

Leg. Finance - House & Senate Finance Comte Files (1973-74) 8879  
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1 property, including the pipeline, based on the estimated life of the  
2 proven reserves of gas or unrefined oil then technically, economically  
3 and legally deliverable into the transportation facility; however, if  
4 the proven reserves of gas or unrefined oil then technically, economi-  
5 cally and legally deliverable indicate an economic life materially  
6 shorter than the estimated physical life of the transportation facility,  
7 the full and true value is the replacement cost reduced by an annual  
8 allowance for depreciation on a straight line basis over an economic  
9 life based on the actual elapsed life from the commencement of full  
10 operation to the date of assessment plus ' ' estimated remaining life  
11 of the proven reserves of gas and unrefined oil then technically,  
12 economically and legally deliverable into the transportation facility  
13 as of the date of the assessment; and

14 (2) on the assessment date next following inability to use  
15 or construct all or a substantial part of the facility for a period of  
16 90 or more consecutive days because of natural disaster or legal pro-  
17 hibition, or other events beyond the control of a person having owner-  
18 ship or control of the property, adjusted to take into account any  
19 diminution in value.

20 (c) For purposes of this section "actual cost" and "replacement  
21 cost" do not include interest capitalized before or during the period  
22 of construction nor the value of intangible drilling and development  
23 expenses. In the case of taxable property partially completed or  
24 under construction, "actual cost" for purposes of this section means  
25 the costs incurred or accrued with respect to the property as of the  
26 date of assessment.

27 Sec. 43.56.060. RETURNS. (a) The department may require by  
28 notice every person having ownership or control of an interest in  
29 property taxable under sec. 10 of this chapter to submit a return

1 in the form prescribed by the department, based on property values  
2 existing on January 1, except as otherwise provided in this chapter.

3 (b) The department by written notice may require a person to  
4 provide additional information within 30 days of the notice.

5 Sec. 43.56.070. INVESTIGATION. (a) The department may make an  
6 investigation of property on which a return has been filed or of tax-  
7 able property upon which no return has been filed. In either case,  
8 the department may make its own valuation of the taxable property,  
9 which is prima facie evidence of full and true value.

10 (b) An employee or agent of the department may enter any premise  
11 necessary for the investigation during reasonable hours and may examine  
12 property and appropriate records. The owner of the taxable property  
13 upon request shall furnish to the employee or agent of the department  
14 reasonable assistance required for the investigation. If refused  
15 entry, the department may seek a court order to compel entry.

16 (c) For the purpose of the investigation the owner of the taxable  
17 property or his representative may be required to present himself for  
18 examination under oath by the department.

19 Sec. 43.56.080. ASSESSMENT ROLL. The department shall prepare  
20 annually the only assessment roll for taxation under sec. 10 of this  
21 chapter. The roll shall contain:

- 22 (1) a description of all taxable property;  
23 (2) the assessed value of all taxable property;  
24 (3) the names and addresses of persons owning property  
25 subject to assessment and taxation.

26 Sec. 43.56.090. ASSESSMENT NOTICE. Before March 2 of each year,  
27 the department shall send to every owner of taxable property named  
28 in the assessment roll a notice of assessment, showing the assessed  
29 value of the property. Notice of assessment is effective on the date

1 of mailing.

2 Sec. 43.56.100. APPEAL TO THE DEPARTMENT. (a) An owner of  
3 taxable property receiving an assessment notice may object to the  
4 assessment by advising the department in writing of the objections  
5 to the assessment within 20 days of the effective date of the notice.

6 (b) The department shall provide by regulation for notices of  
7 appeals to interested persons.

8 (c) Following an objection the department may adjust the assess-  
9 ment and the assessment roll. An adjustment based on an objection  
10 from an owner of taxable property shall be made within 30 days of  
11 the effective date of the notice of assessment.

12 Sec. 43.56.110. APPEAL TO THE STATE ASSESSMENT REVIEW BOARD.

13 (a) After a ruling by the department on an appeal made under sec. 100  
14 of this chapter, the owner may further appeal to the board. The appeal  
15 must be filed in writing within 50 days of the effective date of the  
16 notice of assessment.

17 (b) The board shall provide by regulation for notices of appeals  
18 to interested persons.

19 Sec. 43.56.120. HEARINGS OF STATE ASSESSMENT REVIEW BOARD. (a)  
20 The board shall hear appeals filed under sec. 110(a) of this chapter.

21 (b) A majority of the board constitutes a quorum required to  
22 transact business.

23 (c) The board shall provide by regulation for notices of hearings  
24 to interested persons.

25 (d) If an appellant fails to appear at the hearing, the board  
26 may proceed with the hearing in his absence.

27 (e) The appellant bears the burden of proof at the hearing.

28 (f) The only grounds for adjustment of assessed value is proof  
29 of unequal, excessive or improper valuation or valuation not determined

1 in accordance with the standards set out in this chapter, based on  
2 facts stated in a written appeal timely filed or proved at the hearing.

3 (g) The board shall certify its determinations to the department  
4 within seven days of the hearing.

5 (h) The department shall enter the changes and certify the final  
6 assessment roll on or before June 1 of each year and by July 1 shall  
7 mail to the owner of taxable property or his authorized agent a  
8 statement of the amount of tax due.

9 (i) An owner may appeal to the superior court for, and is  
10 entitled to, trial de novo of the board's action.

11 Sec. 43.56.130. SUPPLEMENTARY ASSESSMENT ROLLS. The department  
12 shall include property omitted from the assessment roll on a supple-  
13 mentary roll, using the procedures set out in this chapter for the  
14 original roll.

15 Sec. 43.56.140. COLLECTION AND DEPOSIT. (a) The tax levied  
16 by sec. 10 of this chapter is payable to the department on or before  
17 September 30 of the tax year.

18 (b) The department may provide for voluntary prepayment and for  
19 payment by installments.

20 (c) All other taxes, interest and penalties collected under  
21 this chapter shall be deposited in the general fund.

22 Sec. 43.56.150. INTEREST AND PENALTY. When the tax levied by  
23 sec. 10 of this chapter becomes delinquent, a penalty of 10 per cent  
24 shall be added. Interest on the delinquent taxes, exclusive of penalty,  
25 shall be assessed at a rate of eight per cent a year.

26 Sec. 43.56.160. LIEN FOR TAX. The tax levied under sec. 10 of  
27 this chapter and the interest and penalty provided in sec. 150 of this  
28 chapter are first and paramount liens on the property subject to tax  
29 under this chapter.

1           Sec. 43.56.170. REMEDY. The remedy of distraint on property  
2 set out in AS 43.20.270 applies to the tax levied by sec. 19 of this  
3 chapter. However, only property subject to the tax may be distrained.

4           Sec. 43.56.180. PENALTIES. A person who knowingly fails to  
5 file a return when due or who makes a false statement in a return  
6 required under this chapter with intent to evade taxation is guilty of  
7 a misdemeanor and upon conviction is punishable by a fine of not more  
8 than \$1,000, or by imprisonment for not more than six months, or by  
9 both, together with costs of prosecution, notwithstanding the provi-  
10 sions of AS 12.80.030.

11           Sec. 43.56.190. REGULATIONS. The board and the department may  
12 adopt regulations in accordance with the Administrative Procedure Act  
13 (AS 44.62) as appropriate to carry out their respective duties under  
14 this chapter.

15           Sec. 43.56.200. DEFINITIONS. In this chapter

16                   (1) "board" means State Assessment Review Board;

17                   (2) "department" means Department of Revenue;

18                   (3) "gas" includes all natural gas and all hydrocarbons  
19 produced at the wellhead not defined as oil;

20                   (4) "taxable property" means real and tangible personal  
21 property used within this state primarily in an interborough common  
22 carrier pipeline system for the transportation of gas or unrefined  
23 oil, but does not include:

24                           (A) gas pipeline systems operating as utilities and  
25 regulated by the Alaska Pipeline Utilities Commission; or

26                           (B) real or tangible personal property used in the  
27 erection, construction, installation, or maintenance of the  
28 interborough common carrier pipeline system;

29                           (C) tanks, tank farms, tank fixtures and tank

1 foundations used in terminal facilities for the storage of gas  
2 or unrefined oil transported through an interborough common  
3 carrier pipeline system;

4 (5) "unrefined oil" includes crude petroleum oil and other  
5 hydrocarbons regardless of gravity which are produced at the wellhead  
6 in liquid form and the liquid hydrocarbons known as distillate or  
7 condensate recovered or extracted from gas other than gas produced in  
8 association with oil and commonly known as casinghead gas.

9 \* Sec. 2. AS 29.53 is amended by adding a new section to read:

10 Sec. 29.53.045. OIL AND GAS PROPERTIES. No municipality may  
11 assess, levy or collect an ad valorem tax on the value of intangible  
12 drilling and exploration expenses, oil or gas in place, possessory  
13 interests in oil or gas leaseholds whether producing or not, or on  
14 real and tangible personal property used within the state for an  
15 interborough common carrier pipeline system for the transportation  
16 of gas or unrefined oil (except gas pipeline systems operating as  
17 utilities and regulated by the Alaska Public Utilities Commission).  
18 This prohibition does not limit the collectability of any tax levied  
19 before the effective date of this section.

20 \* Sec. 3. AS 29.53.050 is amended by adding a new subsection to read:

21 (b) No municipality, or combination of municipalities occupying  
22 the same geographical area in whole or in part, may levy taxes which  
23 will result in tax revenues from all sources exceeding \$2,000 a year  
24 for each person residing within its boundaries. If two or more  
25 municipalities occupying the same geographical area, in whole or in  
26 part, attempt to levy a tax, the combined levy of which would result  
27 in tax revenues from all sources exceeding \$2,000 a year for each  
28 person residing within their boundaries, the commissioner of community  
29 and regional affairs shall apportion the lawful levy and equitably

1 divide these revenues on the basis of need, services performed and  
2 other considerations in the public interest. For the purpose of this  
3 subsection, population shall be determined by the commissioner of  
4 community and regional affairs based on the latest statistics of the  
5 United States Bureau of the Census or on other reliable population  
6 data.

7 \* Sec. 4. AS 43.55.010(b) is repealed and re-enacted to read:

8 (b) Except for the imposition of the oil and gas transportation  
9 property tax (ch. 56 of this title), the tax imposed by this chapter  
10 is in place of all taxes imposed by

11 (1) the state or any of its political subdivisions upon

12 (A) producing oil or gas leases; or

13 (B) oil or gas produced or extracted in the state; or

14 (2) a political subdivision upon

15 (A) oil or gas in place;

16 (B) possessory interests in oil or gas leaseholds

17 whether producing or not;

18 (C) the value of intangible drilling and exploration  
19 expenses; or

20 (D) real and tangible personal property used within  
21 this state primarily for an interborough common carrier pipeline  
22 system for the transportation of gas or unrefined oil (except  
23 gas pipeline systems operating as utilities and regulated by the  
24 Alaska Public Utilities Commission).

25 \* Sec. 5. This Act takes effect on the day after its passage and approval  
26 or on the day it becomes law without approval.

House

Original sponsor: Rules Committee by  
request of the Governor

Offered: 10/24/73

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 1

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act providing for taxes on property used in the  
7 exploration for, production of, or pipeline trans-  
8 portation of gas or unrefined oil; and providing for  
9 an effective date."

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

11 \* Section 1. AS 43 is amended by adding a new chapter to read:

12 CHAPTER 56. OIL AND GAS EXPLORATION, PRODUCTION AND  
13 PIPELINE TRANSPORTATION PROPERTY TAXES.

14 Sec. 43.56.010. LEVY OF TAX. (a) An annual tax of 20 mills is  
15 levied each tax year beginning January 1, 1974, on the full and true  
16 value of taxable property taxable under this chapter.

17 (b) Notwithstanding AS 29.53.030, municipalities may levy and  
18 collect a tax on the full and true value of taxable property taxable  
19 under this chapter as valued by the assessment board established by  
20 this chapter at a rate not to exceed that which produces an amount of  
21 revenue equivalent to \$1,000 per person per year residing within its  
22 boundaries. A tax levied by a municipality under this subsection shall  
23 be credited against that amount of the tax levied under (a) of this  
24 section and shall be levied at a rate no higher than the millage rate,  
25 using the same assessment methods, applicable to other property taxable  
26 by the municipality. Exemptions shall be limited to those set out in  
27 AS 29.53.020 and 29.53.025 and sec. 20 of this chapter.

28 Sec. 43.56.020. EXEMPTIONS. The following are exempt from the  
29 taxes levied or authorized under this chapter:

1 (1) property rights attached to or inherent in the right  
2 to explore for or produce oil or gas;

3 (2) oil or gas leases or properties, whether producing or  
4 not; "properties" means mineral interests in oil and gas and working  
5 interests, royalty interest, and overriding royalty interests in oil  
6 and gas leases;

7 (3) oil or gas in place;

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

9 (5) the value of intangible drilling and development expenses  
10 and exploration expenses;

11 (6) an interest in property described in AS 43.55.010(b);

12 (7) before the construction commencement date, property taxed  
13 under sec. 10(a) of this chapter which is intended to be used in this  
14 state primarily for pipeline transportation of gas or unrefined oil  
15 or for the production of gas or unrefined oil to be transported by that  
16 pipeline; and

17 (8) before the construction commencement date, property taxed  
18 under sec. 10(a) of this chapter which is intended to be used within  
19 this state primarily in the erection, construction, installation, opera-  
20 tion or maintenance of facilities for pipeline transportation of gas or  
21 unrefined oil, or facilities for production of gas or unrefined oil to  
22 be transported by that pipeline.

23 Sec. 43.56.030. IN PLACE OF ALL OTHER TAXES. Except for those  
24 taxes imposed under ch. 55 of this title and ch. 57 of this title,  
25 the taxes levied or authorized under this chapter are in place of

26 (1) all ad valorem taxes or other taxes imposed by the  
27 state or a municipality on property subject to tax under this chapter  
28 or exempted from taxation by sec. 20 of this chapter, and

29 (2) all other taxes imposed by a municipality on or with

1 respect to the property subject to tax under this chapter or exempted  
2 from taxation by sec. 20 of this chapter, including, but not limited to,

3 (A) taxes on the sale or use of the property (except  
4 for retail sales taxes on purchases within a municipality of  
5 property not to be included in the value of taxable property  
6 subject to taxes under this chapter);

7 (B) taxes on the sale or use of gas or unrefined oil;

8 (C) taxes on the sale or use of services used in or  
9 associated with the property or in its erection, construction,  
10 maintenance or operation;

11 (D) taxes on or measured by gross or net income from  
12 the property, including income from the exploration for, produc-  
13 tion of, or pipeline transportation of gas or unrefined oil or  
14 property; and

15 (E) any license, excise, fee, charge or other tax on  
16 or pertaining to the property or services.

17 Sec. 43.56.040. STATE ASSESSMENT REVIEW BOARD. The State Assess-  
18 ment Review Board is created within the Department of Revenue. The  
19 board consists of five persons appointed by the governor to serve at  
20 his pleasure, each of whom must be knowledgeable of assessment proce-  
21 dures and is not required to be a resident of the state.

22 Sec. 43.56.050. PER DIEM AND EXPENSES. Members of the board  
23 shall receive per diem and expenses authorized by law for boards and  
24 commissions.

25 Sec. 43.56.060. ASSESSMENT. (a) The department shall assess  
26 property for the taxes levied under sec. 10(a) of this chapter at its  
27 full and true value as of January 1 of the assessment year except that  
28 in the case of taxable property used or intended to be used for the  
29 pipeline transportation of gas or unrefined oil or for the production

1 of gas or unrefined oil to be transported by that pipeline or in the  
2 erection, construction, installation, operation or maintenance of  
3 facilities for pipeline transportation of gas or unrefined oil, or in  
4 the erection, construction, installation, operation or maintenance of  
5 facilities for production of gas or unrefined oil to be transported  
6 by that pipeline, the first assessment date shall be the construction  
7 commencement date. If the construction commencement date is used as  
8 the assessment date, the tax payable shall be prorated on the basis of  
9 the assessment year remaining.

10 (b) The full and true value of taxable property used or intended  
11 to be used for the exploration for gas or unrefined oil, or in the  
12 erection, construction, installation, operation or maintenance of  
13 facilities for the exploration for gas or unrefined oil, is the esti-  
14 mated price which the property would bring in an open market and under  
15 the then prevailing market conditions in a sale between a willing seller  
16 and a willing buyer both conversant with the property and with prevailing  
17 general price levels.

18 (c) The full and true value of taxable property used or intended  
19 to be used for the production of gas or unrefined oil or in the  
20 erection, construction, installation, operation or maintenance of  
21 facilities for the production of gas or unrefined oil is:

22 (1) on the construction commencement date the actual cost  
23 incurred or accrued with respect to the property as of the date of  
24 assessment;

25 (2) determined on each January 1 thereafter on the basis  
26 of replacement cost less depreciation based on the economic life of  
27 proven reserves.

28 (d) The full and true value of taxable property used or intended  
29 to be used for pipeline transportation of gas or unrefined oil, or in

1 the erection, construction, installation, operation or maintenance of  
2 facilities for the pipeline transportation of gas or unrefined oil is:

3 (1) on the construction commencement date and until  
4 January 1 following the date the pipeline begins to transport gas or  
5 unrefined oil, the actual cost incurred or accrued with respect to the  
6 property as of the date of assessment;

7 (2) determined on each January 1 thereafter with due regard  
8 to the replacement cost of the pipeline the economic life of the  
9 property, including the pipeline, based on the estimated life of the  
10 proven reserves of gas or unrefined oil then technically, economically  
11 and legally deliverable into the transportation facility; however, if  
12 the proven reserves of gas or unrefined oil then technically, economi-  
13 cally and legally deliverable indicate an economic life materially  
14 shorter than the estimated physical life of the transportation facility,  
15 the full and true value is the replacement cost reduced by an annual  
16 allowance for depreciation on a straight line basis over an economic  
17 life based on the actual elapsed life from the commencement of full  
18 operation to the date of assessment plus the estimated remaining life  
19 of the proven reserves of gas and unrefined oil then technically,  
20 economically and legally deliverable into the transportation facility  
21 as of the date of the assessment; and

22 (3) on the assessment date next following inability to use  
23 or construct all or a substantial part of the facility for a period of  
24 90 or more consecutive days because of natural disaster or legal pro-  
25 hibition, or other events beyond the control of a person having owner-  
26 ship or control of the property.

27 (e) For purposes of this section "actual cost" and "replacement  
28 cost" do not include interest capitalized before or during the period  
29 of construction nor the value of intangible drilling and development

1 expenses. In the case of taxable property under construction, "actual  
2 cost" for purposes of this section means the costs incurred or accrued  
3 with respect to the property as of the date of assessment.

4 Sec. 43.56.070. RETURNS. (a) The department may require by  
5 notice every person having ownership or control of an interest in  
6 property taxable under sec. 10(a) of this chapter to submit a return  
7 in the form prescribed by the department, based on property values  
8 existing on January 1, except as otherwise provided in this chapter.

9 (b) The department by written notice may require a person to  
10 provide additional information within 30 days of the notice.

11 Sec. 43.56.080. INVESTIGATION. (a) The department may make an  
12 investigation of property on which a return has been filed or of taxable  
13 property upon which no return has been filed. In either case, the  
14 department may make its own valuation of the taxable property, which  
15 is prima 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 the taxable property  
19 upon request shall furnish to the employee or agent of the department  
20 reasonable assistance required for the investigation. If refused entry,  
21 the department may seek a court order to compel entry.

22 (c) For the purpose of the investigation the owner of the taxable  
23 property or his representative may be required to present himself for  
24 examination under oath by the department.

25 Sec. 43.56.090. ASSESSMENT ROLL. The department shall prepare  
26 annually the only assessment roll for taxation under sec. 10(a) of this  
27 chapter. The roll shall contain:

- 28 (1) a description of all taxable property;  
29 (2) the assessed value of all taxable property;

1 (3) the names and addresses of persons owning property  
2 subject to assessment and taxation.

3 Sec. 43.56.100. ASSESSMENT NOTICE. (a) On or before March 1  
4 of each year, the department shall send to every owner of taxable  
5 property named in the assessment roll a notice of assessment, showing  
6 the assessed value of the property. Notice of assessment is effective  
7 on the date of mailing.

8 (b) The department shall send to a municipality a copy of the  
9 notice of assessment on any taxable property which is assessed under  
10 the provisions of this chapter and which is located in the municipality  
11 and on which a tax is authorized under sec. 10(b) of this chapter.

12 Sec. 43.56.110. APPEAL TO THE DEPARTMENT. (a) An owner of  
13 taxable property or a municipality receiving an assessment notice may  
14 object to the assessment by advising the department in writing of the  
15 objections to the assessment within 20 days of the effective date of  
16 the notice.

17 (b) The department shall provide by regulation for notices of  
18 appeals to interested persons and municipalities.

19 (c) Following an objection the department may adjust the assess-  
20 ment and the assessment roll. An adjustment based on an objection from  
21 an owner of taxable property or a municipality shall be made within  
22 30 days of the effective date of the notice of assessment.

23 Sec. 43.56.120. APPEAL TO THE STATE ASSESSMENT REVIEW BOARD.

24 (a) After a ruling by the department on an appeal made under sec. 110  
25 of this chapter, the owner or a municipality may further appeal to the  
26 board. The appeal must be filed in writing within 50 days of the  
27 effective date of the notice of assessment.

28 (b) The board shall provide by regulation for notices of appeals  
29 to interested persons and municipalities.

1           Sec. 43.56.130. HEARINGS OF STATE ASSESSMENT REVIEW BOARD. (a)  
2 The board shall hear appeals filed under sec. 120(a) of this chapter.

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4 transact business.

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6 to interested persons and municipalities.

7           (d) If an appellant fails to appear at the hearing, the board  
8 may proceed with the hearing in his absence.

9           (e) The appellant bears the burden of proof at the hearing.

10          (f) The only grounds for adjustment of assessed value is proof of  
11 unequal, excessive or improper valuation or valuation not determined in  
12 accordance with the standards set out in this chapter, based on  
13 facts stated in a written appeal timely filed or proved at the hearing.

14          (g) The board shall certify its determinations to the department  
15 within seven days of the hearing.

16          (h) The department shall enter the changes and certify the final  
17 assessment roll on or before June 1 of each year and by July 1 shall  
18 mail to the owner of taxable property or his authorized agent a  
19 statement of the amount of tax due.

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21 for, and is entitled to, trial de novo of the board's action.

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23 shall include property omitted from the assessment roll on a supple-  
24 mentary roll, using the procedures set out in this chapter for the  
25 original roll.

26          Sec. 43.56.150. COLLECTION AND DEPOSIT. (a) The tax levied by  
27 sec. 10(a) of this chapter is payable to the department on or before  
28 September 30 of the tax year.

29          (b) The department may provide for voluntary prepayment and for

1 payment by installments.

2 (c) All other taxes, interest and penalties collected under  
3 this chapter shall be deposited in the general fund.

4 Sec. 43.56.160. INTEREST AND PENALTY. When the tax levied by  
5 sec. 10(a) of this chapter becomes delinquent, a penalty of 10 per cent  
6 shall be added. Interest on the delinquent taxes, exclusive of penalty,  
7 shall be assessed at a rate of eight per cent a year.

8 Sec. 43.56.170. LIEN FOR TAX. The tax levied under sec. 10(a)  
9 of this chapter and the interest and penalty provided in sec. 160 of this  
10 chapter are first and paramount liens on the property subject to tax  
11 under this chapter.

12 Sec. 43.56.180. REMEDY. The remedy of distraint on property  
13 set out in AS 43.20.270 applies to the tax levied by sec. 10(a) of  
14 this chapter. However, only property subject to the tax may be dis-  
15 trained.

16 Sec. 43.56.190. PENALTIES. A person who knowingly fails to  
17 file a return when due or who makes a false statement in a return  
18 required under this chapter with intent to evade taxation is guilty of  
19 a misdemeanor and upon conviction is punishable by a fine of not more  
20 than \$1,000 or by imprisonment for not more than six months, or by both,  
21 together with costs of prosecution.

22 Sec. 43.56.200. REGULATIONS. The board and the department may  
23 adopt regulations in accordance with AS 44.62 as appropriate to carry  
24 out their respective duties under this chapter.

25 Sec. 43.56.210. DEFINITIONS. In this chapter

- 26 (1) "board" means State Assessment Review Board;  
27 (2) "construction commencement date" means:  
28 (A) April 1, 1974; or  
29 (B) if earlier, the date the following occur:

1 (i) there has been issued to the owner or his agent  
2 right-of-way permits, leases, and title and other rights in  
3 lands, and other approvals, permits, licenses and certificates,  
4 by federal, state and local agencies that a reasonable and  
5 prudent person would consider adequate to commence construction  
6 of the facilities in the expectation that all other approvals,  
7 permits, licenses and certificates necessary for the completion  
8 of facilities will be obtained;

9 (ii) all approvals, permits, licenses and certificates  
10 are in full force and effect, unrevoked and without any modifi-  
11 cation, which might jeopardize the completion or continued  
12 construction of the facilities; and

13 (iii) no order, judgment, decree, determination or  
14 award of a federal, state or local court or administrative or  
15 regulatory agency enjoining, either temporarily or permanently,  
16 the construction or the continuation of construction of the  
17 facilities is in effect;

18 (3) "department" means Department of Revenue;

19 (4) "gas" includes all natural gas and all hydrocarbons  
20 produced at the wellhead not defined as oil;

21 (5) "intangible drilling and development expenses" means  
22 those expenses defined in sec. 263(c) of the United States Internal  
23 Revenue Code as defined on the effective date of this paragraph;

24 (6) "taxable property" means real and tangible personal  
25 property used or intended to be used within this state primarily in  
26 the exploration for, production of, or pipeline transportation of gas  
27 or unrefined oil (except for property used solely for the retail  
28 distribution of natural gas), or in the erection, construction,  
29 installation, operation or maintenance of facilities used in the

1 exploration for, production of or pipeline transportation of gas or  
2 unrefined oil, including machinery, appliances, supplies, equipment,  
3 drilling rigs, gathering lines and transmission lines, pumping  
4 stations, compressor stations, power plants, topping plants, processing  
5 units, roads, tank farms, tanker terminals, docks and other port  
6 facilities, air strips, communication equipment and facilities, and  
7 maintenance equipment and facilities, construction and maintenance  
8 camps and other related facilities;

9 (7) "unrefined oil" includes crude petroleum oil and other  
10 hydrocarbons regardless of gravity which are produced at the wellhead  
11 in liquid form and the liquid hydrocarbons known as distillate or  
12 condensate recovered or extracted from gas other than gas produced  
13 in association with oil and commonly known as casinghead gas.

14 \* Sec. 2. AS 29.53.025(a) is repealed.

15 \* Sec. 3. This Act takes effect on the day after its passage and approval  
16 or on the day it becomes law without approval.

Original sponsor: Rules Committee by  
request of the Governor

Offered. 11/8/73  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 1

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act providing for taxes on property used in the  
7 exploration for, production of, or pipeline trans-  
8 portation of gas or unrefined oil; and providing for  
9 an effective date."

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

11 \* Section 1. AS 43 is amended by adding a new chapter to read:

12 CHAPTER 56. OIL AND GAS EXPLORATION, PRODUCTION AND  
13 PIPELINE TRANSPORTATION PROPERTY TAXES.

14 ✓ Sec. 43.56.010. LEVY OF TAX. (a) An annual tax of 20 mills  
15 is levied each tax year beginning January 1, 1974, on the full and true  
16 value of taxable property taxable under this chapter.

17 (b) A municipality may levy and collect a tax under AS 29.53.045  
18 at the rate of taxation that applies to other property taxed by the  
19 municipality. A tax collected by a municipality as authorized by  
20 AS 29.53.045 shall be credited against the tax levied under (a) of this  
21 section and shall be levied at a rate no higher than the rate applicable  
22 to other property taxable by the municipality. *No municipality may exempt*  
23 limited to those in AS 29.53.020 and 29.53.025 and sec. 20 of this *from taxation property*  
24 chapter. *authorized to be taxed under this chapter.*

25 (c) For purposes of AS 29.53.045, population shall be determined  
26 by the commissioner of community and regional affairs based on the  
27 latest statistics of the United States Bureau of the Census or on other  
28 reliable population data, and shall advise each municipality of its  
29 population as so determined by January 15 of each year.

1 (d) If the total value of assessed property of a municipality  
2 taxing under AS 29.53.045(c) exceeds the product of 250 per cent of  
3 the average per capita assessed full and true value of property in  
4 the state (to be determined by the department and reported to each  
5 municipality by January 15 of each year) multiplied by the number of  
6 residents of the taxing municipality, the department shall designate the  
7 portion of the tax base against which the local tax may be applied.

8 Sec. 43.56.020. EXEMPTIONS. (a) The following are exempt from  
9 local taxes levied or authorized under sec. 10(b) of this chapter.

10 (1) property rights attached to or inherent in the right  
11 to explore for or produce oil or gas;

12 (2) oil or gas leases or properties, whether producing or  
13 not;

14 (3) oil or gas in place;

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

16 (5) the value of intangible drilling expenses and exploration  
17 expenses;

18 (6) an interest in property described in AS 43.55.010(b);

19 (7) before the construction commencement date, property  
20 taxed under sec. 10(a) of this chapter which is committed by contract  
21 or other agreement for use in this state primarily for pipeline trans-  
22 portation of gas or unrefined oil or for the production of gas or un-  
23 refined oil to be transported by that pipeline.

24 (b) In (a)(2) of this section, "properties" means mineral inter-  
25 ests in oil and gas and working interests, royalty interest, and over-  
26 riding royalty interests in oil and gas leases.

27 Sec. 43.56.030. IN PLACE OF OTHER TAXES. Except for those taxes  
28 imposed under ch. 55 of this title and ch. 57 of this title, ~~and~~

29 ~~except for special assessments levied under AS 29.60~~ the taxes levied

1 or authorized under sec. 10(b) of this chapter are in place of

2 (1) all other ad valorem taxes or other taxes imposed by  
3 a municipality on property subject to tax under this chapter or  
4 exempted from taxation by sec. 20 of this chapter, and

5 (2) all other taxes imposed by a municipality on or with  
6 respect to the property subject to tax under this chapter or exempted  
7 from taxation by sec. 20 of this chapter, including, but not limited to,

8 (A) taxes on the retail sale or use of the property  
9 except for the retail sales tax on the first \$1,000 of each sale;

10 (B) taxes on the sale or use of gas or unrefined oil;

11 (C) taxes on the sale or use of services used in or  
12 associated with the property or in its erection, construction,  
13 maintenance or operation except for the sales tax on the first  
14 \$1,000 of each sale;

15 (D) taxes on or measured by gross or net income from  
16 the property, including income from the exploration for, production  
17 of, or pipeline transportation of gas or unrefined oil or property;  
18 and

19 (E) any license, excise, fee, charge or other tax on  
20 or pertaining to the property or services.

21 Sec. 43.56.040. STATE ASSESSMENT REVIEW BOARD. The State  
22 Assessment Review Board is created within the Department of Revenue.  
23 The board consists of five persons appointed by the governor to serve  
24 at his pleasure, each of whom must be knowledgeable of assessment  
25 procedures. Each board member is subject to confirmation by a majority  
26 of the members of the legislature in joint session.

27 ✓ Sec. 43.56.050. PER DIEM AND EXPENSES. Members of the board  
28 shall receive per diem and expenses authorized by law for boards and  
29 commissions.

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Sec. 43.56.060. ASSESSMENT. (a) The department shall assess property for the tax levied under sec. 10(b) of this chapter and AS 29.53.045 on property used or committed by contract or other agreement for use for the pipeline transportation of gas or unrefined oil or for the production of gas or unrefined oil at its full and true value as of January 1 of the assessment year.

(b) The department shall assess property for the taxes levied under sec. 10(a) of this chapter at its full and true value as of January 1 of the assessment year except that in the case of taxable property used or committed by contract or other agreement for the pipeline transportation of gas or unrefined oil or for the production of gas or unrefined oil to be transported by that pipeline, the first assessment date shall be the construction commencement date. If the construction commencement date is used as the assessment date, the tax payable shall be prorated on the basis of the assessment year remaining.

(c) The full and true value of taxable property used or committed by contract or other agreement for the production of gas or unrefined oil is:

✓ (1) on the construction commencement date the actual cost incurred or accrued with respect to the property as of the date of assessment;

(2) determined on each January 1 thereafter on the basis of replacement cost less depreciation based on the economic life of proven reserves.

(d) The full and true value of taxable property used or committed by contract or other agreement for pipeline transportation of gas or unrefined oil is:

(1) on the construction commencement date and until January 1 following the date the pipeline begins to transport gas or

1 unrefined oil, the actual cost incurred or accrued with respect to the  
2 property as of the date of assessment;

3 (2) determined on each January 1 thereafter with due regard  
4 to the economic value of the property based on the estimated life of  
5 the proven reserves of gas or unrefined oil then technically, economi-  
6 cally and legally deliverable into the transportation facility; however,  
7 if the proven reserves of unrefined oil then technically,  
8 economically and legally deliverable indicate an economic life materially  
9 shorter than the estimated physical life of the transportation facility,  
10 the full and true value is the actual cost reduced by an annual allow-  
11 ance for depreciation on a straight line basis over an economic life  
12 based on the actual elapsed life from the commencement of full opera-  
13 tion to the date of assessment plus the estimated remaining life of  
14 the proven reserves of gas and unrefined oil then technically, economi-  
15 cally and legally deliverable into the transportation facility as of the  
16 date of the assessment;

17 ✓ (3) on the assessment date next following inability to use  
18 or construct all or a substantial part of the facility for a period of  
19 90 or more consecutive days because of natural disaster or legal pro-  
20 hibition, or other events beyond the control of a person having owner-  
21 ship or control of the property, adjusted to take into account any  
22 diminution in value; and

23 ~~(4) the assessment standard provided in this subsection~~  
24 ~~is applicable only to pipelines of a diameter of 30 inches;~~  
25 ~~pipelines of a diameter of 30 inches or less shall be valued at full~~  
26 ~~replacement value.~~

27 (e) For purposes of this section, "actual cost" and "replacement  
28 cost" do not include interest capitalized before or during the period  
29 of construction nor the value of intangible drilling expenses. In

1 the case of taxable property under construction, "actual cost" for  
2 purposes of this section means the costs incurred or accrued with  
3 respect to the property as of the date of assessment.

4 (f) The department may enter into agreements with a municipality  
5 for the cooperative or joint administration of the assessing authority  
6 conferred on the department by this section.

7 Sec. 43.56.070. RETURNS. (a) The department may require by  
8 notice every person having ownership or control of an interest in  
9 property taxable under this chapter to submit a return in the form  
10 prescribed by the department, based on property values existing on  
11 January 1 of each year, except as otherwise provided in this chapter.

12 ✓(b) The department by written notice may require a person to  
13 provide additional information within 30 days of the notice.

14 ✓Sec. 43.56.080. INVESTIGATION. (a) The department may make an  
15 investigation of property on which a return has been filed or of  
16 taxable property upon which no return has been filed. In either case,  
17 the department may make its own valuation of the taxable property,  
18 which is prima facie evidence of full and true value.

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

25 ✓(c) For the purpose of the investigation the owner of the taxable  
26 property or his representative may be required to present himself for  
27 examination under oath by the department.

28 2, ✓ Sec. 43.56.090. ASSESSMENT ROLL. The department shall prepare  
29 annually the assessment roll for taxation under this chapter. The

1 roll shall contain:

- 2 (1) a description of all taxable property;  
3 (2) the assessed value of all taxable property;  
4 (2) the names and addresses of persons owning property  
5 subject to assessment and taxation.

6 ✓ Sec. 43.56.100. ASSESSMENT NOTICE. (a) On or before March 1  
7 of each year, the department shall send to every owner of taxable  
8 property named in the assessment roll a notice of assessment, showing  
9 the assessed value of the property. Notice of assessment is effective  
10 on the date of mailing.

11 ✓(b) the department shall send to a municipality a copy of the  
12 notice of assessment on any taxable property which is assessed under  
13 the provisions of this chapter and which is located in the municipality  
14 and on which a tax is authorized under sec. 10(b) of this chapter.

15 ✓ Sec. 43.56.110. APPEAL TO THE DEPARTMENT. (a) An owner of  
16 taxable property or a municipality receiving an assessment notice may  
17 object to the assessment by advising the department in writing of the  
18 objections to the assessment within 20 days of the effective date of  
19 the notice.

20 ✓(b) The department shall provide by regulation for notices of  
21 appeals to interested persons and municipalities.

22 ✓(c) Following an objection the department may adjust the assess-  
23 ment and the assessment roll. An adjustment based on an objection  
24 from an owner of taxable property or a municipality shall be made  
25 within 30 days of the effective date of the notice of assessment.

26 ✓ Sec. 43.56.120. APPEAL TO THE STATE ASSESSMENT REVIEW BOARD.

27 ✓(a) After a ruling by the department on an appeal made under sec. 110  
28 of this chapter, the owner or a municipality may further appeal to the  
29 board. The appeal must be filed in writing within 50 days of the

1 effective date of the notice of assessment.

2 ✓(b) The board shall provide by regulation for notices of appeals  
3 to interested persons and municipalities.

4 ✓Sec. 43.56.130. HEARINGS OF STATE ASSESSMENT REVIEW BOARD. (a)  
5 The board shall hear appeals filed under sec. 120(a) of this chapter.

6 ✓(b) A majority of the board constitutes a quorum required to  
7 transact business.

8 ✓(c) The board shall provide by regulation for notices of hearings  
9 to interested persons and municipalities.

10 ✓(d) If an appellant fails to appear at the hearing, the board  
11 may proceed with the hearing in his absence.

12 ✓(e) The appellant bears the burden of proof at the hearing.

13 ✓(f) The only grounds for adjustment of assessed value is proof of  
14 unequal, excessive or improper valuation or valuation not determined in  
15 accordance with the standards set out in this chapter, based on  
16 facts stated in a written appeal timely filed or proved at the hearing.

17 ✓(g) The board shall certify its determinations to the department  
18 within seven days of the hearing.

19 ✓(h) The department shall enter the changes and certify the final  
20 assessment roll on or before June 1 of each year and by July 1 shall  
21 mail to the owner of taxable property or his authorized agent a  
22 statement of the amount of tax due.

23 ✓(i) An owner or municipality may appeal to the superior court  
24 for, and is entitled to, trial de novo of the board's action.

25 ✓Sec. 43.56.140. SUPPLEMENTARY ASSESSMENT ROLLS. The department  
26 shall include property omitted from the assessment roll on a supple-  
27 mentary roll, using the procedures set out in this chapter for the  
28 original roll.

29 ✓Sec. 43.56.150. COLLECTION AND DEPOSIT. (a) The tax levied by

1 sec. 10(a) of this chapter is payable to the department on or before  
2 September 30 of the taxable year.

3 ✓(b) The department may provide for voluntary prepayment and for  
4 payment by installments.

5 (c) The tax levied under sec. 10(a) of this chapter, interest  
6 and penalties collected with respect to this levy shall be deposited  
7 in the general fund.

8 ✓Sec. 43.56.160. INTEREST AND PENALTY. When the tax levied by  
9 sec. 10(a) of this chapter becomes delinquent, a penalty of 10 per cent  
10 shall be added. Interest on the delinquent taxes, exclusive of penalty,  
11 shall be assessed at a rate of eight per cent a year.

12 ✓Sec. 43.56.170. LIEN FOR TAX. The tax levied under sec. 10(a)  
13 of this chapter and the interest and penalty provided in sec. 160 of  
14 this chapter are first and paramount liens on the property subject to  
15 tax under this chapter.

16 ✓Sec. 43.56.180. REMEDY. The remedy of distraint of property  
17 set out in AS 43.20.270 applies to the tax levied by sec. 10(a) of  
18 this chapter. However, only property subject to the tax may be dis-  
19 trained.

20 ✓Sec. 43.56.190. PENALTIES. A person who knowingly fails to  
21 file a return when due or who makes a false statement in a return  
22 required under this chapter with intent to evade taxation is guilty of  
23 a misdemeanor and upon conviction is punishable by a fine of not more  
24 than \$1,000 or by imprisonment for not more than six months, or by both,  
25 together with the costs of prosecution, notwithstanding the provisions  
26 of AS 12.80.030.

27 ✓Sec. 43.56.200. REGULATIONS. The board and the department may  
28 adopt regulations in accordance with the Administrative Procedure Act  
29 (AS 44.62) as appropriate to carry out their respective duties under

1 this chapter.

2 ✓ Sec. 43.56.210. DEFINITIONS. In this chapter

3 ✓ (1) "board" means State Assessment Review Board;

4 ✓ (2) "construction commencement date" means the earlier  
5 of April 1, 1974 or the date the following occur:

6 ✓ (A) there has been issued to the owner or his agent  
7 right-of-way permits, leases, and title and other rights in lands,  
8 and other approvals, permits, licenses and certificates, by  
9 federal, state and local agencies that a reasonable and prudent  
10 person would consider adequate to commence construction of the  
11 facilities in the expectation that all other approvals, permits,  
12 licenses and certificates necessary for the completion of  
13 facilities will be obtained;

14 ✓ (B) all approvals, permits, licenses and certificates  
15 are in full force and effect, unrevoked and without any modifi-  
16 cation, which might jeopardize the completion or continued  
17 construction of the facilities; and

18 ✓ (C) no order, judgment, decree, determination or  
19 award of a federal, state or local court or administrative or  
20 regulatory agency enjoining, either temporarily or permanently,  
21 the construction or the continuation of construction of the  
22 facilities is in effect;

23 ✓ (3) "department" means the Department of Revenue;

24 ✓ (4) "gas" includes all natural gas and all hydrocarbons  
25 produced at the wellhead not defined as oil;

26 (5) "intangible drilling expenses" means those expenses  
27 defined in sec. 263(c) of the United States Internal Revenue Code  
28 as defined on the effective date of this paragraph;

29 (6) "taxable property" means real and tangible personal

1 property used or committed by contract or other agreement for use  
2 within this state primarily in the production of or pipeline  
3 transportation of gas or unrefined oil (except for property used  
4 solely for the retail distribution or liquefaction of natural gas),  
5 including machinery, appliances, equipment, wells (whether producing  
6 or not), gathering lines and transmission lines, pumping stations,  
7 compressor stations, power plants, topping plants, processing units,  
8 roads, tank farms, tanker terminals, docks and other port facilities,  
9 air strips, and communication equipment and facilities; "taxable  
10 property" does not include permanent residences, office buildings  
11 requiring substantial local government services, or gas pipeline systems  
12 operated as utilities and regulated by the Alaska Public Utilities  
13 Commission;

14 ✓(7) "unrefined oil" includes crude petroleum oil and other  
15 hydrocarbons regardless of gravity which are produced at the wellhead  
16 in liquid form and the liquid hydrocarbons known as distillate or  
17 condensate recovered or extracted from gas other than gas produced in  
18 association with oil and commonly known as casinghead gas.

19 \* Sec. 2. AS 29.53 is amended by adding a new section to read:

20 Sec. 29.53.045. TAX ON OIL AND GAS PRODUCTION AND PIPELINE  
21 PROPERTY. (a) A municipality may levy and collect taxes on taxable  
22 property taxable under AS 43.56 only by using one of the methods set  
23 out in (b) or (c) of this section.

24 (b) A municipality may levy and collect a tax on the full and  
25 true value of taxable property taxable under AS 43.56 as valued by  
26 the Department of Revenue at a rate not to exceed that which produces  
27 an amount of revenue from the total municipal property tax equivalent  
28 to \$1,000 a year for each person residing within its boundaries.

29 (c) A municipality may levy and collect a tax on the full and

1 true value of that portion of taxable property taxable under AS 43.56  
2 as assessed by the Department of Revenue which, when combined with  
3 the value of property otherwise taxable by the municipality, does  
4 not exceed the product of 250 per cent of the average per capita  
5 assessed full and true value of property in the state multiplied by  
6 the number of residents of the taxing municipality.

7 (d) By February 1 of each assessment year a taxing municipality  
8 must inform the Department of Revenue which method of taxation the  
9 municipality will use.

10 \* Sec. 3. AS 29.53.025 (a) is amended to read:

11 Sec. 29.53.025. OPTIONAL EXEMPTIONS AND EXCLUSIONS. (a)  
12 Municipalities may exclude or exempt or partially exempt residential  
13 property from taxation by ordinance ratified by the voters at a  
14 regular or special election. An exclusion or exemption authorized by  
15 this section may not exceed \$10,000 for any one residence.

16 \* Sec. 4. AS 29.53.055 is amended to read:

17 Sec. 29.53.055. NO LIMITATION ON TAXES TO PAY BONDS. The  
18 limitations [LIMITATION] provided for in sec. 45 or 50 of this  
19 chapter do [DOES] not apply to taxes levied or pledged to pay or  
20 secure the payment of the principal and interest on bonds. Taxes  
21 to pay or secure the payment of principal and interest on bonds may  
22 be levied without limitation as to rate or amount.

23 \* Sec. 5. This Act takes effect on December 31, 1973.  
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# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

4/26/89  
Date

COMMITTEE REPORT

October 26, 1973

HOUSE

Mr. Speaker:

Date 10/26/73

The Committee on Finance has had HR 1

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>	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:

[Signature] Chairman

Introduced: 10/26/73  
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE RESOLUTION NO. 1

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 Relating to the intent of the House of  
6 Representatives regarding Committee  
7 Substitute for House Bill 2 entitled,  
8 "An Act making special appropriations to  
9 the Department of Revenue to administer  
10 taxes on property used in the exploration  
11 for, production of, or pipeline transporta-  
12 tion of gas or unrefined oil and for extra-  
13 ordinary public services expenditures; and  
14 providing for an effective date."

15 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:

16 WHEREAS the House Finance Committee has had House Bill 2 under considera-  
17 tion and has recommended that it be replaced with Committee Substitute for  
18 House Bill 2 and that the Committee Substitute do pass; and

19 WHEREAS Section 2 of CSHB 2 provides that the sum of \$5,000,000 is  
20 appropriated from the general fund to the Department of Revenue to assist  
21 cities, organized boroughs and the unorganized borough in meeting extra-  
22 ordinary expenses for public services for the fiscal year ending June 30,  
23 1974; and

24 WHEREAS the bill further provides that the \$5,000,000 appropriated by  
25 CSHB 2 shall be disbursed at the direction of the Governor subject to the  
26 approval of the Legislative Budget and Audit Committee;

27 BE IT RESOLVED that the House of Representatives endorses and hereby  
28 approves the intent of the House Finance Committee report on CSHB 2 that  
29 the \$5,000,000 appropriated by the bill is to be considered a contingency

1 fund from which expenditures can only be made upon a factual showing of  
2 impact to the communities due to the construction of the Alaska Pipeline to  
3 which that community cannot adequately respond; and that no funds may be  
4 disbursed except those which the governor deems necessary and all disburse-  
5 ments shall be subject to the approval of the Legislative Budget and Audit  
6 Committee.

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# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

4/26/89  
Date

Ref: 16/21/73

# COMMITTEE REPORT

## SENATE

Mr. President:

Date 11/9/73

The Committee on Finance ~~ESTABLISH~~ has had 28113 2

~~(appropriation to Dept of Revenue to administer 204)~~  
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 CS 112 AND THAT

CS FOR CS 112 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>	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman



# LAWS OF ALASKA

1973

Source

Chapter No.

FSS-SCS CSHB 2 am FCC

2

## AN ACT

Making special appropriations to administer taxes on property used in the exploration for, production of, or pipeline transportation of gas or unrefined oil and for extraordinary public service expenditures; and providing for an effective date.

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

\* Section 1. The sum of \$364,000 is appropriated from the general fund to the Department of Revenue to administer taxes on property used in the exploration for, production of, or pipeline transportation of gas or unrefined oil for the fiscal year ending June 30, 1974.

\* Sec. 2. (a) The sum of \$5,000,000 is appropriated from the general fund to the Department of Community and Regional Affairs to assist cities, organized boroughs and the unorganized borough in meeting extraordinary expenses for public services for the fiscal year ending June 30, 1974.

(b) The sum appropriated under (a) of this section shall be disbursed at the direction of the governor subject to the approval of the Legislative Budget and Audit Committee upon the standards and subject to the guidelines provided in (c) of this section.

(c) Disbursements under this section are subject to the following standards:

(1) A community is eligible under this section which demonstrates that the construction of the Trans-Alaska Pipeline System or dislocation precedent to it has caused, directly or indirectly, a burden on public facilities, services and financial resources which, considering other resources available to the community, is beyond the capability of the community to reasonably meet; disbursements under this paragraph shall not exceed \$20 per capita per year except that upon a showing of emergency, expenditures for public facilities or improvements may be authorized in excess of this limitation.

Chapter 2

(2) Population for purposes of this subsection shall be based upon the latest statistics of the United States Bureau of the Census. However, the Department of Community and Regional Affairs may make revised population estimates reflecting growth attributable to pipeline construction.

\* Sec. 3. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

Original sponsor: Rules Committee  
by request of the Governor

Offered: 10/24/73

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 2

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Department  
7 of Revenue to administer taxes on property used in the  
8 exploration for, production of, or pipeline transporta-  
9 tion of gas or unrefined oil and for extraordinary  
10 public service expenditures; and providing for an  
11 effective date."

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

13 \* Section 1. The sum of \$364,000 is appropriated from the general fund  
14 to the Department of Revenue to administer taxes on property used in the  
15 exploration for, production of, or pipeline transportation of gas or unrefined  
16 oil for the fiscal year ending June 30, 1974.

17 \* Sec. 2. (a) The sum of \$5,000,000 is appropriated from the general fund  
18 to the Department of Revenue to assist cities, organized boroughs and the  
19 unorganized borough in meeting extraordinary expenses for public services for  
20 the fiscal year ending June 30, 1974.

21 (b) The sum appropriated under (a) of this section shall be disbursed  
22 at the direction of the governor subject to the approval of the Legislative  
23 Budget and Audit Committee.

24 \* Sec. 3. This Act takes effect on the day after its passage and approval  
25 or on the day it becomes law without approval.  
26  
27  
28  
29

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION  
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION  
POUCH WF — STATE CAPITOL

JUNEAU 99801

### MEMORANDUM

TO: Finance Committees  
Alaska State Legislature

DATE: October 23, 1973

FROM: V. Kent Dawson  
Fiscal Analyst  
Legislative Finance

SUBJ: HB 2 and SB 2 Alternative  
#2 to FY-74 Funding

The introduction of a Committee Substitute to HB 2 adding a \$5,000,000 appropriation to be used for "extraordinary expenses" during FY 74 brings to life yet another means of financing the Assessment Board's FY 74 operation.

Because of the uncertainty of what will actually be needed during FY 74 by the Board and its staff, the sum actually appropriated to the Department of Revenue for the Assessment Board could be reduced even further than suggested in my memorandum of October 22. To forestall the possibility that the pipeline construction will get going exceptionally early, leaving the Assessment Board suddenly short of funds, the wording under Section 2 of the Committee Substitute could be changed to allow the Governor, with the approval of the Budget and Audit Committee, to make available additional funds necessary for the Assessment Board.

Attached please find a proposed tabulation of line item appropriations totalling \$144,000. As one can see, ample contractual funds would remain to assure the capability of immediate contracting with a consultant should that prove advantageous.

The benefit of a lower "guaranteed" appropriation to begin with, is that the Budget and Audit Committee, under Section 2, would have to approve further increases as need becomes better known.

AGO 787847

HOUSE BILL 2 FISCAL NOTE

FY 74 BUDGET ALTERNATIVE #2

(All Positions Budgeted for Six Months)

PERSONAL SERVICES

Assessment Board

Secretary I \$ 4,212

Ad Valorem Division

Director \$ 13,194

Secretary I 4,212

Subtotal.....\$ 21,618

Benefits @ 16%..... 3,459

Total Personal Services...\$ 25,077

TRAVEL \$ 15,000

CONTRACTUAL SERVICES \$100,000

COMMODITIES \$ 1,000

EQUIPMENT \$ 3,000

Total FY 74 Budget.....\$144,077

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION  
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION  
POUCH WF — STATE CAPITOL

JUHEAU 99801

### MEMORANDUM

TO: Finance Committees  
Alaska State Legislature

DATE: October 22, 1973

FROM: V. Kent Dawson  
Fiscal Analyst  
Legislative Finance

SUBJ: Comments on SB 2  
and HB 2

The Department of Revenue's fiscal note for the proposed Assessment Board and Ad Valorem Tax Division calls for full six months funding of all 18 staff positions requested. The agency's plan is for the 18 member staff to first aid a consultant in the initial assessment, and then be involved in subsequent assessments and training in anticipation of the expected heavy workload of late FY 75 and on into FY 76 and FY 77.

For your review, an alternate approach has been prepared (Attachment A) which calls for heavy reliance on a consultant during FY 74 aided by a smaller initial-phase staff. In FY 75, as needs are better known (and with the advantage of the consultant's expert advice) full staffing could be developed. Later, after the staff has been hired and adequately trained, the consultant's services could be phased out. This one alternative as prepared suggests a \$245,000 FY 74 appropriation as opposed to the \$364,000 request of the agency.

VKD/af  
Attachment

AGO 787849 +

ATTACHMENT A

ALTERNATE FY 74 BUDGET

(All Positions Budgeted for Six Months)

<u>LINE ITEMS</u>	<u>FY 74</u>
<u>Personal Services</u>	
--- <u>Assessment Board</u>	
Secretary I	\$ 4,212
--- <u>Ad Valorem Division</u>	
Director	\$ 13,194
Secretary I	4,212
Supervisor	10,194
Appraiser II	8,796
Appraiser I	7,596
Clerk Typist III	3,636
SUBTOTAL.....	\$ 51,840
Benefits @ 16%.....	8,294
TOTAL PERSONAL SERVICES	\$ 60,134
--- <u>Travel</u>	\$ 25,000
--- <u>Contractual</u>	\$150,000
--- <u>Commodities</u>	\$ 2,200
--- <u>Equipment</u>	\$ 8,000
TOTAL FY 74 BUDGET.....	\$245,334


STATE  
of ALASKA

## MEMORANDUM

TO: Jay Hogan, Director  
Division of Legislative Finance  
State Capitol, Room 425  
Juneau, Alaska

DATE : October 18, 1973

FROM:

  
R. D. Stevenson  
Commissioner  
Department of RevenueSUBJECT: Fiscal Note Request  
Senate Bill 2 and  
House Bill 2

I am enclosing a fiscal note and proforma budget projection outlining the Department of Revenue's expenses in administering the 20 mill property tax.

Our administration plans call for establishing a new ad valorem tax division located in Anchorage staffed by the best available State assessment personnel. We plan to engage an out-of-state petroleum property assessment firm to assist with the initial assessment and train an in-house staff.

As further described in the accompanying statements, we estimate the expense in FY 74 to be approximately \$364,000. The highest cost foreseen is in FY 76 at \$660,000. This expenditure is formulated in an early stage of the planning and may change materially as experience is gained. However, we have contacted many other states and believe our estimates are entirely reasonable in light of their experience.

The next step to further planning and eventual operation of this ad valorem tax division would be to hire several key individuals qualified to assume leadership positions within the division itself. The complex nature of industrial property assessment, particularly petroleum property, requires specialized training and experience. Initially, we plan to review the qualifications of individuals now engaged in assessment work in Alaska.

RDS: agm  
Enclosures

cc: The Honorable Earl D. Hillstrand  
Chairman, House Finance Committee  
The Honorable Clifford J. Groh  
Chairman, Senate Finance Committee

FISCAL NOTE

First Special Session - Eighth Legislature

I. REQUEST

Bill Identification: Senate Bill 2 and House Bill 2  
 Title: Special appropriation to administer oil & gas property tax.  
 Requested by: Legislative Finance Date: 10/11/73  
 Return Date Requested: As soon as possible.  
 Agency: Department of Revenue Program: \_\_\_\_\_

II. FISCAL DETAIL

Budget Request Unit(s) Affected: (1) Ad-Valorem Tax Division (New)

A. EXPENDITURES: (Thousands of dollars) With Statewide Assessment Review Board

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES	154.2	314.4	326.3	338.4	351.1	364.3
200 TRAVEL	34.5	51.9	54.4	57.2	60.0	63.0
300 CONTRACTUAL	156.1	272.5	274.8	202.3	205.0	112.8
400 COMMODITIES	3.2	3.5	3.7	3.9	4.1	4.3
500 EQUIPMENT	15.7	2.0	2.1	2.2	2.3	2.4
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>363.7</b>	<b>644.3</b>	<b>661.3</b>	<b>604.0</b>	<b>522.5</b>	<b>546.8</b>

B. FUNDING: (Thousands of dollars)

GENERAL FUND	363.7	644.3	661.3	604.0	522.5	546.8
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	18 /	18 /	18 /	18 /	18 /	18 /
MAN MONTHS (P./T.)	108 /	216 /	216 /	216 /	216 /	216 /

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

SEE NARRATIVE NOTE ATTACHED.

IV. ATTACHMENTS

- (1) Detail of object codes for Ad-Valorem Tax Division.
- (2) Detail of object codes for Statewide Assessment Review Board.

V. DATE: October 18, 1973

PREPARED BY: Frederick P. Boetsch

Frederick P. Boetsch  
 Director, Audit Division  
 Department of Revenue

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

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

## DEPARTMENT OF REVENUE

POUCH SA-JUNEAU 93301

### NARRATIVE ATTACHMENT TO FISCAL NOTE ON AD-VALOREM PROPERTY TAX MEASURE.

The ad-valorem tax bill which proposes a property tax on oil and gas property and equipment is an entirely new area of taxation for the State of Alaska. The magnitude of the project which would have to be assessed under this bill is without precedent in the history of the oil and gas industry and will require the best expertise in the field of oil and gas property assessment that can be obtained. It is probably not feasible for the State of Alaska to hire that expertise under the personnel classification system nor does it seem that it would be desirable since the expertise necessary to do the initial valuation and set up the program would not be required on that scale thereafter.

Accordingly, we propose that the administrative machinery for this tax be set up along two lines which would operate in parallel and would complement each other. The proposal that we have in mind would provide for the state to be able to use the best experts available in the field of oil and gas property valuation, yet would also allow the state to develop some in-house expertise for the ongoing administration of the program once the property had been fully developed and the initial assessment made. Our survey of other states which impose a property tax on oil and gas properties indicates that there are private firms available who have the necessary engineering and economic expertise and who do assist other states and their local subdivisions in the very technical aspects of valuing oil and gas properties. This is a widespread practice in Texas, Kansas, Louisiana and other oil and gas producing states.

We propose to utilize this expertise by hiring one of these firms on a contractual basis to:

1. Develop the initial assessment inventory and evaluation of the properties throughout the construction period of the pipeline and including all facilities in Prudhoe Bay and Valdez.
2. Formulate interpretative guidelines and regulations for proper administration of the Statute.
3. Develop systems and procedures for methods of reporting and collection of the tax.
4. Provide training to our resident staff in oil and gas property valuation techniques to enable them to administer the program on a permanent basis once the primary construction is completed.

Our best estimates of the entire cost of these services throughout the construction period is between six and seven hundred thousand dollars. On a comparable fee basis this is very low in relation to the total assessed valuation anticipated and the potential revenues yielded to the state from property tax.

We also propose the immediate hiring of personnel for the Division of Ad-Valorem Property Tax in the Department of Revenue and the support personnel for the assessment review board. The people hired for various assessment positions in this Division would work very closely with the contracted firm in developing the initial valuations, systems, procedures and regulations. At the time the pipeline is completed and operational these people would be well trained in oil and gas valuation techniques and would at that point be able to continue on their own the valuation of oil and gas property in the state. We have provided, however, that the private firm would be kept on a small fee basis for consultation should it become necessary in future years beyond the completion of the pipeline. This is advisable since certain very complex and highly technical problems may arise from time to time which would be beyond the expertise of the existing staff and would require consultation with specialists. These specialists, of course, are available with these private firms. This is also consistent with the methods followed by other states and local governments who do utilize these firms on a continuing basis. The fee we have calculated for this continuing service would be a modest \$50,000.00 a year. The attached fiscal note indicates that the total cost of administration, including the assessment review board and its support personnel, the people of our own division and the private firm under contract would be \$364,000.00 in fiscal year 1974. It will be necessary for us to request an appropriation in this amount for the current year as a part of the special session legislative package. In fiscal year 1975 which would be first year of construction this would go up to \$644,000.00 and reach a maximum of \$661,000.00 in 1976. Thereafter, as the consulting firm phased out its primary function the cost would drop to about \$550,000.00 in 1979 for the ongoing cost of administering the program. These costs are extremely modest in comparison to the anticipated revenue at that time. In fact, in 1979, the administrative cost would be less than one half of one percent of the total revenues received and we could expect that ratio to continue from that point on.

Our anticipated administrative expenses take into account the credit allowed under Section 43.56.010(b) of the proposed legislation, however, it must be pointed out that any special revenue sharing provisions which may evolve from the special or regular session may result in additional administrative cost. As these special impact revenue sharing programs have been the topic of discussion in the legislature for the past two sessions and are not as yet resolved, it is premature for us to anticipate the amount of administrative cost involved.

In addition, we have attached to the fiscal note a copy of our worksheets which provide a detailed breakdown of the object expenses for the new Ad-Valorem Property Tax Division within the Department of Revenue as well as the board created by the legislation. The Department of Revenue remains at the disposal of anyone who may desire additional information on these estimates.

PROPOSED PROPERTY TAX DIVISION  
BUDGET PROJECTIONS

		11/1 - 6/31/74	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979	
<u>PERSONAL SERVICES</u>								
	<u>RANGE</u>							
I	Director	26	13194	26880	27888	28934	30019	31145
I	Secretary I	10	4212	8586	8908	9242	9589	9548
	3 Supervisors	22	10582	62316	64653	67077	69593	72202
	3 Appraisor II's	20	26388	53766	55782	57874	60044	62296
	3 Appraisor I's	18	22788	46422	48163	49969	51843	53787
	3 Clerk Typist III's	8	10908	22230	23064	23929	24826	25757
	2 Tax Examiner II's	12	9744	19896	20642	21416	22219	23053
TOTAL SALARIES			117816	240096	249100	258441	268133	278188
BENEFITS @ 16%			18851	38415	39856	41351	42901	44510
TOTAL PERSONAL SERVICES			136667	278511	288956	299792	311034	322698
Note: Personal Services for balance of FY 74 are assumed to start Jan. 1, 1974. Merit increases reflected each year.								
<u>TRAVEL</u>								
Conferences with other states and contracting firm.			6000	2000	2100	2200	2315	2430
On-Site inspection of Property			20000	40000	42000	44100	46305	48620
Administrative			1500	2500	2625	2756	2894	3039
TOTAL TRAVEL			27500	44500	46725	49056	51514	54089

AGO 787855

PROPOSED PROPERTY TAX DIVISION  
BUDGET PROJECTIONS

	11/1 - 6/30/74	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979
<u>CONTRACTUAL</u>						
Postage	1200	2000	2100	2200	2315	2430
Telephone	7000	12000	12600	13230	13892	14586
Printing	5000	5150	5513	5788	6078	6381
Rent	12600	22680	23814	25005	26255	27568
Professional Services (Initial Evaluation, Regs, Systems & Procedures & Staff Training would be contracted out during a 3 year construction period. Thereafter, they would be available for technical consultation.)	12500	225000	225000	150000	50000	55000
<b>TOTAL CONTRACTUAL</b>	<b>150800</b>	<b>266930</b>	<b>269027</b>	<b>196223</b>	<b>98540</b>	<b>105965</b>
COMMODITIES	3000	3150	3308	3473	3647	3829
EQUIPMENT All new in 1974, replacement thereafter	13680	2000	2100	2200	2315	2430
<b>TOTAL BUDGET</b>	<b>331647</b>	<b>595091</b>	<b>610116</b>	<b>550744</b>	<b>467050</b>	<b>489011</b>

PROPOSED PROPERTY TAX ASSESSMENT REVIEW BOARD  
BUDGET PROJECTIONS

		11/1 - 6/30/74	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979	
<u>PERSONAL SERVICES</u>								
	RANGE							
I	EXECUTIVE DIRECTOR	23	10974	22362	23201	24071	24973	25910
I	Secretary I	10	4212	8586	8908	9242	9589	9948
	TOTAL SALARIES		15186	30948	32109	33313	34562	35858
	Benefits @ 16%		2430	4952	5137	5330	5530	5737
	TOTAL PERSONAL SERVICES		17616	35900	37246	38643	40092	41595
	TRAVEL							
	Assessment Review Meeting - Exec. Dir., Sec. & 5 Members		7000	7350	7718	8103	8509	8934
	CONTRACTUAL SERVICES							
	Postage		300					
	Telephone		1000					
	Printing		1000					
	Rent		3000					
	TOTAL CONTRACTUAL		5300	5565	5843	6135	6442	6764
	COMMODITIES		200	400	420	441	463	486
	EQUIPMENT							
	First Year Only		2000					
	<u>TOTAL BUDGET</u>		32116	49215	51227	53322	55500	57779
	COMBINED BUDGETS							
	Division & Board		363763	644306	661343	604066	522556	546790

AGO 787857

Introduced: 10/26/73  
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE RESOLUTION NO. 1

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 Relating to the intent of the House of  
6 Representatives regarding Committee  
7 Substitute for House Bill 2 entitled,  
8 "An Act making special appropriations to  
9 the Department of Revenue to administer  
10 taxes on property used in the exploration  
11 for, production of, or pipeline transporta-  
12 tion of gas or unrefined oil and for extra-  
13 ordinary public services expenditures; and  
14 providing for an effective date."

15 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:

16 WHEREAS the House Finance Committee has had House Bill 2 under considera-  
17 tion and has recommended that it be replaced with Committee Substitute for  
18 House Bill 2 and that the Committee Substitute do pass; and

19 WHEREAS Section 2 of CSHE 2 provides that the sum of \$5,000,000 is  
20 appropriated from the general fund to the Department of Revenue to assist  
21 cities, organized boroughs and the unorganized borough in meeting extra-  
22 ordinary expenses for public services for the fiscal year ending June 30,  
23 1974; and

24 WHEREAS the bill further provides that the \$5,000,000 appropriated by  
25 CSHB 2 shall be disbursed at the direction of the Governor subject to the  
26 approval of the Legislative Budget and Audit Committee;

27 BE IT RESOLVED that the House of Representatives endorses and hereby  
28 approves the intent of the House Finance Committee report on CSHB 2 that  
29 the \$5,000,000 appropriated by the bill is to be considered a contingency

1 fund from which expenditures can only be made upon a factual showing of  
2 impact to the communities due to the construction of the Alaska Pipeline to  
3 which that community cannot adequately respond; and that no funds may be  
4 disbursed except those which the governor deems necessary and all disburse-  
5 ments shall be subject to the approval of the Legislative Budget and Audit  
6 Committee.

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## LAWS OF ALASKA

1973

Source

FSS-SCS CSHB 2 am FCC

Chapter No.

2

### AN ACT

Making special appropriations to administer taxes on property used in the exploration for, production of, or pipeline transportation of gas or unrefined oil and for extraordinary public service expenditures; and providing for an effective date.

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

\* Section 1. The sum of \$364,000 is appropriated from the general fund to the Department of Revenue to administer taxes on property used in the exploration for, production of, or pipeline transportation of gas or unrefined oil for the fiscal year ending June 30, 1974.

\* Sec. 2. (a) The sum of \$5,000,000 is appropriated from the general fund to the Department of Community and Regional Affairs to assist cities, organized boroughs and the unorganized borough in meeting extraordinary expenses for public services for the fiscal year ending June 30, 1974.

(b) The sum appropriated under (a) of this section shall be disbursed at the direction of the governor subject to the approval of the Legislative Budget and Audit Committee upon the standards and subject to the guidelines provided in (c) of this section.

(c) Disbursements under this section are subject to the following standards:

(1) A community is eligible under this section which demonstrates that the construction of the Trans-Alaska Pipeline System or dislocation precedent to it has caused, directly or indirectly, a burden on public facilities, services and financial resources which, considering other resources available to the community, is beyond the capability of the community to reasonably meet; disbursements under this paragraph shall not exceed \$20 per capita per year except that upon a showing of emergency, expenditures for public facilities or improvements may be authorized in excess of this limitation.

Chapter 2

(2) Population for purposes of this subsection shall be based upon the latest statistics of the United States Bureau of the Census. However, the Department of Community and Regional Affairs may make revised population estimates reflecting growth attributable to pipeline construction.

\* Sec. 3. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

-2-

Approved by the governor: November 19, 1973  
Actual effective date: November 20, 1973

AGO 787841

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION  
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION  
POUCH WF — STATE CAPITOL

JUNEAU 99801

### MEMORANDUM

TO: Chairmen and Members  
Senate & House Finance Committees

DATE: November 15, 1973

FROM: V. Kent Dawson  
Fiscal Analyst  
Legislative Finance

SUBJ: Special Appropriation,  
House Bill 2

The \$364,000 appropriation to the Department of Revenue for implementation of the new ad valorem tax provides for six months' funding of 18 new positions. A total of \$156,000 was dedicated to contractual services which is to be used primarily for consultant services in both general operations build-up and in making the initial assessment. The consultant's work is expected to begin almost immediately.

In anticipation of an expected comprehensive pipeline impact package to be introduced by the Governor at the regular session in January, an initial (emergency) sum of \$5,000,000 was appropriated under Section 2 of the Act to the Department of Community and Regional Affairs "to assist cities, organized boroughs and the unorganized borough in meeting extraordinary expenses for public service" during FY 74.

The disbursement of the \$5,000,000 was, in the case of all versions of the bill considered, to be at the direction of the Governor subject to the approval of the Budget and Audit Committee. Three approaches to establishing guidelines for disbursement were considered:

#### HOUSE PASSED VERSION

This first version was passed with considerable discretion given to the Governor and the Budget and Audit Committee in determining a community's eligibility for the funds. The standards for disbursement of the funds were made known through House Resolution No 1.

AGO 787842 +

SENATE PASSED VERSION

The Senate approach set out to establish a formula whereby either \$20 per capita per year would be available to a community for pipeline related impact on facilities or \$10 per capita per year for impact on costs of public services. Under this plan, a community would not be eligible for both the \$20 and the \$10 aid.

FINAL FREE CONFERENCE COMMITTEE VERSION

The Free Conference Committee essentially consolidated the language of the Senate version into one formula. Disbursements are not to exceed \$20 per capita, but (as with the Senate bill), upon showing of an emergency situation, expenditures in excess of the \$20 per capita limitation may be authorized by the Budget and Audit Committee. Special care was taken to avoid the use of any form of the word "inflation" as had appeared in the Senate bill.

Original sponsor: Rules Committee by  
Request of the Governor

Offered: 11/10/73

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 2

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to administer  
7 taxes on property used in the exploration for, pro-  
8 duction of, or pipeline transportation of gas or  
9 unrefined oil and for extraordinary public service  
10 expenditures; and providing for an effective date."

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

12 \* Section 1. The sum of \$364,000 is appropriated from the general fund  
13 to the Department of Revenue to administer taxes on property used in the  
14 exploration for, production of, or pipeline transportation of gas or  
15 unrefined oil for the fiscal year ending June 30, 1974.

16 \* Sec. 2. (a) The sum of \$5,000,000 is appropriated from the general  
17 fund to the Department of Community and Regional Affairs to assist cities,  
18 organized boroughs and the unorganized borough in meeting extraordinary  
19 expenses for public services for the fiscal year ending June 30, 1974.

20 (b) The sum appropriated under (a) of this section shall be disbursed  
21 at the direction of the governor subject to the approval of the Legislative  
22 Budget and Audit Committee upon the standards and subject to the guidelines  
23 provided in (c) of this section.

24 (c) Disbursements under this section are subject to the following  
25 standards:

26 (1) A community is eligible under this section which demonstrates  
27 that the construction of the Trans-Alaska Pipeline System or dislocation  
28 precedent to it has caused, directly or indirectly, a burden on public  
29 facilities, services and financial resources which, considering other

1 resources available to the community, is beyond the capability of the com-  
2 munity to reasonably meet; disbursements under this paragraph shall not  
3 exceed \$20 per capita per year except that upon a showing of emergency,  
4 expenditures for public facilities or improvements may be authorized in  
5 excess of this limitation;

6 (2) Population for purposes of this subsection shall be based  
7 upon the latest statistics of the United States Bureau of the Census. How-  
8 ever, the Department of Community and Regional Affairs may make revised  
9 population estimates reflecting growth attributable to pipeline construction.

10 \* Sec. 3. This Act takes effect on the day after its passage and approval  
11 or on the day it becomes law without approval.

COMMITTEE REPORT

10/17/73

SENATE

Mr. President:

Date \_\_\_\_\_

The Committee on FINANCE has had SB 2  
(approp. Dept. of Revenue - administer taxes on property - pipeline)  
under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

*Fin*

Introduced: 10/17/73  
Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 2

3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the  
7 Department of Revenue to administer taxes on property  
8 used in the exploration for, production of, or  
9 pipeline transportation of gas or unrefined oil; and  
10 providing for an effective date."

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

12 \* Section 1. The sum of \$364,000 is appropriated from the general fund  
13 to the Department of Revenue to administer taxes on property used in the  
14 exploration for, production of, or pipeline transportation of gas or  
15 unrefined oil for the fiscal year ending June 30, 1974.

16 \* Sec. 2. This Act takes effect on the day after its passage and  
17 approval or on the day it becomes law without approval.

October 17, 1973

The Honorable Terry Miller  
President of the Senate  
Alaska State Legislature  
Juneau, Alaska 99801

Dear Mr. President:

Pursuant to the Uniform Rules of the Legislature I am transmitting a bill making a special appropriation of \$364,000 to the Department of Revenue to administer taxes on property used in the exploration for, production of, or pipeline transportation of gas or unrefined oil for the fiscal year ending June 30, 1974.

A detailed fiscal note supporting this special appropriation has been prepared and will be submitted to the appropriate committees of the Legislature.

Sincerely,

William A. Egan  
Governor

AGO 787860

**ALASKA STATE LEGISLATURE**

51.10TH Legislature      SPECIAL Session

SENATE BILL ..... NO. 2...

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act making a special appropriation to the Department of Revenue to administer taxes on property used in the exploration for, production of, or pipeline transportation of gas or unrefined oil; and providing for an effective date."

approp. Dept. Revenue to administer taxes/pipeline

Introduced in the Senate 10/17, 1973

AGJ 787861

**HISTORY IN THE SENATE**

19 73

Read first time and referred to Committee on

10 17

Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS      Yeas  
             Nays  
             : Absent  
             Excused

Effective Date

PASS      Yeas  
             Nays  
             : Absent  
             Excused

Reported correctly engrossed  
Signed by President  
Sent to House

SECRETARY OF THE SENATE

**HISTORY IN THE HOUSE**

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS      Yeas  
             Nays  
             : Absent  
             Excused

Effective Date

PASS      Yeas  
             Nays  
             : Absent  
             Excused

Reported correctly engrossed  
Signed by Speaker  
Returned to Senate

CHIEF CLERK OF THE HOUSE

**HISTORY IN THE SENATE**

19

Received from House

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Lt. Governor

Chapter No. ....

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 2

3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the  
7 Department of Revenue to administer taxes on property  
8 used in the exploration for, production of, or  
9 pipeline transportation of gas or unrefined oil; and  
10 providing for an effective date."

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

12 \* Section 1. The sum of \$364,000 is appropriated from the general fund  
13 to the Department of Revenue to administer taxes on property used in the  
14 exploration for, production of, or pipeline transportation of gas or  
15 unrefined oil for the fiscal year ending June 30, 1974.

16 \* Sec. 2. This Act takes effect on the day after its passage and  
17 approval or on the day it becomes law without approval.

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION  
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION  
POUCH WF — STATE CAPITOL

JUNEAU 99801

### MEMORANDUM

TO: Finance Committees  
Alaska State Legislature

DATE: October 22, 1973

FROM: V. Kent Dawson   
Fiscal Analyst  
Legislative Finance

SUBJ: Comments on SB 2  
and HB 2

The Department of Revenue's fiscal note for the proposed Assessment Board and Ad Valorem Tax Division calls for full six months funding of all 18 staff positions requested. The agency's plan is for the 18 member staff to first aid a consultant in the initial assessment, and then be involved in subsequent assessments and training in anticipation of the expected heavy workload of late FY 75 and on into FY 76 and FY 77.

For your review, an alternate approach has been prepared (Attachment A) which calls for heavy reliance on a consultant during FY 74 aided by a smaller initial-phase staff. In FY 75, as needs are better known (and with the advantage of the consultant's expert advice) full staffing could be developed. Later, after the staff has been hired and adequately trained, the consultant's services could be phased out. This one alternative as prepared suggests a \$245,000 FY 74 appropriation as opposed to the \$364,000 request of the agency.

VKD/af  
Attachment

AGO 787863

ATTACHMENT A

ALTERNATE FY 74 BUDGET

(All Positions Budgeted for Six Months)

<u>LINE ITEMS</u>	<u>FY 74</u>
<u>Personal Services</u>	
--- <u>Assessment Board</u>	
Secretary I	\$ 4,212
--- <u>Ad Valorem Division</u>	
Director	\$ 13,194
Secretary I	4,212
Supervisor	10,194
Appraiser II	8,796
Appraiser I	7,596
Clerk Typist III	3,636
SUBTOTAL.....	\$ 51,840
Benefits @ 16%.....	8,294
TOTAL PERSONAL SERVICES	\$ 60,134
--- <u>Travel</u>	\$ 25,000
--- <u>Contractual</u>	\$150,000
--- <u>Commodities</u>	\$ 2,200
--- <u>Equipment</u>	\$ 8,000
TOTAL FY 74 BUDGET.....	\$245,334


STATE  
of ALASKA

## MEMORANDUM

TO: Jay Hogan, Director  
Division of Legislative Finance  
State Capitol, Room 425  
Juneau, Alaska

DATE : October 18, 1973

FROM:

  
R. D. Stevenson  
Commissioner  
Department of RevenueSUBJECT: Fiscal Note Request  
Senate Bill 2 and  
House Bill 2

I am enclosing a fiscal note and proforma budget projection outlining the Department of Revenue's expenses in administering the 20 mill property tax.

Our administration plans call for establishing a new ad valorem tax division located in Anchorage staffed by the best available State assessment personnel. We plan to engage an out-of-state petroleum property assessment firm to assist with the initial assessment and train an in-house staff.

As further described in the accompanying statements, we estimate the expense in FY 74 to be approximately \$364,000. The highest cost foreseen is in FY 76 at \$660,000. This expenditure is formulated in an early stage of the planning and may change materially as experience is gained. However, we have contacted many other states and believe our estimates are entirely reasonable in light of their experience.

The next step to further planning and eventual operation of this ad valorem tax division would be to hire several key individuals qualified to assume leadership positions within the division itself. The complex nature of industrial property assessment, particularly petroleum property, requires specialized training and experience. Initially, we plan to review the qualifications of individuals now engaged in assessment work in Alaska.

RDS: agm  
Enclosures

cc: The Honorable Earl D. Hillstrand  
Chairman, House Finance Committee  
The Honorable Clifford J. Groh  
Chairman, Senate Finance Committee

The Legislature of the State of Alaska  
FISCAL NOTE  
First Special Session - Eighth Legislature

I. REQUEST

Bill Identification: Senate Bill 2 and House Bill 2  
 Title: Special appropriation to administer oil & gas property tax.  
 Requested by: Legislative Finance Date: 10/11/73  
 Return Date Requested: As soon as possible.  
 Agency: Department of Revenue Program: \_\_\_\_\_

II. FISCAL DETAIL

Budget Request Unit(s) Affected: (1) Ad-Valorem Tax Division (New)

A. EXPENDITURES: (Thousands of dollars) With Statewide Assessment Review Board

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES	154.2	314.4	326.3	338.4	351.1	364.3
200 TRAVEL	34.5	51.9	54.4	57.2	60.0	63.0
300 CONTRACTUAL	156.1	272.5	274.8	202.3	205.0	112.8
400 COMMODITIES	3.2	3.5	3.7	3.9	4.1	4.3
500 EQUIPMENT	15.7	2.0	2.1	2.2	2.3	2.4
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>363.7</b>	<b>644.3</b>	<b>661.3</b>	<b>604.0</b>	<b>522.5</b>	<b>546.8</b>

B. FUNDING: (Thousands of dollars)

GENERAL FUND	363.7	644.3	661.3	604.0	522.5	546.8
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	18 /	18 /	18 /	18 /	18 /	18 /
MAN MONTHS (P./T.)	108 /	216 /	216 /	216 /	216 /	216 /

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

SEE NARRATIVE NOTE ATTACHED.

IV. ATTACHMENTS

- (1) Detail of object codes for Ad-Valorem Tax Division.
- (2) Detail of object codes for Statewide Assessment Review Board.

V. DATE: October 18, 1973

PREPARED BY: \_\_\_\_\_

*Frederick P. Boetsch*  
 Frederick P. Boetsch  
 Director, Audit Division  
 Department of Revenue

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

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

WILLIAM A. EGAN, GOVERNOR

POUCH SA-JUNEAU 99801

### NARRATIVE ATTACHMENT TO FISCAL NOTE ON AD-VALOREM PROPERTY TAX MEASURE.

The ad-valorem tax bill which proposes a property tax on oil and gas property and equipment is an entirely new area of taxation for the State of Alaska. The magnitude of the project which would have to be assessed under this bill is without precedent in the history of the oil and gas industry and will require the best expertise in the field of oil and gas property assessment that can be obtained. It is probably not feasible for the State of Alaska to hire that expertise under the personnel classification system nor does it seem that it would be desirable since the expertise necessary to do the initial valuation and set up the program would not be required on that scale thereafter.

Accordingly, we propose that the administrative machinery for this tax be set up along two lines which would operate in parallel and would complement each other. The proposal that we have in mind would provide for the state to be able to use the best experts available in the field of oil and gas property valuation, yet would also allow the state to develop some in-house expertise for the ongoing administration of the program once the property had been fully developed and the initial assessment made. Our survey of other states which impose a property tax on oil and gas properties indicates that there are private firms available who have the necessary engineering and economic expertise and who do assist other states and their local subdivisions in the very technical aspects of valuing oil and gas properties. This is a widespread practice in Texas, Kansas, Louisiana and other oil and gas producing states.

We propose to utilize this expertise by hiring one of these firms on a contractual basis to:

1. Develop the initial assessment inventory and evaluation of the properties throughout the construction period of the pipeline and including all facilities in Prudhoe Bay and Valdez.
2. Formulate interpretative guidelines and regulations for proper administration of the Statute.
3. Develop systems and procedures for methods of reporting and collection of the tax.
4. Provide training to our resident staff in oil and gas property valuation techniques to enable them to administer the program on a permanent basis once the primary construction is completed.

AGO 787867

Our best estimates of the entire cost of these services throughout the construction period is between six and seven hundred thousand dollars. On a comparable fee basis this is very low in relation to the total assessed valuation anticipated and the potential revenues yielded to the state from property tax.

We also propose the immediate hiring of personnel for the Division of Ad-Valorem Property Tax in the Department of Revenue and the support personnel for the assessment review board. The people hired for various assessment positions in this Division would work very closely with the contracted firm in developing the initial valuations, systems, procedures and regulations. At the time the pipeline is completed and operational these people would be well trained in oil and gas valuation techniques and would at that point be able to continue on their own the valuation of oil and gas property in the state. We have provided, however, that the private firm would be kept on a small fee basis for consultation should it become necessary in future years beyond the completion of the pipeline. This is advisable since certain very complex and highly technical problems may arise from time to time which would be beyond the expertise of the existing staff and would require consultation with specialists. These specialists, of course, are available with these private firms. This is also consistent with the methods followed by other states and local governments who do utilize these firms on a continuing basis. The fee we have calculated for this continuing service would be a modest \$50,000.00 a year. The attached fiscal note indicates that the total cost of administration, including the assessment review board and its support personnel, the people of our own division and the private firm under contract would be \$364,000.00 in fiscal year 1974. It will be necessary for us to request an appropriation in this amount for the current year as a part of the special session legislative package. In fiscal year 1975 which would be first year of construction this would go up to \$644,000.00 and reach a maximum of \$661,000.00 in 1976. Thereafter, as the consulting firm phased out its primary function the cost would drop to about \$550,000.00 in 1979 for the ongoing cost of administering the program. These costs are extremely modest in comparison to the anticipated revenue at that time. In fact, in 1979, the administrative cost would be less than one half of one percent of the total revenues received and we could expect that ratio to continue from that point on.

Our anticipated administrative expenses take into account the credit allowed under Section 43.56.010(b) of the proposed legislation, however, it must be pointed out that any special revenue sharing provisions which may evolve from the special or regular session may result in additional administrative cost. As these special impact revenue sharing programs have been the topic of discussion in the legislature for the past two sessions and are not as yet resolved, it is premature for us to anticipate the amount of administrative cost involved.

In addition, we have attached to the fiscal note a copy of our worksheets which provide a detailed breakdown of the object expenses for the new Ad-Valorem Property Tax Division within the Department of Revenue as well as the board created by the legislation. The Department of Revenue remains at the disposal of anyone who may desire additional information on these estimates.

PROPOSED PROPERTY TAX DIVISION  
BUDGET PROJECTIONS

		11/1 - 6/31/74	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979	
<u>PERSONAL SERVICES</u>								
	<u>RANGE</u>							
I	Director	26	13194	26880	27888	28934	30019	31145
I	Secretary I	10	4212	8586	8908	9242	9589	9548
	3 Supervisors	22	30582	62316	64653	67077	69593	72202
	3 Appraiser II's	20	26388	53766	55782	57874	60044	62296
	3 Appraiser I's	18	22788	46422	48163	49969	51843	53787
	3 Clerk Typist III's	8	10908	22230	23064	23929	24826	25757
	2 Tax Examiner II's	12	9744	19896	20642	21416	22219	23053
TOTAL SALARIES			117816	240096	249100	258441	268133	278188
BENEFITS @ 16%			18851	38415	39856	41351	42901	44510
TOTAL PERSONAL SERVICES			136667	278511	288956	299792	311034	322698
Note: Personal Services for balance of FY 74 are assumed to start Jan. 1, 1974. Merit increases reflected each year.								
<u>TRAVEL</u>								
Conferences with other states and contracting firm.			6000	2000	2100	2200	2315	2430
On-Site inspection of Property			20000	40000	42000	44100	46305	48620
Administrative			1500	2500	2625	2756	2894	3039
TOTAL TRAVEL			27500	44500	46725	49056	51514	54089

AGO 787869

PROPOSED PROPERTY TAX DIVISION  
BUDGET PROJECTIONS

	11/1 - 6/40/74	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979
<u>CONTRACTUAL</u>						
Postage	1200	2000	2100	2200	2315	2430
Telephone	7000	12000	12600	13230	13892	14586
Printing	5000	5150	5513	5788	6078	6381
Rent	12600	22680	23814	25005	26255	27568
Professional Services (Initial Evaluation, Regs, Systems & Procedures & Staff Training would be contracted out during a 3 year construction period. Thereafter, they would be available for technical consultation.)	125000	225000	225000	150000	50000	55000
TOTAL CONTRACTUAL	150800	266930	269027	196223	98540	105965
COMMODITIES	3000	3150	3308	3473	3647	3829
EQUIPMENT All new in 1974, replacement thereafter	13680	2000	2100	2200	2315	2430
TOTAL BUDGET	331647	595091	610116	550744	467050	489011

PROPOSED PROPERTY TAX ASSESSMENT REVIEW BOARD  
BUDGET PROJECTIONS

		11/1 - 6/30/74	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979	
<u>PERSONAL SERVICES</u>								
	RANGE							
I	EXECUTIVE DIRECTOR	23	10974	22362	23201	24071	24973	25910
I	Secretary I	10	4212	8586	8908	9242	9589	9948
	TOTAL SALARIES		15186	30948	32109	33313	34562	35858
	Benefits @ 16%		2430	4952	5137	5330	5530	5737
	TOTAL PERSONAL SERVICES		17616	35900	37246	38643	40092	41595
	TRAVEL							
	Assessment Review Meeting - Exec. Dir., Sec. & 5 Members		7000	7350	7718	8103	8509	8934
	CONTRACTUAL SERVICES							
	Postage		300					
	Telephone		1000					
	Printing		1000					
	Rent		3000					
	TOTAL CONTRACTUAL		5300	5565	5843	6135	6442	6764
	COMMODITIES		200	400	420	441	463	486
	EQUIPMENT							
	First Year Only		2000					
	TOTAL BUDGET		32116	49215	51227	53322	55506	57779
	COMBINED BUDGETS							
	Division & Board		363763	644306	661343	604066	522556	546790

AGO 787871

# COMMITTEE REPORT

Oct. 17, 1973

## HOUSE

Mr. Speaker:

Date \_\_\_\_\_

The Committee on Finance has had House Bill 2

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>	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

# COMMITTEE REPORT

Oct. 17, 1973

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Date \_\_\_\_\_

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Members signing the Majority report:

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

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_  
Chairman

HOUSE  
FINANCE COMMITTEE REPORT  
on  
HOUSE BILL 2

The Finance Committee has had House Bill 2 under consideration and recommends it be replaced with Committee Substitute for House Bill 2 and that the Finance Committee Substitute do pass.

It is the clear intent of the Finance Committee that the \$5,000,000 appropriated under Section 2 (a) of the Finance Committee Substitute for House Bill 2 be considered a contingency fund; expenditures from which can be made only upon a factual showing of impact to a community due to the construction of the Alaska Pipeline to which that community cannot adequately respond; and which the governor, subject to the approval of the Legislative Budget and Audit Committee, shall deem necessary.


  
\_\_\_\_\_  
Earl Hillstrand, Chairman

TO:

Jay Hogan, Director  
Division of Legislative Finance  
State Capitol, Room 425  
Juneau, Alaska

DATE : October 18, 1973

FROM:

  
R. D. Stevenson  
Commissioner  
Department of Revenue

SUBJECT: Fiscal Note Request  
Senate Bill 2 and  
House Bill 2

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RDS: agm  
Enclosures

cc: The Honorable Earl D. Hillstrand  
Chairman, House Finance Committee  
The Honorable Clifford J. Groh  
Chairman, Senate Finance Committee

FISCAL NOTE  
First Special Session - Eighth Legislature

I. REQUEST

Bill Identification: Senate Bill 2 and House Bill 2  
 Title: Special appropriation to administer oil & gas property tax.  
 Requested by: Legislative Finance Date: 10/11/73  
 Return Date Requested: As soon as possible.  
 Agency: Department of Revenue Program: \_\_\_\_\_

II. FISCAL DETAIL

Budget Request Unit(s) Affected: (1) Ad-Valorem Tax Division (New)

A. EXPENDITURES: (Thousands of dollars) With Statewide Assessment Review Board

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600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>363.7</b>	<b>644.3</b>	<b>661.3</b>	<b>604.0</b>	<b>522.5</b>	<b>546.8</b>

B. FUNDING: (Thousands of dollars)

GENERAL FUND	363.7	644.3	651.3	604.0	522.5	546.8
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	18 /	18 /	18 /	18 /	18 /	18 /
MAN MONTHS (P./T.)	108 /	216 /	216 /	216 /	216 /	216 /

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

SEE NARRATIVE NOTE ATTACHED.

IV. ATTACHMENTS

- (1) Detail of object codes for Ad-Valorem Tax Division.
- (2) Detail of object codes for Statewide Assessment Review Board.

V. DATE: October 18, 1973

PREPARED BY: *Frederick P. Boetsch*

Frederick P. Boetsch  
 Director, Audit Division  
 Department of Revenue

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