

Original sponsor: Orsini

Offered: 6/9/78
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 7 (Finance)

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 is amended by adding a new section to read:

11 Sec. 43.20.016. SHARING OF CORPORATE INCOME TAX REVENUE WITH MUNI-
12 CIPALITIES. (a) There is established within the Department of Revenue
13 the municipal assistance fund. The legislature may appropriate to the
14 fund during each fiscal year an amount equal to or greater than 10 per
15 cent of the income tax revenue received by the state under sec. 11(e) of
16 this chapter for the previous fiscal year. The Department of Revenue
17 shall distribute money from the fund to each organized borough and each
18 city of any class on an annual basis as provided in (b) and (c) of this
19 section.

20 (b) The base amount to be distributed from the fund to each bor-
21 ough and city for the fiscal year shall be the amount received by the
22 borough or city during fiscal year 1978 under AS 43.70.080; however, if
23 the amount appropriated to the fund by the legislature under (a) of this
24 section is insufficient for distribution of the full base amount, the
25 Department of Revenue shall prorate the amount available for distribu-
26 tion on the basis of amounts received during fiscal year 1978 under AS
27 43.70.080. A city incorporated within an organized borough after
28 June 30, 1977 shall receive as a base amount a share of the amount
29 distributed to the borough in which it is located based on the ratio of

1 population in the city to the total population in the borough. A city
2 incorporated outside an organized borough after June 30, 1977 shall
3 receive as a base amount the amount received by the city in the state
4 most closely approximating it in population at the time of its incor-
5 poration. A borough incorporated after June 30, 1977 shall receive as a
6 base amount the amount received by the borough in the state most closely
7 approximating it in population at the time of its incorporation.

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

15 * Sec. 2. AS 43.70.030 is amended to read:

16 Sec. 43.70.030. LEVY AND COMPUTATION OF LICENSE FEE. (a) The
17 license fee for each business is \$25 [PLUS A SUM EQUAL TO ONE-HALF OF
18 ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000 FROM THE BUSI-
19 NESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED, EXCEPT THAT ALL
20 GROSS VOLUME IN EXCESS OF \$10,000 A YEAR IS TAXED AT THE RATE OF ONE-
21 QUARTER OF ONE PER CENT. THE ANNUAL LICENSE FEE PAID BY A PROFESSIONAL
22 PERSON TO HIS PROFESSIONAL BOARD SHALL BE CREDITED AGAINST THE INITIAL
23 FEE REQUIRED UNDER THIS CHAPTER].

24 (b) The license fee for each national bank and state bank, trust
25 company and savings and loan association is seven per cent of its net
26 income. Net income means the taxable income of each taxpayer before net
27 operating loss deduction and special deductions, computed as required
28 under the Internal Revenue Code of the United States and includes all
29 other income including income from federal, state or municipal obliga-

1 tions. Each of these taxpayers required to make a return under the pro-
2 visions of the Internal Revenue Code shall at the same time file with
3 the department a return setting out the amount of tax due under this
4 chapter, and other information for the purpose of carrying out the
5 provisions of this chapter which the department requires. Each of these
6 taxpayers shall also at the same time file a true and correct copy of
7 the tax return which he has filed with the Internal Revenue Service. A
8 taxpayer filing under this subsection shall use the same tax year as the
9 taxpayer uses for federal income tax purposes. Any approved extension
10 of time to file the taxpayer's federal income tax return automatically
11 extends the time for filing under this chapter. Any agreement which a
12 taxpayer enters into with the Internal Revenue Service which extends the
13 statute of limitations for any federal income tax return will apply to
14 returns filed under this chapter. The department may, in its discre-
15 tion, grant an extension of time to file or an extension of the statute
16 of limitations independent of federal action. Every taxpayer shall
17 notify the department in writing, within 90 days, of any alteration in,
18 or modification of his federal income tax return and of a recomputation
19 of tax or determination of deficiency. For purposes of applying the
20 statute of limitations, this notification constitutes a separate return,
21 and failure to file this notification will have the same effect as the
22 failure to file a return under this title.

23 (c) The license for the privilege of taking orders through use of
24 catalogs and by mail order offices in the state is the same as set out
25 in this chapter for business generally [AND GROSS VOLUME OF BUSINESS OF
26 THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF THE
27 MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT].

28 (d) The [INITIAL] fee of \$25 applies to all of the provisions of
29 this section, and shall accompany the application. The balance is due

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

12 * Sec. 3. AS 43.70.080 is amended to read:

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

18 * Sec. 4. AS 43.70.010 and 43.70.070(b) are repealed.

19 * Sec. 5. TRANSITIONAL RULES FOR REVENUE SHARING UNDER THIS ACT. The
20 revenue raised under AS 43.70 which relates to the 1978 calendar year (includ-
21 ing the \$25 license fee due March 1, 1978 and the fees on the total gross
22 receipts for 1978 which accompany returns filed in 1979 under AS 43.70.040(d))
23 is the source of revenue to be shared in 1979 in accordance with AS 43.70.080.
24 The increase in the corporate income tax which goes into effect in 1979 is
25 the source of revenue to be shared with the municipalities under AS 43.20.016
26 in 1980 and subsequent years. This Act does not entitle any organized borough
27 or any city of any class to revenue under both AS 43.70.080 and AS 43.20.016,
28 for the same period of time.

29 * Sec. 6. Sections 1, 2, 4 and 5 of this Act take effect January 1, 1979.

1 Section 3 of this Act takes effect January 1, 1980.

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