

H/B-127

(§ 2 ch 118 SLA 1972)
(§ 4 ch 1 PSSLA 1973)

HB 350 - see
AS 29.53.060 (b) Business inventories can be taxed
on the average monthly method of assessment
up to borough assembly
→ somewhere in statutes a city can do what a borough
can in assessing

Tax limits - no tax, ^{or combination of taxes} may be collected in 1 year which exceeds

① \$1000 per capita

② $(2.25 \times \text{average per capita, assessed full \& true value statewide})$
 $\times \text{\# residents in taxing municipality}$

quid Heir
out of town.
2/17

100 - 1000

HB 127

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

POUCH S—JUNEAU 99801

March 18, 1975

The Honorable Samuel Cotten
Chairman
House Community and Regional Affairs Committee
Alaska State Legislature
State Capitol
Juneau, Alaska

Re: House Bill No. 127

Dear Mr. Cotten:

House Bill No. 127, an Act relating to taxable property under the oil and gas exploration, production and pipeline transportation tax was introduced in the House on February 6, 1975 and was referred to the House Community and Regional Affairs Committee and Finance Committee.

For the consideration of the House Community and Regional Affairs Committee, I am enclosing a copy of a memorandum from Gerald Heier, Director, Property Tax Division of the Department of Revenue from Anchorage indicating estimated valuation and net state revenues and costs of administration. For purposes of revenue estimating Mr. Heier has assumed an effective date of January 1, 1976.

Very truly yours,



R. D. Stevenson
Special Assistant

RDS:eh

cc: The Honorable Hugh Malone
Chairman
House Finance Committee

MEMORANDUM

State of Alaska

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

GDH

FROM: Gerald D. Heier
Director
Property Tax Division

DATE: March 4, 1975

FILE NO:

TELEPHONE NO:

SUBJECT: Senate Bill No. 186
House Bill No. 127

I have reviewed the two subject bills together since they are identical and call for state taxation of refineries and LNG plants.

At the present time there are two existing refineries in Alaska and one LNG plant. The refineries would be taxable as of the effective date of the bill, assumed to be January 1, 1976, for FY 77. The L.N.G. plant is currently covered by the Industrial Incentive Act through 1978, which exempts it from an ad valorem tax . It would be taxable for FY 80.

It is anticipated that an additional refinery will be built in the Fairbanks North Star Borough starting in 1976. It is further anticipated that Pacific Alaska L.N.G. will start construction on a new L.N.G. complex in 1976. Both of these anticipated construction projects have been built into the review and analysis of the subject bills. The spread sheet has been set up so that the anticipated construction figures can be readily deleted.

Costs of administration for FY 77 are estimated to be \$9,500 based on 30 days consultant fees for a qualified industrial property appraiser at \$250 per day, plus \$2,000 for travel and per diem.

GDH:rb

ESTIMATED VALUATION AND NET STATE REVENUES (in thousands)

	FY77	FY78	FY79	FY80	FY81
Socal Refinery	10,000	9,500	9,000	8,500	8,000
Tesoro Refinery	20,000	19,000	18,000	17,000	16,000
Kenai LNG				30,000	30,000
Fairbanks Refinery		20,000	40,000	40,000	40,000
Pacific Alaska LNG	<u> </u>	<u>50,000</u>	<u>200,000</u>	<u>400,000</u>	<u>600,000</u>
Total Valuation	30,000	98,500	267,000	495,500	694,000
*10 mills net to state	<u> x10</u>	<u> x10</u>	<u> x10</u>	<u> x10</u>	<u> x10</u>
Net State Revenue	300	985	2,670	4,955	6,940

47 million

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

Hearings

[HB 127]

Notified

Present

Testified

Randy Phillips 3711

X

R.D. Stevenson 2397

X