

HB 628

MEMORANDUM

TO: Ralph Kimlinger
Deputy Commissioner
Department of Revenue

DATE : March 14, 1974

FROM: *GH*
Gerald Heier
Director
Property Tax Division

SUBJECT: HB 628
Definition of Taxable Property

HB 628 proposes to amend AS 43.56.210 (6) so that oil refineries and natural gas liquefaction plants will be taxable by the State of Alaska under the oil and gas property tax bill.

At the present time there are two refineries and one liquefaction plant within the State, situated in the Kenai Peninsula Borough, North Kenai Area. The L.N.G. plant is presently covered by an Industrial Incentive Act, which exempts the facility from state and local taxation.

It is estimated that the value of the two refineries will be \$22,000,000 as of January 1, 1975, and that the combined local mill levy applicable to these properties will be seven mills.

<u>Year</u>	<u>Valuation</u>	<u>Net State Millage</u>	<u>Net State Taxes</u>
1-1-75	\$22,000,000	13	\$286,000
1-1-76	20,900,000	13	271,700
1-1-77	19,855,000	13	258,115
1-1-78	18,862,250	13	245,209
1-1-79	17,919,137	13	232,948

The following information would be applicable to the liquefaction plant if it were not covered by the Industrial Incentive Act:

Estimated value as of 1-1-75 \$50,000,000

<u>Year</u>	<u>Valuation</u>	<u>Net State Millage</u>	<u>Net State Taxes</u>
1-1-75	\$50,000,000	13	\$650,000
1-1-76	47,500,000	13	617,500
1-1-77	45,125,000	13	586,625
1-1-78	42,868,750	13	557,293
1-1-79	40,725,312	13	529,429

GH:eh