

Original sponsor: Rules Committee by request
of the Governor

Offered: 4/6/77
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 323

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the oil and gas exploration, pro-
7 duction, and pipeline and marine transportation proper-
8 ty tax; 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(d) is amended to read:

11 (d) A tax paid to a municipality under AS 29.53.045 on or before
12 June 30 of the tax year shall be credited against the tax levied under
13 (a) of this section for that tax year. If, however, a tax is not paid
14 to a municipality until after June 30 of the taxable year, the depart-
15 ment upon application shall refund to the taxpayer the amount of tax
16 paid to the municipality under AS 29.53.045. The credit or refund of
17 taxes paid to a municipality may not exceed the total amount of tax
18 levied by the department upon the taxpayer for the tax year, under (a)
19 of this section. Current property taxes which are collected by one or
20 more municipalities under AS 29.53.055 or any other authority which
21 exceed the limitations set out in AS 29.53.045 or 29.53.050 are not
22 allowed as a credit against, or refund of, the tax levied under this
23 section. The credit or refund is only allowed for taxes paid for the
24 current tax year.

25 * Sec. 2. AS 43.56.060(e)(2) is amended to read:

26 (2) determined on each January 1 thereafter with due regard
27 to the economic value of the property based on the estimated life of the
28 proven reserves of gas or unrefined oil then technically, economically
29 and legally deliverable into the transportation facility; [HOWEVER, IF

1 THE PROVEN RESERVES OF GAS OR UNREFINED OIL THEN TECHNICALLY, ECONOMICALLY
2 CALLY AND LEGALLY DELIVERABLE INDICATE AN ECONOMIC LIFE MATERIALLY
3 SHORTER THAN THE ESTIMATED PHYSICAL LIFE OF THE TRANSPORTATION FACILITY,
4 THE FULL AND TRUE VALUE IS THE ACTUAL COST REDUCED BY AN ANNUAL ALLOW-
5 ANCE FOR DEPRECIATION ON A STRAIGHT LINE BASIS OVER AN ECONOMIC LIFE
6 BASED ON THE ACTUAL ELAPSED LIFE FROM THE COMMENCEMENT OF FULL OPERATION
7 TO THE DATE OF ASSESSMENT PLUS THE ESTIMATED REMAINING LIFE OF THE
8 PROVEN RESERVES OF GAS AND UNREFINED OIL THEN TECHNICALLY, ECONOMICALLY
9 AND LEGALLY DELIVERABLE INTO THE TRANSPORTATION FACILITY AS OF THE DATE
10 OF THE ASSESSMENT;]

11 * Sec. 3. AS 43.56.210(6) is amended to read:

12 (6) "taxable property" means real and tangible personal pro-
13 perty within this state used or committed by contract or other agreement
14 for use [WITHIN THIS STATE] primarily in the exploration for, production
15 of, or pipeline transportation of gas or unrefined oil (except for pro-
16 perty used solely for the retail distribution or liquefaction of natural
17 gas), or in the operation or maintenance of facilities used in the ex-
18 ploration for, production of, or pipeline transportation of gas or un-
19 refined oil, including machinery, appliances, supplies, equipment,
20 drilling rigs, wells (whether producing or not), gathering lines and
21 transmission lines, pumping stations, compressor stations, power plants,
22 topping plants, processing units, roads, tank farms, tanker terminals,
23 docks and other port facilities, air strips and communication equipment
24 and 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. 4. AS 29.53.045(b) is amended to read:

1 (b) A municipality may levy and collect a tax on the full and true
2 value of taxable property taxable under AS 43.56 as valued by the
3 Department of Revenue at a rate not to exceed that which produces an
4 amount of revenue from the total municipal property tax equivalent to
5 \$1,500 a year for each person residing within its boundaries. The
6 commissioner of revenue shall adjust the limitation provided for in this
7 section in accordance with changes in the Consumer Price Index for
8 Anchorage, Alaska, published by the Bureau of Labor Statistics, United
9 States Department of Labor. The adjusted limitation becomes effective
10 on the January 1 following its adjustment and applies to taxes levied
11 for that tax year. The Consumer Price Index for October 1976 is con-
12 sidered the initial Consumer Price Index. In making the adjustments
13 under this section, the commissioner shall comply with the following
14 procedure:

15 (1) after November 30 and before December 31 of each year the
16 commissioner shall calculate the change in the October Consumer Price
17 Index for the current year from the October Consumer Price Index for the
18 previous year;

19 (2) the commissioner shall then

20 (A) compute the percentage increase or decrease for that
21 period and

22 (B) adjust the most current limitation set out in this
23 section by the same percentage increase or decrease, rounded to the
24 nearest dollar;

25 (3) and report the adjusted limitation to each municipality
26 by January 15 of the following year.

27 * Sec. 5. AS 29.53.050(b) is amended to read:

28 (b) No municipality, or combination of municipalities occupying
29 the same geographical area, in whole or in part, may levy taxes (1)

1 which will result in tax revenues from all sources exceeding \$1,500
2 [\$1,000] a year, as adjusted in accordance with (c) of this section,
3 for each person residing within their boundaries or (2) upon values
4 which, when combined with the value of property otherwise taxable by the
5 municipality, exceed the product of 225 per cent of the average per
6 capita assessed full and true value of property in the state multiplied
7 by the number of residents of the taxing municipality. If two or more
8 municipalities occupying the same geographical area, in whole or in
9 part, attempt to levy a tax (1) the combined levy of which would result
10 in tax revenues from all sources exceeding \$1,500 [\$1,000] a year, as
11 adjusted in accordance with (c) of this section, for each person re-
12 siding within their boundaries or (2) upon value which, when combined
13 with the value of property otherwise taxable by the municipality, exceed
14 the product of 225 per cent of the average per capita assessed full and
15 true value of property in the state multiplied by the number of resi-
16 dents of the taxing municipality, the commissioner of community and
17 regional affairs shall apportion the lawful levy and equitably divide
18 these revenues on the basis of need, services performed and other
19 considerations in the public interest. For the purpose of this subsec-
20 tion, population shall be determined by the commissioner of community
21 and regional affairs based on the latest statistics of the United States
22 Bureau of the Census or on other reliable population data. For purposes
23 of this subsection the average per capita assessed full and true value
24 of property in the state shall be calculated without regard to the
25 assessed value of taxable property under AS 43.58.

26 * Sec. 6. AS 29.53.050 is amended by adding a new subsection to read:

27 (c) The commissioner of revenue shall adjust the \$1,500 per
28 person per year limitation provided for in (b) of this section in
29 accordance with changes in the Consumer Price Index for Anchorage,

1 Alaska, published by the Bureau of Labor Statistics, United States
2 Department of Labor. The adjusted limitation becomes effective on the
3 January 1 following its adjustment and applies to taxes levied for that
4 tax year. The Consumer Price Index for October 1976 is considered the
5 initial Consumer Price Index. In making the adjustments under this
6 section, the commissioner shall comply with the following procedure:

7 (1) after November 30 and before December 31 of each year the
8 commissioner shall calculate the change in the October Consumer Price
9 Index for the current year from the October Consumer Price Index for the
10 previous year;

11 (2) the commissioner shall then

12 (A) compute the percentage increase or decrease for that
13 period and

14 (B) adjust the most current limitation set out in this
15 section by the same percentage increase or decrease, rounded to the
16 nearest dollar;

17 (3) and report the adjusted limitation to each municipality
18 by January 15 of the following year.

19 * Sec. 7. This Act is retroactive to January 1, 1977.

20 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-
21 070(c).