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by request of the Governor

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1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 171

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska income tax; and providing
7 for an effective date."

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

9 * Section 1. AS 43.20 is amended by adding a new section to read:

10 Sec. 43.20.011. TAX ON INDIVIDUALS, FIDUCIARIES, AND CORPORATIONS.

11 (a) There is imposed for each taxable year upon the taxable income
12 of every resident, nonresident and part-year resident individual
13 and fiduciary of the state, except those qualifying for the rates
14 in (b) or (c) of this section, taxes computed according to the following
15 table.

16 If the taxable income is:	Then the tax is:
17 Not over \$2,000	3 per cent of the taxable income
18 Over \$2,000 but not over \$4,000	\$60 plus 3.5 per cent of excess 19 over \$2,000
20 Over \$4,000 but not over \$6,000	\$130 plus 4.0 per cent of excess 21 over \$4,000
22 Over \$6,000 but not over \$8,000	\$210 plus 5.0 per cent of excess 23 over \$6,000
24 Over \$8,000 but not over \$10,000	\$310 plus 5.5 per cent of excess 25 over \$8,000
26 Over \$10,000 but not over \$12,000	\$420 plus 6.0 per cent of excess 27 over \$10,000
28 Over \$12,000 but not over \$14,000	\$540 plus 7.0 per cent of excess 29 over \$12,000

1	Over \$14,000 but not over \$16,000	\$680 plus 7.5 per cent of excess
2		over \$14,000
3	Over \$16,000 but not over \$18,000	\$830 plus 8.0 per cent of excess
4		over \$16,000
5	Over \$18,000 but not over \$20,000	\$990 plus 8.5 per cent of excess
6		over \$18,000
7	Over \$20,000 but not over \$22,000	\$1,160 plus 9.0 per cent of
8		excess over \$20,000
9	Over \$22,000 but not over \$26,000	\$1,340 plus 9.5 per cent of
10		excess over \$22,000
11	Over \$26,000 but not over \$32,000	\$1,720 plus 10.0 per cent of
12		excess over \$26,000
13	Over \$32,000 but not over \$38,000	\$2,320 plus 10.5 per cent of
14		excess over \$32,000
15	Over \$38,000 but not over \$44,000	\$2,950 plus 11.0 per cent of
16		excess over \$38,000
17	Over \$44,000 but not over \$50,000	\$3,610 plus 11.5 per cent of
18		excess over \$44,000
19	Over \$50,000 but not over \$60,000	\$4,300 plus 12.0 per cent of
20		excess over \$50,000
21	Over \$60,000 but not over \$70,000	\$5,500 plus 12.5 per cent of
22		excess over \$60,000
23	Over \$70,000 but not over \$80,000	\$6,750 plus 13.0 per cent of
24		excess over \$70,000
25	Over \$80,000 but not over \$90,000	\$8,050 plus 13.5 per cent of
26		excess over \$80,000
27	Over \$90,000 but not over \$100,000	\$9,400 plus 14.0 per cent of
28		excess over \$90,000
29	Over \$100,000 but not over \$150,000	\$10,800 plus 14.0 per cent of

1		excess over \$100,000
2	Over \$150,000 but not over \$200,000	\$17,800 plus 14.5 per cent of
3		excess over \$150,000
4	Over \$200,000	\$25,050 plus 14.5 per cent of
5		excess over \$200,000

6 (b) There is imposed for each taxable year upon the taxable
7 income of every resident, nonresident and part-year resident married
8 individual who makes a single return jointly with his spouse (as
9 defined in section 6013 of the Internal Revenue Code) and upon every
10 resident, nonresident and part-year resident surviving spouse (as
11 defined in section 2(a) of the Internal Revenue Code) taxes computed
12 according to the following table.

13	If the taxable income is:	Then the tax is:
14	Not over \$4,000	3 per cent of the taxable income
15	Over \$4,000 but not over \$8,000	\$120 plus 3.5 per cent of excess
16		over \$4,000
17	Over \$8,000 but not over \$12,000	\$260 plus 4.0 per cent of excess
18		over \$8,000
19	Over \$12,000 but not over \$16,000	\$420 plus 5.0 per cent of excess
20		over \$12,000
21	Over \$16,000 but not over \$20,000	\$620 plus 5.5 per cent of excess
22		over \$16,000
23	Over \$20,000 but not over \$24,000	\$840 plus 6.0 per cent of excess
24		over \$20,000
25	Over \$24,000 but not over \$28,000	\$1,080 plus 7.0 per cent of
26		excess over \$24,000
27	Over \$28,000 but not over \$32,000	\$1,360 plus 7.5 per cent of
28		excess over \$28,000
29	Over \$32,000 but not over \$36,000	\$1,660 plus 8.0 per cent of

1		excess over \$32,000
2	Over \$36,000 but not over \$40,000	\$1,980 plus 8.5 per cent of
3		excess over \$36,000
4	Over \$40,000 but not over \$44,000	\$2,320 plus 9.0 per cent of
5		excess over \$40,000
6	Over \$44,000 but not over \$52,000	\$2,680 plus 9.5 per cent of
7		excess over \$44,000
8	Over \$52,000 but not over \$64,000	\$3,440 plus 10.0 per cent of
9		excess over \$52,000
10	Over \$64,000 but not over \$76,000	\$4,640 plus 10.5 per cent of
11		excess over \$64,000
12	Over \$76,000 but not over \$88,000	\$5,900 plus 11.0 per cent of
13		excess over \$76,000
14	Over \$88,000 but not over \$100,000	\$7,220 plus 11.5 per cent of
15		excess over \$88,000
16	Over \$100,000 but not over \$120,000	\$8,600 plus 12.0 per cent of
17		excess over \$100,000
18	Over \$120,000 but not over \$140,000	\$11,000 plus 12.5 per cent of
19		excess over \$120,000
20	Over \$140,000 but not over \$160,000	\$13,500 plus 13.0 per cent of
21		excess over \$140,000
22	Over \$160,000 but not over \$180,000	\$16,100 plus 13.5 per cent of
23		excess over \$160,000
24	Over \$180,000 but not over \$200,000	\$18,800 plus 14.0 per cent of
25		excess over \$180,000
26	Over \$200,000 but not over \$300,000	\$21,600 plus 14.0 per cent of
27		excess over \$200,000
28	Over \$300,000 but not over \$400,000	\$35,600 plus 14.5 per cent of
29		excess over \$300,000

1 Over \$400,000 \$50,100 plus 14.5 per cent of
2 excess over \$400,000

3 (c) There is imposed for each taxable year upon the taxable
4 income of every resident, nonresident and part-year resident head
5 of a household (as defined in section 2(b) of the Internal Revenue
6 Code), taxes computed according to the following table.

7 If the taxable income is:	Then the tax is:
8 Not over \$2,000	3 per cent of the taxable income
9 Over \$2,000 but not over \$4,000	\$60 plus 3.5 per cent of excess 10 over \$2,000
11 Over \$4,000 but not over \$6,000	\$130 plus 4.0 per cent of excess 12 over \$4,000
13 Over \$6,000 but not over \$8,000	\$210 plus 4.5 per cent of excess 14 over \$6,000
15 Over \$8,000 but not over \$10,000	\$300 plus 5.0 per cent of excess 16 over \$8,000
17 Over \$10,000 but not over \$12,000	\$400 plus 5.5 per cent of excess 18 over \$10,000
19 Over \$12,000 but not over \$14,000	\$510 plus 6.0 per cent of excess 20 over \$12,000
21 Over \$14,000 but not over \$16,000	\$630 plus 6.5 per cent of excess 22 over \$14,000
23 Over \$16,000 but not over \$18,000	\$760 plus 7.0 per cent of excess 24 over \$16,000
25 Over \$18,000 but not over \$20,000	\$900 plus 7.0 per cent of excess 26 over \$18,000
27 Over \$20,000 but not over \$22,000	\$1,040 plus 7.5 per cent of 28 excess over \$20,000
29 Over \$22,000 but not over \$24,000	\$1,190 plus 8.0 per cent of

1		excess over \$22,000
2	Over \$24,000 but not over \$28,000	\$1,350 plus 8.5 per cent of
3		excess over \$24,000
4	Over \$28,000 but not over \$32,000	\$1,690 plus 9.0 per cent of excess
5		over \$28,000
6	Over \$32,000 but not over \$38,000	\$2,050 plus 9.5 per cent of
7		excess over \$32,000
8	Over \$38,000 but not over \$44,000	\$2,430 plus 10.0 per cent of
9		excess over \$38,000
10	Over \$44,000 but not over \$50,000	\$3,030 plus 10.5 per cent of
11		excess over \$44,000
12	Over \$50,000 but not over \$60,000	\$3,660 plus 11.0 per cent of
13		excess over \$50,000
14	Over \$60,000 but not over \$70,000	\$4,760 plus 11.5 per cent of
15		excess over \$60,000
16	Over \$70,000 but not over \$80,000	\$5,910 plus 12.0 per cent of
17		excess over \$70,000
18	Over \$80,000 but not over \$90,000	\$7,110 plus 12.5 per cent of
19		excess over \$80,000
20	Over \$90,000 but not over \$100,000	\$8,360 plus 13.0 per cent of
21		excess over \$90,000
22	Over \$100,000 but not over \$150,000	\$9,660 plus 13.5 per cent of
23		excess over \$100,000
24	Over \$150,000 but not over \$200,000	\$16,410 plus 14.0 per cent of
25		excess over \$150,000
26	Over \$200,000 but not over \$300,000	\$23,410 plus 14.5 per cent of
27		excess over \$200,000
28	Over \$300,000	\$37,910 plus 14.5 per cent of
29		excess over \$300,000

1 (d) The department shall compute and publish the Alaska income
2 tax liability for resident taxpayers at the midpoint of each bracket
3 of adjusted gross income (as defined in section 62 of the Internal
4 Revenue Code) modified as required by sec. 31 of this chapter in \$25
5 steps below \$3,000 and \$50 steps to \$20,000 rounding the calculations
6 to the nearest dollar. Resident taxpayers electing to take the standard
7 deductions may file returns based upon and pay taxes according to tables
8 established under this section.

9 (e) There is imposed for each taxable year upon the entire taxable
10 income of every corporation derived from sources within the state a tax
11 consisting of a normal tax equal to 5.4 per cent of taxable income, and
12 a surtax which is equal to 4.0 per cent of taxable income. For purposes
13 of this chapter the surtax exemption for a taxable year is \$25,000 for
14 each nonaffiliated corporation. For affiliated corporations this
15 exemption shall be apportioned in its entirety only among corporations
16 subject to the tax imposed by this section.

17 * Sec. 2. AS 43.20 is amended by adding a new section to read:

18 Sec. 43.20.021. INTERNAL REVENUE CODE ADOPTED BY REFERENCE. (a)
19 Subtitle F and chapter 1 of subtitle A of the 1954 Internal Revenue
20 Code, Public Law 591, Eighty-third Congress, Second Session, as amended,
21 are adopted by reference as a part of this chapter. These portions of
22 the Internal Revenue Code have full force and effect under this chapter
23 unless excepted to or modified by other provisions of this chapter.

24 (b) The penalty tax provided for in the provisions of Internal
25 Revenue Code sections 1561-1563 is one per cent.

26 (c) For purposes of calculating the federal tax payable on per-
27 sonal holding companies provided for in the provisions of Internal
28 Revenue Code section 541, the rate is 12.6 per cent.

29 (d) Where a credit allowed under the Internal Revenue Code is

1 also allowed in computing Alaska income tax, it is limited to 16 per
2 cent of the amount of the credit determined for federal income tax
3 purposes for individuals and 18 per cent for corporations.

4 * Sec. 3. AS 43.20.030(a) is amended to read:

5 (a) Every individual, fiduciary, partnership, corporation, and
6 bank required to make a return under the provisions of the Internal
7 Revenue Code shall at the same time file with the department a return
8 setting out (1) the amount of tax and the balance of tax due or over-
9 payment of tax as reported on returns made to the United States Internal
10 Revenue Service [COLLECTOR OF INTERNAL REVENUE]; (2) the amount of tax
11 due under this chapter, less credits claimed against the tax; and (3)
12 other information for the purpose of carrying out the provisions of
13 this chapter which the department requires.

14 * Sec. 4. AS 43.20.030(d) is amended to read:

15 (d) A taxpayer, upon request by the department, shall furnish to
16 the department a true and correct copy of the tax return which he has
17 filed with the United States Internal Revenue Service [COLLECTOR OF
18 INTERNAL REVENUE]. Every taxpayer shall notify the department in
19 writing of any alteration in, or modification of, his federal income
20 tax return and of a recomputation of tax or determination of deficiency
21 (whether with or without assessment). A full statement of the facts
22 shall accompany this notice. The notice shall be filed within 60 [20]
23 days after the modification, recomputation, or determination of defi-
24 ciency, and the taxpayer shall pay the additional tax or penalty under
25 this chapter.

26 * Sec. 5. AS 43.20 is amended by adding a new section to read:

27 Sec. 43.20.031. TAXABLE INCOME OF RESIDENTS; DEDUCTIONS; EXEMP-
28 TIONS. (a) The taxable income of a resident of the state is his entire
29 taxable income as defined in section 63 of the Internal Revenue Code

1 with the following modifications:

2 (1) A taxpayer whose income includes a cost-of-living
3 allowance which is exempt from federal income tax shall determine and
4 include that amount as part of his income as if the cost-of-living
5 allowance were not exempt.

6 (2) The benefits allowed to taxpayers under Internal Revenue
7 Code sections 1301-1307, as amended, are allowed only to taxpayers who
8 have been residents of the state for the full base period as well as
9 for the computation year as defined in these sections. The commis-
10 sioner shall prescribe regulations governing benefits under these
11 sections allowable to spouses eligible to file a joint Alaska return
12 for the computation year when one spouse has not been a resident of
13 Alaska for the full base period.

14 (b) The following exemptions are allowed in computing taxable
15 income under this section:

16 (1) service pay received by members of the armed forces of
17 the United States or auxiliary branches of the armed forces;

18 (2) annuities received under the United States Civil Service
19 retirement system from the United States Civil Service retirement and
20 disability fund;

21 (3) income of a person derived from the sale of halibut
22 taken from waters outside the territorial limits of the state and
23 regulated by an international body or treaty organization if

24 (A) the person selling halibut in the state which is
25 taken from outside the territorial limits of the state executes
26 and submits to the department within 30 days after the sale an
27 exemption certificate on a form approved by the department and
28 the attorney general; a separate certificate shall be submitted
29 for each sale;

1 (B) a person who wilfully makes and subscribes to a
2 certificate referred to in (b)(3)(A) of this section which is not
3 true and correct as to every material fact is punishable by a fine
4 of not more than \$10,000, or by imprisonment for not more than
5 five years, or by both.

6 (c) In computing the tax under this chapter, the taxpayer is not
7 entitled to deduct from the adjusted gross income the taxes payable to
8 the state under this chapter.

9 (d) Banks and savings and loan associations chartered by the
10 federal government or the state are exempt from income tax under this
11 chapter.

12 * Sec. 6. AS 43.20 is amended by adding a new section to read:

13 Sec. 43.20.035. COMPUTATION OF TAXABLE INCOME OF NONRESIDENTS AND
14 PART-YEAR RESIDENTS. (a) The taxable income of nonresidents or part-
15 year residents of this state is taxable income as determined under
16 sec. 31 of this chapter when attributable to sources in the state as
17 provided in sec. 40 of this chapter with the following adjustments:

18 (1) A nonresident or part-year resident who claims the
19 standard deduction as defined in Internal Revenue Code section 141 is
20 allowed the deduction in the proportion provided in (b) of this section.

21 (2) A nonresident or part-year resident is entitled to claim
22 the personal exemptions as defined in Internal Revenue Code section 151
23 in the proportion provided in (b) of this section.

24 (3) A nonresident or part-year resident who itemizes deduc-
25 tions is allowed a deduction for those items deductible under the
26 Internal Revenue Code in the proportion provided in (b) of this section.

27 (b) The ratio for prorating allowed by this section is the tax-
28 payer's adjusted gross income from Alaska sources divided by the tax-
29 payer's adjusted gross income from all sources. The ratio shall not

1 exceed 100 per cent. The adjusted gross income for purposes of this
2 subsection means adjusted gross income as defined in Internal Revenue
3 Code section 62 as modified by the provisions of sec. 31 of this
4 chapter.

5 (c) Deductions claimed which are allowed as deductions from gross
6 income in arriving at adjusted gross income under the Internal Revenue
7 Code are allowed only to the extent that they are connected with income
8 which arises from sources in the state or property having a situs for
9 taxation in the state.

10 * Sec. 7. AS 43.20.040 is repealed and re-enacted to read:

11 Sec. 43.20.040. INCOME FROM SOURCES IN THE STATE. (a) In this
12 chapter, income from sources in the state includes

13 (1) income from real or tangible personal property located
14 in the state;

15 (2) income of whatever nature from a business, trade or pro-
16 fession having a business situs in the state and compensation for
17 services rendered in the state;

18 (3) income from stocks, bonds, notes, bank deposits, and
19 other intangible personal property having a taxable or business situs
20 in the state;

21 (4) rentals and royalties for the use of or for the privi-
22 lege of using, in the state, patents, copyrights, secret processes and
23 formulas, good will, trademarks, trade brands, franchises, and other
24 property having a taxable or business situs in the state.

25 (b) In this section, income is from a source having a taxable
26 or business situs in the state if derived from

27 (1) owning or operating business facilities or property in
28 the state;

29 (2) conducting business, farming, or fishing operations in

1 the state;

2 (3) working for salary or wages in the state;

3 (4) a partnership which transacts business in the state;

4 (5) a corporation which transacts business in the state which
5 has elected to file federal returns under subchapter 5 of the Internal
6 Revenue Code;

7 (6) an estate or trust deriving income from sources in the
8 state; or

9 (7) engaging in any other activity from which income is
10 received, realized or derived in the state; however, the receipt of
11 income derived solely from interest earned on property in the state
12 does not alone establish a taxable or business situs in the state.

13 * Sec. 8. AS 43.20 is amended by adding new sections to read:

14 Sec. 43.20.045. INCOME FROM SOURCES IN THE STATE OF NONRESIDENT
15 CORPORATE OFFICERS AND DIRECTORS. (a) If a corporation earns 50 per
16 cent or more of its income in the state or apportions 50 per cent or
17 more of its income to the state and is taxable on that income and pro-
18 vides a fee, salary or other compensation to its nonresident officers
19 or directors, the compensation shall be treated as income from sources
20 in the state if the officer or director is in control of the corpora-
21 tion. Whether or not any personal services have been performed by
22 these nonresident officers or directors, they are considered to have
23 a business situs in this state.

24 (b) If compensation required to be included as income under this
25 section is not reported to the state as income, the corporation may not
26 deduct as part of its expenses for the taxable year any part of the
27 compensation in computing taxable income.

28 (c) In this section, "control" is defined according to section
29 269 of the Internal Revenue Code. The attribution rules of section

1 318(a) of the Internal Revenue Code also apply in the determination of
2 "control".

3 Sec. 43.20.051. INCOME FROM SOURCES IN THE STATE OF NONRESIDENT
4 PARTNERS. In determining the source of a nonresident partner's income,
5 no effect shall be given to a provision in the partnership agreement
6 which

7 (1) characterizes payments to the partner as being for
8 services or for the use of capital;

9 (2) allocates to the partner, as income or gain from sources
10 outside the state, a greater proportion of his distributive share of
11 partnership income or gain than the ratio of partnership income or gain
12 from sources outside the state to partnership income or gain from all
13 sources; or

14 (3) allocates to the partner a greater proportion of a
15 partnership item of loss or deduction connected to Alaska sources than
16 his proportionate share, for federal income tax purposes of partnership
17 loss or deduction generally.

18 Sec. 43.20.061. CREDIT FOR TAXES PAID ANOTHER STATE. (a) A
19 resident is allowed as a credit against the tax otherwise due under
20 this chapter the amount of income tax imposed on him for the taxable
21 year by another state or territory of the United States on income de-
22 rived from sources in the other state or territory which is also subject
23 to tax under this chapter.

24 (b) The credit allowed in (a) of this section is limited to that
25 proportion of the tax computed under this chapter (before the allowance
26 of this credit), which the taxable income from the other state or terri-
27 tory bears to the total taxable income; however, this credit may not
28 exceed the actual tax payable to the other state or territory.

29 Sec. 43.20.065. ALLOCATION AND APPORTIONMENT. A taxpayer who has

1 income from business activity which is taxable both inside and outside
2 the state or income from other sources both inside and outside the
3 state shall allocate and apportion his net income as provided in sec. 71
4 of this chapter and AS 43.19.010(IV).

5 Sec. 43.20.071. PASSENGER OR FREIGHT WATER TRANSPORTATION CARRIERS.

6 (a) All business income of water transportation carriers shall be
7 apportioned to this state by a fraction the numerator of which is the
8 property factor plus the payroll factor plus the sales factor and the
9 denominator of which is all three.

10 (b) The property factor for fixed property such as buildings and
11 land used in the business and local equipment and personal property
12 shall be determined according to AS 43.19.010(IV). The property factor
13 of water transportation shall be determined on a days-spent-in-ports
14 basis as provided in (e) of this section.

15 (c) The payroll factor for the wages and salaries of employees
16 assigned to fixed locations shall be determined according to AS 43.19.-
17 010(IV). The payroll factor of water transportation carriers and other
18 equipment used in water transportation shall be determined on a days-
19 spent-in-ports basis as provided in (e) of this section.

20 (d) The sales factor shall be determined on a days-spent-in-ports
21 basis as provided in (e) of this section.

22 (e) The property, payroll and sales factor shall be determined by
23 a ratio which the number of days spent in ports inside the state bears
24 to the total number of days spent in ports inside and outside the state.
25 The term "days spent in ports" does not include periods when ships are
26 tied up because of strikes or withheld from Alaska service for repairs,
27 or because of seasonal reduction of service. Days in port are computed
28 by dividing the total number of hours in all ports by 24.

29 * Sec. 9. AS 43.20.170(c)(2) is amended to read:

1 (2) shall make return of and pay to the department quarterly
2 or at other times as the department may require [ALLOW], the amount of
3 tax levied which under the provisions of this chapter he is required to
4 deduct and withhold; upon failure of the employer to comply with the
5 provisions of this subsection, the provisions of sec. 210 of this
6 chapter apply.

7 * Sec. 10. AS 43.20.190 is repealed and re-enacted to read:

8 Sec. 43.20.190. PUBLICITY. (a) Except in connection with a pro-
9 ceeding involving taxes due under this title or proceedings in court,
10 and except as otherwise provided in this section, it is unlawful for an
11 officer or employee of the state to divulge or make known the amount of
12 income or the particulars set out or disclosed in a report or return
13 under this chapter.

14 (b) Neither the original tax return nor a copy of it is admissible
15 in evidence in a court unless offered

16 (1) by the taxpayer who filed the return;

17 (2) by the state in an action to which the state is a party
18 for the purpose of enforcing a tax imposed by this title;

19 (3) as otherwise authorized by the Internal Revenue Code.

20 (c) The department, upon written request, shall furnish to the
21 taxpayer a copy of his tax return upon payment of a fee of \$1 a page.

22 (d) The department may permit the proper officer of the United
23 States or of a state, territory or possession of the United States or
24 of the Dominion of Canada or of a province or territory of Canada
25 imposing an income tax, or his authorized representative, to inspect
26 income tax returns filed with the department, or may furnish to the
27 officer or representative a copy of an income tax return, if the other
28 jurisdiction grants substantially similar privileges to the department
29 or its representative or to counsel for the state.

1 (e) The commissioner of revenue at his discretion may furnish to
2 the Multistate Tax Commission information contained in the tax returns
3 and reports and related schedules and documents filed under an audit or
4 investigation made by the department. This information may be furnished
5 solely for tax purposes. The Multistate Tax Commission may make the
6 information available to the tax officials of other states, the District
7 of Columbia, the United States and its territories solely for tax pur-
8 poses.

9 (f) Nothing in this section may be construed to prohibit the
10 publication of statistics so classified as to prevent the identification
11 of particular reports and the items of reports, or of the publication
12 of delinquent lists showing the names of taxpayers who have failed to
13 pay their taxes at the time and in the manner provided by law, together
14 with other relevant information which in the option of the department
15 may assist in the collection of delinquent taxes.

16 (g) An offense against the provisions of this section is a mis-
17 demeanor and is punishable by a fine of not more than \$1,000, or by
18 imprisonment for not more than six months, or by both.

19 * Sec. 11. AS 43.20.330 is amended by adding a new subsection to read:

20 (i) The penalties and liabilities provided in (g) of this section
21 shall be paid upon notice and demand by the commissioner of revenue or
22 his deputy or agent and shall be assessed and collected in the same
23 manner as taxes. A reference to "tax" imposed shall be considered also
24 to refer to the penalties and liabilities provided by this section.

25 * Sec. 12. AS 43.20.340 is amended by adding new paragraphs to read:

26 (13) "domicile" means the place where an individual has his
27 true, fixed, permanent home and principal establishment and to which
28 place he has the intention of returning whenever he is absent for a
29 temporary or transitory purpose;

1 (14) "nonresident" means an individual who is not a "resident"
2 or "part-year resident";

3 (15) "part-year resident" means an individual who enters or
4 leaves the state during the taxable year and who has resided or was
5 domiciled in the state for a period of less than 12 months during the
6 taxable year;

7 (16) "residence" means actual physical presence in the state
8 and is determined without regard to a person's "domicile";

9 (17) "resident" means an individual or natural person who
10 during the taxable year has been domiciled in the state or has resided
11 in the state for the entire taxable year; an individual does not lose
12 his status as a resident simply by reason of attending an educational
13 institution or by serving in the armed forces;

14 (18) "tax home" means an individual's principal place of
15 business or employment.

16 * Sec. 13. The following laws are repealed: AS 43.20.010; 43.20.020;
17 43.20.030(b), (c) and (e); 43.20.050; 43.20.060; 43.20.070; 43.20.080;
18 43.20.090; 43.20.100; 43.20.110; 43.20.120; 43.20.130; and 43.20.140.

19 * Sec. 14. The repeal of the laws listed in sec. 12 of this Act does
20 not affect tax liabilities accrued before January 1, 1974.

21 * Sec. 15. This Act is retroactive to January 1, 1974, and relates only
22 to income earned and received after December 31, 1973.

23 * Sec. 16. This Act takes effect on the day after its passage and approval
24 or on the day it becomes law without approval.