
5 regulated by the Alaska Public Utilities Commission;

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

7 \* Sec. 13. This Act terminates December 31, 1984.

8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29