



# LAWS OF ALASKA

1972

Source

FCCS HCSSB 168

Chapter No.

101

## AN ACT

Relating to oil and gas revenues; and providing for an effective date.

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

\* Section 1. AS 43.55.010(a) is amended to read:

(a) There is levied upon the producer of oil and gas a tax based upon a per cent of the gross value at the well of all oil and gas removed or sold from each lease or property in the state, less the value of any part the ownership or right to which is exempt from taxation. The tax is determined according to the following schedules, and any part which is exempt from taxation is deducted from the tax levied on a pro rata basis as to each production level tax bracket:

(1) oil: based upon the average daily production for each well for the calendar month in barrels, the tax is

(A) three per cent on the first 300 barrels;

(B) five per cent on the next 700 barrels;

(C) six per cent on the next 1,500 barrels;  
and

(D) eight per cent on all production in excess of 2,500 barrels;

(2) gas: the rate is four per cent of the gross value of the gas and liquid products produced.

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

(b) Payment of the tax is in lieu of all ad valorem

taxes now or hereafter imposed by the state, cities, towns, school districts, and other local government units upon

- (1) property rights attached to or inherent in the right to producing oil or gas,
- (2) producing oil or gas leases,
- (3) [deleted]
- (4) oil and gas produced in the state upon which gross production taxes are paid, and
- (5) an investment in property described in this section.

\* Sec. 3. AS 43.55.010 is amended by adding a new subsection to read:

(e) If on a tax payment date the amount of tax due under (a)(1) of this section is less than the tax due under sec. 15 of this chapter, the tax levied in sec. 15 of this chapter is payable and the tax levied in this section need not be paid.

\* Sec. 4. AS 43.55 is amended by adding a new section to read:

Sec. 43.55.015. TAX PER BARREL OF OIL. (a) There is levied upon the producer of oil a tax on each barrel of oil removed or sold from each lease or property in the state less any part the ownership or right to which is exempt from taxation. The tax is based upon the average daily production for each well for the calendar month in barrels determined according to the following schedule and any part which is exempt from taxation is deducted from the tax levied on a pro rata basis as to each production level bracket:

- (1) Before July 1, 1980,
  - (A) \$ .458 on the first 300 barrels;
  - (B) \$ .511 on the next 700 barrels;
  - (C) \$ .538 on the next 1,500 barrels;
  - (D) \$ .591 on all production in excess of 2,500 barrels;
- (2) On and after July 1, 1980,
  - (A) \$ .432 on the first 300 barrels;
  - (B) \$ .482 on the next 700 barrels;
  - (C) \$ .507 on the next 1,500 barrels;
  - (D) \$ .557 on all production in excess of 2,500 barrels.

(b) In computing the tax payable under this section

the producers of oil may deduct from the amount owing the value of the royalty share paid or transferred by the producer in an amount up to one-eighth of the value of all the oil produced. For any lease where a state royalty of a lesser percentage is payable, the deduction allowed shall be adjusted to equal one-eighth of the value of the oil produced.

(c) The tax levied by this section shall be administered and paid in the same manner as the tax levied in sec. 10 of this chapter.

(d) If on any tax payment date the amount of tax due under (a) of this section is equal to or less than the tax due under sec. 10(a)(1) of this chapter, the tax levied in sec. 10(a)(1) of this chapter is payable and the tax levied in this section need not be paid.

(e) When the tax levied under (a) of this section is payable, state royalties of an amount equal to \$ .05 for each barrel of oil taxed shall be paid, pursuant to the revenue-sharing provisions of sec. 9 of the Alaska Native Claims Settlement Act, into the Alaska Native Fund until all amounts paid into the fund equal \$500,000,000.

\* Sec. 5. AS 43.55.020(a) is amended to read:

(a) The gross production tax on oil or gas shall be paid monthly. The tax is due on the last day of each calendar month on oil or gas removed or sold from each lease or property during the preceding month. If the tax is not paid before the end of the month in which it becomes due, the tax becomes delinquent.

\* Sec. 6. AS 43.55.020(b) is amended to read:

(b) The gross production tax on oil or gas shall be paid by or on behalf of the producer.

\* Sec. 7. AS 43.55.020(c) is repealed.

\* Sec. 8. AS 43.55.020(d) is amended to read:

(d) In making settlement with the royalty owner the producer may deduct the amount of the tax paid on royalty oil or gas, or may deduct royalty oil or gas equivalent in value at the time the tax becomes due to the amount of the tax paid.

\* Sec. 9. AS 43.55.020(e) is amended to read:

(e) Gas produced and used, except gas used in the operation of a lease or property in drilling for or producing oil or gas, or for repressuring, is considered, for the purpose of this chapter and in the amount used, as gas removed or sold from a lease or property.

\* Sec. 10. AS 43.55.030(a) is amended to read:

(a) The tax shall be paid to the department and the person paying the tax shall file with the department at the time the tax is required to be paid a statement, under

oath, on forms prescribed by or acceptable to the department, giving with other information required, the following:

(1) a description of the lease or property from which the oil or gas was removed or sold, by name, legal description, lease number or by accounting code numbers assigned by the department;

(2) the names of the producer and the person paying the tax;

(3) the gross amount of oil or gas removed or sold from the lease or property, and the percentage of the gross amount owned by each producer for whom the tax is paid;

(4) the total value of the oil or gas removed or sold from the lease or property owned by each producer for whom the tax is paid; and

(5) [deleted]

(6) the name of the first purchaser and the price received for the oil or gas if sold in the state.

\* Sec. 11. AS 43.55.030(b) and (c) are repealed.

\* Sec. 12. AS 43.55.030(d) is amended to read:

(d) Reports by or on behalf of the producer are delinquent the first day following the day the tax is due. Each producer is subject to a penalty of \$25 a day for each lease or property upon which the report is not filed. The penalty for failure to file a report is in addition to the penalty for delinquent taxes, and is a lien against the assets of the producer.

\* Sec. 13. AS 43.55.070 is amended to read:

Sec. 43.55.070. LIEN FOR TAX. The tax is a first and paramount lien against the producer's real and personal property. The tax may be recovered at the suit of the state upon relation to the department.

\* Sec. 14. AS 43.55.080 is amended to read:

Sec. 43.55.080. COLLECTION AND DEPOSIT OF REVENUE. The department shall deposit in the general fund the money collected by it under this chapter.

\* Sec. 15. AS 43.55.100 is repealed.

\* Sec. 16. AS 43.55 is amended by adding a new section to read:

Sec. 43.55.135. MEASUREMENT. For the purposes of this chapter, oil shall be measured in terms of a "barrel of oil" and gas shall be measured in terms of a "cubic foot of gas".

\* Sec. 17. AS 43.55.140 is repealed and re-enacted to read:

Sec. 43.55.140. DEFINITIONS. In this chapter

(1) "barrel of oil" means 42 United States gallons of oil of 231 cubic inches a gallon computed at a temperature of 60 degrees Fahrenheit;

(2) "cubic foot of gas" means the volume of gas contained in one cubic foot of space measured at a pressure base of 14.65 pounds per square inch absolute and a temperature base of 60 degrees Fahrenheit;

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

(4) "gas" means all natural, associated or casinghead gas, all hydrocarbons produced at the wellhead not defined as oil, and all liquid hydrocarbons extracted at a gas processing plant;

(5) "oil" means crude petroleum oil and other hydrocarbons regardless of gravity which are produced at the wellhead in liquid form and the liquid hydrocarbons known as distillate or condensate recovered by separation from gas other than at a gas processing plant.

\* Sec. 18. This Act takes effect July 1, 1972.