

Original sponsor: Sackett

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For Today's Calendar

1 IN THE SENATE

BY THE RULES COMMITTEE

2

HOUSE CS FOR SENATE BILL NO. 313 (Rules)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to taxes: making miscellaneous amend-
7 ments to the revenue and tax laws; exempting certain
8 aircraft and motor vehicles from the oil and gas ex-
9 ploration, production and pipeline transportation
10 property tax, and providing for the return of taxes
11 collected on aircraft and motor vehicles exempted by
12 this Act; 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 43.05.220 is amended to read:

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Sec. 43.05.220. CIVIL PENALTIES [PENALTY]. (a) Five percent

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shall be added to a tax for each 30-day period or fraction of the period

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during which the taxpayer fails to file at the time or times required

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by law or regulation a return or report, or pay the full amount of the

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tax, or a portion or a deficiency of the tax, as finally determined by

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the department and required by this title, unless it is shown that the

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failure is due to a reasonable cause and not to wilful neglect. The

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penalty shall not exceed 25 percent in the aggregate. [THE PENALTY

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SHALL BE COLLECTED AT THE SAME TIME, IN THE SAME MANNER AND AS A PART OF

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THE ORIGINAL TAX; BUT IF THE ORIGINAL TAX IS PAID BEFORE THE NEGLECT IS

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DISCOVERED, THE PENALTY SHALL BE COLLECTED IN THE SAME MANNER AS THE

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ORIGINAL TAX.] The department shall prescribe by regulation circum-

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stances which constitute reasonable cause for purposes of this section.

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(b) If a tax deficiency or part of a tax deficiency is due to

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negligence or intentional disregard of law or regulation without intent

1 to defraud, five percent of the total amount of the tax deficiency shall
2 be assessed, collected, and paid in the same manner as a tax deficiency.

3 (c) If a tax deficiency or part of a tax deficiency is due to
4 fraud, a civil fraud penalty equal to 50 percent of the tax due or \$500,
5 whichever is greater shall be added to the tax. This penalty is in
6 addition to penalties determined under (a) or (b) of this section.

7 (d) A person required to collect or account for a tax imposed by
8 this title who wilfully fails to collect the tax or to truthfully
9 account for and pay over the tax, or wilfully attempts to evade payment
10 of the tax is, in addition to other penalties provided by law, liable
11 for a civil penalty equal to the total amount of the tax not collected,
12 not accounted for, not paid over or evaded. The penalty imposed by this
13 subsection is in place of the tax not paid to the state. This penalty
14 shall be paid upon demand by the commissioner or his designee, and shall
15 be assessed and collected in the same manner as taxes are assessed and
16 collected under this title.

17 (e) A penalty imposed by this section shall be collected at the
18 same time, in the same manner, and as a part of the original tax.
19 However, if the original tax is paid before neglect or fraud is
20 discovered, the penalty shall be collected in the same manner as the
21 original tax. Interest may not be collected on a penalty imposed by
22 this section.

23 * Sec. 2. AS 43.05.230(a) is amended to read:

24 (a) Except in connection with official investigations or proceed-
25 ings of the department, whether judicial or administrative, involving
26 taxes due under this title, except in connection with official investi-
27 gations or proceedings of the child support enforcement agency, whether
28 judicial or administrative, involving child support obligations imposed
29 or imposable under AS 25 or AS 47, and except as otherwise provided in

1 this section, it is unlawful for a current or former [AN] officer,
2 employee or agent of the state to divulge the amount of income or the
3 particulars set out or disclosed in a report or return made under this
4 title.

5 * Sec. 3. AS 43.05.230 is amended by adding a new subsection to read:

6 (g) The information contained in a license issued by the com-
7 missioner of revenue under AS 43.50, AS 43.60, AS 43.65, AS 43.70, and
8 AS 43.75 is public information.

9 * Sec. 4. AS 43.05 is amended by adding new sections to read:

10 Sec. 43.05.245. ASSESSMENT AND COLLECTION OF TAX, PENALTIES AND
11 INTEREST. If a taxpayer fails to file a return or report required by
12 this title in the time required by law or regulation, or makes an erro-
13 neous or fraudulent return, the department shall proceed to assess the
14 license fees, tax, penalties, or interest and make a return from informa-
15 tion which it obtains. A return made and subscribed by the department
16 in accordance with this section is prima facie sufficient for all legal
17 purposes. The assessment of license fees, tax, penalties, or interest
18 under this section occurs when the department issues a notice and demand
19 for payment of the license fees, tax, penalties, or interest. The
20 notice and demand for payment is issued when the notice and demand is
21 delivered to the taxpayer in person or placed in the United States mail,
22 addressed to his last known address. Penalties and interest assessed
23 under this title shall be collected in the same manner as provided in
24 this title for the collection of tax or license fees.

25 Sec. 43.05.275. CREDIT AND REFUND CLAIMS. (a) Except as provided
26 in AS 43.20.021, a claim for credit or refund of a tax in this title for
27 which a taxpayer is required to file a return or pay a tax may be filed
28 by the taxpayer

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(A) three years from the time the return was filed; or

(B) two years from the time the tax was paid; or

(2) within two years from the time the tax was paid, if no return was filed.

(b) If the department and the taxpayer have consented to extend the period for assessment of tax as provided in AS 43.05.260(c)(3), a tax refund claim may be filed at any time before the expiration of the period agreed upon.

* Sec. 5. AS 43.05 is amended by adding a new section to read:

Sec. 43.05.290. CRIMINAL PENALTIES. (a) A person who wilfully attempts to evade a tax imposed by this title is, in addition to other penalties provided by this title, guilty of a class C felony.

(b) A person required under this title to collect, account for, and pay over a tax imposed by this title who wilfully fails to collect or truthfully account for and pay over the tax at the time or times required by law or regulation is, in addition to other penalties provided by this title, guilty of a class C felony.

(c) A person required under this title to pay a tax, make a return, keep records, or supply information, who wilfully fails to pay the tax or estimated tax, make the return, keep the records, or supply the information at the time or times required by law or regulation is, in addition to other penalties provided by this title, guilty of a class A misdemeanor.

(d) A person who wilfully makes and subscribes a return or other document required under this title which contains or is verified by a written declaration that it is made under the penalties of perjury which he does not believe to be true and correct as to every material matter is, in addition to other penalties provided by this title, guilty of a felony and, upon conviction, punishable by a fine of not more than

1 \$25,000, or by imprisonment for not more than three years, or by both.

2 (e) A person who wilfully and knowingly aids or assists in, or
3 procures, or counsels the preparation or presentation in connection with
4 a matter arising under this title of a return, affidavit, claim, or
5 other document which is fraudulent or is false as to a material matter
6 is guilty of a felony whether or not the falsity or fraud is with the
7 knowledge or consent of the person required to present the return,
8 affidavit, claim, or document. Upon conviction, the person is punish-
9 able by a fine of not more than \$25,000, or by imprisonment for not more
10 than three years, or by both.

11 (f) A person who wilfully delivers or discloses to the commis-
12 sioner or the department a list, return, account, statement, or other
13 document known by him to be fraudulent or to be false as to a material
14 matter is guilty of a class A misdemeanor.

15 (g) When required to provide information under AS 43.20.170 or
16 AS 43.45, a person who wilfully supplies false information or who wil-
17 fully fails to supply information which would require an increase in a
18 tax to be withheld under this title is, in addition to other penalties
19 specified in this chapter, guilty of a class A misdemeanor.

20 (h) A person engaging in or attempting to engage in a business,
21 trade, profession or occupation for which a license is required under
22 this title, who wilfully fails to obtain the license, is guilty of a
23 misdemeanor, and, upon conviction, is punishable by a fine of not more
24 than \$2,000, or by imprisonment for not more than six months, or by
25 both.

26 (i) In this section "person" includes, but is not limited to, an
27 officer or employee of a corporation or a member or employee of a part-
28 nership, who, as officer, employee, or member, is under a duty to perform
29 the act in respect to which the violation occurs.

1 * Sec. 6. AS 43.10 is amended by adding new sections to read:

2 Sec. 43.10.032. ENFORCEMENT. (a) Each of the following is a debt
3 to the state:

4 (1) a tax levied by this title which is due and unpaid;

5 (2) the interest, penalty, additional amount, or addition to
6 the tax under (1) of this subsection;

7 (3) a tax levied by this title which has been erroneously
8 refunded; and

9 (4) the interest, penalty, additional amount or addition to
10 the tax which has been erroneously refunded.

11 (b) A debt under (a) of this section may be

12 (1) collected by lien foreclosure; or

13 (2) recovered in a civil action brought by the state.

14 Sec. 43.10.042. RECORDING LIEN AND CERTIFICATE OF DISCHARGE. (a)

15 A lien imposed under this title is not valid as against a mortgagee or
16 other lien holder, pledgee, purchaser, or judgment creditor until notice
17 of it is filed in the office of the recorder of the recording district
18 where the property subject to the lien is situated. However regardless
19 of the date the liens are recorded, a lien arising out of a tax due
20 under AS 43.56 and AS 43.75, including the penalties and interest on the
21 tax is a lien prior, paramount, and superior to all other liens, mort-
22 gages, hypothecations, conveyances, and assignments, upon all the real
23 and personal property of the person liable for the tax, and upon all the
24 real and personal property used with the permission of the owner to
25 carry on the business which is subject to the tax.

26 (b) When a notice of a lien is filed, the recorder shall immedi-
27 ately enter the notice in an alphabetical state tax lien index, showing
28 on one line the name and residence of the taxpayer named in the notice,
29 the department's serial number of the notice, the date and hour of

1 filing, and the amount of tax, including interest, penalty, additional
2 amount, or addition to the tax, and costs. The recorder shall file and
3 keep all original notices in numerical order in a file designated as
4 state tax lien notices.

5 (c) When a certificate of discharge of a tax lien issued by the
6 department is filed in the office of the recorder where the notice of
7 lien is filed, the recorder shall enter the certificate of discharge and
8 the date of its filing in the state tax lien index on the line where
9 notice of the discharged lien is entered. The original certificate of
10 discharge shall be permanently attached to the original notice of lien.

11 (d) The state tax lien index and file of state tax lien notices
12 shall be furnished by the department to the recorder in the state in the
13 manner provided by law for the furnishing of books in which deeds are
14 recorded.

15 Sec. 43.10.045. SUSPENSION OF LICENSES. In addition to the other
16 penalties imposed in this title, if a person who is authorized to con-
17 duct a business by a license issued under the laws of the state fails to
18 pay a tax levied under this title, the license of the person is sus-
19 pended until the tax imposed by this title, together with interest and
20 penalties, is paid in full.

21 * Sec. 7. AS 43.10.160(b) is amended to read:

22 (b) If the value of the taxpayer's interest in the real estate is
23 not equal to twice the amount of the estimated tax and license fees for
24 which the taxpayer will be liable to the state, the taxpayer shall file
25 with the department [DEPARTMENT OF REVENUE] a bond or other security
26 approved by the commissioner of revenue [ATTORNEY GENERAL] in a sum
27 equal to twice the estimated amount of the taxes and license fees, but
28 in no event less than \$1,000. However, the bond requirement may be
29 waived, in whole or in part, if the taxpayer shows in writing to the

1 satisfaction of the commissioner of revenue [ATTORNEY GENERAL] that
2 there is good cause for the waiver [THE AMOUNT OF THE BOND WOULD BE AN
3 UNDUE HARDSHIP]. For purposes of this subsection, the department shall
4 adopt a regulation defining "good cause."

5 * Sec. 8. AS 43.20.011(c) is amended to read:

6 (c) There is imposed for each taxable year upon the taxable income
7 of every resident, nonresident and part-year resident head of a house-
8 hold (as defined in section 2(b) of the Internal Revenue Code), taxes
9 computed according to the following table.

10 If the taxable income is:	Then the tax is:
11 Not over \$2,000	3 percent of the taxable 12 income
13 Over \$2,000 but not over \$4,000	\$60 plus 3.5 percent of 14 excess over \$2,000
15 Over \$4,000 but not over \$6,000	\$130 plus 4.0 percent of 16 excess over \$4,000
17 Over \$6,000 but not over \$8,000	\$210 plus <u>4.0</u> [4.5] percent 18 of excess over \$6,000
19 Over \$8,000 but not over \$10,000	<u>\$290</u> [\$300] plus 5.0 percent 20 of excess over \$8,000
21 Over \$10,000 but not over \$12,000	<u>\$390</u> [\$400] plus <u>5.0</u> [5.5] per- 22 cent of excess over \$10,000
23 Over \$12,000 but not over \$14,000	<u>\$490</u> [\$510] plus 6.0 percent 24 of excess over \$12,000
25 Over \$14,000 but not over \$16,000	<u>\$610</u> [\$630] plus <u>6.0</u> [6.5] per- 26 cent of excess over \$14,000
27 Over \$16,000 but not over \$18,000	<u>\$730</u> [\$760] plus <u>6.5</u> [7.0] per- 28 cent of excess over \$16,000
29 Over \$18,000 but not over \$20,000	<u>\$860</u> [\$900] plus 7.0 percent

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Over \$60,000 but not over \$70,000
Over \$70,000 but not over \$80,000
Over \$80,000 but not over \$90,000
Over \$90,000 but not over \$100,000
Over \$100,000 but not over \$150,000
Over \$150,000 but not over \$200,000

of excess over \$18,000
\$1,000 [\$1,040] plus 7.5 per-
cent of excess over \$20,000
\$1,150 [\$1,190] plus 8.0 per-
cent of excess over \$22,000
\$1,310 [\$1,350] plus 8.5 per-
cent of excess over \$24,000
\$1,650 [\$1,690] plus 8.5 [9.0]
percent of excess over \$28,000
\$1,990 [\$2,050] plus 9.0 [9.5]
percent of excess over \$32,000
\$2,530 [\$2,430] plus 10.0 per-
cent of excess over \$38,000
\$3,130 [\$3,030] plus 10.5 per-
cent of excess over \$44,000
\$3,760 [\$3,660] plus 11.0 per-
cent of excess over \$50,000
\$4,860 [\$4,760] plus 11.5 per-
cent of excess over \$60,000
\$6,010 [\$5,910] plus 11.5 [12.0]
percent of excess over \$70,000
\$7,160 [\$7,110] plus 12.0 [12.5]
percent of excess over \$80,000
\$8,360 plus 13.0 percent of
excess over \$90,000
\$9,660 plus 13.0 [13.5] percent
of excess over \$100,000
\$16,160 [\$16,410] plus 14.0 per-
cent of excess over \$150,000

1	Over \$200,000 but not over \$300,000	<u>\$23,160</u> [\$23,410] plus 14.5 per-
2		cent of excess over \$200,000
3	Over \$300,000	<u>\$37,660</u> [\$37,910] plus 14.5 per-
4		cent of excess over \$300,000

5 * Sec. 9. AS 43.20.011(d) is repealed and re-enacted to read:

6 (d) The department shall compute and publish Alaska income tax
7 liability tables for taxpayers.

8 * Sec. 10. AS 43.20.011(e) is repealed and re-enacted to read:

9 (e) There is imposed for each taxable year upon the entire taxable
10 income of every corporation derived from sources within the state a tax
11 consisting of a normal tax equal to 5.4 percent of taxable income, and a
12 surtax which is equal to 4.0 percent of taxable income, except that the
13 tax on a corporation engaged in the production or transportation of
14 crude oil or natural gas shall be determined and paid in accordance with
15 AS 43.21. For tax years beginning after December 31, 1979, the surtax
16 exemption is \$50,000. For controlled corporations described in secs.
17 1561 - 1563 of the Internal Revenue Code only one surtax exemption may
18 be allowed for the controlled group.

19 * Sec. 11. AS 43.20.011 is amended by adding a new subsection to read:

20 (f) Notwithstanding (b) of this section, husband and wife may
21 compute and pay taxes on taxable income as individual taxpayers in
22 accordance with the tax table set out in (a) of this section if

23 (1) both of the taxpayers claim standard deductions or both
24 of the taxpayers itemize deductions;

25 (2) the amount which is claimed by married taxpayers claiming
26 a standard deduction as single persons does not exceed the amount of the
27 standard deduction which each may claim; and

28 (3) deductions, exemptions or credits, other than the stan-
29 dard deduction, claimed by the taxpayers on their separate returns do

1 not exceed the deductions, exemptions or tax credits which could be
2 claimed by the taxpayers on a single return filed jointly in accordance
3 with (b) of this section.

4 * Sec. 12. AS 43.20.021(d) is amended to read:

5 (d) Where a credit allowed under the Internal Revenue Code is also
6 allowed in computing Alaska income tax, it is limited to 16 percent [OF
7 THE AMOUNT OF THE CREDIT DETERMINED FOR FEDERAL INCOME TAX PURPOSES] for
8 individuals and fiduciaries and 18 percent for corporations of the
9 amount of credit determined for federal income tax purposes which is
10 attributable to Alaska.

11 * Sec. 13. AS 43.20.021 is amended by adding a new subsection to read:

12 (g) For purposes of calculating the accumulated earnings tax as
13 provided in the Internal Revenue Code, sec. 531, the rate is 4.95 per-
14 cent of the first \$100,000 of accumulated taxable income and 6.93 per-
15 cent of accumulated taxable income in excess of \$100,000.

16 * Sec. 14. AS 43.20.031(a)(3) is amended to read:

17 (3) the benefits of nonrecognition of gain on the sale, [OR]
18 exchange, or other disposition of certain property under secs. 1031,
19 1033, and 1034 of the Internal Revenue Code (26 U.S.C. secs. 1031, 1033
20 and 1034) are allowed only to taxpayers who purchase or exchange the
21 property within the state, except that the benefits of sec. 1034 shall
22 be allowed regardless of the location of the property for taxpayers who
23 have attained the age of 65 on or before the time of the purchase or
24 exchange; for purposes of this paragraph,

25 (A) the gain that results is subject to the benefits of
26 secs. 1201, 1202, 1221, and 1231 of the Internal Revenue Code as
27 if the gain had been recognized for federal tax purposes; and

28 (B) the basis of the acquired property shall be adjusted
29 as provided in sec. 1016 of the Internal Revenue Code as if the

1 gain had been recognized for federal tax purposes;

2 * Sec. 15. AS 43.20.031(e) is amended to read:

3 (e) An affiliated group of corporations may make or the commis-
4 sioner may require them to make a consolidated [OR COMBINED] return for
5 the taxable year in place of separate returns. For purposes of calcu-
6 lating the amount of tax payable by the group under a consolidated
7 filing, Internal Revenue Code secs. 1501 - 1552, as amended, apply.

8 * Sec. 16. AS 43.20.031(h) is amended to read:

9 (h) A taxpayer who purchases an entry permit under AS 16.43 in
10 carrying on a trade or business is entitled to a deduction of the amount
11 of the price paid during the tax year as if it were allowable under sec.
12 162 of the Internal Revenue Code (26 U.S.C. sec. 162). The basis of
13 the entry permit shall be reduced by the amount of the deduction which
14 the taxpayer is entitled to claim under this subsection.

15 * Sec. 17. AS 43.20.031 is amended by adding a new subsection to read:

16 (i) A corporation which is a member of a group of unitary cor-
17 porations which collectively has income from business activity taxable
18 both inside and outside the state, or income from other sources both
19 inside and outside the state, shall determine its income from sources in
20 this state by use of the combined method of accounting.

21 * Sec. 18. AS 43.20 is amended by adding a new section to read:

22 Sec. 43.20.033. TAXABLE INCOME OF FIDUCIARY. The taxable income
23 of a fiduciary is its taxable income as determined under AS 43.20.031
24 when attributable to sources in the state as provided in AS 43.20.040.

25 * Sec. 19. AS 43.20.035(a) is amended to read:

26 (a) The taxable income of nonresidents or part-year residents of
27 this state is taxable income as determined under AS 43.20.031 when
28 attributable to sources in the state as provided in AS 43.20.040 with
29 the following modifications:

1 (1) a nonresident or part-year resident of this state shall
2 be allowed a deduction, in place of the deductions [WHO HAS NO EXCESS
3 ALASKA ITEMIZED DEDUCTIONS AS DEFINED IN (4) OF THIS SUBSECTION IS
4 ALLOWED THE MINIMUM DEDUCTION] provided by AS 43.20.031(a)(4) and excess
5 itemized deductions provided under the Internal Revenue Code, in the
6 amount of the minimum deduction and excess itemized deductions in the
7 proportion provided in (b) of this section;

8 (2) a nonresident or part-year resident is allowed a deduc-
9 tion equal to the personal exemption deduction as defined in sec. 151 of
10 the Internal Revenue Code in the proportion provided in (b) of this
11 section[;

12 (3) A NONRESIDENT OR PART-YEAR RESIDENT WHO HAS EXCESS ALASKA
13 ITEMIZED DEDUCTIONS IS ALLOWED HIS ENTIRE ALASKA ITEMIZED DEDUCTIONS;

14 (4) "ALASKA ITEMIZED DEDUCTIONS" AS USED IN THIS SECTION ARE
15 THOSE ITEMIZED DEDUCTIONS ALLOWED UNDER THE INTERNAL REVENUE CODE WHICH
16 ARISE FROM SOURCES IN THE STATE EXCEPT THOSE ITEMS DESCRIBED IN AS 43.-
17 20.031(c); "EXCESS ALASKA ITEMIZED DEDUCTIONS" MEANS THE EXCESS (IF ANY)
18 OF:

19 (A) ALASKA ITEMIZED DEDUCTIONS, OVER

20 (B) THE MINIMUM DEDUCTION AS DEFINED IN AS 43.20.031-

21 (a)(4)].

22 * Sec. 20. AS 43.20.038(a) is amended to read:

23 (a) An individual is allowed as a credit against the tax due under
24 this chapter five percent of his residential fuel expenses paid during
25 the year, but not less than a minimum credit of \$10. For married tax-
26 payers filing separate returns, the minimum credit is \$5 for each re-
27 turn. Part-year resident and nonresident individual taxpayers shall
28 prorate the credit allowed in this section as provided by AS 43.20.-
29 035(b) [ACCORDING TO THE NUMBER OF MONTHS RESIDED IN THE STATE].

1 * Sec. 21. AS 43.20.039(c) is amended to read:

2 (c) Part-year resident and nonresident individuals shall prorate
3 the credits provided in this section as provided by AS 43.20.035(b)
4 [ACCORDING TO THE NUMBER OF MONTHS DURING WHICH THE TAXPAYER RESIDED IN
5 THE STATE].

6 * Sec. 22. AS 43.20 is amended by adding a new section to read:

7 Sec. 43.20.045. PRORATION OF PART-YEAR RESIDENT AND NONRESIDENT
8 INDIVIDUAL CREDITS. Unless otherwise provided by this chapter, a credit
9 allowable to a part-year resident and nonresident individual is limited
10 to the amount of the credit computed according to AS 43.20.021(d), if
11 that section applies, and shall be prorated as provided by AS 43.20.-
12 035(b).

13 * Sec. 23. AS 43.20.065 is amended to read:

14 Sec. 43.20.065. ALLOCATION AND APPORTIONMENT. A taxpayer who has
15 income from business activity which is taxable both inside and outside
16 the state or income from other sources both inside and outside the state
17 shall allocate and apportion his net income as provided in [ART. IV OF]
18 the Multistate Tax Compact (AS 43.19 [43.19.010]), or [AND] as provided
19 by this chapter [IN AS 43.20.071 FOR WATER TRANSPORTATION CARRIERS].

20 * Sec. 24. AS 43.20.071 is repealed and re-enacted to read:

21 Sec. 43.20.071. TRANSPORTATION CARRIERS. (a) All business income
22 of water transportation carriers shall be apportioned to this state in
23 accordance with the Multistate Tax Compact (AS 43.19) as modified by the
24 following:

25 (1) the numerator of the property factor is the sum of the
26 value for property in a fixed location, including buildings and land
27 used in the business, and intrastate equipment and personal property
28 determined according to the Multistate Tax Compact (AS 43.19), and the
29 value of interstate mobile property determined on a days-spent-in-ports

1 basis as provided in (4) of this subsection; the denominator of the
2 property factor is determined according to the Multistate Tax Compact
3 (AS 43.19);

4 (2) the numerator of the payroll factor is the sum of the
5 wages and salaries of employees assigned to fixed locations determined
6 according to the Multistate Tax Compact (AS 43.19) and the wages and
7 salaries of employees assigned to interstate mobile property determined
8 on a days-spent-in-ports basis as provided in (4) of this subsection;
9 the denominator of the payroll factor is determined in accordance with
10 the Multistate Tax Compact (AS 43.19);

11 (3) the numerator of the sales factor is the sum of all
12 revenues from intrastate activities and revenues from interstate activi-
13 ties determined on a days-spent-in-ports basis as provided in (4) of
14 this subsection; the denominator is determined in accordance with the
15 Multistate Tax Compact (AS 43.19);

16 (4) the portions of the numerator of the property, payroll,
17 and sales factors which are directly related to interstate mobile pro-
18 perty operations are determined by a ratio which the number of days
19 spent in ports inside the state bears to the total number of days spent
20 in ports inside and outside the state; the term "days spent in ports"
21 does not include periods when ships are tied up because of strikes or
22 withheld from Alaska service for repairs, or because of seasonal re-
23 duction of service; days in port are computed by dividing the total
24 number of hours in all ports by 24.

25 (b) The department shall, by regulation, adopt formulas to ensure
26 that the total income subject to apportionment under this chapter has
27 been apportioned only to those states having jurisdiction to tax the
28 income. Transportation carriers other than water carriers shall
29 apportion their income to the state by means of the formulas adopted

1 by the department.

2 * Sec. 25. AS 43.20.170(b) is amended to read:

3 (b) The rules with respect to withholding of tax set out in sec.
4 [SECS.] 3402(a) - (e), (f)(1)(A) - (E) and (G), (f)(2) - (7), (g) -
5 (1), and (o) - (r) [(i)]; sec. 3502(b); and sec. 6414 of the Internal
6 Revenue Code of 1954, as amended, apply with respect to this section as
7 though fully set out in this section. Remittance of taxes withheld
8 shall be accompanied by returns on forms prescribed by the department.

9 * Sec. 26. AS 43.20.200(a) is amended to read:

10 (a) As soon as practicable after a return is filed, the department
11 may [SHALL] examine it and determine the correct amount of the tax. If
12 an error is disclosed by the examination, the department shall so notify
13 the taxpayer by first-class mail. The taxpayer may petition for re-
14 determination of deficiency as provided in AS 43.05.240 [AS 43.20.280].

15 * Sec. 27. AS 43.20.270(f) is amended to read:

16 (f) The property distrained shall be restored to the owner or
17 possessor if, before the sale, payment of the amount due is made to the
18 deputy or agent charged with the collection, together with the fees and
19 other charges; but in case of nonpayment, the [SAID] deputy or agent
20 shall proceed to sell the property at public auction. The owner of real
21 property sold under this section, his heir, executor, or administrator,
22 or a person in his behalf may redeem the property sold or a particular
23 tract of the property at any time within 120 days [TWO YEARS] after the
24 sale of the property or tract [THEREOF]. The property or tract may be
25 redeemed upon payment to the purchaser or, if he cannot be found in the
26 state, then to the commissioner of revenue for the use of the purchaser,
27 his heirs, or assigns, the amount paid by the purchaser and interest on
28 it at the rate of 12 [SIX] percent a year. If land sold is redeemed
29 under this subsection, the commissioner shall cause entry of the fact to

1 be made upon the record mentioned in (g)(6) of this section and the
2 entry shall be evidence of such redemption.

3 * Sec. 28. AS 43.21.010 is amended to read:

4 Sec. 43.21.010. APPLICATION. This chapter applies to every cor-
5 poration doing business in the state which derives income from the
6 production of oil or gas from a lease or property in [OR DIRECTLY ASSO-
7 CIATED WITH] the state, or from the pipeline transportation of oil or
8 gas in the state. The tax calculated under this chapter is measured by
9 the total taxable income of the corporation as defined in AS 43.21.020 -
10 43.21.040 and is determined at the rates established under AS 43.20.-
11 011(e).

12 * Sec. 29. AS 43.21.020(c)(7) is amended to read:

13 (7) interest expense of the corporation not capitalized
14 during construction [OF THE CORPORATION], to the extent that it does not
15 exceed that portion of the total interest paid by the consolidated
16 business of which the corporation is a part, determined by multiplying
17 the total interest (reduced by intercompany transactions within the
18 consolidated business) by a fraction, the numerator of which is the
19 value of the corporation's real and tangible personal property used
20 directly in the production of oil or gas from a lease or property in the
21 state and the denominator of which is the value of all real and tangible
22 personal property of the consolidated business;

23 * Sec. 30. AS 43.21.040(a) is amended to read:

24 (a) Taxable income of a corporation subject to this chapter from
25 activities in this state other than the production of oil or gas from a
26 lease or property in the state or the pipeline transportation of oil or
27 gas in the state shall be determined in accordance with the method
28 established in art. IV of AS 43.19.010 and in AS 43.20.071, as modified
29 by (b) - (f) [(e)] of this section.

1 * Sec. 31. AS 43.21.040(b) is amended to read:

2 (b) The total taxable income of the consolidated business shall be
3 the net income determined and certified by an independent certified
4 public accountant for the purposes of a report to shareholders covering
5 its earnings and profits for the taxable year (calculated without regard
6 to any taxes on or measured by net income), less the earnings and pro-
7 fits of the consolidated business gained directly from oil and gas pro-
8 duction and pipeline transportation [TAXABLE INCOME OF THE CORPORATION
9 AS DETERMINED UNDER AS 43.21.020 AND 43.21.030].

10 * Sec. 32. AS 43.21.040 is amended by adding a new subsection to read:

11 (f) The value attributed to vessels transporting Alaskan oil or
12 gas of the consolidated business which are not owned or effectively
13 owned by the consolidated business shall be excluded from the property
14 factor.

15 * Sec. 33. AS 43.21.120(2) is amended to read:

16 (2) "consolidated business" means a corporation or group of
17 corporations having more than [AT LEAST] 50 percent common ownership
18 direct or indirect, or a group of corporations in which there is common
19 control either direct or indirect as evidenced by any arrangement,
20 contract or agreement.

21 * Sec. 34. AS 43.31.141 is amended to read:

22 Sec. 43.31.141. WHEN TAX DUE, EXTENSION AND INTEREST. The tax
23 imposed by this chapter is due and payable 15 months after the dece-
24 dent's death, and shall be paid by the executor to the department. If
25 the department finds that the payment on the due date of tax or any part
26 of the tax would impose undue hardship upon the estate, the department
27 may extend the time for payment of any part, but no extension may be for
28 more than one year and the aggregate of extensions with respect to an
29 estate may not exceed five years from the due date. In that case the

1 amount in respect of which the extension is granted shall be paid on or
2 before the date of the expiration of the period of the extension unless
3 a further extension is granted. If the time for the payment is extended
4 there shall be collected, as part of this amount, interest on the tax at
5 the rate provided in AS 43.05.225 [OF SEVEN PERCENT A YEAR] from the due
6 date of the tax to the date the tax is paid.

7 * Sec. 35. AS 43.40.030(b) is amended to read:

8 (b) The entire tax levied by this chapter [AS 43.40.010 - 43.40.-
9 100] shall be refunded to the purchaser on that part of the motor fuel
10 used in a foreign country on which duty is paid when the fuel is sold
11 and delivered in the state for nonhighway use in a foreign country.

12 * Sec. 36. AS 43.40.030 is amended by adding a new subsection to read:

13 (d) If a person obtains motor fuel on which the tax levied by this
14 chapter has been paid and the motor fuel is exempt from the tax, the
15 person is entitled to a refund of the tax paid.

16 * Sec. 37. AS 43.40.050(a) is amended to read:

17 (a) A person who claims a refund as provided in this chapter
18 [AS 43.40.010 - 43.40.100] shall present his claim to the commissioner
19 of revenue by affidavit upon a form provided by the commissioner. The
20 claim shall include the name, address and occupation of the applicant,
21 the nature of the business of the applicant, and a description suffi
22 cient to identify the machinery or equipment in which the motor fuel
23 for which the refund is claimed was used [WITH THE INFORMATION THE
24 COMMISSIONER REQUIRES]. The claim shall be accompanied by each invoice
25 issued to the claimant at the time the motor fuel was [IS] purchased.
26 The commissioner may require any additional information which he con-
27 sidered necessary for the administration of this chapter [AS 43.40.010 -
28 43.40.100].

29 * Sec. 38. AS 43.50.010 is amended by adding a new subsection to read:

1 (e) A license issued under this chapter shall include

2 (1) the name and address of the licensee;

3 (2) the type of business to be conducted; and

4 (3) the year for which the license is issued.

5 * Sec. 39. AS 43.50.150 is amended to read:

6 Sec. 43.50.150. ADMINISTRATION. (a) The department shall (1)
7 administer this chapter [AS 43.50.010 - 43.50.180], and (2) collect,
8 supervise, and enforce the collection of taxes [AND PENALTIES] due under
9 this chapter and penalties as provided in AS 43.05 [AS 43.50.010 - 43.-
10 50.180].

11 (b) The department may adopt [PUBLISH] regulations necessary for
12 the administration of this chapter [AS 43.50.010 - 43.50.180], [(1) TO
13 ENFORCE AS 43.50.010 - 43.50.180, AND (2) TO COLLECT THE TAXES, FEES,
14 AND PENALTIES IMPOSED BY AS 43.50.010 - 43.50.180].

15 * Sec. 40. AS 43.50.190(b) is amended to read:

16 (b) The tax levied by this section is in addition to the tax
17 levied by AS 43.50.010 - 43.50.180. The tax shall be administered and
18 collected in the same manner as the tax levied by AS 43.50.010 - 43.50.-
19 180, except that receipts from the tax shall be deposited in the general
20 fund. The penalties provided in AS 43.05 [ESTABLISHED IN AS 43.50.010 -
21 43.50.180] apply to the tax levied in this section.

22 * Sec. 41. AS 43.56.210(6) is amended to read:

23 (6) "taxable property"

24 (A) means real and tangible personal property used or
25 committed by contract or other agreement for use within this state
26 primarily in the exploration for, production of, or pipeline trans-
27 portation of gas or unrefined oil (except for property used solely
28 for the retail distribution or liquefaction of natural gas), or in
29 the operation or maintenance of facilities used in the exploration

1 for, production of, or pipeline transportation of gas or unrefined
2 oil; "taxable property" includes [, INCLUDING]

3 (i) machinery, appliances, supplies, and equipment;
4 [,]

5 (ii) drilling rigs, wells (whether producing or
6 not), gathering lines and transmission lines, pumping stations,
7 compressor stations, power plants, topping plants, and pro-
8 cessing units; [,]

9 (iii) roads, tank farms, tanker terminals, docks and
10 other port facilities, air strips and communication equipment
11 and facilities; [,]

12 (iv) aircraft and motor vehicles owned by a person
13 whose principal business in the state is the exploration for,
14 production of, or pipeline transportation of gas or unrefined
15 oil and whose operation of the aircraft or motor vehicle
16 directly relates to the conduct of that business; and

17 (v) maintenance equipment and facilities, and
18 maintenance camps and other related facilities;

19 (B) ["TAXABLE PROPERTY"] does not include

20 (i) permanent residences; [,]

21 (ii) office buildings requiring substantial local
22 government services; [, OR]

23 (iii) oil and gas pipeline systems owned and operated
24 by a certificated public utility regulated by the Alaska
25 Public Utilities Commission; and

26 (iv) aircraft and motor vehicles, except aircraft
27 and motor vehicles taxable under (A)(iv) of this paragraph;

28 * Sec. 42. AS 43.60.040 is amended by adding a new subsection to read:
29 (h) A license issued under this section shall include

- 1 (1) the name and address of the licensee;
2 (2) the nature or type of liquor business to be conducted;
3 and
4 (3) the year for which the license is issued.

5 * Sec. 43. AS 43.65.010 is amended by adding a new subsection to read:

6 (i) A license issued under this section shall include

- 7 (1) the name and address of the licensee;
8 (2) the nature or type of mining activity to be conducted;

9 and

10 (3) the year for which the license is issued.

11 * Sec. 44. AS 43.70.020(a) is amended to read:

12 (a) For the privilege of engaging in a business in the state, a
13 person shall first apply, upon forms prescribed by the commissioner, and
14 obtain a license [SO TO DO], and pay the license fee provided for in
15 AS 43.70.030. A license issued to a firm for a particular line of
16 business covers all its operations in the state in the line of business
17 regardless of the number of its establishments. A license issued under
18 this subsection shall include

- 19 (1) the name and address of the licensee;
20 (2) the line of business to be conducted; and
21 (3) the year for which the license is issued.

22 * Sec. 45. The following laws are repealed: AS 43.05.100(a); AS 43.10.-
23 040, 43.10.050; AS 43.20.150, 43.20.160(b), 43.20.220, 43.20.240, 43.20.260;
24 AS 43.31.171; AS 43.40.040; AS 43.50.100(a), (c), and (e); AS 43.58.120,
25 43.58.130; AS 43.65.050(b) and (c); AS 43.70.060; AS 43.75.050(c), 43.75.-
26 140(8); and AS 43.80.030.

27 * Sec. 46. The following laws are repealed: AS 43.20.335; AS 43.26.060;
28 AS 43.31.360; AS 43.31.370, 43.31.380, 43.31.390; AS 43.35.080; AS 43.40.020,
29 43.40.080(b), 43.40.090; AS 43.45.060; AS 43.50.160; AS 43.55.120, 43.55.130;

1 AS 43.56.190; AS 43.60.040(d), (e), and (f); AS 43.65.050(f), (g), and (h);
2 AS 43.70.100; AS 43.75.050(f), (g), and (h), 43.75.120; and AS 43.80.020.

3 * Sec. 47. (a) The commissioner of revenue shall provide the commissioner
4 of administration the names of taxpayers who paid to the state after
5 December 31, 1973, a tax levied on aircraft or motor vehicles which are
6 exempt from taxation under AS 43.56.210(6), as amended by sec. 41 of this
7 Act, and the amount of the taxes paid on the aircraft or motor vehicle.

8 (b) The commissioner of administration shall promptly pay each taxpayer
9 the amount determined by the commissioner of revenue under (a) of this sec-
10 tion.

11 * Sec. 48. Section 41 of this Act is retroactive to January 1, 1974.

12 * Sec. 49. Section 16 of this Act is retroactive to January 1, 1977, and
13 applies to tax years beginning after December 31, 1976.

14 * Sec. 50. Sections 28 and 30 - 33 of this Act are retroactive to
15 January 1, 1978, and apply to tax years beginning after December 31, 1977.

16 * Sec. 51. Section 11 of this Act is retroactive to January 1, 1979, and
17 applies to tax returns for tax years beginning after December 31, 1978.

18 * Sec. 52. Sections 1, 3, 4, 6 - 10, 12 - 15, 17 - 27, 29, 34 - 37, 39, 40,
19 and 45 of this Act are retroactive to January 1, 1980, and apply to tax years
20 beginning after December 31, 1979.

21 * Sec. 53. Sections 38 and 42 - 44 of this Act take effect January 1,
22 1981.

23 * Sec. 54. Sections 1 - 37, 39 - 41, and 45 - 54 of this Act take effect
24 immediately in accordance with AS 01.10.070(c).

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