

**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. The DOR has been for several years applying depreciation under a certain methodology for production and pipeline properties. For clarity and transparency reasons, DOR is considering the implementation of regulations to clarify the specific methodology in the Alaska Administrative Code. In particular, the DOR would like to present the methodology to interested parties and the public, and then gather comments.

The purpose of this notice is to notify interested parties and the public that this presentation will take place, and ask for comments in regard to the methodology and for other possible changes to existing regulations before the DOR drafts specific revisions to the regulations for public review and comment. The DOR is not proposing any specific changes at this time. Any proposed regulatory revisions will subsequently be publicly noticed, and made available for public review and comment under AS 44.62, the Administrative Procedures Act.

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

Recent litigation regarding the assessed value of pipeline transportation properties has resulted in determinations from the Alaska Supreme Court that a use value standard is a proper premise under which to apply assessment methodology in administering AS 43.56.060(e). While the courts' decisions applied to the Trans-Alaska Pipeline System, and more specifically, subsection “(e)” of AS 43.56.060, the DOR believes that subsection “(d)” of AS 43.56.060 covering production property should be treated consistently. Accordingly, the DOR is holding this workshop to present and discuss an appropriate methodology under the use value criteria that is efficient, transparent, and easily verifiable by interested parties, and is both stable and predictable for use in future assessments by the DOR.

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, municipalities, and other members of the public on DOR's depreciation methodology in administering AS 43.56.060(d) and (e) that will make the administration of property taxes more efficient. The DOR is asking for comments regarding the development of regulations that protect the interests of the public without also requiring

unnecessary administrative burden on either the State or property taxpayers 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 Monday, July 31, 2017. Written comments, suggestions, questions, and other input may 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 public workshop that is the subject of this notice will be held on Tuesday, July 11, 2017 from 1:30 pm to 4:30 pm, in the East Hearing Conference Room of the Regulatory Commission of Alaska, located at 701 W. 8<sup>th</sup> Avenue, Suite 300, Anchorage, Alaska. Those wishing to provide comment, either in writing or orally, at the workshop must be in attendance by no later than 2:30 p.m. Those wishing to participate by teleconference may dial into the workshop at 1-800-315-6338, Access/Participant PIN 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, Friday, July 7, 2017.

June 29, 2017