

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) am H  
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 individual tax credits, the gross  
7 receipts tax, and the corporate income tax; and  
8 providing for an effective 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. 43.20.015. INDIVIDUAL TAX CREDIT. (a) for tax years begin-  
12 ning after December 31, 1977, each individual filing an Alaska net  
13 income tax return is entitled to the credit provided for in this  
14 section. For married taxpayers filing a joint return, the return  
15 may claim the credit for each spouse.

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

19 (1) for the first tax year beginning after December 31, 1977  
20 that a taxpayer files an income tax return -- \$100;

21 (2) for the second tax year beginning after December 31, 1977  
22 that a taxpayer files an income tax return -- \$200;

23 (3) for the third tax year beginning after December 31, 1977  
24 and thereafter that a taxpayer files an income tax return -- \$300.

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

28 (d) The space for claiming the individual income tax credit shall  
29 be given a prominent location on the form furnished by the department

1 for the filing of the individual income tax return.

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

3 Sec. 43.20.016. SHARING OF REVENUES WITH MUNICIPALITIES. (a)

4 There is established in the Department of Revenue the municipal assistance  
5 fund.

6 (b) From sums annually appropriated by the legislature to the  
7 municipal assistance fund, in addition to revenue sharing payable to  
8 municipalities under AS 43.18.010 - 43.18.099, the Department of Revenue  
9 shall pay to a municipality each fiscal year an amount equal to a per-  
10 centage of the business license tax receipts which the municipality was  
11 entitled to receive under AS 43.70.080 for the state fiscal year ending  
12 June 30, 1978. The applicable percentage payable under this section is  
13 100 per cent of the business license receipts for the fiscal year ending  
14 June 30, 1979. For the fiscal year ending June 30, 1980 and for each  
15 year thereafter, the applicable percentage shall be reduced in decre-  
16 ments of 10 per cent for each subsequent state fiscal year. No payment  
17 shall be made under this section after June 30, 1988.

18 \* Sec. 3. AS 43.18.010(j) is amended to read:

19 (j) If construction of a facility began after January 1, 1968 and  
20 state matching aid for construction approved for payment to the local  
21 government or other facility sponsor constitutes less than 25 per cent  
22 of the total project cost, the state shall pay to the local government  
23 or other facility sponsor each fiscal year a sum equal to \$2,500 a bed  
24 for the maximum number of beds provided for in the construction design  
25 of the facility or five per cent of the total project cost, whichever  
26 is greater. State aid provided for in this subsection shall continue  
27 until the local government or other facility sponsor has received an  
28 amount which, combined with state matching money for construction of  
29 the facility, equals 25 per cent of the total project cost. No funds

1 received for construction shall be used for any other purpose.

2 \* Sec. 4. AS 43.70.030 is amended to read:

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

11 (b) The license fee for each national bank and state bank, trust  
12 company and savings and loan association is seven per cent of its net  
13 income. Net income means the taxable income of each taxpayer before net  
14 operating loss deduction and special deductions, computed as required  
15 under the Internal Revenue Code of the United States and includes all  
16 other income including income from federal, state or municipal obliga-  
17 tions. Each of these taxpayers required to make a return under the pro-  
18 visions of the Internal Revenue Code shall at the same time file with  
19 the department a return setting out the amount of tax due under this  
20 chapter, and other information for the purpose of carrying out the  
21 provisions of this chapter which the department requires. Each of these  
22 taxpayers shall also at the same time file a true and correct copy of  
23 the tax return which he has filed with the Internal Revenue Service. A  
24 taxpayer filing under this subsection shall use the same tax year as the  
25 taxpayer uses for federal income tax purposes. Any approved extension  
26 of time to file the taxpayer's federal income tax return automatically  
27 extends the time for filing under this chapter. Any agreement which a  
28 taxpayer enters into with the Internal Revenue Service which extends the  
29 statute of limitations for any federal income tax return will apply to

1 returns filed under this chapter. The department may, in its discre-  
2 tion, grant an extension of time to file or an extension of the statute  
3 of limitations independent of federal action. Every taxpayer shall  
4 notify the department in writing, within 90 days, of any alteration in,  
5 or modification of his federal income tax return and of a recomputation  
6 of tax or determination of deficiency. For purposes of applying the  
7 statute of limitations, this notification constitutes a separate return,  
8 and failure to file this notification will have the same effect as the  
9 failure to file a return under this title.

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

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

28 \* Sec. 5. AS 43.70.080 is amended to read:

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

- \* Sec. 6. AS 43.70.010 and 43.70.070(b) are repealed.
- \* Sec. 7. This Act takes effect January 1, 1979.

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