

Original sponsor: Orsini

Offered: 6/3/78
Referred: Finance

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the gross receipts tax and the
7 corporate income tax; and providing for an effective
8 date."

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

10 * Section 1. As 43.20.011(e) is amended to read:

11 (e) There is imposed for each taxable year upon the entire taxable
12 income of every corporation derived from sources within the state a tax
13 consisting of a normal tax equal to 7.85 [5.4] per cent of taxable
14 income, and a surtax which is equal to 4.0 per cent of taxable income.
15 For purposes of this chapter the surtax exemption for a taxable year
16 follows secs. 1561 and 1563 of the Internal Revenue Code.

17 * Sec. 2. AS 43.20 is amended by adding a new section to read:

18 Sec. 43.20.016. SHARING OF CORPORATE INCOME TAX REVENUE WITH MUNI-
19 CIPALITIES. (a) There is established within the Department of Revenue
20 the municipal assistance fund. The legislature may appropriate to the
21 fund during each fiscal year an amount equal to the income tax revenue
22 received by the state under sec. 11(e) of this chapter for the previous
23 fiscal year. The Department of Revenue shall distribute money from the
24 fund to each organized borough and each city of any class on an annual
25 basis as provided in (b) and (c) of this section.

26 (b) The base amount to be distributed from the fund to each bor-
27 ough and city for the fiscal year shall be the amount received by the
28 borough or city during fiscal year 1978 under AS 43.70.080; however, if
29 the amount appropriated to the fund by the legislature under (a) of

1 this section is insufficient for distribution of the full base amount,
2 the Department of Revenue shall prorate the amount available for dis-
3 tribution on the basis of amounts received during fiscal year 1978 under
4 AS 43.70.080. A city incorporated within an organized borough after
5 June 30, 1977 shall receive as a base amount a share of the amount
6 distributed to the borough in which it is located based on the ratio of
7 population in the city to the total population in the borough. A city
8 incorporated outside an organized borough after June 30, 1977 shall
9 receive as a base amount the amount received by the city in the state
10 most closely approximating it in population at the time of its incor-
11 poration. A borough incorporated after June 30, 1977 shall receive as a
12 base amount the amount received by the borough in the state most closely
13 approximating it in population at the time of its incorporation.

14 (c) If the amount in the fund at the time of distribution exceeds
15 the base amount to be distributed under (b) of this section, the excess
16 amount shall be distributed to each borough and city on the basis of
17 population. For the purpose of this subsection, the population of a
18 city within an organized borough shall be deducted from the population
19 of the borough. Population, for the purpose of this section, shall be
20 as certified by the commissioner of community and regional affairs.

21 * Sec. 3. AS 43.70.030 is amended to read:

22 Sec. 43.70.030. LEVY AND COMPUTATION OF LICENSE FEE. (a) The
23 license fee for each business is \$25 [PLUS A SUM EQUAL TO ONE-HALF OF
24 ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000 FROM THE BUSI-
25 NESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED, EXCEPT THAT ALL
26 GROSS VOLUME IN EXCESS OF \$10,000 A YEAR IS TAXED AT THE RATE OF ONE-
27 QUARTER OF ONE PER CENT]. The annual license fee paid by a professional
28 person to his professional board shall be credited against the [INITIAL]
29 fee required under this chapter.

1 (b) The license fee for each national bank and state bank, trust
2 company and savings and loan association is seven per cent of its net
3 income. Net income means the taxable income of each taxpayer before net
4 operating loss deduction and special deductions, computed as required
5 under the Internal Revenue Code of the United States and includes all
6 other income including income from federal, state or municipal obliga-
7 tions. Each of these taxpayers required to make a return under the pro-
8 visions of the Internal Revenue Code shall at the same time file with
9 the department a return setting out the amount of tax due under this
10 chapter, and other information for the purpose of carrying out the
11 provisions of this chapter which the department requires. Each of these
12 taxpayers shall also at the same time file a true and correct copy of
13 the tax return which he has filed with the Internal Revenue Service. A
14 taxpayer filing under this subsection shall use the same tax year as the
15 taxpayer uses for federal income tax purposes. Any approved extension
16 of time to file the taxpayer's federal income tax return automatically
17 extends the time for filing under this chapter. Any agreement which a
18 taxpayer enters into with the Internal Revenue Service which extends the
19 statute of limitations for any federal income tax return will apply to
20 returns filed under this chapter. The department may, in its discre-
21 tion, grant an extension of time to file or an extension of the statute
22 of limitations independent of federal action. Every taxpayer shall
23 notify the department in writing, within 90 days, of any alteration in,
24 or modification of his federal income tax return and of a recomputation
25 of tax or determination of deficiency. For purposes of applying the
26 statute of limitations, this notification constitutes a separate return,
27 and failure to file this notification will have the same effect as the
28 failure to file a return under this title.

29 (c) The license for the privilege of taking orders through use

1 of catalogs and by mail order offices in the state is the same as set
2 out in this chapter for business generally [AND GROSS VOLUME OF BUSINESS
3 OF THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF
4 THE MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT].

5 (d) The [INITIAL] fee of \$25 applies to all of the provisions of
6 this section, and shall accompany the application. The balance is due
7 and payable on the last day of the taxpayer's tax year [DECEMBER 31ST OF
8 EACH YEAR] and shall be paid before the 15th day of the third month
9 following the end of the tax year [FIRST DAY OF MARCH FOLLOWING], except
10 that the time for filing the return may be extended as provided in (b)
11 of this section [DEPARTMENT MAY EXTEND THE TIME UNTIL THE 30TH OF THE
12 FOLLOWING APRIL UPON APPLICATION SHOWING THAT THE EXTENSION IS NECESSARY
13 TO ENABLE THE APPLICANT TO ASCERTAIN THE AMOUNT OF LICENSE MONEY DUE].
14 To enable accurate determination of the balance of the tax due at the
15 end of each year, each person to whom this chapter applies shall keep
16 records, give statements under oath, and make returns which the de-
17 partment requires. Returns are made under penalty of perjury.

18 * Sec. 4. AS 43.70.080 is amended to read:

19 Sec. 43.70.080. DISPOSAL OF MONEY. All money collected by the
20 department under this chapter shall be deposited in the general fund.
21 [THE DEPARTMENT OF REVENUE SHALL REFUND TO EACH ORGANIZED BOROUGH AND
22 EACH CITY OF ANY CLASS 60 PER CENT OF THE MONEY COLLECTED IN THE LOCAL
23 GOVERNMENT.]

24 * Sec. 5. AS 43.70.010 and 43.70.070(b) are repealed.

25 * Sec. 6. TRANSITIONAL RULES FOR REVENUE SHARING UNDER THIS ACT. The
26 revenue raised under AS 43.70 which relates to the 1978 calendar year
27 (including the \$25 license fee due March 1, 1978 and the fees on the total
28 gross receipts for 1978 which accompany returns filed in 1979 under AS 43.-
29 70.040(d)) is the source of revenue to be shared in 1979 in accordance with

1 AS 43.70.080. The increase in the corporate income tax which goes into
2 effect in 1979 is the source of revenue to be shared with the municipalities
3 under AS 43.18.011 in 1980 and subsequent years. This Act does not entitle
4 any organized borough or any city of any class to revenue under both AS 43.-
5 70.080 and AS 43.18.011, for the same period of time.

6 * Sec. 7. Sections 1 - 3 and 5 - 6 of this Act take effect January 1,
7 1979. Section 4 of this Act takes effect January 1, 1980.

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