

**SENATE BILL NO. 137**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/19/16

Referred: Resources, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1    **"An Act requiring the electronic filing of a tax return or report with the Department of**  
2    **Revenue; establishing a civil penalty for failure to electronically file a return or report;**  
3    **relating to exemptions from the mining license tax; relating to the mining license tax**  
4    **rate; relating to mining license application, renewal, and fees; and providing for an**  
5    **effective date."**

6    **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7       **\* Section 1.** AS 43.05.220 is amended to add a new subsection to read:

8               (f) A penalty of \$25 or one percent of the total tax before any payment,  
9               whichever is greater, shall be assessed against a taxpayer that fails to electronically  
10              submit a return or report under AS 43.05.222, unless the taxpayer has received an  
11              exemption under AS 43.05.222 or can show reasonable cause.

12       **\* Sec. 2.** AS 43.05 is amended by adding a new section to read:

13               **Sec. 43.05.222. Electronic submission of return or report.** (a) A taxpayer

required to submit a return or report for a tax levied under AS 43 or any other tax administered by the department shall submit the return or report electronically in a format prescribed by the department. Unless the taxpayer has received an exemption under (b) of this section or can show reasonable cause, a return or report not submitted electronically is subject to a civil penalty under AS 43.05.220.

(b) A taxpayer may request an exemption from the requirement that a return or report be submitted electronically. The taxpayer or taxpayer's representative shall contact the department and request the exemption before the return or report is due and shall submit evidence that the taxpayer does not have the capability to submit the return or report electronically. An exemption granted under this subsection is valid for two years after the first tax filing due date after the exemption is granted; after the two year period, the taxpayer may apply for another exemption.

\* **Sec. 3.** AS 43.65.010(a) is amended to read:

(a) A person prosecuting or attempting to prosecute, or engaging in the business of mining in the state shall obtain a license from the department. [ALL NEW MINING OPERATIONS ARE EXEMPT FROM THE TAX LEVIED BY THIS CHAPTER FOR THREE AND ONE-HALF YEARS AFTER PRODUCTION BEGINS.]

\* **Sec. 4.** AS 43.65.010(c) is amended to read:

(c) The license tax on mining is as follows: upon the net income of the taxpayer from the property in the state, computed with allowable depletion, plus royalty received in connection with mining property in the state

over \$40,000 and not over \$50,000 .....	3 percent
over \$50,000 and not over \$100,000 .....	\$1,500 plus
5 percent of the excess over \$50,000	
over \$100,000 .....	\$4,000 plus
<u>9</u> [7] percent of the excess over \$100,000.	

\* **Sec. 5.** AS 43.65.020(d) is amended to read:

(d) [A TAXPAYER'S RETURN SHALL BE MADE TO THE DEPARTMENT AT JUNEAU]. A taxpayer shall make a return either on a calendar year or fiscal year basis, in conformance with the basis used in making the taxpayer's

1 return for federal income tax purposes.

2 \* **Sec. 6.** AS 43.65.030 is amended to read:

3 **Sec. 43.65.030. Application, renewal, and fees [FOR RENEWALS]. The**  
 4 **fee for a mining license is \$50.** Application for renewal of a mining license shall be  
 5 made before **January 1** [MAY 1] of each year. **The fee for a renewal is \$50.**

6 \* **Sec. 7.** AS 27.30.030(b)(2); AS 43.65.010(b), and 43.65.060(4) are repealed.

7 \* **Sec. 8.** The uncoded law of the State of Alaska is amended by adding a new section to  
 8 read:

9 APPLICABILITY. (a) AS 43.65.010(a), as amended by sec. 3 of this Act, applies to  
 10 all mining operations in which production has begun on or after the effective date of this Act.

11 (b) AS 43.65.010(c), as amended by sec. 4 of this Act, applies to net income of the  
 12 taxpayer from the property in the state during a taxable year that begins on or after the  
 13 effective date of sec. 4 of this Act.

14 \* **Sec. 9.** The uncoded law of the State of Alaska is amended by adding a new section to  
 15 read:

16 TRANSITION. In administering the application of the exploration incentive credit  
 17 under AS 27.30, AS 27.30.030(b)(2), as that subsection read on June 30, 2016, applies to an  
 18 accounting under AS 27.30.030(b) for a person who began mining production before the  
 19 effective date of this Act.

20 \* **Sec. 10.** The uncoded law of the State of Alaska is amended by adding a new section to  
 21 read:

22 TRANSITION: REGULATIONS. The Department of Revenue may adopt regulations  
 23 necessary to implement the changes made by this Act. The regulations take effect under  
 24 AS 44.62 (Administrative Procedure Act), but not before the effective date of the law  
 25 implemented by the regulation.

26 \* **Sec. 11.** Section 10 of this Act takes effect immediately under AS 01.10.070(c).

27 \* **Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect July 1, 2016.