

Introduced: 1/10/78  
Referred: Finance

BY GRUENING, SNIDER, SWANSON  
AND MEEKINS

1 IN THE HOUSE

2 CS HOUSE JOINT RESOLUTION NO. 46

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 Urging the U. S. Senate to reserve from  
6 ratification Articles 9 and 10 of the  
7 proposed United States-United Kingdom Tax  
8 Convention.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 WHEREAS the government of the United States has requested the advice and  
11 consent of the United States Senate to the "Convention Between the Government  
12 of the United States of America and the Government of the United Kingdom of  
13 Great Britain and Northern Ireland for the Avoidance of Double Taxation and  
14 the Prevention of Fiscal Evasion With Respect to Taxes on Income and Capital  
15 Gains", which was signed by the United States government on December 31,  
16 1975; and

17 WHEREAS Articles 9 and 10 of the Convention would seriously limit the  
18 abilities of the several states to tax corporate income earned in those  
19 states by United Kingdom corporations; and

20 WHEREAS the current diversity of tax laws in various states and nations  
21 allows interstate and multi-national corporations to shuffle their accounting  
22 of income, deductions, receipts and expenditures between jurisdictions in  
23 such a way as to minimize their tax expenditures and the various jurisdic-  
24 tions' tax revenues; and

25 WHEREAS the "unitary business doctrine" which allocates the income of  
26 the entire corporation among jurisdictions by a fixed formula is the best  
27 means individual states have for claiming their full share in taxes of the  
28 total taxable income of the interstate corporation; and

29 WHEREAS Article 9 of the United States-United Kingdom tax treaty would

1 limit the states' right to apply the unitary business doctrine thus creating  
2 an opportunity for massive avoidance of Alaska state income taxes due on  
3 north slope oil income earned by British Petroleum Corporation from north  
4 slope oil; and

5 WHEREAS Article 10 of the Convention would limit total taxation by the  
6 United States and the individual states on dividends earned in the United  
7 States and paid to a resident corporation of the United Kingdom to 15 per  
8 cent or less;

9 BE IT RESOLVED that the Alaska State Legislature respectfully urges that  
10 the United States Senate reserve from ratification Articles 9 and 10 of the  
11 United States-United Kingdom Tax Convention.

12 COPIES of this resolution shall be sent to the Honorable John Sparkman,  
13 Chairman of the Senate Foreign Relations Committee; to the Honorable Ted  
14 Stevens and the Honorable Mike Gravel, U. S. Senators for Alaska; and to the  
15 Honorable Cyrus Vance, Secretary of State.

16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29