

SENATE BILL NO. 5002

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIFTH SPECIAL SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 7/11/16

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the exploration incentive credit; increasing the motor fuel tax;
2 increasing the taxes on cigarettes and tobacco products; taxing electronic smoking
3 products; adding a definition of 'electronic smoking product' and requiring labeling of
4 an electronic smoking product; increasing the excise tax on alcoholic beverages; relating
5 to exemptions from the mining license tax; removing the minimum and maximum
6 restrictions on the annual base fee for the reissuance or renewal of an entry permit or an
7 interim-use permit; increasing the mining license tax rate; relating to mining license
8 application, renewal, and fees; increasing the fisheries business tax and fishery resource
9 landing tax; relating to refunds to local governments; and providing for an effective
10 date."

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

12 * **Section 1.** AS 16.43.160(c) is amended to read:

1 (c) The annual base fee for issuance or renewal of an entry permit or an
 2 interim-use permit [MAY NOT BE LESS THAN \$30 OR MORE THAN \$3,000. THE
 3 ANNUAL BASE FEE] must reasonably reflect the different rates of economic return
 4 for different fisheries. In addition to the annual base fee established by the commission
 5 under this subsection, a nonresident shall pay an annual nonresident surcharge for the
 6 issuance or renewal of one or more entry permits or interim-use permits. The
 7 commission shall establish the annual nonresident surcharge by regulation [AT AN
 8 AMOUNT THAT IS AS CLOSE AS IS PRACTICABLE TO THE MAXIMUM
 9 ALLOWED BY LAW].

10 * **Sec. 2.** AS 27.30.030(a) is amended to read:

11 (a) In a tax year [OR ROYALTY PAYMENT PERIOD], subject to (c) of this
 12 section and the respective limitations of this subsection, the person may apply the
 13 credit, the taking of which was approved under AS 27.30.020(2), against [(1)] taxes
 14 payable by the person

15 **(1)** [(A)] under AS 43.65; application of the credit under this
 16 **paragraph** [SUBPARAGRAPH] may not exceed the lesser of

17 **(A)** [(i)] 50 percent of the person's tax liability under AS 43.65
 18 for the tax year that is related to production from the mining operation at which
 19 the exploration activities occurred, as shown under (b) of this section; or

20 **(B)** [(ii)] 50 percent of the person's total tax liability under
 21 AS 43.65 for the tax year;

22 **(2)** [(B)] under AS 43.20; application of the credit under this
 23 **paragraph** [SUBPARAGRAPH] may not exceed the lesser of

24 **(A)** [(i)] an amount equal to the amount determined under
 25 **(1)(A)** [(A)(i)] of this **subsection** [PARAGRAPH]; or

26 **(B)** [(ii)] 50 percent of the person's total tax liability under
 27 AS 43.20 for the tax year [; AND

28 (2) MINERAL PRODUCTION ROYALTY PAYMENTS PAYABLE
 29 BY THE PERSON UNDER AS 38.05.135 - 38.05.160 AND 38.05.212 FOR
 30 PRODUCTION FROM THE MINING OPERATION AT WHICH THE
 31 EXPLORATION ACTIVITIES OCCURRED; APPLICATION OF THE CREDIT

1 UNDER THIS PARAGRAPH MAY NOT EXCEED 50 PERCENT OF THE
 2 PERSON'S MINERAL PRODUCTION ROYALTY PAYMENT LIABILITY FROM
 3 THE MINING OPERATION AT WHICH THE EXPLORATION ACTIVITIES
 4 OCCURRED].

5 * **Sec. 3.** AS 27.30.030(b) is amended to read:

6 (b) If the person applies the credit against the person's tax liability under
 7 (a)(1)(A) or (a)(2)(A) [(a)(1)(A)(i) OR (a)(1)(B)(i)] of this section, the commissioner
 8 of revenue shall disallow application of the credit under that provision unless the
 9 person files with the person's tax return an accounting of the person's mining operation
 10 activities for each mining operation that is included in the tax return and as to which
 11 the credit is being applied. The accounting of mining operation activities required by
 12 this subsection shall be made

13 (1) on a form prescribed by the Department of Revenue; on the form,
 14 the person shall

15 (A) identify the mining operations for which the credit is
 16 claimed; and

17 (B) set out the gross income attributable to the mining
 18 operations and other information about the mining operations that the
 19 Department of Revenue may require;

20 (2) without regard to an exemption to which the person may be entitled
 21 under AS 43.65.010(a).

22 * **Sec. 4.** AS 27.30.040 is amended to read:

23 **Sec. 27.30.040. Credit may be carried forward.** Except as its application is
 24 limited by AS 27.30.030 and 27.30.050, a portion of a credit that is not applied under
 25 AS 27.30.030 during a tax year [OR ROYALTY PAYMENT PERIOD] may be
 26 carried forward to and applied during a subsequent tax year [OR ROYALTY
 27 PAYMENT PERIOD].

28 * **Sec. 5.** AS 27.30.050 is amended to read:

29 **Sec. 27.30.050. Limit on application of credit.** An exploration incentive
 30 credit for a mining operation may not exceed \$20,000,000 and must be applied within
 31 15 tax years [OR ROYALTY PAYMENT PERIODS] after the taking of the credit is

1 approved under AS 27.30.020(2), but the tax years [OR ROYALTY PAYMENT
2 PERIODS] in which the credit is applied need not be

3 (1) the tax year [OR ROYALTY PAYMENT PERIOD] in which the
4 person first incurs liability for payment of tax [OR ROYALTY] based on the person's
5 activity that is the basis of the claim of the exploration incentive credit; or

6 (2) consecutive periods.

7 * **Sec. 6.** AS 38.05.150(d) is amended to read:

8 (d) For the privilege of mining or extracting the coal in the land covered by
9 the lease, the lessee

10 (1) shall pay to the state the royalties specified in the lease; the
11 royalties shall be fixed before offering the lease, and shall be effective for a period of
12 not more than 20 years; the royalties shall be not less than five cents a ton of 2,000
13 pounds; [THE ROYALTY PAYMENT IS SUBJECT TO THE EXPLORATION
14 INCENTIVE CREDIT AUTHORIZED BY AS 27.30;]

15 (2) shall also pay an annual rental, payable at the date of the lease and
16 annually thereafter, on the land or coal deposits covered by the lease, at a rate fixed by
17 the commissioner before offering the lease; the annual rental shall be effective for a
18 period of not more than 20 years; the annual rental shall be not less than 25 cents an
19 acre for the first year of the lease, not less than 50 cents an acre for the second year,
20 third year, fourth year and fifth year, and not less than \$1 an acre for each year
21 thereafter during the continuance of the lease; the rental for each year shall be credited
22 against the royalties as they accrue for that year; each lease shall provide that the
23 annual rental payment is subject to adjustment at intervals of **not** [NO] more than 20
24 years and adjustments shall be based on the current rates for properties similarly
25 situated.

26 * **Sec. 7.** AS 43.40.010(a) is amended to read:

27 (a) In addition to the surcharge levied under AS 43.40.005, there is levied a
28 tax of **16** [EIGHT] cents a gallon on all motor fuel sold or otherwise transferred within
29 the state, except that

30 (1) the tax on aviation gasoline is **seven** [FOUR AND SEVEN-
31 TENTHS] cents a gallon;

1 (2) the tax on motor fuel used in and on watercraft of all descriptions is
2 **10** [FIVE] cents a gallon;

3 (3) the tax on all aviation fuel other than gasoline is **six and one-half**
4 [THREE AND TWO-TENTHS] cents a gallon; and

5 (4) the tax rate on motor fuel that is blended with alcohol is the same
6 tax rate a gallon as other motor fuel; however, in an area and during the months in
7 which fuel containing alcohol is required to be sold, transferred, or used in an effort to
8 attain air quality standards for carbon monoxide as required by federal or state law or
9 regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon
10 less than the tax on other motor fuel not described in (1) - (3) of this subsection.

11 * **Sec. 8.** AS 43.40.010(b) is amended to read:

12 (b) In addition to the surcharge levied under AS 43.40.005, there is levied a
13 tax of **16** [EIGHT] cents a gallon on all motor fuel consumed by a user, except that

14 (1) the tax on aviation gasoline consumed is **seven** [FOUR AND
15 SEVEN-TENTHS] cents a gallon;

16 (2) the tax on motor fuel used in and on watercraft of all descriptions is
17 **10** [FIVE] cents a gallon;

18 (3) the tax on all aviation fuel other than gasoline is **six and one-half**
19 [THREE AND TWO-TENTHS] cents a gallon; and

20 (4) the tax rate on motor fuel that is blended with alcohol is the same
21 tax rate a gallon as other motor fuel; however, in an area and during the months in
22 which fuel containing alcohol is required to be sold, transferred, or used in an effort to
23 attain air quality standards for carbon monoxide as required by federal or state law or
24 regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon
25 less than the tax on other motor fuel not described in (1) - (3) of this subsection.

26 * **Sec. 9.** AS 43.40.030(a) is amended to read:

27 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
28 operate an internal combustion engine is entitled to a motor fuel tax refund of **12** [SIX]
29 cents a gallon if

30 (1) the tax on the motor fuel has been paid;

31 (2) the motor fuel is not aviation fuel, or motor fuel used in or on

1 watercraft; and

2 (3) the internal combustion engine is not used in or in conjunction with
3 a motor vehicle licensed to be operated on public ways.

4 * **Sec. 10.** AS 43.50.150(c) is amended to read:

5 (c) The department may enter into an agreement with a municipality that
6 imposes a tax on cigarettes, **electronic smoking products**, or other tobacco products
7 for the purpose of jointly auditing a person liable for a tax under AS 43.50.010 -
8 43.50.390 and the municipal tax on cigarettes, **electronic smoking products**, or other
9 tobacco products.

10 * **Sec. 11.** AS 43.50.170 is amended by adding a new paragraph to read:

11 (13) "electronic smoking product" has the meaning given in
12 AS 43.50.390.

13 * **Sec. 12.** AS 43.50.190(a) is amended to read:

14 (a) There is levied an excise tax on each cigarette imported or acquired in this
15 state **of 112** [,

16 (1) AFTER DECEMBER 31, 2004, BUT BEFORE JULY 1, 2006, 42
17 MILLS;

18 (2) AFTER JUNE 30, 2006, BUT BEFORE JULY 1, 2007, 52
19 MILLS;

20 (3) AFTER JUNE 30, 2007, 62] mills.

21 * **Sec. 13.** AS 43.50.300 is amended to read:

22 **Sec. 43.50.300. Excise tax levied.** An excise tax is levied on tobacco products
23 in the state at the rate of **100** [75] percent of the wholesale price of the tobacco
24 products. The tax is levied when a person

25 (1) brings, or causes to be brought, a tobacco product into the state
26 from outside the state for sale;

27 (2) makes, manufactures, or fabricates a tobacco product in the state
28 for sale in the state; or

29 (3) ships or transports a tobacco product to a retailer in the state for
30 sale by the retailer.

31 * **Sec. 14.** AS 43.50 is amended by adding a new section to read:

1 **Sec. 43.50.305. Electronic smoking products excise tax; labeling.** (a) An
 2 excise tax is levied on electronic smoking products in the state at the rate of 75 percent
 3 of the wholesale price of the electronic smoking product. The tax is levied when a
 4 person

5 (1) brings, or causes to be brought, an electronic smoking product into
 6 the state from outside the state for sale;

7 (2) makes, manufactures, or fabricates an electronic smoking product
 8 in the state for sale in the state; or

9 (3) ships or transports a tobacco product to a retailer in the state for
 10 sale by the retailer.

11 (b) An electronic smoking product sold in the state that contains nicotine must
 12 be prominently labeled "CONTAINS NICOTINE."

13 * **Sec. 15.** AS 43.50.310(b) is amended to read:

14 (b) The tax does not apply to a tobacco product **or electronic smoking**
 15 **product** if the United States Constitution or other federal laws prohibit the levying of
 16 the tax on the product by the state.

17 * **Sec. 16.** AS 43.50.320(a) is amended to read:

18 (a) Except as provided in (g) of this section, a person must be licensed by the
 19 department if the person engages in business as a distributor for a tobacco product **or**
 20 **electronic smoking product** that is subject to the tax.

21 * **Sec. 17.** AS 43.50.330(a) is amended to read:

22 (a) On or before the last day of each calendar month, a licensee shall file a
 23 return with the department. The return must state the number or amount of tobacco
 24 products **or electronic smoking products** sold by the licensee during the preceding
 25 calendar month, the selling price of the tobacco products **or electronic smoking**
 26 **products**, and the amount of tax imposed on the tobacco products **or electronic**
 27 **smoking products**.

28 * **Sec. 18.** AS 43.50.335 is amended to read:

29 **Sec. AS 43.50.335. Tax credits and refunds.** The department shall adopt
 30 procedures for a refund or credit to a licensee of the tax paid for tobacco products **or**
 31 **electronic smoking products** that have become unfit for sale, are destroyed, or are

1 returned to the manufacturer for credit or replacement if the licensee provides proof
 2 acceptable to the department that the tobacco products **or electronic smoking**
 3 **products** have not been and will not be consumed in this state.

4 * **Sec. 19.** AS 43.50.340 is amended to read:

5 **Sec. 43.50.340. Records.** A licensee shall keep a complete and accurate record
 6 of all tobacco products **or electronic smoking products** of the licensee subject to the
 7 tax, including purchase prices, sales prices, the names and addresses of the sellers and
 8 the purchasers, the dates of delivery, the quantities of tobacco products **or electronic**
 9 **smoking products**, and the trade names and brands. Statements and records required
 10 by this section must be in the form prescribed by the department, preserved for three
 11 years, and available for inspection upon demand by the department.

12 * **Sec. 20.** AS 43.50.390(4) is amended to read:

13 (4) "tobacco product"

14 **(A)** means

15 **(i)** [(A)] a cigar;

16 **(ii)** [(B)] a cheroot;

17 **(iii)** [(C)] a stogie;

18 **(iv)** [(D)] a perique;

19 **(v)** [(E)] snuff and snuff flour;

20 **(vi)** [(F)] smoking tobacco, including granulated, plug-
 21 cut, crimp-cut, ready-rubbed, and any form of tobacco suitable for
 22 smoking in a pipe or cigarette;

23 **(vii)** [(G)] chewing tobacco, including cavendish, twist,
 24 plug, scrap, and tobacco suitable for chewing; or

25 **(viii)** [(H)] an article or product made of tobacco or a
 26 tobacco substitute, but not including a cigarette as defined in
 27 AS 43.50.170;

28 **(B) does not include a product that has been approved by**
 29 **the United States Food and Drug Administration for sale as a smoking**
 30 **cessation product, tobacco dependence product, or modified risk tobacco**
 31 **product;**

1 * **Sec. 21.** AS 43.50.390(5) is amended to read:

2 (5) "wholesale price" means, **for a tobacco product or electronic**
 3 **smoking product**

4 (A) **acquired from a manufacturer,** the **gross invoice**
 5 [ESTABLISHED] price, **including all federal excise taxes, at** [FOR] which
 6 **the** [A] manufacturer sells a tobacco product **or electronic smoking product**
 7 to **an unaffiliated** [A] distributor after **a** deduction of a **trade** discount or other
 8 reduction received by the distributor [FOR QUANTITY OR CASH IF THE
 9 MANUFACTURER'S ESTABLISHED PRICE IS ADEQUATELY
 10 SUPPORTED BY BONA FIDE ARM'S LENGTH SALES AS
 11 DETERMINED BY THE DEPARTMENT]; or

12 (B) **not acquired from a manufacturer,** the **gross invoice**
 13 price, **including all federal excise taxes, after a deduction of a trade**
 14 **discount or other reduction** [AS DETERMINED BY THE DEPARTMENT,
 15 FOR WHICH TOBACCO PRODUCTS OF COMPARABLE RETAIL PRICE
 16 ARE SOLD TO DISTRIBUTORS IN THE ORDINARY COURSE OF
 17 TRADE IF THE MANUFACTURER'S ESTABLISHED PRICE DOES NOT
 18 MEET THE STANDARDS OF (A) OF THIS PARAGRAPH].

19 * **Sec. 22.** AS 43.50.390 is amended by adding a new paragraph to read:

20 (6) "electronic smoking product"

21 (A) means a component, solution, vapor product, or other
 22 related product of an electronic cigarette, electronic cigar, electronic cigarillo,
 23 electronic pipe, or other similar product that is manufactured and sold for the
 24 purpose of being aerosolized to deliver nicotine to the person inhaling; if the
 25 product is sold as a disposable integrated unit containing a power source and
 26 delivery system, or as a kit containing a refillable electronic smoking system
 27 and power source, the entire unit shall be considered an electronic smoking
 28 product for the purposes of this definition;

29 (B) does not include a

30 (i) product that is subject to taxation under
 31 AS 43.61.010 - 43.61.050 that does not contain nicotine;

1 (ii) drug, product, or combination product approved for
 2 sale by the United States Food and Drug Administration, as those terms
 3 are defined in 21 U.S.C. 301-392 (Food, Drug, and Cosmetic Act); or

4 (iii) product that has been approved by the United
 5 States Food and Drug Administration for sale as a smoking cessation
 6 product, tobacco dependence product, or modified risk tobacco product.

7 * **Sec. 23.** AS 43.60.010(a) is amended to read:

8 (a) Except as provided in (c) of this section, every brewer, distiller, bottler,
 9 jobber, retailer, wholesaler, or manufacturer who sells alcoholic beverages in the state
 10 or who consigns shipments of alcoholic beverages into the state, whether or not the
 11 alcoholic beverages are brewed, distilled, bottled, or manufactured in the state, shall
 12 pay on all malt beverages (alcoholic content of one percent or more by volume),
 13 wines, and hard or distilled alcoholic beverages, the following taxes:

14 (1) malt beverages at the rate of \$2.14 [\$1.07] a gallon or fraction of a
 15 gallon;

16 (2) cider with at least 0.5 percent alcohol by volume but not more than
 17 seven percent alcohol by volume, at the rate of \$2.14 [\$1.07] a gallon or fraction of a
 18 gallon;

19 (3) wine or other beverages, other than beverages described in (1) or
 20 (2) of this subsection, of 21 percent alcohol by volume or less, at the rate of \$5 [\$2.50]
 21 a gallon or fraction of a gallon; and

22 (4) other beverages having a content of more than 21 percent alcohol
 23 by volume at the rate of \$25.60 [\$12.80] a gallon.

24 * **Sec. 24.** AS 43.60.010(c) is amended to read:

25 (c) A brewer shall pay a tax at the rate of 70 [35] cents a gallon on sales of the
 26 first 60,000 barrels of beer sold in the state each fiscal year beginning July 1, 2001, for
 27 beer produced in the United States if the producing brewery meets the qualifications of
 28 26 U.S.C. 5051(a)(2). To qualify for the tax rate under this subsection, the brewer
 29 must file with the department a copy of an Alcohol and Tobacco Tax and Trade
 30 Bureau acknowledged copy of the brewer's notice of intent to pay reduced rate of tax
 31 required under 27 C.F.R. 25.167 for the calendar year in which the fiscal year begins

1 for which the partial exemption is sought. If proof of eligibility is not received by the
 2 department before June 1, the tax rate under this subsection does not apply until the
 3 first day of the second month after the month the notice is received by the department.
 4 For purposes of applying this subsection, a barrel of beer may contain not more than
 5 31 gallons.

6 * **Sec. 25.** AS 43.60.040(a) is amended to read:

7 (a) Each brewer, distiller, bottler, jobber, wholesaler, or manufacturer is
 8 primarily liable for the payment of the excise taxes on alcoholic beverages sold, and
 9 shall furnish a good and sufficient surety bond **in an amount as determined by** [OF
 10 \$25,000 PAYABLE TO] the department and approved by the Department of Law. If a
 11 **licensee** [WHOLESALER] fails to pay the tax to the state the **licensee**
 12 [WHOLESALER] forfeits the bond and the **licensee's** [WHOLESALER'S] license
 13 shall be revoked. The department, in its discretion, may issue permits in place of
 14 bonds to resident holders of wholesale, malt beverage, and wine licenses doing
 15 business wholly in the state who pay the tax before shipment.

16 * **Sec. 26.** AS 43.65.010(a) is amended to read:

17 (a) A person prosecuting or attempting to prosecute, or engaging in the
 18 business of mining in the state shall obtain a license from the department. All new
 19 mining operations are exempt from the tax levied by this chapter for **two** [THREE
 20 AND ONE-HALF] years after production begins.

21 * **Sec. 27.** AS 43.65.010(c) is amended to read:

22 (c) The license tax on mining is as follows: **on** [UPON] the net income of the
 23 taxpayer from the property in the state, computed with allowable depletion, plus
 24 royalty received in connection with mining property in the state
 25 over \$40,000 and not over \$50,000 3 percent
 26 over \$50,000 and not over \$100,000 \$1,500 plus
 27 5 percent of the excess over \$50,000
 28 over \$100,000 \$4,000 plus
 29 **9** [7] percent of the excess over \$100,000.

30 * **Sec. 28.** AS 43.65.030 is amended to read:

31 **Sec. 43.65.030. Applications and [APPLICATION FOR] renewals; fees.**

1 **The fee for a mining license and for each renewal is \$50.** Application for renewal of
 2 a mining license shall be made before **January 1** [MAY 1] of each year.

3 * **Sec. 29.** AS 43.75.015(a) is amended to read:

4 (a) A person engaged in a fisheries business is liable for and shall pay the tax
 5 levied by this section on the value of each of the following fisheries resources
 6 processed during the year at the rate set out after each:

7 (1) salmon canned at a shore-based fisheries business - **five** [FOUR]
 8 and one-half percent;

9 (2) salmon processed by a shore-based fisheries business, except
 10 salmon for which the tax is due under (1) of this subsection, and all other fisheries
 11 resources processed by a shore-based fisheries business - **four** [THREE] percent;

12 (3) fisheries resources processed by a floating fisheries business - **six**
 13 [FIVE] percent.

14 * **Sec. 30.** AS 43.75.015(d) is amended to read:

15 (d) Instead of the taxes levied under (a) or (b) of this section, a person who
 16 processes a fishery resource under a direct marketing fisheries business license is
 17 liable for and shall pay a tax equal to

18 (1) one percent of the value of the developing commercial fish species
 19 processed during the year; and

20 (2) **four** [THREE] percent of the value of a commercial fish species
 21 not subject to (1) of this subsection.

22 * **Sec. 31.** AS 43.75.030(b) is amended to read:

23 (b) The return shall be made on **a** [THE BASIS OF THE] calendar year **basis**
 24 **and submitted** to the department [AT JUNEAU] before April 1 after the close of the
 25 calendar year.

26 * **Sec. 32.** AS 43.75.130(a) is amended to read:

27 (a) **The amount of tax revenue equal to one percent of the value of each**
 28 **fishery taxed under this chapter shall be deposited into the general fund.** Except
 29 as provided in (d) of this section, **and not including the revenue equal to one**
 30 **percent of the value of each fishery taxed under this section deposited in the**
 31 **general fund,** the commissioner shall pay

1 (1) to each unified municipality and to each city located in the
2 unorganized borough, 50 percent of the amount of tax revenue collected in the
3 municipality from taxes levied under this chapter;

4 (2) to each city located within a borough, 25 percent of the amount of
5 tax revenue collected in the city from taxes levied under this chapter; and

6 (3) to each borough

7 (A) 50 percent of the amount of tax revenue collected in the
8 area of the borough outside cities from taxes levied under this chapter; and

9 (B) 25 percent of the amount of tax revenue collected in cities
10 located within the borough from taxes levied under this chapter.

11 * **Sec. 33.** AS 43.77.010 is amended to read:

12 **Sec. 43.77.010. Landing tax.** A person who engages or attempts to engage in a
13 floating fisheries business in the state and who owns a fishery resource that is not
14 subject to AS 43.75 but that is brought into the jurisdiction of, and first landed in, this
15 state is liable for and shall pay a landing tax on the value of the fishery resource. The
16 amount of the landing tax is

17 (1) for a developing commercial fish species, as defined under
18 AS 43.75.290, one percent of the value of the fishery resource at the place of landing;

19 (2) for a fish species other than a developing commercial fish species,
20 **four** [THREE] percent of the value of the fishery resource at the place of the landing.

21 * **Sec. 34.** AS 43.77.060(a) is amended to read:

22 (a) **The amount of tax revenue equal to one percent of the value of each**
23 **fishery taxed under this chapter shall be deposited into the general fund.** Subject
24 to appropriation by the legislature and except as provided in (b) of this section, **and**
25 **not including the revenue equal to one percent of the value of each fishery taxed**
26 **under this section deposited in the general fund,** the commissioner shall pay to each

27 (1) unified municipality and to each city located in the unorganized
28 borough, 50 percent of the amount of tax revenue collected from taxes levied under
29 this chapter on the fishery resource landed in the municipality and accounted for under
30 AS 43.77.050(b);

31 (2) city located within a borough, 25 percent of the amount of the tax

1 revenue collected from taxes levied under this chapter on fishery resources landed in
2 the city and accounted for under AS 43.77.050(b); and

3 (3) borough

4 (A) 50 percent of the amount of the tax revenue collected from
5 taxes levied under this chapter on fishery resources landed in the area of the
6 borough outside cities and accounted for under AS 43.77.050(b); and

7 (B) 25 percent of the amount of the tax revenue collected from
8 taxes levied under this chapter on fishery resources landed in cities located
9 within the borough and accounted for under AS 43.77.050(b).

10 * **Sec. 35.** AS 43.77.060(b) is amended to read:

11 (b) **The amount of tax revenue equal to one percent of the value of each**
12 **fishery taxed under this chapter shall be deposited into the general fund.**

13 Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and subject to
14 appropriation by the legislature, **and not including the revenue equal to one percent**
15 **of the value of each fishery taxed under this section deposited in the general fund,**

16 the commissioner shall pay to each

17 (1) city that is located in a borough incorporated after January 1, 1994,
18 the following percentages of the tax revenue collected from taxes levied under this
19 chapter on fishery resources landed in the city and accounted for under
20 AS 43.77.050(b):

21 (A) 45 percent of the tax revenue collected during the calendar
22 year in which the borough is incorporated;

23 (B) 40 percent of the tax revenue collected during the first
24 calendar year after the calendar year in which the borough is incorporated;

25 (C) 35 percent of the tax revenue collected during the second
26 calendar year after the calendar year in which the borough is incorporated; and

27 (D) 30 percent of the tax revenue collected during the third
28 calendar year after the calendar year in which the borough is incorporated; and

29 (2) borough that is incorporated after January 1, 1994, the following
30 percentages of the tax revenue collected from taxes levied under this chapter on
31 fishery resources landed in the cities located within the borough and accounted for

1 under AS 43.77.050(b):

2 (A) five percent of the tax revenue collected during the
3 calendar year in which the borough is incorporated;

4 (B) 10 percent of the tax revenue collected during the first
5 calendar year after the calendar year in which the borough is incorporated;

6 (C) 15 percent of the tax revenue collected during the second
7 calendar year after the calendar year in which the borough is incorporated; and

8 (D) 20 percent of the tax revenue collected during the third
9 calendar year after the calendar year in which the borough is incorporated.

10 * **Sec. 36.** The uncodified law of the State of Alaska enacted in sec. 4, ch. 48, SLA 1997, as
11 repealed and reenacted by sec. 42, ch.1, FSSLA 2004, is repealed and reenacted to read:

12 Sec. 4. AS 43.50.190(a) is amended to read:

13 (a) There is levied an excise tax on each cigarette imported or acquired in this
14 state,

15 (1) after September 30, 1997, but before January 1, 2005, 47.5 mills;

16 (2) after December 31, 2004, but before July 1, 2006, 77.5 mills;

17 (3) after June 30, 2006, but before July 1, 2007, 87.5 mills;

18 (4) after June 30, 2007, but before July 1, 2016, 97.5 mills;

19 (5) after June 30, 2016, 147.5 mills.

20 * **Sec. 37.** AS 27.30.080 and AS 38.05.212(b)(2) are repealed.

21 * **Sec. 38.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 **APPLICABILITY.** (a) The changes to the applicability of the exploration incentive
24 credit made in AS 27.30.030(a) and (b), as amended by secs. 2 and 3 of this Act,
25 AS 27.30.040, as amended by sec. 4 of this Act, AS 27.30.050, as amended by sec. 5 of this
26 Act, AS 38.05.150(d), as amended by sec. 6 of this Act, and the repeal of AS 27.30.080 and
27 AS 38.05.212(b)(2) by sec. 37 of this Act, apply to a royalty payment period beginning on or
28 after the effective date of sec. 2 of this Act.

29 (b) AS 43.40.010(a), as amended by sec. 7 of this Act, applies to motor fuel sold or
30 transferred in the state on or after the effective date of sec. 7 of this Act.

31 (c) AS 43.40.010(b), as amended by sec. 8 of this Act, applies to motor fuel

1 consumed by a user on or after the effective date of sec. 8 of this Act.

2 (d) AS 43.40.030(a), as amended by sec. 9 of this Act, applies to a motor fuel tax
3 refund on motor fuel used on or after the effective date of sec. 9 of this Act.

4 (e) AS 43.50.190(a), as amended by sec. 12 of this Act, and AS 43.50.300, as
5 amended by sec. 13 of this Act, apply to tobacco products sold on or after the effective date of
6 secs. 12 and 13 of this Act.

7 (f) AS 43.50.305, added by sec. 14 of this Act, applies to electronic smoking products
8 sold on or after the effective date of sec. 14 of this Act.

9 (g) AS 43.50.330(a), as amended by sec. 17 of this Act, applies to the first monthly
10 return submitted after the first full month after the effective date of sec. 17 of this Act.

11 (h) AS 43.60.010(a), as amended by sec. 23 of this Act, and AS 43.60.010(c), as
12 amended by sec. 24 of this Act, apply to alcoholic beverages sold on or after the effective date
13 of secs. 23 and 24 of this Act.

14 (i) AS 43.60.040(a), as amended by sec. 25 of this Act, applies to surety bonds on or
15 after the effective date of sec. 25 of this Act.

16 (j) AS 43.65.010(a), as amended by sec. 26 of this Act, applies to a mining operation
17 that begins production on or after the effective date of sec. 26 of this Act.

18 (k) AS 43.65.010(c), as amended by sec. 27 of this Act, applies to net income of the
19 taxpayer from property in the state during a taxable year that begins on or after the effective
20 date of sec. 27 of this Act.

21 (l) AS 43.75.015(a) and 43.75.015(d), as amended by sec. 29 and 30 of this Act, apply
22 to a fisheries resource processed on or after the effective date of secs. 29 and 30 of this Act.

23 (m) AS 43.77.010, as amended by sec. 33 of this Act, applies to a fisheries resource
24 landed in the state on or after the effective date of sec. 33 of this Act.

25 * **Sec. 39.** The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 **TRANSITION: REGULATIONS.** (a) The Alaska Commercial Fisheries Entry
28 Commission, the Department of Fish and Game, the Department of Revenue, and the
29 Department of Natural Resources may adopt regulations necessary to implement the changes
30 made by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act),
31 but not before the effective date of the law implemented by the regulation.

- 1 * **Sec. 40.** Section 39 of this Act takes effect immediately under AS 01.10.070(c).
- 2 * **Sec. 41.** Except as provided in sec. 40 of this Act, this Act takes effect January 1, 2017.