

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 CS HOUSE BILL NO. 884

3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making technical amendments relating to oil
7 and gas taxes; and providing for an effective date."

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

9 * Section 1. AS 43.55.020(a) is amended to read:

10 (a) The gross production tax on oil or gas shall be paid monthly.
11 The tax is due on the 20th day of each calendar month on oil or gas
12 produced from each lease or property during the preceding month. [IF
13 THE TAX IS NOT PAID BEFORE THE END OF THE MONTH IN WHICH IT BECOMES
14 DUE, THE TAX BECOMES DELINQUENT.]

15 * Sec. 2. AS 43.55.150 is amended to read:

16 Sec. 43.55.150. DETERMINATION OF [GROSS] VALUE. (a) For the
17 purposes of this chapter, [THE GROSS] value shall be calculated using
18 the reasonable costs of transportation of the oil or gas. The reason-
19 able costs of transportation shall be the actual costs, except if any
20 one of the following conditions exist:

21 (1) when the parties to the transportation of oil or gas
22 are affiliated;

23 (2) when the contract for the transportation of oil or gas
24 is not an arm's length transaction or is not representative of the
25 market value of that transportation; or

26 (3) when the method of transportation or the choice of a
27 particular person, entity, or facility, or vessel used for transporta-
28 tion is not reasonable in view of existing alternatives [ALTERNATIVE
29 METHODS OF TRANSPORTATION].

1 (b) If the department finds that the conditions in (a)(1), (2),
2 or [AND] (3) of this section are present, the department shall deter-
3 mine the reasonable costs of transportation, using the fair market
4 value of like transportation, the fair market value of equally efficient
5 and available alternative modes of transportation, or other reasonable
6 methods. Transportation costs fixed by tariff rates properly on file
7 with the Alaska Pipeline Commission or other regulatory agency shall
8 be considered prima facie reasonable.

9 * Sec. 3. AS 43.55.030(d) and 43.55.060 are repealed.

10 * Sec. 4. This Act is retroactive to January 1, 1977.

11 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
12 10.070(c).