

Original sponsor: Orsini

Offered: 6/9/78
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

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CS FOR SENATE BILL NO. 7 (Finance) am

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to individual tax credits, the gross receipts tax, and the corporate income tax; and providing for an effective date."

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

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* Section 1. AS 43.20 is amended by adding a new section to read:

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Sec. 43.20.015. INDIVIDUAL TAX CREDIT. (a) for tax years beginning after December 31, 1977, each individual filing an Alaska net income tax return is entitled to the credit provided for in this section. For married taxpayers filing a joint return, the return may claim the credit for each spouse.

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(b) The amount of the annual individual tax credit shall be as follows, but not exceeding the net tax liability of the taxpayer after deduction of all other applicable credits:

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(1) for tax years beginning during the period from January 1, 1978 to December 31, 1978 -- \$100;

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(2) for tax years beginning during the period from January 1, 1979 to December 31, 1979 -- \$200;

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(3) for tax years beginning after December 31, 1979 -- \$300.

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(c) For part-year residents and nonresident individual taxpayers the credit provided in this section shall be prorated according to the number of months of residency in the state.

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(d) The space for claiming the individual income tax credit shall be given a prominent location on the form furnished by the department for the filing of the individual income tax return.

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

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

11 (b) The base amount to be distributed from the fund to each bor-
12 ough and city for the fiscal year shall be the amount received by the
13 borough or city during fiscal year 1978 under AS 43.70.080; however, if
14 the amount appropriated to the fund by the legislature under (a) of this
15 section is insufficient for distribution of the full base amount, the
16 Department of Revenue shall prorate the amount available for distribu-
17 tion on the basis of amounts received during fiscal year 1978 under AS
18 43.70.080. A city incorporated within an organized borough after
19 June 30, 1977 shall receive as a base amount a share of the amount
20 distributed to the borough in which it is located based on the ratio of
21 population in the city to the total population in the borough. A city
22 incorporated outside an organized borough after June 30, 1977 shall
23 receive as a base amount the amount received by the city in the state
24 most closely approximating it in population at the time of its incor-
25 poration. A borough incorporated after June 30, 1977 shall receive as a
26 base amount the amount received by the borough in the state most closely
27 approximating it in population at the time of its incorporation.

28 (c) If the amount in the fund at the time of distribution exceeds
29 the base amount to be distributed under (b) of this section, the excess

1 amount shall be distributed to each borough and city on the basis of
2 population. For the purpose of this subsection, the population of a
3 city within an organized borough shall be deducted from the population
4 of the borough. Population, for the purpose of this section, shall be
5 as certified by the commissioner of community and regional affairs.
6 The intent of subsection (c) of this section is that local governments
7 which levy property taxes reduce those levies in reasonable proportion
8 to the amount of increased state aid received by a local government.
9 The governing body of each local government shall furnish a notice
10 with the tax statement describing its use of this increased state aid.

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

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

20 (b) The license fee for each national bank and state bank, trust
21 company and savings and loan association is seven per cent of its net
22 income. Net income means the taxable income of each taxpayer before net
23 operating loss deduction and special deductions, computed as required
24 under the Internal Revenue Code of the United States and includes all
25 other income including income from federal, state or municipal obliga-
26 tions. Each of these taxpayers required to make a return under the pro-
27 visions of the Internal Revenue Code shall at the same time file with
28 the department a return setting out the amount of tax due under this
29 chapter, and other information for the purpose of carrying out the

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

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

24 (d) The [INITIAL] fee of \$25 applies to all of the provisions of
25 this section, and shall accompany the application. The balance is due
26 and payable on the last day of the taxpayer's tax year [DECEMBER 31ST OF
27 EACH YEAR] and shall be paid before the 15th day of the third month
28 following the end of the tax year [FIRST DAY OF MARCH FOLLOWING], except
29 that the time for filing the return may be extended as provided in (b)

1 of this section [DEPARTMENT MAY EXTEND THE TIME UNTIL THE 30TH OF THE
2 FOLLOWING APRIL UPON APPLICATION SHOWING THAT THE EXTENSION IS NECESSARY
3 TO ENABLE THE APPLICANT TO ASCERTAIN THE AMOUNT OF LICENSE MONEY DUE].

4 To enable accurate determination of the balance of the tax due at the
5 end of each year, each person to whom this chapter applies shall keep
6 records, give statements under oath, and make returns which the de-
7 partment requires. Returns are made under penalty of perjury.

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

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

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

15 * Sec. 6. TRANSITIONAL RULES FOR REVENUE SHARING UNDER THIS ACT. The
16 revenue raised under AS 43.70 which relates to the 1978 calendar year (includ-
17 ing the \$25 license fee due March 1, 1978 and the fees on the total gross
18 receipts for 1978 which accompany returns filed in 1979 under AS 43.70.040(d))
19 is the source of revenue to be shared in 1979 in accordance with AS 43.70.080.
20 The increase in the corporate income tax which goes into effect in 1979 is
21 the source of revenue to be shared with the municipalities under AS 43.20.016
22 in 1980 and subsequent years. This Act does not entitle any organized borough
23 or any city of any class to revenue under both AS 43.70.080 and AS 43.20.016,
24 for the same period of time.

25 * Sec. 7. Sections 1 - 3 and 5 - 6 of this Act take effect January 1,
26 1979. Section 4 of this Act takes effect January 1, 1980.