

Original sponsor: Rules Committee
by request of the Governor

Offered: 4/19/76
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 510 am H (re-engrossed)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 * Sec. 1. AS 43.20.021(a) is amended to read:

10 (a) Subtitle F and chapter 1 of subtitle A of the 1954 Internal
11 Revenue Code, Public Law 83-591, as amended, are adopted by reference as
12 a part of this chapter, except that those provisions of the Internal
13 Revenue Code adopted after December 31, 1975 which change or modify ex-
14 emptions from tax or credits against tax are not adopted by reference as
15 a part of this chapter until the second January 1 following the effec-
16 tive date of the federal law. These portions of the Internal Revenue
17 Code have full force and effect under this chapter unless excepted to
18 or modified by other provisions of this chapter.

19 * Sec. 2. AS 43.20.021 is amended by adding new subsections to read:

20 (e) For the purpose of calculating the maximum tax rate on earned
21 income as provided for in sec. 1348 of the Internal Revenue Code (26
22 U.S.C. sec. 1348), the rate is 9.5 per cent for individuals.

23 (f) For the purpose of calculating the minimum tax on tax prefer-
24 ences provided for in secs. 56-58 of the Internal Revenue Code (26
25 U.S.C. secs. 56-58), the rate is 16 per cent for individuals and 18 per
26 cent for corporations of the applicable minimum federal tax rate.

27 * Sec. 3. AS 43.20.030(d) is amended to read:

28 (d) [A TAXPAYER, UPON REQUEST BY THE DEPARTMENT, SHALL FURNISH TO
29 THE DEPARTMENT A TRUE AND CORRECT COPY OF THE TAX RETURN WHICH HE HAS

1 FILED WITH THE UNITED STATES INTERNAL REVENUE SERVICE.] Every taxpayer
2 shall notify the department in writing of any alteration in, or modifica-
3 tion of, his federal income tax return and of a recomputation of tax or
4 determination of deficiency (whether with or without assessment). A full
5 statement of the facts shall accompany this notice. The notice shall be
6 filed within 60 days after the final determination of the modification,
7 recomputation or deficiency, and the taxpayer shall pay the additional
8 tax or penalty under this chapter. For purposes of this section, a
9 final determination shall mean the time that an amended federal return
10 is filed or a notice of deficiency or an assessment is mailed to the tax-
11 payer by the Internal Revenue Service, except that in no event will there
12 be a final determination for purposes of this section until the taxpayer
13 has exhausted his rights of appeal under federal law.

14 * Sec. 4. AS 43.20.031(b)(2) is repealed and re-enacted to read:

15 (2) pensions and annuities received from qualified plans
16 approved under secs. 401-415 of the Internal Revenue Code (26 U.S.C.
17 secs. 401-415) as amended;

18 * Sec. 5. AS 43.20.031(c) is amended to read:

19 (c) In computing the tax under this chapter, the taxpayer is not
20 entitled to deduct any taxes based on or measured by net income [FROM
21 THE ADJUSTED GROSS INCOME STATE INCOME TAXES].

22 * Sec. 6. AS 43.20.031(a) is amended by adding new paragraphs to read:

23 (3) the benefits of nonrecognition of gain on the sale or
24 exchange of certain property under secs. 1031, 1033 and 1034 of the
25 Internal Revenue Code (26 U.S.C. secs. 1031, 1033 and 1034) are allowed
26 only to taxpayers who purchase or exchange the property within the state,
27 except that the benefits of sec. 1034 shall be allowed regardless of the
28 location of the property for taxpayers who have attained the age of 65
29 on or before the time of the purchase or exchange.

1 (4) the exemption of interest on certain government obligations
2 under sec. 103 of the Internal Revenue Code (26 U.S.C. sec. 103) shall be
3 allowed except that the interest on obligations of other states and the
4 political subdivisions of those other states are not exempt from the tax
5 imposed by this chapter.

6 * Sec. 7. Sections 1, 4 and 6 of this Act are retroactive to January 1,
7 1976.

8 * Sec. 8. Sections 2 and 5 of this Act are retroactive to January 1, 1975
9 and apply to income earned or received after December 31, 1974.

10 * Sec. 9. This Act takes effect immediately in accordance with AS 01.10.-
11 070(c).