

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

1 IN THE SENATE

BY HUBER AND HOHMAN

2 SENATE BILL NO. 103

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, 1974, 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
26 or 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
10 or unrefined oil, and under sec. 15 of this chapter, at its full and
11 true 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
14 of this chapter is the estimated price which the property would bring
15 in an open market and under the then prevailing market conditions in
16 a sale between a willing seller and a willing buyer both conversant
17 with the property and with prevailing general price levels. In deter-
18 mining this value the assessor shall take into account the discounted
19 value of the expected future net income from the production of proven
20 reserves 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 of
23 this chapter, interest and penalties collected with respect to these
24 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. 55
27 of this title on a particular lease or interest during the assessment
28 year may be taken as a credit against the tax due under sec. 15 of
29 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 committed
19 by contract or other agreement for use within this state primarily in
20 the exploration for, production of, or pipeline transportation of gas
21 or unrefined oil (except for property used solely for the retail distri-
22 bution or liquefaction of natural gas), or in the operation or mainte-
23 nance of facilities used in the exploration for, production of, or
24 pipeline transportation of gas or unrefined oil, including machinery,
25 appliances, supplies, equipment, drilling rigs, wells (whether pro-
26 ducing or not), gathering lines and transmission lines, pumping
27 stations, compressor stations, power plants, topping plants, processing
28 units, roads, tank farms, tanker terminals, docks and other port
29 facilities, air strips and communication equipment and facilities,

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

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