

Introduced: 3/25/75  
Referred: Community and  
Regional Affairs

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 312

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 municipal wage taxes; and  
7 providing for an effective date."

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

9 \* Section 1. AS 29 is amended by adding new sections to read:

10 ARTICLE 6. MUNICIPAL WAGE TAX.

11 Sec. 29.53.500. MUNICIPAL WAGE TAX. (a) A municipality may  
12 levy and collect a wage tax beginning January 1, 1976, not to exceed  
13 three per cent on all wages earned by employees within the municipality.

14 (b) Wages are earned within a municipality if the wages are  
15 earned for work done or for services performed within the municipality.

16 (c) Exemptions from the tax may be granted by the municipality.

17 Sec. 29.53.510. RETURNS AND THE PAYMENT OF TAX. On or before  
18 April 15 of each year, each employee subject to a tax shall make and  
19 file a return prescribed by the municipality on wages earned during  
20 the previous calendar year setting out the wages earned within the  
21 municipality, the amount of tax due or overpayment of the tax; and  
22 other information required by the municipality.

23 (b) The total amount of tax is due and payable on or before  
24 April 15 of each year for wages earned within the municipality for the  
25 previous calendar year.

26 Sec. 29.53.520. CREDITS. (a) A municipality may provide for  
27 credits against the tax authorized in sec. 500 of this chapter of  
28 other taxes paid to that municipality.

29 (b) The amounts deducted and withheld under sec. 530 of this

1 chapter during a calendar year shall be allowed as a credit to the  
2 employee against the tax levied by the municipality.

3 Sec. 29.53.530. WITHHOLDING. (a) Every employer maintaining an  
4 office or transacting business within the state and making payment of  
5 wages taxable by a municipality shall withhold and deduct a tax from  
6 each of his employee's wages in an amount equivalent to the amount of  
7 tax due on the wages for that year. The manner and amount of tax to  
8 be withheld shall be prescribed by the municipality imposing the tax.

9 (b) Every employer required to deduct and withhold a tax under  
10 this section shall file a return and pay over the tax in the manner  
11 and at the times prescribed by the municipality.

12 (c) Every employer required to deduct and withhold a tax under  
13 this section from the wages of an employee shall furnish to each  
14 employee on or before February 1 of each year a statement prescribed  
15 by the municipality setting out the total amount of wages paid by the  
16 employer to the employee, the amount of wages earned within the munic-  
17 ipality, the amount of tax deducted and withheld, and other information  
18 the municipality may require.

19 Sec. 29.53.540. REFUNDS. A municipality may refund overpayment  
20 of tax, taxes erroneously or illegally assessed or collected, penalties  
21 collected without authority, and taxes that are found unjustly assessed  
22 or excessive in amount, or otherwise wrongfully collected.

23 Sec. 29.53.550. APPEALS. (a) A person aggrieved by the action  
24 of a municipality in fixing the amount of tax or imposing a penalty  
25 may appeal to the municipality. The municipality shall provide the  
26 procedure for appeals including the time in which appeals may be  
27 taken, notice, hearing and decision.

28 (b) Within 30 days after a decision by the municipality after  
29 a hearing, a person aggrieved by the decision may appeal to the superior

1 court.

2 Sec. 29.53.560. PENALTY AND INTEREST. (a) If an employer or  
3 employee fails to file a return or pay a tax on the date required by  
4 the municipality, a penalty shall be added to the tax not to exceed  
5 five per cent of the tax for each month or fraction of the month  
6 during which the failure continues. The penalty may not exceed 25 per  
7 cent in the aggregate.

8 (b) When the tax levied becomes delinquent, it bears interest at  
9 the rate of eight per cent a year.

10 Sec. 29.53.570. LIEN. (a) If a person who is liable to pay a  
11 tax neglects or refuses to pay the tax after demand, the amount (in-  
12 cluding penalty and interest) is a lien in favor of the municipality  
13 upon all property, and rights to property, real or personal, belonging  
14 to the person.

15 (b) The lien arises at the time of delinquency and continues  
16 until the liability for the amount is satisfied or the lien is fore-  
17 closed.

18 Sec. 29.53.580. ENFORCEMENT OF TAX LIENS. The procedures for  
19 enforcement of tax liens set out in AS 29.53.200 - AS 29.53.390 apply  
20 to taxes levied under sec. 500 of this chapter.

21 Sec. 29.53.590. REFERENDUM. If the governing body of a munici-  
22 pality wishes to levy a municipal wage tax, it shall hold a referendum  
23 vote on the question of whether to levy the tax. If the proposition  
24 receives a majority of the votes cast, the municipality may enact a  
25 wage tax under secs. 500 - 600 of this chapter.

26 Sec. 29.53.600. DEFINITIONS. In this chapter:

27 (1) "employee" means those employees defined in sec. 3401  
28 of the United States Internal Revenue Code as that definition exists on  
29 the effective date of this Act;

1 (2) "employer" means those employers defined in sec. 3401  
2 of the United States Internal Revenue Code as that definition exists on  
3 the effective date of this Act;

4 (3) "wages" means those wages defined in sec. 3401 of the  
5 United States Internal Revenue Code as that definition exists on the  
6 effective date of this Act.

7 \* Sec. 2. AS 43.20.290 is amended to read:

8 Sec. 43.20.290. EXCLUSIVE STATE AUTHORITY. Except as provided  
9 in AS 29.53.500 - 29.53.600, no [NO] tax may be levied and collected  
10 upon the net income of resident or nonresident individuals by a general  
11 law city or by a home rule city or any other political subdivision of  
12 the state.

13 \* Sec. 3. This Act takes effect immediately in accordance with AS  
14 01.10.070(c).