

# STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5 - JUNEAU 99811

February 5, 1976

The Honorable Kay Poland  
Chairman  
Senate Resources Committee  
Alaska State Legislature  
State Capitol Building  
Juneau, AK 99811

Re: Senate Bill No. 186  
CS for Senate Bill No. 186

Dear Senator Poland:

The Senate Journal of February 4, 1976 indicates that Senate Bill No. 186, an Act relating to taxable property under the oil and gas exploration, production and pipeline transportation tax upon consideration by the Senate was referred to the Senate Resources Committee for one week.

For the consideration of the Senate Resources Committee, I am enclosing a copy of a memorandum and schedule prepared on March 4, 1975 prepared by Gerald D. Heier, Director, Property Tax Division, Department of Revenue covering estimated revenues that would accrue to the State for the fiscal years 1977 through 1981 and costs of administration, relative to Senate Bill No. 186.

For the Resources Committee's further consideration, I am enclosing a copy of a memorandum dated February 5, 1976 from Gerald D. Heier, Petroleum Property Assessor, Petroleum Revenue Division, Anchorage Alaska covering estimated revenues that would accrue to the State for the fiscal years 1978 through 1981 and costs of administration, relative to Committee Substitute for Senate Bill No. 186.

If you or any members of the Senate Resources Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Heier in Anchorage for further information.

Very truly yours,

R. D. Stevenson  
Special Assistant

SB 186  
HB 127

cc: The Honorable Bill Ray  
Chairman  
Senate Finance Committee

The Honorable Pat Rodey  
Prime Sponsor - Senate Bill No. 136

Gerald D. Heier  
Petroleum Property Assessor  
Petroleum Revenue Division  
Anchorage, Alaska



# MEMORANDUM

# State of Alaska

TO: R. D. Stevenson  
Special Assistant  
Department of Revenue  
Juneau

DATE: February 5, 1976

FILE NO:

TELEPHONE NO:

FROM: Gerald D. Heier  
Petroleum Property Assessor  
Petroleum Revenue Division

SUBJECT: Committee Substitute for  
Senate Bill No. 186

As per your request I have reviewed Committee Substitute for Senate Bill No. 186.

I have made the assumption that the bill would in effect provide for an initial assessment date of 1/1/77 and that the current payment date of September 30 would still be applicable.

At the present time in Alaska there are two refineries, one LNG plant and one ammonia-urea plant. The refineries would be taxable as of the effective date of the bill, while the other two plants are currently covered by the Industrial Incentive Act through 1978, which exempts them from an ad valorem tax until FY 80.

It is anticipated that an additional refinery will be built in the Fairbanks North Star Borough starting in 1976 and that Carbon Collier Chemical Corporation will expand their ammonia-urea plant starting in 1976, (this expansion would not be exempt). It is further anticipated that Pacific Alaska L.N.G. will start construction of a new LNG complex in 1977. Their original commencement date having been extended one year due to F.P.C. hearings, which have not as yet been scheduled.

Costs of administration for FY 78 are estimated to be \$11,000 based on 30 days consultant fees for a qualified industrial property appraiser at \$300 per day plus \$2,000 for travel and per diem.

GDH:dh

1976  
revised  
Admin. costs

ESTIMATED VALUATION AND NET STATE REVENUES (in thousands)

	FY78	FY79	FY80	FY81
Socal Refinery	9,500	9,000	8,500	8,000
Tesoro Refinery	19,000	18,000	17,000	16,000
Fairbanks Refinery	10,000	30,000	30,000	30,000
Kenai LNG			30,000	30,000
Pacific Alaska LNG		50,000	200,000	400,000
Collier Carbon Chem. Corp.	<u>30,000</u>	<u>130,000</u>	<u>230,000</u>	<u>230,000</u>
Total Valuation	68,500	237,000	515,500	714,000
*10 mills net to state	<u>x10</u>	<u>x10</u>	<u>x10</u>	<u>x10</u>
Net State Revenue	<u>685</u>	<u>2,370</u>	<u>5,155</u>	<u>7,140</u>

\* Since all properties are located within a municipality a ten mill local levy has been estimated against each property.