

**State of Alaska**  
**Department of Revenue**  
**Notice of Public Scoping and Workshop for Possible**  
**Updates and Revisions to DOR Regulations 15 AAC 56: Oil and Gas Exploration,**  
**Production and Pipeline Transportation Property Tax**

The Alaska Department of Revenue (DOR) is considering whether it should revise regulations regarding the Oil and Gas Exploration, Production and Pipeline Transportation Property Tax under 15 AAC 56. As a first step, DOR would like to gather comments on existing regulations from the public through this scoping process. In particular, the DOR would like to gather comments on the duration of replacement value for a certified assessment roll, the determination of proven reserves, the application and calculation of the municipal tax cap, and the meaning of 'intangible drilling expenses' in AS 43.56.

The purpose of this notice is to ask the public for ideas and suggestions for possible changes to these regulations before the DOR drafts specific revisions to the regulations for public review. The DOR is not proposing any specific changes at this time. Any proposed regulatory revisions will subsequently be noticed, and made available for public review and comment under AS 44.62, the Administrative Procedures Act.

### **Background and Need for Regulations**

In 2014, the Alaska legislature in Senate Bill 138 amended the municipal tax cap under AS 43.56.010 from a flat-rate percentage (225%) to “the percentage as determined in AS 29.45.080(f)[.]” Conforming changes are required to bring the regulation into compliance with the statute and to also recognize that a new subsection (f) was added to AS 29.45.080.

Existing regulations allow that replacement cost may be determined annually. In order to make the process more efficient and relieve administrative burden, the DOR may propose that replacement cost, once established as certified on the assessment roll and except for application of an inflation adjustment, should not be revisited more often than once every five years. Additionally, the DOR will consider comments on removing or amending regulations related to the determination of proven reserves.

The DOR is also seeking comment on the meaning of ‘intangible drilling expenses’ as used in AS 43.56.

Other minor changes, such as conforming changes to recognize new or former statutes may also be made.

## Public Input

The DOR is interested in ideas from industry and the public that will make the administration of property taxes more efficient while maintaining the protections necessary for the State and its citizens. The DOR is asking for suggestions regarding the development of regulations that protect the interests of the public without also requiring undue administrative burden on participants in the oil and gas industry.

Written comments, suggestions, questions, and other input must be received by the department no later than 4:30 p.m. on Tuesday, August 16, 2016. Written comments, suggestions, questions, and other input may also be submitted by mail to:

John Larsen  
Alaska Department of Revenue  
550 W. 7<sup>th</sup> Ave., Suite 500  
Anchorage, AK 99501-3555

Written comments, suggestions, questions, and other input may also be submitted by email to: [john.larsen@alaska.gov](mailto:john.larsen@alaska.gov), or by FAX to: (907) 269-6644. For any questions regarding this scoping notice please contact John Larsen at (907) 269-8436.

The DOR will also hold a public workshop to meet with interested parties and the public regarding this notice. The public workshop will be held on Friday, August 12, 2016 from 1:30 pm to 3:30 pm, in room 104 of the Atwood Building located at 550 W. 7<sup>th</sup> Ave., Anchorage, Alaska. Those wishing to provide comment must be in attendance by no later than 2:30 p.m. Those wishing to participate by teleconference may dial in at 1-800-315-6338, Access Code: 40720.

The DOR will consider the information submitted if and when it proposes regulatory revisions to 15 AAC 56. Any proposed regulatory revisions will be publicly noticed, and made available for public review and comment under AS 44.62, the Administrative Procedures Act.

The DOR reserves the right to waive technical defects in this publication. The State of Alaska, Department of Revenue, complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who may need auxiliary aides, services, or special modifications to participate in this scoping request may contact the above address, email, or the TDD number (907) 269-8411 by 4:30 pm, Tuesday, August 9, 2016.

Published: July 29, 2016