

Introduced: 3/14/75
Referred: Commerce and
Finance

1 IN THE SENATE

BY RODEY, WILLIS AND COLLETTA

2  SENATE BILL NO. 271

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the taxation of public utilities;
7 and providing for an effective date."

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

9 * Section 1. AS 43 is amended by adding a new chapter to read:

10 CHAPTER 73. PUBLIC UTILITY GROSS REVENUE TAX.

11 Sec. 43.73.010. TAX IMPOSED. (a) There is a tax imposed on all
12 public utilities within the state regulated by the Alaska Public
13 Utilities Commission, except solid waste and garbage disposal utilities.
14 The tax is three and one-half per cent of the gross revenue received by
15 the utility during the preceding year.

16 (b) For the purpose of computing gross revenue, a utility shall
17 include only that revenue which has been derived from electric energy,
18 water, telephone or other services which it distributes to its customers.
19 It shall not include revenue derived from the sale or transmission of
20 electric energy and power or products to, or on behalf of, another
21 distributor. Gross revenue of a telephone utility includes all revenue
22 earned from local and toll services.

23 Sec. 43.73.020. COLLECTION AND PAYMENT. The tax imposed by this
24 chapter shall be paid to the Department of Revenue before March 1 of
25 each year on the gross revenue earned the preceding year. The returns
26 shall be made on forms provided by, and in the manner prescribed by,
27 the department.

28 Sec. 43.73.030. DEPOSIT IN THE GENERAL FUND. The tax collected
29 under this chapter shall be deposited in the general fund. The

1 legislature is authorized to appropriate as a revenue-sharing payment
2 to each municipality an amount equal to the amount of tax paid on the
3 gross revenue earned within the municipality, less the amount expended
4 by the state in its collection.

5 Sec. 43.73.040. REVENUE-SHARING PAYMENT IN BOROUGHES CONTAINING
6 CITIES. (a) If a utility serves a borough and a city within that
7 borough, the revenue-sharing payment authorized by sec. 30 of this
8 chapter shall be paid to the respective municipalities in the following
9 amounts:

10 (1) the revenue-sharing payment for tax collected on revenue
11 earned within a city shall be distributed to the city and the borough
12 in the same proportion that the city's and borough's tax effort bears
13 to the total taxes collected by the city and the borough within the city;
14 and

15 (2) the revenue-sharing payment for tax collected on gross
16 revenue earned outside cities shall be distributed to the borough.

17 (b) Proceeds received by a borough containing one or more cities
18 shall be used as follows:

19 (1) proceeds based upon utility gross revenue earned within
20 a city shall be used by the borough only for borough areawide functions,
21 and if there are any service areas which include the whole of the city,
22 for the functions of that service area in that proportion which taxes
23 collected for that service area within the city bear to the total of
24 taxes collected within the city for borough, areawide and service area
25 functions;

26 (2) proceeds based upon utility gross revenue outside the
27 city shall be used for areawide purposes in the same proportion that the
28 borough's tax effort outside cities for areawide purposes bears to total
29 taxes collected by the borough for the entire area outside cities.

1 (c) Gross revenue taxes received by the borough on the basis of
2 utility gross revenue received outside cities shall be used by the
3 borough for nonareawide and service area functions in the same propor-
4 tion that the borough's taxes raised for those functions bear to total
5 borough taxes collected outside cities.

6 Sec. 43.73.050. MUNICIPAL UTILITIES. A municipality operating
7 municipal utilities may not make contributions to its general fund or
8 other municipal nonutility funds until it has first made payments in
9 lieu of taxes to all municipalities served by its municipal utilities
10 in an amount equal to the payments which would have been paid by the
11 state to the municipalities under this chapter if the municipal utili-
12 ties were privately owned. Payments in lieu of taxes shall be applied
13 by the municipalities to city, areawide, nonareawide and service area
14 functions in the same manner as state refunds of utility gross revenue
15 taxes of a privately owned, regulated public utility would be distri-
16 buted under this chapter. Payments in lieu of taxes by municipally
17 owned utilities shall be considered an operating cost of the utility.

18 Sec. 43.73.060. IN LIEU OF AD VALOREM AND EXCISE TAXES. (a) The
19 tax imposed by this chapter shall be in lieu of state and local ad
20 valorem and excise taxes in municipalities electing to participate in
21 revenue-sharing payments under sec. 70 of this chapter.

22 (b) The inventory and fixtures of a business operated by a regu-
23 lated public utility not required for the furnishing of utility ser-
24 vices, including but not limited to appliance stores or departments, is
25 not exempt from ad valorem taxes. The inventory and accounts of these
26 businesses shall be separately maintained, and taxes shall be paid upon
27 them as provided by law.

28 Sec. 43.73.070. MUNICIPAL OPTION. (a) A municipality may, rather
29 than obtaining revenue-sharing payments under this chapter, continue to

1 levy real and personal property, excise taxes and other municipal taxes
2 authorized by law for utilities. If a municipality elects to continue
3 to levy taxes on regulated public utilities, the gross revenue tax
4 imposed by this chapter does not apply to gross revenue earned by such
5 a utility within that municipality.

6 (b) Election by a municipality to forego receipt of state payments
7 based on utility revenue within that municipality shall be communicated
8 in writing to the commissioner of revenue by July 1 of the year preced-
9 ing the year in which the payment would otherwise be made.

10 * Sec. 2. AS 10.25.540 - 10.25.580 are repealed.

11 * Sec. 3. This Act takes effect January 1, 1976.