

HB 59

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPARTMENT OF REVENUE

DIVISION OF THE TREASURY

POUCH SB — JUNEAU 99801

February 23, 1973

The Honorable Joseph E. McGill
Chairman, House Resources Committee
State Legislature
Juneau, Alaska 99801

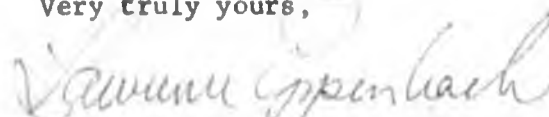
Dear Representative McGill:

During hearings Tuesday, February 20, you requested that information be made available to your Committee regarding property tax rates nationwide. I am enclosing copies of a study on that topic performed by the Minnesota Commission on Taxation. This is an extensive report that just recently became available. Attached there is a summary page listing the effective rate of tax based on comparable full market value assessment. It indicates that the average property tax rate is 19.1 mills nationwide.

If you would like us to discuss this study with your Committee we would be happy to do so. If you have any questions please do not hesitate to ask.

I am enclosing sufficient copies for each member of your Committee plus several additional for your staff.

Very truly yours,



Lawrence C. Eppenbach
Deputy Commissioner, Treasury

LCE:ge
Enclosures

AGO 533261 +

UNITED STATES
PROPERTY TAX RATES

Department of Revenue
Treasury Division
Audit Division

Minnesota Commission on Taxation

AGO 533262

Average Property Tax Rates of All States

	<u>Rate of Assessment</u>	<u>Tax Rate (in Mills)</u>	<u>Effective Rate on Full Market Value (in Mills)</u>
Alabama	16.9	34.6	5.74
Alaska	94.55	14.25	13.47
Arizona	18.9	106.9	20.20
Arkansas	16.0	65.7	10.51
California	19.7	114.3	22.52
Colorado	27.2	90.04	24.49
Connecticut	58.0	49.94	28.96
Delaware	53.4	53.21	28.41
District of Columbia	54.3	32.0	17.37
Florida	85.0	15.9	13.51
Georgia	29.39	41.5	12.12
Hawaii	62.4	18.739	11.69
Idaho	11.95	105.2	12.57
Illinois	41.7	58.1	24.23
Indiana	25.6	105.12	26.91
Iowa	24.6	99.635	24.51
Kansas	20.0	83.871	16.77
Kentucky	87.5	12.383	10.84
Louisiana	17.8	68.89	12.26
Maine	58.6	59.92	35.11
Maryland	52.9	30.07	15.91
Massachusetts	49.1	59.70	29.31
Michigan	28.2	49.54	19.97
Minnesota	30.1	297.47	32.00
Mississippi	15.0	95.0	14.25
Missouri	27.6	50.0	13.80
Montana	40.0	200.0	26.00
Nebraska	31.8	70.34	22.37
Nevada	29.4	46.0	13.52
New Hampshire	70.0	40.3	28.21
New Jersey	75.41	47.4	35.74
New Mexico	23.2	30.8	7.15
New York	48.0	42.17	20.24
North Carolina	46.6	30.0	13.98
North Dakota	21.0	172.63	18.12
Ohio	31.0	46.7	14.48
Oklahoma	20.0	75.0	15.00
Oregon	87.2	27.02	23.56
Pennsylvania	42.8	83.10	35.57
Rhode Island	79.51	45.54	27.10
South Carolina	5.6	193.57	10.84
South Dakota	38.2	52.47	20.04
Tennessee	28.9	49.61	14.34
Texas	21.7	46.62	10.12
Utah	16.2	90.67	14.69
Vermont	36.04	6,820.0	24.57
Virginia	35.1	31.3	10.99
Washington	36.9	42.84	15.81
West Virginia	52.61	14.0	7.37
Wisconsin	60.56	57.65	34.91
Wyoming	20.2	60.542	12.23

National Average

19.10

AGO 533263

PROPERTY TAX ESTIMATES

WITH STATE AVERAGES AND

WITH SELECTED CITIES

Presented By: ARTHUR C. ROEMER

Commissioner of Taxation

Research Report

Number 101

ACKNOWLEDGEMENTS

The Minnesota Department of Taxation, Research and Planning Division, gratefully acknowledges the cooperation of each state and the District of Columbia in providing information for this study.

INTRODUCTION

Property taxes have always been a controversial topic of discussion, complete with advocates, adversaries, and those who "ride the fence." However, there is one point upon which all parties will most certainly agree and that is we live with property taxes every day of our lives. It was one of first taxes that man imposed upon himself. It was used by the Greeks and Romans, by Medieval man, by our early colonists. Times have changed societies, and societies in turn have changed the property tax to best meet their needs. It may be a far different type of people than we are that finally iron out all the discrepancies in the tax with which we must cope today.

The purpose of this study was not to pursue the theoretical or philosophical intricacies of the property tax but instead to compare the tax as it actually exists in our country today. The investigation revolved around the total property tax burden as it rests on the typical taxpayer owning a home at one or six market values. Whenever possible, data used in this report was that which was directly reported to us by the individual states. Where data was lacking or insufficient, supplementary information was gathered from secondary sources to satisfy requirements of the study. In either case, the aim was to duplicate as closely as possible taxes on the typical residential property owner.

The request for this view of property tax burdens originated from the Minnesota Governor's "Interdepartmental Committee on State Economy and Financial Policy" for use by the Governor in budget planning and for use by the legislators. In response to that request and for others who may wish to explore, criticize, or improve upon, it is that we present this report on property taxation.

TABLE OF CONTENTS

Acknowledgements i
 Introduction ii
 Method 1

Part I: STATES

Table I. Ratios of Assessment and Rates of Taxation in
 Statewide Averages 4
 Table II. Property Tax Liability Estimates Borne by Homes in
 State Averages by State and by Market Value 8
 Table III. Property Tax Estimates by State Rank for Homes of
 \$10,000 Market Value 10
 Table IV. Property Tax Estimates by State Rank for Homes of
 \$20,000 Market Value 11
 Table V. Property Tax Estimates by State Rank for Homes of
 \$25,000 Market Value 12
 Table VI. Property Tax Estimates by State Rank for Homes of
 \$30,000 Market Value 13
 Table VII. Property Tax Estimates by State Rank for Homes of
 \$40,000 Market Value 14
 Table VIII. Property Tax Estimates by State Rank for Homes of
 \$50,000 Market Value 15
 Table IX. Property Tax Estimates and Ranks by Regional Area . . 16
 Table X. State Average Property Tax Estimates as a
 Percentage of Market Value (Effective Rates) 18

Part II: CITIES

Table XI. Ratios of Assessment and Rates of Taxation for the
 Largest City Within Each State 21
 Table XII. Property Tax Liability Estimates Borne by Homes in
 the Largest City Within Each State by City and by
 Market Value 25
 Table XIII. Property Tax Estimates by City Rank for Homes of
 \$10,000 Market Value 27
 Table XIV. Property Tax Estimates by City Rank for Homes of
 \$20,000 Market Value 28

TABLE OF CONTENTS
(continued)

Table XV. Property Tax Estimates by City Rank for Homes of \$25,000 Market Value 29

Table XVI. Property Tax Estimates by City Rank for Homes of \$30,000 Market Value 30

Table XVII. Property Tax Estimates by City Rank for Homes of \$40,000 Market Value 31

Table XVIII. Property Tax Estimates by City Rank for Homes of \$50,000 Market Value 32

Table XIX. City Property Tax Estimates as a Percentage of Market Value (Effective Rates) 33

Part III: INFORMATION APPLICABLE TO
BOTH STATES AND CITIES

Table XX. Statutory Ratios by State 36

Table XXI. Homestead Exemption Provisions as Applied to Property Tax Liability Calculations 39

Table XXII. Discounts for Prompt Payments 41

Analysis 45

Closing Comments 49

METHOD

This study was tailored as closely as possible to duplicate the conditions of the property tax as they actually occur today. The investigation was limited to real estate, in particular, to residential property. A preliminary survey of the states immediately revealed the great variety in taxation systems that exist in the fifty states and the District of Columbia, all operating independently of one another. There were, and are of course, commonalities upon which property taxes are based. Utilization of these shared characteristics allowed development of assumptions and definitions functional to the final outcome of the inquiry.

Tax officials of each state were sent a set of data forms and instructions concerning residential property taxes payable in 1972 for their states as a whole and also for the largest cities within their respective states. The instructions and definitions were to establish a uniform base of terminology for consistent completion of the forms. The forms themselves followed a step by step process which determined a final tax liability on a typical homeowner. The "home" was a single-family, non-agricultural residence, owned and lived in by the same person. The homeowner was not considered a veteran, nor a senior citizen, nor have any other distinguishing characteristics; he was to remain a "typical" or "average" citizen.

The definitions of market value, ratio of assessment, and rate of taxation, although common knowledge to those involved in the property tax, were important relative to the comprehension and use of other concepts employed in the study. Market value was defined as the estimated value in money for which the home would sell on an open market between a willing buyer and a willing seller. The study set market values at \$10,000, \$20,000, \$25,000, \$30,000, \$40,000 and \$50,000. Ratio of assessment was defined as the percentage relationship between the market value and the adjusted market value. The rate of taxation was defined as that rate which was applicable to the taxable value.

Other functions needed in calculating the final tax were also defined. The adjusted market value was described as the resulting product after the ratio of assessment had been applied to the market value. An explanation of a statutory classification rate was included for those states having an intermediate step that relates the adjusted market value to the taxable value by use of another percentage figure for a particular property type. The taxable value was described as the value, either the adjusted market value or another figure derived from the use of a statutory classification rate, against which the tax rate or levy is applicable. Homestead exemptions or general relief credits included in the calculations were monies not paid by the taxpayer due to special legislation that granted him this

benefit solely on the basis of residence in and ownership of his home. Many states offered programs under which property taxes are reduced by virtue of the owner being a veteran, disabled, a senior citizen, having low income, etc.. These provisions, however, were not included because they do not apply to all persons considered "homesteaders." After taking into consideration all ratios, rates, and exemptions, the final result was defined as the tax liability, the amount of money due by the homeowner in payment of his property taxes.

Other, more general information asked of the states concerned the existence and description of any property classification system, exemptions appropriated to veterans, senior citizens, and low income homeowners, and also for the concept used in making valuations of property.

For data received that did not conform to final specifications or for states which made no reply at all, information was substituted from other sources. Ratios on a statewide basis were taken from the 1972 edition of State and Local Finances: Significant Features and Suggested Legislation, Advisory Committee on Intergovernmental Relations. Ratios for cities were extracted from Taxable Property Values, 1967 Census of Governments, Volume 2, for selected areas having a 1960 population of 50,000 or more. If a specific city was not listed, the ratio for the county in which the city was located was used. Both the average state ratios and city ratios were from measurable sales of non-farm houses during a six-month period in 1966.

Supplementary data on rates was taken from State and Local Taxes, Prentice-Hall. Rates for cities were used as given. Taxation rates as statewide averages required that estimates be made from the local tax rates listed. These estimates were arithmetic averages of all or a sample of the given rates.

If a specific state publication provided better data on rates and ratios than could be obtained elsewhere, it was used. Allowing for age, accuracy, and other limitations of consistency of these secondary pieces of information, they were incorporated into the study with the data received directly from the states.

Another factor taken into consideration, but not included in the actual calculations of the final tax liability, was any discount allowed for prompt or early payment of the tax. This information was taken from the Prentice-Hall publication and has been presented within this report.

The following tables and analysis are the results of this probe into a particular area of "the" property tax.

Part I: STATES

RATIOS OF ASSESSMENT AND RATES OF TAXATION
IN STATEWIDE AVERAGES

Table I.

<u>State</u>	<u>Ratio of Assessment</u>	<u>Tax Rate</u>
Alabama	16.9 % (1)	34. Mills
Alaska	94.55	11.25
Arizona	18.9 (2)	106.9
Arkansas	16.0 (2)	65.7
California	19.7 (2)	114.3 (A)
Colorado	27.2 (2)	90.04
Connecticut	58 (3)	49.94 (B)
Delaware	53.4 (2)	53.21 (C)
Dist./Columbia	54.3	32.0
Florida	85 (2)	15.9 (D)
Georgia	29.39 (5)	41.25 (D)
Hawaii	62.4 (2)	18.739 (E)
Idaho	11.95	105.2
Illinois	41.7 (2)	58.1 (D)
Indiana	25.6 (2)	105.12 (C)
Iowa	24.6 (2)	99.635
Kansas	20 (6)	83.871 (D)
Kentucky	87.5 (5)	12.383 (F)
Louisiana	17.8 (2)	68.89 (C, D)
Maine	58.6 (2)	59.92
Maryland	52.9 (5)	30.07
Massachusetts	49.1 (2)	52.70 (H)
Michigan	28.2 (2)	49.54 (D)
Minnesota *	30.1 (7)	297.47
Mississippi	15 (approx.)	95
Missouri	27.6 (2)	50 (I)
Montana **	40 (approx.)	209
Nebraska	31.8 (2)	70.34 (I)
Nevada	29.4 (2)	46
New Hampshire	70 (5)	40.3 (D)
New Jersey	75.41 (8)	47.4
New Mexico	23.2 (2)	30.8 (J)
New York	48 (5)	42.17 (D)
North Carolina	46.6 (2)	30 (K)
North Dakota ***	21	172.63
Ohio	31 (9)	46.7 (D)
Oklahoma	20	75
Oregon	87.2 (10)	27.02 (I)
Pennsylvania	42.8 (11)	83.10 (C)
Rhode Island	59.51	45.54 (C, D)

RATIOS OF ASSESSMENT AND RATES OF TAXATION
IN STATEWIDE AVERAGES

Table I. (continued)

<u>State</u>	<u>Ratio of Assessment</u>	<u>Tax Rate</u>
South Carolina	5.6 %	193.57 (C,B) Mills
South Dakota	38.2	52.47
Tennessee	28.9 (2)	49.61 (C,D)
Texas	21.7 (2)	46.62 (C)
Utah	16.2 (2)	90.67 (C,D)
Vermont****	36.04 (7)	6,820 (D)
Virginia	35.1	31.3
Washington	36.9 (5)	42.84 (D)
West Virginia	52.61 (5)	14
Wisconsin	60.56	57.65
Wyoming	20.2 (2)	60.542 (D)

* Minnesota: The ratio given relates market value to adjusted market value. The taxable value against which the rate is applied is found by taking 25% of the first \$4,000 adjusted market value and 40% of the amount over \$4,000.

** Montana: The ratio given is an estimate of the relationship between market value and adjusted market value. The taxable value against which the rate is applied is 30% of the adjusted market value.

*** North Dakota: The ratio given relates market value to adjusted market value. Fifty percent (50%) of the adjusted market value is used for the taxable value.

**** Vermont: The ratio given relates market value to adjusted market value. One percent (1%) of the adjusted market value is used for the taxable value.

Special Note: Footnote references are in parentheses following ratios and rates. See following pages for explanations.

RATIOS OF ASSESSMENT AND RATES OF TAXATION
IN STATE AVERAGES

Table I. (continued)

FOOTNOTES FOR RATIOS:

(Ratios not footnoted are assumed to relate to taxes payable in 1972 or are otherwise most recently available. See specific footnotes.)

1. The ratio used for Alabama is prior to the May 30, 1972, voter referendum which approved an amendment to the Constitution authorizing a classification system for assessing property. The new system, if accepted by the Federal Court, would establish residential property at a ratio of 15%.
2. State-Local Finances: Significant Features and Suggested Legislation, 1972 Edition, Advisory Commission on Intergovernmental Relations, Table 109, Column 6 (Nonfarm houses, 1966).
3. Connecticut's state-wide assessment ratio is an arithmetic average on the taxable list of 1969 to which 1970 tax rates apply. (Direct communication with the State of Connecticut.)
4. Florida's State Auditor General's property tax ratio study determined their statewide ratio to be about 85% of full market value. ("From the State Capital," Bethune Jones, publisher, August 1, 1972.)
5. 1971 ratio studies with specific comments as reported by state:
 - Kentucky - residential property
 - Maryland - residential property
 - New Hampshire - state average
 - New York - state average
 - West Virginia - class II properties
6. "Kansas Real Estate Ratio Study," Property Valuation Department, Topeka, Kansas, 1971.
7. 1970 ratio studies with specific comments as reported by state:
 - Minnesota - residential property
 - Vermont - statewide average for all property from 1970 Grand Lists
 - Washington - ratio is for 1970 assessments, taxes due in 1971, and represents statewide ratio of essentially homes and businesses.
8. New Jersey's ratio is preliminary for 1972.
9. Ohio's reported ratio is for all residential property for the first six months of 1971.
10. Oregon's ratio reflects the 1968-1969 change from 25% to 100% in their statutory assessment ratio; it is four times the ratio listed in ACIR's Table 109.

RATIOS OF ASSESSMENT AND RATES OF TAXATION
IN STATE AVERAGES

Table I. (continued)

11. 21st Annual Certification of the Pennsylvania State Tax Equalization Board, 1968 Market Values of Taxable Property, certified June 30, 1969.

FOOTNOTES FOR RATES:

(Rates not footnoted are assumed to be for taxes payable in 1972 or are otherwise most recently available. See specific footnotes.)

- A. California's rate is a preliminary tax rate for fiscal 1971-1972.
- B. Rate is for taxes payable in 1970.
- C. Rate is an estimate calculated from listings of local tax rates given in Prentice-Hall, State and Local Taxes.
- D. Rate is for taxes payable in 1971.
- E. Hawaii's state average taxation rate is a weighted estimate calculated from information received from the State of Hawaii.
- F. Kentucky's statewide tax rate is applicable to 1970 taxes. The 1972 rate is not expected to vary appreciably from this rate. (Direct communication with the State of Kentucky.) Also, the Kentucky Department of Revenue collects information only on assessments and levies administered by the counties and school districts. The city portion of the total tax rate is an estimate made from local rates listed in Prentice-Hall for assessed values in 1970.
- G. Maine's state average tax rate is a hypothetical one calculated by dividing the state valuation of municipalities as of April 1, 1971, into the total amount of taxes levied by the municipalities.
- H. "1971 Tax Rates, Actual and Full Value," Massachusetts Taxpayers Foundation, Inc.
- I. Rate is an estimate for taxes payable in 1972 made by the respective states.
- J. Statewide average rate is an estimate calculated from information received from New Mexico, "State, County and Municipal Rates, 1971-1972."
- K. The mill rate used for North Carolina is a rounded urban rate. The average non-urban rate is 15 mills.

PROPERTY TAX LIABILITY ESTIMATES BORNE BY HOMES
IN STATE AVERAGES BY STATE AND BY MARKET VALUE

Table II.

State	\$10,000 Market Value	Rank	\$20,000 Market Value	Rank	\$25,000 Market Value	Rank	\$30,000 Market Value	Rank	\$40,000 Market Value	Rank	\$50,000 Market Value	Rank
Alabama	\$ 46.48	48	\$101.92	49	\$130.65	50	\$ 150.38	50	\$ 216.84	50	\$ 274.30	51
Alaska	134.73	34	269.47	35	336.84	35	404.20	35	538.94	35	673.67	36
Arizona	202.04	18	404.08	19	505.11	20	606.12	20	808.16	21	1,010.21	21
Arkansas	105.12	41	210.24	42	262.80	42	315.36	43	420.48	43	525.60	43
California	130.44	31	260.88	22	477.20	22	589.78	22	814.95	19	1,040.13	19
Colorado	244.91	12	489.82	12	612.27	12	774.73	13	979.64	13	1,224.54	13
Connecticut	289.65	6	579.30	6	724.13	6	878.96	6	1,148.61	6	1,418.26	6
Delaware	284.14	7	568.28	7	710.35	7	852.42	7	1,136.57	7	1,420.71	7
District of Columbia	173.76	22	347.52	24	434.40	24	521.28	24	695.04	24	868.80	24
Florida	55.65	45	111.30	43	258.38	43	325.95	40	461.10	39	596.25	39
Georgia	48.73	47	97.46	44	230.58	44	291.20	44	412.44	44	523.67	44
Hawaii	-0-	51	83.95	51	142.42	49	200.88	48	317.82	47	434.75	47
Idaho	125.71	36	251.43	36	314.34	36	377.14	36	502.86	37	628.57	37
Illinois	242.28	13	484.55	13	605.69	13	726.83	11	969.11	14	1,211.39	14
Indiana	269.11	10	538.21	10	672.77	10	807.32	10	1,076.43	10	1,345.54	11
Iowa	149.60	20	299.20	17	550.26	16	672.81	16	877.91	17	1,163.01	17
Kansas	167.74	27	335.48	25	419.36	25	503.23	25	670.97	25	838.71	25
Kentucky	108.35	40	216.70	41	270.88	41	325.05	42	433.41	42	541.76	42
Louisiana	30.86	50	61.72	45	124.80	45	176.11	49	238.74	45	311.36	45
Maine	351.13	3	702.26	3	877.83	3	1,053.39	3	1,404.52	3	1,755.66	3
Maryland	152.07	24	304.14	26	377.68	26	477.21	26	636.28	26	805.35	26
Massachusetts	293.13	5	586.25	5	732.42	5	879.38	5	1,172.51	5	1,465.64	5
Michigan	139.70	30	279.41	32	349.26	32	419.11	32	558.81	32	698.51	32
Minnesota	157.99	26	315.98	21	505.97	19	645.98	18	827.14	11	1,036.29	9
Mississippi	45.00	49	90.00	50	112.50	51	135.00	51	215.00	51	312.50	50

PROPERTY TAX LIABILITY ESTIMATES BORNE BY HOME:
IN STATE AVERAGES BY STATE AND BY MARKET VALUE

Table II. (continued)

State	\$10,000 Market Value	Rank	\$20,000 Market Value	Rank	\$25,000 Market Value	Rank	\$30,000 Market Value	Rank	\$40,000 Market Value	Rank	\$50,000 Market Value	Rank
Missouri	\$138.00	32	\$276.00	33	\$345.00	33	\$ 414.00	33	\$ 552.00	33	\$ 690.00	33
Montana	240.00	14	480.00	14	600.00	14	720.00	14	960.00	15	1,200.00	15
Nebraska	205.79	16	429.47	16	541.31	17	653.15	17	876.83	18	1,100.51	18
Nevada	135.24	33	270.48	34	338.10	34	405.72	34	540.96	34	676.20	34
New Hampshire	282.10	8	564.20	8	705.25	8	846.30	8	1,128.40	8	1,410.50	8
New Jersey	357.44	1	714.89	1	893.61	1	1,072.33	1	1,429.77	1	1,787.22	1
New Mexico	65.30	44	136.75	48	172.48	48	208.21	47	279.66	49	351.12	49
New York	202.42	17	404.83	18	506.04	18	607.25	19	809.66	20	1,012.08	20
North Carolina	139.80	35	279.60	31	349.50	31	419.40	31	559.20	31	699.00	31
North Dakota	181.26	21	362.52	23	453.15	23	543.78	23	725.05	23	906.31	23
Ohio	144.77	26	289.54	29	361.93	29	434.31	29	579.08	29	723.85	29
Oklahoma	75.00	42	225.00	36	300.00	36	375.00	37	525.00	36	675.00	35
Oregon	235.61	15	471.23	15	589.04	15	706.84	15	942.46	16	1,178.07	16
Pennsylvania	355.67	2	711.34	2	889.17	2	1,067.00	2	1,422.67	2	1,778.34	2
Rhode Island	271.01	9	542.02	9	677.50	9	813.03	9	1,084.03	9	1,355.04	10
South Carolina	108.40	39	216.80	40	271.00	40	325.20	41	433.60	41	542.00	41
South Dakota	209.44	19	409.87	20	501.09	21	601.31	21	801.74	22	1,002.18	22
Tennessee	143.37	29	286.75	30	358.43	30	430.42	30	573.49	30	716.86	30
Texas	51.49	46	152.65	46	203.23	46	253.82	45	351.98	46	456.15	46
Utah	146.89	27	293.77	28	367.21	28	440.56	28	587.54	28	734.43	28
Vermont	215.79	11	431.59	11	514.45	11	637.38	12	831.17	12	1,228.96	12
Virginia	107.86	38	219.73	39	274.66	39	329.59	39	439.45	40	549.32	40
Washington	158.03	25	316.76	27	395.20	27	474.24	27	632.32	27	790.10	27
West Virginia	73.65	43	147.31	47	184.13	47	220.96	46	294.62	48	368.27	48
Wisconsin	322.50	4	645.00	4	806.24	4	967.50	4	1,289.99	4	1,619.49	4
Wyoming	122.29	37	244.59	37	305.74	37	366.88	38	489.18	38	611.47	38

PROPERTY TAX ESTIMATES BY STATE RANK
FOR HOMES OF \$10,000 MARKET VALUE

Table III.

<u>State</u>	<u>Tax Due</u>	<u>Rank</u>
New Jersey	\$357.44	1
Pennsylvania	355.67	2
Maine	351.13	3
Wisconsin	322.50	4
Massachusetts	293.13	5
Connecticut	289.65	6
Delaware	284.14	7
New Hampshire	282.10	8
Rhode Island	271.01	9
Indiana	269.11	10
Vermont	245.79	11
Colorado	244.91	12
Illinois	242.28	13
Montana	240.00	14
Oregon	235.61	15
Nebraska	205.79	16
New York	202.42	17
Arizona	202.04	18
South Dakota	200.44	19
Iowa	183.60	20
North Dakota	181.26	21
District of Columbia	173.76	22
Kansas	167.74	23
Maryland	159.07	24
Washington	158.08	25
Minnesota	157.99	26
Utah	146.89	27
Ohio	144.77	28
Tennessee	143.37	29
Michigan	139.70	30
California	139.44	31
Missouri	138.00	32
Nevada	135.24	33
Alaska	134.73	34
North Carolina	133.80	35
Idaho	125.71	36
Wyoming	122.29	37
Virginia	109.86	38
South Carolina	108.40	39
Kentucky	108.35	40
Arkansas	105.12	41
Oklahoma	75.00	42
West Virginia	73.65	43
New Mexico	65.30	44
Florida	55.65	45
Texas	51.49	46
Georgia	48.73	47
Alabama	46.48	48
Mississippi	45.00	49
Louisiana	30.86	50
Hawaii	-0-	51
Average	170.68	

PROPERTY TAX ESTIMATES BY STATE RANK
FOR HOMES OF \$20,000 MARKET VALUE

Table IV.

<u>State</u>	<u>Tax Due</u>	<u>Rank</u>
New Jersey	\$711.89	1
Pennsylvania	711.34	2
Maine	702.26	3
Wisconsin	645.00	4
Massachusetts	586.25	5
Connecticut	579.30	6
Delaware	568.28	7
New Hampshire	564.20	8
Rhode Island	542.02	9
Indiana	538.21	10
Vermont	491.59	11
Colorado	489.82	12
Illinois	484.55	13
Montana	480.00	14
Oregon	471.23	15
Nebraska	429.47	16
Iowa	427.70	17
New York	404.83	18
Arizona	404.08	19
South Dakota	400.87	20
<u>Minnesota</u>	<u>379.58</u>	<u>21</u>
California	364.61	22
North Dakota	362.52	23
District of Columbia	347.52	24
Kansas	335.48	25
Maryland	318.14	26
Washington	316.16	27
Utah	293.77	28
Ohio	289.54	29
Tennessee	286.75	30
North Carolina	279.60	31
Michigan	279.44	32
Missouri	276.00	33
Nevada	270.48	34
Alaska	269.47	35
Idaho	251.43	36
Wyoming	244.59	37
Oklahoma	225.00	38
Virginia	219.73	39
South Carolina	216.89	40
Kentucky	216.70	41
Arkansas	210.24	42
Florida	190.80	43
Georgia	169.97	44
Louisiana	153.40	45
Texas	152.65	46
West Virginia	147.31	47
New Mexico	136.75	48
Alabama	101.92	49
Mississippi	90.00	50
Hawaii	83.95	51
Average	355.22	

PROPERTY TAX ESTIMATES BY STATE RANK
FOR HOMES OF \$25,000 MARKET VALUE

Table V.

<u>State</u>	<u>Tax Due</u>	<u>Rank</u>
New Jersey	\$803.61	1
Pennsylvania	689.17	2
Maine	877.83	3
Wisconsin	806.24	4
Massachusetts	732.82	5
Connecticut	724.13	6
Delaware	710.35	7
New Hampshire	705.25	8
Rhode Island	677.50	9
Indiana	672.77	10
Vermont	614.48	11
Colorado	612.27	12
Illinois	605.69	13
Montana	600.00	14
Oregon	589.04	15
Iowa	550.26	16
Nebraska	541.31	17
New York	506.04	18
Minnesota	505.97	19
Arizona	505.11	20
South Dakota	501.09	21
California	477.20	22
North Dakota	453.15	23
District of Columbia	434.40	24
Kansas	419.36	25
Maryland	397.68	26
Washington	395.20	27
Utah	367.21	28
Ohio	361.93	29
Tennessee	358.43	30
North Carolina	349.50	31
Michigan	349.26	32
Missouri	345.00	33
Nevada	338.10	34
Alaska	336.84	35
Idaho	314.34	36
Wyoming	305.74	37
Oklahoma	300.00	38
Virginia	274.66	39
South Carolina	271.00	40
Kentucky	270.88	41
Arkansas	262.80	42
Florida	258.38	43
Georgia	230.58	44
Louisiana	214.80	45
Texas	203.23	46
West Virginia	184.13	47
New Mexico	172.48	48
Hawaii	142.42	49
Alabama	130.65	50
Mississippi	112.50	51
Average	448.09	

PROPERTY TAX ESTIMATES BY STATE RANK
FOR HOMES OF \$30,000 MARKET VALUE

Table VI.

<u>State</u>	<u>Tax Due</u>	<u>Rank</u>
New Jersey	\$1,072.33	1
Pennsylvania	1,067.00	2
Maine	1,053.39	3
Wisconsin	967.50	4
Massachusetts	879.38	5
Connecticut	868.96	6
Delaware	852.42	7
New Hampshire	846.30	8
Rhode Island	813.03	9
Indiana	807.32	10
Illinois	762.83	11
Vermont	737.38	12
Colorado	734.73	13
Montana	720.00	14
Oregon	706.84	15
Iowa	672.81	16
Nebraska	653.15	17
Minnesota	645.98	18
New York	607.25	19
Arizona	606.12	20
South Dakota	601.31	21
California	589.78	22
North Dakota	543.78	23
District of Columbia	521.28	24
Kansas	503.23	25
Maryland	477.21	26
Washington	474.24	27
Utah	440.66	28
Ohio	434.31	29
Tennessee	430.12	30
North Carolina	419.40	31
Michigan	419.11	32
Missouri	414.00	33
Nevada	405.72	34
Alaska	404.20	35
Idaho	377.14	36
Oklahoma	375.00	37
Wyoming	366.88	38
Virginia	329.59	39
Florida	325.95	40
South Carolina	325.20	41
Kentucky	325.05	42
Arkansas	315.36	43
Georgia	291.20	44
Texas	253.82	45
West Virginia	220.96	46
New Mexico	208.21	47
Hawaii	200.86	48
Louisiana	176.11	49
Alabama	159.38	50
Mississippi	135.00	51
Average	539.98	

PROPERTY TAX ESTIMATES BY STATE RANK
FOR HOMES OF \$40,000 MARKET VALUE

Table VII.

<u>State</u>	<u>Tax Due</u>	<u>Rank</u>
New Jersey	\$1,429.77	1
Pennsylvania	1,422.67	2
Maine	1,404.52	3
Wisconsin	1,289.99	4
Massachusetts	1,172.51	5
Connecticut	1,158.61	6
Delaware	1,136.57	7
New Hampshire	1,128.40	8
Rhode Island	1,084.03	9
Indiana	1,076.43	10
Minnesota	1,004.14	11
Vermont	983.17	12
Colorado	979.64	13
Illinois	969.11	14
Montana	960.00	15
Oregon	942.46	16
Iowa	917.91	17
Nebraska	876.83	18
California	814.95	19
New York	809.66	20
Arizona	808.16	21
South Dakota	801.74	22
North Dakota	725.05	23
District of Columbia	695.04	24
Kansas	670.97	25
Maryland	636.28	26
Washington	632.32	27
Utah	587.54	28
Ohio	579.08	29
Tennessee	573.49	30
North Carolina	559.20	31
Michigan	558.81	32
Missouri	552.00	33
Nevada	540.96	34
Alaska	538.94	35
Oklahoma	525.00	36
Idaho	502.86	37
Wyoming	489.48	38
Florida	461.10	39
Virginia	439.45	40
South Carolina	433.60	41
Kentucky	433.41	42
Arkansas	420.48	43
Georgia	412.44	44
Louisiana	398.74	45
Texas	354.98	46
Hawaii	317.82	47
West Virginia	294.62	48
New Mexico	270.66	49
Alabama	216.84	50
Mississippi	215.00	51
Average	729.73	

PROPERTY TAX ESTIMATES BY STATE RANK
FOR HOMES OF \$50,000 MARKET VALUE

Table VIII.

<u>State</u>	<u>Tax Due</u>	<u>Rank</u>
New Jersey	\$1,787.22	1
Pennsylvania	1,778.34	2
Maine	1,755.66	3
Wisconsin	1,612.49	4
Massachusetts	1,465.64	5
Connecticut	1,448.26	6
Delaware	1,420.71	7
New Hampshire	1,410.50	8
Minnesota	1,362.29	9
Rhode Island	1,355.74	10
Indiana	1,345.54	11
Vermont	1,228.96	12
Colorado	1,224.54	13
Illinois	1,211.39	14
Montana	1,200.00	15
Oregon	1,178.07	16
Iowa	1,163.01	17
Nebraska	1,100.51	18
California	1,040.13	19
New York	1,012.08	20
Arizona	1,010.21	21
South Dakota	1,002.18	22
North Dakota	906.31	23
District of Columbia	868.80	24
Kansas	838.71	25
Maryland	795.35	26
Washington	790.40	27
Utah	734.43	28
Ohio	723.85	29
Tennessee	715.86	30
North Carolina	699.00	31
Michigan	698.51	32
Missouri	690.00	33
Nevada	676.20	34
Oklahoma	675.00	35
Alaska	673.67	36
Idaho	628.57	37
Wyoming	611.47	38
Florida	596.25	39
Virginia	549.32	40
South Carolina	542.00	41
Kentucky	541.76	42
Arkansas	525.60	43
Georgia	523.67	44
Louisiana	521.36	45
Texas	456.15	46
Hawaii	434.75	47
West Virginia	368.27	48
New Mexico	351.12	49
Mississippi	312.50	50
Alabama	274.30	51
Average	918.37	

PROPERTY TAX ESTIMATES AND RANKS BY REGIONAL AREA

Table IX.

Region and States	\$10,000 Market Value	Rank	\$20,000 Market Value	Rank	\$25,000 Market Value	Rank	\$30,000 Market Value	Rank	\$40,000 Market Value	Rank	\$50,000 Market Value	Rank
NEW ENGLAND												
Maine	\$351.13	3	\$702.26	3	\$877.83	3	\$1,053.39	3	\$1,404.52	3	\$1,755.66	3
New Hampshire	282.10	8	564.20	8	795.25	8	846.30	8	1,128.40	8	1,410.50	8
Vermont	245.79	11	491.59	11	614.48	11	737.38	12	983.17	12	1,228.96	12
Massachusetts	293.13	5	586.25	5	732.82	5	879.38	5	1,172.51	5	1,465.64	5
Rhode Island	271.01	9	542.02	9	677.50	9	813.03	9	1,084.03	9	1,355.04	10
Connecticut	289.65	6	579.30	6	724.13	6	868.96	6	1,158.61	6	1,448.26	6
MIDWEST												
New York	202.42	17	404.83	18	506.04	18	607.25	19	800.66	20	1,012.08	20
New Jersey	357.44	1	714.89	1	893.61	1	1,072.33	1	1,429.77	1	1,787.22	1
Pennsylvania	355.67	2	711.34	2	889.17	2	1,067.00	2	1,422.67	2	1,778.34	2
Delaware	284.14	7	568.28	7	710.35	7	852.42	7	1,136.57	7	1,420.71	7
Maryland	159.07	24	318.14	26	397.68	26	477.21	26	636.28	26	795.35	26
Dist. of Col.	173.76	22	347.52	24	434.40	24	521.28	24	695.04	24	868.80	24
GREAT LAKES												
Michigan	139.70	30	279.41	32	349.26	32	419.11	32	558.81	32	698.51	32
Ohio	144.77	28	289.54	29	361.93	29	434.31	29	579.08	29	723.85	29
Indiana	269.11	10	538.21	10	672.77	10	807.32	10	1,076.43	10	1,345.54	11
Illinois	242.28	13	484.55	13	605.69	13	726.83	11	960.11	14	1,211.39	14
Wisconsin	322.50	4	645.00	4	806.24	4	967.50	4	1,289.99	4	1,612.49	4
PLAINS												
Minnesota	157.99	26	315.98	21	395.97	19	485.98	18	624.14	11	782.29	9
Iowa	183.60	20	367.20	17	459.26	16	562.81	16	717.91	17	893.01	17
Missouri	138.00	32	276.00	33	345.00	33	414.00	33	517.00	33	646.00	33
North Dakota	181.26	21	362.52	23	453.15	23	543.78	23	679.05	23	848.31	23
South Dakota	200.44	19	400.87	20	501.09	21	601.31	21	751.74	22	939.18	22
Nebraska	205.79	16	411.57	16	511.31	17	613.15	17	766.83	18	958.51	18
Kansas	167.74	23	335.48	25	419.36	25	503.23	25	629.97	25	787.17	25

PROPERTY TAX ESTIMATES AND RANKS BY REGIONAL AREA

Table IX. (continued)

Region and States	\$10,000 Market Value	Rank	\$20,000 Market Value	Rank	\$25,000 Market Value	Rank	\$30,000 Market Value	Rank	\$40,000 Market Value	Rank	\$50,000 Market Value	Rank
SOUTHEAST												
Virginia	\$109.86	38	\$219.73	39	\$274.66	39	\$329.59	39	\$439.45	40	\$549.32	40
West Virginia	73.65	43	147.31	47	184.13	47	220.96	46	294.62	48	368.27	48
Kentucky	108.35	40	216.70	41	270.89	41	325.95	42	433.41	42	541.76	42
Tennessee	143.37	29	286.75	30	358.43	30	430.12	30	573.49	30	716.86	30
North Carolina	139.80	35	260.60	31	340.50	31	419.40	31	559.20	31	699.00	31
South Carolina	108.40	39	216.80	40	271.00	40	325.20	41	433.60	41	542.00	41
Georgia	148.73	47	169.97	44	230.58	44	291.20	44	412.44	44	523.57	44
Florida	55.65	45	190.80	43	258.38	43	325.95	40	461.10	39	596.25	39
Alabama	16.48	48	101.92	49	130.65	50	159.38	50	216.84	50	271.30	51
Mississippi	45.00	49	90.00	50	212.50	51	135.00	51	215.00	51	312.50	50
Louisiana	30.66	50	153.49	45	214.80	45	176.11	49	398.74	45	521.36	45
Arkansas	105.12	41	210.24	42	262.80	42	315.36	43	420.48	43	525.60	43
SOUTHWEST												
Oklahoma	75.00	42	225.00	38	300.00	38	375.00	37	525.00	36	675.00	35
Texas	51.49	46	152.65	46	203.23	46	253.82	45	354.98	46	456.15	46
New Mexico	65.30	44	136.75	48	172.48	48	208.21	47	279.66	49	351.12	49
Arizona	202.04	18	404.08	19	505.11	20	606.12	20	808.16	21	1,010.21	21
ROCKY MOUNTAIN												
Montana	240.00	14	480.00	14	600.00	14	720.00	14	960.00	15	1,200.00	15
Idaho	125.71	36	251.43	36	314.34	36	377.14	36	502.86	37	628.57	37
Wyoming	122.29	37	244.59	37	305.74	37	366.88	38	489.13	38	611.47	38
Colorado	244.91	12	489.82	12	612.27	12	734.73	13	979.64	13	1,224.54	13
Utah	146.89	27	293.77	28	367.21	28	440.66	28	587.54	28	734.43	28
FAR WEST												
Washington	158.08	25	316.16	27	395.20	27	474.24	27	632.32	27	790.40	27
Oregon	235.61	15	471.23	15	589.04	15	706.84	15	942.46	16	1,178.07	16
Nevada	135.24	33	270.48	34	338.10	34	405.72	34	540.96	34	676.20	34
California	139.44	31	278.88	22	347.20	22	429.78	22	572.95	19	727.13	19
Alaska	134.73	34	269.47	35	336.84	35	404.20	35	538.94	35	673.67	36
Hawaii	-0-	51	83.95	51	142.42	49	200.88	48	317.82	47	434.75	47

STATE AVERAGE PROPERTY TAX ESTIMATES AS A
PERCENTAGE OF MARKET VALUE (EFFECTIVE RATES)

Table X.

State	\$10,000 Market Value	\$20,000 Market Value	\$25,000 Market Value	\$30,000 Market Value	\$40,000 Market Value	\$50,000 Market Value
Alabama	.46%	.51%	.52%	.53%	.54%	.55%
Alaska	1.35	1.35	1.35	1.35	1.35	1.35
Arizona	2.02	2.02	2.02	2.02	2.02	2.02
Arkansas	1.05	1.05	1.05	1.05	1.05	1.05
California	1.39	1.82	1.91	1.97	2.04	2.08
Colorado	2.45	2.45	2.45	2.45	2.45	2.45
Connecticut	2.90	2.90	2.90	2.90	2.90	2.90
Delaware	2.84	2.84	2.84	2.84	2.84	2.84
District of Columbia	1.74	1.74	1.74	1.74	1.74	1.74
Florida	.56	.95	1.03	1.09	1.15	1.19
Georgia	.49	.85	.92	.97	1.03	1.05
Hawaii	.0-	.42	.57	.67	.79	.87
Idaho	1.26	1.26	1.26	1.26	1.26	1.26
Illinois	2.42	2.42	2.42	2.42	2.42	2.42
Indiana	2.69	2.69	2.69	2.69	2.69	2.69
Iowa	1.84	2.14	2.20	2.24	2.29	2.33
Kansas	1.68	1.68	1.68	1.68	1.68	1.68
Kentucky	1.08	1.08	1.08	1.08	1.08	1.08
Louisiana	.31	.77	.86	.59	1.00	1.04
Maine	3.51	3.51	3.51	3.51	3.51	3.51
Maryland	1.59	1.59	1.59	1.59	1.59	1.59
Massachusetts	2.93	2.93	2.93	2.93	2.93	2.93
Michigan	1.40	1.40	1.40	1.40	1.40	1.40
Minnesota	1.58	1.90	2.02	2.15	2.51	2.72
Mississippi	.45	.45	.45	.45	.54	.63

STATE AVERAGE PROPERTY TAX ESTIMATES AS A
PERCENTAGE OF MARKET VALUE (EFFECTIVE RATES)

Table X. (continued)

State	\$10,000 Market Value	\$20,000 Market Value	\$25,000 Market Value	\$30,000 Market Value	\$40,000 Market Value	\$50,000 Market Value
Missouri	1.38%	1.38%	1.38%	1.38%	1.38%	1.38%
Montana	2.40	2.40	2.40	2.40	2.40	2.40
Nebraska	2.06	2.15	2.17	2.18	2.19	2.20
Nevada	1.35	1.35	1.35	1.35	1.35	1.35
New Hampshire	2.82	2.82	2.82	2.82	2.82	2.82
New Jersey	3.57	3.57	3.57	3.57	3.57	3.57
New Mexico	.65	.68	.69	.69	.70	.70
New York	2.02	2.02	2.02	2.02	2.02	2.02
North Carolina	1.40	1.40	1.40	1.40	1.40	1.40
North Dakota	1.81	1.81	1.81	1.81	1.81	1.81
Ohio	1.45	1.45	1.45	1.45	1.45	1.45
Oklahoma	.75	1.13	1.20	1.25	1.31	1.35
Oregon	2.36	2.36	2.36	2.36	2.36	2.36
Pennsylvania	3.56	3.56	3.56	3.56	3.56	3.56
Rhode Island	2.71	2.71	2.71	2.71	2.71	2.71
South Carolina	1.08	1.08	1.08	1.08	1.08	1.08
South Dakota	2.00	2.00	2.00	2.00	2.00	2.00
Tennessee	1.43	1.43	1.43	1.43	1.43	1.43
Texas	.51	.76	.81	.85	.89	.91
Utah	1.47	1.47	1.47	1.47	1.47	1.47
Vermont	2.46	2.46	2.46	2.46	2.46	2.46
Virginia	1.10	1.10	1.10	1.10	1.10	1.10
Washington	1.58	1.58	1.58	1.58	1.58	1.58
West Virginia	.74	.74	.74	.74	.74	.74
Wisconsin	3.22	3.22	3.22	3.22	3.22	3.22
Wyoming	1.22	1.22	1.22	1.22	1.22	1.22

Part II: CITIES

RATIOS OF ASSESSMENT AND RATES OF TAXATION
FOR THE LARGEST CITY WITHIN EACH STATE

Table XI.

State	City	Ratio of Assessment		Tax Rate
AL	Birmingham	26.9	% (1)	41 Mills
AK	Anchorage	92.02		19.24
AZ	Phoenix	18	(2)	131.5
AR	Little Rock	17.6	(3)	72.1
CA	Los Angeles	19.8	(3)	129.7
CO	Denver	28.9	(3,4)	81.09
CT	Hartford	56.8	(3)	78.5 (A,B)
DE	Wilmington	50.8	(4,5)	30.562 (B)
DC	Washington	54.3		32
FL	Miami	94	(6)	34.365 (A)
GA	Atlanta	29.08	(7)	74.35 (A)
HI	Honolulu	63.4	(3)	19.21
ID	Boise	13.54		153.88
IL	Chicago	40	(approx.)	69.12 (A)
IN	Indianapolis	30.4	(3)	123.56 (C)
IA	Des Moines	25.2	(3)	156.541
KS	Wichita	24	(8)	106.43 (A)
KY	Louisville	88		15.89 (A)
LA	New Orleans	22.6	(3,4)	46.25 (A,B)
ME	Portland	67	(7)	52.75 (A)
MD	Baltimore	59.6	(7)	58.3
MA	Boston	31.7	(3)	174.70 (A)
MI	Detroit	42.2	(3)	57.72 (A)
MN	Minneapolis*	31.5	(5)	339.20
MS	Jackson	40		85
MO	St. Louis	40		56.2 (A,B)
MT	Billings**	40	(approx., 9)	226.92
NB	Omaha	36.7	(3,4)	93.51 (D)
NV	Las Vegas	30.5	(3,4)	50
NH	Manchester	95	(7)	39.7 (A)
NJ	Newark	78.31		96.3
NM	Albuquerque	15.3	(3)	62.48
NY	New York City	48	(7,10)	59.7 (B)
NC	Charlotte	48.8	(3)	32 (A)
ND	Fargo***	22		263.84
OH	Cleveland	32.42	(7)	65.6
OK	Oklahoma City	20	(11)	95
OR	Portland	86	(4,12)	30.4 (D)
PA	Philadelphia	65	(13)	44.75
RI	Providence	65.76		50 (A,B)

RATIOS OF ASSESSMENT AND RATES OF TAXATION
FOR THE LARGEST CITY WITHIN EACH STATE

Table XI. (continued)

State	City	Ratio of Assessment		Tax Rate	
SC	Columbia	8.3	%	223	(E) Mills
SD	Sioux Falls	37.8		74.69	
TN	Memphis	46.8	(3)	48.3	(A, B)
TX	Houston	18.9	(3)	53.6	(B)
UT	Salt Lake City	17	(3)	105.92	(A, B)
VT	Burlington ****	30.57	(5)	10,080	(A)
VA	Norfolk	75		27	
WA	Seattle	34.4	(7)	47.92	(A)
WV	Huntington	52.61	(7, 14)	14,509	
WI	Milwaukee	52.05		95.62	
WY	Cheyenne	21.5	(3, 4)	74.38	(A)

* Minnesota: The ratio given relates market value to adjusted market value. The taxable value against which the rate is applied is found by taking 25% of the first \$4,000 adjusted market value and 40% of the amount over \$4,000.

** Montana: The ratio given is an estimate of the relationship between market value and adjusted market value. The taxable value against which the rate is applied is 30% of the adjusted market value.

*** North Dakota: The ratio given relates market value to adjusted market value. Fifty percent (50%) of the adjusted market value is used for the taxable value.

**** Vermont: The ratio given relates market value to adjusted market value. One percent (1%) of the adjusted market value is used for the taxable value.

Special Note: Footnote references are in parentheses following ratios and rates. See following pages for explanations.

RATIOS OF ASSESSMENT AND RATES OF TAXATION
FOR THE LARGEST CITY WITHIN EACH STATE

Table XI. (continued)

FOOTNOTES FOR RATIOS:

(Ratios not footnoted are assumed to relate to taxes payable in 1972 or are otherwise most recently available. See specific footnotes.)

1. The ratio for Birmingham is prior to the May 30, 1972 voter referendum which approved an amendment to the Constitution authorizing a classification system for assessing property. The new system, if accepted by the Federal Court, would establish residential property at a ratio of 15%.
2. The actual average assessment ratio of 18% for Class Four property in Phoenix is close to the statutory rate of 18%. (Direct communication with the State of Arizona.)
3. Taxable Property Values, 1967 Census of Governments, Volume 2, Table 19, Column 18.
4. Ratios for the following cities used the ratios given in Taxable Property Values for the counties in which the cities are located:
Denver, Wilmington, New Orleans, Omaha, Las Vegas,
Portland (Oregon), Cheyenne.
5. 1970 ratio study.
6. Florida's State Auditor General's property tax ratio study determined Dade County's ratio of assessment to 91%. Miami is the county seat of Dade County. ("From the State Capitals," Bethune Jones, publisher, August 1, 1972.)
7. 1971 ratio study with specific comments:
Cleveland - residential property
Seattle - 1970 assessments, taxes due in 1971
Huntington - 1971 ratio, taxes payable 1972
8. "Kansas Real Estate Ratio Study," Property Valuation Department, Topeka, Kansas, 1971.
9. The ratio used for Billings is the same as that used for the average state ratio.
10. The ratio used for New York City is the same as that used for the average state ratio.
11. The ratio used for Oklahoma City is the same as that used for the average state ratio.

RATIOS OF ASSESSMENT AND RATES OF TAXATION
FOR THE LARGEST CITY WITHIN EACH STATE

Table XI. (continued)

12. Portland's ratio is four times the amount stated in Census of Governments for Multnomah County to reflect the recent change in the statutory ratio from 25% to 100% beginning in 1968-1969.
13. Philadelphia's ratio was approximated by the State of Pennsylvania to be 65%.
14. The ratio used for Huntington is the same as the average state ratio for residential properties (class II).

FOOTNOTES FOR RATES:

(Rates not footnoted are assumed to be for taxes payable in 1972 or are otherwise most recently available. See specific footnotes.)

- A. Rate is for taxes payable in 1971.
- B. State and Local Taxes, Prentice-Hall.
- C. Indianapolis' rate is an arithmetic average of the six township rates in which it is located as listed in Prentice-Hall for taxes payable in 1972.
- D. Rate is an estimate of taxes payable in 1972.
- D. Columbia's rate is a combination of the city rate as reported by the State of South Carolina and the county and school tax rate as reported in Prentice-Hall as assessed in 1970.

PROPERTY TAX LIABILITY ESTIMATES BORNE BY HOMES
IN LARGEST CITY WITHIN EACH STATE BY CITY AND BY MARKET VALUE

Table XII.

State	City	\$10,000 Market Value	Rank	\$20,000 Market Value	Rank	\$25,000 Market Value	Rank	\$30,000 Market Value	Rank	\$40,000 Market Value	Rank	\$50,000 Market Value	Rank
AL	Birmingham	\$ 97.29	44	\$ 207.58	46	\$ 262.72	46	\$ 317.87	46	\$ 428.16	46	\$ 538.45	45
AK	Anchorage	177.05	32	354.09	34	442.62	34	531.14	34	708.19	30	885.23	36
AZ	Phoenix	242.10	23	484.20	23	605.25	25	726.30	25	968.40	25	1,210.50	25
AR	Little Rock	126.90	43	253.79	45	317.24	45	380.69	45	507.58	45	634.48	45
CA	Los Angeles	159.53	36	416.33	30	544.74	28	673.14	28	922.94	26	1,186.75	26
CO	Denver	243.02	22	486.04	22	607.55	24	729.06	24	972.08	24	1,215.10	24
CT	Hartford	445.88	4	891.76	4	1,114.70	4	1,337.64	4	1,783.52	4	2,229.10	4
DE	Wilmington	155.25	38	310.51	40	388.14	41	465.76	42	621.02	42	776.27	42
DC	Washington	173.76	33	347.52	35	434.40	35	521.28	35	695.04	37	868.80	37
FL	Miami	151.20	40	474.23	24	635.75	21	797.26	20	1,120.29	18	1,443.33	16
GA	Atlanta	82.01	47	298.22	42	406.32	38	514.43	37	730.64	33	946.85	32
HI	Honolulu	-0-	51	89.90	51	150.80	51	211.69	51	333.49	49	455.28	48
ID	Boise	208.35	27	416.71	29	520.88	30	625.06	30	833.41	30	1,041.77	30
IL	Chicago	276.48	17	552.96	17	691.20	17	822.44	17	1,105.92	19	1,382.40	19
IN	Indianapolis	375.62	6	751.24	6	939.66	6	1,126.87	6	1,502.49	7	1,878.11	7
IA	Des Moines	331.98	9	726.47	7	923.71	7	1,120.95	7	1,515.43	5	1,909.92	5
KS	Wichita	255.43	24	510.86	20	638.58	20	766.30	22	1,021.73	22	1,277.16	22
KY	Louisville	139.83	42	279.66	44	349.58	44	419.50	44	559.33	44	699.16	44
LA	New Orleans	12.03	50	116.45	50	168.81	50	221.08	50	325.60	50	429.13	50
ME	Portland	353.43	7	706.85	8	883.56	8	1,060.28	8	1,413.70	8	1,767.13	8
MD	Baltimore	347.47	8	694.94	9	868.67	9	1,042.40	9	1,389.87	9	1,737.74	9
MA	Boston	553.50	2	1,107.60	2	1,384.50	2	1,661.40	2	2,215.20	2	2,769.00	2
MI	Detroit	243.58	21	487.16	21	608.95	23	739.74	23	974.31	23	1,217.89	23
MN	Minneapolis	186.75	29	455.31	25	611.96	22	828.66	18	1,256.05	12	1,683.44	11
MS	Jackson	140.00	41	325.00	37	425.00	36	525.00	35	725.00	34	925.00	34

-25-

PROPERTY TAX LIABILITY ESTIMATES BORNE BY HOMES
IN LARGEST CITY WITHIN EACH STATE BY CITY AND BY MARKET VALUE

Table XII. (continued)

State	City	\$10,000 Market Value	Rank	\$20,000 Market Value	Rank	\$25,000 Market Value	Rank	\$30,000 Market Value	Rank	\$40,000 Market Value	Rank	\$50,000 Market Value	Rank
MO	St. Louis	\$ 224.80	25	\$ 449.60	27	\$ 562.00	27	\$ 674.40	27	\$ 899.20	28	\$1,124.00	28
MT	Billings	272.30	18	544.61	18	680.76	18	816.91	19	1,089.22	20	1,361.52	20
NB	Omaha	315.73	11	658.91	10	830.50	10	1,002.09	10	1,315.27	10	1,688.45	10
NV	Las Vegas	152.50	39	305.00	41	381.25	42	457.50	43	610.00	43	762.50	43
NH	Manchester	377.15	5	754.30	5	942.80	5	1,131.45	5	1,508.60	6	1,885.75	6
NJ	Newark	754.13	1	1,508.25	1	1,865.31	1	2,262.38	1	3,016.50	1	3,770.63	1
NM	Albuquerque	83.09	46	178.69	47	226.49	47	274.28	47	369.88	47	465.47	47
NY	New York	286.56	15	573.12	15	716.40	15	859.68	15	1,116.24	16	1,432.80	17
NC	Charlotte	156.16	37	312.32	39	390.10	40	468.18	41	624.04	41	780.80	41
ND	Fargo	290.22	14	580.45	14	725.56	14	870.67	14	1,160.90	15	1,451.12	15
OH	Cleveland	212.68	26	425.35	28	531.69	29	638.03	29	850.70	29	1,063.38	29
OK	Oklahoma City	95.00	45	285.00	43	380.00	43	475.00	40	605.00	38	855.00	38
OR	Portland	261.44	19	522.88	19	653.60	19	784.32	21	1,015.76	21	1,307.20	21
PA	Philadelphia	270.88	13	541.75	13	727.19	13	872.63	13	1,163.50	14	1,454.38	14
RI	Providence	328.80	10	657.60	11	822.00	11	986.40	11	1,315.20	11	1,644.00	12
SC	Columbia	185.09	30	370.18	32	462.73	32	555.27	32	740.36	32	925.45	33
SD	Sioux Falls	282.33	16	564.66	16	705.82	16	846.98	16	1,129.31	17	1,411.64	18
TN	Memphis	226.04	24	452.09	26	565.11	26	678.13	26	904.18	27	1,139.22	27
TX	Houston	36.50	49	137.81	49	180.46	49	232.11	48	310.42	48	411.72	49
UT	Salt Lake City	180.06	31	360.13	33	450.16	33	540.19	33	720.26	35	900.32	35
VT	Burlington	308.15	12	616.29	12	770.41	12	924.44	12	1,232.58	13	1,540.73	13
VA	Norfolk	202.50	28	405.00	1	506.25	31	607.50	31	810.00	31	1,012.50	31
WA	Seattle	164.84	34	329.69	36	412.11	37	494.53	38	659.38	39	824.22	39
WV	Huntington	76.33	48	152.66	48	190.82	48	239.00	49	305.33	51	381.66	51
WI	Milwaukee	448.30	3	896.60	3	1,120.76	3	1,344.91	3	1,723.21	3	2,141.51	3
WY	Cheyenne	159.92	35	319.83	38	399.79	39	479.75	39	639.67	40	799.59	40

PROPERTY TAX ESTIMATES BY CITY RANK
FOR HOMES OF \$10,000 MARKET VALUE

Table XIII.

<u>City</u>	<u>Tax Due</u>	<u>Rank</u>
Newark, NJ	754.13	1
Boston, MA	553.50	2
Milwaukee, WI	448.30	3
Hartford, CT	445.88	4
Manchester, NH	377.15	5
Indianapolis, IN	375.62	6
Portland, ME	353.43	7
Baltimore, MD	347.47	8
Des Moines, IA	331.98	9
Providence, RI	328.80	10
Omaha, NE	315.73	11
Burlington, VT	308.15	12
Philadelphia, PA	290.88	13
Fargo, ND	290.22	14
New York, NY	286.56	15
Sioux Falls, SD	282.33	16
Chicago, IL	276.48	17
Billings, MT	272.30	18
Portland, OR	261.44	19
Wichita, KS	255.43	20
Detroit, MI	243.58	21
Denver, CO	243.02	22
Phoenix, AZ	242.10	23
Memphis, TN	226.04	24
St. Louis, MO	224.80	25
Cleveland, OH	212.68	26
Boise, ID	208.35	27
Norfolk, VA	202.50	28
<u>Minneapolis, MN</u>	<u>186.75</u>	<u>29</u>
Columbia, SC	185.09	30
Salt Lake City, UT	180.06	31
Anchorage, AK	177.05	32
Washington, DC	173.76	33
Seattle, WA	164.84	34
Cheyenne, WY	159.92	35
Los Angeles, CA	159.53	36
Charlotte, NC	156.16	37
Wilmington, DE	155.25	38
Las Vegas, NV	152.50	39
Miami, FL	151.20	40
Jackson, MS	140.00	41
Louisville, KY	139.83	42
Little Rock, AR	126.90	43
Birmingham, AL	97.29	44
Oklahoma City, OK	95.00	45
Albuquerque, NM	83.09	46
Atlanta, GA	82.01	47
Huntington, WV	76.33	48
Houston, TX	36.50	49
New Orleans, LA	12.03	50
Honolulu, HI	-0-	51

PROPERTY TAX ESTIMATES BY CITY RANK
FOR HOMES OF \$20,000 MARKET VALUE

Table XIV.

<u>City</u>	<u>Tax Due</u>	<u>Rank</u>
Newark, NJ	1,508.25	1
Boston, MA	1,107.60	2
Milwaukee, WI	896.60	3
Hartford, CT	891.76	4
Manchester, NH	754.30	5
Indianapolis, IN	751.24	6
Des Moines, IA	726.47	7
Portland, ME	706.85	8
Baltimore, MD	694.94	9
Omaha, NB	658.91	10
Providence, RI	657.60	11
Burlington, VT	616.29	12
Philadelphia, PA	581.75	13
Fargo, ND	580.45	14
New York, NY	573.12	15
Sioux Falls, SD	564.66	16
Chicago, IL	552.96	17
Billings, MT	544.61	18
Portland, OR	522.88	19
Nichita, KS	510.86	20
Detroit, MI	487.16	21
Denver, CO	486.04	22
Phoenix, AZ	484.20	23
Miami, FL	474.23	24
Minneapolis, MN	455.31	25
Memphis, TN	452.09	26
St. Louis, MO	449.60	27
Cleveland, OH	425.35	28
Boise, ID	416.71	29
Los Angeles, CA	416.33	30
Norfolk, VA	405.00	31
Columbia, SC	370.18	32
Salt Lake City, UT	360.13	33
Anchorage, AK	354.09	34
Washington, DC	347.52	35
Seattle, WA	329.69	36
Jackson, MS	325.00	37
Cheyenne, WY	319.83	38
Charlotte, NC	312.32	39
Wilmington, DE	310.51	40
Las Vegas, NV	305.00	41
Atlanta, GA	298.22	42
Oklahoma City, OK	285.00	43
Louisville, KY	279.66	44
Little Rock, AR	253.79	45
Birmingham, AL	207.58	46
Albuquerque, NM	178.69	47
Huntington, WV	152.66	48
Houston, TX	137.81	49
New Orleans, LA	116.55	50
Honolulu, HI	89.90	51

PROPERTY TAX ESTIMATES BY CITY RANK
FOR HOMES OF \$25,000 MARKET VALUE

Table XV.

<u>City</u>	<u>Tax Due</u>	<u>Rank</u>
Newark, NJ	1,885.31	1
Boston, MA	1,384.50	2
Milwaukee, WI	1,120.76	3
Hartford, CT	1,114.70	4
Manchester, NH	942.88	5
Indianapolis, IN	939.06	6
Des Moines, IA	923.71	7
Portland, ME	883.56	8
Baltimore, MD	868.67	9
Omaha, NB	830.50	10
Providence, RI	822.00	11
Burlington, VT	770.41	12
Philadelphia, PA	727.19	13
Fargo, ND	725.56	14
New York, NY	716.40	15
Sioux Falls, SD	705.82	16
Chicago, IL	691.20	17
Billings, MT	680.76	18
Portland, OR	653.60	19
Wichita, KS	638.58	20
Miami, FL	635.75	21
Minneapolis, MN	614.96	22
Detroit, MI	608.95	23
Denver, CO	607.55	24
Phoenix, AZ	605.25	25
Memphis, TN	565.11	26
St. Louis, MO	562.00	27
Los Angeles, CA	544.74	28
Cleveland, OH	531.69	29
Boise, ID	520.88	30
Norfolk, VA	506.25	31
Columbia, SC	462.73	32
Salt Lake City, UT	450.16	33
Anchorage, AK	442.62	34
Washington, DC	434.40	35
Jackson, MS	425.00	36
Seattle, WA	412.11	37
Atlanta, GA	406.32	38
Cheyenne, WY	399.79	39
Charlotte, NC	390.40	40
Wilmington, DE	388.14	41
Las Vegas, NV	381.25	42
Oklahoma City, OK	380.00	43
Louisville, KY	349.58	44
Little Rock, AR	317.24	45
Birmingham, AL	262.72	46
Albuquerque, NM	226.49	47
Huntington, WV	190.82	48
Houston, TX	188.46	49
New Orleans, LA	168.81	50
Honolulu, HI	150.80	51

PROPERTY TAX ESTIMATES BY CITY RANK
FOR HOMES OF \$30,000 MARKET VALUE

Table XVI.

<u>City</u>	<u>Tax Due</u>	<u>Rank</u>
Newark, NJ	2,262.38	1
Boston, MA	1,661.40	2
Milwaukee, WI	1,344.91	3
Hartford, CT	1,337.64	4
Manchester, NH	1,131.45	5
Indianapolis, IN	1,126.87	6
Des Moines, IA	1,120.95	7
Portland, ME	1,060.28	8
Baltimore, MD	1,042.40	9
Omaha, NB	1,002.09	10
Providence, RI	986.40	11
Burlington, VT	924.44	12
Philadelphia, PA	872.63	13
Fargo, ND	870.67	14
New York, NY	859.68	15
Sioux Falls, SD	846.90	16
Chicago, IL	829.44	17
<u>Minneapolis, MN</u>	<u>828.66</u>	<u>18</u>
Billings, MT	816.91	19
Miami, FL	797.26	20
Portland, OR	784.32	21
Wichita, KS	766.30	22
Detroit, MI	730.74	23
Denver, CO	729.06	24
Phoenix, AZ	726.30	25
Memphis, TN	678.13	26
St. Louis, MO	674.40	27
Los Angeles, CA	673.14	28
Cleveland, OH	638.03	29
Boise, ID	625.06	30
Norfolk, VA	607.50	31
Columbia, SC	555.27	32
Salt Lake City, UT	540.19	33
Anchorage, AK	531.44	34
Jackson, MS	525.00	35
Washington, DC	521.28	36
Atlanta, GA	514.43	37
Seattle, WA	494.53	38
Cheyenne, WY	479.75	39
Oklahoma City, OK	475.00	40
Charlotte, NC	468.48	41
Wilmington, DE	465.76	42
Las Vegas, NV	457.50	43
Louisville, KY	419.50	44
Little Rock, AR	380.69	45
Birmingham, AL	317.87	46
Albuquerque, NM	274.28	47
Houston, TX	239.11	48
Huntington, WV	229.00	49
New Orleans, LA	221.08	50
Honolulu, HI	211.69	51

PROPERTY TAX ESTIMATES BY CITY RANK
FOR HOMES OF \$40,000 MARKET VALUE

Table XVII.

<u>City</u>	<u>Tax Due</u>	<u>Rank</u>
Newark, NJ	3,016.50	1
Boston, MA	2,215.20	2
Milwaukee, WI	1,793.21	3
Hartford, CT	1,783.52	4
Des Moines, IA	1,515.43	5
Manchester, NH	1,508.60	6
Indianapolis, IN	1,502.49	7
Portland, ME	1,413.70	8
Baltimore, MD	1,389.87	9
Omaha, NB	1,345.27	10
Providence, RI	1,315.20	11
Minneapolis, MN	1,256.05	12
Burlington, VT	1,232.58	13
Philadelphia, PA	1,163.50	14
Fargo, ND	1,160.90	15
New York, NY	1,146.24	16
Sioux Falls, SD	1,129.31	17
Miami, FL	1,120.29	18
Chicago, IL	1,105.92	19
Billings, MT	1,089.22	20
Portland, OR	1,045.76	21
Wichita, KS	1,021.73	22
Detroit, MI	974.31	23
Denver, CO	972.08	24
Phoenix, AZ	968.10	25
Los Angeles, CA	929.94	26
Memphis, TN	904.18	27
St. Louis, MO	899.20	28
Cleveland, OH	850.70	29
Boise, ID	833.41	30
Norfolk, VA	810.00	31
Columbia, SC	740.36	32
Atlanta, GA	730.64	33
Jackson, MS	725.00	34
Salt Lake City, UT	720.26	35
Anchorage, AK	708.19	36
Washington, DC	695.04	37
Oklahoma City, OK	665.00	38
Seattle, WA	659.38	39
Cheyenne, WY	639.67	40
Charlotte, NC	624.04	41
Wilmington, DE	621.02	42
Las Vegas, NV	610.00	43
Louisville, KY	559.33	44
Little Rock, AR	507.58	45
Birmingham, AL	428.16	46
Albuquerque, NM	357.38	47
Houston, TX	340.42	48
Honolulu, HI	333.49	49
New Orleans, LA	325.60	50
Huntington, WV	305.33	51

PROPERTY TAX ESTIMATES BY CITY RANK
FOR HOMES OF \$50,000 MARKET VALUE

Table XVIII.

<u>City</u>	<u>Tax Due</u>	<u>Rank</u>
Newark, NJ	3,770.63	1
Boston, MA	2,769.00	2
Milwaukee, WI	2,241.51	3
Hartford, CT	2,229.40	4
Des Moines, IA	1,909.92	5
Manchester, NH	1,885.75	6
Indianapolis, IN	1,878.11	7
Portland, ME	1,767.13	8
Baltimore, MD	1,737.34	9
Omaha, NB	1,688.45	10
Minneapolis, MN	1,683.44	11
Providence, RI	1,614.00	12
Burlington, VT	1,540.73	13
Philadelphia, PA	1,454.38	14
Fargo, ND	1,451.12	15
Miami, FL	1,443.33	16
New York, NY	1,432.80	17
Sioux Falls, SD	1,416.64	18
Chicago, IL	1,382.40	19
Billings, MT	1,362.52	20
Portland, OR	1,307.20	21
Wichita, KS	1,277.16	22
Detroit, MI	1,217.89	23
Denver, CO	1,215.10	24
Phoenix, AZ	1,210.50	25
Los Angeles, CA	1,186.75	26
Memphis, TN	1,130.22	27
St. Louis, MO	1,124.00	28
Cleveland, OH	1,063.38	29
Boise, ID	1,041.77	30
Norfolk, VA	1,012.50	31
Atlanta, GA	946.85	32
Columbia, SC	925.45	33
Jackson, MS	925.00	34
Salt Lake City, UT	900.32	35
Anchorage, AK	885.23	36
Washington, DC	868.80	37
Oklahoma City, OK	855.00	38
Seattle, WA	824.22	39
Cheyenne, WY	799.59	40
Charlotte, NC	780.80	41
Wilmington, DE	776.27	42
Las Vegas, NV	762.50	43
Louisville, KY	699.16	44
Little Rock, AR	634.48	45
Birmingham, AL	538.45	46
Albuquerque, NM	465.47	47
Honolulu, HI	455.28	48
Houston, TX	441.72	49
New Orleans, LA	430.13	50
Huntington, WV	381.66	51

CITY PROPERTY TAX ESTIMATES AS A
PERCENTAGE OF MARKET VALUE (EFFECTIVE RATES)

Table XIX.

State	City	\$10,000 Market Value	\$20,000 Market Value	\$25,000 Market Value	\$30,000 Market Value	\$40,000 Market Value	\$50,000 Market Value
AL	Birmingham	.97%	1.04%	1.05%	1.06%	1.07%	1.08%
AK	Anchorage	1.77	1.77	1.77	1.77	1.77	1.77
AZ	Phoenix	2.42	2.42	2.42	2.42	2.42	2.42
AR	Little Rock	1.27	1.27	1.27	1.27	1.27	1.27
CA	Los Angeles	1.60	2.08	2.18	2.24	2.32	2.37
CO	Denver	2.43	2.43	2.43	2.43	2.43	2.43
CT	Hartford	4.46	4.46	4.46	4.46	4.46	4.46
DE	Wilmington	1.55	1.55	1.55	1.55	1.55	1.55
DC	Washington	1.74	1.74	1.74	1.74	1.74	1.74
FL	Miami	1.51	2.37	2.54	2.66	2.80	2.89
GA	Atlanta	.82	1.49	1.63	1.71	1.83	1.89
HI	Honolulu	-0-	.45	.60	.71	.83	.91
ID	Boise	2.08	2.08	2.08	2.08	2.08	2.08
IL	Chicago	2.76	2.76	2.76	2.76	2.76	2.76
IN	Indianapolis	3.76	3.76	3.76	3.76	3.76	3.76
IA	Des Moines	3.32	3.63	3.69	3.74	3.79	3.82
KS	Wichita	2.55	2.55	2.55	2.55	2.55	2.55
KY	Louisville	1.40	1.40	1.40	1.40	1.40	1.40
LA	New Orleans	.12	.58	.68	.74	.81	.86
ME	Portland	3.53	3.53	3.53	3.53	3.53	3.53
MD	Baltimore	3.47	3.47	3.47	3.47	3.47	3.47
MA	Boston	5.54	5.54	5.54	5.54	5.54	5.54
MI	Detroit	2.44	2.44	2.44	2.44	2.44	2.44
MN	Minneapolis	1.87	2.28	2.46	2.76	3.14	3.37
MS	Jackson	1.40	1.63	1.70	1.75	1.81	1.85

CITY PROPERTY TAX ESTIMATES AS A
PERCENTAGE OF MARKET VALUE (EFFECTIVE RATES)

Table XIX. (continued)

State	City	\$10,000 Market Value	\$20,000 Market Value	\$25,000 Market Value	\$30,000 Market Value	\$40,000 Market Value	\$50,000 Market Value
MO	St. Louis	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
MT	Billings	2.72	2.72	2.72	2.72	2.72	2.72
NB	Omaha	3.16	3.29	3.32	3.34	3.36	3.38
NV	Las Vegas	1.53	1.53	1.53	1.53	1.53	1.53
NH	Manchester	3.77	3.77	3.77	3.77	3.77	3.77
NJ	Newark	7.54	7.54	7.54	7.54	7.54	7.54
NM	Albuquerque	.83	.89	.91	.91	.92	.93
NY	New York	2.87	2.87	2.87	2.87	2.87	2.87
NC	Charlotte	1.56	1.56	1.56	1.56	1.56	1.56
ND	Fargo	2.90	2.90	2.90	2.90	2.90	2.90
OH	Cleveland	2.13	2.13	2.13	2.13	2.13	2.13
OK	Oklahoma City	.95	1.43	1.52	1.58	1.66	1.71
OR	Portland	2.61	2.61	2.61	2.61	2.61	2.61
PA	Philadelphia	2.91	2.91	2.91	2.91	2.91	2.91
RI	Providence	3.29	3.29	3.29	3.29	3.29	3.29
SC	Columbia	1.85	1.85	1.85	1.85	1.85	1.85
SD	Sioux Falls	2.82	2.82	2.82	2.82	2.82	2.82
TN	Memphis	2.26	2.26	2.26	2.26	2.26	2.26
TX	Houston	.37	.69	.75	.80	.85	.88
UT	Salt Lake City	1.80	1.80	1.80	1.80	1.80	1.80
VT	Burlington	3.08	3.08	3.08	3.08	3.08	3.08
VA	Norfolk	2.03	2.03	2.03	2.03	2.03	2.03
WA	Seattle	1.65	1.65	1.65	1.65	1.65	1.65
WV	Huntington	.76	.76	.76	.76	.76	.76
WI	Milwaukee	4.48	4.48	4.48	4.48	4.48	4.48
WY	Cheyenne	1.60	1.60	1.60	1.60	1.60	1.60

Part III: INFORMATION APPLICABLE TO BOTH STATES AND CITIES

STATUTORY RATIOS BY STATE

Table XX.

<u>State</u>	<u>Ratio of Assessment</u>	
Alabama	30%	
Alaska	100	
Arizona	18	(1)
Arkansas	20	
California	25	
Colorado	30	
Connecticut	up to 100	
Delaware	100	
Dist./Columbia	100	
Florida	100	
Georgia	40	
Hawaii	70	
Idaho	20	
Illinois	50	
Indiana	33 1/3	
Iowa	27	
Kansas	30	
Kentucky	100	
Louisiana	not below 25	
Maine	100	(2)
Maryland	100	
Massachusetts	100	
Michigan	50	
Minnesota*	33 1/3	(3)
Mississippi	100	
Missouri'	100	(4)
Montana**	40	(5)
Nebraska	35	
Nevada	35	
New Hampshire	100	
New Jersey	20-100	(6)
New Mexico	100	(7)
New York	100	
North Carolina		(8)
North Dakota***	100	
Ohio	35	(9)
Oklahoma	35	
Oregon	100	
Pennsylvania	100	(10)
Rhode Island	up to 100	(11)

STATUTORY RATIOS BY STATE

Table XX. (continued)

<u>State</u>	<u>Ratio of Assessment</u>
South Carolina	100%
South Dakota	60 (12)
Tennessee	40 (13)
Texas	100
Utah	30
Vermont ****	50
Virginia	100
Washington	50
West Virginia	50-100
Wisconsin	100
Wyoming	25 (14)

- * Minnesota: The ratio given relates market value to adjusted market value. The taxable value against which the rate is applied is found by taking 25% of the first \$4,000 adjusted market value and 40% of the amount over \$4,000.
- ** Montana: The ratio given is an estimate of the relationship between market value and adjusted market value. The taxable value against which the rate is applied is 30% of the adjusted market value.
- *** North Dakota: The ratio given relates market value to adjusted market value. Fifty percent (50%) of the adjusted market value is the taxable value.
- **** Vermont: The ratio given relates market value to adjusted market value. One percent (1%) of the adjusted market value is the taxable value.

STATUTORY RATIOS - FOOTNOTES

Table XX. (continued)

1. Class 4 property.
2. "Just value."
3. Goal.
4. Missouri Tax Commission suggests not less than 30%.
5. Approximate ratio for city and town lots and urban and rural improvements. This ratio is not statutory. The statutory ratio, 30% for residential property, is the percentage of assessed (adjusted market) value against which the mill levy is applied.
6. Ratio to be used is at the discretion of the County Board. If not acted on by the Board, ratio is automatically set at 50%.
7. 33 1/3 is suggested minimum.
8. Uniform percentage determined locally. Most counties are at 50% or 60%. The state on the average has chosen 50%; Charlotte has chosen 60%.
9. Ratio relates to taxable value as defined by Board of Tax Appeals, effective December 28, 1971.
10. In 4th to 6th class cities, real property must be assessed at a predetermined ratio not greater than 75%.
11. Determined locally.
12. Property is assessed at full and true value but only 60% is taxable.
13. 40% to be attained by January 1, 1972. Fifty percent to be attained January 1, 1973.
14. Goal.

HOMESTEAD EXEMPTION PROVISIONS AS APPLIED
TO PROPERTY TAX LIABILITY CALCULATIONS

Table XXI.

- Alabama: The homestead exemption is applicable only against the state tax (6.5 mills) on \$2,000 of assessed value.
- California: There is a \$750 exemption on assessed value of the principle residence.
- Florida: Five thousand dollars (\$5,000) is the allowable exemption of assessed value except for assessment for special benefits.
- Georgia: The homestead exemption is \$2,000 taxable value times the operating (non-debt) mills. (It is exclusive of levy for bonded indebtedness.) The non-debt portion of the average state is 36.25 mills, and for the city of Atlanta it is 67.10 mills.
- Hawaii: The homestead exemption is \$8,000 on the assessed value.
- Iowa: Iowa's homestead exemption is 25 mills times the first \$2,500 assessed value to a maximum of \$62.50.
- Louisiana: The \$2,000 exemption on the assessed value is applicable against state, parish, and special levies, but not for city levies except in the Parish of Orleans. (The city of New Orleans is coextensive with the Parish of Orleans.) The statewide average city mill rate of 23.01 mills used in calculating the amount of exemption is an estimate based on data taken from Prentice-Hall for taxes payable in 1971.
- Minnesota: Thirty-five percent (35%) of the non-debt levy, to a maximum of \$250, is the credit allowed for homesteads existing from January 2. The state average non-debt levy is 250.07 mills; the non-debt levy for the City of Minneapolis is 291.59 mills. (Homesteads existing from June 1 are eligible for the credit up to a maximum of \$125; this was first effective for taxes payable in 1971.)
- Mississippi: Up to \$5,000 on the assessed value of a home (up to 160 acres) is exempt. Bonded indebtedness levies are not exempt. An average of 30 mills for the State and 35 mills for the City of Jackson are used as the bonded indebtedness portions of the respective total levies.
- Nebraska: Exemption applies to the first 25% of actual value of \$1,500 or less. Over \$1,500 of actual value, the exemption is 20% of the first \$4,000 of actual value. Actual value is assumed to equal the market value.

HOMESTEAD EXEMPTION PROVISIONS AS APPLIED
TO PROPERTY TAX LIABILITY CALCULATIONS

Table XXI. (continued)

- New Mexico: New Mexico's homestead credit consists of \$200 exemption on the assessed value.
- Oklahoma: The first \$1,000 of assessed value of a homestead is exempt.
- Oregon: Oregon has a new homeowner's property tax relief but at the present time there are no statistics available from which to make estimates of the amounts involved. The formula for determining the relief is based on the amount by which the property tax exceeds a prescribed percentage of the household income.
- Texas: Three thousand dollars (\$3,000) of the assessed taxable value of a residence homestead is exempted from state and county taxes. The statewide average county mill rate of 16.56 mills used in calculating the exemption is an estimate based on local tax rates listed in Prentice-Hall for taxes payable in 1972. For the city of Houston 21.60 mills is used as the county portion of the total levy. There is no state tax levy for general purposes.
- Vermont: Up to \$15,000 of fair market value is an allowable exemption for up to three years for new homes if voted upon at a town meeting. No exemption is included in the calculation of tax liability for Vermont.
- Wisconsin: Wisconsin's General Property Tax Relief applies to all real estate and personal property other than business inventories and livestock. The amount of credit to be received is based on the three preceding years' levies in excess over a given mill rate.
- Special Note: The "assessed value" equals the "adjusted market value" equals the "taxable value" unless otherwise stated.

DISCOUNTS FOR PROMPT PAYMENTS *

Table XXII.

State	Discount
Alabama	None
Alaska	None
Arizona	None
Arkansas	None
California	None
Colorado	None
Connecticut	No provision for discount in General Statutes. However, discounts may be allowed in certain municipalities by special acts or charters.
Delaware	No discount of taxes collected by county. Varying discounts are allowed in Dover, Milford, Newark, and New Castle. No discount is allowed in Wilmington.
Dist./Columbia	None
Florida	Taxes are due November 1. Discounts are as follows: Payment in November, 4%; December, 3%; January, 2%; February, 1%. These discounts apply only to county, school and special levy taxes that are collected by the county. Discounts on city taxes vary.
Georgia	None
Hawaii	None
Idaho	None
Illinois	None
Indiana	None
Iowa	None
Kansas	None
Kentucky	State, county and district taxes are due and payable September 15. If paid by November 1, they are intitled to a 2% discount.
Louisiana	None
Maine	Any city or town may grant a discount not to exceed 10% to those who pay taxes voluntarily within the stated periods. Very few cities offer a discount. Portland does not offer it.

DISCOUNTS FOR PROMPT PAYMENTS*

Table XXII. (continued)

<u>State</u>	<u>Discount</u>
Maryland	Except in a few cases, counties, cities, towns, or taxing districts, are allowed to fix a discount. Baltimore County grants a 2% discount in July, 1% in August, and none in September. Baltimore City grants a 1% discount if taxes are paid before the end of July and 1/2% if paid before the end of August.
Massachusetts	None
Michigan	No discount is allowed for early payment of taxes assessed under the general property tax law, general village act, or in fourth class cities. However, discounts on city taxes are allowed by some charters. There is no discount on Detroit's taxes.
Minnesota	None
Mississippi	None
Missouri	Discount of 1% and 2% is allowed in cities of the first and second class depending on the time of payment.
Montana	None
Nebraska	None
Nevada	None
New Hampshire	Allowance of discount is left to the discretion of each city and town, both as to amount and time limits. The practice varies in different places and from year to year. When the discount is granted it is so stated on the tax bill.
New Jersey	Governing body of each municipality may permit discounts prior to delinquency. Rate of discount may not exceed 6% per annum, or 1/2% per month. Payment must be at least 30 days before date on which installment would become delinquent.
New Mexico	None

DISCOUNTS FOR PROMPT PAYMENTS *

Table XXII. (continued)

State	Discount
New York	New York City allows a 2% discount on the second installment. Various counties also allow discounts.
North Carolina	Discounts are permissible. The governing body of any county or municipality has the authority to establish a schedule of discounts.
North Dakota	All taxes are due January 1. Realty taxes payable 1/2 before March 1 and 1/2 before October 15. A 5% discount is granted if taxes are paid in full before February 15. Discount applies in general to all real estate taxes.
Ohio	None
Oklahoma	None
Oregon	Discount is allowable on payments made on or before November 15 as follows: 3% if paid in full; 2% if three-quarters paid; 1% if half paid.
Pennsylvania	Discount varies with cities, boroughs, and townships. Philadelphia offers a 1% discount from the opening of the books (around January 25) until April 30. Applies only to real property.
Rhode Island	Cities and towns are authorized to give discounts, but in practice very few do.
South Carolina	No general statutory provision is made allowing discounts in all counties. The discount, if offered, does not include state levies. There is no discount in Richmond County, the county in which Columbia is located.
South Dakota	None
Tennessee	None

DISCOUNTS FOR PROMPT PAYMENTS*

Table XXII. (continued)

<u>State</u>	<u>Discount</u>
Texas	For prepayment of state taxes and taxes of its subdivisions the following discounts are allowed; 3% if paid 90 days before delinquency, 2% if paid 60 days before delinquency, 1% if paid 30 days before delinquency. This provision does not apply to city, town, independent school district, or special district taxes unless adopted by such governmental subdivision. When payment is made in installments, discount applies only to second half and first half must have been paid by November 30.
Utah	None
Vermont	Discount may be prescribed by municipalities but is not to exceed 1%.
Virginia	None
Washington	None
West Virginia	Discount of 1/2% is allowed on both installments for taxes paid on or before due date.
Wisconsin	None
Wyoming	None

* Discounts are not included in the calculation of the final tax liability.

ANALYSIS

The following analysis highlights certain results and also reveals problem areas. It is not intended that the analysis draw conclusions for the reader but that he formulate his own. Mention of states and cities is meant only for explanatory purposes and not as an opinionated point of view.

To illustrate the importance and problems of assessment ratios and taxation rates, the use of an analogy deems itself beneficial. The ratios and rates act as two complementing factors balancing the lever on a hypothetical tax fulcrum. A movement on one side without a compensating change in the other upsets the equilibrium. To continue the analogy, if two such operating systems were compared, one could not interchange the components, leaving the position of the fulcrum constant, and maintain the original balance. Changing the fulcrum's position to make the system balance would result in a tax change.

Statutory ratios, although set by law, do not exist in practice at the fixed percentage. Actual ratios are those ratios determined by use of sales ratio studies. Ratio studies reveal the actual status of the statutory ratios, but in themselves face many restrictions. The most inherent limitation is that they are only a sample of the many times the statutory ratios are used. They may also be influenced by the skill of the staff doing the study, available funds, supervision, and political biases. In theory, these factors do not exist, but in practice, they play a part.

In certain instances, the year of the ratio study and the year in which the tax is payable do not coincide. The general trend in ratios is that they remain within a relatively constant range over the years. Thus, divergent time schedules should not markedly affect the validity of the ratios used in calculating the final tax liabilities.

A substantial variation in the actual ratio of assessment between two years generally is due to legislative measures that have changed the statutory level of assessment. Such is the case of Oregon; their legal ratio was recently increased by four-fold, from 25% to 100%. Minnesota has changed their ratio of assessment goal from 33 1/3% to 100% for taxes levied in 1972, payable in 1973. Again, sales ratios studies will reveal the true state of affairs by determining the actual, in practice ratios.

Careful note should be made of four ratios: Minnesota, Montana, North Dakota, and Vermont. The ratios listed for these states are

actual ratios of assessment. However, a second ratio is applied to the adjusted market value to determine the taxable value. This is explained in more detail in the footnotes on ratios and rates for both the states and the cities.

The rate component of the tax fulcrum is as necessary as the ratio. Similar to the ratios, the rates of taxation usually do not vary substantially from one year to the next. Services expected and demanded by the public and new administrative procedures govern the increases and decreases in the rate of taxation. The end result is that the rate generally finds a point around which it stabilizes. Minor changes occur from year to year, but overall, the trend is much slower to change.

Large alterations in rates often are mirroring changes in ratios. As Minnesota makes the switch from a ratio of 33 1/3% to 100%, the mill levies will drop by approximately one-third.

The subject of statutory rates is somewhat misleading. Legal rates generally set limits only on non-debt levies. Levies for debt purposes greatly influence the total picture of rate levels. This portion of the levy for some states also influences the amount of homestead credit received by the taxpayers, such as in Georgia, Mississippi, and Minnesota.

A similar concept to ratio studies is "rate studies," although usually not labeled as such. Some states collect and coordinate extensive data regarding taxes in all their governmental subdivisions. This undoubtedly makes state-wide estimates of rates much easier to obtain and more reliable in these states than in others. State-wide average rates estimated from Prentice-Hall tend to be higher than those which might have been obtained had the states been able to provide this information. A tax rate estimated in this manner is inclined to be high because it is based only on local rates listed in the publication, rather than on all communities in the state.

The problem of "year levied" versus "year payable" increases the difficulty in making comparisons. The entire taxation procedure, from assessing to paying the bill, varies in length among the states. In some states, the process is completed within one calendar year. In others, taxes are levied one year and paid the following year. Throughout this study, the tax paid in 1972 was used as a constant reference. However, at the time of request for this information, numerous states did not know their levies for taxes payable in 1972. Thus, many amounts calculated were payable in 1971.

Careful note should be made of the differences in rates, ratios, and final tax liability between the largest city in each state and the state itself. The rank order of the city may or may not be similar to the position of the state for a home at a given market value. Examples may be found in which the ratio for both the state and the city is very similar and yet the rate for the city is almost

twice as large as that for the state, and also examples in which the rate is constant but the ratio doubles. The entire tax picture should be examined before comparing cities and states.

Within the limits of the definitions given in the methodology, tax exemptions are included in the calculations of the final tax. The provisions used either applied to all property owners in the state, such as the general property tax relief offered in Wisconsin, or to only those taxpayers distinguished from all others by virtue of owning and residing in their home. The variations in specific features offered by the states in homestead credits are numerous. The basis of exemption ranges from a set mill levy on the assessed value (adjusted market value) of the property to some particular aspect of the debt versus non-debt mills or tax dollars.

These exemptions fulfill their purpose by lowering the taxpayer's bill, and their effects can be quite noticeable. Hawaii shows one of the most outstanding effects of a homestead exemption and that is a zero dollar tax on a home with a market value of \$10,000. Florida also shows a strong effect of this type of tax break on the \$10,000 home. The tax is low at this point, increases considerably at the \$20,000 level, and subsequently proceeds at a less progressive rate of increase.

The effective rate of taxation, the final tax as a percentage of the market value, reflects a combination of the ratio, rate, and exemption, but does not include any deduction in tax due to prompt payment. The particular effective rate for a state or city may have a most unusual result if it was transported to another state or city with a different tax base. For example, if a high effective rate is applied to low property values, the result may approximate a low effective rate applied to high property values. Whether property values themselves are high or low, however, is a matter of great complexity and involves much more than can be handled within this study.

A very noticeable feature of the effective rate of taxation is its slope. The most influential factor appears to be the homestead credit. As a general rule of thumb, those states or cities revealing flat effective rates offer no homestead or other applicable exemptions. Conversely, those states or cities having some degree of slope to their effective rates do provide a form of tax relief. This second relationship is a progressive rate in that the effective rate of homes with lower market values is lower than that of homes in the higher priced range. That is, they receive a relatively larger tax break than a more expensive home.

Naturally, there are exceptions to the above stated generalizations. Wisconsin, for example, has an extremely flat effective rate and yet incorporated into this rate is a general property tax relief credit. In general, the dollar amount of a tax credit remains constant across all market values, thus, creating a progressive rate. In the case of Wisconsin, the credit increases with the market value. Another example of this type, but with some variation,

is the case of Mississippi. This state has a flat rate for the first four market values and then increases on the last two. This again is due to the particular nature of their exemption schedule which gives relief up to \$5,000 of adjusted market value (\$30,000 market value) home but excludes bonded indebtedness levies. Another modification of the general reasons for flat versus progressive effective rates is the rate that increases but so does the dollar amount of credit. Such is the case in Minnesota and Iowa. These last two states are examples of expandable credits up to set maximums.

As a last overview of property taxes, a table is included in this presentation which groups the states by one of eight regional areas. These areas are the same as those used by the U. S. Department of Commerce in issues of Survey of Current Business. Each area offers its own influential elements in molding the property tax. One evident difference is between the northeastern and southern states. Explanations of these regional differences range from public service expectations, buried in local history, to heavy reliance on other forms of taxation, such as severance taxes, which in effect give property tax relief to the average homeowner.

CLOSING COMMENTS

There is no need to state explicitly who is Number One, or Two, in property taxes just as there is no need to list the state or city that levies the lowest taxes. However, the necessity of focusing on the how's and why's of the results still remains.

The limitations of assumptions and the consistency of input data are reminders that any minor change could conceivably influence the final calculated tax liabilities enough to change the rank orders that have been presented. The rates and ratios, rank orders and dollar amounts are of more value if overlapping ranges and general trends are noted and explained in the light of all variables.

Revenue Estimates (Preliminary)
December 15, 1972

	<u>Actual</u>	<u>Estimated</u>					
	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>
GENERAL FUND							
<u>Unrestricted Revenue - Non-North Slope:</u>							
Income, Excise, Business, Occupation Taxes	80,778.3	53,810.4	89,443.6	95,516.2	101,692.0	109,782.6	125,676.3
Oil & Gas Production Taxes	11,400.8	10,947.0	8,526.0	7,989.0	7,269.0	6,352.0	5,550.0
Oil & Gas Royalties	24,564.0	27,094.7	28,791.4	21,031.4	21,952.5	20,577.9	20,245.0
Miscellaneous Revenue	35,089.4	39,158.1	48,736.6	43,840.9	44,219.2	44,426.0	34,710.8
Total - Non-North Slope	<u>151,832.5</u>	<u>161,010.2</u>	<u>175,797.6</u>	<u>168,427.5</u>	<u>175,132.7</u>	<u>181,078.5</u>	<u>186,132.1</u>
<u>Unrestricted Revenue - North Slope:</u>							
Income, Excise, Business, Occupation Taxes:							
Individual Income Tax			6,125.6	10,770.8	10,566.7	3,267.0	238.2
Corporation Tax			148.8	223.2	260.4	1,744.4	11,241.4
Business Licenses			158.5	784.5	1,077.4	941.5	244.5
Excise and Occupation Taxes			1,211.2	1,477.1	998.9	101.0	
Sub-Total			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>6,056.9</u>	<u>11,724.1</u>
Oil & Gas Production Taxes						81,503.0	142,384.0
Oil & Gas Royalties						52,734.5	149,554.4
Total - North Slope			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>140,294.4</u>	<u>302,752.5</u>
Income on Investments	<u>67,333.4</u>	<u>52,447.8</u>	<u>45,248.3</u>	<u>33,805.9</u>	<u>21,411.9</u>	<u>10,511.7</u>	<u>8,464.2</u>
Grand Total	<u>219,165.9</u>	<u>213,458.0</u>	<u>228,690.0</u>	<u>215,489.0</u>	<u>209,448.0</u>	<u>331,974.6</u>	<u>498,409.8</u>

AGO 533318

Original sponsor: Rules Committee by
request of the Governor

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 59

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for a state tax on property used in
7 connection with the production and transportation of
8 unrefined oil and gas and nonrenewable mineral
9 resources; and providing for an effective date."

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

11 * Section 1. In view of the economic and social impact on the state of
12 the production and transportation of oil and gas and other nonrenewable
13 mineral resources, and the resulting increase in the need and demand for
14 state services associated with increased population and economic development,
15 it is the purpose of this Act to provide revenue to the state to enable it
16 to meet the cost of increased state services.

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

18 CHAPTER 56. MINERAL RESOURCES PRODUCTION

19 AND TRANSPORTATION PROPERTY TAX.

20 Sec. 43.56.010. LEVY OF TAX. An annual tax of 20 mills is levied
21 each tax year beginning January 1, 1974, on the full and true value of
22 taxable real and tangible personal property used in the production and
23 transportation of unrefined oil and gas and nonrenewable mineral re-
24 sources; except that on property subject to tax under this chapter
25 located in a city or borough, the tax under this section shall be the
26 difference between the current year municipal tax levy and a 20-mill
27 levy on the full and true value of that property. With respect to a
28 facility used for part of a tax year in a manner as to render it taxable
29 under this chapter or partly so used for a full tax year, the value of

1 the facility taxable under this chapter shall be proportionate to the
2 employment. Property taxable under this chapter does not include
3 property used in the construction of facilities as distinguished from
4 the facilities themselves; however, with respect to pipelines and other
5 facilities taxable under this chapter which may be under construction
6 or awaiting construction, full and true value for each tax year shall be
7 measured by the costs incurred or accrued with respect to the facility
8 as of the assessment date.

9 Sec. 43.56.020. EXEMPTIONS. In addition to property excluded
10 under sec. 130(2) of this chapter, the following property is exempt
11 from the tax levied under this chapter:

12 (1) producing oil or gas leases;

13 (2) machinery, appliances and equipment used and around
14 a well producing oil or gas and actually used in the operation of a
15 well;

16 (3) oil and gas produced in the state upon which gross
17 production taxes are paid under ch. 55 of this title.

18 Sec. 43.56.030. LIMITATION ON LOCAL TAX LEVY. A city or borough
19 may levy an ad valorem tax on property subject to tax under this chapter
20 only at the same rate and on the same basis as tax is levied on other
21 real and personal property located within the city or borough. A city
22 or borough may levy a municipal property tax on real property or per-
23 sonal property subject to tax under sec. 10 of this chapter only if each
24 and every dollar of assessed value of real property or personal property
25 located in the city or borough is likewise taxed.

26 Sec. 43.56.040. ASSESSMENT. Assessment of property subject to the
27 tax levied under this chapter except taxes levied under sec. 30 of this
28 chapter shall be carried out by the state assessor substantially in
29 the manner provided in AS 29.53.060 - 29.53.160 for municipalities,

1 except that the state assessor shall function in place of the local
2 assessor, and the State Assessment Review Board shall function in the
3 place of the assembly or council sitting as a board of equalization.
4 For purposes of municipal taxes levied under sec. 30 of this chapter,
5 the property shall be assessed by the local assessor.

6 Sec. 43.56.050. STATE ASSESSMENT REVIEW BOARD. The governor shall
7 appoint at least five qualified persons to serve at his pleasure as the
8 State Assessment Review Board.

9 Sec. 43.56.060. PER DIEM AND EXPENSES. Members of the State
10 Assessment Review Board shall be compensated and are entitled to per
11 diem and expenses authorized by law for boards and commissions.

12 Sec. 43.56.070. POWERS AND DUTIES. The State Assessment Review
13 Board has the powers and duties with respect to assessment of property
14 taxable under this chapter of an assembly or council sitting as a
15 board of equalization.

16 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied in
17 this chapter is payable in full to the Department of Revenue on
18 September 30 of the tax year, except that the Department of Revenue may
19 by regulation provide for prepayment of taxes and payment by install-
20 ments. A penalty of ten per cent shall be added to delinquent taxes
21 and interest at the rate of eight per cent per annum shall accrue on
22 all unpaid taxes, excluding penalties, from the due date until paid in
23 full. Collection of the tax levied under this chapter shall be carried
24 out by the Department of Revenue substantially in the manner provided
25 in AS 29.53.200 - 29.53.390 except that the state is substituted for
26 references to cities and boroughs.

27 Sec. 43.56.090. LIEN FOR TAX. Notwithstanding any other provi-
28 sion of law, the tax levied under this chapter and interest and penalty
29 set out in sec. 80 of this chapter are liens upon the property subject

1 to tax under this chapter. The liens provided by this section are
2 prior and paramount to all other liens or encumbrances upon the same
3 property.

4 Sec. 43.56.100. FALSE STATEMENT. A person who knowingly makes
5 a false statement in a return required under this chapter with intent
6 to evade the taxation is guilty of a felony and upon conviction is
7 punishable by a fine of not more than \$5,000, or by imprisonment for
8 not more than five years, or by both, together with the costs of prose-
9 cution.

10 Sec. 43.56.110. DEPOSIT IN GENERAL FUND. The revenue from the
11 tax levied under this chapter shall be deposited in the general fund.

12 Sec. 43.56.120. DEFINITIONS. In this chapter "taxable real and
13 tangible personal property" means tank farms, tanker terminals,
14 gathering and transmission lines, and facilities associated with the
15 extraction, production and transportation of crude oil and natural gas
16 and nonrenewable mineral resources; the term includes otherwise taxable
17 property exempted from taxation under home rule ordinance or charter,
18 but does not include property exempt from taxation under the constitu-
19 tion and laws of the state or of the United States, or any subsurface
20 estate or property used in a consumer distribution system.

21 Sec. 43.56.160. REGULATIONS. The state assessor and the Depart-
22 ment of Revenue may adopt regulations as appropriate to carry out their
23 respective duties under this chapter.

24 * Sec. 3. This Act takes effect on the day after its passage and approval
25 or on the day it becomes law without approval.
26
27
28
29

Revenue Estimates (Preliminary)
December 15, 1972

	Actual	Estimated					
	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978
GENERAL FUND							
<u>Unrestricted Revenue - Non-North Slope:</u>							
Income, Excise, Business, Occupation Taxes	80,778.3	83,810.4	89,443.6	95,516.2	101,692.0	109,782.6	125,676.3
Oil & Gas Production Taxes	11,400.8	10,947.0	8,826.0	7,989.0	7,269.0	6,352.0	5,550.0
Oil & Gas Royalties	24,564.0	27,094.7	28,791.4	21,031.4	21,952.5	20,577.9	20,245.0
Miscellaneous Revenue	35,039.4	39,158.1	48,736.6	43,840.9	44,219.2	44,426.0	34,710.8
Total - Non-North Slope	<u>151,832.5</u>	<u>161,010.2</u>	<u>175,797.6</u>	<u>168,427.5</u>	<u>175,132.7</u>	<u>181,078.5</u>	<u>186,132.1</u>
<u>Unrestricted Revenue - North Slope:</u>							
Income, Excise, Business, Occupation Taxes:							
Individual Income Tax			6,125.6	10,770.8	10,506.7	3,267.0	233.2
Corporation Tax			143.8	223.2	260.4	1,744.4	11,241.4
Business Licenses			158.5	784.5	1,077.4	941.5	244.5
Excise and Occupation Taxes			1,211.2	1,477.1	938.9	104.0	
Sub-Total			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>6,056.9</u>	<u>11,724.1</u>
Oil & Gas Production Taxes						81,503.0	142,392.0
Oil & Gas Royalties						52,734.5	149,952.0
Total - North Slope			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>140,294.4</u>	<u>303,762.5</u>
Income on Investments	<u>67,333.4</u>	<u>52,447.8</u>	<u>45,248.3</u>	<u>33,805.9</u>	<u>21,411.9</u>	<u>10,511.7</u>	<u>8,464.2</u>
Grand Total	<u>219,165.9</u>	<u>213,458.0</u>	<u>228,690.0</u>	<u>215,489.0</u>	<u>209,448.0</u>	<u>331,974.6</u>	<u>498,408.8</u>

Revenue Estimates (Preliminary)
December 15, 1972

	<u>Actual</u>	<u>Estimated</u>					
	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>
GENERAL FUND							
<u>Unrestricted Revenue - Non-North Slope:</u>							
Income, Excise, Business, Occupation Taxes	80,778.3	83,810.4	89,443.6	95,516.2	101,692.0	109,782.6	125,676.3
Oil & Gas Production Taxes	11,400.8	10,947.0	8,826.0	7,989.0	7,269.0	6,352.0	5,550.0
Oil & Gas Royalties	24,564.0	27,094.7	28,791.4	21,031.4	21,952.5	20,517.9	20,245.0
Miscellaneous Revenue	35,089.4	39,158.1	48,736.6	43,840.9	44,219.2	44,426.0	34,710.8
Total - Non-North Slope	<u>151,832.5</u>	<u>161,010.2</u>	<u>175,797.6</u>	<u>168,427.5</u>	<u>175,132.7</u>	<u>181,078.5</u>	<u>186,182.1</u>
<u>Unrestricted Revenue - North Slope:</u>							
Income, Excise, Business, Occupation Taxes:							
Individual Income Tax			6,125.6	10,770.8	10,566.7	3,267.0	238.2
Corporation Tax			148.8	223.2	260.4	1,744.4	11,241.4
Business Licenses			158.5	784.5	1,077.4	941.5	244.5
Excise and Occupation Taxes			1,211.2	1,477.1	998.9	104.0	
Sub-Total			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>6,056.9</u>	<u>11,724.1</u>
Oil & Gas Production Taxes						81,503.0	142,384.0
Oil & Gas Royalties						52,724.5	149,654.4
Total - North Slope			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>140,227.4</u>	<u>303,762.5</u>
Income on Investments	67,333.4	52,447.8	45,248.3	33,805.9	21,411.9	10,511.7	8,464.2
Grand Total	<u>219,165.9</u>	<u>213,458.0</u>	<u>228,690.0</u>	<u>215,489.0</u>	<u>209,448.0</u>	<u>331,974.6</u>	<u>498,408.8</u>

Revenue Estimates (Preliminary)
December 15, 1972

	Actual	Estimated					
	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978
GENERAL FUND							
<u>Unrestricted Revenue - Non-North Slope:</u>							
Income, Excise, Business, Occupation Taxes	80,778.3	93,810.4	89,443.6	95,516.2	101,692.0	109,782.6	125,676.3
Oil & Gas Production Taxes	11,400.8	10,947.0	8,826.0	7,989.0	7,269.0	6,352.0	5,550.0
Oil & Gas Royalties	24,564.0	27,094.7	28,791.4	21,031.4	21,952.5	20,517.9	20,245.0
Miscellaneous Revenue	35,089.4	39,158.4	48,736.6	43,840.9	44,219.2	44,426.0	34,710.8
Total - Non-North Slope	<u>151,832.5</u>	<u>161,010.2</u>	<u>175,797.6</u>	<u>168,427.5</u>	<u>175,132.7</u>	<u>181,078.5</u>	<u>186,132.1</u>
<u>Unrestricted Revenue - North Slope:</u>							
Income, Excise, Business, Occupation Taxes:							
Individual Income Tax			6,125.6	10,770.8	10,566.7	3,267.0	233.2
Corporation Tax			148.8	223.2	260.4	1,744.4	11,241.4
Business Licenses			158.5	784.5	1,077.4	941.5	244.5
Excise and Occupation Taxes			1,211.2	1,477.1	998.9	104.0	
Sub-Total			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>6,056.9</u>	<u>11,724.1</u>
Oil & Gas Production Taxes						81,503.0	142,384.0
Oil & Gas Royalties						52,734.5	149,654.4
Total - North Slope			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>140,294.4</u>	<u>303,762.5</u>
Income on Investments	<u>67,333.4</u>	<u>52,447.8</u>	<u>45,248.3</u>	<u>33,805.9</u>	<u>21,411.9</u>	<u>10,511.7</u>	<u>8,464.2</u>
Grand Total	<u>219,165.9</u>	<u>213,458.0</u>	<u>228,690.0</u>	<u>215,489.0</u>	<u>209,448.0</u>	<u>331,974.6</u>	<u>488,408.8</u>

Revenue Estimates (Preliminary)
December 15, 1972

	Actual	Estimated					
	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978
GENERAL FUND							
<u>Unrestricted Revenue - Non-North Slope:</u>							
Income, Excise, Business, Occupation Taxes	80,778.3	83,810.4	89,443.6	95,516.2	101,692.0	109,782.6	125,676.3
Oil & Gas Production Taxes	11,400.8	10,947.0	8,526.0	7,989.0	7,269.0	6,352.0	5,550.0
Oil & Gas Royalties	24,564.0	27,094.7	28,791.4	21,031.4	21,952.5	20,517.9	20,245.0
Miscellaneous Revenue	35,039.4	39,158.1	48,736.6	43,840.9	44,219.2	44,426.0	34,710.8
Total - Non-North Slope	<u>151,832.5</u>	<u>161,010.2</u>	<u>175,797.6</u>	<u>168,427.5</u>	<u>175,132.7</u>	<u>181,078.5</u>	<u>186,182.1</u>
<u>Unrestricted Revenue - North Slope:</u>							
Income, Excise, Business, Occupation Taxes:							
Individual Income Tax			6,125.6	10,770.8	10,566.7	3,267.0	238.2
Corporation Tax			148.8	223.2	260.4	1,744.4	11,241.4
Business Licenses			158.5	784.5	1,077.4	941.5	244.5
Excise and Occupation Taxes			1,211.2	1,477.1	998.9	104.0	
Sub-Total			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>6,056.9</u>	<u>11,724.1</u>
Oil & Gas Production Taxes						81,503.0	142,384.0
Oil & Gas Royalties						52,734.5	149,654.4
Total - North Slope			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>140,237.4</u>	<u>303,762.5</u>
Income on Investments	<u>67,333.4</u>	<u>52,447.8</u>	<u>-45,248.3</u>	<u>33,805.9</u>	<u>21,411.9</u>	<u>10,511.7</u>	<u>8,464.2</u>
Grand Total	<u>219,165.9</u>	<u>213,458.0</u>	<u>228,690.0</u>	<u>215,489.0</u>	<u>209,448.0</u>	<u>331,974.6</u>	<u>498,408.8</u>

Revenue Estimates (Preliminary)
December 15, 1972

	Actual	Estimated					
	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978
GENERAL FUND							
<u>Unrestricted Revenue - Non-North Slope:</u>							
Income, Excise, Business, Occupation Taxes	80,778.3	83,810.4	89,443.6	95,516.2	101,602.0	109,782.6	125,676.3
Oil & Gas Production Taxes	11,400.8	10,947.0	8,526.0	7,989.0	7,269.0	6,352.0	5,550.0
Oil & Gas Royalties	24,564.0	27,094.7	28,791.4	21,031.4	21,952.5	20,517.9	20,245.0
Miscellaneous Revenue	35,039.4	39,158.1	48,736.6	43,840.9	44,219.2	44,426.0	34,710.8
Total - Non-North Slope	<u>151,832.5</u>	<u>161,010.2</u>	<u>175,797.6</u>	<u>168,427.5</u>	<u>175,132.7</u>	<u>181,078.5</u>	<u>186,182.1</u>
<u>Unrestricted Revenue - North Slope:</u>							
Income, Excise, Business, Occupation Taxes:							
Individual Income Tax			6,125.6	10,770.8	10,566.7	3,267.0	238.2
Corporation Tax			148.8	223.2	260.4	1,744.4	11,241.4
Business Licenses			158.5	784.5	1,077.4	941.5	244.5
Excise and Occupation Taxes			1,211.2	1,477.1	908.9	101.0	
Sub-Total			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>6,056.9</u>	<u>11,725.1</u>
Oil & Gas Production Taxes						81,503.0	142,384.0
Oil & Gas Royalties						52,724.5	149,654.4
Total - North Slope			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>140,227.4</u>	<u>303,752.5</u>
Income on Investments	<u>67,333.4</u>	<u>52,447.8</u>	<u>45,248.3</u>	<u>33,805.9</u>	<u>21,411.9</u>	<u>10,511.7</u>	<u>8,464.2</u>
Grand Total	<u>219,165.9</u>	<u>213,458.0</u>	<u>228,690.0</u>	<u>215,489.0</u>	<u>209,448.0</u>	<u>331,974.6</u>	<u>498,408.8</u>

Revenue Estimates (Preliminary)
December 15, 1972

	Actual	Estimated					
	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978
GENERAL FUND							
<u>Unrestricted Revenue - Non-North Slope:</u>							
Income, Excise, Business, Occupation Taxes	80,778.3	83,810.4	89,443.6	95,516.2	101,692.0	109,782.6	125,676.3
Oil & Gas Production Taxes	11,400.8	10,947.0	8,826.0	7,989.0	7,269.0	6,352.0	5,550.0
Oil & Gas Royalties	24,564.0	27,094.7	28,791.4	21,031.4	21,952.5	20,517.9	20,245.0
Miscellaneous Revenue	35,039.4	39,158.1	48,736.6	43,840.9	44,219.2	44,426.0	34,710.8
Total - Non-North Slope	<u>151,832.5</u>	<u>161,010.2</u>	<u>175,797.6</u>	<u>168,427.5</u>	<u>175,132.7</u>	<u>181,078.5</u>	<u>186,182.1</u>
<u>Unrestricted Revenue - North Slope:</u>							
Income, Excise, Business, Occupation Taxes:							
Individual Income Tax			6,125.6	10,770.8	10,566.7	3,267.0	238.2
Corporation Tax			148.8	223.2	260.4	1,744.4	11,241.4
Business Licenses			158.5	784.5	1,077.4	941.5	244.5
Excise and Occupation Taxes			1,211.2	1,477.1	908.9	101.0	
Sub-Total			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>6,050.9</u>	<u>11,725.1</u>
Oil & Gas Production Taxes						81,503.0	142,384.0
Oil & Gas Royalties						52,734.5	140,654.1
Total - North Slope			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>140,294.4</u>	<u>303,712.5</u>
Income on Investments	67,333.4	52,447.8	45,248.3	33,805.9	21,411.9	10,511.7	8,464.2
Grand Total	<u>219,165.9</u>	<u>213,458.0</u>	<u>228,690.0</u>	<u>215,489.0</u>	<u>209,448.0</u>	<u>331,974.6</u>	<u>498,408.8</u>

Revenue Estimates (Preliminary)
December 15, 1972

	Actual	Estimated					
	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978
GENERAL FUND							
<u>Unrestricted Revenue - Non-North Slope:</u>							
Income, Excise, Business, Occupation Taxes	80,778.3	83,810.4	89,443.6	95,516.2	101,692.0	109,782.6	125,676.3
Oil & Gas Production Taxes	11,400.8	10,947.0	8,526.0	7,989.0	7,269.0	6,352.0	5,550.0
Oil & Gas Royalties	24,564.0	27,094.7	28,791.4	21,031.4	21,952.5	20,517.9	20,245.0
Miscellaneous Revenue	35,039.4	39,158.1	48,736.6	43,840.9	44,219.2	44,826.0	34,710.8
Total - Non-North Slope	<u>151,832.5</u>	<u>161,010.2</u>	<u>175,797.6</u>	<u>168,427.5</u>	<u>175,132.7</u>	<u>181,078.5</u>	<u>186,182.1</u>
<u>Unrestricted Revenue - North Slope:</u>							
Income, Excise, Business, Occupation Taxes:							
Individual Income Tax			6,125.6	10,770.8	10,566.7	3,267.0	238.2
Corporation Tax			148.8	223.2	260.4	1,744.4	11,241.4
Business Licenses			158.5	784.5	1,077.4	941.5	244.5
Excise and Occupation Taxes			1,211.2	1,477.1	998.9	104.0	
Sub-Total			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>6,056.9</u>	<u>11,724.1</u>
Oil & Gas Production Taxes						81,503.0	142,384.0
Oil & Gas Royalties						52,734.5	149,654.5
Total - North Slope			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>140,294.4</u>	<u>303,762.5</u>
Income on Investments	<u>67,333.4</u>	<u>52,447.8</u>	<u>45,248.3</u>	<u>33,805.9</u>	<u>21,411.9</u>	<u>10,511.7</u>	<u>8,464.2</u>
Grand Total	<u>219,165.9</u>	<u>213,458.0</u>	<u>228,690.0</u>	<u>215,489.0</u>	<u>209,448.0</u>	<u>331,974.6</u>	<u>498,409.8</u>

Revenue Estimates (Preliminary)
December 15, 1972

	<u>Actual</u>	<u>Estimated</u>					
	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>
GENERAL FUND							
<u>Unrestricted Revenue - Non-North Slope:</u>							
Income, Excise, Business, Occupation Taxes	80,778.3	83,810.4	89,443.6	95,516.2	101,602.0	109,782.6	125,676.3
Oil & Gas Production Taxes	11,400.8	10,947.0	8,826.0	7,989.0	7,269.0	6,352.0	5,550.0
Oil & Gas Royalties	24,564.0	27,094.7	28,791.4	21,031.4	21,952.5	20,577.9	20,245.0
Miscellaneous Revenue	35,089.4	39,158.1	48,736.6	43,840.9	44,219.2	44,426.0	34,710.8
Total - Non-North Slope	<u>151,832.5</u>	<u>161,010.2</u>	<u>175,797.6</u>	<u>168,427.5</u>	<u>175,132.7</u>	<u>181,078.5</u>	<u>186,132.1</u>
<u>Unrestricted Revenue - North Slope:</u>							
Income, Excise, Business, Occupation Taxes:							
Individual Income Tax			6,125.6	10,770.8	10,566.7	3,267.0	238.2
Corporation Tax			148.8	223.2	260.4	1,744.4	11,241.4
Business Licenses			158.5	784.5	1,077.4	941.5	244.5
Excise and Occupation Taxes			1,211.2	1,477.1	908.9	104.0	
Sub-Total			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>6,056.9</u>	<u>11,724.1</u>
Oil & Gas Production Taxes						81,503.0	142,384.0
Oil & Gas Royalties						52,734.5	149,654.4
Total - North Slope			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>140,294.4</u>	<u>303,732.5</u>
Income on Investments	67,333.4	52,447.8	45,248.3	33,805.9	21,411.9	10,511.7	8,464.2
Grand Total	<u>219,165.9</u>	<u>213,458.0</u>	<u>228,690.0</u>	<u>215,489.0</u>	<u>209,448.0</u>	<u>331,974.6</u>	<u>498,409.8</u>

Revenue Estimates (Preliminary)
December 15, 1972

	Actual	Estimated					
	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>
GENERAL FUND							
<u>Unrestricted Revenue - Non-North Slope:</u>							
Income, Excise, Business, Occupation Taxes	80,778.3	83,810.4	89,443.6	95,516.2	101,692.0	109,782.6	125,676.3
Oil & Gas Production Taxes	11,400.8	10,947.0	8,826.0	7,989.0	7,269.0	6,352.0	5,550.0
Oil & Gas Royalties	24,564.0	27,094.7	28,791.4	21,031.4	21,952.5	20,577.9	20,245.0
Miscellaneous Revenue	<u>35,039.4</u>	<u>39,158.1</u>	<u>48,736.6</u>	<u>43,840.9</u>	<u>44,219.2</u>	<u>44,426.0</u>	<u>34,710.8</u>
Total - Non-North Slope	<u>151,832.5</u>	<u>161,010.2</u>	<u>175,797.6</u>	<u>168,427.5</u>	<u>175,132.7</u>	<u>181,078.5</u>	<u>186,132.1</u>
<u>Unrestricted Revenue - North Slope:</u>							
Income, Excise, Business, Occupation Taxes:							
Individual Income Tax			6,125.6	10,770.8	10,566.7	3,267.0	238.2
Corporation Tax			148.8	223.2	260.4	1,744.4	11,241.4
Business Licenses			158.5	784.5	1,077.4	941.5	244.5
Excise and Occupation Taxes			1,211.2	1,477.1	998.9	104.0	
Sub-Total			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>6,056.9</u>	<u>11,724.1</u>
Oil & Gas Production Taxes						81,503.0	142,384.0
Oil & Gas Royalties						52,734.5	149,654.4
Total - North Slope			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>140,294.4</u>	<u>303,762.5</u>
Income on Investments	<u>67,333.4</u>	<u>52,447.8</u>	<u>45,248.3</u>	<u>33,805.9</u>	<u>21,411.9</u>	<u>10,511.7</u>	<u>8,464.2</u>
Grand Total	<u>219,165.9</u>	<u>213,458.0</u>	<u>228,690.0</u>	<u>215,489.0</u>	<u>209,448.0</u>	<u>331,974.6</u>	<u>498,403.8</u>

Revenue Estimates (Preliminary)
December 15, 1972

	Actual	Estimated					
	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978
GENERAL FUND							
<u>Unrestricted Revenue - Non-North Slope:</u>							
Income, Excise, Business, Occupation Taxes	80,778.3	83,810.4	89,443.6	95,516.2	101,692.0	109,782.6	125,676.3
Oil & Gas Production Taxes	11,400.8	10,947.0	8,526.0	7,989.0	7,269.0	6,352.0	5,550.0
Oil & Gas Royalties	24,564.0	27,094.7	28,791.4	21,031.4	21,952.5	20,577.9	20,245.0
Miscellaneous Revenue	35,039.4	39,158.1	48,736.6	43,840.9	44,219.2	44,426.0	34,710.8
Total - Non-North Slope	<u>151,832.5</u>	<u>161,010.2</u>	<u>175,797.6</u>	<u>168,427.5</u>	<u>175,132.7</u>	<u>181,078.5</u>	<u>186,132.1</u>
<u>Unrestricted Revenue - North Slope:</u>							
Income, Excise, Business, Occupation Taxes:							
Individual Income Tax			6,125.6	10,770.8	10,566.7	3,267.0	238.2
Corporation Tax			148.8	223.2	260.4	1,744.4	11,241.4
Business Licenses			158.5	784.5	1,077.4	941.5	247.5
Excise and Occupation Taxes			1,211.2	1,477.1	998.9	104.0	
Sub-Total			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>6,056.9</u>	<u>11,727.1</u>
Oil & Gas Production Taxes						81,503.0	142,387.0
Oil & Gas Royalties						52,734.5	149,657.4
Total - North Slope			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>140,294.4</u>	<u>305,762.5</u>
Income on Investments	<u>67,333.4</u>	<u>52,447.8</u>	<u>45,248.3</u>	<u>33,805.9</u>	<u>21,411.9</u>	<u>10,511.7</u>	<u>3,464.2</u>
Grand Total	<u>219,165.9</u>	<u>213,458.0</u>	<u>228,690.0</u>	<u>215,439.0</u>	<u>209,448.0</u>	<u>331,974.6</u>	<u>498,403.8</u>

Revenue Estimates (Preliminary)
December 15, 1972

	Actual	Estimated					
	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>
GENERAL FUND							
<u>Unrestricted Revenue - Non-North Slope:</u>							
Income, Excise, Business, Occupation Taxes	80,778.3	83,810.4	80,443.6	95,516.2	101,692.0	109,782.6	125,676.3
Oil & Gas Production Taxes	11,400.8	10,947.0	8,826.0	7,989.0	7,269.0	6,352.0	5,550.0
Oil & Gas Royalties	24,564.0	27,094.7	28,791.4	21,081.4	21,952.5	20,517.9	20,245.0
Miscellaneous Revenue	35,089.4	39,158.1	48,736.6	43,840.9	44,219.2	44,426.0	34,710.8
Total - Non-North Slope	<u>151,832.5</u>	<u>161,010.2</u>	<u>175,797.6</u>	<u>168,427.5</u>	<u>175,132.7</u>	<u>181,078.5</u>	<u>196,182.1</u>
<u>Unrestricted Revenue - North Slope:</u>							
Income, Excise, Business, Occupation Taxes:							
Individual Income Tax			6,125.6	10,770.3	10,566.7	3,267.0	233.2
Corporation Tax			148.8	223.2	260.4	1,744.4	11,241.4
Business Licenses			158.5	784.5	1,077.4	941.5	244.5
Excise and Occupation Taxes			<u>1,211.2</u>	<u>1,477.1</u>	<u>998.9</u>	<u>104.0</u>	
Sub-Total			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>6,056.9</u>	<u>11,723.1</u>
Oil & Gas Production Taxes						81,503.0	142,384.0
Oil & Gas Royalties						<u>52,734.5</u>	<u>149,554.4</u>
Total - North Slope			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>140,294.4</u>	<u>303,702.5</u>
Income on Investments	<u>67,333.4</u>	<u>52,447.8</u>	<u>45,248.3</u>	<u>33,805.9</u>	<u>21,411.9</u>	<u>10,511.7</u>	<u>8,464.2</u>
Grand Total	<u>219,165.9</u>	<u>213,458.0</u>	<u>228,690.0</u>	<u>215,489.0</u>	<u>209,448.0</u>	<u>331,974.6</u>	<u>468,408.8</u>

Revenue Estimates (Preliminary)
December 15, 1972

	Actual	Estimated					
	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>
GENERAL FUND							
<u>Unrestricted Revenue - Non-North Slope:</u>							
Income, Excise, Business, Occupation Taxes	80,778.3	83,810.4	89,443.6	95,516.2	101,592.0	109,782.6	125,676.3
Oil & Gas Production Taxes	11,400.8	10,947.0	8,526.0	7,989.0	7,269.0	6,352.0	5,550.0
Oil & Gas Royalties	24,564.0	27,094.7	28,791.4	21,031.4	21,952.5	20,517.9	20,245.0
Miscellaneous Revenue	35,039.4	39,158.1	48,736.6	43,840.9	44,219.2	44,426.0	34,710.8
Total - Non-North Slope	<u>151,832.5</u>	<u>161,010.2</u>	<u>175,797.6</u>	<u>168,427.5</u>	<u>175,132.7</u>	<u>181,078.5</u>	<u>186,182.1</u>
<u>Unrestricted Revenue - North Slope:</u>							
Income, Excise, Business, Occupation Taxes:							
Individual Income Tax			6,125.6	10,770.8	10,566.7	3,267.0	238.2
Corporation Tax			148.8	223.2	260.4	1,744.4	11,241.4
Business Licenses			158.5	784.5	1,077.4	941.5	244.5
Excise and Occupation Taxes			1,211.2	1,477.1	998.9	101.0	
Sub-Total			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>6,050.9</u>	<u>11,724.1</u>
Oil & Gas Production Taxes						81,503.0	142,384.0
Oil & Gas Royalties						52,734.5	149,054.4
Total - North Slope			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>140,294.4</u>	<u>303,762.5</u>
Income on Investments	<u>67,333.4</u>	<u>52,447.8</u>	<u>45,248.3</u>	<u>33,805.9</u>	<u>21,411.9</u>	<u>10,511.7</u>	<u>8,464.2</u>
Grand Total	<u>219,165.9</u>	<u>213,458.0</u>	<u>228,690.0</u>	<u>215,489.0</u>	<u>209,448.0</u>	<u>331,974.6</u>	<u>498,409.8</u>

Revenue Estimates (Preliminary)
December 15, 1972

	Actual	Estimated					
	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978
GENERAL FUND							
<u>Unrestricted Revenue - Non-North Slope:</u>							
Income, Excise, Business, Occupation Taxes	80,778.3	83,810.4	89,443.6	95,516.2	101,692.0	109,782.6	125,676.3
Oil & Gas Production Taxes	11,400.8	10,947.0	8,526.0	7,989.0	7,269.0	6,352.0	5,550.0
Oil & Gas Royalties	24,564.0	27,094.7	28,791.4	21,081.4	21,952.5	20,577.9	20,245.0
Miscellaneous Revenue	35,089.4	39,158.1	48,736.6	43,840.9	44,219.2	44,426.0	34,710.8
Total - Non-North Slope	<u>151,832.5</u>	<u>161,010.2</u>	<u>175,797.6</u>	<u>168,427.5</u>	<u>175,132.7</u>	<u>181,078.5</u>	<u>186,132.1</u>
<u>Unrestricted Revenue - North Slope:</u>							
Income, Excise, Business, Occupation Taxes:							
Individual Income Tax			6,125.6	10,770.8	10,566.7	3,267.0	233.2
Corporation Tax			148.8	223.2	260.4	1,744.4	11,241.4
Business Licenses			158.5	784.5	1,077.4	941.5	244.5
Excise and Occupation Taxes			1,211.2	1,477.1	998.9	104.0	
Sub-Total			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>6,056.9</u>	<u>11,724.1</u>
Oil & Gas Production Taxes						81,503.0	142,384.0
Oil & Gas Royalties						52,734.5	149,654.0
Total - North Slope			<u>7,644.1</u>	<u>13,255.6</u>	<u>12,903.4</u>	<u>140,294.4</u>	<u>303,762.5</u>
Income on Investments	<u>67,333.4</u>	<u>52,447.8</u>	<u>45,248.3</u>	<u>33,805.9</u>	<u>21,411.9</u>	<u>10,511.7</u>	<u>8,464.2</u>
Grand Total	<u>219,165.9</u>	<u>215,458.0</u>	<u>228,690.0</u>	<u>215,489.0</u>	<u>209,448.0</u>	<u>331,974.6</u>	<u>498,408.8</u>

House Bill 59
 Revenue Projections 1974 - 1983
 Assuming Construction Starts July 1, 1973
 (\$000 Omitted)

	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
ty Tax Collection Under HB 59	\$22055.9	\$40853.1	\$59947.6	\$69211.1	\$70000.0	\$70000.0	\$70000.0	\$70000.0	\$70000.0	\$70000.0
Shared to Local Governments (see below)	1653.8	3063.1	4494.8	5189.2	5248.4	5248.4	5248.4	5248.4	5248.4	5248.4
venues to State Treasury	<u>\$20402.1</u>	<u>\$37790.0</u>	<u>\$55452.8</u>	<u>\$64021.9</u>	<u>\$64751.6</u>	<u>\$64751.6</u>	<u>\$64751.6</u>	<u>\$64751.6</u>	<u>\$64751.6</u>	<u>\$64751.6</u>
Governments' Share of Property Tax:										
Slope Borough	\$ 734.7	\$ 1360.8	\$ 1996.8	\$ 2305.3	\$ 2331.6	\$ 2331.6	\$ 2331.6	\$ 2331.6	\$ 2331.6	\$ 2331.6
Star Borough	267.6	495.6	777.3	839.6	849.2	849.2	849.2	849.2	849.2	849.2
Valdez	651.5	1206.7	1770.7	2044.3	2067.6	2067.6	2067.6	2067.6	2067.6	2067.6
Shared Revenues	<u>\$ 1653.8</u>	<u>\$ 3063.1</u>	<u>\$ 4494.8</u>	<u>\$ 5189.2</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>

AGD 533336

S T A T E O F A L A S K A

Department of Revenue

Budget Projections and Resulting Effect
on the General Fund Balance
for the Next Ten Fiscal Years

All revenue estimates, estimated expenditures and other assumptions not listed as "comments" or "assumptions" on the Budget Planning Model detail pages are taken from the Budget Document Supplement, Alaska, Fiscal Year 1973-74.

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

100 10

FEBRUARY 27, 1973

PIPELINE CONSTRUCTION BEGINS IN FY 1974
OIL FLOWS IN FY 1977
RIGHT-OF-WAY LEASING 43
TAX PACKAGE INCLUDED

ASSUMPTIONS
ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN C.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 7.00%

DEPT	INVESTMENT	TOTAL	OPERATING	DEBT	DISP EXP	TOTAL	SURPLUS	GENERAL
REVENUE	EXPENDITURE	REVENUE	EXPENDITURE	SERVICE	AND TAXES OF CAP EX	EXPENDITURE	OR DEFICIT	FUND END OF YEAR
								642638.0
000000.0	66194.4	235645.4	318000.0	26441.0	12103.0	357300.0	-121654.6	520983.4
000100.0	33003.6	221900.0	340372.5	30000.0	12821.0	383793.5	-161800.0	359170.5
000200.0	13001.0	214070.3	306840.2	33200.0	13105.0	411205.2	-196520.0	102049.0
000300.0	5021.0	345405.0	306378.7	40000.0	26520.0	453898.7	-113432.0	49156.7
000400.0	5017.4	510370.4	417704.0	45500.0	45070.0	508280.8	3005.0	57392.3
000500.0	6753.4	541775.4	446944.0	52100.0	45001.0	544755.0	-2359.6	54092.0
000600.0	6800.4	505077.4	478223.3	55300.0	47494.0	581023.3	-15945.9	38940.0
000700.0	9279.3	508004.3	511705.2	56200.0	46900.0	614605.2	-49390.9	-10444.2
000800.0	1004.4	570090.4	547523.0	61000.0	5027.0	650050.0	-82852.5	-93200.7
000900.0	-4401.2	570033.0	505050.4	60000.0	51700.0	704350.4	-127510.0	-220813.3
001000.0	130452.7	4304330.0	4462812.0	409141.0	355157.0	5227700.0	-803451.3	

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

OF 1974

FEBRUARY 6, 1975

PIPELINE CONSTRUCTION BEGINS IN FY 1974
OIL PLANS IN FY 1977
RIGHT-OF-WAY LEASING 45
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED

ASSUMPTIONS
ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.0%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20:
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 8.00%

GENERAL FUND REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP AND TAXES OF GAS EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
								642632.0
200715.0	200000.0	200715.0	512600.0	20441.0	12195.0	557300.0	-100512.0	342120.4
215713.0	300000.0	20257.2	346159.3	30000.0	12621.0	386980.3	-126422.5	417702.9
232000.0	237000.0	275000.0	371001.7	33200.0	13100.0	418000.7	-142000.0	275000.0
240000.0	100000.0	410000.0	401000.0	40000.0	20000.0	461000.0	-50000.0	224721.2
275000.0	100000.0	550000.0	433000.0	45000.0	45000.0	523000.0	70000.0	227100.4
291700.0	200000.0	633000.0	460000.0	52100.0	45000.0	557100.0	57000.0	353058.0
300000.0	200000.0	640000.0	500000.0	55000.0	47000.0	602000.0	41000.0	304000.0
320000.0	277000.0	650000.0	540000.0	58000.0	48000.0	646000.0	30000.0	397000.0
340000.0	200000.0	660000.0	560000.0	61000.0	50000.0	671000.0	-30000.0	301778.4
360000.0	200000.0	670000.0	637000.0	60000.0	51000.0	748000.0	-70000.0	270000.0
380000.0	270000.0	697000.0	610000.0	60000.0	50000.0	720000.0	-20000.0	

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

ASH 333

FEBRUARY 1, 1973

PIPELINE CONSTRUCTION BEGINS IN FY 1974
OIL FLOWS IN FY 1977
RIGHT-OF-WAY LEASING 4%
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED

ASSUMPTIONS
ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 10.00%

INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP AND TAXES OF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
								642033.0
107000.0	40000.0	250787.4	310000.0	20441.0	12193.0	357534.0	-109512.0	542125.4
225000.0	80000.1	282410.1	350000.0	50000.0	12021.0	503551.0	-150934.3	411191.1
350000.0	120000.0	275220.0	380000.0	35000.0	13100.0	451000.0	-150721.7	254469.4
500000.0	160000.0	417001.2	420000.0	40000.0	20520.0	492000.0	-75072.1	179397.3
670000.0	200000.1	501510.1	480000.0	45000.0	40070.0	567500.0	50000.0	219000.0
850000.0	270000.1	610000.0	510000.0	52000.0	45000.0	610000.0	50000.0	219000.0
1050000.0	350000.0	650000.0	580000.0	55000.0	7000.0	670000.0	-25000.0	101450.0
1250000.0	450000.0	640000.0	620000.0	50000.0	4000.0	720000.0	-35000.0	105400.0
1450000.0	550000.0	650000.0	650000.0	60000.0	5000.0	750000.0	-100000.0	-40000.0
1650000.0	650000.0	650000.0	750000.0	60000.0	5000.0	800000.0	-200000.0	-275000.0
1850000.0	750000.0	650000.0	800000.0	60000.0	5000.0	850000.0	-200000.0	

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

NOV 10 1974

DATE FEBRUARY 8, 1975

COMMENTS

PIPELINE CONSTRUCTION BEGINS IN FY 1975
OIL PLANS IN FY 1976
RIGHT-OF-WAY LEASING 48
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%

ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%

MATURITY PERIOD ON NEW BONDS IN YEARS = 20.

% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%

ANNUAL OPER EXPEND GROWTH RATE AFTER 1ST YR = 5.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SHD TAXES GF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1973									642038.0
1974	188884.0	4882.0	251866.0	318000.0	28441.0	12,933.0	357300.0	-125413.1	517224.9
1975	181313.0	34275.0	257188.0	334599.0	30000.0	12321.0	377420.0	-140231.4	376993.4
1976	232359.0	22794.0	255753.0	351328.0	33200.0	13105.0	397693.0	-141940.6	235952.8
1977	238511.0	11333.1	267894.1	368894.6	40000.0	28320.0	437414.6	-169520.4	75532.4
1978	403495.0	3382.0	406877.0	387335.1	45900.0	45370.0	477915.1	-88478.1	-2945.7
1979	372228.0	4033.2	387263.2	400705.6	52100.0	45001.0	504406.6	82700.0	79520.9
1980	358071.0	11201.0	617272.0	427040.4	55300.0	47454.0	529834.4	86138.1	107398.9
1981	330251.0	17845.7	648096.7	448301.8	58200.0	48150.0	554651.8	93654.9	201013.9
1982	338892.0	29803.8	657495.2	470811.1	61000.0	50727.0	582538.1	70357.1	357371.0
1983	378353.0	17304.1	675797.0	496351.1	68800.0	51700.0	616851.1	82545.9	400310.9
	452757.0	10517.2	4530782.0	4868125.0	409111.0	356337.0	4833102.0	-242321.1	

AGD 533341

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

PAGE 41

FEBRUARY 17, 1975

TO
PIPELINE CONSTRUCTION BEGINS IN FY 1975
OIL FLOWS IN FY 1978
LIGHT-OF-MY LEASING 42
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED

ASSUMPTIONS
ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN C.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 7.00%

AGG INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP SIC TAXES OF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
								062630.0
100000.0	40021.0	251066.0	310000.0	20441.0	12193.0	357390.0	-125415.1	517124.9
200000.0	84130.5	257040.9	340972.5	30000.0	12821.0	383793.5	-145743.6	370461.3
300000.0	12044.1	255805.1	364340.2	33200.0	13105.0	411245.2	-150202.1	214279.1
400000.0	16333.4	200004.3	330570.7	40000.0	20520.0	458090.7	-102094.4	21384.8
500000.0	-227.0	405817.4	417704.0	49500.0	45070.0	508280.0	-102463.4	-81070.7
600000.0	-1371.2	581250.0	440344.0	52100.0	45001.0	544735.0	-36521.0	-44550.9
700000.0	1100.0	100000.0	470220.0	55000.0	47000.0	551000.0	27000.0	-10700.0
800000.0	4700.0	650000.0	511700.0	50000.0	40450.0	610000.0	10000.0	-30.5
900000.0	5700.0	641000.0	547500.0	61000.0	50727.0	659227.0	-10220.0	-10200.0
1000000.0	4277.0	652100.0	585000.0	60000.0	51700.0	700000.0	-52200.0	-70000.0
1100000.0	117000.0	4514000.0	4402012.0	409141.0	550000.0	5227000.0	-713127.0	

AG0 533342

Right-of-Way Leasing Act
(Millions of Dollars)

	<u>Year of TAPS Pipeline</u> <u>Operation</u>				<u>Average</u> <u>35</u> <u>Years</u>
	<u>1st</u>	<u>5th</u>	<u>10th</u>	<u>20th</u>	
At 4% ICC Return	2.1	2.1	4.5	21.5	15.4
At 5% ICC Return	3.4	6.2	13.7	30.1	22.7
At 7% ICC Return	25.1	29.1	34.6	47.1	40.6

At a 4% ICC rate of return North Slope oil corporations will maximize their total profits. This ICC return rate and the concurrent revenues to the State are the most likely case.

INCREASE REVENUES DUE
TO TAX INCREASE PROPOSALS

Receipt Title	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
Cigarette Tax Increase (From to 13¢ per pack)	\$2,412,000	\$2,539,250	\$2,793,125	\$2,904,875	\$3,023,563	\$3,200,139	\$3,387,027	\$3,584,829	\$3,794,183	\$4,015,763
Motor Vehicle License Tax Increase (From 2% to 5% of net income)	440,000	480,000	520,000	560,000	600,000	648,360	700,618	757,088	818,109	884,048
Highway Fuel Tax Increase (From 8¢ to 10¢ per gallon with refund for off- highway use out of 10¢ per gallon.)	2,655,300	2,857,250	2,892,700	3,002,700	3,155,300	3,295,080	3,441,052	3,593,490	3,752,682	3,918,926
General Aircraft Fuel Tax	<u>541,500</u>	<u>563,150</u>	<u>585,650</u>	<u>609,100</u>	<u>633,450</u>	<u>658,788</u>	<u>685,140</u>	<u>712,545</u>	<u>741,047</u>	<u>770,689</u>
Sub-Total	<u>\$6,048,800</u>	<u>\$6,439,650</u>	<u>\$6,791,475</u>	<u>\$7,076,675</u>	<u>\$7,412,313</u>	<u>\$7,802,367</u>	<u>\$8,213,837</u>	<u>\$8,647,952</u>	<u>\$9,106,021</u>	<u>\$9,589,426</u>

DATE	ACTIONS	BILLING INFORMATION
March 13, 1973	Transcription of Hearing Tape John Havelock, Speaker	\$52.50

I'm John Havelock, State Attorney General. With me today are Fred who is the Director of Audit in Parks and Revenue, Larry , who is deputy commissioner of the treasury and Assistant Attorney General Rick Garnet. I have from the chairman a letter relating to HB 59 of which you require whether ... considering the revenue contemplated on the bill right of way leasing act adopted last year. Whether these measures have not already assured sufficient funds, new funds raised to meet a conservative budget such as the legislature would be included to adopt. These issues relate primarily to economic questions which is why I had these meetings with the Department of Revenue people here today and I will just make a few comments from a policy point of view for referring the issues to these able gentlemen who have information, copies of which have been distributed to you here which I think will be of to you at today's hearing. By way of summary, let me say that we appreciate the opportunity to respond to this questions because of the widespread illusion throughout the state that the legislature, by virtue of its acts last year, have already adopted measures which constitute and ignore the revenue increase constituting a tremendous burden, particularly on the oil industry, and this is an illusion. It is not true that last year your incremental revenues measures were adopted. The property tax which was introduced last year as one of the several measures tend to be considered together which because of of time of problems also not adopted. As far as the revenue aspects go, this is one of the more critical revenue measures which was introduced at that time and I think that it would appear still a very conservative measure at that by considering the overall situation. In reviewing very briefly the measures which were adopted last year, first of all the cents per barrel tax is essentially a revenue guarantee measure in that it is a floor tax and it was not considered to be primarily a measure for raising more revenue to meet the contemplated revenue gain of the state. We do not know at this time whether in fact that cents per

barrel tax will even go into effect because we don't know what the market conditions will be at the time the oil flows. The second measure, another measure, is the regulatory act which, of course, is not a revenue measure at all. The right of way bill which has been a center of controversy, perhaps more so than the floor tax with the industry, a good deal of uncertainty about the revenue impact of that measure this last year because of the changes in the measure up to the last minute, the revenue there, because of the various variables that came into it, we were unable to last year give tentative answers as to the revenue act after that bill. We have now at some expense and after very careful perusal of the way the bill operates and the way the measure would operate we have eliminated those uncertainties. There are still variables which are involved which change the impact and the income and revenue results of the tax. We are in a position to identify the variables for you, to give you both the range of revenue estimates that can be expected and use the most probable case, and we can do so, I believe, definitively. As to the property tax of HB 59 before you, I think it is worth emphasizing that the issue the community is considering on this bill is not whether property taxes applicable to the pipeline should exist, that the status quo is maintained, the property taxes will prevail on the pipeline and that they will be levied by municipal government. What is really of more concern is how much revenue, what the millage rate should be, and the form of distribution from the tax and the proposal for a state administered tax which was put before you previously and is put forth before you again this year with the hope that the legislature can make rational decisions as to what the revenue capability of that tax should be and the manner which the benefits from that tax should be distributed. Now it has been said that the property tax singles out a single industry which is unfair, and I would like to make a few comments on that, but before I do I would like to point out that local governments are just as capable of levying taxes, principle incidents of which involve upon the pipeline,

as the status. I think in the long run it is better before the industry that a tax of this nature be administered at a state level. in the long run better equity to have a tax on a property of this magnitude subject to state control with termination by the entire legislature.

*Can I interrupt just....is it your feeling that once a tax is levied by the state that is a preemption over the local government?

That depends upon the form of the measure adopted. This particular bill essentially constitutes a preemption with a redistribution.

*It is your opinion now, informally I understand, that this would in fact do that.

Yes, that is the case.

*Thank you.

To get into our comment on the effect of local government taxes which is that if you do nothing, what happens is that the result of the deductability of property taxes, you are essentially providing for a distribution system whereby those areas of general government is subsidizing particular municipal government which have the opportunity to apply the tax as a result of the deductability of property tax state income tax. So, again, the status quo hardly guarantees any more of a magnitude of the enterprise, the size of the assets involved in relationship to all the other assets of the state put together makes it highly relevant and pertinent and appropriate for the legislature to consider how this entity is to be taxed and how major pipelines are to be taxed. Large pipelines may not have the last of them. How this classification of property has increased. To answer the question of the singling out, we have barely singled out a particular instance. I suppose it is true that any tax adopted by the legislature has a distribution burden which effects some people more than others and I don't think that tax alone really has anything to do with fairness or unfairness. I would like to note,

for instance, in terms of whether the rest of the economy is "bearing its fair share". The gross receipt tax is the major tax burden to a large number of industries. So, I think that to just look at the property tax alone and say that the incidents of property tax are more on one than on another is simply to state a truism of taxation generally and I don't think it relates fairness. Other examples of distribution , in our state, we have a very high level of personal income tax relative to the rest of the country and I think it is a demonstration of the willingness of the people of Alaska to meet their fair share of the burden of the cost of running a government. A third factor is responsible budgeting. Responsible Budgeting, particularly under exercising real belt tightening activity also has its contribution frequently for those who are least able to bear it to the cost of running government in terms of decreased services and loss of necessary sustenance. It is also rational for the policy to adopt taxes which have different incidents and burdens on different parts of the economy. It is not in the state's interest to levy the same level of taxation of new growth that is in a state where one of the critical issues for the next two decades is the extent to which we can broaden the base of the economy. It is not rational for the policy to impose substantial burdens on that form of new industry when there are forms of industry available which are quite capable of paying a larger share of the burden of maintaining essential governmental services. The underlying principle in the fairness, after all, since the income tax amendment to the constitution in 1916 is that the taxation or the level of taxes should be associated with ability to pay and I think it is apparent now, as it has been for a decade or more, that ability to pay is very much within the realm of commerce, commercial activity, business associated with the petroleum industry in this state and I think it is misleading to think of the tax project as the oil industry as just another small grocery or gas station entirely and enormous aspects of the economy through the legislature should look at it as an entity without having it necessarily associated with a small store on the Yukon

River or a trading center or something in terms of the ability to meet the burden of government. It was in assisting in the pushing of this pipeline project to the earliest completion possible within the last year that I have had cause to re-read legislative history of the Alaska Statehood Act with the premise of Alaska statehood that with a small population such as this state had, with very little independent income base capable of supporting government, with enormous unmet needs, that it would be the oil industry that would pay for a very large share of the growth of the state. The state was not a feasible political entity without a larger share, a very large share, of the burden supporting that state coming from the petroleum industry and that is to say the legislative history that I have just stated would prove that. With that induction, Mr. Chairman, I would like now to refer to some of the particulars like calling on the property tax impact by calling on Mr. Fred _____ of the Department of Revenue to give you some figures and explain perhaps some of the exhibits before you.

which
Mr. Chairman, House Bill 59 proposes a property tax on oil and gas transportation facilities is apparently straight forward in terms of projecting revenue estimates. The bill provides that a tax of 20 mills shall be leveled on the pipeline as of any given January 1. It also provides for a sharing back to the local jurisdiction through which the pipeline passes based upon 20% of the value of the line in such jurisdiction. Before you on the first page of the exhibit handed out, we show our projections for fiscal year 1974 thru 1983 with the first line indicating the total tax collected by the state less the amount to be shared through local governments and the net revenues to state treasury. Beneath that is a table showing a breakdown of the local government's share of the tax among the three local governments through which the pipeline should pass. The basis for the projections is a total cost of the pipeline's total ultimate value of 3.5 billion dollars with the construction occurring primarily in 1973, '74, '75 and into the middle of 1976.

are you open for questions? Any questions?

Mr. Fink: It just seems to me that the figure you had on that last year was 80 million. How did you arrive at the maximum of 70 million this time?

Last year's projection did not project to 80 million, they projected up to 59 million which would be the value in 1977. The 70 million dollar ultimate is based on the 3 1/2 billion dollar completion costs at the 20 mill rate.

(Mr. Fink) Your bill originally last year was on the pipeline only. I know I am digging out finance projections and we threw the tank farms and the gathering lines in which apparently you have done in this year's bill except you have excluded this twenty-one inch which seems

You say that the pipeline and the tank farm and the gathering lines, all that, will cost a maximum of 3.5 million dollars?

Yes, sir.

If there are no other questions I would like to call on Deputy Commissioner to discuss the relationship of that to the revenue and manager projections of the state.

Mr. Chairman, and guests, I would like to call your attention to a five or six page booklet that we prepared this morning which is, in fact, copies of a computer projections showing in effect the property tax and several other variables on the general fund at the end of each year. By this afternoon we should have this information available in short form which is somewhat easier to digest. But, until then, I went through and specifically as possible as to what these projections indicate. I will be available for questions, of course, at any time in my testimony. We turn to projection one which is run number 15. It is based on the assumption that construction of the pipeline will begin in fiscal year 1974, inflation of the line and production will begin in fiscal year 1977. With the revenues included the revenues from the right-of-way leasing act assuming a 4% ICC rate of return. A separate page in the handout that I believe you all have shows exactly what that 4% ICC return means in dollars to the state. For the first through the fifth year

of operation the 4% return indicates to the state about 2 million dollars. It is not until very late in the operation of the pipeline, in the tenth and twentieth year, that you see high revenues. In the average of 35 years it is 15.4 million. This 4% ICC return we believe will be the most likely and the most reasonable. It is, in addition, the case that the oil companies did mention directly to the Governor that they were intending to run the following testimony this March regarding ownership of the pipeline. So, we really feel confident that there will be a 4% dividend and rate of return as measured by the ICC.

*I think you all read something in the paper today about the oil companies saying it would cost them 150 million. Do you know what the difference between their computation and yours is?

I cannot understand that completely. A 150 million or even a higher figure quoted in the paper is just not reasonable. I don't understand the cause of it. It can only be based on ICC returns so large as to be incredible.

*Now you've got 7% here. Is that the maximum they can charge under ICC or can they charge 8%?

There was a ruling many years ago that 8% ICC return was allowable. How much they can charge under ICC really is a question of the degree that ICC will expect this pipeline of their jurisdiction and whether they find anything unique in the Alaskan pipeline.

*Even at your 7% you show only 25 million the first year and an average of 40 million.

That's right.

*Do you think that they could be talking about a lot higher unit?

No, I do not. Again, the cost, the economic analysis, and many of the factors seem to be the same yet the numbers are apparently different. I do not understand it.

These returns are based on our latest look at the economics, our latest look at the regulations the state has adopted and our most likely projection for what, in fact, will occur in terms of revenue.

*Alright, the other thing is that all of your print-outs are based on a 4% on the right-of-way. Apparently they use a higher figure. Then again, why do you think they will use 4% rather than 7% or something else?

Well, first of all they told us. Secondly, and most important, it is in their best interest to use a 4% ICC return. Let me try to explain it very simply. The higher the return on the line, the lower the bulkhead value of the oil in the ground and what is the incentive of the oil companies that have a high bulkhead value in the ground? It is a depletion allowance. The tax advantage, which is a percentage of the bulkhead value of the oil produced. So, clearly as we examine it, running the pipeline at a high tariff causes the overall rate of return of the pipeline and the owner to decline, not increase. Again, because of the dominant tax advantages of the depletion allowance.

*In effect, there would be different parties involved like in the pipeline shipping their oil. Do you think it is the same that....

At this time the unit agreement has not been completed on the North Slope so we are not certain at this date what oil company will own what percentage of the pool. Neither has the oil companies agreed to my knowledge about which oil company will own what percentage of the two million barrel a day pipeline. So, in fact, there is an opportunity of changing the amount of oil ownership as well as the opportunity of changing the amount of pipeline ownership.

*Is that all Mr. Fink? Miller.

*I have a question. I see that these revenue projections are based upon the pipeline construction beginning in fiscal year 1974. May I assume that your assumptions are January 1, 1974, as this would make a big difference whether this was January 1 or

December 1. Exactly what month did you pick? This could make a tremendous difference in the entire projections.

I believe I understand the question. There are a total of five projections here, three which are based on pipeline construction beginning fiscal year 1974 and the final ones are based on a statistical look, if you will, on pipeline construction beginning in fiscal year 1975. The question as I understand it was a six month postponement followed construction beginning this summer. Is that correct?

*Would it make a difference on your entire twenty year projections depending upon what month you were picking up here. It would be the same thing on oil flow. It starts flowing in 1977, say a six month delay in the construction of the pipeline. I mean to be completed from their estimate of three years.

I agree. These projections, again, show construction beginning in the summer and then construction on a one year delay. The question as I understand it is what is the effect of construction being delayed six months together with a three year construction period. The pending of this administration and any delay at the beginning of the construction will be offset by a compression of the construction period. We have shown you here perhaps the best case and a worse case. delay and a year delay. We are working at this time to look at various six month delays as communicated earlier since everything is, in fact, offset split between fiscal years, Backup from this project will and it will be some time before we statistical look, if you will, of the effect of the six month delay.

*(Mr. McVay) Just a few questions...as I understood you correctly, you feel probably the best guess is that the pipeline will be allowed a 4% ICC return. Is that.....

We are assuming, and we have substantially believed that the pipeline will be run at a 4% return .

*Just generally speaking, isn't it true that the ICC regulation of the rates look to the total amount paid at setting the percentage figure. In other words, anyone

is entitled to make a return on a dollar and the return is somehow related to the cost of the project. In other words, 4% would not be very much of a return on a small utility or a small line, but 4% could be an awful lot of money on a huge line. Is that the kind of factor; do you see my point?

Yes, Mr. Chairman, I do. This 4% return is on the total ICC evaluation. That pipeline may be financed 80% by debt, 85% or 90%. So, for a hypothetical situation, if it was financed 90% by debt then the 4% return would provide a return to equity of in excess of 35% as well as, of course, pay off all the debts.

*That would have a tendency to drive that percentage figure down, right?

That would not be taken into account by the ICC.

*I see.

So, they would at a 4% return provide for return to equity of substantially in excess of 35%. They ICC looks at the total value of the line and the total return of the total value.

Mr. Chairman, the 4% that we capulate is based upon the economics of the industry and what they would do, or the industry would do, from the point of view of maximizing their own profits. It is not a prediction as to what if the ICC regulates the line, the ICC maximum allowable would be. There is no way to tell that at this point. But what we're looking at is that the existing pattern of ownership distribution of the pipeline and of the oil, that it is the maximum economic return to the integrated company it would be achieved at approximately the 4% rate.

*Some companies would be better off than others?

There is a difference in that this is a stand alone pipe-line. Supposing you had a pipeline owner that had no oil then it would be his interest to charge the highest possible tariff available. We are dealing with integrated companies. We are dealing with companies ~~with~~ that negotiate with each other. We are dealing with a situation

where there is not a gross prosperity between the ownership of the oil and the ownership of the pipeline. That is, considering them all together it is very close, although there are differences among the owners in tax. They are quite free to negotiate and we believe it is in their commercial interests to negotiate to produce a more even distribution of pipeline ownership that is going to be close to....

*And that will tend to drive it down. (Chairman)

It will tend to, therefore, drive the tariff down because the overall effect is a maximization of profits and freedom to federal income tax. Should I continue, Mr. Chairman, to.....

*Yes, go ahead, if there are no more questions at this time.

Well, the chart number one, the computer print-out, shows that if operating expenses were to increase about 7% each year that even with the construction of the pipeline beginning this summer, there would be a negative balance in the general fund at the end of the 1980's. The revenue estimates which are contained in this projection include not only the right-of-way leasing revenues but as well the proposed taxes that the legislature is now considering at this time and these are summarized and displayed regarding the revenue effect of these taxes on an additional page supplied to you. We call the aggregate of the four taxes the tax package.

The comments regarding this projection on the tax package is included. Projection number two on the following page includes the estimated net revenue to the treasury property tax. The only difference between this projection and the first one is that here we show the positive general fund balance as well we are in a position to increase operating expenditures at an 8% level each year instead of a 7% level showing zero. Here we show an average balance in the general fund stabilizing between 2 and 4 hundred billion throughout the period. Again, this chart is based on the assumption that constructions begins in summer. The next chart from 33B identical to the one I just talked about, the second one, except that you know increase operating expenditures 10% a year. Recalled to this committee several

Back to what we are doing, Mr. Chairman, is trying to estimate our investment revenue based upon the fact that the cash balance will always be somewhat higher. I would like to point out to this committee, however, that the budget projections the unencumbered balance has great significance. It is not at this time legal to have negative balances in the general fund.

(Mrs. Miller) In other words, we are going to be broke must faster unless we pass this property tax. Is that what it amounts to?

Yes.

(Mrs. Miller) Another question. What effect does this have on oil in-kind that the state is forced to accept? Aren't we, in fact, taxing our own oil? And how is this going to effect the entire situation? Aren't you taking out of one pocket and putting in another, and if so, how much?

That is a very good question although somewhat technical. Let's assume a set of events sometime in the 1980's when the cents per barrel tax is no longer in effect. This is certainly going to be the case. Prior to that time, of course, we will not be taking out of one pocket and putting into another in no terms since the cents per barrel tax will provide us with a revenue tax income. When, in fact, the state the value tax, if it does, then dollar for dollar property tax income to both the state and the local governments would be paid for by a reduction in the state's royalty and severance share of about 20¢ as opposed to 19¢ of every dollar of income we will receive on the property tax. So you might say then that late in the 1980's the net millage rate would not be 20 mills but perhaps 18 mills.

(Mrs. Miller) What bearing would this have on other pipelines. I note Mr. Havelock made reference to other large pipelines which may be built in the state. _____ Ziegler referred to such possibilities as construction of a natural gasline. Now

what happens since they go under the interstate. What happens ^{about} gas and the fine there. As well as taxation on that you have to have an entirely different set of circumstances. If we are going to apply this to all of our pipelines aren't you going to have an entirely different situation there?

The answer to your question is that if we would wish to look ahead and see the construction of a gas pipeline either somewhat parallel to past line or....then we are talking about an event that may be completed no earlier than 1980 so in terms of revenue effect, it would not be immediate here, even in long-term ten-year projections which I have shown you except for, perhaps, the last few years. In addition, as a revenue generator, there would of course be additional revenue regarding other pipelines. I would like to point out that the construction of a gas line is in the forecast at this time, the hardware, the machinery needed to construct a gas line in Alaska could only be available at the completion of the oil pipeline. We still believe that the oil pipeline will be completed by the summer of 1976. Construction of the gasline could considerably begin at that time although we have not yet estimated the period construction of the gasline, including our years of looking at the period of construction of the oil pipeline. It causes us to be rather cautious. It might well be, Mr. Chairman, that the legislature at some point might wish to consider adjusting the mill levy in order to reflect the other sources of revenue which might be available in time. That certainly is an option available to the legislature.

(Mr. Huber) Mr. Havelock, is it just a continuing state of discussion . Isn't it also pretty nearly impossible at this time to put together just how the gasline would fit in because of the differences in operation, taxation and liquidation of its rates by the federal government. You couldn't look and say that at a given time the gasline is equal against the pipeline so you could look for traces much related to this.

I think, Mr. Huber, that in terms of projection it isn't possible for us to talk about rational projection there without adding hypothetical situations. I don't think at this point, Mr. Chairman, whether we are going to have a few miles of gasline going to the Canadian border or trans-Alaska line. That factor alone makes any kind of computation highly speculative. Technology at this point would be applied in the prospect. It is pretty hard to tell at this point, but technically could, no doubt with the tremendous growth in pipelines,

The problem is the immediate to early years that we're addressing, but as always during tax policies, there is a need to adjust tax policies in the later years to accomodate certain standards as they become clear at that time.

(Mr. Huber) Continuing just a little farther I would like to ask you about one part of the question. I just wanted it clear that it wasn't something that you could project. I then take that these two sheets in this section that we see here today don't reflect considerably more accurate information than anything we have in all of our testimony, all of which of last year and this is then as this is what we think we're going to have to live with and any other things that we are getting are much more tenuous, like that gasline, I think, where you would be mixing something that is uncertain in which this, then, is a pretty good certainty.

I think you have summed it up well, Mr. Huber. Its the statement, far more tentative than any other statement previously made on the subject.

(Mr. Huber) I think, Mr. Chairman, that I understand and I agree with the testimony here today

(Mr. Malcolm ?) Would it unrefine oil and unrefine gas?

Well, the bill is drafted to exclude pipelines that might carry refined gas where the different set of economics has to refined gas lines and lines such as the Anchorage-Fairbanks line now existing for products line.

() Is it conceivable that the gas, either the or natural gas from the oil might have to be dried or put through some process prior to transportation in which case it would no longer be unrefined.

I don't believe that it certainly will give it some treatment to extract some of the particles. I don't believe that the nomenclature used would call that refined.

I don't believe that it constitutes change for legislative purposes here. I might add, incidently, that in terms of administration policy we have, referring basically to your earlier question, that the legislature feels that it wants to broaden the base of tax to cover smaller pipelines, to cover product lines, we have no policy objection to that that we can see of those arguments that can be raised regarding the effect of disturbing economic consumption when certain lines are obstructed and so on instead of assumption that economic management prevails. We don't believe any such set of assumptions exist in regard to this pipeline which is now contemplated for construction. So, it is the impact from tax that can be readily taken into account, for instance their tarif or what have you and the manner which they sign their ownership and so on can take into consideration the legislative measures adopted. But, there is always the option of broadening the base which you would want carefully to do. This is certainly from the legal point of view in this classification.

() Well, the only thing that bothers me is that in the definition of unrefined in oil and gas you wouldn't want anything happening on the North Slope

but it is part of the natural process for preparing a product for shipment that would take it out of the category of unrefined oil and gas.

A pertinent point, Mr. _____, I will ask Mr. Garnet to research that and give the committee any language that appears appropriate.

(_____) I was wondering how

a 20% share. We are talking about the inactive property tax in terms

Mr. Chairman, the basis for the sharing is to share back to the local jurisdictions. An amount which would be equal to the local mill levy applied to 20% of the value of the pipeline passing through that local jurisdiction. Now the idea here is to provide to the local government some reimbursement for the impact of the line through the local government, but as Mr. Havelock pointed out earlier, not to allow the particular area to let's say become enriched at the expense of other areas by having the state subsidize the entire amount. So, 20% is a number that is arrived at as a means of sharing back to the local government at some extent and not the entire value of the line.

(_____) What I was wondering is is the administration

I don't believe that in our type there is any number

(_____) Also, I'm not sure of the wording, what happens if the local

jurisdiction changes its bill? Would this still just operate by the year that the bill went into effect?

in answering that question, the way it is written, it is true that if the jurisdiction raises its overall mill levy on all property tax in this jurisdiction, there would be a corresponding increase in the amount that it would get back under this 20% revision here. We think there are certain limitations that the local jurisdictions from taking such action, partly because there is a third bill

and, in the normal course of things the raise in the local mill levy would apply to the rest of the property in the jurisdiction of the pipeline. So, normally, you would have the political restraint furnished by that interconnection.

() Also, what happens what all these new boroughs start forming around the pipeline? That's not taken care of in any of these projections. I mean, are they going to be excluded?

The way the bill is set up now any new borough that is formed along the pipeline borough gets the benefit of this return, section 120, the same as the existing boroughs. It is also true that the payments to those new boroughs would have some effect on the net available to the state. It is very difficult at this time to predict exactly how that go but it could be very soon. It has been suggested that there is at least a possibility, a legal possibility, that say whole new boroughs would be in the position to take advantage of this provision by in effect exempting most other types of property besides the pipeline and raising the mill levy way up, thus increasing the revenue one would get out of this provision. Now, to guard against this possibility, it has been suggested that a maximum limit be put in on the borough mill rate that might apply. Such as , for instance, instead of saying that the borough gets an amount of money equal it's mill levy on 20%, say it gets an amount attributed to it mill levy up to a maximum of 20 mills

or something of that sort.

() The possibility, of course, that exists now in the absence of this bill is not something that is

There is a figure given not too long ago. We had asked questions the last time we had about what was the relative taxation, the total taxation, on the oil companies in Alaska as opposed not just to the United States but with foreign countries. There was a figure that was given in the newspaper from a release I assume from the Governor's office, as I remember it was something like 51¢ for Alaska, I guess this is for and I guess it was something like \$3.50 for

We has asked for this information before

We will look into that further. The 50¢ figure would be the accumulation of and that, in fact,

(Mr. Fink) I have a couple questions, one to extend Mr. question on refined and unrefined. I tend to think that the language you have is a more correct language, but with your reasons, if they decide to refine it on the north slope it would take them a year or two to do it in which case we could correct it. And secondly, if you put anything other than refined in there you will upset the local government taxes in the Anchorage area because they all have some various pipelines of refined fuel and I assume that's why

Now, the other part, the one part that puzzles me under your local share here. I think it ought to be changed. They have a...you don't say that local government will necessarily get that money, of course, cause you can't dedicate it. You say that the legislature may appropriate up to that figure. It seems to me that it makes a lot more sense to allow local government to tax, let's say, up to 20 mills on say 15% of the evaluation, in which case the local government knows they're going to get their money. It isn't up to the legislative here as your bill will make it up to

legislative whim. And, secondly, of course, you can put the tie down on the amount that local government is going to get as opposed to the discussion we just had with the 30 mills. For example, if the government only wanted to tax 15 mills, of course they wouldn't get the full benefit which you're suggesting that the legislature give them. Do you have any particular objection to taking the route of allowing local government to charge the tax, deduct it, from what they pay the state government, and put some limits upon the millage, and, of course, you would limit the percentage of value they can tax. Do you have any objections to that approach because I know it was kicked around last year at the House Finance and they preferred that approach, now you've come back with a little different approach.

Mr. Fink, if I might comment on that, I don't think there is any basic strong objection to that approach. I just would mention the reason it was done this way in the first place. The concept was just that it was easier and simpler to have only one entity per state handle this tax and assess it and send

I think you could consider
alot of value. I don't believe there was
strong objection to

(Mr. Huber)

During the last hearing I asked the oil company witnesses if they had assessed that this was not a discriminatory tax that had really had really protected us against local government taxation which could be higher. I'd like to make it sure, my question, assuming that we do not pass this taxation bill in any manner, and assuming maximum liberty that the local government entities that are or may be formed in the future along with all of this pipeline now or would have under current law. I want your assessment or agreement that this , whichever it might be, that actually would be liable to more tax under our present local government structure than they

are under this bill.

That is somewhat speculative because terms of their potential liability, it would be, of course, far in excess as provided for in this bill insofar as there are not substantial limits perhaps in terms of letting the sky is essentially the limit as far as that goes. There are.....

(Mr. Huber) I was assuming 30 mills under the borough's present....plus the deficit.

I'm not sure that 30 mills is necessarily a constraint on the whole. I would have to check the statute on that, but I don't recall, frankly, if it did. There is another aspect, of course, that I would speculate as being present in oil company or industry's thinking about it which would be the smaller units of government are traditionally in the long run, regardless of what they may be in the short run, but in the long run they are far more subject to being controlled by the industry, they do not have the resources to match large industrial conglomerates. So, it is possible that they might for some reason think it was in their best interest to deal with those large numbers of small government entities. This is speculation on my part.

(Mr. Huber); Mr. Chairman, I started this line of questioning and I did mention it during the last hearing we had when an oil company was testifying here on a bill. The reason for this is that last year in considering these same items, the Fairbanks, naturally we people from the Fairbanks area looked into this, and we have about 70 miles of the proposed pipeline which will pass through the North Star Borough. We saw that with our maximum taxation in that same class borough being allowed at 30 mills, and that we could do this, that ~~we could do this~~ ^{we could do this} a far greater amount of money that we could extract from that pipeline operation and put into

local government for that 70 miles than we would get from the state, even though the state does have some shared revenue. We also saw the problems. This is why immediately I saw this partly a protective measure to oil companies in this state with their pipeline that would stabilize their taxation rather than making it the of all organized boroughs. And then I wanted to ask one more question on that. Assuming that all of this pipeline was not now covered by organized boroughs and that we didn't pass this, we know that the local boroughs, or the local governments which are formed, would tax, wouldn't it then be possible for the legislature acting as the unorganized borough to do their duty and set and collect that portion of tax to make it fair
Could it be done or is it excluded?

Well, we did have if I understand you correctly, we did have a proposal for a tax on the unorganized borough which was offered to the legislature previously on it, so there is, I believe, that there could be a tax from the unorganized borough for those purposes. In exercising the protection that comes to the industry, , we would want to overlook the protection to the statewide interest of all the people of the state involved. The asset does really create the burdens which come with the pipeline and this development are not all a corridor along side the pipeline, particularly in the long run. And, I think that legislative interest, or statewide interest, to assure that the revenue capabilities which are to be distributed on an equitable basis for all the people of the state.

(Mr. Huber) Thank you, Mr. Chairman. I didn't want it to be construed that I oppose this because 70 miles goes through the North Star Borough, but I wanted to bring out that this is a definite shelter for the oil companies to what they could have if we taxed them on a local level.

(Mr. Nalton?) I don't quite understand the last sentence in section one. The tax levied under this chapter does not apply to property subject to taxation by city or borough on January, 1973, or January 1 of each succeeding tax year. If the North Slope Borough had an _____ tax in all the pipes stored up there on the North Slope, _____ in that provision...

The first thing I would like to mention, we talked about this before,

_____ and the question came up whether the

_____ meant that the tax was actually levied or whether the stuff was located in a place where a tax could have been levied. And that question, of course, is relevant to the North Slope Borough situation. Most of them had a potential to levy a tax before January 1, 1973. Now, in the amendments that we proposed to this in our last meeting, we changed to wording to say that the tax levy does not apply to property under which an _____ tax was levied by a city or borough for the year beginning January 1, 1973, and continues to be levied for each succeeding year. Now, I think the effect of this language is simply to make sure that the existing property tax, the base, in any jurisdiction, any existing jurisdiction as of January 1, 1973, is not disturbed. It is in a sense a grandfather clause for existing property tax basis and to make sure that this tax only reaches the new property as declared for the pipeline. I'm not sure if I have answered your particular question, but that's the fact.

(Mr. Nalton?) Right. I didn't have the amendments. Mr. _____ just handed me his copy _____ . That was all that I had.

(Mrs. Miller) All these projections were based upon a 20 mill rate?

That's correct.

(Mrs. Miller) Then your testimony is considerably higher than anything else that

has been levied in this type of a tax. Would you agree with this? We heard testimony that the average is 10 to 12 mills.

That is true as to a status quo. It would be considerably higher if you assume no further formation of borough government. It's significantly higher now than . I think the North Star Borough is, I think, the heaviest taxing jurisdiction.

(?) in the North Star Borough to come off to 28.4.

(Fink?) (?) You were referring to the nationwide one, weren't you? Ya, well, I think that the big hooker there is that it is a 100% evaluation and I think that in the area of 22-2500% evaluation is the norm throughout the United States. Now, you can find them in all different rates depending upon their assessed evaluation. I think that 20 is a good figure across the country on a 100% evaluation. I would disagree with anyone who would say that it is less.

(Mr. Guy?) The question has been asked probably about the 30% tax levy . I'm looking at particularly the section figure 030 on page two

and then also looking at the on

and My question is are the

Well, sir, let me see if I can explain what these things mean

The provision over here on page two, section 030, is to remove or replace that provision. It simply states that this 20 mill tax on the property subject to the tax will be the only tax on that property. In other words, in the category that we are talking about, this excludes local taxation. Now, over in the definition section here the _____ is referred to about _____ otherwise taxable property exempted from taxation under home rule, ordinance, or charter, I believe that the effect of that and the intent of that provision is just to make sure that a local government, _____ that the home rule power of a local government to exempt certain types of property is superior to the definition of the class of property we are trying to tax. This is combined, in effect, in these two provisions. This is to make sure that we do tax, that this tax does reach the property that's described without regard to what the borough, in exercise of its home rule powers, might do by way of creating exemption for this property. I don't think it's very likely that a borough would feel moved to create exemption for 48 inch pipelines, but to cover that contingency is the reason its there.

(Mr. Guy) What are you saying, Mr. Chairman? That this is an effort to levy taxes on property as we see them here on this bill on all levels of different government?

Yes, sir. The intent is to reach the property of the class described, where ever located, without regard to exemptions that a local government might porpote to create later.

(Mr. Huber) It is only a matter of clarification. Mr. Knott of the taxability of presently stored pipe in Alaska. I don't know what effects the North ^{Slope} ~~Star~~ Borough, but in the case of the North Star Borough we're taking a vote to _____. There is an exemption on personal property tax but its a relatively simple matter for the North Star Borough to tax personal

belonging to anyone with a one million dollar exemption, for instance, which would be an equitable spread, but which would still catch practicably only the pipeline, and the contractors, which wouldn't make the general public mad at all. They are now presently subject to this and with the revenue crunch they have throughout the state, unless some new form of taxation like this is passed, we are certainly going to have the boroughs reaching in to do it and the state having to come in and

. Mr. Havelock, do you have any conflict with a statement like that?

Well, as far as I'm concerned, that describes the situation as it is likely to develop.

(Mr. Huber) I'm trying to get the oil companies to believe that

Its going to cost a lot of money.

(Mr. Chairman) Any more questions from the rest of the committee?

If there are no more questions, I would like to distribute to you for your benefit copies of proposed regulations which have been promulgated by the Commissioner of Natural Resources which relate to the definition of terms in the right-of-way leasing act and which would, perhaps, be of some assistance to you in looking at those revenue estimates. I might add the supplement the projections are based upon the assumption that the industry behaved, the owners behaved, in a rational manner. By rational in an economic vent, we mean a manner designed to maximize after tax verdict. In speculating about where they get their projections, some of these things have been quoted in the papers, one suggestion was offered that they actually anticipated being able to charge a tariff much higher than is allowed. We indicate that a high tariff would be, in our view, irrational

economic behavior. This does not mean, of course, that it is inconceivable that owners or of them might engage in economically irrational behavior, under the definition I have described. In doing so they would be pursuing other projections other than maximizing income of which perhaps the most obvious is the reduction.

(Mr. Huber) Certainly that is also part of our meeting

I certainly think it is a legislative responsibility, sir, yes. I might note that your anti-trust bill has been

(Mr. Huber)

I would have to consult with some of the

(Mr. Huber) Maybe you could send down to the Committee the idea for the high amount of priority on this and . I would kind of like to hear it.

I think they are both high priority bills, Mr. Huber.

(CHAIRMAN) If there are no more questions, the meeting is adjourned.

'The whole energy industry is sick with gluttony.'

— Fred Harris

Former U.S. Sen. Fred Harris of Oklahoma originally prepared the following attack on the power industry for the annual meeting of the Midwest Electric Consumers Association. It is reprinted in full.—Ed.

Omaha, Nebraska

Some Indian tribes once used petroleum as a medicine. And, when I was young, we put kerosene — "coal oil," we called it — on cuts and scratches as a curative. We thought it had healing qualities.

Today, it's reversed. Oil is making us sick — sick with pollution, to be sure, but also sick economically. Because the whole energy industry is itself sick with gluttony. It has devoured too much of the competition, too much of the market.

In the beginning, there was competition in finding, refining and selling oil and gas. "Black gold" was a fabulous bonanza for those who found it and a gambler could hit it big. But gamblers hate odds. Improved geology reduced the risks some. But that wasn't enough.

Economic and political power did much better. Since a busy, growing nation needs rapid discovery of new oil reserves to fuel its continued growth, there ought to be special incentives for oil exploration. That was the oil industry argument. And the Congress bought it.

The oil industry was voted a special tax benefit, now worth \$2 billion a year, through the oil and gas depletion allowance. They are allowed to deduct 22 percent of their income, up to a maximum of 50 percent of profits. Until 1969 it was 27½ percent. The theory behind the subsidy to this particular kind of business is that a part of gross income from oil production is actually a return of capital. But that's just theory, because the deduction is not limited to the amount of capital investment. And it is not tied to the degree to which these special profits go back into new exploration. It's just a generous subsidy.

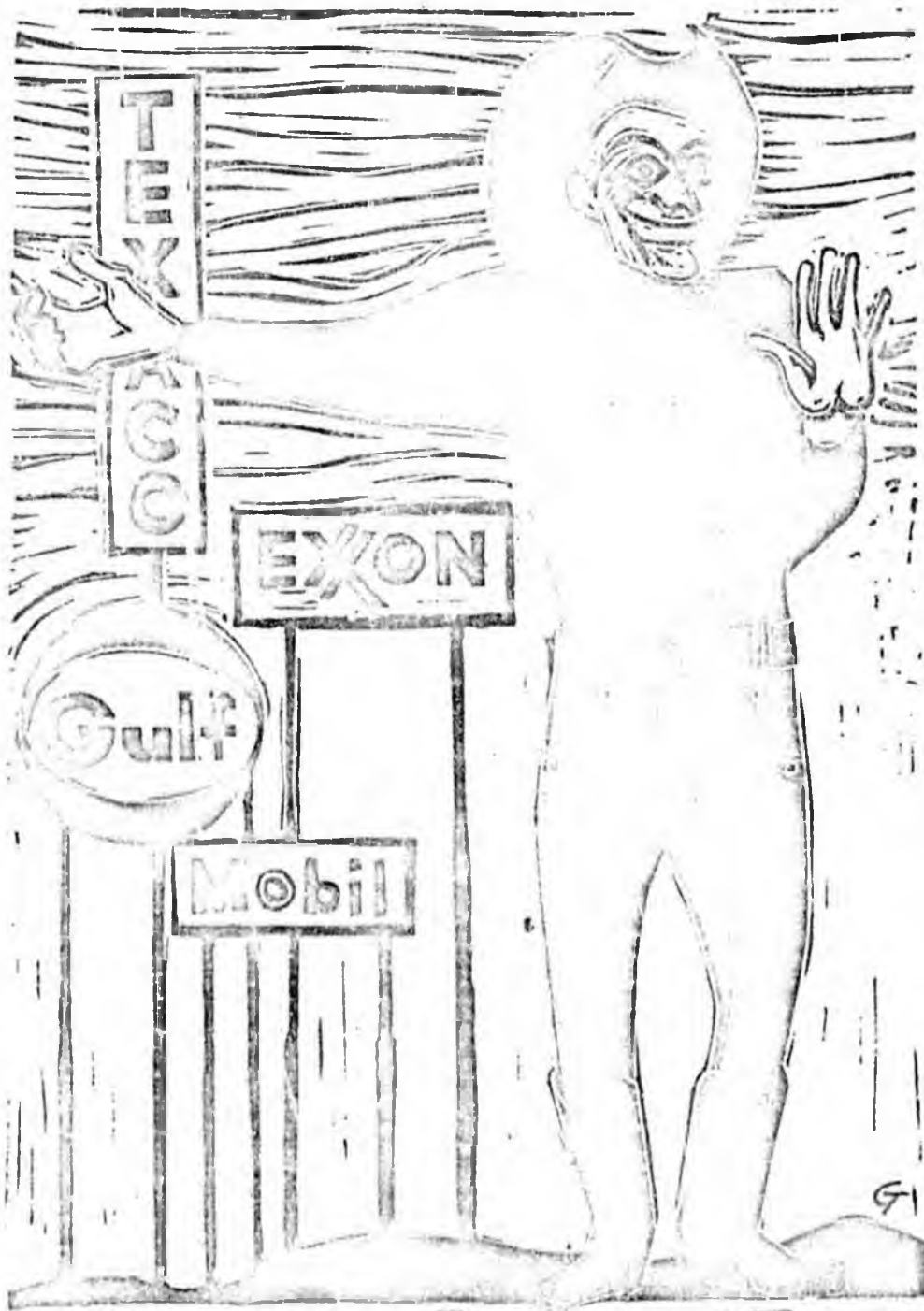
OIL COMPANIES are allowed another special tax advantage, too. They are allowed rapidly to write off their intangible drilling costs as expenses, rather than have them treated as capital investment. This greatly reduces income subject to tax.

Crude oil discovery and production, then, became a special kind of tax-sheltered business in the United States. And the tax shelter works in such a way as

to encourage high crude oil prices. So, if an oil company engages in both marketing and production, it is encouraged by the tax laws to run up as high a rate of profit as it can in its production division.

"But how are we going to keep crude oil prices high if there are special incentives

for everybody to get into the business?" the oil companies began to ask themselves in the 1930's. And they came up with a good noncompetitive answer: state proration. One aspect of proration has a logical base. That is, a large underground pool of oil, when discovered, may actually



January 19, 1973

13

AGO 533373

belong to a number of owners. And, unless restricted in some way, one owner can rapidly pump out the whole pool. This practice, too, can be very wasteful. In the rush by one owner to get the oil out rapidly, to the exclusion of the others, the recovery potential of the pool — the ability to produce the maximum amount of oil discovered — can be seriously diminished.

The states set up proration procedures to protect the various owners of any discovered oil pool and to insure that the best conservation techniques were used in production. But that would not stifle competition enough to suit the oil industry. So, the proration laws went a step further. The states set up procedures to determine how much crude oil could actually be sold at an established market price. Then they set a lid on any production above that, halting extra production that would tend to bring the price down.

And to prevent one state from being less restrictive than another, the oil companies got the Congress to pass federal laws to permit the states to agree among themselves on binding limits on crude oil production. And the Congress made it illegal to sell "hot oil" — that is, oil produced anywhere in excess of the proration limits — in interstate commerce.

Average citizens began to pay special tribute to the oil industry out of both pockets. Out of one pocket — the taxpayer pocket — they paid for the oil and gas depletion allowance and the intangible drilling cost write off. In 1971, the 18 largest oil companies paid only 6.7 percent of their net income in federal taxes — and average taxpayers had to make up the difference. Out of the other pocket — the consumer pocket — they paid in higher prices for the lack of price competition in crude oil production.

A gambler's odds went down. But still not enough to please the oil companies. Some companies were explorers and producers. Some were refiners. Some were marketers. That kind of system still permitted too much competition. After all, left alone, a refiner might buy from any one of several producers. A marketer might buy from several refiners. So, the oil industry began to integrate vertically in order to control the flow of oil all the way from the wellhead to the gas pump.

John D. Rockefeller had long since set the pattern by driving some of his competition out of business and buying out the rest. That is a succinct history of the oil industry. And, today, the rate of concentration is faster than ever. Companies that produce their own crude oil enjoy increased control of the market and special tax advantages. So, Union Oil Company bought Pure Oil Company. The fifteenth and sixteenth largest oil companies thus combined to form the ninth largest. And the federal government's Antitrust Division, despite

accurate warnings that this particular merger would start a new wave of additional concentration, offered no objection.

Phillips merged with Tidewater. Sun Oil, the thirteenth largest, and Sunray DX, the seventeenth largest oil company, combined. The fourteenth largest, Atlantic, bought the twenty-third largest, Richfield. In all, eight of America's largest oil

Six U.S.

companies

virtually control

the Middle Eastern

oil market.

companies disappeared after 1960 — merged with even bigger companies or bought outright.

The abuses of the Standard Oil Trust brought on the whole antitrust movement which culminated in the Sherman Antitrust Act of 1890. But the government's memory is short. And it has stood aside while oil companies have integrated from the wellhead to the market place — buying out other producers and refiners, building and buying pipelines.

With that kind of concentrated market power, domestic oil producers were able in late 1970 arbitrarily to raise the price of crude oil by 25 cents a barrel. But what about potential competition from foreign-produced oil? The oil companies, back in 1959, got the President of the United States to institute oil import quotas by executive order. President Eisenhower decreed a mechanism for limiting oil imports to protect the domestic price. The system was justified on the basis of national security.

PRESIDENT NIXON'S Cabinet Task Force on Oil Import Control reported in 1970 that, except for these import restrictions, the U.S. domestic wellhead price for crude oil — \$3 per barrel — would decline, over time, to the world market price of about \$2 per barrel. Despite his pronouncements against inflation, President Nixon rejected the recommendations of his own task force for abandoning the oil import quota system.

Any President, by the stroke of a pen, could end the system. But the major oil companies are even prepared for that eventuality. They've long had a world oil cartel. They've cornered production. And it goes a long way back. Jersey Standard, Royal Dutch-Shell and Anglo-Persian (which became British Petroleum) entered into a kind of treaty back in 1928, dividing up the world market and agreeing against production that might bring down the world price. Since then, the oil companies have become more devious in such violations of the antitrust laws, and the government has become, if anything, more lax in enforcement. Seven major companies — Jersey Standard, Shell, British Petroleum, Socony-Mobil, Standard of California, Gulf and Texaco — presently control almost all of the production and marketing of Middle Eastern oil. Huge oil companies are allowed to make their own international prices and their own foreign policy.

Again, average Americans pay out of both pockets. They pay out of their consumer pocket in higher fuel prices, and they pay out of their taxpayer pocket, too. Strangely enough, oil companies can deduct the U.S. depletion allowance from their *foreign* oil income, despite the fact that this provision was originally justified on the ground that it would spur the discovery of additional oil reserves in the United States.

The oil companies are also allowed to deduct from their U.S. income taxes the income tax payments they make to foreign governments. This started as a royalty, that is, a part of the business expense, not a credit against U.S. income taxes. But along the way, the oil companies found it enormously more advantageous financially to treat these foreign royalty payments, under agreements negotiated with local sheiks, as taxes. They are then not credit, not a deduction from income, but a credit against taxes that they would otherwise have to pay in the United States.

So, while we say that national security and national economic health depend upon finding and producing *domestic* oil, our policies actually give greater encouragement to foreign discovery and production. American oil companies, between 1959 and 1969, spent six times more for foreign exploration than they did for domestic exploration. International oil companies based in the United States avoid taxes on about one-half of their profits through the depletion allowance and by writing off intangible drilling costs. They avoid taxes on three-fourths of the remainder of their income through the foreign tax credit. Five international oil companies headquartered in the United States earned nearly \$30 billion between 1962 to 1968. But their total U.S. income tax payment for that entire period was only \$1.4 billion — a rate of just 4.7 percent.

The oil industry's plan is simple, and they've followed it to the letter. Secure federal subsidies by the oil and gas depletion allowance. By the write-off of intangible drilling costs. By the foreign tax credit.

Then eliminate competition. By state proration, restricting domestic production. By exclusive dealership marketing. By merging with or buying competitors. By vertically integrating. By international cartels and import quotas.

OIL COMPANIES have moved, too, to eliminate competition from other fuels. There is an increasing demand for natural gas, but most domestic reserves are now owned by the major oil companies, including the same ones who control international oil. And the Federal Power Commission which is supposed to regulate gas prices is largely dependent upon the oil industry for information about reserves and the proper level of prices. In the spring of 1972, the FPC took the oil industry's word - "crisis" is the word - about a shortage in natural gas reserves and, in effect, took the lid off all gas prices. Oil doesn't have to compete with gas. Both are over-priced. And owned by the same companies.

In some industries, coal is directly competitive with oil and gas. In the near future, that competition normally would be expected to increase - to the benefit of the consumer - because of new processes for converting coal into synthetic gasoline through liquification and into synthetic gas through gasification. But the oil companies have moved in here, too. Gulf bought Pittsburgh and Midway Coal. Continental, the ninth largest oil company, purchased Consolidated, the very largest coal company. In the last ten years, seven of the largest independent coal companies have been purchased by non-coal companies. Four of these purchases were by large oil companies that are also vertically integrated in the oil and gas business.

In addition, Standard Oil Company of New Jersey, Kerr-McGee, Atlantic Richfield, Shell, Sinclair and Sunray DX have bought huge coal reserves. It's against the law to buy up the competition, but these law violations continue unabated.

Demand for coal has gone up at the rate of 5 percent a year during the last two years. Production has gone up at the same rate. But coal prices have nevertheless increased an average of 70 percent. And more than doubled in some places.

In uranium it's pretty much the same. Oil companies own nearly half of all known reserves. Jersey Standard and Gulf are heavily involved in uranium and atomic energy. Kerr-McGee, by itself, owns nearly one-fourth of the total uranium milling capacity in the whole country.

The big oil companies are moving in on other new energy sources, also. They are buying up the oil shale and tar sands in the

Rocky Mountains and Canada. Underground steam looks promising as a new power source. So, a few big companies, such as Union Oil, Signal and Getty, are rapidly gaining control of it too, though much of it is under public lands in California and the West.

The 25 largest oil companies are all, also, in natural gas. Eighteen are in oil, shale and uranium. Eleven are in coal. Seven are in tar sands. Six of the ten largest oil companies are in all four major domestic fuels - oil, gas, coal and uranium.

Solving the so-called "energy crisis" will not come from more subsidies. It requires ending the subsidies - all of them: the direct subsidies and the tax subsidies. It requires ending the government-imposed restrictions on competition. It requires breaking up monopoly power. Stopping vertical integration and exclusive dealerships. Ending the international oil cartel. Deconcentrating the big oil companies and their monopolization of energy sources. It requires de-regulation. Allowing natural gas to compete with other fuels. Requiring pipelines to compete with pipelines, carrying oil and gas, as the law requires, without discrimination among customers.

That's a hard message to get across. The big oil companies spend millions of dollars in tax-deductible advertising to convince us that we are well served by the present system of huge subsidies and no competition. Mobil, for example, runs newspaper advertisements headed "A Stagnant Economy Is the Worst Kind of Pollution." Their message is that if the energy industry has to join the free enterprise system, economic growth will be killed.

Restoration of real competition in the energy industry and ending its special subsidy favors will also have important secondary effects. Among other things, the price we all pay for electricity would come down remarkably. But, there is much more wrong with the electric power industry than just the inflated costs it has to pay for fuels.

ELECTRIC POWER is the biggest business in America - 60 percent larger than petroleum refining, the second largest industry. Its capital assets - now \$110 billion - have doubled every ten years, a rate of growth twice as fast as the rest of the economy. It uses, for example, half of all the bituminous coal produced in America.

The electric power industry is involved in three functions - generation, transmission and distribution. Individual customers buy from a distribution system which may be privately owned, municipally owned or owned by a cooperative. Nearly 80 percent of electric power customers buy from privately-owned companies. Their combined consumer electric bill is around \$17 billion a year.

It is not a free enterprise system. The companies enjoy a "coerced" monopoly - that is, one imposed by law. You can only buy electricity from one retail company. By law, that company has no competition - the idea being that parallel lines and duplicative plants and services would be inefficient and wasteful. So, one company is given the franchise for a guaranteed, non-competitive territory.

Like governments - rather than private enterprise - electric companies have the right of eminent domain, the right to take private property with reasonable compensation. They also sell an indispensable commodity. And they have a guaranteed profit. Whatever their expenses or their capital investment - whether they're held down or allowed to run high - privately-owned electric companies receive a guaranteed rate of profit on their investment.

Who owns the private electric companies? It is hard to find out. We know who owns the municipal systems. These publicly-owned electric retailers serve 13.5 percent of the consumers. They're owned by the citizens in the municipality or power district served by the system. And each consumer is a voter. We know who owns the one thousand rural electric cooperatives that serve 7.5 percent of electric customers. Each customer of a cooperative is also an owner, and each has one vote in the cooperative's policies.

But the situation is far different for the privately-owned companies that serve nearly 80 percent of all customers. They're increasingly concentrated. Since World War II, the number of private companies has been cut in half. And merger applications are increasing swiftly. We do know that a fourth of the 200 largest privately-owned electric companies are controlled by one of 15 utility holding companies. But, both in the holding companies and in the electric companies themselves, owners use "street

January 19, 1973

15

Spain

& DAY | WINTER HOLIDAY

Madrid & Costa del Sol

\$469 ALL-INCLUSIVE FROM DALLAS
DEPARTS MARCH 17

BROCHURE ON REQUEST:

DALLAS TRAVEL, INC.
815 LTV TOWER, DALLAS, TEXAS 75201

(214) 742-3531

names" or "nominees" to conceal true ownership.

Stockholders' meetings are a farce. Local utility companies make a great deal of putting local bankers on their boards. In truth, more than 90 percent of the votes cast at any private electric company stockholders meeting are cast by proxies. It isn't surprising that Chase Manhattan has issued a brochure calling for solving the "power crisis" by taking the lid off electric rates.

The traditional liberal approach has been to acquiesce in this government-imposed and closely-owned monopoly system -- and then regulate. But most regulation of privately-owned electric distribution companies is under state regulatory bodies. [Texas has no such regulatory commission -- Ed.] And it doesn't work. These state commissions are notoriously under-staffed. The annual budget for all of them is no more than around \$50 million -- and their regulatory responsibilities cover everything from railroads to pipelines. Utility companies have the best lawyers and the best experts and an almost unlimited staff.

They also have the most political power. Massive political power overwhelms the regulatory bodies and makes these state agencies, uniformly, captives of those they are supposed to regulate. And the established rules for determining rates are grossly weighted in favor of the private companies and against the consumers.

The electric companies use their customers' own money, through increased electric bills, to convince the customers -- as voters in the political process -- that privately-owned electric companies are "free enterprise" and that

municipally-owned systems and rural electric cooperatives are wasteful and socialistic.

What's to be done? First, we should ask, is there a way to insure greater competition? There is, particularly in generation and transmission. One hundred different companies now generate almost all of the electricity in the country. When

duplicative and expensive generation and transmission facilities.

But most electric distribution systems are natural monopolies. And we should ask, "Why should a few huge banks and insurance companies and rich investors -- with captive consumers and captive profits -- be guaranteed by law to get richer, while the literally powerless mass of consumers

The people should take over their own electric systems

the Justice Department filed an anti-trust suit against Tampa Electric and Florida Power to bust their agreement against competition by one company in the agreed-upon wholesale power market of the other, the municipally-owned Lartow system was able to buy power at a much lower rate. Generation companies ought to be required to compete with each other. That's the law.

And we ought to expand the number of publicly owned generation systems, now limited to two -- the Tennessee Valley Authority and Bonneville. These and cooperative-owned generation systems should be encouraged, so there'd be more of a competitive yardstick on wholesale power prices.

Generation systems should not be able to integrate vertically to control distribution markets. That practice presently allows the kind of market dominance and stifling of competition that the law was intended to prevent. Electric distribution systems should be separate and should be freely able to buy competitively from a number of electric power sources.

Electric transmission companies -- common carriers -- should be made to obey the law which now supposedly requires them to carry -- "wheeling," it's called -- the electric power of other generation and transmission systems. In 1969, the Otter Tail Power Company, a transmission company, refused to sell and transmit power to several municipally-owned utilities in Minnesota and North and South Dakota. The Federal Power Commission said it couldn't do anything about it.

Sen. Lee Metcalf of Montana took them to court. He rightly advocates that generation and transmission systems be required to interchange, pool and transmit electric power -- under a national "power grid" -- freely and without discrimination among customers. Privately-owned generation and transmission companies use every possible dodge to hold up power for municipal systems and electric cooperatives. They do the same with smaller private distribution companies, forcing them to sell out or build their own

pay more and more, and have no control?" They shouldn't.

We ought to remove the presently-impassable government barriers to increased ownership of electric distribution systems by cities, public power districts and cooperatives. State laws that bar cooperatives from owning city electric systems should be stricken down. State laws that make it difficult for cities to own their own electric systems should be repealed. In Oklahoma, for example, the power lobby was able to write into the *Constitution*, at statehood, a prohibition against a city issuing revenue bonds -- as opposed to general obligation bonds -- to purchase or build, and own, power distribution systems. Private companies can borrow on their expected revenues and utility assets -- without pledging the taxing power. Why shouldn't cities be able to do so?

If private generation and transmission systems truly had to compete with each other, as the law requires, and with an increased number of publicly-owned systems, excessive prices and excessive profits would come down immediately, and service would improve. The private companies would have to respond to the market. Consumers would benefit even more if cities and cooperatives could own more of the natural monopoly distribution systems, without having their electric power or their credit cut off.

Customers of public and cooperative electric power companies pay about one-third less for every kilowatt of power they buy than do customers of private companies. People would no longer stand for these gross over-charges by private utility companies, if they had a choice -- and if they had more ready examples, nearby and at hand, of the better service and the lower rates of comparable municipal and cooperative electric systems.

Natural market pressures would come into play. The excessive rates and excessive profits would come down. Or the people would take over their own electric systems.

Our marching order is simple. It is: "Power to the People." □

Bound Volumes of the Observer

Bound volumes of the 1972 issues of the *Texas Observer* are now ready. In maroon washable binding -- the same as in recent years -- the price is \$12. Also available at \$12 each year are volumes for the years 1963 through 1971.

A very limited supply of bound volumes of the *Observer* for the years 1958 through 1962 -- formerly out of stock -- have been compiled and are offered at \$50 per year. These are the years when the *Observer* was weekly and in a tri-fold format.

Texas residents please add the 5% sales tax to your remittance. Volumes will be sent postpaid.

THE TEXAS OBSERVER
600 W 7 AUSTIN 78701

Chapter 80. Crude Oil, Natural Gas, or Petroleum
Products Pipeline Right-of-Way Leasing

Section

10. Administrative findings on exercise of certain powers and rights.
20. Nonfederal rights-of-way.
30. Reservation and grant of rights of condemnation and acquisition.
40. Condemnation or acquisition of interests in public land by carrier.
50. Definition of "right-of-way within the state in which the state has an ownership interest.
60. Computation of percentage rental charge.
70. Reasonable percentage rental in excess of statutory minimum.

11 AAC 80.010. ADMINISTRATIVE FINDINGS ON EXERCISE OF CERTAIN POWERS AND RIGHTS. (a) Upon making the findings required in paragraph (b) of this section the commissioner of natural resources may:

(1) withhold any certificate required by AS 38.35.030, 38.35.060, 38.35.160, or 38.35.170;

(2) exercise the authority conferred upon him by 38.35.040;

(3) exercise any right conferred upon the state by inclusion in a lease of the terms set forth in subsections (3), (4), (5), (6), (10) or (12) of AS 38.35.120;

(4) exercise the option to purchase, if any, granted to the state in the lease pursuant to AS 38.35.120(7);
or

(5) exercise the power granted by AS 38.35.100 to deny an application on the ground that the proposed construction, acquisition, or operation of or transportation, service, or sale by the pipeline, or abandonment or diminution in the operation of, or transportation, service, or sale by any portion of the pipeline is not or will not be required by the present or future public interest or necessity.

(b) Prior to exercising a power described in subsection (a) of this section the commissioner shall have determined that the taking of said action, in the circumstances:

Register, 1973. NATURAL RESOURCES

(1) will promote proper state interests and goals and will have no adverse effect upon the interstate character of commercial activities which outweighs the public benefit.

(2) will not operate so as to discriminate arbitrarily in favor of one person or persons and against another or others similarly situated;

(3) will not conflict with an area of regulation pre-empted by the federal government; and

(4) will be consistent with any additional requirements set forth in the respective sections of AS 38.35.

(c) In making the determinations provided for in subsection (b) of this section, the commissioner shall investigate and consider all relevant facts, according to the procedures set forth in AS 44.62.330 - 44.62.630, and shall make findings which specify:

(1) the state interests to be advanced by the action and the degree to which they will be advanced;

(2) the nature and degree of adverse effect upon interstate commerce resulting from the action;

(3) the degree to which the action will unequally burden persons similarly situated and the justification therefore; and

(4) the nature and degree of the effect of the action upon areas of federal regulation.
(Eff. / /73, Register)

Authority: AS 38.05.020(c)
AS 38.35.020
AS 38.35.190(a)
AS 38.35.230(19)

11 AAC 80.020. NONFEDERAL RIGHTS-OF-WAY. AS 38.35.130(a)
(1) applies only to rights-of-way, right-of-way permits, easements, leases or other interests in land necessary for the location of a pipeline and associated facilities acquired from the State of Alaska or its political subdivisions and from private parties.

(Eff. / /73, Reg.)

Authority: AS 38.05.020(c)
AS 38.35.020
AS 38.35.190(a)
AS 38.35.130(a)(1)
AS 39.35.230(19)

11 AAC 80.030. RESERVATION AND GRANT OF RIGHTS OF CONDEMNATION AND ACQUISITION. Rights to be reserved to the State of Alaska under provisions of AS 38.35.130(a)(2) include only rights which the state possessed at the time of the execution of the lease and independent of it. Rights to be granted to the state by the lessee under AS 38.35.130(a)(2) include only:

(1) rights which the lessee possesses by virtue of laws of the State of Alaska, with respect to lands not public lands of the United States, and

(2) rights which the lessee possessed with respect to public lands of the United States; provided, however, that the lease shall require the lessee to convey to the state its rights with respect to public lands of the United States upon the condition that the acquiescence of the federal agency having jurisdiction in the premises and authority to dispose of the public land affected is first obtained as to each conveyance.

(Eff. / /73, Reg.)

Authority: AS 38.05.020(c)
AS 38.35.020
AS 38.35.190(a)
AS 38.35.130(a)(2)
AS 38.35.230(19)

11 AAC 80.040. CONDEMNATION OR ACQUISITION OF INTERESTS IN PUBLIC LAND BY CARRIER. If the commissioner of natural resources delegates to the lessee the function referred to in AS 38.35.130(a)(3) the function shall not be exercised without the acquiescence of the federal agency having jurisdiction in the premises and authority to dispose of the public land affected as to each conveyance.

(Eff. / /73, Reg.)

Authority: AS 38.05.020(c)
AC 39.35.020
AS 38.35.190(a)
AS 38.35.130(a)(3)
AS 38.35.230(19)

11 AAC 80.050. DEFINITION OF "RIGHT-OF-WAY WITHIN THE STATE IN WHICH THE STATE HAS AN OWNERSHIP INTEREST. In calculating the rental to be paid under AS 38.35.140(a), "right-of-way within the state in which the state has an ownership interest," means right-of-way over land in which the state has an ownership interest prior to the execution of the lease.

(Eff. / /73, Reg.)

Authority: AS 38.05.020(c)
AS 38.35.020
AS 38.35.190(a)
AS 38.35.140(a)
AS 38.35.230(19)

11 AAC 80.060. COMPUTATION OF PERCENTAGE RENTAL CHARGE.
(a) For the purpose of computing the annual right-of-way rental charge required under the provisions of AS 38.35.140(a)(2):

(1) "I.C.C. Accounts" means the code of accounts used by the Interstate Commerce Commission, 49 C.F.R. 1204, Revised as of January 1, 1973.

(2) "Total assets" means the product obtained by multiplying the Interstate Commerce Commission docket valuation of the pipeline by the Alaska Land Factor (defined in subsection (3) hereinbelow). If there is no Interstate Commerce Commission docket valuation of the pipeline, "total assets" means the product obtained by multiplying the Alaska Land Factor times:

(A) at the end of the first year of operation the product obtained by multiplying a going concern factor of 1.06 times the sum of

(1) gross tangible property (the sum of the values defined in I.C.C. Accounts 30, 33, 34 and 38);

(11) other assets and deferred charges (the sum of the values defined in I.C.C. Accounts 40, 42, 43 and 44); and

(111) working capital (computed by subtracting from the sum of the values defined in I.C.C. Accounts 10 through 19 the sum of the values defined in I.C.C. Accounts 50 through 58).

(b) at the end of each year subsequent to the first year the product obtained by multiplying a going concern factor of 1.06 times the value defined by subsection (a) above reduced by 2% compounded annually.

(3) "Alaska Land Factor" means the value obtained by dividing the total length of the pipeline on right-of-way within the state in which the state has an ownership interest, as defined in 11 AAC 80.050, by the total length of the pipeline.

(4) "Net earnings" means the value obtained by subtracting the rental amount computed pursuant to AS 38.35.140 (a)(1) and the rental charge computed pursuant to AS 38.35.140 (a)(2) from the product obtained by multiplying the Alaska Land Factor (defined in subsection (3) hereinabove) times the value obtained by subtracting interest expense from net carrier operating income.

(5) "Net carrier operating income" means operating revenue (the value defined in I.C.C. Account 650), minus operating expenses.

(6) "Operating expenses" means the value defined in I.C.C. Account 600 including the amortization of capitalized interest, but it shall not include the right-of-way rental charge computed under AS 38.35.140(a)(2).
(Eff. / /73, Reg.)

Authority: AS 35.05.020(c)
AS 35.33.020
AS 35.38.190(a)
AS 35.38.140

11 AAC 80.070. REASONABLE PERCENTAGE RENTAL IN EXCESS OF STATUTORY MINIMUM. (a) Except as provided in (b) of this section the commissioner may provide for a lease payment based upon a reasonable percentage annual rental under AS 38.35.140(c) which may be higher than the rental provided for under AS 38.35.140(a) provided that the net effect does not result in a total rent over the term of the lease, taken at present value, which is higher than that which would arise under AS 38.35.140(a) upon the same calculation.

(b) If the commissioner believes that a rent higher than that provided in (a) of this section is desirable and should be inserted into the lease, he shall first initiate proceedings under AS 44.62.330-630 to determine all relevant facts and whether such a rent is reasonable and proper under the circumstances.

(Eff. / /73, Reg.)

Authority: AS 38.05.020(c)
AS 38.35.020
AS 38.35.190(a)
AS 38.35.140(c)
AS 38.35.230(19)

1 IN THE HOUSE

BY FINK

2 HOUSE BILL NO. 245

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 * Section 1. AS 43 is amended by adding a new chapter to read:

10 CHAPTER 56. OIL AND GAS TRANSPORTATION PROPERTY TAX.

11 Sec. 43.56.010. LEVY OF TAX. (a) An annual tax of 20 mills is
12 levied each tax year beginning January 1, 1974, on the full and true
13 value of taxable real and tangible personal property employed in the
14 production and transportation of unrefined oil and gas. With respect
15 to a facility employed for part of a tax year in a manner as to render
16 it taxable under this chapter or partly so employed for a full tax year,
17 the value of the facility taxable under this chapter shall be propor-
18 tionate to the employment. Property taxable under this chapter does not
19 include property employed in the construction of facilities as distin-
20 guished from the facilities themselves; however, with respect to
21 pipelines and other facilities taxable under this chapter which may be
22 under construction or awaiting construction, full and true value for
23 each tax year shall be measured by the costs incurred or accrued with
24 respect to the facility as of the assessment date.

25 (b) Local governmental units may levy a tax not to exceed 20 mills
26 on not more than 25 per cent of the full and true value of taxable real
27 and tangible personal property employed in the production and trans-
28 portation of unrefined oil and gas. Payment of the tax levied under
29 this subsection is in lieu of the appropriate portion of the tax levied

AGO 53382

1 by the state under (a) of this section.

2 Sec. 43.56.020. EXEMPTIONS. In addition to property excluded
3 under sec. 130(2) of this chapter, the following property is exempt
4 from the tax levied under this chapter:

5 (1) producing oil or gas leases;

6 (2) oil and gas produced in the state upon which gross
7 production taxes are paid under AS 43.55.

8 Sec. 43.56.030. IN PLACE OF OTHER TAXES. Payment of the tax
9 levied under this chapter is in place of all ad valorem taxes on
10 property subject to tax under this chapter now or hereafter imposed by
11 the state, or by a city or a borough.

12 Sec. 43.56.040. ASSESSMENT. Assessment of property subject to the
13 tax levied under this chapter shall be carried out by the state assessor
14 substantially in the manner provided in AS 29.53.060 - 29.53.160 for
15 municipalities, except that the state assessor shall function in place
16 of the local assessor, and the State Assessment Review Board shall
17 function in the place of the assembly or council sitting as a board of
18 equalization.

19 Sec. 43.56.050. STATE ASSESSMENT REVIEW BOARD. The governor shall
20 appoint at least five qualified persons to serve at his pleasure as
21 the State Assessment Review Board.

22 Sec. 43.56.060. PER DIEM AND EXPENSES. Members of the State
23 Assessment Review Board shall be compensated and are entitled to per
24 diem and expenses authorized by law for boards and commissions.

25 Sec. 43.56.070. POWERS AND DUTIES. The State Assessment Review
26 Board has the powers and duties with respect to assessment of property
27 taxable under this chapter of an assembly or council sitting as a
28 board of equalization.

AGO 533383

29 Sec. 43.56.030. COLLECTION AND ENFORCEMENT. The tax levied in

1 this chapter is payable in full to the Department of Revenue on
2 September 30 of the tax year, except that, the Department of Revenue
3 may by regulation provide for prepayment of taxes and payment by
4 installments. A penalty of ten per cent shall be added to delinquent
5 taxes and interest at the rate of eight per cent per annum, or four
6 percentage points above the per annum rate charged member banks for
7 advances by the 12th Federal Reserve District that prevailed on the
8 first day of the month preceding the commencement of that calendar
9 quarter, whichever is greater, shall accrue on all unpaid taxes,
10 excluding penalties, from the due date until paid in full. Collection
11 of the tax levied under this chapter shall be carried out by the
12 Department of Revenue substantially in the manner provided in AS
13 29.53.200 - 29.53.390 except that the state is substituted for ref-
14 erences to cities and boroughs.

15 Sec. 43.56.090. LIEN FOR TAX. Notwithstanding any other provision
16 of law, the tax levied under this chapter and interest and penalty set
17 out in sec. 80 of this chapter are liens upon the property subject to
18 tax under this chapter. The liens provided by this section are prior
19 and paramount to all other liens or encumbrances upon the same property.

20 Sec. 43.56.100. FAILURE TO FILE: FALSE STATEMENT. A person who
21 knowingly fails to file a return when due or makes a false statement
22 in a return required under this chapter with intent to evade the
23 taxation is guilty of a felony and upon conviction is punishable by a
24 fine of not more than \$5,000, or by imprisonment for not more than
25 five years, or by both, together with the costs of prosecution.

26 Sec. 43.56.110. DEPOSIT IN GENERAL FUND. The revenue from the
27 tax levied under this chapter shall be deposited in the general fund.

28 Sec. 43.56.120. REGULATIONS. The state assessor and the Depart-
29 ment of Revenue may adopt regulations as appropriate to carry out their

1 respective duties under this chapter.

2 Sec. 43.56.120. DEFINITIONS. In this chapter

3 (1) "tax levying jurisdiction" means an organized borough or
4 a city levying ad valorem taxes whether located inside or outside an
5 organized borough;

6 (2) "taxable real and tangible personal property" means
7 machinery, appliances and equipment used in the operation of wells
8 producing oil or gas and tank farms, tanker terminals, gathering and
9 transmission lines, and related facilities associated with the pro-
10 duction and transportation of crude oil and natural gas; the term
11 includes otherwise taxable property exempted from taxation under home
12 rule ordinance or charter, but does not include property exempt from
13 taxation under the constitution and laws of the state or of the United
14 States, or any subsurface estate or property used in a consumer dis-
15 tribution system.

16 * Sec. 2. AS 38.35.140 is repealed and re-enacted to read:

17 Sec. 38.35.140. PAYMENT OF RENTAL. (a) The carrier shall agree
18 in the lease, as a condition of obtaining the lease of state public
19 land for pipeline right-of-way, that it will pay annually to the state
20 as rent for the premises demised an amount determined in accordance
21 with the provisions of AS 38.05.330 for the lease of state public land
22 for easements and rights-of-way.

23 (b) Each lease of state public land for pipeline right-of-way
24 shall provide that all money and other sums which become due to the
25 state by reason of any provision of the lease is and shall always be
26 a valid and first lien upon the buildings and improvements on the
27 demised property, and upon all of the interests of the lessee carrier
28 in the lease and in the property of the carrier transported by the
29 pipeline subject to the lease and paramount to any mortgage which the

1 carrier may execute on them, or any lien caused by the carrier.

2 * Sec. 3. This Act takes effect on the day after its passage and approval
3 or on the day it becomes law without approval.
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

House Bill 59
 Revenue Projections 1974 - 1983
 Assuming Construction Starts July 1, 1973
 (\$000 Omitted)

	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
ty Tax Collection Under HB 59	\$22055.9	\$40853.1	\$59947.6	\$69211.1	\$70000.0	\$70000.0	\$70000.0	\$70000.0	\$70000.0	\$70000.0
Shared to Local Governments (see below)	1653.8	3063.1	4494.8	5189.2	5248.4	5248.4	5248.4	5248.4	5248.4	5248.4
venues to State Treasury	<u>\$20402.1</u>	<u>\$37790.0</u>	<u>\$55452.8</u>	<u>\$64021.9</u>	<u>\$64751.6</u>	<u>\$64751.6</u>	<u>\$64751.6</u>	<u>\$64751.6</u>	<u>\$64751.6</u>	<u>\$64751.6</u>
Governments' Share of Property Tax:										
Slope Borough	\$ 734.7	\$ 1360.8	\$ 1996.8	\$ 2305.3	\$ 2331.6	\$ 2331.6	\$ 2331.6	\$ 2331.6	\$ 2331.6	\$ 2331.6
Star Borough	267.6	495.6	727.3	839.6	849.2	849.2	849.2	849.2	849.2	849.2
F Valdez	651.5	1206.7	1770.7	2044.3	2067.6	2067.6	2067.6	2067.6	2067.6	2067.6
Shared Revenues	<u>\$ 1653.8</u>	<u>\$ 3063.1</u>	<u>\$ 4494.8</u>	<u>\$ 5189.2</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>

S T A T E O F A L A S K A

Department of Revenue

Budget Projections and Resulting Effect
on the General Fund Balance
for the Next Ten Fiscal Years

All revenue estimates, estimated expenditures and other assumptions not listed as "comments" or "assumptions" on the Budget Planning Model detail pages are taken from the Budget Document Supplement, Alaska, Fiscal Year 1973-74.

STATE OF ALAS A
REVENUE

BUDGET PLANNING MODEL

FEBRUARY 3, 1975

PIPELINE CONSTRUCTION BEGINS IN FY 1974
OIL FLOWS IN FY 1977
RIGHT-OF-WAY LEASING 4%
TAX PACKAGE INCLUDED

ASSUMPTIONS
ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 7.00%

YR	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP AND TAXES OF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
								042038.0
1974	48194.4	235445.4	318000.0	20441.0	12105.0	357500.0	-121654.6	520033.4
1975	33000.0	241000.0	340072.5	30000.0	12821.0	383793.5	-101800.9	358170.0
1976	13001.0	246078.3	304840.2	33200.0	13105.0	411205.2	-130520.9	102040.0
1977	3021.3	345405.4	350378.7	40000.0	28520.0	458898.7	-715492.9	49150.7
1978	3817.4	510370.4	417704.8	45500.0	45070.0	508280.8	3095.6	57052.3
1979	6753.4	541775.4	440944.0	52100.0	45001.0	547350.0	-2090.6	54002.6
1980	6800.4	500077.4	470220.3	55300.0	47404.0	581025.3	-15045.9	38040.0
1981	5275.3	500064.3	511705.2	58200.0	40500.0	610505.2	-40390.9	-10444.2
1982	1004.4	570790.4	547525.0	61000.0	50727.0	659050.9	-82052.5	-93290.7
1983	-4401.2	570033.0	585050.4	60000.0	51000.0	704050.4	-127010.0	-120013.3
1984	13042.7	4304530.0	4402012.0	400141.0	355157.0	5227720.0	-883491.3	

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

101 00A

FEBRUARY 6, 1973

PIPELINE CONSTRUCTION BEGINS IN FY 1974
OIL PLANS IN FY 1977
RIGHT-OF-WAY LEASING 40
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.90%

ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%

MATURITY PERIOD ON NEW BONDS IN YEARS = 20:

% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%

ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 8.00%

GENERAL FUND REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP AND TAXES OF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
AGO 533390								642038.0
200739.0	40034.4	240773.4	318000.0	20441.0	12109.0	350550.0	-109776.6	532261.4
229513.0	50044.0	279557.0	344100.0	30800.0	12821.0	387721.0	-108164.0	424097.4
258200.0	29700.0	287900.0	371001.7	35200.0	13100.0	419301.7	-131401.7	292695.7
286800.0	10441.1	297241.1	401420.0	40000.0	20520.0	461940.0	-164698.9	128006.8
315411.0	11000.0	326411.0	433540.0	45000.0	45070.0	523510.0	-197099.0	88297.8
344000.0	23000.0	367000.0	466770.0	52100.0	49091.0	567961.0	-200961.0	-33000.0
372600.0	20700.0	393300.0	500001.0	55000.0	47000.0	602001.0	-208701.0	-130000.0
401200.0	2727.1	403927.1	533330.4	58000.0	40410.0	631740.4	-227813.3	-250000.0
429800.0	20177.4	450000.0	566660.0	61000.0	5077.0	633447.0	-183447.0	-430000.0
458400.0	21000.0	479400.0	600000.0	60000.0	51700.0	661700.0	-182300.0	-620000.0
487000.0	27000.0	514000.0	633330.0	63000.0	5000.0	696330.0	-182330.0	-810000.0

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

AG 533

FEBRUARY 3, 1973

PIPELINE CONSTRUCTION BEGINS IN FY 1974
OIL PLANS IN FY 1977
RIGHT-OF-WAY LEASING 40
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED

ASSUMPTIONS
ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 10.00%

NEW INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP AND TAXES OF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
AGO 533391								042033.0
20300.0	4000.4	20700.4	31000.0	20441.0	12193.0	35730.0	-10029.6	942125.4
22500.0	5000.1	22500.1	35000.0	30000.0	12021.0	39550.0	-13050.0	411191.1
25000.0	5000.0	25000.0	38000.0	33200.0	13100.0	43100.0	-15072.1	294400.4
28000.0	5600.2	28000.2	42000.0	40000.0	15200.0	47200.0	-19199.8	178897.3
32000.0	6400.1	32000.1	48000.0	45000.0	17000.0	52000.0	-20000.0	213000.0
37000.0	7400.1	37000.1	55000.0	52000.0	19000.0	58000.0	-21000.0	210021.4
43000.0	8600.4	43000.4	63000.0	60000.0	21000.0	64000.0	-21000.0	181450.4
50000.0	10000.0	50000.0	72000.0	68000.0	24000.0	72000.0	-22000.0	109400.0
58000.0	11600.0	58000.0	82000.0	78000.0	27000.0	82000.0	-24000.0	-43001.0
67000.0	13400.0	67000.0	93000.0	88000.0	31000.0	93000.0	-26000.0	-273979.0
78000.0	15600.0	78000.0	105000.0	100000.0	36000.0	105000.0	-27000.0	
90000.0	18000.0	90000.0	118000.0	110000.0	42000.0	118000.0	-28000.0	
103000.0	20600.0	103000.0	132000.0	125000.0	49000.0	132000.0	-29000.0	
118000.0	23600.0	118000.0	147000.0	140000.0	57000.0	147000.0	-29000.0	
135000.0	27000.0	135000.0	163000.0	155000.0	66000.0	163000.0	-28000.0	
155000.0	31000.0	155000.0	180000.0	170000.0	76000.0	180000.0	-25000.0	
178000.0	36000.0	178000.0	200000.0	190000.0	87000.0	200000.0	-22000.0	
205000.0	41000.0	205000.0	222000.0	210000.0	99000.0	222000.0	-17000.0	
238000.0	47000.0	238000.0	247000.0	230000.0	113000.0	247000.0	-9000.0	
278000.0	55000.0	278000.0	275000.0	260000.0	129000.0	275000.0	3000.0	
328000.0	65000.0	328000.0	307000.0	290000.0	147000.0	307000.0	21000.0	
390000.0	78000.0	390000.0	343000.0	330000.0	167000.0	343000.0	47000.0	
468000.0	93000.0	468000.0	383000.0	370000.0	189000.0	383000.0	85000.0	
565000.0	112000.0	565000.0	427000.0	410000.0	214000.0	427000.0	138000.0	
685000.0	137000.0	685000.0	475000.0	460000.0	242000.0	475000.0	210000.0	
835000.0	169000.0	835000.0	527000.0	510000.0	273000.0	527000.0	310000.0	
1020000.0	208000.0	1020000.0	583000.0	570000.0	307000.0	583000.0	440000.0	
1250000.0	255000.0	1250000.0	643000.0	630000.0	344000.0	643000.0	610000.0	
1530000.0	310000.0	1530000.0	707000.0	700000.0	384000.0	707000.0	830000.0	
1880000.0	375000.0	1880000.0	775000.0	770000.0	427000.0	775000.0	1110000.0	
2320000.0	450000.0	2320000.0	847000.0	850000.0	473000.0	847000.0	1470000.0	
2880000.0	530000.0	2880000.0	923000.0	940000.0	523000.0	923000.0	1960000.0	
3580000.0	620000.0	3580000.0	1003000.0	1030000.0	577000.0	1003000.0	2580000.0	
4450000.0	720000.0	4450000.0	1087000.0	1130000.0	635000.0	1087000.0	3360000.0	
5520000.0	830000.0	5520000.0	1175000.0	1240000.0	700000.0	1175000.0	4350000.0	
6820000.0	950000.0	6820000.0	1267000.0	1360000.0	770000.0	1267000.0	5550000.0	
8380000.0	1080000.0	8380000.0	1363000.0	1500000.0	840000.0	1363000.0	7020000.0	
10250000.0	1230000.0	10250000.0	1463000.0	1660000.0	920000.0	1463000.0	8890000.0	
12480000.0	1400000.0	12480000.0	1567000.0	1840000.0	1000000.0	1567000.0	11120000.0	
15120000.0	1590000.0	15120000.0	1675000.0	2040000.0	1090000.0	1675000.0	13550000.0	
18220000.0	1800000.0	18220000.0	1787000.0	2260000.0	1190000.0	1787000.0	16140000.0	
21850000.0	2030000.0	21850000.0	1903000.0	2500000.0	1300000.0	1903000.0	18950000.0	
26080000.0	2280000.0	26080000.0	2023000.0	2760000.0	1420000.0	2023000.0	22060000.0	
31000000.0	2550000.0	31000000.0	2147000.0	3040000.0	1550000.0	2147000.0	25550000.0	
36800000.0	2850000.0	36800000.0	2275000.0	3340000.0	1690000.0	2275000.0	29560000.0	
43600000.0	3180000.0	43600000.0	2407000.0	3660000.0	1840000.0	2407000.0	34160000.0	
51600000.0	3550000.0	51600000.0	2543000.0	4000000.0	2000000.0	2543000.0	39430000.0	
61000000.0	3950000.0	61000000.0	2683000.0	4360000.0	2170000.0	2683000.0	45470000.0	
72000000.0	4380000.0	72000000.0	2827000.0	4740000.0	2360000.0	2827000.0	52300000.0	
84800000.0	4850000.0	84800000.0	2975000.0	5140000.0	2570000.0	2975000.0	59950000.0	
99800000.0	5350000.0	99800000.0	3127000.0	5560000.0	2800000.0	3127000.0	68530000.0	
117500000.0	5880000.0	117500000.0	3283000.0	6000000.0	3050000.0	3283000.0	78080000.0	
138500000.0	6450000.0	138500000.0	3443000.0	6460000.0	3320000.0	3443000.0	88750000.0	
163500000.0	7050000.0	163500000.0	3607000.0	6940000.0	3610000.0	3607000.0	100600000.0	
193000000.0	7680000.0	193000000.0	3775000.0	7440000.0	3930000.0	3775000.0	113800000.0	
227500000.0	8350000.0	227500000.0	3947000.0	7960000.0	4270000.0	3947000.0	128500000.0	
267500000.0	9050000.0	267500000.0	4123000.0	8500000.0	4630000.0	4123000.0	144800000.0	
313500000.0	9780000.0	313500000.0	4303000.0	9060000.0	5010000.0	4303000.0	162800000.0	
366000000.0	10550000.0	366000000.0	4487000.0	9640000.0	5410000.0	4487000.0	182600000.0	
425500000.0	11350000.0	425500000.0	4675000.0	10240000.0	5830000.0	4675000.0	204400000.0	
492500000.0	12180000.0	492500000.0	4867000.0	10860000.0	6270000.0	4867000.0	228400000.0	
568500000.0	13050000.0	568500000.0	5063000.0	11500000.0	6730000.0	5063000.0	254800000.0	
654000000.0	13950000.0	654000000.0	5263000.0	12160000.0	7210000.0	5263000.0	283800000.0	
750500000.0	14880000.0	750500000.0	5467000.0	12840000.0	7710000.0	5467000.0	315600000.0	
859500000.0	15850000.0	859500000.0	5675000.0	13540000.0	8230000.0	5675000.0	350500000.0	
982500000.0	16850000.0	982500000.0	5887000.0	14260000.0	8770000.0	5887000.0	388900000.0	
1121000000.0	17880000.0	1121000000.0	6103000.0	15000000.0	9330000.0	6103000.0	431300000.0	
1276500000.0	18950000.0	1276500000.0	6323000.0	15760000.0	9910000.0	6323000.0	478100000.0	
1450500000.0	20050000.0	1450500000.0	6547000.0	16540000.0	10510000.0	6547000.0	529800000.0	
1644500000.0	21180000.0	1644500000.0	6775000.0	17340000.0	11130000.0	6775000.0	586900000.0	
1860000000.0	22350000.0	1860000000.0	7007000.0	18160000.0	11770000.0	7007000.0	649900000.0	
2098500000.0	23550000.0	2098500000.0	7243000.0	19000000.0	12430000.0	7243000.0	718500000.0	
2362000000.0	24780000.0	2362000000.0	7483000.0	19860000.0	13110000.0	7483000.0	792500000.0	
2652000000.0	26050000.0	2652000000.0	7727000.0	20740000.0	13810000.0	7727000.0	872500000.0	
2970000000.0	27350000.0	2970000000.0	7975000.0	21640000.0	14530000.0	7975000.0	959000000.0	
3318000000.0	28680000.0	3318000000.0	8227000.0	22560000.0	15270000.0	8227000.0	1052500000.0	
3700000000.0	30050000.0	3700000000.0	8483000.0	23500000.0	16030000.0	8483000.0	1153500000.0	
4120000000.0	31450000.0	4120000000.0	8743000.0	24460000.0	16810000.0	8743000.0	1262500000.0	
4580000000.0	32880000.0	4580000000.0	9007000.0	25440000.0	17610000.0	9007000.0	1380000000.0	
5085000000.0	34350000.0	5085000000.0	9275000.0	26440000.0	18430000.0	9275000.0	1506500000.0	
5630000000.0	35850000.0	5630000000.0	9547000.0	27460000.0	19270000.0	9547000.0	1642500000.0	
6220000000.0	37380000.0	6220000000.0	9823000.0	28500000.0	20130000.0	9823000.0	1788500000.0	
6860000000.0	38950000.0	6860000000.0	10103000.0	29560000.0	21010000.0	10103000.0	1945000000.0	
7555000000.0	40550000.0	7555000000.0	10387000.0	30640000.0	21910000.0	10387000.0	2113500000.0	
8300000000.0	42180000.0	8300000000.0	10675000.0	31740000.0	22830000.0	10675000.0	2294500000.0	
9100000000.0	43850000.0	9100000000.0	10967000.0	32860000.0	23770000.0	10967000.0	2488500000.0	
9960000000.0	45550000.0	9960000000.0	11263000.0	34000000.0	24730000.0	11263000.0	2696000000.0	
10885000000.0	47280000.0	10885000000.0	11563000.0	35160000.0	25710000.0	11563000.0	2917500000.0	

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

RUN TO RUN 40
DATE FEBRUARY 6, 1975

COMMENTS
PIPELINE CONSTRUCTION BEGINS IN FY 1975
OIL FLOWS IN FY 1976
LIGHT-OF-WAY LEASING 40
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED

ASSUMPTIONS
ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 0.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 5.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	HISS EXP AND TAXES OF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1975									642030.0
1976	185000.0	40022.0	251886.0	318000.0	20441.0	12193.0	357300.0	-125413.1	517224.9
1977	182510.0	38275.0	257186.0	334599.0	30000.0	12321.0	377420.0	-140231.4	376993.4
1978	232000.0	22704.0	295753.0	351328.6	33200.0	13105.0	397693.6	-141940.6	235052.8
1979	290511.0	11000.1	267894.1	362894.6	40000.0	28320.0	437414.6	-169520.4	65532.4
1980	400000.0	3502.0	400497.0	367335.1	45000.0	45070.0	477915.1	-88478.1	-2945.7
1981	500000.0	4000.2	500200.2	400705.0	52100.0	45041.0	504406.0	32700.0	79020.0
1982	550000.0	11000.0	617000.0	427040.4	55000.0	47000.0	529040.4	80130.1	107990.0
1983	550000.0	17000.0	648000.0	440000.0	50000.0	40000.0	550000.0	90000.0	261013.0
1984	550000.0	15000.0	655000.0	470000.0	60000.0	50000.0	580000.0	70000.0	337371.0
1985	550000.0	17000.0	675000.0	490000.0	65000.0	51000.0	610000.0	80000.0	400000.0
	400000.0	10000.0	450000.0	400000.0	40000.0	35000.0	480000.0	-240000.0	

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

1975

JANUARY 1975

PIPELINE CONSTRUCTION BEGINS IN FY 1975
PIPELINE IN FY 1978
LIGHT-FE-AY LEASING 40
THE PACIFIC ISLANDS
PROPERTY TAX INCLUDED

- ASSUMPTIONS
- ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
 - ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
 - MATURITY PERIOD OF NEW BONDS IN YEARS = 20.
 - % OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
 - ANN OPEN EXPEND GROWTH RATE AFTER 1ST YR = 7.00%

1975 GENERAL REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP OR TAXES OF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
								-642630.0
100000.0	40021.3	251067.9	310000.0	20641.0	12195.0	357396.0	-129415.1	517224.9
102215.0	34130.0	237049.9	340072.5	30000.0	12821.0	383793.5	-146743.6	370401.3
102215.0	12044.1	155005.1	304040.2	35200.0	15105.0	411205.2	-156202.1	214279.1
100011.0	3433.4	200004.3	300570.7	40000.0	20520.0	456890.7	-152694.4	21384.8
110049.0	-227.0	405817.4	417704.0	45500.0	45070.0	508280.0	-102463.4	-81070.7
100000.0	-1371.2	501250.0	440544.0	52100.0	45091.0	544735.0	-36521.3	-44550.0
100000.0	2190.0	100000.0	478220.0	55300.0	47404.0	581024.0	17020.0	-10730.0
100000.0	4700.0	650000.0	511700.0	50200.0	40450.0	612350.0	10003.0	-50.0
100000.0	5730.0	141027.0	547520.0	61000.0	50727.0	659250.0	-18220.0	-18250.0
100000.0	4277.0	352120.0	505000.0	60000.0	51700.0	704350.0	-52220.0	-70400.0
450700.0	127000.0	4514002.0	4402812.0	103141.0	355037.0	5227700.0	-713127.4	

AGO 533393

Right-of-Way Leasing Act
(Millions of Dollars)

	Year of TAPS Pipeline Operation				Average 35 Years
	<u>1st</u>	<u>5th</u>	<u>10th</u>	<u>20th</u>	
At 4% ICC Return	2.1	2.1	4.5	21.5	15.4
At 5% ICC Return	3.4	6.2	13.7	30.1	22.7
At 7% ICC Return	25.1	29.1	34.6	47.1	40.0

At a 4% ICC rate of return North Slope oil corporations will maximize their total profits. This ICC return rate and the concurrent revenues to the State are the most likely case.

INCREASE REVENUES DUE
TO TAX INCREASE PROPOSALS

<u>Receipt Title</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>
Cigarette Tax Increase (From to 13¢ per pack)	\$2,412,000	\$2,539,250	\$2,793,125	\$2,904,875	\$3,023,563	\$3,200,139	\$3,387,027	\$3,584,829	\$3,794,183	\$4,015,763
License Tax Increase (From 2% of net income)	440,000	480,000	520,000	560,000	600,000	648,360	700,618	757,088	818,109	884,048
Highway Fuel Tax Increase (From 8¢ to 10¢ per gallon with refund for off- highway use out of 10¢ gallon.)	2,655,300	2,857,250	2,892,700	3,002,700	3,155,300	3,295,080	3,441,052	3,593,490	3,752,682	3,913,926
Aircraft Fuel Tax	<u>541,500</u>	<u>563,150</u>	<u>585,650</u>	<u>609,100</u>	<u>633,450</u>	<u>658,788</u>	<u>685,140</u>	<u>712,545</u>	<u>741,047</u>	<u>770,689</u>
Sub-Total	<u>\$6,048,800</u>	<u>\$6,439,650</u>	<u>\$6,791,475</u>	<u>\$7,076,675</u>	<u>\$7,412,313</u>	<u>\$7,802,367</u>	<u>\$8,213,837</u>	<u>\$8,647,952</u>	<u>\$9,106,021</u>	<u>\$9,589,426</u>

2/27/73

H.B. - 59 - 245 -

public hearing

El. Blue - Study - try notes -

first two pages -

22 of 50^{states} of 20 mill state workers

last week
specimen -

45 million
Kern 200 million

Bill Johnson - case -

Field - Kern Budget

one - Budget Part - 2-15

Make Budget - part -



JUNEAU ALASKA

Alaska State Legislature
House

HOUSE RESOURCES

Joe McGill, Chairman

Hartig, Vice-Chairman

Wilson

Laktonen

J. Miller

Eliason

Randolph

Huber

Naughton

Gardiner

Parker

Guy

Degnan

Bob Christensen
Administrative Ass't.

Diann L. Nelson
Staff Assistant

PRESS RELEASE

HOUSE RESOURCES COMMITTEE

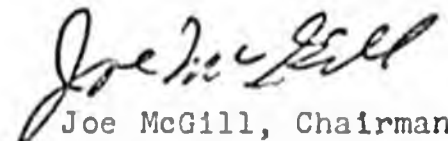
Public Hearing

A public hearing by the House Resources Committee on House Bill #59.

"An Act providing for a state tax on property used in connection with transportation of unrefined oil and gas."

The hearing to be held in the House Conference Room, Tuesday, February 20, 1973 at 3:30 P.M.

The public is invited and urged to attend. Further information concerning House Bill #59 or the public hearing may be obtained from Representative Joe McGill, Chairman House Resources Committee, Pouch V, Juneau, Alaska 99801


Joe McGill, Chairman
House Resources Committee

MEMBERSHIP
EIGHTH STATE LEGISLATURE

1973 - 1974

House of Representatives

<u>Name</u>	<u>Address</u>	<u>District</u>
Banfield, Mildred H. (R)	320 Whittier St., Juneau 99801	4
Barber, Edward G. (D)	1001 L St., Anchorage 99501	7
Beirne, Helen D. (R)	Box 4BB, Spenard 99503	10
Bowman, Willard L. (D)	1112 E 69th Ave., Anchorage 99502	10
Bradner, Mike (D)	915 Kellum St., Fairbanks 99701	17
Carrol, Selwyn (R)	425 "B" St., Fairbanks 99701	17
Chance, Genie (D)	Box 2392, Anchorage 99510	7
Degnan, Chuck (D)	Box 187, Unalakleet 99684	20
Eliason, Richard I. (R)	Box 143, Sitka 99835	3
Ferguson, Frank R. (NP)	Box 131, Kotzebue 99752	19
Fink, Tom (R)	1350 23rd St., Anchorage 99503	8
Fischer, Helen M. (D)	2023 Wildwood Lane, Anchorage 99503	8
Freeman, Oral (D)	2743 3rd Ave., Ketchikan 99901	1
Fritz, Milo H. (R)	2235 Vanderbilt Circle, Anchorage 99504	9
Gardiner, Terry (D)	Box 1092, Ketchikan 99901	1
Guy, Phillip (D)	Kwethluk 99621	15
Hackney, W. Glenn (R)	1136 Sunset Dr., Fairbanks 99701	17
Hartig, Robert (R)	3419 Fordham, Anchorage 99504	9
Haugen, E. J. (R)	Box 248, Petersburg 99833	2
Hillstrand, Earl D. (D)	2100 Lake Otis Pkwy, Anchorage 99503	9
Huber, John (D)	Box 2591, Fairbanks 99701	17
Laktonen, Jacob Jr. (R)	Larsen Bay 99624	13
McGill, Joseph E. (D)	Box 218, Dillingham 99576	14
McVeigh, Richard L. (D)	4809 Nottingham Way, Anchorage 99503	10
Malone, J. Hugh (D)	P.O. Box 9, Kona 99611	11
Meekins, Russ (D)	1540 "K" St., Anchorage 99501	7
Miller, Jo Ann (R)	836 "M" St., Apt. 110, Anchorage 99501	7
Miller, Mike (D)	Box 1494, Juneau 99801	4
Naughton, Edward F. (D)	Box 1097, Kodiak 99615	12
Orsini, Joseph L. (R)	2912 Alder Dr., Anchorage 99504	8
Oso, Alfred O. (D)	P.O. Box 832, Palmer 99645	6
Parker, William K. (D)	1134 "G" St., Anchorage 99501	7
Potterson, Lawrence D. (D)	P.O. Box 19, Ft Yukon 99740	16
Randolph, Richard (R)	Box 123, Fairbanks 99701	17
Saylor, A. M. (R)	P.O. Box 4-084, Anchorage 99504	8
Spocking, Keith W. (R)	Hope 99605	5
Tilton, "M" V. (R)	Hallbut Cove 99603	11
Urton, Richard K. (R)	Box 4-175, Anchorage 99503	9
Warwick, Andrew S. (R)	301 Kody, Fairbanks 99701	17
Wilson, L. Lavell (R)	Box 156 Tok 99880	10

Senate

Butrovich, John (R)	1039 5th Ave., Fairbanks 99703	J
Croft, Chancy (D)	1511 "G" St., Anchorage 99501	E
Groh, Clifford J. (R)	430 "C" St., Anchorage 99501	E
Harris, Jess (R)	1016 11th Ave., Anchorage 99501	E
Hensley, Willie (D)	Box 33, Kotzebue 99752	K
Hohman, George H. (D)	Bethel 99559	H
Kerttula, Jalmar M. (D)	Box 2, Palmer 99645	D
Lewis, C. R. (R)	1922 Logan St., Anchorage 99504	E
Meland, H. D. "Pete" (D)	Box 53, Sitka 99835	H
Miller, Keith H. (R)	836 "M" St., #202, Anchorage 99501	E
Miller, Terry (R)	P.O. Box 80869, Fairbanks 99701	J
Palmer, W. I. "Bob" (R)	Box 103, Ninilchik 99639	F
Poland, Kathryn (D)	Box 45, Kodiak 99615	G
Rader, John (D)	Box 2068, Anchorage 99510	E
Ray, Bill (D)	165 Behrends Ave., Juneau 99801	C
Rettig, Ron L. (R)	2567 Loubac Ln., Anchorage 99503	E
Sackett, John (R)	Box 65, Galena 99741	I
Thomas, Lowell Jr. (R)	7022 Tanaina Tr., Anchorage 99502	E
Young, Donald E. (R)	Box 119, Ft. Yukon 99740	J
Ziegler, Robert H. Sr. (D)	Box 979, Ketchikan 99901	A

LEGISLATIVE COMMITTEE ASSIGNMENTS

1973 - 1974

HOUSE

Commerce

Randolph (Chairman),
J. Miller (Vice Chairman),
Tillion, Urion, Bowman,
Fischer, Meekins

Finance

Hillstrand (Chairman),
Haugen (Vice Chairman),
Saylor, Specking, Warwick,
Barber, Freeman, Ose, Ferguson

Health, Welfare & Education

Beirne (Chairman),
Fritz (Vice Chairman), Hackney,
Hartig, Malone, Meekins,
Petersen

Judiciary

Tillion (Chairman),
Banfield (Vice Chairman),
Beirne, Orsini, Chance,
Malone, McVeigh

Labor & Management

Eliason (Chairman),
Urion (Vice Chairman),
Carrol, Wilson, Bowman,
Bradner, Parker

Local Government

Carrol (Chairman),
Hackney (Vice Chairman),
Fritz, Laktonen, Gardiner,
Guy, Peterson

Resources

McGill (Chairman),
Hartig (Vice Chairman),
Eliason, Laktonen, J. Miller,
Randolph, Wilson, Deegan,
Gardiner, Guy, Huber, Naughton,
Parker

Rules

McVeigh (Chairman),
Huber (Vice Chairman),
Banfield, Randolph, Bradner

State Affairs

Fischer (Chairman),
Orsini (Vice Chairman),
J. Miller, Wilson, Huber,
M. Miller, Naughton

SENATE

Commerce

Lewis (Chairman),
K. Miller (Vice Chairman),
Harris, Kerttula, Ziegler

Finance

Groh (Chairman),
Lewis (Vice Chairman),
Butrovich, Palmer, Sackett,
Poland, Ray

Health, Welfare & Education

Thomas (Chairman),
Young (Vice Chairman),
Sackett, Croft, Hensley

Judiciary

Ziegler (Chairman),
Rettig (Vice Chairman),
Meland, Poland, Rader

Labor & Management

Harris (Chairman),
Lewis (Vice Chairman),
Young, Croft, Meland

Local Government

Rader (Chairman),
Hensley (Vice Chairman),
K. Miller, Young, Hohman

Resources

Sackett (Chairman),
Butrovich (Vice Chairman),
Palmer, Thomas, Hohman,
Meland, Rader

Rules

Palmer (Chairman),
Groh (Vice Chairman),
Butrovich, Thomas,
Ziegler

State Affairs

K. Miller (Chairman),
Harris (Vice Chairman),
Rettig, Kerttula,
Ray

1/30/73

House Resources Committee
Public Hearing

House Bill #59

3:30 Hearing tape - tape 1 Side 1)

Rick Garnett, A-C office testified
on behalf of adm. brought in
new amendments

and a Per. man
difference in This years Bill
and last year Bill.

Wellen -

4:15 tape 2 Side 2

1 IN THE HOUSE

BY FINK

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 * Section 1. AS 43 is amended by adding a new chapter to read:

10 CHAPTER 56. OIL AND GAS TRANSPORTATION PROPERTY TAX.

11 Sec. 43.56.010. LEVY OF TAX. (a) An annual tax of 20 mills is
12 levied each tax year beginning January 1, 1974, on the full and true
13 value of taxable real and tangible personal property employed in the
14 production and transportation of unrefined oil and gas. With respect
15 to a facility employed for part of a tax year in a manner as to render
16 it taxable under this chapter or partly so employed for a full tax year,
17 the value of the facility taxable under this chapter shall be propor-
18 tionate to the employment. Property taxable under this chapter does not
19 include property employed in the construction of facilities as distin-
20 guished from the facilities themselves; however, with respect to
21 pipelines and other facilities taxable under this chapter which may be
22 under construction or awaiting construction, full and true value for
23 each tax year shall be measured by the costs incurred or accrued with
24 respect to the facility as of the assessment date.

25 (b) Local governmental units may levy a tax not to exceed 20 mills
26 on not more than 25 per cent of the full and true value of taxable real
27 and tangible personal property employed in the production and trans-
28 portation of unrefined oil and gas. Payment of the tax levied under
29 this subsection is in lieu of the appropriate portion of the tax levied

1 by the state under (a) of this section.

2 Sec. 43.56.020. EXEMPTIONS. In addition to property excluded
3 under sec. 130(2) of this chapter, the following property is exempt
4 from the tax levied under this chapter:

5 (1) producing oil or gas leases;

6 (2) oil and gas produced in the state upon which gross
7 production taxes are paid under AS 43.55.

8 Sec. 43.56.030. IN PLACE OF OTHER TAXES. Payment of the tax
9 levied under this chapter is in place of all ad valorem taxes on
10 property subject to tax under this chapter now or hereafter imposed by
11 the state, or by a city or a borough.

12 Sec. 43.56.040. ASSESSMENT. Assessment of property subject to the
13 tax levied under this chapter shall be carried out by the state assessor
14 substantially in the manner provided in AS 29.53.060 - 29.53.160 for
15 municipalities except that the state assessor shall function in place
16 of the local assessor, and the State Assessment Review Board shall
17 function in the place of the assembly or council sitting as a board of
18 equalization.

19 Sec. 43.56.050. STATE ASSESSMENT REVIEW BOARD. The governor shall
20 appoint at least five qualified persons to serve at his pleasure as
21 the State Assessment Review Board.

22 Sec. 43.56.060. PER DIEM AND EXPENSES. Members of the State
23 Assessment Review Board shall be compensated and are entitled to per
24 diem and expenses authorized by law for boards and commissions.

25 Sec. 43.56.070. POWERS AND DUTIES. The State Assessment Review
26 Board has the powers and duties with respect to assessment of property
27 taxable under this chapter of an assembly or council sitting as a
28 board of equalization.

AGO 533402

29 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied in

1 this chapter is payable in full to the Department of Revenue on
2 September 30 of the tax year, except that, the Department of Revenue
3 may by regulation provide for prepayment of taxes and payment by
4 installments. A penalty of ten per cent shall be added to delinquent
5 taxes and interest at the rate of eight per cent per annum, or four
6 percentage points above the per annum rate charged member banks for
7 advances by the 12th Federal Reserve District that prevailed on the
8 first day of the month preceding the commencement of that calendar
9 quarter, whichever is greater, shall accrue on all unpaid taxes,
10 excluding penalties, from the due date until paid in full. Collection
11 of the tax levied under this chapter shall be carried out by the
12 Department of Revenue substantially in the manner provided in AS
13 29.53.200 - 29.53.390 except that the state is substituted for ref-
14 erences to cities and boroughs.

15 Sec. 43.56.090. LIEN FOR TAX. Notwithstanding any other provision
16 of law, the tax levied under this chapter and interest and penalty set
17 out in sec. 80 of this chapter are liens upon the property subject to
18 tax under this chapter. The liens provided by this section are prior
19 and paramount to all other liens or encumbrances upon the same property.

20 Sec. 43.56.100. FAILURE TO FILE: FALSE STATEMENT. A person who
21 knowingly fails to file a return when due or makes a false statement
22 in a return required under this chapter with intent to evade the
23 taxation is guilty of a felony and upon conviction is punishable by a
24 fine of not more than \$5,000, or by imprisonment for not more than
25 five years, or by both, together with the costs of prosecution.

26 Sec. 43.56.110. DEPOSIT IN GENERAL FUND. The revenue from the
27 tax levied under this chapter shall be deposited in the general fund.

28 Sec. 43.56.120. REGULATIONS. The state assessor and the Depart-
29 ment of Revenue may adopt regulations as appropriate to carry out their

1 respective duties under this chapter.

2 Sec. 43.56.120. DEFINITIONS. In this chapter

3 (1) "tax levying jurisdiction" means an organized borough or
4 a city levying ad valorem taxes whether located inside or outside an
5 organized borough;

6 (2) "taxable real and tangible personal property" means
7 machinery, appliances and equipment used in the operation of wells
8 producing oil or gas and tank farms, tanker terminals, gathering and
9 transmission lines, and related facilities associated with the pro-
10 duction and transportation of crude oil and natural gas; the term
11 includes otherwise taxable property exempted from taxation under home
12 rule ordinance or charter, but does not include property exempt from
13 taxation under the constitution and laws of the state or of the United
14 States, or any subsurface estate or property used in a consumer dis-
15 tribution system.

16 * Sec. 2. AS 38.35.140 is repealed and re-enacted to read:

17 Sec. 38.35.140. PAYMENT OF RENTAL. (a) The carrier shall agree
18 in the lease, as a condition for obtaining the lease of state public
19 land for pipeline right-of-way, that it will pay annually to the state
20 as rent for the premises demised an amount determined in accordance
21 with the provisions of AS 38.05.330 for the lease of state public land
22 for easements and rights-of-way.

23 (b) Each lease of state public land for pipeline right-of-way
24 shall provide that all money and other sums which become due to the
25 state by reason of any provision of the lease is and shall always be
26 a valid and first lien upon the buildings and improvements on the
27 demised property, and upon all of the interests of the lessee carrier
28 in the lease and in the property of the carrier transported by the
29 pipeline subject to the lease and paramount to any mortgage which the

1 carrier may execute on them, or any lien caused by the carrier.

2 * Sec. 3. This Act takes effect on the day after its passage and approval
3 or on the day it becomes law without approval.
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

1 IN THE HOUSE

BY FINK

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 * Section 1. AS 43 is amended by adding a new chapter to read:

10 CHAPTER 56. OIL AND GAS TRANSPORTATION PROPERTY TAX.

11 Sec. 43.56.010. LEVY OF TAX. (a) An annual tax of 20 mills is
12 levied each tax year beginning January 1, 1974, on the full and true
13 value of taxable real and tangible personal property employed in the
14 production and transportation of unrefined oil and gas. With respect
15 to a facility employed for part of a tax year in a manner as to render
16 it taxable under this chapter or partly so employed for a full tax year,
17 the value of the facility taxable under this chapter shall be propor-
18 tionate to the employment. Property taxable under this chapter does not
19 include property employed in the construction of facilities as distin-
20 guished from the facilities themselves; however, with respect to
21 pipelines and other facilities taxable under this chapter which may be
22 under construction or awaiting construction, full and true value for
23 each tax year shall be measured by the costs incurred or accrued with
24 respect to the facility as of the assessment date. **AGO 533406** +

25 (b) Local governmental units may levy a tax not to exceed 20 mills
26 or not more than 25 per cent of the full and true value of taxable real
27 and tangible personal property employed in the production and trans-
28 portation of unrefined oil and gas. Payment of the tax levied under
29 this subsection is in lieu of the appropriate portion of the tax levied

1 by the state under (a) of this section.

2 Sec. 43.56.020. EXEMPTIONS. In addition to property excluded
3 under sec. 130(2) of this chapter, the following property is exempt
4 from the tax levied under this chapter:

5 (1) producing oil or gas leases;

6 (2) oil and gas produced in the state upon which gross
7 production taxes are paid under AS 43.55.

8 Sec. 43.56.030. IN PLACE OF OTHER TAXES. Payment of the tax
9 levied under this chapter is in place of all ad valorem taxes on
10 property subject to tax under this chapter now or hereafter imposed by
11 the state, or by a city or a borough.

12 Sec. 43.56.040. ASSESSMENT. Assessment of property subject to the
13 tax levied under this chapter shall be carried out by the state assessor
14 substantially in the manner provided in AS 29.53.060 - 29.53.160 for
15 municipalities, except that the state assessor shall function in place
16 of the local assessor, and the State Assessment Review Board shall
17 function in the place of the assembly or council sitting as a board of
18 equalization.

19 Sec. 43.56.050. STATE ASSESSMENT REVIEW BOARD. The governor shall
20 appoint at least five qualified persons to serve at his pleasure as
21 the State Assessment Review Board.

22 Sec. 43.56.060. PER DIEM AND EXPENSES. Members of the State
23 Assessment Review Board shall be compensated and are entitled to per
24 diem and expenses authorized by law for boards and commissions.

25 Sec. 43.56.070. POWERS AND DUTIES. The State Assessment Review
26 Board has the powers and duties with respect to assessment of property
27 taxable under this chapter of an assembly or council sitting as a
28 board of equalization.

AGO 533407

29 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied in

1 this chapter is payable in full to the Department of Revenue on
2 September 30 of the tax year, except that, the Department of Revenue
3 may by regulation provide for prepayment of taxes and payment by
4 installments. A penalty of ten per cent shall be added to delinquent
5 taxes and interest at the rate of eight per cent per annum, or four
6 percentage points above the per annum rate charged member banks for
7 advances by the 12th Federal Reserve District that prevailed on the
8 first day of the month preceding the commencement of that calendar
9 quarter, whichever is greater, shall accrue on all unpaid taxes,
10 excluding penalties, from the due date until paid in full. Collection
11 of the tax levied under this chapter shall be carried out by the
12 Department of Revenue substantially in the manner provided in AS
13 29.53.200 - 29.53.390 except that the state is substituted for ref-
14 erences to cities and boroughs.

15 Sec. 43.56.090. LIEN FOR TAX. Notwithstanding any other provision
16 of law, the tax levied under this chapter and interest and penalty set
17 out in sec. 80 of this chapter are liens upon the property subject to
18 tax under this chapter. The liens provided by this section are prior
19 and paramount to all other liens or encumbrances upon the same property.

20 Sec. 43.56.100. FAILURE TO FILE: FALSE STATEMENT. A person who
21 knowingly fails to file a return when due or makes a false statement
22 in a return required under this chapter with intent to evade the
23 taxation is guilty of a felony and upon conviction is punishable by a
24 fine of not more than \$5,000, or by imprisonment for not more than
25 five years, or by both, together with the costs of prosecution.

26 Sec. 43.56.110. DEPOSIT IN GENERAL FUND. The revenue from the
27 tax levied under this chapter shall be deposited in the general fund.

28 Sec. 43.56.120. REGULATIONS. The state assessor and the Depart-
29 ment of Revenue may adopt regulations as appropriate to carry out their

1 respective duties under this chapter.

2 Sec. 43.56.120. DEFINITIONS. In this chapter

3 (1) "tax levying jurisdiction" means an organized borough or
4 a city levying ad valorem taxes whether located inside or outside an
5 organized borough;

6 (2) "taxable real and tangible personal property" means
7 machinery, appliances and equipment used in the operation of wells
8 producing oil or gas and tank farms, tanker terminals, gathering and
9 transmission lines, and related facilities associated with the pro-
10 duction and transportation of crude oil and natural gas; the term
11 includes otherwise taxable property exempted from taxation under home
12 rule ordinance or charter, but does not include property exempt from
13 taxation under the constitution and laws of the state or of the United
14 States, or any subsurface estate or property used in a consumer dis-
15 tribution system.

16 * Sec. 2. AS 38.35.140 is repealed and re-enacted to read:

17 Sec. 38.35.140. PAYMENT OF RENTAL. (a) The carrier shall agree
18 in the lease, as a condition for obtaining the lease of state public
19 land for pipeline right-of-way, that it will pay annually to the state
20 as rent for the premises demised an amount determined in accordance
21 with the provisions of AS 38.05.330 for the lease of state public land
22 for easements and rights-of-way.

23 (b) Each lease of state public land for pipeline right-of-way
24 shall provide that all money and other sums which become due to the
25 state by reason of any provision of the lease is and shall always be
26 a valid and first lien upon the buildings and improvements on the
27 demised property, and upon all of the interests of the lessee carrier
28 in the lease and in the property of the carrier transported by the
29 pipeline subject to the lease and paramount to any mortgage which the

1 carrier may execute on them, or any lien caused by the carrier.

2 * Sec. 3. This Act takes effect on the day after its passage and approval
3 or on the day it becomes law without approval.
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29



Alaska State Legislature
House

JUNEAU ALASKA

HOUSE RESOURCES

Joe McGill, Chairman

Hartig, Vice-Chairman

Wilson

Laktonen

J. Miller

Eliason

Randolph

Huber

Naughton

Gardiner

Parker

Guy

Degnan

Bob Christensen
Administrative Ass't.

Diann L. Nelson
Staff Assistant

PRESS RELEASE

HOUSE RESOURCES COMMITTEE

Public Hearing

A public hearing by the House Resources Committee on House Bill #59.

"An Act providing for a state tax on property used in connection with transportation of unrefined oil and gas."

The hearing to be held in the House Conference Room, Tuesday, February 27, 1973 at 3:30 P.M.

The public is invited and urged to attend. Further information concerning House Bill #59 or the public hearing may be obtained from Representative Joe McGill, Chairman House Resources Committee, Pouch V, Juneau, Alaska 99801

Joe McGill, Chairman
House Resources Committee

AGO 533411



JUNEAU ALASKA

Alaska State Legislature
House

HOUSE RESOURCES

Joe McGill, Chairman

Hartig, Vice-Chairman

Wilson

Laktonen

J. Miller

Eliason

Randolph

Huber

Naughton

Gardiner

Parker

Guy

Degnan

Bob Christensen
Administrative Ass't.

Diann L. Nelson
Staff Assistant

PRESS RELEASE

HOUSE RESOURCES COMMITTEE

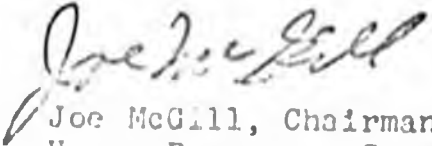
Public Hearing

A public hearing by the House Resources Committee on House Bill #59.

"An Act providing for a state tax on property used in connection with transportation of unrefined oil and gas."

The hearing to be held in the House Conference Room, Tuesday, February 27, 1973 at 3:30 P.M.

The public is invited and urged to attend. Further information concerning House Bill #59 or the public hearing may be obtained from Representative Joe McGill, Chairman House Resources Committee, Pouch V, Juneau, Alaska 99801


Joe McGill, Chairman
House Resources Committee

AGO 533418

House

BILL NO.	DATE	PAGE	TITLE	SPONSOR	FURTHER REFERRALS
59					

This Bill If Enacted Would:

"an act providing for state tax on property used in connection with transportation of unrefined oil and gas;

When Bill Considered by ^R Committee:

1/19/73

Action Taken by Committee:

public hearing

1/30/73

3:30

Amendments: Amended to Provide That:

Witnesses Testifying Before Committee: (summary of testimony)

Committee moved to hold a public hearing on house Bill 59

Other Comments:

HOUSE RESOURCES COMMITTEE WORK SHEET

BILL NO. ⁵⁹ DATE ^{1/30} PAGE TITLE SPONSOR FURTHER REFERRALS

This Bill If Enacted Would: _____

When Bill Considered by RA Committee: _____

Action Taken by Committee: _____

Amendments: Amended to Provide That: _____

P. 4 line 16 strike "Production And"

Witnesses Testifying Before Committee: (summary of testimony) _____

*Rich Garnet - A.C. officer
State Corporate Sales -*

E. Westborne, Vice President - Augusta Pipeline Corp.

*Send to Sub-Committee for further
Study - Jan. 31, 1973 - draw up recommendations*

*Dubler McHill, Chairman
~~Blair~~ Hartig
Nequon Parker
Miller*

Introduced: 1/12/73
Referred: Resources, Local
Government and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 59

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for a state tax on property used
7 in connection with transportation of unrefined oil
8 and gas; and providing for an effective date."

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

10 * Section 1. AS 43 is amended by adding a new chapter to read:

11 CHAPTER 56. OIL AND GAS TRANSPORTATION PROPERTY TAX.

12 Sec. 43.56.010. LEVY OF TAX. An annual tax of 20 mills is levied
13 each tax year beginning January 1, 1974, on the full and true value of
14 taxable real and tangible personal property employed in the transporta-
15 tion of unrefined oil and gas. With respect to a facility employed for
16 part of a tax year in a manner as to render it taxable under this
17 chapter or partly so employed for a full tax year, the value of the
18 facility taxable under this chapter shall be proportionate to the
19 employment. Property taxable under this chapter does not include
20 property employed in the construction of facilities as distinguished
21 from the facilities themselves; however, with respect to pipelines and
22 other facilities taxable under this chapter which may be under con-
23 struction or awaiting construction, full and true value for each tax
24 year shall be measured by the costs incurred or accrued with respect to
25 the facility as of the assessment date. The tax levied under this
26 chapter does not apply to property subject to ad valorem taxation by
27 a city or borough on January 1, 1973 and on January 1 of each succeeding
28 tax year.

29 Sec. 43.56.020. EXEMPTIONS. In addition to property excluded

1 under sec. 130(2) of this chapter, the following property is exempt
2 from the tax levied under this chapter:

3 (1) producing oil or gas leases;

4 (2) machinery, appliances and equipment used and around
5 a well producing oil or gas and actually used in the operation of a
6 well;

7 (3) oil and gas produced in the state upon which gross
8 production taxes are paid under AS 43.55;

9 (4) pipelines less than 21 inches in diameter.

10 Sec. 43.56.030. IN PLACE OF OTHER TAXES. Payment of the tax
11 levied under this chapter is in place of all ad valorem taxes on property
12 subject to tax under this chapter now or hereafter imposed by
13 the state, or by a city or a borough.

14 Sec. 43.56.040. ASSESSMENT. Assessment of property subject to
15 the tax levied under this chapter shall be carried out by the State
16 Assessor substantially in the manner provided in AS 29.53.060 -
17 29.53.160 for municipalities, except that the State Assessor shall
18 function in place of the local assessor, and the State Assessment
19 Review Board shall function in the place of the assembly or council
20 sitting as a board of equalization.

21 Sec. 43.56.050. STATE ASSESSMENT REVIEW BOARD. The governor
22 shall appoint at least five qualified persons to serve at his pleasure
23 as the State Assessment Review Board

24 Sec. 43.56.060. PER DIEM AND EXPENSES. Members of the State
25 Assessment Review Board shall be compensated and are entitled to per
26 diem and expenses authorized by law for boards and commissions.

27 Sec. 43.56.070. POWERS AND DUTIES. The State Assessment Review
28 Board has the powers and duties with respect to assessment of property
29 taxable under this chapter of an assembly or council sitting as a

1 board of equalization.

2 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied in
3 this chapter is payable in full to the Department of Revenue on
4 September 30 of the tax year, except that, the Department of Revenue
5 may by regulation provide for prepayment of taxes and payment by
6 installments. A penalty of ten per cent shall be added to delinquent
7 taxes and interest at the rate of eight per cent per annum, or four
8 percentage points above the per annum rate charged member banks for
9 advances by the 12th Federal Reserve District that prevailed on the
10 first day of the month preceding the commencement of that calendar
11 quarter, whichever is greater, shall accrue on all unpaid taxes,
12 excluding penalties, from the due date until paid in full. Collection
13 of the tax levied under this chapter shall be carried out by the
14 Department of Revenue substantially in the manner provided in AS 29.53.
15 200 - 29.53.390 except that the state is substituted for references
16 to cities and boroughs.

17 Sec. 43.56.090. LIEN FOR TAX. Notwithstanding any other
18 provision of law, the tax levied under this chapter and interest and
19 penalty set out in sec. 80 of this chapter are liens upon the property
20 subject to tax under this chapter. The liens provided by this section
21 are prior and paramount to all other liens or encumbrances upon the
22 same property.

23 Sec. 43.56.100. FAILURE TO FILE: FALSE STATEMENT. A person who
24 knowingly fails to file a return when due or makes a false statement
25 in a return required under this chapter with intent to evade the taxation
26 is guilty of a felony and upon conviction is punishable by a fine of
27 not more than \$5,000, or by imprisonment for not more than five years,
28 or by both, together with the costs of prosecution.

29 Sec. 43.56.110. DEPOSIT IN GENERAL FUND. The revenue from

1 the tax levied under this chapter shall be deposited in the general
2 fund.

3 Sec. 43.56.120. AUTHORIZATION OF APPROPRIATION. There is
4 authorized to be appropriated each year for payment to each tax levying
5 jurisdiction an amount equal to the revenue which would be raised by
6 application of the current year mill levy of the tax levying jurisdic-
7 tion to 20 per cent of the value, as determined under this chapter for
8 the current tax year, of property taxable under this chapter located
9 in the tax levying jurisdiction.

10 Sec. 43.56.130. DEFINITIONS. In this chapter

11 (1) "tax levying jurisdiction" means an organized borough or
12 a city levying ad valorem taxes whether located inside or outside an
13 organized borough;

14 (2) "taxable real and tangible personal property" means
15 tank farms, tanker terminals, gathering and transmission lines, and
16 related facilities associated with the (production and) transportation of
17 crude oil and natural gas; the term includes otherwise taxable property
18 exempted from taxation under home rule ordinance or charter, but does not
19 include property exempt from taxation under the constitution and laws of
20 the state or of the United States, or any subsurface estate or property
21 used in a consumer distribution system.

22 Sec. 43.56.160. REGULATIONS. The State Assessor and the Depart-
23 ment of Revenue may adopt regulations as appropriate to carry out
24 their respective duties under this chapter.

25 * Sec. 2. This Act takes effect on the day after its passage and approval
26 or on the day it becomes law without approval.
27
28
29

Belone

Rec # 1 DELETE 43.56.030

AND TO
43.56.010
Rec # 2 Allow 10 mill tax by local
GOVTS IN ADD TO 20 MILL STATE TAX
RATIONAL - 30 MILL STATUTORY LIMIT AT PRESENT ON
AD VALOREM TAX

Introduced: 1/12/73
Referred: Resources, Local
Government and Finance

Rec # 3 - FLOOR FOR AT

LEAST A 7 MILL PORTION
REFUNDED TO LOCAL GOVTS
IN THE HOUSE (would be in lieu of ANY
other tax)

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

HOUSE BILL NO. 59

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act providing for a state tax on property used
in connection with transportation of unrefined oil
and gas; and providing for an effective date."

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

* Section 1. AS 43 is amended by adding a new chapter to read:

CHAPTER 56. OIL AND GAS TRANSPORTATION PROPERTY TAX.

Sec. 43.56.010. LEVY OF TAX. An annual tax of 20 mills is levied
each tax year beginning January 1, 1974, on the full and true value of
taxable real and tangible personal property employed in the transporta-
tion of unrefined oil and gas. With respect to a facility employed for
part of a tax year in a manner as to render it taxable under this
chapter or partly so employed for a full tax year, the value of the
facility taxable under this chapter shall be proportionate to the
employment. Property taxable under this chapter does not include
property employed in the construction of facilities as distinguished
from the facilities themselves; however, with respect to pipelines and
other facilities taxable under this chapter which may be under con-
struction or awaiting construction, full and true value for each tax
year shall be measured by the costs incurred or accrued with respect to
the facility as of the assessment date. The tax levied under this
chapter does not apply to property subject to ad valorem taxation by
a city or borough on January 1, 1973 and on January 1 of each succeeding
tax year.

Sec. 43.56.020. EXEMPTIONS. In addition to property excluded

150 per mi
at 1000 ft
10 mill = 10000 per mi

1 under sec. 130(2) of this chapter, the following property is exempt
2 from the tax levied under this chapter:

3 (1) producing oil or gas leases;

4 (2) machinery, appliances and equipment used and around
5 a well producing oil or gas and actually used in the operation of a
6 well;

7 (3) oil and gas produced in the state upon which gross
8 production taxes are paid under AS 43.55;

9 (4) pipelines less than 21 inches in diameter.

10 [Sec. 43.56.030. IN PLACE OF OTHER TAXES. Payment of the tax
11 levied under this chapter is in place of all ad valorem taxes on property
12 subject to tax under this chapter now or hereafter imposed by
13 the state, or by a city or a borough.]

14 Sec. 43.56.040. ASSESSMENT. Assessment of property subject to
15 the tax levied under this chapter shall be carried out by the State
16 Assessor substantially in the manner provided in AS 29.53.060 -
17 29.53.160 for municipalities, except that the State Assessor shall
18 function in place of the local assessor, and the State Assessment
19 Review Board shall function in the place of the assembly or council
20 sitting as a board of equalization.

21 Sec. 43.56.050. STATE ASSESSMENT REVIEW BOARD. The governor
22 shall appoint at least five qualified persons to serve at his pleasure
23 as the State Assessment Review Board

24 Sec. 43.56.060. PER DIEM AND EXPENSES. Members of the State
25 Assessment Review Board shall be compensated and are entitled to per
26 diem and expenses authorized by law for boards and commissions.

27 Sec. 43.56.070. POWERS AND DUTIES. The State Assessment Review
28 Board has the powers and duties with respect to assessment of property
29 taxable under this chapter of an assembly or council sitting as a

1 board of equalization.

2 Sec. 43.56.080. COLLECTION AND ENFORCEMENT. The tax levied in
3 this chapter is payable in full to the Department of Revenue on
4 September 30 of the tax year, except that, the Department of Revenue
5 may by regulation provide for prepayment of taxes and payment by
6 installments. A penalty of ten per cent shall be added to delinquent
7 taxes and interest at the rate of eight per cent per annum, or four
8 percentage points above the per annum rate charged member banks for
9 advances by the 12th Federal Reserve District that prevailed on the
10 first day of the month preceding the commencement of that calendar
11 quarter, whichever is greater, shall accrue on all unpaid taxes,
12 excluding penalties, from the due date until paid in full. Collection
13 of the tax levied under this chapter shall be carried out by the
14 Department of Revenue substantially in the manner provided in AS 29.53.
15 200 - 29.53.390 except that the state is substituted for references
16 to cities and boroughs.

17 Sec. 43.56.090. LIEN FOR TAX. Notwithstanding any other
18 provision of law, the tax levied under this chapter and interest and
19 penalty set out in sec. 80 of this chapter are liens upon the property
20 subject to tax under this chapter. The liens provided by this section
21 are prior and paramount to all other liens or encumbrances upon the
22 same property.

23 Sec. 43.56.100. FAILURE TO FILE: FALSE STATEMENT. A person who
24 knowingly fails to file a return when due or makes a false statement
25 in a return required under this chapter with intent to evade the taxatio:
26 is guilty of a felony and upon conviction is punishable by a fine of
27 not more than \$5,000, or by imprisonment for not more than five years,
28 or by both, together with the costs of prosecution.

29 Sec. 43.56.110. DEPOSIT IN GENERAL FUND. The revenue from

1 the tax levied under this chapter shall be deposited in the general
2 fund.

3 Sec. 43.56.120. AUTHORIZATION OF APPROPRIATION. There is
4 authorized to be appropriated each year for payment to each tax levying
5 jurisdiction an amount equal to the revenue which would be raised by
6 application of the current year mill levy of the tax levying jurisdic-
7 tion to 20 per cent of the value, as determined under this chapter for
8 the current tax year, of property taxable under this chapter located
9 in the tax levying jurisdiction.

10 Sec. 43.56.130. DEFINITIONS. In this chapter

11 (1) "tax levying jurisdiction" means an organized borough or
12 a city levying ad valorem taxes whether located inside or outside an
13 organized borough;

14 (2) "taxable real and tanagible personal property" means
15 tank farms, tanker terminals, gathering and transmission lines, and
16 related facilities associated with the production and transportation of
17 crude oil and natural gas; the term includes otherwise taxable property
18 exempted from taxation under homerule ordinance or charter, but does not
19 include property exempt from taxation under the constitution and laws of
20 the state or of the United States, or any subsurface estate or property
21 used in a consumer distribution system.

22 Sec. 43.56.160. REGULATIONS. The State Assessor and the Depart-
23 ment of Revenue may adopt regulations as appropriate to carry out
24 their respective duties under this chapter.

25 * Sec. 2. This Act takes effect on the day after its passage and approval
26 or on the day it becomes law without approval.
27
28
29

AMENDMENT

Offered in the House

by Attorney General

TO: HOUSE BILL NO. 59

AMENDMENT PAGE 1 LINE 14:

DELETE "employed" and insert "actually used or designed as intended for use" in its place.

PAGE 1 LINES 26-28

DELETE lines 26-28 and substitute: "chapter does not apply to property upon which an ad valorem tax was levied by a city or a borough for the tax year beginning January 1, 1973, and upon which the tax continues to be levied for each succeeding tax year.

PAGE 4 LINE 16

DELETE "production and"

AMENDMENT

Offered in the House

by Attorney General

TO: HOUSE BILL NO. 59

AMENDMENT PAGE 1 LINE 14:

DELETE "employed" and insert "actually used or designed as intended for use" in its place.

PAGE 1 LINES 26-28

DELETE lines 26-28 and substitute: "chapter does not apply to property upon which an ad valorem tax was levied by a city or a borough for the tax year beginning January 1, 1973, and upon which the tax continues to be levied for each succeeding tax year."

PAGE 4 LINE 16

DELETE "production and"

AMENDMENT

Offered in the House

by Attorney General

TO: HOUSE BILL NO. 59

AMENDMENT PAGE 1 LINE 14:

DELETE "employed" and insert "actually used or designed as intended for use" in its place.

PAGE 1 LINES 26-28

DELETE lines 26-28 and substitute: "chapter does not apply to property upon which an ad valorem tax was levied by a city or a borough for the tax year beginning January 1, 1973, and upon which the tax continues to be levied for each succeeding tax year.

PAGE 4 LINE 16

DELETE "production and"

AMENDMENT

Offered in the House

by Attorney General

TO: HOUSE BILL NO. 59

AMENDMENT PAGE 1 LINE 14:

DELETE "employed" and insert "actually used or designed as intended for use" in its place.

PAGE 1 LINES 26-28

DELETE lines 26-28 and substitute: "chapter does not apply to property upon which an ad valorem tax was levied by a city or a borough for the tax year beginning January 1, 1973, and upon which the tax continues to be levied for each succeeding tax year."

PAGE 4 LINE 16

DELETE "production and"

AMENDMENT

Offered in the House

by Attorney General

TO: HOUSE BILL NO. 59

AMENDMENT PAGE 1 LINE 14:

DELETE "employed" and insert "actually used or designed as intended for use" in its place.

PAGE 1 LINES 26-28

DELETE lines 26-28 and substitute: "chapter does not apply to property upon which an ad valorem tax was levied by a city or a borough for the tax year beginning January 1, 1973, and upon which the tax continues to be levied for each succeeding tax year."

PAGE 4 LINE 16

DELETE "production and"

AMENDMENT

Offered in the House

by Attorney General

TO: HOUSE BILL NO. 59

AMENDMENT PAGE 1 LINE 14:

DELETE "employed" and insert "actually used or designed as
intended for use" in its place.

PAGE 1 LINES 26-28

DELETE lines 26-28 and substitute: "chapter does not apply to.
property upon which an ad valorem
tax was levied by a city or a
borough for the tax year
beginning January 1, 1973, and
upon which the tax continues to
be levied for each succeeding
tax year.

PAGE 4 LINE 16

DELETE "production and"

AMENDMENT

Offered in the House

by Attorney General

TO: HOUSE BILL NO. 59

AMENDMENT PAGE 1 LINE 14:

DELETE "employed" and insert "actually used or designed as intended for use" in its place.

PAGE 1 LINES 26-28

DELETE lines 26-28 and substitute: "chapter does not apply to property upon which an ad valorem tax was levied by a city or a borough for the tax year beginning January 1, 1973, and upon which the tax continues to be levied for each succeeding tax year."

PAGE 4 LINE 16

DELETE "production and"

AMENDMENT

Offered in the House

by Attorney General

TO: HOUSE BILL NO. 59

AMENDMENT PAGE 1 LINE 14:

DELETE "employed" and insert "actually used or designed as intended for use" in its place.

PAGE 1 LINES 26-28

DELETE lines 26-28 and substitute: "chapter does not apply to property upon which an ad valorem tax was levied by a city or a borough for the tax year beginning January 1, 1973, and upon which the tax continues to be levied for each succeeding tax year.

PAGE 4 LINE 16

DELETE "production and"

AMENDMENT

Offered in the House

by Attorney General

TO: HOUSE BILL NO. 59

AMENDMENT PAGE 1 LINE 14:

DELETE "employed" and insert "actually used or designed as intended for use" in its place.

PAGE 1 LINES 26-28

DELETE lines 26-28 and substitute: "chapter does not apply to property upon which an ad valorem tax was levied by a city or a borough for the tax year beginning January 1, 1973, and upon which the tax continues to be levied for each succeeding tax year.

PAGE 4 LINE 16

DELETE "production and"

HOUSE RESOURCES COMMITTEE WORK SHEET

BILL NO. ⁴¹⁶59 DATE ^{2/}19 PAGE TITLE SPONSOR FURTHER REFERRALS

This Bill If Enacted Would: _____

When Bill Considered by RA Committee: _____

Action Taken by Committee: _____

Amendments: Amended to Provide That: _____

Witnesses Testifying Before Committee: (summary of testimony) _____

John Harvelock Attorney General
Dept. of Treasury
Dept. of Revenue
Assistant Attorney General - Rich Garnett

EDGAR W. WELLBAUM
ALYESKA PIPELINE SERVICE CO.
BOX 576
BELLEVUE, WASH. 98009

RICK GARNETT
A-G OFFICE



JUNEAU ALASKA

Alaska State Legislature
House

HOUSE RESOURCES

Joe McGill, Chairman

Hartig, Vice-Chairman

Wilson

Laktonen

J. Miller

Eliason

Randolph

Huber

Naughton

Gardiner

Parker

Guy

Degnan

Bob Christensen
Administrative Ass't.

Diann L. Nelson
Staff Assistant

PRESS RELEASE

HOUSE RESOURCES COMMITTEE

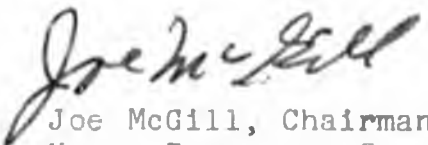
Public Hearing

A public hearing by the House Resources Committee on House Bill #59.

"An Act providing for a state tax on property used in connection with transportation of unrefined oil and gas."

The hearing to be held in the House Conference Room, Tuesday, January 30, 1973 at 3:30 P.M.

The public is invited and urged to attend. Further information concerning House Bill #59 or the public hearing may be obtained from Representative Joe McGill, Chairman House Resources Committee, Pouch V, Juneau, Alaska 99801


Joe McGill, Chairman
House Resources Committee

CS House Bill 59 for

House Bill 59 \doteq 3/14/73

6. - for -
4. - against - C.S. adopted 3/14/73

\doteq Pass Bill out on \doteq ? moved by Huber

Paul Robinson - Alaska Pipeline Co.

Huber, difference between HB. 59 -
C.S. HB 59

STATEMENT OF E. W. WELLBAUM

ON HOUSE BILL NO. 59

BEFORE THE RESOURCES COMMITTEE

ALASKA HOUSE OF REPRESENTATIVES

TUESDAY, JANUARY 30, 1973

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, MY NAME IS EDGAR W. WELLBAUM. I AM VICE PRESIDENT OF ALYESKA PIPELINE SERVICE COMPANY. I APPEAR TODAY TO TESTIFY ON HOUSE BILL NO. 59, AN ACT WHICH WOULD IMPOSE A STATE TAX ON PROPERTY USED IN TRANSPORTATION OF UNREFINED OIL AND GAS.

AT THE OUTSET, I WOULD EMPHASIZE TO THE UTMOST OF MY ABILITY THAT THE PETROLEUM INDUSTRY GENERALLY, AND THE MANAGEMENT OF ALYESKA PIPELINE SERVICE COMPANY PARTICULARLY, ARE IN FULL ACCORD WITH THE PROPOSITION THAT THE PETROLEUM INDUSTRY AND ALL OF ITS COMPONENTS SHOULD BEAR A FAIR SHARE OF THE TAX BURDEN OF ALL STATES IN WHICH THEY DO BUSINESS. WE ARE CORPORATE CITIZENS AND EXPECT TO SHARE OUR RESPONSIBILITIES WITH ALL OTHER CITIZENS. I THINK THE RECORD OF OUR INDUSTRY IN ALL OF THE OIL AND GAS PRODUCING STATES CONFIRMS THIS. ITS RECORD IN ALASKA IS NO EXCEPTION. WE RECOGNIZE THE AD VALOREM TAX AS A PROPER EXERCISE OF THE TAXING POWER OF A STATE. HOWEVER, WE ARE CONVINCED THAT IT IS NOT ONLY UNFAIR BUT OF MOST DUBIOUS WISDOM TO SINGLE OUT ONE INDUSTRY OR ANY COMPONENT OF IT OR ANY ONE SEGMENT OF THE CITIZENRY FOR SPECIAL TAXES WHICH CANNOT BE DISTRIBUTED TO THE BROAD BASE OF PRODUCTIVE ACTIVITY AND ENTERPRISE THROUGHOUT THE STATE. WE FEEL ENACTMENT OF THIS BILL WOULD BE AGAINST THE BEST INTEREST OF THE CITIZENS OF ALASKA INCLUDING THE PRESENT AND POTENTIAL ALASKAN BUSINESS INTERESTS.

THERE CAN BE NO DOUBT THAT HOUSE BILL NO. 59 SINGLES OUT THE TRANS ALASKA PIPELINE FOR THE IMPOSITION OF A VERY SPECIAL AND VERY

BURDENSOME TAX. THE BILL, IF ENACTED, WOULD IMPOSE ANNUALLY A TAX OF 20 MILLS ON "...PROPERTY EMPLOYED IN THE TRANSPORTATION OF UNREFINED OIL AND GAS." EXEMPTED ARE "...PIPELINES LESS THAN 21 INCHES IN DIAMETER." THIS LEAVES ONLY THE TRANS ALASKA PIPELINE TO BEAR THE BURDEN OF THE TAX. WITH SINGULAR IMPATIENCE, THE TAX WOULD BE IMPOSED BEFORE THE PIPELINE EXISTS, FOR IT APPLIES TO PIPELINES "...UNDER CONSTRUCTION OR AWAITING CONSTRUCTION...". FOR SUCH PIPELINES, THE VALUE IS DEFINED AS THE "...COSTS INCURRED OR ACCRUED...AS OF THE ASSESSMENT DATE" WHETHER OR NOT THE PIPELINE IS EVER COMPLETED.

I AM NOT A LAWYER AND I CERTAINLY DON'T MEAN TO RAISE ANY QUESTIONS ABOUT THE LEGALITY OF THE BILL. I AM MORE CONCERNED WITH ITS INTENT. LEGISLATIVE POLICY PROHIBITING THE PRACTICE OF SINGLING OUT ONE INDUSTRY OR ACTIVITY FOR SPECIAL TAXATION FINDS EXPRESSION IN THE CONSTITUTIONS OF EVERY STATE IN THE UNION. IN ALASKA, ARTICLE II, SECTION 19 PROHIBITS THE LEGISLATURE FROM ENACTING LOCAL OR SPECIAL LEGISLATION IF GENERAL LEGISLATION IS APPLICABLE: AND ARTICLE IX, SECTION 2 PROHIBITS TAXATION OF PROPERTY OF NON-RESIDENT CITIZENS AT A RATE HIGHER THAN THAT APPLIED TO PROPERTY OF RESIDENTS. WHILE HOUSE BILL NO. 59 MAY NOT LEGALLY VIOLATE EITHER OF THOSE PROVISIONS OF THE ALASKA CONSTITUTION, IT CLEARLY VIOLATES THEIR EXPRESSED POLICY AND SPIRIT, BOTH OF WHICH FORBID DISCRIMINATORY TAXATION AND OTHER LEGISLATION. NOT ONLY DOES HOUSE BILL NO. 59 SINGLE OUT THE TRANS ALASKA PIPELINE FOR SPECIAL TAXATION, IT TAXES AT ONE OF THE HIGHEST RATES IN THE STATE. THIS IS QUITE APPARENT FROM SECTION 43.56.120 OF THE BILL, WHICH WOULD AUTHORIZE ANNUAL APPROPRIATIONS TO THE TAXING JURISDICTIONS THROUGH WHICH THE PIPELINE WILL BE BUILT, BUT IT WILL RETURN TO SUCH A JURISDICTION ONLY THE AMOUNT OF TAX WHICH WOULD HAVE BEEN RAISED BY APPLICATION OF THE MILL LEVY OF THAT JURISDICTION FOR ANY

YEAR (COMPARED WITH THE 20 MILL LEVY IN THE BILL) TO ONLY 20% OF THE VALUE OF THAT PORTION OF THE PIPELINE LOCATED THEREIN. THUS, WHILE THE TAX UNDER HOUSE BILL NO. 59 WOULD BE IN LIEU OF ALL OTHER AD VALOREM TAXES, IT IS CLEARLY FAR IN EXCESS OF ANY OTHER AD VALOREM TAX IMPOSED BY ANY OTHER TAXING JURISDICTION THROUGH WHICH THE PIPELINE WILL BE BUILT.

THE STATE OF ALASKA MUST HAVE A WELL-PLANNED, FAR-SIGHTED, COMPREHENSIVE AND STABLE TAX BASE IF IT IS TO SATISFY ITS LONG-TERM FINANCIAL REQUIREMENTS, ACCOMMODATE THE INCREASING DEMANDS OF AN EXPANDING CITIZENRY AND MAINTAIN AN ATTRACTIVE CLIMATE FOR EXISTING AND NEW POTENTIAL BUSINESS INVESTMENT. INSTEAD OF WORKING TOWARD SUCH BENEFICIAL OBJECTIVES, HOUSE BILL NO. 59 WOULD ADD TO THE DEGENERATING POSTURE OF STATE TAXATION. AS YOU KNOW, SPECIAL LEGISLATION ENACTED TO APPLY SOLELY TO THE TRANS ALASKA PIPELINE HAS RESULTED IN COMPLEX LITIGATION WHICH MAY DELAY CONSTRUCTION AND POSTPONE PRODUCTION OF OIL AND GAS FROM PRUDHOE BAY ALONG WITH THE FLOW OF REVENUE AND ECONOMIC BENEFITS WHICH RESULT THEREFROM.

ENACTMENT OF HOUSE BILL NO. 59 WOULD BE ALL THE MORE REGRETABLE BECAUSE IT IS BY NO MEANS NECESSARY TO ANY EFFORT TO LEVY A FAIR AND PROPORTIONATE TAX ON THE PROPERTY AND ACTIVITY WHICH WILL BE INVOLVED IN THE TRANS ALASKA PIPELINE SYSTEM. THE RECORD CLEARLY SHOWS THAT THERE HAS NEVER BEEN THE SLIGHTEST OBJECTION FROM THE PETROLEUM INDUSTRY OR THE OWNERS OF THE TRANS ALASKA PIPELINE SYSTEM TO LEGISLATION WHICH APPLIES EQUALLY TO ALL CITIZENS AND TAXPAYERS IN THE TAXING JURISDICTION.

THERE IS NO DOUBT WHATEVER THAT IF AND WHEN OIL PRODUCTION STARTS AT PRUDHOE BAY AND MOVES THROUGH THE TRANS ALASKA PIPELINE SYSTEM TO VALDEZ, THE OIL INDUSTRY WILL PROVIDE THE LARGEST SHARE OF STATE REVENUE

THROUGH ROYALTY AND TAXES. IT IS THUS UNFAIR AND UNNECESSARY TO CREATE SPECIAL AND DISCRIMINATORY TAXES ON THE TRANS ALASKA PIPELINE SYSTEM. SINCE IT WILL BE ONE OF THE MAJOR ECONOMIC UNITS IN ALASKA AND WILL EMPLOY PROPERTY OF GREAT VALUE, IT IS INEVITABLE THAT ANY FAIR, EQUITABLE AND FAR-SIGHTED TAX PROGRAM WILL DERIVE A MAJOR PORTION OF ITS REVENUE FROM THE PIPELINE.

IN CONCLUSION, I WOULD EMPHASIZE THAT WE REQUEST NO EXEMPTIONS WHATEVER FROM ANY TAXATION, BUT ONLY THAT WE BE SPARED THE BURDEN OF SPECIAL AND DISCRIMINATORY TAXATION. WE BELIEVE THAT THIS BILL IS DISCRIMINATORY, UNFAIR, PREMATURE AND THAT IT SHOULD NOT BE CONSIDERED FURTHER AT THIS TIME. WE BELIEVE THAT ANY TAXATION OF THE TRANS ALASKA PIPELINE SYSTEM SHOULD BE CONSIDERED AS PART OF AND COORDINATED WITH A LONG-TERM TAX PROGRAM OF THE STATE AS IT APPLIES NOT ONLY TO TRANSPORTATION OF OIL AND GAS BUT TO OTHER ECONOMIC ACTIVITY AS WELL. WHEN CONSIDERED IN THAT CONTEXT, WE ARE CONFIDENT THAT THIS AND FUTURE ALASKAN LEGISLATURES WILL TAX THE TRANS ALASKA PIPELINE SYSTEM AS AN INTEGRAL PART OF A COORDINATED PROGRAM OF TAXATION WHICH WILL NOT SINGLE OUT ANY ACTIVITY OR INDUSTRY TO BEAR A DISCRIMINATORY OR DISPROPORTIONATE SHARE OF THE TAX BURDEN OF THE STATE.

AMENDMENT

Offered in the House

by Attorney General

TO: HOUSE BILL NO. 59

AMENDMENT PAGE 1 LINE 14:

DELETE "employed" and insert "actually used or designed as intended for use" in its place.

PAGE 1 LINES 26-28

DELETE lines 26-28 and substitute: "chapter does not apply to property upon which an ad valorem tax was levied by a city or a borough for the tax year beginning January 1, 1973, and upon which the tax continues to be levied for each succeeding tax year.

PAGE 4 LINE 16

DELETE "production and"

House Bill 59
 Revenue Projections 1974 - 1983
 Assuming Construction Starts July 1, 1973
 (\$000 Omitted)

	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983
City Tax Collection Under HB 59	\$22055.9	\$40853.1	\$59947.6	\$69211.1	\$70000.0	\$70000.0	\$70000.0	\$70000.0	\$70000.0	\$70000.0
Shared to Local Governments (see below)	1653.8	3063.1	4494.8	5189.2	5248.4	5248.4	5248.4	5248.4	5248.4	5248.4
Revenues to State Treasury	<u>\$20402.1</u>	<u>\$37790.0</u>	<u>\$55452.8</u>	<u>\$64021.9</u>	<u>\$64751.6</u>	<u>\$64751.6</u>	<u>\$64751.6</u>	<u>\$64751.6</u>	<u>\$64751.6</u>	<u>\$64751.6</u>
Governments' Share of Property Tax:										
Slope Borough	\$ 734.7	\$ 1360.8	\$ 1996.8	\$ 2305.3	\$ 2331.6	\$ 2331.6	\$ 2331.6	\$ 2331.6	\$ 2331.6	\$ 2331.6
Star Borough	267.6	495.6	727.3	839.6	849.2	849.2	849.2	849.2	849.2	849.2
of Valdez	651.5	1206.7	1770.7	2044.3	2067.6	2067.6	2067.6	2067.6	2067.6	2067.6
Shared Revenues	<u>\$ 1653.8</u>	<u>\$ 3063.1</u>	<u>\$ 4494.8</u>	<u>\$ 5189.2</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>	<u>\$ 5248.4</u>

STATE OF ALASKA

Department of Revenue

Budget Projections and Resulting Effect
on the General Fund Balance
for the Next Ten Fiscal Years

All revenue estimates, estimated expenditures and other assumptions not listed as "comments" or "assumptions" on the Budget Planning Model detail pages are taken from the Budget Document Supplement, Alaska, Fiscal Year 1973-74.

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

PAGE 15

FEBRUARY 3, 1975

PIPELINE CONSTRUCTION BEGINS IN FY 1974
OIL FLOWS IN FY 1977
NIGHT-OF-DAY LEASING 40
TAX PACKAGE INCLUDED

ASSUMPTIONS
ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 7.00%

ANNUAL INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP AND TAXES OF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
								042038.0
100000.0	46134.4	256134.4	518000.0	20441.0	12193.0	397300.0	-121654.6	520983.4
100100.0	39383.8	211583.8	340372.5	30000.0	12821.0	383793.5	-161809.7	359170.5
100200.0	13051.3	214051.3	304840.2	33200.0	13105.0	411245.2	-196923.9	162649.6
100300.0	5021.3	349409.3	350378.7	40000.0	26520.0	458998.7	-113492.9	49156.7
100400.0	5017.4	510970.4	417704.8	45500.0	45070.0	508280.8	3095.6	57252.3
100500.0	6753.4	541775.4	440944.0	52100.0	45001.0	544755.0	-2359.6	54892.6
100600.0	6800.4	505077.4	478220.3	55300.0	47494.0	581023.3	-15045.9	30940.8
100700.0	5275.3	508304.3	511709.2	58200.0	48500.0	618509.2	-49990.9	-10444.2
100800.0	1004.4	570990.4	547523.0	61000.0	50127.0	658650.0	-82852.5	-93200.7
100900.0	-4401.2	570593.8	585850.4	60000.0	51000.0	704350.4	-127516.6	-220813.3
101000.0	130452.7	430433.0	4402012.0	405141.0	355157.0	5227729.0	-483451.3	

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

101 00A
FEBRUARY 6, 1973

PIPELINE CONSTRUCTION BEGINS IN FY 1974
OIL FIELDS IN FY 1977
RIGHT-OF-WAY LEASING 40
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED

ASSUMPTIONS
ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20:
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
ANN PER EXPEND GROWTH RATE AFTER 1ST YR = 8.00%

INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEPT SERVICE	MISC EXP SMD TAXES GF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
								642833.6
101133.0	50034.4	251167.4	512600.0	20441.0	12193.0	557034.0	-105866.6	542123.4
125113.0	50044.0	251157.0	544150.0	30000.0	12621.0	586771.0	-124614.0	417702.9
131100.0	25746.0	175846.0	571001.7	33200.0	13145.0	617346.7	-141500.7	276202.9
140100.0	10421.1	415121.1	481420.0	40000.0	28920.0	550340.0	-55219.0	224721.2
150111.0	1100.0	551111.0	453340.0	45500.0	45070.0	543910.0	70201.0	293710.4
160100.0	2330.0	42330.0	408270.0	52100.0	45091.0	505361.0	57949.0	353350.0
170100.0	2070.0	64330.0	505001.0	53300.0	47194.0	605495.0	41224.0	394202.0
180100.0	1772.1	65107.1	540150.4	50200.0	40400.0	630750.4	3382.0	397000.7
190100.0	20110.4	66101.4	58025.0	61000.0	53717.0	732102.0	-35007.0	361770.4
200100.0	21332.0	67332.0	637011.0	60000.0	51700.0	753011.0	-87000.0	273000.0
210100.0	27000.0	67200.0	601000.0	40100.0	35000.0	676100.0	-35000.0	

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

AGW 339

FEBRUARY 3, 1973

PIPELINE CONSTRUCTION BEGINS IN FY 1974
OIL FLOWS IN FY 1977
RIGHT-OF-WAY LEASING 40
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED

ASSUMPTIONS
ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.30%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 10.00%

INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	MISC EXP AND TAXES OF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
								642650.0
109500.0	40000.0	250787.4	318000.0	20441.0	12193.0	357300.0	-106512.6	542125.4
225000.0	50000.1	282410.1	350000.0	30000.0	12021.0	392000.0	-150000.0	411101.1
150000.0	24000.0	275220.0	330000.0	35000.0	13100.0	400000.0	-150000.0	254400.0
400000.0	10000.2	417001.2	420000.0	40000.0	20000.0	480000.0	-70000.0	170000.0
370000.0	10000.1	380000.1	400000.0	45000.0	40000.0	485000.0	-10000.0	210000.0
500000.0	17174.1	610000.0	510000.0	52000.0	40000.0	610000.0	0.0	210000.0
600000.0	10702.4	633700.0	500000.0	55000.0	7000.0	600000.0	-20000.0	100000.0
620000.0	15000.0	640000.0	600000.0	50000.0	4000.0	700000.0	-50000.0	100000.0
600000.0	5000.0	600000.0	550000.0	60000.0	5000.0	600000.0	0.0	0.0
600000.0	5000.0	600000.0	550000.0	60000.0	5000.0	600000.0	0.0	0.0
400000.0	10702.4	430000.0	500000.0	40000.0	5000.0	500000.0	-100000.0	-100000.0

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

REP ID: RUM 40

DATE: FEBRUARY 6, 1975

COMMENTS

PIPELINE CONSTRUCTION BEGINS IN FY 1975
OIL PLANS IN FY 1976
RIGHT-OF-WAY LEASING 40
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN G.F. CASH BAL = 20.00%
MINI OPER EXPEND GROWTH RATE AFTER 1ST YR = 5.00%

FISCAL YEAR	NON INVESTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	INSTR EXP AND TAXES OF CAP EX	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
1975									642038.0
1976	180000.0	10022.0	251800.0	310000.0	20441.0	12193.0	357500.0	-125413.1	517224.9
1977	101513.0	30275.0	237106.0	334599.0	50000.0	12321.0	377420.0	-140231.4	370993.4
1978	231001.0	21754.0	255753.0	351328.0	53200.0	13105.0	397603.0	-141940.6	235952.6
1979	250311.0	11303.1	267894.1	306394.0	40000.0	28220.0	437414.0	-169520.4	65532.4
1980	400000.0	3502.0	403457.0	387334.1	45000.0	45070.0	477915.1	-68478.1	-2045.7
1981	381221.0	4039.2	387263.2	400705.0	52100.0	45001.0	504906.0	62700.0	70020.0
1982	300000.0	11201.0	417072.0	427840.4	55300.0	47404.0	527834.4	66138.1	107958.0
1983	350000.0	17045.7	467000.7	448321.8	58200.0	48100.0	555041.8	35054.0	201013.0
1984	330000.0	23000.2	453000.2	470011.1	61000.0	50727.0	581738.1	70357.1	357571.0
1985	400000.0	27004.1	675797.0	550000.0	60000.0	51000.0	661000.0	12000.0	400000.0
	4007917.0	105107.2	4596702.0	4800175.0	409141.0	355137.0	4873102.0	-242321.1	

AGD 533458

STATE OF ALASKA
REVENUE

BUDGET PLANNING MODEL

RUN 61

FEBRUARY 6, 1975

PIPELINE CONSTRUCTION BEGINS IN FY 1975
OIL FLOWS IN FY 1978
LIGHT-OF-MY LEARNING 40
TAX PACKAGE INCLUDED
PROPERTY TAX INCLUDED

ASSUMPTIONS
ANNUAL RATE OF INTEREST ON GENERAL FUND = 7.00%
ANNUAL RATE OF INTEREST ON NEW BONDS = 6.00%
MATURITY PERIOD ON NEW BONDS IN YEARS = 20.
% OF CURRENT YR EXPEND. IN C.F. CASH BAL = 10.00%
ANN OPER EXPEND GROWTH RATE AFTER 1ST YR = 7.00%

STATE DEPARTMENT REVENUE	INVESTMENT INTEREST	TOTAL REVENUE	OPERATING EXPENDITURE	DEBT SERVICE	LIOP EXP OF CAP EX AND TAXES	TOTAL EXPENDITURE	SURPLUS OR DEFICIT	GENERAL FUND END OF YEAR
AGO 533459								042030.0
100000.0	48021.0	251000.0	310000.0	20000.0	12100.0	357000.0	-120410.1	517124.9
200000.0	34100.0	237000.0	340000.0	30000.0	12000.0	382000.0	-140700.0	370401.3
300000.0	21000.0	259000.0	300000.0	30000.0	10000.0	340000.0	-150200.0	214279.1
400000.0	10000.0	200000.0	300000.0	30000.0	8000.0	338000.0	-100000.0	213000.0
500000.0	-2000.0	400000.0	417000.0	40000.0	40000.0	500000.0	-100000.0	-61070.7
600000.0	-10000.0	500000.0	440000.0	30000.0	40000.0	510000.0	-50000.0	-44500.0
700000.0	10000.0	700000.0	470000.0	30000.0	40000.0	540000.0	100000.0	-10700.0
800000.0	0.0	800000.0	510000.0	30000.0	40000.0	580000.0	100000.0	-50.0
900000.0	0.0	900000.0	540000.0	30000.0	40000.0	610000.0	100000.0	-10000.0
1000000.0	0.0	1000000.0	570000.0	30000.0	40000.0	640000.0	100000.0	-10000.0
1100000.0	0.0	1100000.0	600000.0	30000.0	40000.0	670000.0	100000.0	-70000.0
1200000.0	0.0	1200000.0	630000.0	30000.0	40000.0	700000.0	100000.0	-70000.0
1300000.0	0.0	1300000.0	660000.0	30000.0	40000.0	730000.0	100000.0	-70000.0
1400000.0	0.0	1400000.0	690000.0	30000.0	40000.0	760000.0	100000.0	-70000.0
1500000.0	0.0	1500000.0	720000.0	30000.0	40000.0	790000.0	100000.0	-70000.0
1600000.0	0.0	1600000.0	750000.0	30000.0	40000.0	820000.0	100000.0	-70000.0
1700000.0	0.0	1700000.0	780000.0	30000.0	40000.0	850000.0	100000.0	-70000.0
1800000.0	0.0	1800000.0	810000.0	30000.0	40000.0	880000.0	100000.0	-70000.0
1900000.0	0.0	1900000.0	840000.0	30000.0	40000.0	910000.0	100000.0	-70000.0
2000000.0	0.0	2000000.0	870000.0	30000.0	40000.0	940000.0	100000.0	-70000.0
2100000.0	0.0	2100000.0	900000.0	30000.0	40000.0	970000.0	100000.0	-70000.0
2200000.0	0.0	2200000.0	930000.0	30000.0	40000.0	1000000.0	100000.0	-70000.0
2300000.0	0.0	2300000.0	960000.0	30000.0	40000.0	1030000.0	100000.0	-70000.0
2400000.0	0.0	2400000.0	990000.0	30000.0	40000.0	1060000.0	100000.0	-70000.0
2500000.0	0.0	2500000.0	1020000.0	30000.0	40000.0	1090000.0	100000.0	-70000.0
2600000.0	0.0	2600000.0	1050000.0	30000.0	40000.0	1120000.0	100000.0	-70000.0
2700000.0	0.0	2700000.0	1080000.0	30000.0	40000.0	1150000.0	100000.0	-70000.0
2800000.0	0.0	2800000.0	1110000.0	30000.0	40000.0	1180000.0	100000.0	-70000.0
2900000.0	0.0	2900000.0	1140000.0	30000.0	40000.0	1210000.0	100000.0	-70000.0
3000000.0	0.0	3000000.0	1170000.0	30000.0	40000.0	1240000.0	100000.0	-70000.0
3100000.0	0.0	3100000.0	1200000.0	30000.0	40000.0	1270000.0	100000.0	-70000.0
3200000.0	0.0	3200000.0	1230000.0	30000.0	40000.0	1300000.0	100000.0	-70000.0
3300000.0	0.0	3300000.0	1260000.0	30000.0	40000.0	1330000.0	100000.0	-70000.0
3400000.0	0.0	3400000.0	1290000.0	30000.0	40000.0	1360000.0	100000.0	-70000.0
3500000.0	0.0	3500000.0	1320000.0	30000.0	40000.0	1390000.0	100000.0	-70000.0
3600000.0	0.0	3600000.0	1350000.0	30000.0	40000.0	1420000.0	100000.0	-70000.0
3700000.0	0.0	3700000.0	1380000.0	30000.0	40000.0	1450000.0	100000.0	-70000.0
3800000.0	0.0	3800000.0	1410000.0	30000.0	40000.0	1480000.0	100000.0	-70000.0
3900000.0	0.0	3900000.0	1440000.0	30000.0	40000.0	1510000.0	100000.0	-70000.0
4000000.0	0.0	4000000.0	1470000.0	30000.0	40000.0	1540000.0	100000.0	-70000.0
4100000.0	0.0	4100000.0	1500000.0	30000.0	40000.0	1570000.0	100000.0	-70000.0
4200000.0	0.0	4200000.0	1530000.0	30000.0	40000.0	1600000.0	100000.0	-70000.0
4300000.0	0.0	4300000.0	1560000.0	30000.0	40000.0	1630000.0	100000.0	-70000.0
4400000.0	0.0	4400000.0	1590000.0	30000.0	40000.0	1660000.0	100000.0	-70000.0
4500000.0	0.0	4500000.0	1620000.0	30000.0	40000.0	1690000.0	100000.0	-70000.0
4600000.0	0.0	4600000.0	1650000.0	30000.0	40000.0	1720000.0	100000.0	-70000.0
4700000.0	0.0	4700000.0	1680000.0	30000.0	40000.0	1750000.0	100000.0	-70000.0
4800000.0	0.0	4800000.0	1710000.0	30000.0	40000.0	1780000.0	100000.0	-70000.0
4900000.0	0.0	4900000.0	1740000.0	30000.0	40000.0	1810000.0	100000.0	-70000.0
5000000.0	0.0	5000000.0	1770000.0	30000.0	40000.0	1840000.0	100000.0	-70000.0
5100000.0	0.0	5100000.0	1800000.0	30000.0	40000.0	1870000.0	100000.0	-70000.0
5200000.0	0.0	5200000.0	1830000.0	30000.0	40000.0	1900000.0	100000.0	-70000.0
5300000.0	0.0	5300000.0	1860000.0	30000.0	40000.0	1930000.0	100000.0	-70000.0
5400000.0	0.0	5400000.0	1890000.0	30000.0	40000.0	1960000.0	100000.0	-70000.0
5500000.0	0.0	5500000.0	1920000.0	30000.0	40000.0	1990000.0	100000.0	-70000.0
5600000.0	0.0	5600000.0	1950000.0	30000.0	40000.0	2020000.0	100000.0	-70000.0
5700000.0	0.0	5700000.0	1980000.0	30000.0	40000.0	2050000.0	100000.0	-70000.0
5800000.0	0.0	5800000.0	2010000.0	30000.0	40000.0	2080000.0	100000.0	-70000.0
5900000.0	0.0	5900000.0	2040000.0	30000.0	40000.0	2110000.0	100000.0	-70000.0
6000000.0	0.0	6000000.0	2070000.0	30000.0	40000.0	2140000.0	100000.0	-70000.0
6100000.0	0.0	6100000.0	2100000.0	30000.0	40000.0	2170000.0	100000.0	-70000.0
6200000.0	0.0	6200000.0	2130000.0	30000.0	40000.0	2200000.0	100000.0	-70000.0
6300000.0	0.0	6300000.0	2160000.0	30000.0	40000.0	2230000.0	100000.0	-70000.0
6400000.0	0.0	6400000.0	2190000.0	30000.0	40000.0	2260000.0	100000.0	-70000.0
6500000.0	0.0	6500000.0	2220000.0	30000.0	40000.0	2290000.0	100000.0	-70000.0
6600000.0	0.0	6600000.0	2250000.0	30000.0	40000.0	2320000.0	100000.0	-70000.0
6700000.0	0.0	6700000.0	2280000.0	30000.0	40000.0	2350000.0	100000.0	-70000.0
6800000.0	0.0	6800000.0	2310000.0	30000.0	40000.0	2380000.0	100000.0	-70000.0
6900000.0	0.0	6900000.0	2340000.0	30000.0	40000.0	2410000.0	100000.0	-70000.0
7000000.0	0.0	7000000.0	2370000.0	30000.0	40000.0	2440000.0	100000.0	-70000.0
7100000.0	0.0	7100000.0	2400000.0	30000.0	40000.0	2470000.0	100000.0	-70000.0
7200000.0	0.0	7200000.0	2430000.0	30000.0	40000.0	2500000.0	100000.0	-70000.0
7300000.0	0.0	7300000.0	2460000.0	30000.0	40000.0	2530000.0	100000.0	-70000.0
7400000.0	0.0	7400000.0	2490000.0	30000.0	40000.0	2560000.0	100000.0	-70000.0
7500000.0	0.0	7500000.0	2520000.0	30000.0	40000.0	2590000.0	100000.0	-70000.0
7600000.0	0.0	7600000.0	2550000.0	30000.0	40000.0	2620000.0	100000.0	-70000.0
7700000.0	0.0	7700000.0	2580000.0	30000.0	40000.0	2650000.0	100000.0	-70000.0
7800000.0	0.0	7800000.0	2610000.0	30000.0	40000.0	2680000.0	100000.0	-70000.0
7900000.0	0.0	7900000.0	2640000.0	30000.0	40000.0	2710000.0	100000.0	-70000.0
8000000.0	0.0	8000000.0	2670000.0	30000.0	40000.0	2740000.0	100000.0	-70000.0
8100000.0	0.0	8100000.0	2700000.0	30000.0	40000.0	2770000.0	100000.0	-70000.0
8200000.0	0.0	8200000.0	2730000.0	30000.0	40000.0	2800000.0	100000.0	-70000.0
8300000.0	0.0	8300000.0	2760000.0	30000.0	40000.0	2830000.0	100000.0	-70000.0
8400000.0	0.0	8400000.0	2790000.0	30000.0	40000.0	2860000.0	100000.0	-70000.0
8500000.0	0.0	8500000.0	2820000.0	30000.0	40000.0	2890000.0	100000.0	-70000.0
8600000.0	0.0	8600000.0	2850000.0	30000.0	40000.0	2920000.0	100000.0	-70000.0
8700000.0	0.0	8700000.0	2880000.0	30000.0	40000.0	2950000.0	100000.0	-70000.0
8800000.0	0.0	8800000.0	2910000.0	30000.0	40000.0	2980000.0	100000.0	-70000.0
8900000.0	0.0	8900000.0	2940000.0	30000.0	40000.0	3010000.0	100000.0	-70000.0
9000000.0	0.0	9000000.0	2970000.0	30000.0	40000.0	3040000.0	100000.0	-70000.0
9100000.0	0.0	9100000.0	3000000.0	30000.0	40000.0	3070000.0	100000.0	-70000.0
9200000								

Right-of-Way Leasing Act
(Millions of Dollars)

	Year of TAPS Pipeline Operation				Average 35 Years
	<u>1st</u>	<u>5th</u>	<u>10th</u>	<u>20th</u>	
At 4% ICC Return	2.1	2.1	4.5	21.5	15.4
At 5% ICC Return	3.4	6.2	13.7	30.1	22.7
At 7% ICC Return	25.1	29.1	34.6	47.1	40.6

At a 4% ICC rate of return North Slope oil corporations will maximize their total profits. This ICC return rate and the concurrent revenues to the State are the most likely case.

INCREASE REVENUES DUE
TO TAX INCREASE PROPOSALS

<u>Receipt Title</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>
Cigarette Tax Increase (From to 13¢ per pack)	\$2,412,000	\$2,539,250	\$2,793,125	\$2,904,875	\$3,023,563	\$3,200,139	\$3,387,027	\$3,584,829	\$3,794,183	\$4,015,763
License Tax Increase (From 2% of net income)	440,000	480,000	520,000	560,000	600,000	648,360	700,618	757,088	818,109	884,048
Highway Fuel Tax Increase (From 8¢ to 10¢ per gallon with refund for off- highway use out of 10¢ gallon.)	2,655,300	2,857,250	2,892,700	3,002,700	3,155,300	3,295,080	3,441,052	3,593,490	3,752,682	3,918,926
Aircraft Fuel Tax	<u>541,500</u>	<u>563,150</u>	<u>585,650</u>	<u>609,100</u>	<u>633,450</u>	<u>658,788</u>	<u>685,140</u>	<u>712,545</u>	<u>741,047</u>	<u>770,689</u>
Sub-Total	<u>\$6,048,800</u>	<u>\$6,439,650</u>	<u>\$6,791,475</u>	<u>\$7,076,675</u>	<u>\$7,412,313</u>	<u>\$7,802,367</u>	<u>\$8,213,837</u>	<u>\$8,647,952</u>	<u>\$9,106,021</u>	<u>\$9,589,426</u>