



## Sectional Analysis, HB 253

### Mining License Tax Bill

January 22, 2016

- Sec. 1.** Adds a \$25 or 1% tax penalty for failure to file electronically unless an exemption is received by the taxpayer.
- Sec. 2.** Requires electronic submission of tax returns, license applications, and other documents submitted to the Department of Revenue. This changes the general tax statutes, AS 43.05, and will apply to all tax types administered by the department. Provides a process to request an exemption if a taxpayer does not have the technological capability to do so.
- Sec. 3.** Removes the 3 ½ year exemption for new mining operations until after production begins from the mining tax. Instead, any persons engaged in the business of mining in the state will need to obtain a license and file an annual mining license tax return.
- Sec. 4.** Increases the highest tax rate from 7% to 9% for net taxable income in excess of \$100,000. The other tax rates remain the same. For net income over \$100,000 the tax is \$4,000 plus 9% of the amount in excess of \$100,000.
- Sec. 5.** Conforming language related to the requirement to submit returns or reports electronically. This section deletes the requirement for taxpayers to submit their returns to the department in Juneau.
- Sec. 6.** Establishes a mining license fee of \$50 per year, a license renewal fee of \$50 per year, and changes the due date for applications and renewals from May 1 to January 1.
- Sec. 7.** Conforming language related to the repeal of the 3 ½ year tax exemptions for new mining operations. Repeals AS 27.30.030(b)(2), AS 43.65.010(b), and AS 43.65.060(4).
- Sec. 8.** Applicability language to clarify that the change in Sec. 3 applies to all new mining operations in which production has begun on or after the effective date.
- Sec. 9.** Transition language so that the language repealed in Sec. 7 should be read as it was before the effective date while administering a certain tax credit for a person who began a mining operation before the effective date.
- Sec. 10.** Transitional language allowing for regulations
- Sec. 11.** Section 10 above takes effect immediately.
- Sec. 12.** Effective date of 7/1/16 for the rest of the bill including the tax rate change.