

COMMITTEE REPORT

5/13/75

SENATE

Mr. President:

Date 5/14/75

The Committee on FINANCE has had CS SB HB 207 (Rules) relating to the oil and gas reserves ad valorem tax 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 SCS FOR CS SB HB 207 AND THAT SCS FOR CS SB HB 207 DO PASS *as amended out of the bill with recommendations*
- "and" recommends it BE REFERRED TO THE _____ COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

<u>Leo Ray</u>	<u>Do Pass</u>	_____
_____	_____	_____
<u>James P. ...</u>	<u>Do Pass</u>	_____
_____	_____	_____

Members NOT concurring in the Majority report:

<u>...</u>	recommends: <u>...</u>
<u>...</u>	recommends: <u>...</u>
<u>...</u>	recommends: <u>...</u>
<u>...</u>	recommends: <u>...</u>
<u>...</u>	recommends: <u>...</u>

Leo Ray Chairman

Original sponsor: Cowper, Bowman,
Bradley, et al

Offered: 5/15/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 297 am S

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 the oil and gas reserves ad valorem
7 tax and its relationship to other oil and gas taxation;
8 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 58. OIL AND GAS RESERVES AD VALOREM TAX.

12 Sec. 43.58.010. AD VALOREM TAX. (a) An annual tax is levied each
13 tax year beginning January 1, 1976, on the full and true value of
14 taxable property under this chapter.

15 (b) The legislature shall annually determine by law the rate of
16 the levy before June 1.

17 (c) The rate of levy may not exceed 20 mills.

18 Sec. 43.58.020. EXEMPTIONS. The following interests in the
19 proven reserves of a lease or property shall be exempt from taxation
20 under this chapter:

21 (1) any interest of the United States or the state;

22 (2) any interest in proven reserves during the five-year
23 period beginning with the date of the first completion, suspension, or
24 abandonment, whichever occurs first, of a discovery well in an oil or
25 gas field or pool which in whole or in part underlies or comprises the
26 lease or property;

27 (3) any interest in proven reserves until the earlier of
28 either of the following occurs:

29 (A) the issuance, upon application, of a permit for

1 construction of a facility to transport oil or gas from any well or
2 wells in an oil or gas field or pool which in whole or in part
3 underlies or comprises the lease or property to market; or

4 (B) the commencement of construction of a facility to
5 transport oil or gas from any well or wells in an oil or gas field
6 or pool which in whole or in part underlies or comprises the lease
7 or property to market;

8 (4) any interest in proven reserves as to which the issuance
9 of a permit for, or the commencement of construction of a facility to
10 transport oil or gas from any well or wells in an oil or gas field or
11 pool which in whole or in part underlies or comprises the lease or
12 property, or the use of those facilities, is enjoined, either temporar-
13 ily or permanently, by an order, judgment, decree, determination or
14 award of a federal, state or local court or administrative or regulatory
15 agency.

16 Sec. 43.58.030. CREDIT AGAINST TAX. There shall be allowed, as a
17 credit against the tax levied under this chapter for a lease or prop-
18 erty, the amount of oil and gas properties production taxes paid under
19 ch. 55 of this title for that lease or property for the 12 months before
20 the tax payment date under this chapter. The credit may not exceed the
21 amount of tax due under this chapter. For purposes of this section, the
22 credit shall be calculated without regard to the allowance of any credit
23 under AS 43.55.018 against the taxes levied by ch. 55 of this title.

24 Sec. 43.58.040. ASSESSMENT. (a) The department shall assess
25 taxable property under this chapter at its full and true value as of
26 January 1 of each year.

27 (b) The full and true value of taxable property under this chapter
28 is the estimated price which the property would bring in an open market
29 and under the then prevailing market conditions in a sale between a

1 willing seller and a willing buyer both conversant with the property and
2 with prevailing values. In determining this value, the department shall
3 consider all factors which may be known by the department to affect the
4 value of the proven reserves of the lease or property, including but not
5 limited to the present value of the expected discounted future net
6 income from the lease or property.

7 Sec. 43.58.050. ASSESSMENT ROLL. The department shall prepare
8 annually the assessment roll for taxation under this chapter. The roll
9 shall contain:

- 10 (1) a description of all taxable property;
- 11 (2) the assessed value of all taxable property; and
- 12 (3) the names and addresses of persons owning or otherwise
13 holding an interest in taxable property.

14 Sec. 43.58.060. ASSESSMENT NOTICE. On or before April 15 of each
15 year, the department shall send to every owner of taxable property named
16 in the assessment roll a notice of assessment showing the assessed value
17 of the property. The notice of assessment is effective on the date of
18 its mailing.

19 Sec. 43.58.070. APPEAL. (a) A person aggrieved by the action of
20 the department in making an assessment may request a hearing not later
21 than 20 days after the effective date of the assessment notice.

22 (b) At the hearing the department may subpoena witnesses and may
23 administer oaths and make inquiries necessary to determine the correct-
24 ness of the assessment. At the hearing the appellant bears the burden
25 of proof, and in the absence of this proof the assessment will be
26 upheld. If the department determines that a correction is warranted,
27 the department shall correct the assessment and the assessment roll.

28 (c) Within 30 days after the decision by the department after a
29 hearing, either the department or a person aggrieved by the decision may

1 appeal to the superior court. The superior court shall grant priority
2 on its dockets for the appeals over all civil cases then pending.

3 Sec. 43.58.080. CERTIFICATION. On or before June 15 of each year,
4 the department shall certify the final assessment roll and mail to the
5 operator or other person filing a return and paying tax on the taxable
6 property a statement of the amount of tax due.

7 Sec. 43.58.090. SUPPLEMENTAL ASSESSMENT ROLLS. The department
8 shall include property omitted from the assessment roll on a supple-
9 mental roll, using the procedures set out in this chapter for the
10 original roll.

11 Sec. 43.58.100. INVESTIGATION. (a) The department may make an
12 investigation of property on which a return has been filed or on pro-
13 perty for which no return has been filed. In either case, the depart-
14 ment may make its own valuation of the taxable property, which is prima
15 facie evidence of full and true value.

16 (b) An employee or agent of the department may enter any premise
17 necessary for the investigation during reasonable hours and may examine
18 property and appropriate records. The owner of taxable property upon
19 request shall furnish to the employee or agent of the department reason-
20 able assistance required for the investigation. If refused entry or
21 assistance the superior court may, after reasonable notice to the owner,
22 order the owner to allow the entry or to furnish the assistance.

23 (c) For the purpose of the investigation, the operator or other
24 person filing a return and paying the tax on the taxable property or his
25 representative may be required to present himself for examination under
26 oath by the department.

27 Sec. 43.58.110. RETURNS AND PAYMENT OF TAX. (a) The operator of
28 a lease or property is primarily liable for payment of the tax levied by
29 this chapter. All other persons owning or otherwise holding an interest

1 or right in that lease or property are secondarily liable for payment of
2 the tax levied by this chapter.

3 (b) The operator of a lease or property shall submit returns on
4 the form prescribed by the department and shall make payment of the tax
5 levied under this chapter, on behalf of itself and all other persons
6 holding an interest or right in that lease or property. With the
7 written approval of the department, a nonoperator of the lease or prop-
8 erty may submit returns or make payment of the tax levied under this
9 chapter, on behalf of himself and such other persons as the department
10 may approve. All returns shall be filed on or before February 1 of each
11 year.

12 (c) The tax levied under this chapter is payable to the department
13 on or before June 30 of each year or in installments at the times and
14 under the conditions the department may by regulation require. This
15 provision applies even though the assessment is under appeal.

16 (d) With the prior written approval of the department, a person
17 submitting returns or making payments as required under this chapter for
18 more than one lease or property may regard those leases or properties as
19 a single lease or property for purposes of submitting those reports or
20 making those payments.

21 (e) An operator or other person making payment of the tax levied
22 under this chapter on behalf of one or more other persons owning or
23 otherwise holding an interest in a lease or property may withhold a
24 proportionate share of the payment from any proceeds or other benefits
25 from the lease or property owed to any person on whose behalf the pay-
26 ment is made. Unless otherwise specifically provided by written con-
27 tract or agreement, the person so withholding a proportionate share of
28 the tax levied under this chapter incurs no liability to those from whom
29 it is withheld by virtue of having made the withholding.

1 (f) By written notice the department may require a person filing
2 a return to submit additional information to the department no later
3 than 30 days after the notice.

4 Sec. 43.58.115. PAYMENTS IN LIEU OF TAX. The operator may each
5 year, at its option, in lieu of paying the tax provided for in this
6 chapter, make an advance payment of royalties due to the state under
7 the lease or property to which the tax pertains in the same manner,
8 amount and at the same time as the tax, penalty and interest otherwise
9 payable under this chapter. This election shall be effective for all
10 purposes of law and of the lease or property upon (1) the filing with
11 the commissioner of revenue and the commissioner of natural resources,
12 on or before February 1 of each year, a written notice of election by
13 or on behalf of the operator to pay that amount as advance payment of
14 royalties and (2) payment to the commissioner of revenue of that
15 amount. AS 38.05.182 and 38.05.183 and AS 38.06 shall not be applicable
16 to this advance payment of royalties. If the operator elects this
17 option, the advance payment of royalties in lieu of the tax shall be
18 allowed as a credit against future royalty payments due from the lease
19 or property. In no event may the credit against royalty payments
20 under the lease or property allowed in any year exceed the amount of
21 the credit allowed under AS 43.55.018 for the lease or property. As a
22 condition of this election by the operator, the state, its assigns or
23 designees shall have the right to purchase at the time of production,
24 upon six months prior written notice to the operator by the commissioner
25 of natural resources, and at the field market price or value at the
26 well as determined under the terms of the lease or property, any part
27 or all of the royalty oil or gas represented by the advance payment of
28 royalties. Any such purchase by the state shall be made after the
29 commissioner of natural resources determines, with the prior written

1 approval of the Alaska Royalty Oil and Gas Development Advisory Board,
2 that the best interest of the state requires the purchase, and AS 38.05.
3 182 and 38.05.183 and AS 38.06 shall be applicable to any oil and gas
4 purchased in this manner by the state.

5 Sec. 43.58.120. CIVIL PENALTY. Five per cent shall be added to
6 the tax for each 30-day period or fraction of that period during which
7 the taxpayer fails to file a return or pay the full amount of the tax,
8 or a portion or a deficiency of the tax due and payable as finally
9 determined by the department and required by this chapter, unless it
10 is shown that the failure is due to a reasonable cause and not to
11 wilful neglect. The penalty may not exceed 25 per cent in the aggregate.
12 The penalty shall be collected at the same time, in the same manner
13 and as a part of the original tax, but if the original tax is paid
14 before the neglect is discovered the penalty shall be collected in the
15 same manner as the original tax. The department shall describe by
16 regulation circumstances which constitute reasonable cause for purposes
17 of this section.

18 Sec. 43.58.130. INTEREST. When the tax levied in this chapter
19 becomes delinquent it bears interest at the rate of eight per cent a
20 year.

21 Sec. 43.58.140. LIEN. The tax, penalty and interest payable
22 under this chapter are first and paramount liens on the property
23 subject to tax under this chapter.

24 Sec. 43.58.150. REMEDY. The remedy of distraint of property set
25 out in AS 43.20.270 applies to the tax levied by this chapter.

26 Sec. 43.58.160. REGULATIONS. The department may adopt regulations
27 in accordance with the Administrative Procedure Act (AS 44.62) as
28 appropriate to administer and enforce this chapter.

29 Sec. 43.58.170. TERMINATION OF TAX. The tax imposed by this

1 chapter shall terminate on December 31, 1977.

2 Sec. 43.58.180. ACCRUAL OF EARLY DEVELOPMENT INCENTIVE CREDIT.

3 (a) An early development incentive credit, calculated in accordance
4 with this section, shall be applied to the tax payable under ch. 55 of
5 this title as provided in AS 43.55.018. The early development incentive
6 credit for a lease or property is zero until changed as provided in
7 this section.

8 (b) The early development incentive credit for a lease or property
9 shall be increased each calendar year by the amount of net tax paid
10 under this chapter.

11 (c) The early development incentive credit for a lease or property
12 shall be reduced each month by the amount of tax credit allowed in
13 that month under AS 43.55.018 for that lease or property.

14 Sec. 43.58.190. DEFINITIONS. In this chapter:

- 15 (1) "department" means the Department of Revenue;
- 16 (2) "gas" means all hydrocarbon substances not defined as
17 oil in this chapter;
- 18 (3) "lease or property" means
- 19 (A) a lease or other property that includes mineral
20 rights in oil and gas,
- 21 (B) a leasehold interest in oil and gas,
- 22 (C) a working interest, royalty interest, overriding
23 royalty interest, production payments, net profit interest or any
24 other interest in a lease, concession, joint venture or other
25 agreement for oil and gas exploration, development or production,
- 26 (D) a working interest, royalty interest, overriding
27 royalty interest, production payment, net profit interest or any
28 other interest in an agreement for unitization or pooling under
29 the provisions of sec. 614(b)(3) of the Internal Revenue Code of

1 1954 as defined on the effective date of this paragraph;

2 (4) "net tax paid under this chapter" means the amount of
3 tax payable under sec. 10 of this chapter, less the credit allowed
4 under sec. 30 of this chapter without regard to interest or penalty;

5 (5) "oil" means crude petroleum and other hydrocarbons
6 regardless of gravity which, when recovered, are recovered at the
7 wellhead in liquid form, and the liquid hydrocarbons known as distillate
8 or condensate that are recovered by separation from gas other than at
9 a gas processing plant;

10 (6) "operator" means the person conducting the exploration,
11 development or production operation for a lease or property;

12 (7) "proven reserves" means the volumes of oil and gas in a
13 known deposit which geological and engineering information indicate to
14 be recoverable if it is economically feasible to market it in the
15 future under reasonably foreseeable conditions;

16 (8) "taxable property" means any interest in or the right
17 to produce or recover the proven reserves of a lease or property.

18 Sec. 43.58.200. PAYMENT TO ALASKA NATIVE FUND. When the tax
19 levied under this chapter is payable an amount equivalent to not less
20 than two per cent of the tax shall be paid by the state from oil and
21 gas royalties, bonuses and rentals into the Alaska Native Fund established
22 by sec. 6 of the Alaska Native Claims Settlement Act (P.L. 92-203, 85
23 Stat. 688, 43 U.S.C. 1601 et seq.) until all payments paid into the
24 fund equal \$500,000,000.

25 * Sec. 2. AS 43.55.010(b) is amended to read:

26 (b) Except as provided in ch. 58 of this title, the [THE] tax
27 imposed by this chapter is in place of all taxes now imposed by the
28 state or any of its municipalities, and neither the state nor a munici-
29 pality may impose a tax upon

- 1 (1) [deleted]
- 2 (2) producing oil or gas leases;
- 3 (3) oil or gas produced or extracted in the state;
- 4 (4) [deleted]
- 5 (5) the value of intangible drilling and exploration expenses

6 * Sec. 3. AS 43.55 is amended by adding a new section to read:

7 Sec. 43.55.018. CREDIT AGAINST TAX. There shall be allowed as a
8 credit against the taxes levied under this chapter for a lease or
9 property the early development incentive credit accrued for that lease
10 or property under AS 43.58.180. The credit shall be allowed on a
11 monthly basis but in no event may the credit exceed 50 per cent of the
12 taxes levied each month under this chapter for that lease or property.
13 The credit shall be allowed until the entire early development incentive
14 credit for the lease or property has been exhausted.

15 * Sec. 4. AS 43.55.140(8) is repealed and re-enacted to read:

16 (8) "lease or property" means

17 (A) a lease or other property that includes mineral
18 rights in oil and gas,

19 (B) a leasehold interest in oil and gas,

20 (C) a working interest, royalty interest, overriding
21 royalty interest, net profit interest or any other interest in a
22 lease, concession, joint venture or other agreement for oil and
23 gas exploration, development or production,

24 (D) a working interest, royalty interest, overriding
25 royalty interest, net profit interest or any other interest in an
26 agreement for unitization or pooling under the provisions of sec.
27 614(b)(3) of the Internal Revenue Code of 1954 as defined on the
28 effective date of this paragraph;

29 * Sec. 5. Sec. 29.53.050(b) is amended to read:

1 (b) No municipality, or combination of municipalities occupying
2 the same geographical area, in whole or in part, may levy taxes which
3 will result in tax revenues from all sources exceeding either (1)
4 \$1,000 a year for each person residing within their boundaries or (2)
5 when combined with the value of property otherwise taxable by the
6 municipality, the product of 225 per cent of the average per capita
7 assessed full and true value of property in the state multiplied by
8 the number of residents of the taxing municipality. If two or more
9 municipalities occupying the same geographical area, in whole or in
10 part, attempt to levy a tax the combined levy of which would result in
11 tax revenues from all sources exceeding either (1) \$1,000 a year for
12 each person residing within their boundaries or (2) when combined with
13 the value of property otherwise taxable by the municipality, the
14 product of 225 per cent of the average per capita assessed full and
15 true value of property in the state multiplied by the number of residents
16 of the taxing municipality, the commissioner of community and regional
17 affairs shall apportion the lawful levy and equitably divide these
18 revenues on the basis of need, services performed and other considera-
19 tions in the public interest. For the purpose of this subsection,
20 population shall be determined by the commissioner of community and
21 regional affairs based on the latest statistics of the United States
22 Bureau of the Census or on other reliable population data. For purposes
23 of this subsection the average per capita assessed full and true value
24 of property in the state shall be calculated without regard to the
25 assessed value of taxable property under AS 43.58.

26 # Sec. 6. Sec. 43.56.010(c) is amended to read:

27 (c) If the total value of assessed property of a municipality
28 taxing under AS 29.53.045(c) exceeds the product of 225 per cent of
29 the average per capita assessed full and true value of property in the

1 state (to be determined by the department and reported to each municipi-
2 pality by January 15 of each year) multiplied by the number of residents
3 of the taxing municipality, the department shall designate the portion
4 of the tax base against which the local tax may be applied. For
5 purposes of this subsection the average per capita assessed full and
6 true value of property in the state shall be calculated without regard
7 to the assessed value of taxable property under ch. 58 of this title.

8 * Sec. 7. Except as provided in this section, if a provision of this
9 Act for any reason is invalid or unenforceable, the invalidity or unenforce-
10 ability of that provision shall not affect the remainder of this Act or any
11 of the other provisions of this Act. However, if AS 43.58.020(2), (3) or
12 (4), or any of those paragraphs, should be for any reason held invalid or
13 unenforceable, this Act shall be void in its entirety and of no effect
14 whatsoever.

15 * Sec. 8. This Act takes effect immediately in accordance with AS
16 01.10.070(e).
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Accepted

A M E N D M E N T

OFFERED IN THE SENATE

BY: *Boomer*

TO: HOUSE BILL NO. 297

PAGE 1, LINES 15-19

✓ Delete subsections (b) and (c) and insert the following in its place:

(b) The legislature shall annually determine by law the rate of the levy before ^{June} April 1.

(c) ~~If on April 1 the legislature has not determined the rate of levy, the rate of levy shall be zero for that year. The rate of levy may not exceed 20 mills.~~

PAGE 1, LINE 26

✓ After the word abandonment insert the following "whichever occurs first".

PAGE 2, LINES 1-16

Delete paragraphs (A) and (B) and (4) and insert the following in its place:

(A) the issuance, upon application, of right of way permits, leases, and title and other rights in lands, and other approvals, permits, licenses and certificates by federal and state agencies that a reasonable and prudent person would consider adequate to commence construction of an initial transmission facility to transport oil or gas to be produced or recovered from the lease or property in the expectation that all other approvals, permits, licenses and certificates necessary for the completion of the facility will be obtained; or

(B) the commencement of construction of an initial transmission facility to transport oil or gas to be produced or recovered from the lease or property.

(4) any interest in the proven reserves of a lease or property for any year in which on January 1 the commencement of construction of an initial transmission facility to transport oil or gas to be produced or recovered from the lease or property is enjoined, either temporarily or permanently by an order, judgment, decree, determination or award of a federal, state or local court or administrative or regulatory agency.

PAGE 7, BETWEEN LINES 16 and 17

Insert the following:

(2) "initial transmission facility" means the first facility or integrated system of facilities which, by itself or as the first part of a sequence or series of facilities or systems is to be utilized to transport in good and merchantable condition oil or gas produced or recovered from the lease or property, including but not limited to transmission pipelines, common carriers, trucks, barges and other facilities, but does not include field gathering lines nor other facilities utilized before the oil or gas is in good and merchantable condition.

PAGE 4, LINE 2

✓ After the word "court" delete the following "for a trial de novo".

PAGE 8, LINES 15-16

After the word "recoverable" delete the following "if it is economically feasible to market it in the future under reasonably foreseeable conditions" and insert the following in its place "in the future under prevailing economic conditions and technology".

PAGE 8, LINE 17

✓ After the word "in" insert the following "or the right to produce or recover".

PAGE 9, LINES 11-13

Delete the following "In no event may the credit allowed for a lease or property exceed 50 per cent of the taxes levied under this chapter for that lease or property.

(b) The credit shall be allowed on a monthly basis" and insert the following in its place:

"The credit shall be allowed on a monthly basis but in no event may the credit exceed 50 per cent of the taxes levied each month under this chapter for that lease or property. The credit shall be allowed until the entire early development incentive credit for the lease or property has been exhausted."

SEN

FINANCE

460 Lovella Way
Sacramento CA 95819
11 May 1975

Senator John Huber
Special Committee on Taxation and Revenue
Pouch V, Juneau
Alaska 99811

Dear John:

Several elements of HOUSE BILL 297, as offered 5/6/75, provide great cause for concern, and others can be improved for administrative reasons. Here they are, more or less in order of importance.

EXEMPTION OF "PRODUCING OIL AND GAS LEASES AND THE VALUE OF INTANGIBLE DRILLING AND EXPLORATION EXPENSES (Sec. 2, 43.55.010(b))

These exemptions are carried in the April 17 and later versions of HB 297. I strongly urge their deletion. I will play the devil's advocate and claim that they nullify all or part of Sec. 43.58.010, namely, the very proposal to levy an ad valorem tax on oil and gas reserves. Here is the case that I can make and that industry will make.

(2) Producing Oil and Gas Leases

A private party's lease with a government agency is the very instrument that creates its leasehold interest in the mineral rights. Unless the intent of 43.58.010 is to confine the ad valorem tax to non-producing properties, 43.55.010(b)(2) creates an unintentional exemption from ad valorem taxation for all fields that now produce. But the very fact that Section 43.58.030 provides for a production tax credit against the ad valorem tax indicates that producing leases are not to be exempted.

(5) Intangible Exploration and Drilling Costs

(5) Exploration and development are necessary to establish the existence of a valuable oil or gas reserve. More precisely, the completion of a new well capable of production enhances the value of the reserves, since the well is necessary to produce (part of) the reserves. One can maintain, then, that the cost of drilling is included in the value of the reserves developed by the drilling.

Now, what exactly are "intangible drilling costs" (IDCs)? They represent that portion of total drilling costs expended for wages, salaries, and services, and are identified separately from tangible drilling costs (for casing, wellhead equipment, etc.) only because the Internal Revenue Service permits expensing IDCs while it requires that tangibles be capitalized. IDCs have been under serious attack as an undue tax privilege; that is the case because the equivalent in real estate development would consist of expensing architect's fees and building contractors' salaries and wages.

The only reason that IDCs ever showed up in Alaska law is because James McHale, North Slope Borough assessor, insisted on attempting to assess those costs per se. This was a ridiculous proposition in itself, and has caused trouble for the past two years.

The best thing-- the only thing-- to do is to get the phrase out of the law. Otherwise, industry might claim, with a sort of weird justification, that IDCs are automatically included in the value of the reserves, and should be subtracted.

You can bet that no prospective purchaser of an oil property would ever try to pull that on the owner of the property. And that is the true test of the issue. IDCs were never raised in the entire history of oil properties valuation until McHale stubbornly insisting assessing them as a specific item of property.

THE "PERIOD OF GRACE"

This subject is covered in Sec. 43.58.020, EXEMPTIONS, and Section 7, at the end of the bill, says that the entire bill will be void if either of paragraphs (2), (3), or (4) of Sec. 43.58.020 are "...for any reason held invalid or unenforceable." So this is pretty darned important.

Here are some problems that I see.

Subsection (3) speaks of "the earlier of" (A) the issuance, upon application, of a permit for construction, or (B) the commencement of construction a facility to transport oil or gas. I may be dense, but how could anyone propose to commence construction without a permit? Paragraph (B) seem superfluous.

Subsection (2) clearly provides for a five-year period of grace following discovery. Why not settle for that? If the permit element in subsection (4) is politically necessary, it should be required to have the exemption terminate if the injunction is lifted.

OPERATOR'S WITHHOLDING OF PROPORTIONATE SHARE OF TAXES

Section 43.58.110(e) deals with this topic. What I would like to know is "Why?" That is, why should the state intrude into a matter that is covered by private contract, namely, by the tax clause that exists in any joint venture or partnership agreement? The state should concern itself only with tax liability, not the manner in which the partners collect from one another. This subsection might at some time make the state an unwilling party to a suit involving two private parties.

DEFINITION OF "PROVEN RESERVES" (Sec. 43.58.190(7))

An excellent definition of this term was in the bill until the version of April 24 was written. That earlier version was almost exactly the one promulgated by the American Petroleum Institute and adopted throughout the industry. The definition in the latest version is awkward and ambiguous. The phrase "if it is economically feasible to market it" is not necessary, since the phrase "indicate to be recoverable" precedes it; no one will bother to recover it unless it is economically feasible. Also, the term "reasonably foreseeable conditions" is a monster, and lawyers would have a field day defining "reasonable" as it applies to a given oil field.

In fact, it looks as if the lawyers intruded themselves into an area that was hammered out years ago by engineers and economists to everyone's satisfaction. I recommend that the definition in the April 17 version be used.

THE AD VALOREM ASSESSMENT TIME TABLE

Here are key dates:

January 1: property assessed as of this date. This means that information as late as December 31 may be required by the valuation engineer.

February 1: all taxpayers returns shall be filed on or before this date. I can assure you that this will be essentially impossible in many cases, because of the lag in sending data from (1) the field to (2) a company's accounting department to (3) a company's tax department to (4) the state.

April 15: the department shall send a notice of the assessed value of each property to the operator or other person.

June 15: The department shall certify the assessment roll and send out the tax bills.

Here is the problem: typically, the valuation engineer will receive some critical data at least as late as February 15 (and he can't do much about it except complain). Also, he will have to furnish his values to the department by April 1 if the department is to send out notices by April 15. The result: the poor valuation engineer will have no more than sixty days in which to do his job.

A recommended solution: Change "April 15" in Section 43.58.060 to "May 15." This should give the department ample time for its job, and add a month's time for the beleaguered valuation engineer to do his job.

MANDATORY VALUATION BY THE DEPARTMENT

Sec. 43.58.100 (a), second sentence, says that "In either case, the department may make its own valuation of the taxable property." In my bailiwick, at least, that "may" would read "shall." It removes any doubt as to the department's right and obligation to value the property.

.....

I will now comment on the April 15 version of Senate Bill 374, beginning with the items in common with my remarks on House Bill 297.

EXEMPTION OF "PRODUCING OIL AND GAS LEASES" AND "INTANGIBLE DRILLING AND EXPLORATION EXPENSES" (43.55.010 (b) (2) and (5))

I cannot stress too strongly the need to remove these items from any bill on ad valorem taxation or other taxation of oil and gas. Putting it bluntly, everyone to whom I have described these items comes close to throwing up.

THE "PERIOD OF GRACE"

This element in SB 374 makes a great deal more sense than the language of HB 297. I suggest only that the word "other" be deleted from the first line of 43.58.020(3). I'm not quite sure what purpose it serves.

OPERATOR'S WITHHOLDING OF PROPORTIONATE SHARE OF TAXES

The Senate bill carries no problem in this regard.

DEFINITION OF "PROVEN RESERVES"

The Senate bill carries the correct definition of this term.

THE AD VALOREM ASSESSMENT TIME TABLE

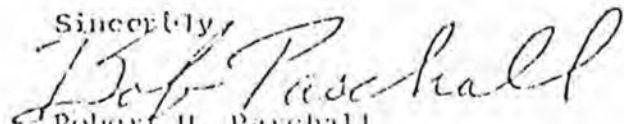
SB 374 poses a quite insuperable burden on the valuation engineer, since its Section 43.58.080 lops a precious month off of the short time provided in HB 297. See my comments above on that topic.

Here are some brief comments on other subjects.

I like SB 374's appeals procedures, including the omission of reference to a trial de novo. John Messenger indicated that one cannot stop a trial de novo, but that a plaintiff's right to it need not be stated in a statute.

I was startled to see the non sequitor "crude petroleum oil" in SB 374's Section 43.58.190(5). "Petroleum" means "rock oil," so "crude petroleum oil" means "rock oil oil," which is not only redundant but a term never, never used by anyone in the entire oil industry. I got Easy Gilbreath's concurrence on this, but I guess it was too small to be noticed. Would you please insert "crude petroleum" or "crude oil"? All petroleum geologists and petroleum engineers will be grateful.

Sincerely,



Robert H. Paschall
Consulting Valuation Geologist
and Engineer

MEMORANDUM

State of Alaska

TO: Sterling Gallagher
Commissioner
Department of Revenue

DATE: May 14, 1975

FILE NO:

TELEPHONE NO:

FROM: Frederick P. Boetsch *FPS*
Deputy Commissioner, Taxation
Department of Revenue

SUBJECT: CS for HB 297

I have reviewed the Senate Resources Committee Substitute for House Bill 297. In many respects it is similar to SB 276. There is, however, a significant difference that has an impact on revenue estimates.

It appears that the wording of the exemptions in section 43.58.020 could be interpreted to exclude from the tax the gas reserves associated with the Sadlerochit formation in Prudhoe Bay. This would decrease the revenue estimates made for SB 276 (see fiscal note dated March 18 attached) by about \$14 million in FY 76 and \$28 million in FY 77. The projected revenues from this bill for FY 76 and 77, then, are as follows:

<u>FY 76</u>	<u>FY 77</u>
<u>\$216 million</u>	<u>\$258 million</u>

While it appears that the exclusion of gas reserves might cause some difficulty in valuing the property, we believe that the fiscal note dated March 18 originally prepared for SB 276 (attached) will provide adequate funds to administer this bill, also.

Certain technical amendments made by the Senate Resources Committee were made upon our recommendation. We feel they are absolutely essential in order for the tax to be administered.

MEMORANDUM

DEPT. OF REVENUE
RECEIVED

MAR 19 9 10 AM '75

JUNEAU, ALASKA

FILE

March 18, 1975

TO:

Sterling Gallagher
Commissioner
Department of Revenue

DATE :

FROM:

Frederick P. Boetsch *F.P.B.*
Deputy Commissioner for Taxation
Department of Revenue

SUBJECT:

SB 276 - Tax on Reserve
of Oil and Gas

This Bill would place a tax on the value of an interest in the proven reserves of an oil or gas property. The value would be measured by the present value of the future income to be received from the production of oil and gas from a particular field. The incidence of this tax would fall on the holders of leases on or owners of oil and gas reserves in the state. The largest incidence, of course, would be on the holders of the leases in the Prudhoe Bay area.

The bill would call for the higher of the severance tax in the case of a producing field or this tax to be paid with a provision for credits to accumulate to the extent that the tax is paid. These credits would then be taken as a credit against severance taxes at a later date.

The primary administrative problem connected with this bill is that assumptions must be made about all of the variables related to determining value. In order to make reasonable and defensible assumptions, we will need the expertise of established petroleum valuation engineers on a contractual basis.

The costs of administration for this bill are approximately \$100,000 per year, the details of which are broken down in the attached Fiscal Note. This represents less than 1/2 mill per \$1.00 of tax collected - probably the least cost of any tax, anywhere. Although we hope the legal services provided for will not be necessary, we certainly should be ready if a legal challenge occurs.

The projected revenues from this bill for FY 76 and 77 are as follows:

Projected Increases in Revenues
(\$000 omitted)

FY 76	FY 77
<u>230300.0</u>	<u>286600.0</u>

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. Senate Bill No. 276
 Title: Oil and Gas Reserves Ad Valorem Tax
 Requested by: _____ Date: _____
 Return Date Requested: _____
 Agency: Department of Revenue Program: _____

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES					
200 TRAVEL		5.0	5.3		
300 CONTRACTUAL		83.0	93.0		
400 COMMODITIES					
500 EQUIPMENT					
600 LAND & STRUCTURES					
700 GRANTS, CENTS, ETC.					
TOTAL		93.0	98.3		

B. FUNDING: (Thousands of dollars)

GENERAL FUND		93.0	98.3		
FEDERAL FUNDS					
OTHER					

C. POSITIONS:

PERMANENT/TEMPORARY	/	-0-/	-0/	/	/
MAN MONTHS (P./T.)	/	-0-/	-0/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Per attached breakdown adjusted for 5.5% inflation in
FY 1977

IV. ATTACHMENTS

V. DATE: March 18, 1975

PREPARED BY: Frederick A. Boer

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

TAX ON RESERVES
ADMINISTRATIVE COSTS
March 18, 1975

Contractual support of this administrative function is recommended:

1. Contract with a firm to provide petroleum engineer services, 180 days @ \$250 day	\$45,000
2. Production of reports, graphs, maps and charts	5,000
3. Travel for firm to and from Alaska	5,000
4. Hearings, Transcripts and Testimony preparation	8,000
5. Contract with a firm to provide petroleum legal services	<u>30,000</u>
Total Administrative Costs	<u>\$93,000</u>

Original sponsor: Cowper, Bowman,
Bradley, et al

Offered: 5/6/75
For Calendar 5/7/75

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 297 (Rules)

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 the oil and gas reserves ad valorem
7 tax and its relationship to other oil and gas taxation;
8 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 58. OIL AND GAS RESERVES AD VALOREM TAX.

12 Sec. 43.58.010. AD VALOREM TAX. (a) An annual tax is levied each
13 tax year beginning January 1, 1976, on the full and true value of
14 taxable property under this chapter.

15 (b) The rate of levy for the tax year beginning January 1, 1976
16 is 20 mills.

17 (c) The legislature shall annually determine by law the rate of
18 the levy for the succeeding year.

19 (d) The rate of levy may not exceed 20 mills.

20 Sec. 43.58.020. EXEMPTIONS. The following interests in the
21 proven reserves of a lease or property shall be exempt from taxation
22 under this chapter:

23 (1) any interest of the United States or the state;

24 (2) any interest in proven reserves during the five-year
25 period beginning with the date of the first completion, suspension, or
26 abandonment of a discovery well in an oil or gas field or pool which in
27 whole or in part underlies or comprises the lease or property;

28 (3) any interest in proven reserves until the earlier of
29 either of the following occurs:

1 (A) the issuance, upon application, of a permit for
2 construction of a facility to transport oil or gas from any well or
3 wells in an oil or gas field or pool which in whole or in part
4 underlies or comprises the lease or property to market; or

5 (B) the commencement of construction of a facility to
6 transport oil or gas from any well or wells in an oil or gas field
7 or pool which in whole or in part underlies or comprises the lease
8 or property to market;

9 (4) any interest in proven reserves as to which the issuance
10 of a permit for, or the commencement of construction of a facility to
11 transport oil or gas from any well or wells in an oil or gas field or
12 pool which in whole or in part underlies or comprises the lease or
13 property, or the use of those facilities, is enjoined, either temporar-
14 ily or permanently, by an order, judgment, decree, determination or
15 award of a federal, state or local court or administrative or regulatory
16 agency.

17 Sec. 43.56.030. CREDIT AGAINST TAX. There shall be allowed, as a
18 credit against the tax levied under this chapter for a lease or prop-
19 erty, the amount of oil and gas properties production taxes paid under
20 ch. 55 of this title for that lease or property for the 12 months before
21 the tax payment date under this chapter. The credit may not exceed the
22 amount of tax due under this chapter. For purposes of this section, the
23 credit shall be calculated without regard to the allowance of any credit
24 under AS 43.55.018 against the taxes levied by ch. 55 of this title.

25 Sec. 43.58.040. ASSESSMENT. (a) The department shall assess
26 taxable property under this chapter at its full and true value as of
27 January 1 of each year.

28 (b) The full and true value of taxable property under this chapter
29 is the estimated price which the property would bring in an open market

1 and under the then prevailing market conditions in a sale between a
2 willing seller and a willing buyer both conversant with the property and
3 with prevailing values. In determining this value, the department shall
4 consider all factors which may be known by the department to affect the
5 value of the proven reserves of the lease or property, including but not
6 limited to the present value of the expected discounted future net
7 income from the lease or property.

8 Sec. 43.58.050. ASSESSMENT ROLL. The department shall prepare
9 annually the assessment roll for taxation under this chapter. The roll
10 shall contain:

- 11 (1) a description of all taxable property;
- 12 (2) the assessed value of all taxable property; and
- 13 (3) the names and addresses of persons owning or otherwise
14 holding an interest in taxable property.

15 Sec. 43.58.060. ASSESSMENT NOTICE. On or before April 15 of each
16 year, the department shall send to every owner of taxable property named
17 in the assessment roll a notice of assessment showing the assessed value
18 of the property. The notice of assessment is effective on the date of
19 its mailing.

20 Sec. 43.58.070. APPEAL. (a) A person aggrieved by the action of
21 the department in making an assessment may request a hearing not later
22 than 20 days after the effective date of the assessment notice.

23 (b) At the hearing the department may subpoena witnesses and may
24 administer oaths and make inquiries necessary to determine the correct-
25 ness of the assessment. At the hearing the appellant bears the burden
26 of proof, and in the absence of this proof the assessment will be
27 upheld. If the department determines that a correction is warranted,
28 the department shall correct the assessment and the assessment roll.

29 (c) Within 30 days after the decision by the department after a

1 hearing, either the department or a person aggrieved by the decision may
2 appeal to the superior court for a trial de novo. The superior court
3 shall grant priority on its dockets for the appeals over all civil cases
4 then pending.

5 Sec. 43.58.080. CERTIFICATION. On or before June 15 of each year,
6 the department shall certify the final assessment roll and mail to the
7 operator or other person filing a return and paying tax on the taxable
8 property a statement of the amount of tax due.

9 Sec. 43.58.090. SUPPLEMENTAL ASSESSMENT ROLLS. The department
10 shall include property omitted from the assessment roll on a supple-
11 mental roll, using the procedures set out in this chapter for the
12 original roll.

13 Sec. 43.58.100. INVESTIGATION. (a) The department may make an
14 investigation of property on which a return has been filed or on pro-
15 perty for which no return has been filed. In either case, the depart-
16 ment may make its own valuation of the taxable property, which is prima
17 facie evidence of full and true value.

18 (b) An employee or agent of the department may enter any premise
19 necessary for the investigation during reasonable hours and may examine
20 property and appropriate records. The owner of taxable property upon
21 request shall furnish to the employee or agent of the department reason-
22 able assistance required for the investigation. If refused entry or
23 assistance the superior court may, after reasonable notice to the owner,
24 order the owner to allow the entry or to furnish the assistance.

25 (c) For the purpose of the investigation, the operator or other
26 person filing a return and paying the tax on the taxable property or his
27 representative may be required to present himself for examination under
28 oath by the department.

29 Sec. 43.58.110. RETURNS AND PAYMENT OF TAX. (a) The operator of

1 a lease or property is primarily liable for payment of the tax levied by
2 this chapter. All other persons owning or otherwise holding an interest
3 or right in that lease or property are secondarily liable for payment of
4 the tax levied by this chapter.

5 (b) The operator of a lease or property shall submit returns on
6 the form prescribed by the department and shall make payment of the tax
7 levied under this chapter, on behalf of itself and all other persons
8 holding an interest or right in that lease or property. With the
9 written approval of the department, a nonoperator of the lease or prop-
10 erty may submit returns or make payment of the tax levied under this
11 chapter, on behalf of himself and such other persons as the department
12 may approve. All returns shall be filed on or before February 1 of each
13 year.

14 (c) The tax levied under this chapter is payable to the department
15 on or before June 30 of each year or in installments at the times and
16 under the conditions the department may by regulation require. This
17 provision applies even though the assessment is under appeal.

18 (d) With the prior written approval of the department, a person
19 submitting returns or making payments as required under this chapter for
20 more than one lease or property may regard those leases or properties as
21 a single lease or property for purposes of submitting those reports or
22 making those payments.

23 (e) An operator or other person making payment of the tax levied
24 under this chapter on behalf of one or more other persons owning or
25 otherwise holding an interest in a lease or property may withhold a
26 proportionate share of the payment from any proceeds or other benefits
27 from the lease or property owed to any person on whose behalf the pay-
28 ment is made. Unless otherwise specifically provided by written con-
29 tract or agreement, the person so withholding a proportionate share of

1 the tax levied under this chapter incurs no liability to those from whom
2 it is withheld by virtue of having made the withholding.

3 (f) By written notice the department may require a person filing
4 a return to submit additional information to the department no later
5 than 30 days after the notice.

6 Sec. 43.58.120. CIVIL PENALTY. Five per cent shall be added to
7 the tax for each 30-day period or fraction of that period during which
8 the taxpayer fails to file a return or pay the full amount of the tax,
9 or a portion or a deficiency of the tax due and payable as finally
10 determined by the department and required by this chapter, unless it is
11 shown that the failure is due to a reasonable cause and not to willful
12 neglect. The penalty may not exceed 25 per cent in the aggregate. The
13 penalty shall be collected at the same time, in the same manner and as a
14 part of the original tax, but if the original tax is paid before the
15 neglect is discovered the penalty shall be collected in the same manner
16 as the original tax. The department shall describe by regulation
17 circumstances which constitute reasonable cause for purposes of this
18 section.

19 Sec. 43.58.130. INTEREST. When the tax levied in this chapter
20 becomes delinquent it bears interest at the rate of eight per cent a
21 year.

22 Sec. 43.58.140. LIEN. The tax, penalty and interest payable under
23 this chapter are first and paramount liens on the property subject to
24 tax under this chapter.

25 Sec. 43.58.150. REMEDY. The remedy of distraint of property set
26 out in AS 43.20.270 applies to the tax levied by this chapter.

27 Sec. 43.58.160. REGULATIONS. The department may adopt regulations
28 in accordance with the Administrative Procedure Act (AS 44.62) as
29 appropriate to administer and enforce this chapter.

1 Sec. 43.58.170. TERMINATION OF TAX. The tax imposed by this
2 chapter shall terminate on December 31, 1977.

3 Sec. 43.58.180. ACCRUAL OF EARLY DEVELOPMENT INCENTIVE CREDIT.

4 (a) An early development incentive credit, calculated in accordance
5 with this section, shall be applied to the tax payable under ch. 55 of
6 this title as provided in AS 43.55.018. The early development incentive
7 credit for a lease or property is zero until changed as provided in this
8 section.

9 (b) The early development incentive credit for a lease or property
10 shall be increased each calendar year by the amount of net tax paid
11 under this chapter.

12 (c) The early development incentive credit for a lease or property
13 shall be reduced each month by the amount of tax credit allowed in that
14 month under AS 43.55.018 for that lease or property.

15 Sec. 43.58.190. DEFINITIONS. In this chapter:

16 (1) "department" means the Department of Revenue;

17 (2) "gas" means all hydrocarbon substances not defined as oil
18 in this chapter;

19 (3) "lease or property" means

20 (A) a lease or other property that includes mineral
21 rights in oil and gas,

22 (B) a leasehold interest in oil and gas,

23 (C) a working interest, royalty interest, overriding
24 royalty interest, production payments, net profit interest or any
25 other interest in a lease, concession, joint venture or other
26 agreement for oil and gas exploration, development or production,

27 (D) a working interest, royalty interest, overriding
28 royalty interest, production payment, net profit interest or any
29 other interest in an agreement for unitization or pooling under the

1 provisions of sec. 614(b)(3) of the Internal Revenue Code of 1954
2 as defined on the effective date of this paragraph;

3 (4) "net tax paid under this chapter" means the amount of tax
4 payable under sec. 10 of this chapter, less the credit allowed under
5 sec. 30 of this chapter without regard to interest or penalty;

6 (5) "oil" means crude petroleum and other hydrocarbons
7 regardless of gravity which, when recovered, are recovered at the well-
8 head in liquid form, and the liquid hydrocarbons known as distillate or
9 condensate that are recovered by separation from gas other than at a gas
10 processing plant;

11 (6) "operator" means the person conducting the exploration,
12 development or production operation for a lease or property;

13 (7) "proven reserves" means the volumes of oil and gas in a
14 known deposit which geological and engineering information indicate to
15 be recoverable if it is economically feasible to market it in the future
16 under reasonably foreseeable conditions;

17 (8) "taxable property" means any interest in the proven
18 reserves of a lease or property.

19 Sec. 43.58.200. PAYMENT TO ALASKA NATIVE FUND. When the tax levied
20 under this chapter is payable an amount equivalent to not less than two
21 per cent of the tax shall be paid by the state from oil and gas royal-
22 ties, bonuses and rentals into the Alaska Native Fund established by
23 sec. 6 of the Alaska Native Claims Settlement Act (P.L. 92-203, 85
24 Stat. 688, 43 U.S.C. 1601 et seq.) until all payments paid into the fund
25 equal \$500,000,000.

26 * Sec. 2. AS 43.55.010(b) is amended to read:

27 (b) Except as provided in ch. 58 of this title, the [THE] tax
28 imposed by this chapter is in place of all taxes now imposed by the
29 state or any of its municipalities, and neither the state nor a munici-

1 pality may impose a tax upon

2 (1) [deleted]

3 (2) producing oil or gas leases;

4 (3) oil or gas produced or extracted in the state;

5 (4) [deleted]

6 (5) the value of intangible drilling and exploration expenses.

7 * Sec. 3. AS 43.55 is amended by adding a new section to read:

8 Sec. 43.55.018. CREDIT AGAINST TAX. (a) There shall be allowed
9 as a credit against the taxes levied under this chapter for a lease or
10 property the early development incentive credit accrued for that lease
11 or property under AS 43.58.180. In no event may the credit allowed for
12 a lease or property exceed 50 per cent of the taxes levied under this
13 chapter for that lease or property.

14 (b) The credit shall be allowed on a monthly basis.

15 * Sec. 4. AS 43.55.140(8) is repealed and re-enacted to read:

16 (8) "lease or property" means

17 (A) a lease or other property that includes mineral
18 rights in oil and gas,

19 (B) a leasehold interest in oil and gas,

20 (C) a working interest, royalty interest, overriding
21 royalty interest, net profit interest or any other interest in a
22 lease, concession, joint venture or other agreement for oil and gas
23 exploration, development or production,

24 (D) a working interest, royalty interest, overriding
25 royalty interest, net profit interest or any other interest in an
26 agreement for unitization or pooling under the provisions of sec.
27 614(b)(3) of the Internal Revenue Code of 1954 as defined on the
28 effective date of this paragraph;

29 * Sec. 5. Sec. 29.53.050(b) is amended to read:

1 (b) No municipality, or combination of municipalities occupying
2 the same geographical area, in whole or in part, may levy taxes which
3 result in tax revenues from all sources exceeding either (1) \$1,000 a
4 year for each person residing within their boundaries or (2) when com-
5 bined with the value of property otherwise taxable by the municipality,
6 the product of 225 per cent of the average per capita assessed full and
7 true value in the state multiplied by the number of residents of the
8 taxing municipality. If two or more municipalities occupying the same
9 geographical area, in whole or in part, attempt to levy a tax the
10 combined levy of which would result in tax revenues from all sources
11 exceeding either (1) \$1,000 a year for each person residing within their
12 boundaries or (2) when combined with the value of property otherwise
13 taxable by the municipality, the product of 225 per cent of the average
14 per capita assessed full and true value of property in the state multi-
15 plied by the number of residents of the taxing municipality, the commis-
16 sioner of community and regional affairs shall apportion the lawful levy
17 and equitably divide these revenues on the basis of need, services
18 performed and other considerations in the public interest. For the
19 purpose of this subsection population shall be determined by the commis-
20 sioner of community and regional affairs based on the latest statistics
21 of the United States Bureau of the Census or on other reliable population
22 data. For purposes of this subsection the average per capita assessed
23 full and true value of property in the state shall be calculated without
24 regard to the assessed value of taxable property under AS 43.58.

25 * Sec. 6. Sec. 43.56.010(c) is amended to read:

26 (c) If the total value of assessed property of a municipality
27 taxing under AS 29.53.045(c) exceeds the product of 225 per cent of the
28 average per capita assessed full and true value of property in the state
29 (to be determined by the department and reported to each municipality by

1 January 15 of each year) multiplied by the number of residents of the
2 taxing municipality, the department shall designate the portion of the
3 tax base against which the local tax may be applied. For purposes of
4 this subsection the average per capita assessed full and true value of
5 property in the state shall be calculated without regard to the assessed
6 value of taxable property under ch. 58 of this title.

7 * Sec. 7. Except as provided in this section, if a provision of this Act
8 for any reason is invalid or unenforceable, the invalidity or unenforce-
9 ability of that provision shall not affect the remainder of this Act or any
10 of the other provisions of this Act. However, if AS 43.58.020(2), (3) or
11 (4), or any of those paragraphs, should be for any reason held invalid or
12 unenforceable, this Act shall be void in its entirety and of no effect
13 whatsoever.

14 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).
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Introduced: 3/13/75
Referred: Resources

BY COWPER, BOWMAN, BRADLEY, BRADNER,
BROWN, COTTEN, DUNCAN, GARDINER,
GRUENING, KELLEY, MCKINNON, MALONE,
MILLER, NAUGHTON, PARKER, SMITH, PARR,
SULLIVAN AND OSTROSKY

1 IN THE HOUSE

2 HOUSE BILL NO. 297

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 the oil and gas exploration,
7 production and pipeline transportation property tax;
8 and providing for an effective date."

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

10 * Section 1. AS 43.56.010(a) is amended to read:

11 (a) An annual tax of 20 mills is levied each tax year beginning
12 January 1, 1974, on the full and true value of taxable property taxable
13 under this chapter, except as provided in sec. 15 of this chapter.

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

15 Sec. 43.56.015. OIL AND GAS IN PLACE. (a) An annual tax of 20
16 mills is levied automatically at such time as the state's general fund
17 cash balance is less than \$200,000,000, on the full and true value of
18 (1) oil and gas leases within the state under which there are proven
19 reserves; and (2) ownership interests in proven oil and gas reserves in
20 place within the state. The tax due for the calendar year of the origi-
21 nal levy is the full amount which is due for the year reduced pro rata
22 by the number of days from January 1 to the date of the original levy.
23 In years subsequent to the original levy the tax is levied each year be-
24 ginning January 1.

25 (b) Oil and gas leases and ownership interests in proven oil or
26 gas reserves are exempt from taxation under (a) of this section for a
27 period of five years from (1) the date of the original lease of all or
28 part of the property described in the lease or ownership interest being
29 taxed, or (2) the date of the first completion, suspension, or abandon-

1 ment of a discovery well in a field or pool which in whole or in part
2 underlies or comprises the lease or ownership interest, whichever occurs
3 first.

4 (c) Producing oil or gas leases or ownership interests in proven
5 oil or gas reserves upon which a gross production tax under ch. 55 of
6 this title has been paid in an amount equal to or greater than the tax
7 due under (a) of this section are exempt from taxes under (a) of this
8 section for the same taxable year for which the gross production taxes
9 are due.

10 (d) Producing oil or gas leases or ownership interests in proven
11 oil or gas reserves upon which a gross production tax under ch. 55 of
12 this title has been paid in an amount which is less than the amount due
13 under (a) of this section as to the same leases or interests shall reduce
14 the tax due under (a) of this section as to the leases or interests by
15 the gross production tax actually paid in the assessment year after
16 subtraction of any credit allowable under (e) of this section.

17 (e) The tax paid under (a) of this section may be credited against
18 the gross production tax due under ch. 55 of this title as to the same
19 leases or properties; however, the credit used in any one tax year may
20 not exceed 50 per cent of the gross production tax due for that year.

21 * Sec. 3. AS 43.56.060 is amended by adding new subsections to read:

22 (h) The department shall assess property for the tax levied under
23 sec. 15 of this chapter within 60 days of the effective date of this Act
24 on the basis of information presently available to the department.

25 (i) The full and true value of property taxable under sec. 15 of
26 this chapter is the estimated price which the property would bring in an
27 open market and under the prevailing market conditions in a sale between
28 a willing buyer and a willing seller both conversant with the property
29 and with prevailing general price levels. In determining this value the

1 assessor shall take into account the discounted value of the expected
2 future net income from the production of proven reserves under the
3 property.

4 * Sec. 4. AS 43.56.100 is amended by adding a new subsection to read:

5 (c) The department shall send to every owner of taxable property
6 named in the assessment roll a notice of the assessment made under sec.
7 60(h) of this chapter within 75 days of the effective date of this Act.

8 * Sec. 5. AS 43.56.120 is amended by adding a new subsection to read:

9 (c) If an owner appeals a ruling of the department made under an
10 appeal of an assessment of property made for purposes of the tax levied
11 under sec. 15 of this chapter, the owner, by filing a notice of appeal
12 to the board, agrees to furnish the state with all its records and
13 research information relating to the property which is the subject of
14 the appeal, including but not limited to (1) well logs; (2) records of
15 well testing and completion; and (3) geological and geophysical infor-
16 mation including seismic data. The information contained in the records
17 and research information shall be kept confidential by the board unless
18 litigation is instituted after a decision by the board.

19 * Sec. 6. AS 43.56.150(c) is amended to read:

20 (c) The taxes [TAX] levied under secs. [SEC.] 10(a) and 15 of
21 this chapter, interest and penalties collected with respect to these
22 levies [THIS LEVY] shall be deposited in the general fund, except that
23 two per cent of the taxes collected under sec. 15 of this chapter shall
24 be deposited into the Alaska Native Fund established by sec. 6 of the
25 Alaska Native Claims Settlement Act, P.L. 92 - 203.

26 * Sec. 7. AS 43.56.160 is amended to read:

27 Sec. 43.56.160. INTEREST AND PENALTY. When the tax levied by sec.
28 10(a) or sec. 15 of this chapter becomes delinquent, a penalty of 10 per
29 cent shall be added. Interest on the delinquent taxes, exclusive of

1 penalty, shall be assessed at a rate of eight per cent a year.

2 * Sec. 8. AS 43.56.170 is amended to read:

3 Sec. 43.56.170. LIEN FOR TAX. The taxes [TAX] levied under secs.
4 [SEC.] 10(a) and 15 of this chapter and the interest and penalty provided
5 in sec. 160 of this chapter are first and paramount liens on the property
6 subject to tax under this chapter.

7 * Sec. 9. AS 43.56.180 is amended to read:

8 Sec. 43.56.180. REMEDY. The remedy of distraint of property set
9 out in AS 43.20.270 applies to the taxes [TAX] levied by secs. [SEC.]
10 10(a) and 15 of this chapter. However, only property subject to [THE]
11 tax may be distrained.

12 * Sec. 10. AS 43.56.210(6) is amended to read:

13 (6) "taxable property" means property described in sec. 15 of
14 this chapter or real and tangible personal property used or committed by
15 contract or other agreement for use within this state primarily in the
16 exploration for, production of, or pipeline transportation of gas or
17 unrefined oil (except for property used solely for the retail distri-
18 bution or liquefaction of natural gas), or in the operation or mainte-
19 nance of facilities used in the exploration for, production of, or
20 pipeline transportation of gas or unrefined oil, including machinery,
21 appliances, supplies, equipment, drilling rigs, wells (whether producing
22 or not), gathering lines and transmission lines, pumping stations,
23 compressor stations, power plants, topping plants, processing units,
24 roads, tank farms, tanker terminals, docks and other port facilities,
25 air strips and communication equipment and facilities, maintenance
26 equipment and facilities, and maintenance camps and other related facil-
27 ities; "taxable property" does not include permanent residences, office
28 buildings requiring substantial local government services, or gas pipe-
29 line systems operated as utilities and regulated by the Alaska Public

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Utilities Commission;

* Sec. 11. AS 43.56.210 is amended by adding a new paragraph to read:

(8) "proven reserves" means the volume of oil or gas in a known deposit which geological and engineering information indicate to be reasonably expected to be produced under current economic and technological knowledge.

* Sec. 12. This Act takes effect immediately in accordance with AS 01.10.-070(c).

* Sec. 13. This Act terminates January 1, 1982.

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 — JUNEAU 99801

May 19, 1975

The Honorable Bill Ray
Chairman
Senate Finance Committee
Alaska State Legislature
State Capitol
Juneau, Alaska

Dear Senator Ray:

I have reviewed Senate CS for CS for Sponsor Substitute for House Bill 297 am S.

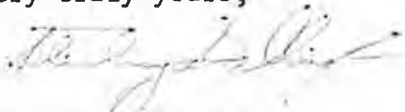
It appears that the wording of the exemptions in section 43.58.020 could be interpreted to exclude from the tax the gas reserves associated with the Sadlerochit formation in Prudhoe Bay.

The projected revenues from the bill for FY 1976 and 1977 are then as follows:

<u>FY 1976</u>	<u>FY 1977</u>
<u>\$216 million</u>	<u>\$258 million</u>

While it appears that the exclusion of gas reserves might cause some difficulty in valuing the property, we believe that funds requested in the attached fiscal note will be adequate to administer the bill.

Very truly yours,


Sterling Gallagher
Commissioner

SG:eh

Attachment

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. Senate CS for CS for Sponsor Substitute for House Bill No. 297 am S
Title: An Act relating to the oil and gas reserves ad valorem tax
Requested by: Senator Bill Ray, Chairman, SF Comm. Date: 5-19-75
Return Date Requested: 5-19-75
Agency: Department of Revenue Program: Property Tax Division

II. FISCAL DETAIL

Budget Request Unit(s) Affected:

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES						
200 TRAVEL		5.0	5.3			
300 CONTRACTUAL		88.0	93.0			
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		93.0	98.3			

B. FUNDING: (Thousands of dollars)

GENERAL FUND		93.0	98.3			
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	-0- /	-0- /	/	/	/
MAN MONTHS (P./T.)	/	-0- /	-0- /	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Per attached breakdown adjusted for 5.5% inflation in FY 1977

IV. ATTACHMENTS

V. DATE: May 19, 1975

PREPARED BY: 
Commissioner of Revenue

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

TAX ON RESERVES
ADMINISTRATIVE COSTS
May 19, 1975

Contractual support of this administrative function is recommended:

1. Contract with a firm to provide petroleum engineer services, 180 days @ \$250 day	\$45,000
2. Production of reports, graphs, maps and charts	5,000
3. Travel for firm to and from Alaska	5,000
4. Hearings, Transcripts and Testimony preparation	8,000
5. Contract with a firm to provide petroleum legal services	<u>30,000</u>
Total Administrative Costs	<u>\$93,000</u>

First Session - Ninth Legislature

I. REQUEST SB 276 or HB 297 or CSSSHB 297 (Rules)

Bill No. _____

Title: Tax on Oil and Gas Reserves

Requested by: Governor Hammond

Date: _____

Return Date Requested: _____

Agency: _____

Program: _____

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Property Taxes

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES			19.0	21.0	23.1	26.3
200 TRAVEL		5.0	5.3	5.6	5.9	6.2
300 CONTRACTUAL		88.0	60.9	63.9	67.1	70.5
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		93.0	85.2	90.5	96.1	103.0

B. FUNDING: (Thousands of dollars)

GENERAL FUND		93.0	85.2	90.5	96.1	103.0
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	1 /	1 /	1 /	1 /
MAN MONTHS (P./T.)	/	/	12 /	12 /	12 /	12 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Delete petroleum legal services contract of \$30.0 in FY 77.
Petroleum Audit position in FY 77 at cost of 19.0.

IV. ATTACHMENTS

See attached breakdown for FY 76 as base year.

V. DATE: March 5, 1975

PREPARED BY: *[Signature]*

Director

Administrative Services Div.

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

TO:

Sterling Gallagher
 Commissioner
 Department of Revenue

DATE: March 13, 1975

FROM:

Frederick P. Boetsch *FJB*
 Deputy Commissioner for Taxation
 Department of Revenue

SUBJECT: SB 276 - Tax on Reserve
 of Oil and Gas

This Bill would place a tax on the value of an interest in the proven reserves of an oil or gas property. The value would be measured by the present value of the future income to be received from the production of oil and gas from a particular field. The incidence of this tax would fall on the holders of leases on or owners of oil and gas reserves in the state. The largest incidence, of course, would be on the holders of the leases in the Prudhoe Bay area.

The bill would call for the higher of the severance tax in the case of a producing field or this tax to be paid with a provision for credits to accumulate to the extent that the tax is paid. These credits would then be taken as a credit against severance taxes at a later date.

The primary administrative problem connected with this bill is that assumptions must be made about all of the variables related to determining value. In order to make reasonable and defensible assumptions, we will need the expertise of established petroleum valuation engineers on a contractual basis.

The costs of administration for this bill are approximately \$100,000 per year, the details of which are broken down in the attached Fiscal Note. This represents less than 1/2 mill per \$1.00 of tax collected - probably the least cost of any tax, anywhere. Although we hope the legal services provided for will not be necessary, we certainly should be ready if a legal challenge occurs.

The projected revenues from this bill for FY 76 and 77 are as follows:

Projected Increases in Revenues (\$000 omitted)	
FY 76	FY 77
<u>230300.0</u>	<u>286600.0</u>

FPE:gd

TAX ON RESERVES
ADMINISTRATIVE COSTS

February 11, 1975

The administration of a tax on oil and gas reserves will need to be supported by a Petroleum Engineer. The staffing of such a position is not at this time recommended in view of the recruiting difficulty encountered by the Division of Oil and Gas.

Contractual support of this administrative function is recommended:

1. Contract with a firm to provide petroleum engineer services, 180 days @ \$250 day	\$45,000
2. Production of reports, graphs, maps and charts	5,000
3. Travel for firm to and from Alaska	5,000
4. Hearings, Transcripts and Testimony preparation	8,000
5. Contract with a firm to provide petroleum legal services	<u>30,000</u>
Total Administrative Costs	\$93,000

An audit position will be required at range 16 in FY 77.

COMMITTEE REPORT

HOUSE

Return to Finance

Mr. Speaker:

Date May 21, 1933

The Committee on FINANCE has had RS 300

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:

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

[Signature] Chairman

Rush

Original sponsor: Rules Committee by request of the Governor

Offered: 4/25/75
Referred: Finance

francis

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

7 CS FOR HOUSE BILL NO. 300

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 state elections."

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

8 * Section 1. AS 15.05.010(4) is amended to read:

9 (4) has been a resident of the state [FOR AT LEAST 75 DAYS]
10 and of the election district in which he seeks to vote for at least 30
11 days just before the election; and

12 * Sec. 2. AS 15.05.020(2) is amended to read:

13 (2) The residence of a person is that place in which his
14 habitation is fixed, and to which, whenever he is absent, he has the
15 intention to return. If a person resides with his family in one
16 place, but does business in another, the former is his place of resi-
17 dence; but any person who, having a family, establishes a dwelling place
18 other than with his family, with the intention of remaining there and
19 not returning to his family, shall be considered a resident where he has
20 established that dwelling place. Temporary construction camps do not
21 constitute a dwelling place.

22 * ~~Sec. 3. AS 15.05.020(3) is amended to read:~~

23 ~~(3) The mere intention to acquire a new residence without~~
24 ~~physical presence at such a place does not establish residency; neither~~
25 ~~does mere physical presence without the concurrent present intention~~
26 ~~to establish such a place as his residence [A CHANGE OF RESIDENCE IS~~
27 ~~MADE ONLY BY THE ACT OF REMOVAL JOINED WITH THE INTENT TO REMAIN IN~~
28 ~~ANOTHER PLACE]. There can be only one residence.~~

29 * Sec. 13 AS 15.05.020(5) is amended to read:

1 (5) A person does not gain residence in any place to which he
2 comes without the present intention to establish his permanent dwelling
3 at that place [A RESIDENCE IN A PLACE TO WHICH HE COMES FOR TEMPORARY
4 PURPOSES ONLY].

5 * Sec. ~~5.4~~ AS 15.07.090(a) is amended to read:

6 (a) A voter whose name is changed by marriage or court order may
7 vote under the [HIS OR HER] previous name, but if the voter desires to
8 use the new name, he or she shall notify the lieutenant governor [CHOOSES
9 TO RE-REGISTER, THE RE-REGISTRATION MAY] not [BE MADE] later than 30
10 days preceding an election so that the registration may be amended to
11 reflect the change.

12 * Sec. ~~8.5~~ AS 15.07.090(b) is amended to read:

13 (b) A voter shall re-register if his registration is cancelled
14 for failure to vote in prior elections as provided in sec. 130 of this
15 chapter. The re-registration may not be made later than 30 days
16 preceding an election.

17 * Sec. ~~16~~ AS 15.07.090(d) is amended to read:

18 (d) A person who claims he is a registered voter, but for whom no
19 evidence of registration in the precinct can be found, shall be granted
20 the right to vote in the same manner as that of a questioned voter and
21 his ballot shall be treated in the same manner. The ballot shall be
22 considered to be a "questioned ballot" and shall be so designated. The
23 lieutenant governor or his representative shall determine whether the
24 voter is registered in the election district before counting the ballot.
25 A voter who has failed to obtain a transfer as provided in (c) of this
26 section shall [MAY] vote [IN THE PRECINCT WHERE REGISTERED OR HE MAY
27 VOTE] a "questioned ballot" in his precinct of residence.

28 * Sec. ~~8.7~~ AS 15.10 is amended by adding a new section to read:

29 Sec. 15.10.105. APPOINTMENT OF DIRECTOR OF ELECTIONS. The lieuten-

1 ant governor shall appoint a director of elections to act for him in the
2 supervision of central and regional election offices, the employment and
3 training of election personnel, and the administration of all state
4 elections as well as those municipal elections which the state is
5 required to conduct. The director of elections shall also assist the
6 lieutenant governor in the administration of the voter registration
7 program and the modification of precinct boundaries.

8 * Sec. ~~18~~ AS 15.10.150 is amended to read:

9 Sec. 15.10.150. APPOINTMENT OF NOMINEES FOR JUDGES AND CLERKS.

10 Whenever the appointment of election judges or clerks is required, the
11 party district committee of the political party of which the governor is
12 a member may present in writing to the election supervisor on or before
13 April 15 in each regular election year, or at least 60 days before a
14 special election, the names of two party nominees for judges, and one
15 for clerk, in any or all election precincts, and the election supervisor
16 shall appoint the party nominees to the respective precinct election
17 boards. The party district committee of the political party which
18 received the second largest number of statewide votes in the preceding
19 gubernatorial [GENERAL] election may present in writing to the election
20 supervisor on or before April 15 in each regular election year, or at
21 least 60 days before a special election the name of one party nominee
22 for judge and one for clerk for any or all election precincts and the
23 election supervisor shall appoint the party nominees to the respective
24 precinct election boards. If any party district committee fails to
25 present the names prescribed by this section by April 15 of a regular
26 election year or before the 60th day preceding a special election, the
27 election supervisor may appoint any qualified person not otherwise
28 disqualified under sec. 120 of this chapter.

29 * Sec. ~~20~~ AS 15.10.170 is amended to read:

1 Sec. 15.10.170. APPOINTMENT AND PRIVILEGES OF WATCHERS. The
2 precinct party committee, where an organized precinct committee exists,
3 or the district party committee where no organized precinct committee
4 exists, may appoint one or more persons as watchers in each precinct and
5 counting center for any election. Each candidate not representing a
6 political party may appoint one or more watchers for each precinct or
7 counting center in his respective district or the state for any elec-
8 tion. Any organization or organized group that sponsors or opposes an
9 initiative, referendum or recall may have one or more persons as watchers
10 at the polls and counting centers after first obtaining authorization
11 from the lieutenant governor. No precinct party committee, no district
12 party committee or candidate not representing a political party or
13 organization or organized group may have more than one watcher on duty
14 at a time in any precinct or counting center. The watcher may be
15 present at a position inside the place of voting or counting which
16 affords a full view of all action of the election board and other
17 counters taken from the time the polls are opened until the ballots are
18 finally counted and the results certified by the election board or the
19 Data Processing Review Board. The election board or the Data Processing
20 Review Board may require each watcher to present written proof [A CER-
21 TIFICATE] showing that he is the watcher appointed by the precinct party
22 committee, the district party committee, the organization or organized
23 group or the candidate he represents which is [AND] signed by the
24 chairman of the precinct party committee, the district party committee,
25 the organization or organized group or the candidate representing no
26 party. The lieutenant governor may prescribe regulations governing the
27 conduct of watchers to assure the privileges of the watchers and the
28 proper conduct of the election.

29 * Sec. 12.10 AS 15.15.040(b) is amended to read:

1 (b) The lieutenant governor shall prepare and issue [,] or make
2 available [,] with each sample ballot for a special election the [A]
3 statement [, SUBSTANTIALLY LIKE THAT] provided for in AS 24.30.037 [,]
4 of the scope of each [MAJOR] project included in a proposed general
5 obligation bond issue creating a state debt for capital improvements
6 that is submitted to the electorate for ratification [,] under AS 15.15.-
7 030(11). The statement of scope for each [MAJOR] project shall be the
8 same statement included in the authorization bill. When a ballot pro-
9 position is submitted to the voters at a primary or a special election,
10 a statement the same as that provided for in the election pamphlet under
11 AS 15.57.10(2) shall be made available with each sample ballot.

12 * Sec. ~~15.15~~ AS 15.15.215 is amended to read:

13 Sec. 15.15.215. DISPOSITION OF CHALLENGED AND QUESTIONED VOTES.

14 (a) A challenged voter or one who casts a questioned ballot shall vote
15 his ballot in the same manner as prescribed for other voters except that
16 he shall use a paper ballot. After the election judge removes the
17 identification number from the ballot, the challenged voter shall insert
18 the ballot into a small blank envelope, seal it and put the envelope
19 into a larger envelope on which the oath and affidavit he previously
20 signed is located [CONTAINED]. After the election judge removes the
21 identification number from the ballot, the voter who casts a questioned
22 ballot shall insert the ballot into a small blank envelope, seal it, and
23 put the envelope into a larger envelope on which the information con-
24 cerning that voter's residence is located. These larger envelopes [THIS
25 ENVELOPE] shall be sealed and deposited in the ballot box along with
26 their respective [THE] attached statements [STATEMENT] of asserted
27 invalidity. All envelopes shall be counted and compared to the voting
28 list before leaving the place of polling and upon receipt by the offi-
29 cial or body supervising the election. When the ballot box is opened,

1 these envelopes shall be segregated and delivered to the official or
2 body supervising the election. The [WHERE THE] merits of the challenge
3 or question shall be determined by this official or body in accordance
4 with the procedure prescribed for challenged absentee votes in AS 15.20.
5 215.

6 (b) A person who frivolously, maliciously or in bad faith chal-
7 lenges a voter or questions his ballot is guilty of a misdemeanor and
8 upon conviction shall be imprisoned for not more than 30 days or fined
9 not more than \$100, or both.

10 * Sec. ~~15.12~~ AS 15.15.350 is amended to read:

11 Sec. 15.15.350. GENERAL PROCEDURE FOR CANVASS. The lieutenant
12 governor shall issue rules prescribing the manner in which the precinct
13 canvass is accomplished so as to assure accuracy in the count and to
14 expedite the process. The election board or counting board shall
15 canvass the ballots in a manner that allows watchers to see the ballots
16 when opened and read. No person handling the ballot after it has been
17 taken from the ballot box and before it is placed in the envelope for
18 mailing may have a marking device in hand or remove a ballot from the
19 immediate vicinity of the polls except as provided by AS 15.15.330 for
20 the early counting of ballots, and by AS 15.20.680 for the counting of
21 punch-card ballots [OR HAVE A MARKING DEVICE IN HAND].

22 * Sec. ~~15.13~~ AS 15.20 is amended by adding a new section to read:

23 Sec. 15.20.045. DESIGNATION OF MAGISTRATES AND OTHERS AS ELECTION
24 OFFICIALS. The lieutenant governor or election supervisory may desig-
25 nate persons to act as election officials under secs. 10 - 220 of this
26 chapter in areas where election supervisors do not have offices.
27 Magistrates may, with the approval of the administrative director of the
28 Alaska Court System, be designated under this section.

29 * Sec. ~~15.14~~ AS 15.20.060 is amended to read:

1 Sec. 15.20.060. APPLICATION [TO DISTRICT JUDGE OR MAGISTRATE] IN
2 PERSON OR [,] BY A REPRESENTATIVE [, OR BY MAIL]. A qualified voter may
3 apply [,] in person or [,] by a personal representative [OR BY MAIL,]
4 for an absentee ballot to the election supervisor or election official
5 [DISTRICT JUDGE OR MAGISTRATE] in the election district of the resident
6 voter. [THE APPLICATION BY MAIL SHALL INCLUDE THE NAME OF THE APPLICANT
7 AND BOTH HIS PRESENT ADDRESS TO WHICH THE ABSENTEE BALLOT SHALL BE
8 RETURNED AND HIS FULL LOCAL ALASKA RESIDENT ADDRESS.]

9 * Sec. ~~1715~~ AS 15.20.120(b) is amended to read:

10 (b) The election board chairman may issue ballots to personal
11 representatives on election day only in areas where an election official
12 has not been designated to issue absentee ballots [DISTRICT JUDGES AND
13 MAGISTRATES DO NOT SIT].

14 * Sec. ~~1716~~ AS 15.20.130 is amended to read:

15 Sec. 15.20.130. PROCEDURE ON APPLICATION BY MAIL. After receipt
16 of an application by mail for an absentee ballot, the lieutenant governor
17 [, OR THE DISTRICT JUDGE OR MAGISTRATE,] shall airmail to the applicant
18 the ballot and other absentee voting material when they are ready for
19 distribution, if the application includes the name and both the present
20 address and the full local resident address of the applicant. The
21 larger envelope to be used for returning the absentee ballot to the
22 election officials shall be addressed to the election supervisor in the
23 district in which the voter is a resident.

24 * Sec. ~~1817~~ AS 15.20.170 is amended to read:

25 Sec. 15.20.170. DISPOSITION OF BALLOTS. Each election official
26 [DISTRICT JUDGE AND MAGISTRATE] who has been designated by an election
27 supervisor or the lieutenant governor to issue absentee ballots shall
28 stamp on the envelope containing the oath the date on which the ballot
29 is received in his office. All ballots received shall be immediately

1 transmitted by the most expeditious mail service to the election super-
2 visor for his district.

3 * Sec. ~~2818~~ AS 15.20.180 is amended to read:

4 Sec. 15.20.180. NAMES OF ABSENTEE VOTERS TO BE MADE AVAILABLE.

5 The election supervisors [,] and election officials [DISTRICT JUDGES AND
6 MAGISTRATES] shall have available for public inspection the names and
7 addresses of persons who voted absentee.

8 * Sec. ~~2819~~ AS 15.25.040 is amended to read:

9 Sec. 15.25.040. MANNER AND DATE OF FILING DECLARATION. (a) The
10 declaration is filed by either

11 (1) the actual physical delivery of the declaration [BY MAIL
12 OR] in person at or before 5:00 p.m., prevailing time, June 1 of the
13 year in which a general election is held for the office, or

14 (2) the actual physical delivery by telegram of a copy in
15 substance of the statements made in the declaration at or before 5:00
16 p.m., prevailing time, June 1 of the year in which a general election is
17 held for the office ~~[, AND ALSO THE ACTUAL PHYSICAL DELIVERY] OF THE~~
18 ~~[ORIGINAL] declaration by registered mail which is postmarked at or~~
19 ~~before 5:00 p.m., prevailing time, June 1 of the year in which a general~~
20 ~~election is held for the office and received not more than five days~~
21 ~~after that time;~~

22 ~~and also~~
23 the actual physical delivery of the declaration by
24 registered mail which is postmarked at or before 5:00 p.m., prevailing
25 time, June 1 of the year in which a general election is held for the
26 office and received not more than 15 days after that time.

27 ~~(b)~~ (b) If the postmark is illegible, a dated receipt from the post
28 office where dispatched shall be acceptable as evidence of mailing.
29 If June 1 is a Sunday or holiday, the deadlines for postmarking and
receipt of the declaration shall be extended 24 hours in each instance

1 [MAY BE FILED NO LATER THAN 5:00 P.M., PREVAILLING TIME ON THE FOLLOWING
2 DAY].

3 (c) A candidate for a statewide office shall file with the lieuten-
4 ant governor. A candidate for a district-wide office shall file either
5 with [A CLERK OF THE SUPERIOR COURT OR] the lieutenant governor or an
6 election supervisor. If the candidate files his declaration with an
7 election supervisor [A CLERK OF THE SUPERIOR COURT], the election super-
8 visor [CLERK] shall immediately forward the declaration to the lieuten-
9 ant governor.

10 (d) If the declaration filed under (a) of this section is not
11 received within seven calendar days, the candidate shall be notified of
12 nonreceipt. The candidate shall have the opportunity to refile his
13 declaration with proof that his previous declaration has been filed in a
14 timely manner and in accordance with law.

15 * Sec. ~~2120~~ AS 15.25.060 is repealed and re-enacted to read:

16 Sec. 15.25.060. PREPARATION AND DISTRIBUTION OF BALLOTS. The
17 primary nomination ballot shall be prepared and distributed by the
18 lieutenant governor in the manner prescribed for general election
19 ballots, except as specifically provided otherwise for the primary
20 nomination. The lieutenant governor shall place the names of all candi-
21 dates who have properly filed in separate columns for each political
22 party, and a column heading shall indicate their party affiliation. The
23 names of candidates shall be grouped according to offices, with each
24 office having a separate section. Within each column the names for each
25 office shall be rotated as provided for the general election ballot.
26 Blank spaces shall be provided within each office block on the ballot
27 for the writing or pasting in of names. The column at the left-hand
28 side of the ballot shall contain the names of the candidates of the
29 political party that received the largest number of votes for the office

of governor at the last preceding general election.

* Sec. 22. AS 15.25.070 is repealed and re-enacted to read:

Sec. 15.25.070. SPECIAL PROVISIONS ON COUNTING BALLOTS. No voter may vote for candidates in more than one column. Ballots cast with votes for candidates in more than one party column shall not be counted, and the entire ballot is invalid.

* Sec. 23.21 AS 15.25.150 is amended to read:

Sec. 15.25.150. DATE OF FILING PETITION. The petition is filed with the lieutenant governor by actual physical delivery in person [OR BY MAIL] at or before 5:00 p.m., prevailing time, June 1 in the year in which a general election is held for the office, or by actual physical delivery by certified mail which is postmarked at or before 5:00 p.m., prevailing time, June 1 in the year in which a general election is held for the office, and received not more than ^{fifteen} ~~five~~ days after that time. If the postmark is illegible, a dated receipt from the post office where dispatched shall be acceptable as evidence of mailing. If June 1 is a Sunday or holiday, the deadlines for postmarking and receipt of the petition shall be extended 24 hours in each instance.

* Sec. 24.22 AS 15.57.010 is repealed and re-enacted to read:

Sec. 15.57.010. CONTENTS OF PAMPHLET. The lieutenant governor shall mail to each registered voter of the state before each state general election an election pamphlet containing photographs and campaign statements of eligible nominees who desire to participate in the pamphlet. The pamphlet shall also contain

(1) on a separate page, a map of the election district or districts to which the pamphlet has been directed, together with a narrative description of the district boundaries;

(2) for each ballot proposition,

(A) a neutral summary of the proposition prepared by the

1 Legislative Affairs Agency;

2 (B) a statement by persons or organizations supporting
3 the proposition; and

4 (C) a statement by persons or organizations opposing the
5 proposition; and

6 (3) for each bond question a statement of the scope of each
7 project required by AS 24.30.037 to be included in the authorization
8 bill.

9 * Sec. ~~2523~~ AS 15.57.050(a) is amended to read:

10 (a) Not less than 30 days before the election the lieutenant
11 governor shall transmit by mail, to every registered voter in the state
12 [WHOSE ADDRESS HE CAN WITH REASONABLE DILIGENCE ASCERTAIN], one copy of
13 the pamphlet, a sample ballot and an absentee ballot application. When
14 practical, the lieutenant governor shall have the pamphlets printed so
15 that no candidate's picture or statement is included in the copy of the
16 pamphlet going to a district where the candidate's election is not to be
17 voted upon.

18 * Sec. ~~2524~~ AS 15.60.010(13) is amended to read:

19 (13) "election official" means [DISTRICT AND DEPUTY MAGIS-
20 TRATES,] election judges, clerks, counters, [AND] full-time election
21 employees, and persons designated to issue absentee ballots;

22 * Sec. ~~2725~~ AS 24.30.037 is amended to read:

23 Sec. 24.30.037. GENERAL OBLIGATION BOND BILLS. A bill authorizing
24 the issuance of general obligation bonds creating a state debt for
25 capital improvements shall contain a statement of the scope of each
26 [MAJOR] project included in the proposed bond issue. The statement
27 shall include a brief description of each capital improvement project,
28 its location, and, in dollars, that portion of the total bond issue to
29 be allocated to the project.

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/25/75
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 300

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 state elections."

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

8 * Section 1. AS 15.05.010(4) is amended to read:

9 (4) has been a resident of the state [FOR AT LEAST 75 DAYS]
10 and of the election district in which he seeks to vote for at least 30
11 days just before the election; and

12 * Sec. 2. AS 15.05.020(2) is amended to read:

13 (2) The residence of a person is that place in which his
14 habitation is fixed, and to which, whenever he is absent, he has the
15 intention to return. If a person resides with his family in one
16 place, but does business in another, the former is his place of resi-
17 dence; but any person who, having a family, establishes a dwelling place
18 other than with his family, with the intention of remaining there and
19 not returning to his family, shall be considered a resident where he has
20 established that dwelling place. [Temporary construction camps do not
21 constitute a dwelling place.]

22 * Sec. 3. AS 15.05.020(3) is amended to read:

23 (3) The mere intention to acquire a new residence without
24 physical presence at such a place does not establish residency; neither
25 does mere physical presence without the concurrent present intention
26 to establish such a place as his residence [A CHANGE OF RESIDENCE IS
27 MADE ONLY BY THE ACT OF REMOVAL JOINED WITH THE INTENT TO REMAIN IN
28 ANOTHER PLACE]. There can be only one residence.

29 * Sec. 4. AS 15.05.020(5) is amended to read:

QUESTION

1 (5) A person does not gain residence in any place to which he
2 comes without the present intention to establish his permanent dwelling
3 at that place [A RESIDENCE IN A PLACE TO WHICH HE COMES FOR TEMPORARY
4 PURPOSES ONLY].

5 * Sec. 5. AS 15.07.090(a) is amended to read:

6 (a) A voter whose name is changed by marriage or court order may
7 vote under the [HIS OR HER] previous name, but if the voter desires to
8 use the new name, he or she shall notify the lieutenant governor [CHOOSES
9 TO RE-REGISTER, THE RE-REGISTRATION MAY] not [BE MADE] later than 30
10 days preceding an election so that the registration may be amended to
11 reflect the change.

12 * Sec. 6. AS 15.07.090(b) is amended to read:

13 (b) A voter shall re-register if his registration is cancelled
14 for failure to vote in prior elections as provided in sec. 130 of this
15 chapter. The re-registration may not be made later than 30 days
16 preceding an election.

17 * Sec. 7. AS 15.07.090(d) is amended to read:

18 (d) A person who claims he is a registered voter, but for whom no
19 evidence of registration in the precinct can be found, shall be granted
20 the right to vote in the same manner as that of a questioned voter and
21 his ballot shall be treated in the same manner. The ballot shall be
22 considered to be a "questioned ballot" and shall be so designated. The
23 lieutenant governor or his representative shall determine whether the
24 voter is registered in the election district before counting the ballot.
25 A voter who has failed to obtain a transfer as provided in (c) of this
26 section shall [MAY] vote [IN THE PRECINCT WHERE REGISTERED OR HE MAY
27 VOTE] a "questioned ballot" in his precinct of residence.

28 * Sec. 8. AS 15.10 is amended by adding a new section to read:

29 Sec. 15.10.105. APPOINTMENT OF DIRECTOR OF ELECTIONS. The lieutenant-

1 ant governor shall appoint a director of elections to act for him in the
2 supervision of central and regional election offices, the employment and
3 training of election personnel, and the administration of all state
4 elections as well as those municipal elections which the state is
5 required to conduct. The director of elections shall also assist the
6 lieutenant governor in the administration of the voter registration
7 program and the modification of precinct boundaries.

8 * Sec. 9. AS 15.10.150 is amended to read:

9 Sec. 15.10.150. APPOINTMENT OF NOMINEES FOR JUDGES AND CLERKS.

10 Whenever the appointment of election judges or clerks is required, the
11 party district committee of the political party of which the governor is
12 a member may present in writing to the election supervisor on or before
13 April 15 in each regular election year, or at least 60 days before a
14 special election, the names of two party nominees for judges, and one
15 for clerk, in any or all election precincts, and the election supervisor
16 shall appoint the party nominees to the respective precinct election
17 boards. The party district committee of the political party which
18 received the second largest number of statewide votes in the preceding
19 gubernatorial [GENERAL] election may present in writing to the election
20 supervisor on or before April 15 in each regular election year, or at
21 least 60 days before a special election the name of one party nominee
22 for judge and one for clerk for any or all election precincts and the
23 election supervisor shall appoint the party nominees to the respective
24 precinct election boards. If any party district committee fails to
25 present the names prescribed by this section by April 15 of a regular
26 election year or before the 60th day preceding a special election, the
27 election supervisor may appoint any qualified person not otherwise
28 disqualified under sec. 120 of this chapter.

29 * Sec. 10. AS 15.10.170 is amended to read:

1 Sec. 15.10.170. APPOINTMENT AND PRIVILEGES OF WATCHERS. The
2 precinct party committee, where an organized precinct committee exists,
3 or the district party committee where no organized precinct committee
4 exists, may appoint one or more persons as watchers in each precinct and
5 counting center for any election. Each candidate not representing a
6 political party may appoint one or more watchers for each precinct or
7 counting center in his respective district or the state for any elec-
8 tion. Any organization or organized group that sponsors or opposes an
9 initiative, referendum or recall may have one or more persons as watchers
10 at the polls and counting centers after first obtaining authorization
11 from the lieutenant governor. No precinct party committee, no district
12 party committee or candidate not representing a political party or
13 organization or organized group may have more than one watcher on duty
14 at a time in any precinct or counting center. The watcher may be
15 present at a position inside the place of voting or counting which
16 affords a full view of all action of the election board and other
17 counters taken from the time the polls are opened until the ballots are
18 finally counted and the results certified by the election board or the
19 Data Processing Review Board. The election board or the Data Processing
20 Review Board may require each watcher to present written proof [A CER-
21 TIFICATE] showing that he is the watcher appointed by the precinct party
22 committee, the district party committee, the organization or organized
23 group or the candidate he represents which is [AND] signed by the
24 chairman of the precinct party committee, the district party committee,
25 the organization or organized group or the candidate representing no
26 party. The lieutenant governor may prescribe regulations governing the
27 conduct of watchers to assure the privileges of the watchers and the
28 proper conduct of the election.

29 * Sec. 11. AS 15.15.040(b) is amended to read:

OK

(b) The lieutenant governor shall prepare and issue [,] or make available [,] with each sample ballot for a special election the [A] statement [, SUBSTANTIALLY LIKE THAT] provided for in AS 24.30.037 [,] of the scope of each [MAJOR] project included in a proposed general obligation bond issue creating a state debt for capital improvements that is submitted to the electorate for ratification [,] under AS 15.15.030(11). The statement of scope for each [MAJOR] project shall be the same statement included in the authorization bill. When a ballot proposition is submitted to the voters at a primary or a special election, a statement the same as that provided for in the election pamphlet under AS 15.57.010(2) shall be made available with each sample ballot.

* Sec. 12. AS 15.15.215 is amended to read:

Sec. 15.15.215. DISPOSITION OF CHALLENGED AND QUESTIONED VOTES.

(a) A challenged voter or one who casts a questioned ballot shall vote his ballot in the same manner as prescribed for other voters except that he shall use a paper ballot. After the election judge removes the identification number from the ballot, the challenged voter shall insert the ballot into a small blank envelope, seal it and put the envelope into a larger envelope on which the oath and affidavit he previously signed is located [CONTAINED]. After the election judge removes the identification number from the ballot, the voter who casts a questioned ballot shall insert the ballot into a small blank envelope, seal it, and put the envelope into a larger envelope on which the information concerning that voter's residence is located. These larger envelopes [THIS ENVELOPE] shall be sealed and deposited in the ballot box along with their respective [THE] attached statements [STATEMENT] of asserted invalidity. All envelopes shall be counted and compared to the voting list before leaving the place of polling and upon receipt by the official or body supervising the election. When the ballot box is opened,

1 these envelopes shall be segregated and delivered to the official or
2 body supervising the election. The [WHERE THE] merits of the challenge
3 or question shall be determined by this official or body in accordance
4 with the procedure prescribed for challenged absentee votes in AS 15.20.
5 210.

6 (b) A person who frivolously, maliciously or in bad faith chal-
7 lenges a voter or questions his ballot is guilty of a misdemeanor and
8 upon conviction shall be imprisoned for not more than 30 days or fined
9 not more than \$100, or both.

10 * Sec. 13. AS 15.15.350 is amended to read:

11 Sec. 15.15.350. GENERAL PROCEDURE FOR CANVASS. The lieutenant
12 governor shall issue rules prescribing the manner in which the precinct
13 canvass is accomplished so as to assure accuracy in the count and to
14 expedite the process. The election board or counting board shall
15 canvass the ballots in a manner that allows watchers to see the ballots
16 when opened and read. No person handling the ballot after it has been
17 taken from the ballot box and before it is placed in the envelope for
18 mailing may have a marking device in hand or remove a ballot from the
19 immediate vicinity of the polls except as provided by AS 15.15.330 for
20 the early counting of ballots, and by AS 15.20.680 for the counting of
21 punch-card ballots [OR HAVE A MARKING DEVICE IN HAND].

22 * Sec. 14. AS 15.20 is amended by adding a new section to read:

23 Sec. 15.20.045. DESIGNATION OF MAGISTRATES AND OTHERS AS ELECTION
24 OFFICIALS. The lieutenant governor or election supervisory may desig-
25 nate persons to act as election officials under secs. 10 - 220 of this
26 chapter in areas where election supervisors do not have offices.
27 Magistrates may, with the approval of the administrative director of the
28 Alaska Court System, be designated under this section.

29 * Sec. 15. AS 15.20.060 is amended to read:

1 Sec. 15.20.060. APPLICATION [TO DISTRICT JUDGE OR MAGISTRATE] IN
2 PERSON OR [,] BY A REPRESENTATIVE [, OR BY MAIL]. A qualified voter may
3 apply [,] in person or [,] by a personal representative [OR BY MAIL,]
4 for an absentee ballot to the election supervisor or election official
5 [DISTRICT JUDGE OR MAGISTRATE] in the election district of the resident
6 voter. [THE APPLICATION BY MAIL SHALL INCLUDE THE NAME OF THE APPLICANT
7 AND BOTH HIS PRESENT ADDRESS TO WHICH THE ABSENTEE BALLOT SHALL BE
8 RETURNED AND HIS FULL LOCAL ALASKA RESIDENT ADDRESS.]

9 * Sec. 16. AS 15.20.120(b) is amended to read:

10 (b) The election board chairman may issue ballots to personal
11 representatives on election day only in areas where an election official
12 has not been designated to issue absentee ballots [DISTRICT JUDGES AND
13 MAGISTRATES DO NOT SIT].

14 * Sec. 17. AS 15.20.130 is amended to read:

15 Sec. 15.20.130. PROCEDURE ON APPLICATION BY MAIL. After receipt
16 of an application by mail for an absentee ballot, the lieutenant governor
17 [, OR THE DISTRICT JUDGE OR MAGISTRATE,] shall airmail to the applicant
18 the ballot and other absentee voting material when they are ready for
19 distribution, if the application includes the name and both the present
20 address and the full local resident address of the applicant. The
21 larger envelope to be used for returning the absentee ballot to the
22 election officials shall be addressed to the election supervisor in the
23 district in which the voter is a resident.

24 * Sec. 18. AS 15.20.170 is amended to read:

25 Sec. 15.20.170. DISPOSITION OF BALLOTS. Each election official
26 [DISTRICT JUDGE AND MAGISTRATE] who has been designated by an election
27 supervisor or the lieutenant governor to issue absentee ballots shall
28 stamp on the envelope containing the oath the date on which the ballot
29 is received in his office. All ballots received shall be immediately

1 transmitted by the most expeditious mail service to the election super-
2 visor for his district.

3 * Sec. 19. AS 15.20.180 is amended to read:

4 Sec. 15.20.180. NAMES OF ABSENTEE VOTERS TO BE MADE AVAILABLE.
5 The election supervisors [,] and election officials [DISTRICT JUDGES AND
6 MAGISTRATES] shall have available for public inspection the names and
7 addresses of persons who voted absentee.

8 * Sec. 20. AS 15.25.040 is amended to read:

9 Sec. 15.25.040. MANNER AND DATE OF FILING DECLARATION. (a) The
10 declaration is filed by either

11 (1) the actual physical delivery of the declaration [BY MAIL
12 OR] in person at or before 5:00 p.m., prevailing time, June 1 of the
13 year in which a general election is held for the office, or

14 (2) the actual physical delivery by telegram of a copy in
15 substance of the statements made in the declaration at or before 5:00
16 p.m., prevailing time, June 1 of the year in which a general election is
17 held for the office [*the actual physical delivery of telegram*], AND ALSO THE ACTUAL PHYSICAL DELIVERY of the
18 [ORIGINAL] declaration by registered mail which is postmarked at or
19 before 5:00 p.m., prevailing time, June 1 of the year in which a general
20 election is held for the office and received not more than five days
21 after that time;]

22 (3) the actual physical delivery of the declaration by
23 registered mail which is postmarked at or before 5:00 p.m., prevailing
24 time, June 1 of the year in which a general election is held for the
25 office and received not more than 15 days after that time.

26 (3) ~~(3)~~ If the postmark is illegible, a dated receipt from the post
27 office where dispatched shall be acceptable as evidence of mailing.
28 If June 1 is a Sunday or holiday, the deadlines for postmarking and
29 receipt of the declaration shall be extended 24 hours in each instance

1 [MAY BE FILED NO LATER THAN 5:00 P.M., PREVAILING TIME ON THE FOLLOWING
2 DAY].

3 (c) A candidate for a statewide office shall file with the lieutenant
4 ant governor. A candidate for a district-wide office shall file either
5 with [A CLERK OF THE SUPERIOR COURT OR] the lieutenant governor or an
6 election supervisor. If the candidate files his declaration with an
7 election supervisor [A CLERK OF THE SUPERIOR COURT], the election super-
8 visor [CLERK] shall immediately forward the declaration to the lieuten-
9 ant governor.

10 (d) If the declaration filed under (a) of this section is not
11 received within seven calendar days, the candidate shall be notified of
12 nonreceipt. The candidate shall have the opportunity to refile his
13 declaration with proof that his previous declaration has been filed in a
14 timely manner and in accordance with law.

15 * Sec. 21. AS 15.25.060 is repealed and re-enacted to read:

16 Sec. 15.25.060. PREPARATION AND DISTRIBUTION OF BALLOTS. The
17 primary nomination ballot shall be prepared and distributed by the
18 lieutenant governor in the manner prescribed for general election
19 ballots, except as specifically provided otherwise for the primary
20 nomination. The lieutenant governor shall place the names of all candi-
21 dates who have properly filed in separate columns for each political
22 party, and a column heading shall indicate their party affiliation. The
23 names of candidates shall be grouped according to offices, with each
24 office having a separate section. Within each column the names for each
25 office shall be rotated as provided for the general election ballot.
26 Blank spaces shall be provided within each office block on the ballot
27 for the writing or pasting in of names. The column at the left-hand
28 side of the ballot shall contain the names of the candidates of the
29 political party that received the largest number of votes for the office

Closed primary

of governor at the last preceding general election.

* Sec. 22. AS 15.25.070 is repealed and re-enacted to read:

Sec. 15.25.070. SPECIAL PROVISIONS ON COUNTING BALLOTS. No voter may vote for candidates in more than one column. Ballots cast with votes for candidates in more than one party column shall not be counted, and the entire ballot is invalid.

* Sec. 23. AS 15.25.150 is amended to read:

Sec. 15.25.150. DATE OF FILING PETITION. The petition is filed with the lieutenant governor by actual physical delivery in person [OR BY MAIL] at or before 5:00 p.m., prevailing time, June 1 in the year in which a general election is held for the office, or by actual physical delivery by certified mail which is postmarked at or before 5:00 p.m., prevailing time, June 1 in the year in which a general election is held for the office, and received not more than ¹⁵ days after that time. If the postmark is illegible, a dated receipt from the post office where dispatched shall be acceptable as evidence of mailing. If June 1 is a Sunday or holiday, the deadlines for postmarking and receipt of the petition shall be extended 24 hours in each instance.

* Sec. 24. AS 15.57.010 is repealed and re-enacted to read:

Sec. 15.57.010. CONTENTS OF PAMPHLET. The lieutenant governor shall mail to each registered voter of the state before each state general election an election pamphlet containing photographs and campaign statements of eligible nominees who desire to participate in the pamphlet. The pamphlet shall also contain

(1) on a separate page, a map of the election district or districts to which the pamphlet has been directed, together with a narrative description of the district boundaries;

(2) for each ballot proposition,

(A) a neutral summary of the proposition prepared by the

1 Legislative Affairs Agency;

2 (B) a statement by persons or organizations supporting
3 the proposition; and

4 (C) a statement by persons or organizations opposing the
5 proposition; and

6 (3) for each bond question a statement of the scope of each
7 project required by AS 24.30.037 to be included in the authorization
8 bill.

9 * Sec. 25. AS 15.57.050(a) is amended to read:

10 (a) Not less than 30 days before the election the lieutenant
11 governor shall transmit by mail, to every registered voter in the state
12 [WHOSE ADDRESS HE CAN WITH REASONABLE DILIGENCE ASCERTAIN], one copy of
13 the pamphlet, a sample ballot and an absentee ballot application. When
14 practical, the lieutenant governor shall have the pamphlets printed so
15 that no candidate's picture or statement is included in the copy of the
16 pamphlet going to a district where the candidate's election is not to be
17 voted upon.

18 * Sec. 26. AS 15.60.010(13) is amended to read:

19 (13) "election official" means [DISTRICT AND DEPUTY MAGIS-
20 TRATES,] election judges, clerks, counters, [AND] full-time election
21 employees, and persons designated to issue absentee ballots;

22 * Sec. 27. AS 24.30.037 is amended to read:

23 Sec. 24.30.037. GENERAL OBLIGATION BOND BILLS. A bill authorizing
24 the issuance of general obligation bonds creating a state debt for
25 capital improvements shall contain a statement of the scope of each
26 [MAJOR] project included in the proposed bond issue. The statement
27 shall include a brief description of each capital improvement project,
28 its location, and, in dollars, that portion of the total bond issue to
29 be allocated to the project.

#

Introduced: 3/14/75
Referred: State Affairs
and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 300

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 state elections."

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

8 * Section 1. AS 15.05.010(4) is amended to read:

9 (4) has been a resident of the state [FOR AT LEAST 75 DAYS]
10 and of the election district in which he seeks to vote for at least 30
11 days just before the election; and

12 * Sec. 2. AS 15.05.020(2) is amended to read:

13 (2) the residence of a person is that place in which his
14 habitation is fixed, and to which, whenever he is absent, he has the
15 intention to return. If a person resides with his family in one
16 place, but does business in another, the former is his place of resi-
17 dence; but any person who, having a family, establishes a dwelling
18 place other than with his family, with the intention of remaining
19 there, shall be considered a resident where he has established that
20 dwelling place.

21 * Sec. 3. AS 15.05.020(3) is amended to read:

22 (3) The mere intention to acquire a new residence without
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29 (5) A person does not gain residence in any place to

1 which he comes without the present intention to establish his permanent
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5 (a) A voter whose name is changed by marriage or court order may
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7 use the new name, he or she shall notify the lieutenant governor
8 [CHOOSES TO RE-REGISTER, THE RE-REGISTRATION MAY] not [BE MADE] later
9 than 30 days preceding an election so that the registration may be
10 amended to reflect the change.

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12 (b) A voter shall re-register if his registration is cancelled
13 for failure to vote in prior elections as provided in sec. 130 of this
14 chapter. The re-registration may not be made later than 30 days
15 preceding an election.

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17 (d) A person who claims he is a registered voter, but for whom
18 no evidence of registration in the precinct can be found, shall be
19 granted the right to vote in the same manner as that of a questioned
20 voter and his ballot shall be treated in the same manner. The ballot
21 shall be considered to be a "questioned ballot" and shall be so desig-
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23 whether the voter is registered in the election district before counting
24 the ballot. A voter who has failed to obtain a transfer as provided
25 in (c) of this section shall [MAY] vote [IN THE PRECINCT WHERE REGIS-
26 TERED OR HE MAY VOTE] a "questioned ballot" in his precinct of
27 residence.

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29 Sec. 15.10.105. APPOINTMENT OF DIRECTOR OF ELECTIONS. The

1 lieutenant governor may appoint a director of elections to act for him
2 in the supervision of central and regional election offices, the em-
3 ployment and training of election personnel, and the administration of
4 all state elections as well as those municipal elections which the
5 state is required to conduct. The director of elections may also
6 assist the lieutenant governor in the administration of the voter
7 registration program and the modification of precinct boundaries.

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9 Sec. 15.10.150. APPOINTMENT OF NOMINEES FOR JUDGES AND CLERKS.

10 Whenever the appointment of election judges or clerks is required, the
11 party district committee of the political party of which the governor
12 is a member may present in writing to the election supervisor on or
13 before April 15 in each regular election year, or at least 60 days
14 before a special election, the names of two party nominees for judges,
15 and one for clerk, in any or all election precincts, and the election
16 supervisor shall appoint the party nominees to the respective precinct
17 election boards. The party district committee of the political party
18 which received the second largest number of statewide votes in the
19 preceding gubernatorial [GENERAL] election may present in writing to
20 the election supervisor on or before April 15 in each regular election
21 year, or at least 60 days before a special election the name of one
22 party nominee for judge and one for clerk for any or all election
23 precincts and the election supervisor shall appoint the party nominees
24 to the respective precinct election boards. If any party district
25 committee fails to present the names prescribed by this section by
26 April 15 of a regular election year or before the 60th day preceding
27 a special election, the election supervisor may appoint any qualified
28 person not otherwise disqualified under sec. 120 of this chapter.

29 * Sec. 10. AS 15.10.170 is amended to read:

1 Sec. 15.10.170. APPOINTMENT AND PRIVILEGES OF WATCHERS. The
2 precinct party committee, where an organized precinct committee exists,
3 or the district party committee where no organized precinct committee
4 exists, may appoint one or more persons as watchers in each precinct
5 and counting center for any election. Each candidate not representing
6 a political party may appoint one or more watchers for each precinct
7 or counting center in his respective district or the state for any
8 election. Any organization or organized group that sponsors or opposes
9 an initiative, referendum or recall may have one or more persons as
10 watchers at the polls and counting centers after first obtaining
11 authorization from the lieutenant governor. No precinct party committee
12 no district party committee or candidate not representing a political
13 party or organization or organized group may have more than one watcher
14 on duty at a time in any precinct or counting center. The watcher may
15 be present at a position inside the place of voting or counting which
16 affords a full view of all action of the election board and other
17 counters taken from the time the polls are opened until the ballots
18 are finally counted and the results certified by the election board
19 or the Data Processing Review Board. The election board or the Data
20 Processing Review Board may require each watcher to present written
21 proof [A CERTIFICATE] showing that he is the watcher appointed by the
22 precinct party committee, the district party committee, the organization
23 or organized group or the candidate he represents which is [AND]
24 signed by the chairman of the precinct party committee, the district
25 party committee, the organization or organized group or the candidate
26 representing no party. The lieutenant governor may prescribe regulations
27 governing the conduct of watchers to assure the privileges of the
28 watchers and the proper conduct of the election.

29 * Sec. 11. AS 15.15.040(b) is amended to read:

1 (b) The lieutenant governor shall prepare and issue [,] or make
2 available [,] with each sample ballot for a special election the [A]
3 statement [, SUBSTANTIALLY LIKE THAT] provided for in AS 24.30.037
4 [,] of the scope of each major project included in a proposed general
5 obligation bond issue creating a state debt for capital improvements
6 that is submitted to the electorate for ratification [,] under AS
7 15.15.030(11). The statement of scope for each major project shall be
8 the same statement included in the authorization bill.

9 * Sec. 12. AS 15.15.215 is amended to read:

10 Sec. 15.15.215. DISPOSITION OF CHALLENGED AND QUESTIONED VOTES.

11 (a) A challenged voter or one who casts a questioned ballot shall
12 vote his ballot in the same manner as prescribed for other voters
13 except that he shall use a paper ballot. After the election judge
14 removes the identification number from the ballot, the challenged
15 voter shall insert the ballot into a small blank envelope, seal it,
16 and put the envelope into a larger envelope on which the oath and
17 affidavit he previously signed is located [CONTAINED]. After the
18 election judge removes the identification number from the ballot, the
19 voter who casts a questioned ballot shall insert the ballot into a
20 small blank envelope, seal it, and put the envelope into a larger
21 envelope on which the information concerning that voter's residence is
22 located. These larger envelopes [THIS ENVELOPE] shall be sealed and
23 deposited in the ballot box along with their respective [THE] attached
24 statements [STATEMENT] of asserted invalidity. When the ballot box is
25 opened, these envelopes shall be segregated and delivered to the
26 official or body supervising the election. The [WHERE THE] merits of
27 the challenge or question shall be determined by this official or body
28 in accordance with the procedure prescribed for challenged absentee
29 votes in AS 15.20.210.

1 (b) A person who frivolously, maliciously or in bad faith
2 challenges a voter or questions his ballot is guilty of a misdemeanor
3 and upon conviction shall be imprisoned for not more than 30 days or
4 fined not more than \$100, or both.

5 * Sec. 13. AS 15.15.350 is amended to read:

6 Sec. 15.15.350. GENERAL PROCEDURE FOR CANVASS. The lieutenant
7 governor shall issue rules prescribing the manner in which the precinct
8 canvass is accomplished so as to assure accuracy in the count and to
9 expedite the process. The election board or counting board shall
10 canvass the ballots in a manner that allows watchers to see the ballots
11 when opened and read. No person handling the ballot after it has been
12 taken from the ballot box and before it is placed in the envelope for
13 mailing may have a marking device in hand or remove a ballot from the
14 immediate vicinity of the polls except as provided by AS 15.15.330 for
15 the early counting of ballots, and by AS 15.20.680 for the counting of
16 punch-card ballots [OR HAVE A MARKING DEVICE IN HAND].

17 * Sec. 14. AS 15.15.360(9) is amended to read:

18 (9) Write-in votes are not invalidated by writing in the
19 name of a candidate whose name is printed on the ballot unless the
20 election board determines, on the basis of other evidence that the
21 ballot was so marked for the purpose of identifying the ballot. No
22 other name written upon a ballot in a general election may be counted
23 for an office unless the person bearing it has filed a declaration
24 with the lieutenant governor declaring a write-in candidacy for that
25 particular office. The declaration may not be filed later than 10
26 days before the date of the general election.

27 * Sec. 15. AS 15.15.360(10) is amended to read:

28 (10) Stickers bearing a candidate's name may be affixed to
29 the ballot in place of writing in a candidate's name if write-in votes

1 or ballots are otherwise permitted, but they may not be counted unless
2 the candidate has filed the declaration required by (9) of this section.

3 Stickers shall not be issued by members of the election board while
4 serving at the polls. Stickers shall not be offered to voters within
5 100 feet of the polling place.

6 * Sec. 16. AS 15.20 is amended by adding a new section to read:

7 Sec. 15.20.045. DESIGNATION OF MAGISTRATES AND OTHERS AS ELECTION
8 OFFICIALS. The lieutenant governor or election supervisory may desig-
9 nate persons to act as election officials under secs. 10 - 220 of this
10 chapter in areas where election supervisors do not have offices.
11 Magistrates may, with the approval of the administrative director of
12 the Alaska Court System, be designated under this section.

13 * Sec. 17. AS 15.20.060 is amended to read:

14 Sec. 15.20.060. APPLICATION [TO DISTRICT JUDGE OR MAGISTRATE] IN
15 PERSON OR [,] BY A REPRESENTATIVE [, OR BY MAIL]. A qualified voter
16 may apply [,] in person or [,] by a personal representative [OR BY
17 MAIL,] for an absentee ballot to the election supervisor or election
18 official [DISTRICT JUDGE OR MAGISTRATE] in the election district of
19 the resident voter. [THE APPLICATION BY MAIL SHALL INCLUDE THE NAME
20 OF THE APPLICANT AND BOTH HIS PRESENT ADDRESS TO WHICH THE ABSENTEE
21 BALLOT SHALL BE RETURNED AND HIS FULL LOCAL ALASKA RESIDENT ADDRESS.]

22 * Sec. 18. AS 15.20.120(b) is amended to read:

23 (b) The election board chairman may issue ballots to personal
24 representatives on election day only in areas where an election official
25 has not been designated to issue absentee ballots [DISTRICT JUDGES AND
26 MAGISTRATES DO NOT SIT].

27 * Sec. 19. AS 15.20.130 is amended to read:

28 Sec. 15.20.130. PROCEDURE ON APPLICATION BY MAIL. After receipt
29 of an application by mail for an absentee ballot, the lieutenant

1 governor [, CR THE DISTRICT JUDGE OR MAGISTRATE,] shall airmail to the
2 applicant the ballot and other absentee voting material when they are
3 ready for distribution, if the application includes the name and both
4 the present address and the full local resident address of the applicant
5 The larger envelope to be used for returning the absentee ballot to
6 the election officials shall be addressed to the election supervisor
7 in the district in which the voter is a resident.

8 * Sec. 20. AS 15.20.170 is amended to read:

9 Sec. 15.20.170. DISPOSITION OF BALLOTS. Each election official
10 [DISTRICT JUDGE AND MAGISTRATE] who has been designated by an election
11 supervisor or the lieutenant governor to issue absentee ballots shall
12 stamp on the envelope containing the oath the date on which the ballot
13 is received in his office. All ballots received shall be immediately
14 transmitted by the most expeditious mail service to the election
15 supervisor for his district.

16 * Sec. 21. AS 15.20.180 is amended to read:

17 Sec. 15.20.180. NAMES OF ABSENTEE VOTERS TO BE MADE AVAILABLE.
18 The election supervisors [,] and election officials [DISTRICT JUDGES
19 AND MAGISTRATES] shall have available for public inspection the names
20 and addresses of persons who voted absentee.

21 * Sec. 22. AS 15.25.040 is amended to read:

22 Sec. 15.25.040. MANNER AND DATE OF FILING DECLARATION. (a) The
23 declaration is filed by either

24 (1) the actual physical delivery of the declaration [BY
25 MAIL OR] in person at or before 5:00 p.m., prevailing time, June 1 of
26 the year in which a general election is held for the office, or

27 (2) the actual physical delivery [BY TELEGRAM OF A COPY IN
28 SUBSTANCE OF THE STATEMENTS MADE IN THE DECLARATION AT OR BEFORE 5:00
29 P.M., PREVAILING TIME, JUNE 1 OF THE YEAR IN WHICH A GENERAL ELECTION

1 IS HELD FOR THE OFFICE, AND ALSO THE ACTUAL PHYSICAL DELIVERY] of the
2 [ORIGINAL] declaration by registered mail which is postmarked at or
3 before 5:00 p.m., prevailing time, June 1 of the year in which a
4 general election is held for the office and received not more than
5 five days after that time.

6 (b) If the postmark is illegible, a dated receipt from the post
7 office where dispatched shall be acceptable as evidence of mailing.
8 If June 1 is a Sunday or holiday, the deadlines for postmarking and
9 receipt of the declaration shall be extended 24 hours in each instance
10 [MAY BE FILED NO LATER THAN 5:00 P.M., PREVAILING TIME ON THE FOLLOWING
11 DAY].

12 (c) A candidate for a statewide office shall file with the
13 lieutenant governor. A candidate for a district-wide office shall
14 file either with [A CLERK OF THE SUPERIOR COURT OR] the lieutenant
15 governor or an election supervisor. If the candidate files his
16 declaration with an election supervisor [A CLERK OF THE SUPERIOR
17 COURT], the election supervisor [CLERK] shall immediately forward the
18 declaration to the lieutenant governor.

19 * Sec. 23. AS 15.25.150 is amended to read:

20 Sec. 15.25.150. DATE OF FILING PETITION. The petition is filed
21 with the lieutenant governor by actual physical delivery in person [OR
22 BY MAIL] at or before 5:00 p.m., prevailing time, June 1 in the year
23 in which a general election is held for the office, or by actual
24 physical delivery by certified mail which is postmarked at or before
25 5:00 p.m., prevailing time, June 1 in the year in which a general
26 election is held for the office, and received not more than five days
27 after that time. If the postmark is illegible, a dated receipt from
28 the post office where dispatched shall be acceptable as evidence of
29 mailing. If June 1 is a Sunday or holiday, the deadlines for post-

1 marking and receipt of the petition shall be extended 24 hours in each
2 instance.

3 * Sec. 24. AS 15.57.010 is amended to read:

4 Sec. 15.57.010. CONTENTS OF PAMPHLET. The lieutenant governor
5 shall mail to the household of each registered voter [ALL VOTERS] of
6 the state before each state general election a candidate pamphlet con-
7 taining photographs and campaign statements of eligible nominees who
8 desire to participate in the pamphlet. The pamphlet shall also contain,
9 for each ballot proposition, (1) a neutral summary of the proposition
10 prepared by the Legislative Affairs Agency, and (2) a statement by
11 persons or organizations supporting the proposition, and (3) a statement
12 by persons or organizations opposing the proposition; and for each
13 bond question the statement of the scope of each major project re-
14 quired by AS 24.30.037 to be included in the authorization bill.

15 * Sec. 25. AS 15.57.050(a) is amended to read:

16 (a) Not less than 30 days before the election the lieutenant
17 governor shall transmit by mail, to the household of every registered
18 voter in the state [WHOSE ADDRESS HE CAN WITH REASONABLE DILIGENCE
19 ASCERTAIN], one copy of the pamphlet. When practical, the lieutenant
20 governor shall have the pamphlets printed so that no candidate's
21 picture or statement is included in the copy of the pamphlet going to
22 a district where the candidate's election is not to be voted upon.

23 * Sec. 26. AS 15.60.010(13) is amended to read:

24 (13) "election official" means [DISTRICT AND DEPUTY
25 MAGISTRATES,] election judges, clerks, counters, [AND] full-time
26 election employees, and persons designated to issue absentee ballots;
27
28
29

JAY S. HAMMOND
GOVERNOR



LOWELL THOMAS, JR.
LIEUTENANT GOVERNOR

STATE OF ALASKA
LIEUTENANT GOVERNOR
JUNEAU

May 2, 1975

HB 300
of line
MEMORANDUM

The Honorable Hugh Malone
Chairman, House Finance
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Hugh:

In my review of CSHB 300, I found the language in Section 20, page 8, lines 17 through 26 confusing. This section deals with the filing of the declaration of candidacy by telegram. I would like to suggest some revised language for this section.

On page 8, line 17, delete the language after "office" through line 21. Incorporate subsection (3), lines 22 through 26, into subsection (2). Lines 14 through 26 would then read as follows:

"(2) the actual physical delivery by telegram of a copy in substance of the statements made in the declaration at or before 5:00 p.m., prevailing time, June 1 of the year in which a general election is held for the office, and also the actual physical delivery of the declaration by registered mail which is postmarked at or before 5:00 p.m., prevailing time, June 1 of the year in which a general election is held for the office and received not more than 15 days after that time."

Also, in Section 23, page 10, line 14, the deadline for receiving the filing petition should probably be the same as that of receiving the declaration of candidacy as specified in Section 20 of the bill. The following is suggested language for page 10, line 14:

" . . . for the office, and received not more than 15 days after that time."

Two fiscal notes are attached which outline the increased costs in FY 76 for the printing of the election candidate pamphlets and for temporaries to assist in absentee balloting in the election supervisors' offices.

*Please copy in master file
JST*

The Honorable Hugh Malone
Page 2
May 2, 1975

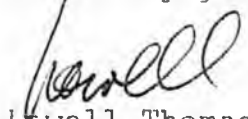
For the 1974 General Election, the candidate pamphlets were mailed to each household. For the 1976 General Election, pamphlets must be mailed to each voter. For the printing and mailing of 65,000 additional pamphlets, the cost would be \$20,000 more than in 1974. A portion of the increased expense includes the salary of a temporary employee to coordinate the work on the pamphlet and costs related to its preparation and publication.

The Division of Elections anticipates hiring one additional temporary in each election supervisor's office to handle absentee balloting in person.

I appreciate your consideration of the above points which are offered in hopes of clarifying the language of CSHB 300.

Best wishes.

Sincerely yours,



Lowell Thomas, Jr.
Lieutenant Governor

Enclosures (2)

P.S. If Elections Director, Patty ANN Polley,
can be helpful to you and/or your
Committee, please just say the word —
L.T.

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. CSHB 300

Title: "An Act Relating to State Elections"

Requested by: _____ Date: May 2, 1975

Return Date Requested: _____

Agency: Office of the Governor Program: Elections

II. FISCAL DETAIL

Budget Request Unit(s) Affected: 100

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES			21.0	0	21.0	0
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL			21.0	0	21.0	0

B. FUNDING: (Thousands of dollars)

GENERAL FUND			21.0	0	21.0	0
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/ 4	/ 0	/ 4	/ 0
MAN MONTHS (P./T.)	/	/	/ 24	/ 0	/ 24	/ 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This Fiscal Note is to cover absentee voting in the Supervisors offices in Juneau, Anchorage, Fairbanks and Nome instead of in the Courts in these offices. It is figured at range 8A for one person in each of the four offices for a period of 6 months.

IV. ATTACHMENTS

V. DATE: May 2, 1975

PREPARED BY: _____

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. CSHB 300

Title: "An Act Relating to State Elections"

Requested by: _____ Date: May 2, 1975

Return Date Requested: _____

Agency: Office of the Governor Program: Elections

II. FISCAL DETAIL

Budget Request Unit(s) Affected: 100 - 200 - 300

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	1979
100 PERSONAL SERVICES	0		4.5	0	4.5	0
200 TRAVEL	0		.6	0	.7	0
300 CONTRACTUAL	50.0		64.9	0	69.8	0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	50.0		70.0	0	75.0	0

B. FUNDING: (Thousands of dollars)

FEDERAL FUNDS	0	0	70.0	0	75.0	0
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY MAN MONTHS (P./T.)	/	/	/ 1 3	/ 0 0	/ 1 3	/ 0 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The election pamphlet cost \$50,000 for printing and mailing for the 1974 General Elections. In preparing the pamphlets for the 1976 General Election we anticipate the costs to be \$70,000.

For 1974 136,000 pamphlets were printed and mailed to each household of the registered voters. For the 1976 General Election, we anticipate printing and mailing 200,000 pamphlets.

IV. ATTACHMENTS

V. DATE: May 2, 1975

PREPARED BY: _____

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 300

March 13, 1975

The Honorable Mike Bradner, Speaker
House of Representatives
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill to amend various sections of the Election Code.

Several of the proposed amendments in this measure are desirable to reconcile inconsistencies with the punch-card voting statutes which have been set out in another bill. Presently the election code throughout is oriented toward paper ballots and machine voting.

Other amendments are proposed to strengthen residency requirements, and at the same time recognize the impact of recent court decisions in this area. Alaska election statutes define "residence" as equivalent to the traditional or common law definition of "domicile" in that the element of present intent to establish a permanent dwelling at a place is required along with the element of physical presence.

Some of the changes suggested are largely procedural in nature and would relieve both voters and the lieutenant governor of certain burdens imposed by provisions of the present code. For example, declarations of candidacy and nominating petitions would be recognized as timely filed if they are postmarked before the deadline and received within the next five days. A telegram of confirmation would not be required. Another amendment would permit registered voters whose names have been changed by marriage or court order to merely notify election officials of the change, instead of requiring re-registration.

Other proposals are to authorize inclusion of the statement of scope of major general obligation bond projects in the candidate pamphlet, and require the statement to accompany

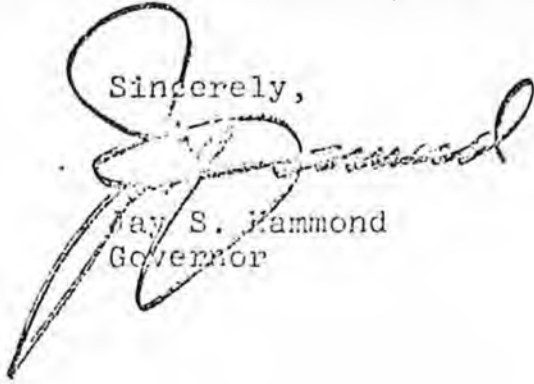
March 13, 1975

sample ballots only in special elections when the pamphlet is not published. Also, only one pamphlet would be sent to each address where a voter can be reached, rather than to each voter, because it is felt that sending multiple copies to families of voters who reside together is unnecessary and expensive.

The bill also provides that a write-in candidate in a general election would have to file a declaration to that effect at least 10 days before the election to have votes cast for him counted.

Another group of sections (16 -- 21, 22 [subsec. (c)], and 26) would relieve the court system of many of its present administrative duties with regard to handling absentee ballots and declarations of candidacy for statewide office. These amendments would authorize the designation of election officials to issue absentee ballots in areas where there is no election supervisor, and with the approval of the administrative director of the Alaska Court System magistrates could be among the designees. In addition, absentee ballot applications by mail may be made only to the lieutenant governor. The removal of these non-judicial functions from the court system has been recommended by the court system.

Sincerely,



Jay S. Hammond
Governor



HB 300

Alaska Court System

State of Alaska

303 "K" STREET

ANCHORAGE, ALASKA
99501

ARTHUR H. SNOWDEN II
ADMINISTRATIVE DIRECTOR

(907) 274-8611

March 20, 1975

Honorable Hugh Malone, Chairman
House Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: House Bill 300

Dear Representative Malone:

House Bill 300, relating to state elections, has been referred to your committee. The Alaska Court System wishes to express its strong support for sections 16 through 22 of that bill, as they relate to the participation of district court judges, magistrates and superior court clerks in the election process. We take no position on the other sections of the bill.

Under existing statutes, district court judges and magistrates are required to issue absentee ballots when application is made by a voter residing in the election district where the judge or magistrate sits. Applications for absentee ballots for other election districts must be directed to the election supervisor. In cities where election supervisors maintain offices, the issuance of absentee ballots is performed both at the district court offices and at the elections office, causing much confusion in the minds of the public. Further, it involves the judiciary unnecessarily in what we believe is more properly an executive function.

The Lieutenant Governor's Office agrees that in those urban areas where election supervisors maintain offices, all absentee ballot applications should be directed to those offices. The existing staff of the election offices can easily absorb the functions now being performed by the Alaska Court System in those cities. In other areas of the state the magistrate may be the only appropriate governmental official available to issue absentee ballots. Accordingly, the bill provides that magistrates may be appointed in locations where there is no election supervisor. We

Honorable Hugh Malone, Chairman
House Finance Committee
March 20, 1975
Page Two

believe that ultimately the entire election process should be conducted by the executive branch, and that this legislation will provide a framework in which to accomplish a gradual transfer of these functions from the judiciary to the executive branch. Further, so long as the judiciary is charged with election tasks and at the same time is given jurisdiction to hear challenges to the election process, the potential for conflicts of interest is great. We also support, for the same reasons, section 22 of the bill insofar as it relieves the clerk of the superior court of the responsibility of accepting declaration of candidacy for filing and forwarding to the Lieutenant Governor.

Thank you very much for permitting us this opportunity to comment on House Bill 300. If you desire further information regarding the reasons for our support of this bill, please contact me. We would, of course, be happy to appear before the committee at your request to offer testimony on the bill.

Very truly yours,



Arthur H. Snowden, II
Administrative Director

:lw

cc: Honorable Lowell Thomas, Jr.
Lieutenant Governor

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
LIEUTENANT GOVERNOR
J. NEASE

LOWELL THOMAS, JR.
LIEUTENANT GOVERNOR

HB 300
Lowell Thomas, Jr.

April 28, 1975

The Honorable Hugh Malone
Representative
Chairman of House Finance
Committee

Dear Hugh:

I hope all goes well with you and your committee, as the end of a hard session draws near.

This is just to call attention to the need this year of action on an elections bill which I believe has advanced to your committee -- HB 300. The elections people need more time to gear up for the 1976 elections than would be afforded were action on this bill put off until next session.

Specifically, the features of House Bill 300 that are important this year are (1) tightening up residency requirements, (2) clarifying the manner of filing declarations of candidacy prior to the initiation of 1976 requests, and (3) clarifying change of name provisions regarding re-registration.

If either Patty Ann Polley or I can be of help on any of the elections bills, please let me know.

Best wishes.

Sincerely yours,

Lowell
Lowell Thomas, Jr.
Lieutenant Governor