

Original sponsors: Gruening, Snider,  
Swanson and Meekins

Offered: 5/31/78  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR 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 avoid taxes lawfully levied by the states; and

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

28 WHEREAS Article 9 of the United States-United Kingdom tax treaty would  
29 limit the states' right to develop a reasonable system of taxation; and

1           WHEREAS the use of the federal treaty power is, under our federal con-  
2 stitution, a most inappropriate mechanism to deal with the taxing powers of  
3 the state;

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

7           COPIES of this resolution shall be sent to the Honorable John Sparkman,  
8 Chairman of the Senate Foreign Relations Committee; to the Honorable Ted  
9 Stevens and the Honorable Mike Gravel, U. S. Senators for Alaska; to the  
10 Honorable Cyrus R. Vance, Secretary of State; and to the Honorable W. Michael  
11 Blumenthal, Secretary of the Treasury.

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