

1 IN THE HOUSE BY JUDICIARY COMMITTEE  
BY REQUEST OF MESSRS. HENRICHSEN & TAYLOR

2 HOUSE BILL NO. 198

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIRST LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act to impose the Alaska income tax law  
7 on interstate businesses and those involved  
8 in foreign commerce such as mail order  
9 houses, door-to-door solicitors in inter-  
10 state commerce, railway and air express  
11 companies; to broaden the methods of alloca-  
12 tion and apportionment of said tax; to  
13 direct that a study of the problem be made;  
14 and providing for an effective date."

15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

16 Section 1. Sec. 1 of Chapter 132, SLA 1951 as amended by  
17 Sec. 2, Chapter 189, SLA 1955, as partially repealed and re-  
18 enacted by Sec. 1 of Chapter 64, SLA 1957 and Sec. 1, Chapter 181,  
19 SLA 1957 is hereby amended by adding a new subsection (F) thereto  
20 (to be designated as 48-10-5 F, ACLA 1949) to read as follows:

21 N (F) The tax hereby levied is hereby expressly  
22 E imposed upon the following classes of taxpayers in addition  
23 W to all others:

24 M (1) Domestic and foreign corporations which  
25 A own property within the state or whose business within  
26 T the state during the taxable year consists exclusively  
27 T or in part of foreign commerce, interstate commerce, or  
28 E both, such as mail order houses, door-to-door solicitors  
29 R of orders in interstate commerce, contractors bringing

1 materials into the state, railway or air express compa-  
2 nies, but not limited thereto.

3 (2) Methods of allocation and apportion-  
4 ment heretofore enacted into law shall be used in  
5 determining the tax due hereunder. In addition and  
6 supplementary to these methods the Commissioner of  
7 Revenue in allocating and apportioning the tax due here-  
8 under shall take into account the following ratios, or  
9 combinations thereof, namely the relation of the tax-  
10 payers' sales assignable to Alaska during the year to  
11 its total sales during that period made everywhere, the  
12 relation of the taxpayers' total tangible property in  
13 Alaska or elsewhere used for its Alaska business for  
14 the year to its total tangible property used in its  
15 business that year wherever situated, and the relation  
16 of the taxpayers' total payroll in Alaska or elsewhere  
17 if devoted to Alaska business for the year to its total  
18 payroll for its entire business in the like period, and  
19 any other facts or ratios indicating the portion of the  
20 taxpayers' net income which arises from its activities  
21 within the state.

22 Sec. 2. The Commissioner of Revenue is hereby authorized to  
23 promulgate rules and regulations to implement the standards set  
24 out in Section 1 hereof as to apportionment and allocation.

25 Sec. 3. The legislative council, the Commissioner of Revenue  
26 and the Attorney General are directed to study the impact of the  
27 U. S. Supreme Court's decisions in Northwestern Co. et al v.  
28 Minnesota and Railway Express, Inc. v. Virginia, both handed down  
29 24 February 1959 and similar decisions so that the methods of

1 allocation and apportionment mentioned in the decisions and other  
2 state methods of allocation and apportionment can be refined, to  
3 the end that all businesses whether interstate or intrastate in  
4 Alaska may bear their fair and non-discriminatory share of state  
5 taxation, income or otherwise, and thus relieve the burden on  
6 taxpayers engaged in intrastate activities. Such study shall be  
7 prepared and submitted prior to the next meeting of the Legislature  
8 and shall include amendments to existing law if necessary.

9       Sec. 4. If a court of competent jurisdiction shall adjudge  
10 to be invalid or unconstitutional any clause, sentence, paragraph,  
11 section or part of this Act, such judgment or decree shall not  
12 affect, impair, invalidate or nullify the remainder of this Act,  
13 but the effect thereof shall be confined to the clause, sentence,  
14 paragraph, section or part of this Act so adjudged to be invalid  
15 or unconstitutional.

16       Sec. 5. This Act shall take effect January 1, 1960.  
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