Introduced: 4/16/75
Referred: Resources and Finance

IN THE SENATE BY CROFT AND HUBER

SENATE BILL NO. 375

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the oil and gas properties production tax."

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

* Section 1. AS 43.55.010(e) is amended to read:

(e) If on a tax payment date the commissioner of revenue does not require that the tax be rendered in kind and the amount of tax due under (a)(1) of this section is less than the tax due under sec. 15 of this chapter, the tax levied in sec. 15 of this chapter is payable in place of the taxes [TAX] levied in (a)(1) and (f) of this section. If on a tax payment date the commissioner of revenue requires that the tax be rendered in kind, the tax levied in (f) of this section is payable in place of the taxes levied in (a) of this section and in sec. 15 of this chapter.

* Sec. 2. AS 43.55.010 is amended by adding a new subsection to read:

(f) There is levied upon the producer of oil or gas a tax, payable in kind, on all oil or gas removed or sold from each lease or property in the state, less any part the ownership or right to which is exempt from taxation. The tax is determined according to the following schedules, and any part which is exempt from taxation is deducted from the tax levied on a pro rata basis as to each production level tax bracket:

(1) oil: based upon the average daily production for each well for the calendar month in barrels, the tax is

(A) five per cent of the first 300 barrels;

(B) six per cent of the next 700 barrels;

(C) eight per cent of all production in excess of 1,000 barrels;

(2) gas: the tax is four per cent of the gas and liquid products produced each month.

* Sec. 3. AS 43.55.015(d) is amended to read:

(d) If on a tax payment date the commissioner of revenue does not require that the gross production tax be rendered in kind and the amount of tax due under this section is equal to or less than the tax due under sec. 10(a)(1) of this chapter, the tax levied in sec. 10(a)(1) of this chapter is payable in place of the tax levied in this section. If on a tax payment date the commissioner of revenue requires that the gross production tax be rendered in kind, the tax levied in sec. 10(f) of this chapter is payable in place of the tax levied in this section.

* Sec. 4. AS 43.55.020(d) is amended to read:

(d) When the state does not elect to take the gross production tax in kind, in [IN] making settlement with the royalty owner the producer may deduct the amount of the tax paid on royalty oil or gas, or may deduct royalty oil or gas equivalent in value at the time the tax becomes due to the amount of the tax paid.

* Sec. 5. AS 43.55.020 is amended by adding new subsections to read:

(g) When the commissioner of revenue, after consultation with the commissioner of natural resources, determines it to be in the interest of the state to receive in kind the gross production tax due on the production from a well, he may, after six months notice to the owner of the well, require that the tax be rendered in kind. The taxpayer shall deliver the tax oil or gas free of charge to the state on the lease or parcel from which it was produced or at another location that is mutually agreeable to the state and the taxpayer. In-kind oil or gas delivered to the state in payment of the gross production tax shall be in good and merchantable condition. The taxpayer shall, if requested, furnish storage for tax oil free of charge for 30 days after the end of the calendar month in which it was produced and shall not be held liable for loss or destruction of stored tax oil from causes beyond the taxpayer's reasonable control. The commissioner of revenue may, on six months notice, require that tax oil or gas be dehydrated and cleaned or both by the taxpayer who shall be reimbursed by the state for the reasonable costs of it.

(h) When the state elects to take the gross production tax in kind, the commissioner of revenue may by regulation provide for the tax oil or gas to be delivered to the state throughout the month in which it is produced on the basis of estimates and allowances computed from the latest reasonably available production data. Any errors in payment shall be adjusted within the next calendar month.

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