

"An Act relating to oil and gas development."

2/4/75

COMMITTEE REPORT

FINANCE

HOUSE

Mr. Speaker:

Date 4/25/75

The Committee on Commerce has had HB 116

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR HB 116 AND THAT

CS FOR HB 116 DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>		_____
<u>[Signature]</u>		_____

Members NOT concurring in the Majority report:

<u>[Signature]</u>	recommends: <u>no rec</u>
<u>[Signature]</u>	recommends: <u>no rec</u>
_____	recommends: _____
_____	recommends: _____
_____	recommends: _____

[Signature] Chairman

"An Act relating to oil and gas development."

COMMITTEE REPORT

4/25/75

HOUSE

Mr. Speaker:

Date _____

The Committee on FINANCE has had HB 116

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

Original sponsor: Malone

Offered: 4/25/75
Referred: Finance

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 116

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas regulation and conser-
7 vation tax."

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

9 * Section 1. AS 43.57.010(a) is amended to read:

10 (a) There is levied upon the producer of oil a tax of [ONE-EIGHTH
11 OF] one cent on each barrel of oil removed or sold from each lease or
12 property in the state, less any part the ownership or right to which is
13 exempt from taxation.
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Introduced: 2/4/75
Referred: Commerce and
Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 116

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas development."

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

8 * Section 1. AS 38.05 is amended by adding a new section to read:

9 Sec. 38.05.297. INSPECTION PERMITTED. (a) The department may,
10 as a condition of granting a permit or lease provided for in secs. 135 -
11 365 of this chapter, require the applicant to

12 (1) allow full observation and inspection by a person
13 employed by the department of all oil or gas exploration efforts,
14 drilling or production facilities;

15 (2) allow a person employed by the department to be present
16 during exploration, drilling or production efforts, and make adequate
17 provisions for the board, lodging and transportation of that person;

18 (3) in the case of a vessel or other facility engaged in
19 offshore oil or gas exploration, drilling or production, allow a
20 person employed by the department to live on the vessel or facility;

21 (4) reimburse the state, on a regular basis, for all costs
22 incurred in the administration of this section, including the costs
23 of inspection;

24 (5) post a surety bond or other guarantee of payment;

25 (6) observe other conditions the department considers neces-
26 sary to safeguard the public health, safety and general welfare.

27 (b) The department shall promulgate regulations to carry out the
28 purpose of this section, including but not limited to

29 (1) the specific duties of the inspector;

COMMITTEE COPY

1 (2) adequate safety precautions and special insurance pro-
2 tection for the inspector;

3 (3) a shift system providing for the frequent replacement
4 and area transfer of an inspector;

5 (4) a liberal grant of annual leave with pay for inspectors
6 not restricted to the provisions of AS 39.20.200;

7 (5) any other provision necessary to implement the purposes
8 of this section.

9 (c) A person holding a permit or lease provided for under secs.
10 135 - 365 of this chapter who refuses to allow inspection under the
11 terms of this section is guilty of a misdemeanor and, upon conviction,
12 is punishable by a fine of not more than \$10,000, or by imprisonment
13 for not more than one year, or by both.
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

ALASKA STATE LEGISLATURE

NINEH Legislature FIRST Session

HOUSE BILL NO. 116

By MALONE

An Act relating to oil and gas development.

Oil/gas development

Introduced in the House 2/4/75, 1975

HISTORY IN THE HOUSE

19 75

Feb 4

Read first time and referred to Committee on Commerce and Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration
PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused
Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration
PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused
Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Reported correctly enrolled

Sent to Governor

By Governor

Filed with Lt. Governor

Chapter No.

Original sponsor: Malone

Offered: 4/25/75
Referred: Finance

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2

CS FOR HOUSE BILL NO. 116

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

NINTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to oil and gas regulation and conser-
vation tax."

7

8

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

9

* Section 1. AS 43.57.010(a) is amended to read:

10

(a) There is levied upon the producer of oil a tax of [ONE-EIGHTH

11

OF] one cent on each barrel of oil removed or sold from each lease or

12

property in the state, less any part the ownership or right to which is

13

exempt from taxation.

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

Introduced: 2/4/75
Referred: Commerce and
Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 116

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas development."

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

8 * Section 1. AS 38.05 is amended by adding a new section to read:

9 Sec. 38.05.297. INSPECTION PERMITTED. (a) The department may,
10 as a condition of granting a permit or lease provided for in secs. 135 -
11 365 of this chapter, require the applicant to

12 (1) allow full observation and inspection by a person
13 employed by the department of all oil or gas exploration efforts,
14 drilling or production facilities;

15 (2) allow a person employed by the department to be present
16 during exploration, drilling or production efforts, and make adequate
17 provisions for the board, lodging and transportation of that person;

18 (3) in the case of a vessel or other facility engaged in
19 offshore oil or gas exploration, drilling or production, allow a
20 person employed by the department to live on the vessel or facility;

21 (4) reimburse the state, on a regular basis, for all costs
22 incurred in the administration of this section, including the costs
23 of inspection;

24 (5) post a surety bond or other guarantee of payment;

25 (6) observe other conditions the department considers neces-
26 sary to safeguard the public health, safety and general welfare.

27 (b) The department shall promulgate regulations to carry out the
28 purpose of this section, including but not limited to

29 (1) the specific duties of the inspector;

1 (2) adequate safety precautions and special insurance pro-
2 tection for the inspector;

3 (3) a shift system providing for the frequent replacement
4 and area transfer of an inspector;

5 (4) a liberal grant of annual leave with pay for inspectors
6 not restricted to the provisions of AS 39.20.200;

7 (5) any other provision necessary to implement the purposes
8 of this section.

9 (c) A person holding a permit or lease provided for under secs.
10 135 - 365 of this chapter who refuses to allow inspection under the
11 terms of this section is guilty of a misdemeanor and, upon conviction,
12 is punishable by a fine of not more than \$10,000, or by imprisonment
13 for not more than one year, or by both.
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

MEMORANDUM

State of Alaska

TO: Frederick P. Boetsch
Deputy Commissioner
Department of Revenue

DATE: May 2, 1975

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins, Director
Audit Division
Department of Revenue

SUBJECT: House Bill 116

House Bill 116 provides for an increase in the rate for oil and gas regulation and conservation tax from one eighth of one cent to the rate of one cent per barrel of oil removed or sold from each lease of property within the state less any part which is exempt from taxation. The sole impact of this bill would be to raise additional income under this taxing provision. The effect of this will be to increase revenues as follows:

FY 1976:	\$ 497,000
FY 1977:	\$ 455,000
FY 1978:	\$2,821,000
FY 1979:	\$4,851,000
FY 1980:	\$5,236,000

GLJ:lw

cc R. D. Stevenson