

SENATE BILL NO. 169

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR DONLEY

Introduced: 3/18/93  
Referred: O&G, RES, FIN

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing an extension of the exemption from the levy and collection  
2 of the tax imposed on certain oil and gas pipeline transportation property during  
3 the period of pipeline construction, and amending the definition of 'construction  
4 commencement date' applicable to that tax; and providing for an effective date."

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

6 \* Section 1. PURPOSE. It is the purpose of this Act to provide an incentive to encourage  
7 the construction of oil and gas pipelines when their construction at an early date is shown to  
8 be of net economic benefit to the state.

9 \* Sec. 2. AS 43.56.010(b) is amended to read:

10 (b) A municipality may levy and collect a tax under AS 29.45.080 at the rate  
11 of taxation that applies to other property taxed by the municipality. The tax shall be  
12 levied at a rate no higher than the rate applicable to other property taxable by the  
13 municipality. A municipality may not exempt from taxation property authorized to be  
14 taxed under this chapter. Exemptions shall be limited to those in AS 29.45.030,

1           29.45.050, [AND] AS 43.56.020, and 43.56.025.

2           \* Sec. 3. AS 43.56 is amended by adding a new section to read:

3                   Sec. 43.56.025. ADDITIONAL EXEMPTION FOR EARLY DEVELOPMENT  
4           OF PIPELINE TRANSPORTATION PROPERTY. (a) A taxpayer whose pipeline  
5           transportation property is exempted from taxation under AS 43.56.020(b) may obtain  
6           an extension of the exemption for the property. The department may grant the  
7           extension of the exemption if the taxpayer demonstrates, to the satisfaction of the  
8           department, that

9                   (1) the provision of the extension will permit construction of the  
10           pipeline to begin at a construction commencement date that is substantially earlier than  
11           the probable construction commencement date of the pipeline without the exemption;  
12           and

13                   (2) the net increase in economic activity in the state attributable to an  
14           earlier construction commencement date for the pipeline, as determined by the  
15           department, will be greater than the loss of revenue to the state and municipalities  
16           attributable to provision of the exemption.

17                   (b) If approved by the department, the extension commences on the  
18           construction commencement date and expires on the earlier of

19                   (1) the December 31 following the date on which the pipeline begins  
20           to transport gas or unrefined oil; or

21                   (2) the December 31 specified by the department, not to exceed the  
22           December 31 following the fifth anniversary of the construction commencement date.

23                   (c) To qualify for the extension authorized by this section, the taxpayer shall  
24           make written application to the department not later than 30 days before the  
25           construction commencement date. The application must include all information that  
26           the department may require by regulation.

27                   (d) The department shall adopt regulations specifying the information to be  
28           submitted in or with an application for an extension authorized by this section. The  
29           regulations may include requirements that the applicant submit all information  
30           necessary for the department to determine the property to be covered by, and the  
31           duration of, the extension authorized by this section.

1 \* Sec. 4. AS 43.56.210(2) is amended to read:

2 (2) "construction commencement date" means [THE EARLIER OF  
3 APRIL 1, 1974 OR] the date the following occur:

4 (A) there has been issued to the owner or an agent of the owner  
5 right-of-way permits, leases, and title and other rights in land, and other  
6 approvals, permits, licenses, and certificates, by federal, state, and local  
7 agencies that a reasonable and prudent person would consider adequate to  
8 commence construction of the facilities in the expectation that all other  
9 approvals, permits, licenses, and certificates necessary for the completion of  
10 facilities will be obtained;

11 (B) all approvals, permits, licenses, and certificates are in full  
12 force and effect, unrevoked and without any modification that might jeopardize  
13 the completion or continued construction of the facilities; and

14 (C) an [NO] order, judgment, decree, determination, or award  
15 of a federal, state, or local court or administrative or regulatory agency  
16 enjoining, either temporarily or permanently, the construction or the  
17 continuation of construction of the facilities is not in effect;

18 \* Sec. 5. This Act takes effect January 1, 1994.