

STATE OF ALASKA

THE LEGISLATURE

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Urging the U. S. Senate to reserve from ratification Articles 9 and 10 of the proposed United States-United Kingdom Tax Convention.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the government of the United States has requested the advice and consent of the United States Senate to the "Convention Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion With Respect to Taxes on Income and Capital Gains", which was signed by the United States government on December 31, 1975; and

WHEREAS Articles 9 and 10 of the Convention would seriously limit the abilities of the several states to tax corporate income earned in those states by United Kingdom corporations; and

WHEREAS the current diversity of tax laws in various states and nations allows interstate and multi-national corporations to shuffle their accounting of income, deductions, receipts and expenditures between jurisdictions in such a way as to avoid taxes lawfully levied by the states; and

WHEREAS the "unitary business doctrine" which allocates the income of the entire corporation among jurisdictions by a fixed formula is the best means individual states have for claiming their full share in taxes of the total taxable income of the interstate corporation; and

WHEREAS Article 9 of the United States-United Kingdom tax treaty would limit the states' right to develop a reasonable system of taxation; and

WHEREAS the use of the federal treaty power is, under our federal constitution, a most inappropriate mechanism to deal with the taxing powers of the states;

BE IT RESOLVED that the Alaska State Legislature respectfully urges that the United States Senate reserve from ratification Articles 9 and 10 of the United States-United Kingdom Tax Convention.

COPIES of this resolution shall be sent to the Honorable John Sparkman, Chairman of the Senate Foreign Relations Committee; to the Honorable Ted Stevens and the Honorable Mike Gravel, U. S. Senators for Alaska; to the Honorable Cyrus R. Vance, Secretary of State; and to the Honorable W. Michael Blumenthal, Secretary of the Treasury.