

To carry out the provisions of Senate Bill No. 115 as amended, of the 1955 Legislature, Regular Session, creating the Alaska Rural Development Board	TOTAL \$	100,000.00
To carry out the provisions of Senate Bill No. 118 of the 1955 Legislature, Regular Session, providing for boiler inspection	TOTAL \$	10,000.00
To carry out the provisions of House Bill No. 215 of the 1955 Legislature, Regular Session, pertaining to scholarships at the University of Alaska	TOTAL \$	17,000.00
GRAND TOTAL		\$ 31,065,745.00

Section 2. Chapter 141, SLA, 1953, is hereby repealed.

Section 3. This Act shall become effective April 1, 1955.

Approved, April 7, 1955

CHAPTER 7

AN ACT

To provide a gross production tax on producing oil and gas properties; to provide for the administration thereof; and to provide for the deposit of the proceeds of such tax.

(H. B. 7)

Be it Enacted by the Legislature of the Territory of Alaska:

Section 1. Definitions. As used in this Act:

(a) "Oil" shall mean petroleum, crude oil, mineral oil, and casing-head gasoline;

(b) "Gas" shall mean natural gas

and casinghead gas;

(c) "Barrel of oil" shall mean 42 U. S. gallons of 231 cubic inches per gallon computed at a temperature of sixty degrees Fahrenheit;

(d) "Person" shall include partnership, corporation, association, fiduciary, trustee, and any combination of individuals;

(e) "Commissioner" shall mean the Territorial Tax Commissioner;

(f) The words "quarter" and "quarterly" as used in this Act shall mean quarter annual periods of three calendar months each, and the first such quarter shall commence on August 1, 1955.

Section 2. Gross Production Tax. There is hereby levied upon every person producing oil and gas a tax of one percent of the gross value at the well of all oil and gas produced within the Territory of Alaska, less the value of any part thereof, the ownership or right to which is exempt from taxation. The tax hereby levied shall attach to and is hereby levied upon the whole production, including what is commonly known as the royalty interest. The payment of the taxes herein imposed shall be in full, and in lieu of all ad valorem taxes now or hereafter imposed by the Territory, cities, towns, school districts, and other local government units upon any property rights attached to or inherent in the right to producing oil and/or gas, upon producing oil and/or gas leases, upon machinery, appliances and equipment used in and around any well producing oil or gas and actually used in the operation of such well, and also upon oil and gas produced in the Territory upon which gross production taxes have been paid, and upon any investment in any property hereinbefore in this paragraph mentioned or described. Any interest in the land, other than that herein enumerated, shall be as-

essed and taxed as other property within the taxing district in which such property is situated. It is expressly provided that the gross production tax shall not be in lieu of income taxes nor excise taxes upon the sale of oil and gas products at retail.

Section 3. Payment of Tax on Quarterly Basis: When Tax Due: When Delinquent: Payment by Purchaser: by Producer: How Casing-head Gas Taxed. The gross production tax on oil or gas, as herein provided, shall be paid on a quarterly basis. Said tax shall become due on the last day of the calendar month following the preceding quarterly period on all oil or gas produced in and saved during the preceding quarterly period, and if the tax is not paid on or before the end of the month succeeding the month in which the same becomes due the tax shall become delinquent and shall be collected as herein provided. On oil or gas sold at the time of production, the gross production tax thereon shall be paid by the purchaser, and such purchaser shall and is hereby authorized to deduct in making settlement with the producer and/or royalty owner, the amount of tax so paid; Provided, that in the event oil on which such gross production tax becomes due is not sold at the time of production but is retained by the producer, the tax on such oil not so sold shall be paid by the producer for himself including the tax due on royalty oil not sold; Provided further, that in settlement with the royalty owner such pro-

ducer shall have the right to deduct the amount of such tax so paid on royalty oil or to deduct therefrom royalty oil equivalent in value at the time such tax becomes due with the amount of the tax paid. Gas when produced and utilized in any manner, except when used for fuel or otherwise used in the operation of any lease or premises in the drilling for or production of oil or gas therefrom, or for repressuring thereon, shall be considered for the purpose of this Act, as to the amount utilized, as gas actually produced and saved. In case oil or gas is sold under circumstances where the sale price does not represent the cash price thereof prevailing for oil or gas of like kind, character or quality in the field from which such product is produced, the Tax Commissioner may require the said tax to be paid upon the basis of the prevailing price then being paid at the time of production thereof in said field for oil, or gas of like kind, quality and character.

Section 4. Tax Paid to Tax Commissioner: Statements by Person Paying Tax: Statements by Producer. The tax herein provided for shall be paid to the Commissioner and the person paying the tax shall file with said Commissioner at the time the tax is required to be paid, a statement, under oath, on forms prescribed by said Commissioner, giving with other information required, the following:

(a) Full description of the property by lease name, subdivision of

quarter section, section, township, and range, or other legal description by metes and bounds, from which said oil or gas was produced;

(b) The name of the producer;

(c) The gross amount of said oil or gas purchased;

(d) The total value of such oil or gas at the price paid therefor, if purchased at time of production; and

(e) The prevailing market price of oil or gas sold at time of production; Provided, that in lieu of such statement, a purchaser, at time of production, may furnish a true verified copy of the regular settlement sheet in use by such purchaser, if such sheet contains all the information required.

Any person engaged in the production within this Territory of oil or gas, shall on the last day of the calendar month following a quarterly period file with the Commissioner a statement under oath upon forms prescribed by said Commissioner, giving, along with other information required, the following:

(a) Name of the property, description by subdivision of quarter section, section, township and range, or other legal description by metes and bounds;

(b) The gross amount of oil or gas produced and saved;

(c) The name of the purchaser and the price received therefor.

Reports from either purchaser and/or producer, as the case may be, shall be delinquent thirty days after the time fixed for filing the same, and every person required to file such report shall be subject to penalty of twenty-five dollars per day for each such property upon which such person shall fail or refuse to file such reports. The penalties herein prescribed shall be for failure to file reports and shall be in addition to the penalty imposed at the rate of seven per cent per annum for delinquent tax, and shall likewise constitute a lien against the assets of such person failing or refusing to file such reports.

Section 5. Powers of Territorial Tax Commissioner. The Commissioner shall have power to require any person engaged in such production and the agent or employee of such person, and/or purchaser of such oil or gas, or the owner of any royalty interest therein to furnish any additional information by him deemed to be necessary for the purpose of correctly computing the amount of said tax, and to examine the books, records and files of such person, and shall have power to conduct hearings and compel the attendance of witnesses, the production of books, records and papers of any person, and full authority to make any investigation or hold any inquiry deemed necessary to a full and complete disclosure of the true facts as to the amount of production from any oil or gas location, or of any company or other producer thereof, and as

to the rendition thereof for taxing purposes.

Section 6. Territorial Tax Commissioner Shall Compute Tax on Incorrect Returns. The Commissioner shall have the power and authority to ascertain and determine whether or not any return herein required to be filed with him is a true and correct return of the gross products, and of the value thereof, of such person; and if any person has made an untrue or incorrect return of the gross production or value thereof, as hereinbefore required, or shall have failed or refused to make such return, the Commissioner shall under rules and regulations prescribed by him, ascertain the correct amount of either, and compute said tax.

Section 7. Proceedings and Penalty on Delinquency. Where the tax provided for in this Act shall become delinquent it shall, as a penalty for such delinquency, bear interest at the rate of seven per cent per annum, and shall be collected in the manner hereinafter provided. If any person shall fail to make any report herein required, within the time prescribed by law for such report, it shall be the duty of the Commissioner to examine the books, records and files of such person to ascertain the amount and value of such production to compute the tax thereon as provided herein, and he shall add thereto the cost of such examination, together with any penalties accrued thereon.

Section 8. Lien for Tax. The tax herein referred to shall, at all

times, be and constitute a first and paramount lien against the purchaser's or producer's property as the case may be, both real and personal; and the provisions hereof, making the purchaser liable to pay such tax, and the provisions requiring the producer to pay the royalty owner's tax, in no way releases the producer or purchaser from liability to pay same, in all cases where such tax is not paid, and it may be recovered at the suit of the Territory, upon relation to the Commissioner, in any court of competent jurisdiction in the judicial division where any such property assets and effects are located.

Section 9. False Report Deemed Perjury. Any person who shall knowingly make any false oath to any report required by the provisions of this Act shall be deemed guilty of perjury.

Section 10. Duties of Territorial Tax Commissioner and Territorial Treasurer. It shall be the duty of the Commissioner to deposit with the Territorial Treasurer all moneys collected by him under this Act. The Territorial Treasurer, quarterly, shall deposit the moneys in the General Fund.

Section 11. Refund of Overpayments, Duplicate Payments, and Erroneous Payments. In all cases of overpayment, duplicate payment or payment made in error, the Commissioner may issue his certificate stating therein the facts and the amount of the refund to which the taxpayer may be entitled. Upon presentation of such certificate to

the Director of Finance, the Director of Finance shall issue a warrant for the purpose of refunding any such overpaid, duplicate or erroneous tax out of the unapportioned gross production tax in the Territorial Treasury.

Section 12. Statements as to Tax on Settlements: Acceptance of Deductions. All statements or settlement sheets for oil or gas shall have stamped or written thereon the following words: "Gross production tax deducted and paid, and payee accepts such deduction and authorizes payment thereof to the Territory of Alaska."

Section 13. Rules and Regulations: Bond: Reports: Actions. The Commissioner is hereby authorized and empowered to prescribe and promulgate all necessary rules and regulations for the purpose of making and filing of all reports required hereunder and otherwise necessary to the enforcement of this Act; and may, at his option and discretion, require a sufficient bond from any person charged with the making and filing of reports and the payment of the taxes herein imposed; and said bond shall run to the Territory of Alaska and shall be conditioned upon the making and filing of reports as required by law, upon compliance with the rules and regulations of the Commissioner, and for the prompt payment, by the principal therein, of all taxes justly due the Territory by virtue of the provisions hereof; and when any reports required have not been filed, or may be insufficient to furnish all the information required by the

Commissioner, the Commissioner shall institute, in the name of the Territory of Alaska upon relation of the Commissioner, any necessary action or proceedings in the courts having jurisdiction, to enjoin such person from continuing operations until such reports have been filed as required, and in all proper cases, injunction shall issue without bond from the Territory of Alaska. Upon showing that the Territory is in danger of losing its claims or the property is being mismanaged, dissipated or concealed, a receiver shall be appointed at the suit of the Territory.

Section 14. Noncompliance by Producers, Refiners, Processors or Purchasers. Wilful failure on the part of any such producer, refiner, processor or purchaser of oil or gas to comply with the provisions of this Act shall be deemed a misdemeanor. Each day's failure to file a report within the period of time fixed in this Act shall constitute a separate offense.

Section 15. Application of Act. The tax imposed by this Act shall apply to oil and gas produced from and after the effective date of this Act.

Approved April 6, 1955

CHAPTER 8

AN ACT

To authorize loans not to exceed \$2,000,000.00 from the General Fund to the Unemployment Compensation Fund; providing for repayment thereof; and declaring an emergency.

(S. B. 2)

Be it Enacted by the Legislature of the Territory of Alaska:

Section 1. The Employment Security Commission is hereby authorized to apply for and to receive loans from the General Fund of the Territory in amounts not to exceed in the aggregate \$2,000,-

000.00, such amounts to be covered into the Unemployment Compensation Fund and to be used solely for the payment of benefits as defined in the Alaska Employment Security Act.

Section 2. The Governor of Alaska is hereby empowered and directed