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Referred: Resources and Finance

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Original sponsors: Kerttula and Szymanski

1 IN THE SENATE

BY THE SENATE SPECIAL  
COMMITTEE ON OIL AND GAS

2

CS FOR SENATE BILL NO. 260 (Oil & Gas)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act levying a severance tax on oil and providing

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that all the proceeds of that tax may be appropriated

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to the oil and hazardous substance release response

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fund; and providing for an effective date."

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

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\* Section 1. PURPOSE. It is the purpose of this Act to provide a means

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by which to pay the expenses incurred in the protection of state land and

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water against the release of oil and hazardous substances that cause envi-

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ronmental damage or danger.

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\* Sec. 2. AS 43 is amended by adding a new chapter to read:

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CHAPTER 59. SEVERANCE TAX ON OIL FOR POLLUTION CONTROL.

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Sec. 43.59.010. TAX LEVIED. Every producer of oil shall pay a

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tax of \$.05 per barrel of oil produced from each lease or property in

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the state, less any oil the ownership or right to which is exempt from

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taxation.

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Sec. 43.59.020. ADMINISTRATION OF THE TAX. (a) The tax imposed

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by AS 43.59.010 is in addition to and shall be paid in the same manner

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as the taxes imposed by AS 43.55.

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(b) A producer of oil shall make reports of production in the

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same manner and under the same penalties as required by AS 43.55.

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Sec. 43.59.030. DISPOSITION OF TAX PROCEEDS. (a) The commis-

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sioner shall deposit the proceeds from the tax into the general fund.

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(b) The commissioner of administration shall separately account

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for all proceeds of the tax deposited into the general fund.

1           Sec. 43.59.040. USE OF REVENUE DERIVED FROM TAX. The legisla-  
2           ture may appropriate the annual estimated balance of the account  
3           established under AS 43.59.030 to the oil and hazardous substance  
4           release response fund established by AS 46.08.010.

5           Sec. 43.59.050. SUSPENSION AND REIMPOSITION OF THE TAX. (a)  
6           Not later than 30 days after the end of each calendar quarter, the  
7           commissioner of administration shall determine the cumulative total of  
8           money

9                   (1) that has been deposited through that calendar quarter  
10           into the general fund under AS 43.59.030;

11                   (2) expended through that calendar quarter from the oil and  
12           hazardous substance release response fund established in AS 46.08.010.

13           (b) Within 15 days after making the determinations required by  
14           (a) of this section, the commissioner of administration shall report  
15           to the commissioner the difference between the amount determined under  
16           (a)(1) of this section and amount determined under (a)(2) of this  
17           section.

18           (c) If the commissioner of administration reports that the  
19           difference determined under (b) of this section equals or exceeds  
20           \$100,000,000, the commissioner of revenue may suspend imposition and  
21           collection of the tax levied and collected under AS 43.59.010. If the  
22           commissioner suspends imposition and collection of the tax, the sus-  
23           pension begins on the first day of the calendar quarter next following  
24           the commissioner's receipt of the commissioner of administration's  
25           report under (b) of this section. Before the first day of a suspen-  
26           sion authorized by this subsection, the commissioner shall make a  
27           reasonable effort to notify all persons who are known to the depart-  
28           ment to be paying the tax under this chapter that the tax will be  
29           suspended.

1 (d) Except as provided in AS 43.59.060, if the commissioner of  
2 administration reports that the difference determined under (b) of  
3 this section is less than \$100,000,000, the commissioner of revenue  
4 shall require imposition and collection of the tax authorized under  
5 AS 43.59.010. Reimposition of the tax begins on the first day of the  
6 calendar quarter next following the commissioner's receipt of the  
7 commissioner of administration's report under (b) of this section.  
8 Before the first day of reimposition of the tax authorized by this  
9 subsection, the commissioner shall make a reasonable effort to notify  
10 all persons who are known to the department to be required to pay the  
11 tax under this chapter that the tax will be reimposed.

12 Sec. 43.59.060. TAX NOT IMPOSED. The tax authorized by this  
13 chapter is not levied during any fiscal year for which the estimated  
14 revenue from the tax would be sufficient to restore the balance of the  
15 oil and hazardous substance release response fund on the first day of  
16 the fiscal year to at least \$100,000,000, and the legislature does  
17 not, during the regular legislative session preceding the first day of  
18 the fiscal year, appropriate money from the general fund to the oil  
19 and hazardous substance release response fund sufficient to restore  
20 the balance of the fund on the first day of the fiscal year to at  
21 least \$100,000,000.

22 Sec. 43.59.100. DEFINITIONS. In this chapter

- 23 (1) "barrel of oil" has the meaning given in AS 43.55.140;  
24 (2) "lease or property" has the meaning given in AS 43.55.-  
25 140;  
26 (3) "oil" has the meaning given in AS 43.55.140;  
27 (4) "ownership or right to which is exempt from taxation"  
28 has the meaning given in AS 43.55.140;  
29 (5) "tax" means the cents-per-barrel severance tax levied

1 by AS 43.59.010.

2 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).