

Byron Mallott
Lieutenant Governor
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**OFFICE OF THE LIEUTENANT GOVERNOR
ALASKA**

MEMORANDUM

TO: Dan DeBartolo, Department of Revenue

FROM: Scott Meriwether, Office of the Lieutenant Governor 465.4081 

DATE: November 29, 2016

RE: Filed Permanent Regulations: Department of Revenue

Department of Revenue Regulation: Tax Division: Tax Caps for Municipalities and (15 AAC 56.050 - 15 AAC 56.110)

Attorney General File:	JU2015200857
Regulation Filed:	November 29, 2016
Effective Date:	December, 2016
Print:	220, January 2017

cc with enclosures: Linda Miller, Department of Law
Dianne Blumer, Administrative Regulation Review Committee
Judy Herndon, LexisNexis

ORDER ADOPTING CHANGES TO
REGULATIONS OF THE DEPARTMENT OF REVENUE


The attached six pages of regulations, dealing with the administration of revenue laws and, the oil and gas exploration, production and pipeline transportation property tax, are adopted and certified to be a correct copy of the regulation changes that the Department of Revenue adopts under the authority of AS 29.45.080, AS 29.45.090, AS 43.05.080, AS 43.56.010, AS 43.56.060, AS 43.56.110, AS 43.56.120, AS 43.56.200 and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.

This action is not expected to require an increased appropriation.

In considering public comments, the Department of Revenue paid special attention to the cost to private persons of the regulatory action being taken.

The regulation changes adopted under this order take effect on the 30th day after they have been filed by the lieutenant governor as provided in AS 44.62.180.

DATE: 10-28-16
Anchorage, Alaska


Randall Hoffbeck
Commissioner,
Department of Revenue

FILING CERTIFICATION

I, Byron Mallott, Lieutenant Governor for the State of Alaska, certify that on November 29, 20 16, at 805 A .m., I filed the attached regulations according to the provisions of AS 44.62.040 - 44.62.120.


Lieutenant Governor

Effective: December 29, 2016

Register: 220, January 2017

15 AAC 05.010(a)(3)(A) is amended to read:

(A) by the taxpayer or the taxpayer's authorized representative [OR, IN
THE CASE OF AN APPEAL UNDER 15 AAC 56.015(c), BY THE MUNICIPALITY
OR THE MUNICIPALITY'S AUTHORIZED REPRESENTATIVE];

(Eff. 1/12/64, Register 12; am 5/31/78, Register 66; am 12/26/80, Register 76; am 4/21/88,
Register 106; am 1/1/93, Register 124; am 12/24/93, Register 128; em am 11/20/96 - 3/19/97,
Register 140; am 4/18/97, Register 142; am 10/1/98, Register 147; am 1/1/2003, Register 164;
am 1/1/2006, Register 176; am 1/1/2010, Register 192; am 2/16/2013, Register 205; am

12 / 29 / 2016, Register 220)

Authority:	AS 25.27.020	AS 43.05.240	AS 43.55.110
	AS 43.05.010	AS 43.23.015	AS 43.56.200
	AS 43.05.080	AS 43.23.055	

15 AAC 56.015 is repealed:

15 AAC 56.015. Appeal procedures. Repealed. (Eff. 5/10/86, Register 98; am
1/1/2003, Register 164; repealed 12 / 29 / 2016, Register 220)

15 AAC 56.020(b) is amended to read:

(b) Upon **the timely** receipt of an appeal under (a) of this section filed by an owner of taxable property, the department will send notice of the appeal to each municipality in which the taxable property is located and to each ^{other ((no bold/ul))} owner of the property identified in the appeal. Upon **the timely** receipt of an appeal under (a) of this section filed by a municipality, the department will send written notice of the appeal to each property owner identified in the appeal and any other municipality in which the property is located by United States mail. In addition to sending written notice by United States mail, the department may also notify a property owner or municipality by telephone, facsimile transmission or electronic mail at the owner's or ^{((No bold/ul))} municipality's address of record. Only a property owner or municipality that receives written notice of an appeal from the department under this subsection will be considered a party to the appeal for purposes of appealing to the State Assessment Review Board.

(Eff. 8/8/74, Register 51; am 7/30/82, Register 83; am 4/2/88, Register 106; am 1/1/2003, Register 164; am 12 / 29 / 2016, Register 220)

Authority: AS 43.05.080 AS 43.56.110 AS 43.56.200

15 AAC 56.030(b) is amended to read:

(b) Upon **the timely** receipt of an appeal under (a) of this section filed by an owner of taxable property, the board will send notice and a copy of the appeal to each municipality in which the taxable property is located and to each other owner of the property. Upon **the timely** receipt of an appeal under (a) of this section filed by a municipality, the board will send notice

and a copy of the appeal to each owner of the taxable property and to each other municipality in which the property is located. The notice will be sent by United States mail.

(Eff. 11/4/74, Register 52; am 5/10/86, Register 98; am 1/1/2003, Register 164; am

12 / 29 / 2016, Register 220)

Authority: AS 43.56.120 AS 43.56.130 AS 43.56.200



15 AAC 56.050(a) is amended to read:

(a) In accordance with (b) and (c) of this section, a credit against, or refund of, the tax levied by the state under AS 43.56.010(a) will be allowed in an amount equal to the total current property taxes collected by all municipalities as authorized by AS 29.45.080 [AS 29.53.045].

The credit or refund will be applied against the total state tax levied under AS 43.56.010(a) for each taxpayer. The credit or refund will only be allowed for taxes paid for the current tax year.

No carry-back or carry-forward of the credit or refund will be allowed to any other tax year.

(Eff. 3/1/75, Register 53; am 6/2/76, Register 58; am 7/30/82, Register 83; am

12 / 29 / 2016, Register 220)

Authority:	[AS 29.53.045]	[AS 29.53.050]	[AS 29.53.055]
	<u>AS 29.45.080</u>	AS 43.56.010	AS 43.56.150
	AS 43.05.080	AS 43.56.135	AS 43.56.200

Editor's note: An emergency amendment of 15 AAC 05.840 took effect 6/2/76, Register 58. (15 AAC 56.050 appeared as 15 AAC 05.840 before the January 1, 1981 reorganization of 15 AAC.) In reviewing the "permanent" regulation, the regulations attorney made technical corrections to the wording of the section. The technical corrections appeared in the "permanent" regulation as it was published in Register 60. The section's history note does not reflect the corrections made in Register 60 by the regulations attorney. **The subject matter of AS 29.45.080 was formerly located at AS 29.53.045.**

15 AAC 56.070(b) is amended to read:

(b) When a municipality uses the method of taxation provided under AS 29.45.080(c) and the total assessed value of property within the municipality, per capita, exceeds **the percentage determined in AS 29.45.080(f)** [225 ^{ALL CAPS} percent] of the average per capita assessed full and true value of property in the state, the municipality shall reduce the value of all state assessed AS 43.56 oil and gas property and all locally assessed property within the municipality in equal proportion.

15 AAC 56.070(c) is amended to read:

(c) The [^{ALL CAPS}225-percent] limitation on taxation of property established by AS 29.45.080(c) applies to taxes levied for a municipality's operating budget. The limitation does not apply to taxes levied for repayment of the municipality's bonded debt.

15 AAC 56.070(d) is amended to read:

(d) A municipality shall apply an equal proportionate reduction of the value of all state assessed AS 43.56 oil and gas property within the municipality and all locally assessed property within the municipality by determining the maximum effective tax rate allowed under AS 29.45.080(c) [^{ALL CAPS}the 225-percent limitation] and then levying a millage rate that is no greater than the calculated maximum effective tax rate on all taxable property within the municipality.

The maximum effective rate is calculated using the following formula:

((Statewide average per capita full value) X (the percentage determined in AS 29.45.080(f) [225%] X (Population of the municipality) X (30 mills) + (Budget of the municipality for debt service)) / ((Total value of state assessed AS 43.56 property within the municipality) + (Total value of locally assessed property within the municipality)) = Maximum Effective Tax Rate.

(Eff. 3/1/75, Register 53; am 1/1/2003, Register 164; am 12 / 29 / 2016,

Register 220)

Authority: AS 29.45.080

AS 43.05.080

AS 43.56.200

AS 29.45.090

AS 43.56.010

15 AAC 56.100(a) is amended to read:

(a) Property used or committed by agreement for use in the production of gas or unrefined oil, or in the operation or maintenance of facilities for the production of gas or unrefined oil will be valued on a replacement cost less depreciation basis. Depreciation will be based upon the economic life of proven reserves, with due consideration given to the elapsed life of the facilities. Replacement cost will be calculated by the use of accepted appraisal techniques or other acceptable methods. [THE ECONOMIC LIFE OF PROVEN RESERVES WILL BE ESTABLISHED EACH YEAR USING PETROLEUM ENGINEERING METHODS.]

(Eff. 3/1/75, Register 53; am 12 / 29 / 2016, Register 220)

Authority: AS 43.05.080 AS 43.56.060 **AS 43.56.200**

MEMORANDUM

State of Alaska Department of Law

To: The Honorable Byron Mallott
Lieutenant Governor
(*Hand-delivery*)

Date: November 28, 2016

File No.: JU2015200857

Tel. No.: 465-3600

From: Susan R. Pollard *SR Pollard*
Chief Assistant Attorney General
and Regulations Attorney
Legislation and Regulations Section

Re: Department of Revenue Regulation:
15 AAC 56.050-.110: Tax Division:
Tax Caps for Municipalities and

Attached for filing are the Department of Revenue amendments to 15 AAC 56, regulations relating to the oil and gas exploration, production, and pipeline transportation property taxes. *The Department of Revenue requests these be filed so as to be effective by January 1, 2017.*

The Department of Law has reviewed the attached regulations against the statutory standards of the Administrative Procedure Act. We find no legal problems. This memorandum constitutes the written statement of approval under AS 44.62.060(b) and (c) that authorizes your office to file the attached regulations.

The regulations were adopted by the Department of Revenue after the close of the public comment period. The September 17, 2016 public notice and the October 28, 2016 adoption order both state that this action is not expected to require an increased appropriation. Therefore, a fiscal note under AS 44.62.195 is not required. We have made some technical corrections to conform the regulations in accordance with AS 44.62.125. The corrections are shown on the attached copy of the regulations.

SRP:srp

cc *via email*):

Honorable Randall Hoffbeck, Commissioner, Department of Revenue

Ken Alper, Director, Tax Division, Department of Revenue

John Larsen, Regulations Contact, Department of Revenue

Martin Schultz, Senior Assistant Attorney General, Department of Law

Peter Caltagirone, Assistant Attorney General, Department of Law

NOTICE OF
PROPOSED CHANGES IN THE REGULATIONS
OF THE DEPARTMENT OF REVENUE

BRIEF DESCRIPTION: The Department of Revenue proposes regulations to implement conforming changes to statutes and legislation enacted in §66 ch. 14 SLA 2014 (SB 138) affecting the oil and gas properties tax. The proposed regulations relate to appeal procedures, percentage limitations to be applied to assessed value by the department, and conforming and clarifying changes related to recent legislation affecting the oil and gas properties tax.

The Department of Revenue proposes to adopt regulation changes in Title 15, Chapter 56 of the Alaska Administrative Code, dealing with the administration of revenue laws and the oil and gas properties tax, including the following:

- (1) **15 AAC 05.010. Notice of assessment**, is proposed to be amended to conform to the repeal of certain sections of the regulations.
- (2) **15 AAC 56.015. Appeal procedures**, is proposed to be repealed to conform to recent court decisions regarding appeal procedures.
- (3) **15 AAC 56.020. Appeal to the department**, is proposed to be amended to clarify that an appeal must be timely to be considered by the department
- (4) **15 AAC 56.030. Appeal to the state assessment review board**, is proposed to be amended to clarify that an appeal must be timely to be considered by the department.
- (5) **15 AAC 56.050. Credit and refund**, is proposed to be amended to conform to changes in statute.
- (6) **15 AAC 56.070. Average per capita assessed full and true value of property in the state**, is proposed to be amended to account for the change in the limitation of assessed value from the former 225 percent under AS 29.45.080(c) to the stair-stepped rates in AS 29.45.080(f).
- (7) **15 AAC 56.100. Production property**, is proposed to be amended to delete a provision relating to the establishment of proven reserves.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to:

Department of Revenue Notice of Proposed Regulations

John Larsen, Audit Master, Alaska Department of Revenue, 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501.

Additionally, the Department of Revenue will accept comments by electronic mail to john.larsen@alaska.gov, or by facsimile at (907) 269-6644. **Written comments must be received no later than 4:30 p.m., on Thursday, October 20, 2016.**

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact John Larsen at (907) 269-8436 no later than October 17, 2016 to ensure that any necessary accommodations can be provided.

For a copy of the proposed regulation changes, contact John Larsen at (907) 269-8436 or go to the Division's Internet website at <http://www.tax.alaska.gov>.

After the public comment period ends on Thursday, October 20, 2016, the Department of Revenue will either adopt these or other provisions dealing with the same subject, without further notice, or decide to take no action on them. The language of the final regulations may be different from that of the proposed regulations. You should comment during the time allowed if your interests could be affected. Written comments received are public records and are subject to public inspection.

Statutory Authority: AS 43.05.080.

Statutes Being Implemented, Interpreted, or Made Specific: AS 29.45.080; AS 29.45.090; AS 43.56.010; AS 43.56.060; AS 43.56.110; AS 43.56.10.

Fiscal Information: The proposed regulation changes are not expected to require an increased appropriation.

DATE: September 16, 2016
Juneau, Alaska

/s/ Ken Alper
Ken Alper
Director, Tax Division
(907) 269-6620

SUPPLEMENTAL NOTICE OF
PROPOSED CHANGES IN THE REGULATIONS
OF THE DEPARTMENT OF REVENUE

BRIEF DESCRIPTION: The Department of Revenue proposes regulations to implement conforming changes to statutes and legislation enacted in §66 ch. 14 SLA 2014 (SB 138) affecting the oil and gas properties tax. The proposed regulations relate to appeal procedures, percentage limitations to be applied to assessed value by the department, and conforming and clarifying changes related to recent legislation affecting the oil and gas properties tax.

The Department of Revenue proposes to adopt regulation changes in Title 15, Chapters 05 and 56 of the Alaska Administrative Code, dealing with the administration of revenue laws and the oil and gas properties tax, including the following:

- (1) **15 AAC 05.010. Notice of assessment**, is proposed to be amended to conform to the repeal of certain sections of the regulations that are no longer necessary to administer the property tax program.
- (2) **15 AAC 56.015. Appeal procedures**, is proposed to be repealed to conform to recent court decisions regarding appeal procedures.
- (3) **15 AAC 56.020. Appeal to the department**, is proposed to be amended to clarify that an appeal must be timely filed to be considered by the department.
- (4) **15 AAC 56.030. Appeal to the state assessment review board**, is proposed to be amended to clarify that an appeal must be timely filed to be considered by the department and the State Assessment Review Board.
- (5) **15 AAC 56.050. Credit and refund**, is proposed to be amended to conform to a referenced change in statute.
- (6) **15 AAC 56.070. Average per capita assessed full and true value of property in the state**, is proposed to be amended to account for the change in the limitation of assessed value from the former 225 percent under AS 29.45.080(c) to the stair-stepped rates in AS 29.45.080(f).
- (7) **15 AAC 56.100. Production property**, is proposed to be amended to delete a provision relating to the establishment of proven reserves.

This is a SUPPLEMENTAL NOTICE adding to the NOTICE OF PROPOSED CHANGES that was issued on September 17, 2016, concerning these proposed regulations revisions contained in the Department of Law file number JU2015200857. This SUPPLEMENTAL NOTICE is being issued to include the estimated annual cost to comply with the proposed action included as item #7 in the attached "SUPPLEMENTAL ADDITIONAL REGULATIONS NOTICE INFORMATION."

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to: John Larsen, Audit Master, Alaska Department of Revenue, 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501. Additionally, the Department of Revenue will accept comments by electronic mail to john.larsen@alaska.gov, or by facsimile at (907) 269-6644. **Written comments must be received no later than 4:30 p.m., on Thursday, October 20, 2016.**

You may submit written questions relevant to the proposed action to: John Larsen at john.larsen@alaska.gov via email, or to: John Larsen, Audit Master, Alaska Department of Revenue, 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501. The questions must be received at least 10 days before the end of the public comment period. The Department of Revenue will aggregate its response to substantially similar questions and make the questions and responses available on the Alaska Online Public Notice System and Tax Division website (<http://www.tax.alaska.gov>).

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact John Larsen at (907) 269-8436 no later than October 17, 2016 to ensure that any necessary accommodations can be provided.

A copy of the proposed regulation changes is available on the Alaska Online Public Notice System and the Tax Division website at <http://www.tax.alaska.gov>, and by contacting John Larsen at (907) 269-8436 or john.larsen@alaska.gov.

After the public comment period ends on Thursday, October 20, 2016, the Department of Revenue will either adopt these or other provisions dealing with the same subject, without further notice, or decide to take no action on them. The language of the final regulations may be different from that of the proposed regulations. You should comment during the time allowed if your interests could be affected. Written comments received are public records and are subject to public inspection.

Statutory Authority: AS 43.05.080; AS 43.56.200.

Statutes Being Implemented, Interpreted, or Made Specific: AS 29.45.080; AS 29.45.090; AS 43.56.010; AS 43.56.060; AS 43.56.110; AS 43.56.120.

Department of Revenue Notice of Proposed Regulations

Fiscal Information: The proposed regulation changes are not expected to require an increased appropriation.

DATE: September 21, 2016
Anchorage, Alaska

/s/ Ken Alper
Ken Alper
Director, Tax Division
(907) 269-6620

ADDITIONAL REGULATIONS NOTICE INFORMATION
[AS 44.62.190(d)]

1. Adopting Agency: Department of Revenue, Tax Division
2. General subject of regulation: Alaska Oil and Gas Exploration, Production, and Pipeline Transportation Property Taxes: Appeal procedures, limitations on assessed property values, establishment of proven reserves, and other conforming changes.
3. Citation of regulations: 15 AAC 05 amend section 010; 15 AAC 56 sections to be amended or repealed: 015, 020, 030, 050, 070, and 100.
4. Department of Law file number: JU2015200857
5. Reason for the proposed action:
 - ☐ compliance with federal law
 - ☒ compliance with new or changed state statutes
 - ☒ compliance with court order
 - ☒ development of program standards
 - ☐ other: (please list)
6. Appropriation/Allocation: Tax Division, Revenue Operations
7. Cost of implementation to the state agency and available funding (in thousands of dollars): No costs are expected in FY 2017 or subsequent years.

	Initial Year FY 2017	Subsequent Years
Operating Cost	\$ 0	\$ 0
Capital Cost	\$ 0	\$ 0
1002 Federal receipts	\$ 0	\$ 0
1003 General fund match	\$ 0	\$ 0
1004 General fund	\$ 0	\$ 0
1005 General fund/ Program	\$ 0	\$ 0
1037 General fund/ mental health	\$ 0	\$ 0
Other	\$ 0	\$ 0

8. The name of the contact person for the regulations:

Name: John Larsen
Title: Audit Master
Address: 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501
Telephone: (907) 269-8436
FAX: (907) 269-6644
E-mail: john.larsen@alaska.gov

3. The origin of the proposed action:

- ☒ staff of state agency
- ☐ Federal government
- ☐ General public
- ☐ petition for regulation change
- ☐ other (please list)

4. Date: September 16, 2016

Prepared by: /s/ John M. Larsen
John M. Larsen
Audit Master, Tax Division
(907) 269-8436

SUPPLEMENTAL ADDITIONAL REGULATIONS NOTICE INFORMATION
[AS 44.62.190(d)]

1. Adopting Agency: Department of Revenue, Tax Division
2. General subject of regulation: Alaska Oil and Gas Exploration, Production, and Pipeline Transportation Property Taxes: Appeal procedures, limitations on assessed property values, establishment of proven reserves, and other conforming changes.
3. Citation of regulations: 15 AAC 05 sections to be amended or added: 15 AAC 05 amend section 010; 15 AAC 56 sections to be amended or repealed: 015, 020, 030, 050, 070, and 100.
4. Department of Law file number: JU2015200857
5. Reason for the proposed action:
 - ☐ compliance with federal law
 - ☒ compliance with new or changed state statutes
 - ☒ compliance with court order
 - ☒ development of program standards
 - ☐ other: (please list)
6. Appropriation/Allocation: Tax Division, Revenue Operations
7. Estimated annual cost to comply with the proposed action to:
 - A private person: \$0*
 - Another state agency: \$0*
 - A municipality: \$0*

‘*’ The department does not expect that any additional costs would be incurred to a private person, another state agency, or a municipality.

8. Cost of implementation to the state agency and available funding (in thousands of dollars):
No costs are expected in FY 2017 or subsequent years.

	Initial Year FY 2017	Subsequent Years
Operating Cost	\$ <u>0</u>	\$ <u>0</u>
Capital Cost	\$ <u>0</u>	\$ <u>0</u>
1002 Federal receipts	\$ <u>0</u>	\$ <u>0</u>
1003 General fund match	\$ <u>0</u>	\$ <u>0</u>
1004 General fund	\$ <u>0</u>	\$ <u>0</u>
1005 General fund/ Program	\$ <u>0</u>	\$ <u>0</u>
1037 General fund/ mental health	\$ <u>0</u>	\$ <u>0</u>
Other	\$ <u>0</u>	\$ <u>0</u>

9. The name of the contact person for the regulations:

Name: John Larsen
 Title: Audit Master
 Address: 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501
 Telephone: (907) 269-8436
 FAX: (907) 269-6644
 E-mail: john.larsen@alaska.gov

10. The origin of the proposed action:

☒ staff of state agency
☐ Federal government
☐ General public
☐ petition for regulation change
☐ other (please list)

11. Date: September 21, 2016

Prepared by: /s/ John M. Larsen
 John M. Larsen
 Audit Master, Tax Division
 (907) 269-8436

AFFIDAVIT OF NOTICE OF PROPOSED REGULATION
AND FURNISHING OF ADDITIONAL INFORMATION

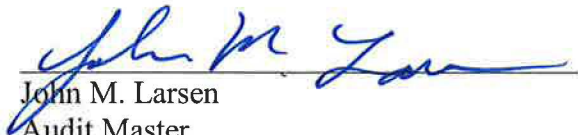
I, John M. Larsen, Audit Master, Department of Revenue, being sworn, state the following:

As required by AS 44.62.190, notice of the proposed adoption of changes to Chapters 05 and 56 of the Alaska Administrative Code; 15 AAC 05.010: notice of assessment; 15 AAC 56.015: dealing with appeal procedures; 15 AAC 56.020: dealing with appeals to the department; 15 AAC 56.030: dealing with appeals to the state assessment review board; 15 AAC 56.050: dealing with credits and refunds; 15 AAC 56.070: dealing with the assessed full and true value of property in the state; and 15 AAC 56.100: dealing with assessment of production property has been given by being:

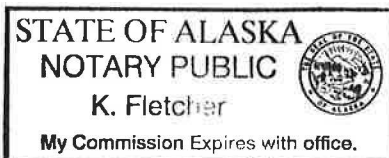
- (1) published in a newspaper or trade publication;
- (2) furnished to interested persons;
- (3) furnished to appropriate state officials;
- (4) furnished to the Department of Law, along with a copy of the proposed regulations;
- (5) furnished electronically to incumbent State of Alaska legislators;
- (6) furnished electronically to the Legislative Affairs Agency, Division of Legal and Research Services;
- (7) posted on the Alaska Online Public Notice System as required by AS 44.62.175(a)(1) and (b) and 44.62.190(a)(1);
- (8) furnished electronically, along with a copy of the proposed regulations, to the Legislative Affairs Agency, the chairs of the Finance Committee of the Alaska Senate and House of Representatives, the Administrative Regulation Review Committee, and the legislative council.

As required by AS 44.62.190(d), additional regulations notice information regarding the proposed adoption of the regulation changes described above has been furnished to interested persons and those in (5) and (6) of the list above. The additional regulations notice information also has been posted on the Alaska Online Public Notice System.

DATE: 10-28-16
Anchorage, Alaska


John M. Larsen
Audit Master
Department of Revenue

SUBSCRIBED AND SWORN TO before me at Anchorage, Alaska
on October 28, , 2016 .




Notary Public in and for the State of Alaska

270235
0001392900
\$408.38

RECEIVED

OCT 07 2016

Tax Division
Department of Revenue
Anchorage, Alaska

AFFIDAVIT OF PUBLICATION

STATE OF ALASKA

THIRD JUDICIAL DISTRICT

Emma Dunlap
being first duly sworn on oath deposes and
says that he/she is a representative of the
Alaska Dispatch News, a daily newspaper.
That said newspaper has been approved
by the Third Judicial Court, Anchorage,
Alaska, and it now and has been published
in the English language continually as a
daily newspaper in Anchorage, Alaska, and
it is now and during all said time was
printed in an office maintained at the
aforesaid place of publication of said
newspaper. That the annexed is a copy of
an advertisement as it was published in
regular issues (and not in supplemental
form) of said newspaper on

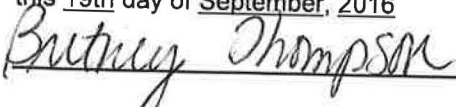
September 17, 2016

and that such newspaper was regularly
distributed to its subscribers during all of
said period. That the full amount of the fee
charged for the foregoing publication is not
in excess of the rate charged private
individuals.

Signed



Subscribed and sworn to before me
this 19th day of September, 2016



Notary Public in and for
The State of Alaska.
Third Division
Anchorage, Alaska

MY COMMISSION EXPIRES

2/23/2019
Notary Public
BRITNEY L. THOMPSON
State of Alaska
My Commission Expires Feb 23, 2019

NOTICE OF PROPOSED CHANGES IN THE REGULATIONS OF THE DEPARTMENT OF REVENUE

BRIEF DESCRIPTION: The Department of Revenue proposes regulations to implement conforming changes to statutes and legislation enacted in 2014 (SB 138) affecting the oil and gas properties tax. The proposed regulations relate to appeal procedures, percentage limitations to be applied to assessed value by the department, and conforming and clarifying changes related to recent legislation affecting the oil and gas properties tax.

The Department of Revenue proposes to adopt regulation changes in Title 15, Chapter 56 of the Alaska Administrative Code, dealing with the administration of revenue laws and the oil and gas properties tax, including the following:

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- (2) **15 AAC 56.015. Appeal procedures**, is proposed to be repealed to conform to recent court decisions regarding appeal procedures.
- (3) **15 AAC 56.020. Appeal to the department**, is proposed to be amended to clarify that an appeal must be timely to be considered by the department.
- (4) **15 AAC 56.030. Appeal to the state assessment review board**, is proposed to be amended to clarify that an appeal must be timely to be considered by the department.
- (5) **15 AAC 56.050. Credit and refund**, is proposed to be amended to conform to changes in statute.
- (6) **15 AAC 56.070. Average per capita assessed full and true value of property in the state**, is proposed to be amended to account for the change in the limitation of assessed value from the former 225 percent under AS 29.45.080(c) to the stair-stepped rates in AS 29.45.080(f).
- (7) **15 AAC 56.100. Production property**, is proposed to be amended to delete a provision relating to the establishment of proven reserves.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to: John Larsen, Audit Master, Alaska Department of Revenue, 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501.

Additionally, the Department of Revenue will accept comments by electronic mail to john.larsen@alaska.gov, or by facsimile at (907) 269-6644. **Written comments must be received no later than 12:00 p.m., on Thursday, October 20, 2016.**

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact John Larsen at (907) 269-8436 no later than October 17, 2016 to ensure that any necessary accommodations can be provided.

For a copy of the proposed regulation changes, contact the Tax Division at (907) 269-8436 or go to the Division's Internet website at <http://www.tax.alaska.gov>.

After the public comment period ends on Thursday, October 20, 2016, the Department of Revenue will either adopt these or other provisions dealing with the same subject, without further notice, or decide to take no action on them. The language of the final regulations may be different from that of the proposed regulations. You should comment during the time allowed if your interests could be affected. Written comments received are public records and are subject to public inspection.

Statutory Authority: AS 43.05.080.
Statutes Being Implemented, Interpreted, or Made Specific: AS 29.45.080; AS 29.45.090; AS 43.56.010; AS 43.56.060; AS 43.56.110; AS 43.56.10.

Fiscal Information: The proposed regulation changes are not expected to require an increased appropriation.

DATE: September 17, 2016
Juneau, Alaska

/s/ Ken Alper
Ken Alper
Director, Tax Division
(907) 269-6620

Published: September 17, 2016

270235
0001392897
\$308.78

RECEIVED

OCT 07 2016

Tax Division
Department of Revenue
Anchorage, Alaska

AFFIDAVIT OF PUBLICATION

STATE OF ALASKA

THIRD JUDICIAL DISTRICT

Emma Dunlap
being first duly sworn on oath deposes and
says that he/she is a representative of the
Alaska Dispatch News, a daily newspaper.
That said newspaper has been approved
by the Third Judicial Court, Anchorage,
Alaska, and it now and has been published
in the English language continually as a
daily newspaper in Anchorage, Alaska, and
it is now and during all said time was
printed in an office maintained at the
aforesaid place of publication of said
newspaper. That the annexed is a copy of
an advertisement as it was published in
regular issues (and not in supplemental
form) of said newspaper on

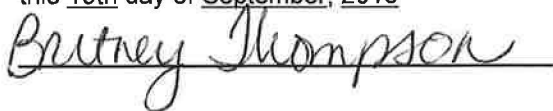
September 17, 2016

and that such newspaper was regularly
distributed to its subscribers during all of
said period. That the full amount of the fee
charged for the foregoing publication is not
in excess of the rate charged private
individuals.

Signed



Subscribed and sworn to before me
this 19th day of September, 2016



Notary Public in and for
The State of Alaska.

Third Division

Anchorage, Alaska

MY COMMISSION EXPIRES

2/23/2019

ADDITIONAL REGULATIONS NOTICE INFORMATION [AS 44.62.190(d)]

1. Adopting Agency: Department of Revenue, Tax Division
2. General subject of regulation: Alaska Oil and Gas Exploration, Production, and Pipeline Transportation Property Taxes: Appeal procedures, limitations on assessed property values, establishment of proven reserves, and other conforming changes.
3. Citation of regulations: 15 AAC 05 amend section 010; 15 AAC 56 sections to be amended or repealed: 015, 020, 030, 050, 070, and 100.
4. Department of Law file number: JU2015200857
5. Reason for the proposed action:
☐ compliance with federal law
☒ compliance with new or changed state statutes
☒ compliance with court order
☒ development of program standards
☐ other: (please list)
6. Appropriation/Allocation: Tax Division, Revenue Operations
7. Cost of implementation to the state agency and available funding (in thousands of dollars): No costs are expected in FY 2017 or subsequent years.

	Initial Year FY 2017	Subsequent Years
Operating Cost	\$ 0	\$ 0
Capital Cost	\$ 0	\$ 0
1002 Federal receipts	\$ 0	\$ 0
1003 General fund match	\$ 0	\$ 0
1004 General fund	\$ 0	\$ 0
1005 General fund/ Program	\$ 0	\$ 0
1037 General fund/ mental health	\$ 0	\$ 0
Other	\$ 0	\$ 0

8. The name of the contact person for the regulations:

Name: John Larsen
Title: Audit Master
Address: 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501
Telephone: (907) 269-8436
FAX: (907) 269-6644
E-mail: john.larsen@alaska.gov

3. The origin of the proposed action:
☒ staff of state agency
☐ Federal government
☐ General public
☐ petition for regulation change
☐ other (please list)

4. Date: September 17, 2016

Prepared by: /s/ John M. Larsen
John M. Larsen
Audit Master, Tax Division
(907) 269-8436

Published: September 17, 2016

Notary Public
BRITNEY L. THOMPSON
State of Alaska

My Commission Expires Feb 23, 2019

270235
#1393168
\$358.58

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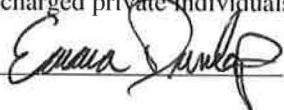
STATE OF ALASKA
THIRD JUDICIAL DISTRICT

Emma Dunlap
being first duly sworn on oath
deposes and says that she is
a representative of the
Alaska Dispatch News, a
daily newspaper. That said
newspaper has been approved
by the Third Judicial Court,
Anchorage, Alaska, and it now
and has been published in the
English language continually as a
daily newspaper in Anchorage,
Alaska, and it is now and during
all said time was printed in an
office maintained at the aforesaid
place of publication of said
newspaper. That the annexed is
a copy of an advertisement as it
was published in regular issues
(and not in supplemental form)
of said newspaper on

September 23, 2016

and that such newspaper was
regularly distributed to its
subscribers during all of said
period. That the full amount of
the fee charged for the foregoing
publication is not in excess of
the rate charged private individuals.

Signed




Subscribed and sworn to before

me this

24 day of Oct

20



Notary Public in and for
The State of Alaska.
Third Division
Anchorage, Alaska

MY COMMISSION EXPIRES

2/23/2019

Notary Public
BRITNEY L. THOMPSON
State of Alaska

My Commission Expires Feb 23, 2019

SUPPLEMENTAL ADDITIONAL REGULATIONS NOTICE INFORMATION [AS 44.62.190(d)]

1. Adopting Agency: Department of Revenue, Tax Division
2. General subject of regulation: Alaska Oil and Gas Exploration, Production, and Pipeline Transportation Property Taxes: Appeal procedures, limitations on assessed property values, establishment of proven reserves, and other conforming changes.
3. Citation of regulations: 15 AAC 05 sections to be amended or added: 15 AAC 05 amend section 010; 15 AAC 56 sections to be amended or repealed: 015, 020, 030, 050, 070, and 100.
4. Department of Law file number: JU2015200857
5. Reason for the proposed action:
☐ compliance with federal law
☒ compliance with new or changed state statutes
☒ compliance with court order
☒ development of program standards
☐ other: (please list)
6. Appropriation/Allocation: Tax Division, Revenue Operations
7. Estimated annual cost to comply with the proposed action to:
A private person: \$0*
Another state agency: \$0*
A municipality: \$0*
** The department does not expect that any additional costs would be incurred to a private person, another state agency, or a municipality.
8. Cost of implementation to the state agency and available funding (in thousands of dollars): No costs are expected in FY 2017 or subsequent years.

	Initial Year FY 2017	Subsequent Years
Operating Cost	\$ 0	\$ 0
Capital Cost	\$ 0	\$ 0
1002 Federal receipts	\$ 0	\$ 0
1003 General fund match	\$ 0	\$ 0
1004 General fund	\$ 0	\$ 0
1005 General fund/Program	\$ 0	\$ 0
1037 General fund/mental health	\$ 0	\$ 0
Other	\$ 0	\$ 0

9. The name of the contact person for the regulations:

Name: John Larsen
Title: Audit Master
Address: 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501
Telephone: (907) 269-8436
FAX: (907) 269-6644
E-mail: john.larsen@alaska.gov

10. The origin of the proposed action:
☒ staff of state agency
☐ Federal government
☐ General public
☐ petition for regulation change
☐ other (please list)

11. Date: September 21, 2016

Prepared by: /s/ John M. Larsen
John M. Larsen
Audit Master, Tax Division
(907) 269-8436

Published: September 23, 2016

270235
#1393167
\$498.02

AFFIDAVIT OF PUBLICATION

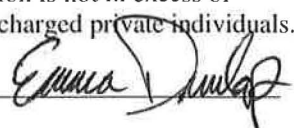
STATE OF ALASKA
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September 23, 2016

and that such newspaper was
regularly distributed to its
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period. That the full amount of
the fee charged for the foregoing
publication is not in excess of
the rate charged private individuals.

Signed



Subscribed and sworn to before

me this 24 day of Oct

20 16



Notary Public in and for
The State of Alaska,
Third Division
Anchorage, Alaska
MY COMMISSION EXPIRES

2/23/2019
Notary Public
BRITNEY L. THOMPSON
State of Alaska
My Commission Expires Feb 23, 2019

SUPPLEMENTAL NOTICE OF PROPOSED CHANGES IN THE REGULATIONS OF THE DEPARTMENT OF REVENUE

BRIEF DESCRIPTION: The Department of Revenue proposes regulations to implement conforming changes to statutes and legislation enacted in §66 ch. 14 SLA 2014 (SB 138) affecting the oil and gas properties tax. The proposed regulations relate to appeal procedures, percentage limitations to be applied to assessed value by the department, and conforming and clarifying changes related to recent legislation affecting the oil and gas properties tax.

The Department of Revenue proposes to adopt regulation changes in Title 15, Chapters 05 and 56 of the Alaska Administrative Code, dealing with the administration of revenue laws and the oil and gas properties tax, including the following:

- (1) **15 AAC 05.010. Notice of assessment**, is proposed to be amended to conform to the repeal of certain sections of the regulations that are no longer necessary to administer the property tax program.
- (2) **15 AAC 56.015. Appeal procedures**, is proposed to be repealed to conform to recent court decisions regarding appeal procedures.
- (3) **15 AAC 56.020. Appeal to the department**, is proposed to be amended to clarify that an appeal must be timely filed to be considered by the department.
- (4) **15 AAC 56.030. Appeal to the state assessment review board**, is proposed to be amended to clarify that an appeal must be timely filed to be considered by the department and the State Assessment Review Board.
- (5) **15 AAC 56.050. Credit and refund**, is proposed to be amended to conform to a referenced change in statute.
- (6) **15 AAC 56.070. Average per capita assessed full and true value of property in the state**, is proposed to be amended to account for the change in the limitation of assessed value from the former 225 percent under AS 29.45.080(c) to the stair-stepped rates in AS 29.45.080(f).
- (7) **15 AAC 56.100. Production property**, is proposed to be amended to delete a provision relating to the establishment of proven reserves.

This is a SUPPLEMENTAL NOTICE adding to the NOTICE OF PROPOSED CHANGES that was issued on September 17, 2016, concerning these proposed regulations revisions contained in the Department of Law file number JU2015200857. This SUPPLEMENTAL NOTICE is being issued to include the estimated annual cost to comply with the proposed action included as item #7 in the attached SUPPLEMENTAL ADDITIONAL REGULATIONS NOTICE INFORMATION."

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to: John Larsen, Audit Master, Alaska Department of Revenue, 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501. Additionally, the Department of Revenue will accept comments by electronic mail to john.larsen@alaska.gov, or by facsimile at (907) 269-6644. **Written comments must be received no later than 4:30 p.m., on Thursday, October 20, 2016.**

You may submit written questions relevant to the proposed action to: John Larsen at john.larsen@alaska.gov via email, or to: John Larsen,

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AFFIDAVIT OF AGENCY RECORD OF PUBLIC COMMENT

I, John Larsen, Audit Master for the Department of Revenue, being duly sworn, state the following:

In compliance with AS 44.62.215, the Department of Revenue has kept a record of its use or rejection of factual or other substantive information that was submitted in writing as public comment and that was relevant to the accuracy, coverage, or other aspect of the Department of Revenue's regulations on proposed changes to Title 15, Chapter 05, Administration of Revenue Laws and Chapter 56, Oil and Gas Exploration, Production and Pipeline Transportation Property Tax.

Date: 10-28-16


John M. Larsen, Audit Master

Subscribed and sworn to before me at Anchorage Alaska on
October 28, 2016
(date)


Notary Public in and for the State of Alaska

