

Original sponsor: Resources Committee

Offered: 6/22/81  
Referred: Rules

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 460 (Finance) am S

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to taxes; and providing for an effective date."  
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8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 43.20.036(b) is amended to read:

10 (b) For purposes of calculating the income tax payable under this  
11 chapter, the taxpayer may apply as a credit against his tax liability  
12 the [JOB DEVELOPMENT] investment credit allowed as to federal taxes  
13 under Internal Revenue Code sec. 38 (26 U.S.C. 38) [50] upon only the  
14 first \$20,000,000 [\$500,000] of qualified investment put into use in the  
15 state for each taxable year [(26 U.S.C. SEC. 50)]. This limitation does  
16 not apply to the amounts invested in equipment which meets the defini-  
17 tion of a certified pollution control facility as defined under Internal  
18 Revenue Code sec. 169 (26 U.S.C. sec. 169) as in effect on June 19, 1975  
19 [THE EFFECTIVE DATE OF THIS ACT] except that the date specified in In-  
20 ternal Revenue Code [THAT] section 169(d) as a condition of qualifying a  
21 certified pollution control facility for a deduction does not apply.

22 \* Sec. 2. AS 43.56.210(6)(A)(iii) is amended to read:

23 (iii) roads, tank farms, tanker terminals, docks and  
24 other port facilities, and air strips [AND COMMUNICATION  
25 EQUIPMENT AND FACILITIES];

26 \* Sec. 3. AS 43.56.210(6)(A) is amended by adding a new subparagraph to  
27 read:

28 (vi) communications facilities owned by a person  
29 whose principal business in the state is the exploration for,

1 production of, or pipeline transportation of gas or unrefined  
2 oil and whose operation of the communications facilities  
3 directly relates to the conduct of that business;

4 \* Sec. 4. AS 43.56.210(6)(B) is amended by adding a new subparagraph to  
5 read:

6 (v) communications facilities, except communica-  
7 tions facilities taxable under (A)(vi) of this paragraph;

8 \* Sec. 5. AS 43.75.015(b) is amended to read:

9 (b) Instead of the taxes levied by (a) of this section, a person  
10 who processes [ENGAGED IN A FISHERY BUSINESS WHICH INCLUDES PROCESSING]  
11 a developing commercial fish species is liable for and shall pay a tax  
12 equal to

13 (1) one percent of the value of the developing commercial  
14 fish species processed by a shore-based fisheries business during the  
15 year; and

16 (2) three percent of the value of the developing commercial  
17 fish species processed by a floating fisheries business during the  
18 year.

19 \* Sec. 6. AS 43.75.015(c) is amended to read:

20 (c) A person engaging or attempting to engage in a fisheries  
21 business who first actually and physically processes the fishery re-  
22 source, or a person who purchases a fishery resource that is frozen  
23 from a person excluded by AS 43.75.017 from liability for the tax, is  
24 liable for and shall pay to the department the entire tax imposed by  
25 this section. In determining this tax liability, the person may [NOT]  
26 deduct from the value of the fishery resources processed the value of  
27 fishery resources that are canned or processed for other fisheries  
28 businesses. A person taking the deduction authorized by this subsection  
29 shall report all information relating to the deduction in accordance

1 with regulations issued by the department [, BUT SHALL INCLUDE THAT  
2 VALUE AS PART OF THE VALUE OF THE FISHERY RESOURCES PROCESSED].

3 \* Sec. 7. AS 43.75 is amended by adding a new section to read:

4 Sec. 43.75.017. EXCLUSION FROM FISHERIES BUSINESS TAX. A person  
5 is not liable for the fisheries business tax under AS 43.75.015 when  
6 the fishery resource is frozen aboard a fishing vessel if

7 (1) the vessel is operated as a commercial fishing vessel  
8 under a valid commercial fishing license;

9 (2) the fishery resource is not processed beyond heading,  
10 gutting or cleaning, freezing and glazing;

11 (3) the fishery resource that is frozen was caught by the  
12 vessel; and

13 (4) the fishery resource is sold by the person claiming an  
14 exclusion from the tax to a fisheries business licensed under AS 43.75.

15 \* Sec. 8. AS 43.75.100(a) is amended to read:

16 (a) A person taking, purchasing, or otherwise acquiring a fishery  
17 resource covered by this chapter which has not been subject to the tax  
18 imposed in AS 43.75.015 is subject to the tax levied in AS 43.75.015 on  
19 the value of the fishery resource [SOLD] if the person

20 (1) transports the fishery resource to a point outside the  
21 taxing jurisdiction of the state for subsequent processing or sale [TO  
22 A FISHERIES BUSINESS] outside the taxing jurisdiction of the state; [OR]

23 (2) sells the fishery resource [TO A FISHERIES BUSINESS]  
24 outside the taxing jurisdiction of the state; or

25 (3) has the fishery resource processed by a fisheries busi-  
26 ness inside the state.

27 \* Sec. 9. AS 43.75.100(b) is repealed and reenacted to read:

28 (b) The rate of tax that shall be paid by a person whose liability  
29 for the tax is established by this section is the rate of tax that

1 would have been due under AS 43.75.015 if the fisheries business that  
2 first actually and physically processed the fish had been liable to pay  
3 the tax.

4 \* Sec. 10. AS 43.75.130 is amended to read:

5 Sec. 43.75.130. REFUND TO LOCAL GOVERNMENTS. The commissioner of  
6 revenue shall pay

7 (1) to each municipality unified under AS 29.68.240 - 29.68.-  
8 440, and to each city located in the unorganized borough, 50 [20]  
9 percent of the amount of tax revenue collected in the municipality from  
10 taxes levied by AS 43.75;

11 (2) to each city located within a borough, 25 [10] percent  
12 of the amount of tax revenue collected in the city from taxes levied by  
13 AS 43.75; and

14 (3) to each borough

15 (A) 50 [20] percent of the amount of tax revenue  
16 collected in the area of the borough outside cities from taxes  
17 levied by AS 43.75; and

18 (B) 25 [10] percent of the amount of tax revenue  
19 collected in cities located within the borough from taxes levied  
20 by AS 43.75.

21 \* Sec. 11. AS 43.75.140(7) is amended to read:

22 (7) "value" means the actual price paid for the fisheries  
23 resource by the fisheries business, including indirect consideration  
24 such as fuel, supplies, or gear, whether paid at the time of purchase  
25 of the fisheries resource or tendered as a deferred or delayed payment,  
26 except that "value" means the market value of the fishery resource if  
27 the taking of the fishery resource is done [PROCURED] in company-owned  
28 or company-subsidized boats operated by employees of the fisheries  
29 business or in boats which are operated under lease or other arrange-

1 ment;

2 \* Sec. 12. AS 43.75.140 is amended by adding a new paragraph to read:

3 (9) "taking" means pursuing, fishing, capturing, or harvest-  
4 ing a fisheries resource in any manner.

5 \* Sec. 13. AS 43.76.010(a) is amended to read:

6 (a) A person holding a limited entry permit under AS 16.43 shall  
7 pay a salmon enhancement tax at the rate of three percent of the value  
8 of salmon, as defined in AS 43.75.140(7), that the person removes from  
9 the state or transfers to a buyer in the state. The buyer [SELLS TO A  
10 PROCESSOR LICENSED UNDER AS 43.75.011. THE PROCESSOR] shall collect  
11 the salmon enhancement tax at the time [OF] the salmon is acquired by  
12 the buyer [SALE].

13 \* Sec. 14. AS 43.76.011(a) is amended to read:

14 (a) A person holding a limited entry permit under AS 16.43 shall  
15 pay a salmon enhancement tax at the rate of two percent of the value of  
16 salmon, as defined in AS 43.75.140(7), that the person removes from the  
17 state or transfers to a buyer in the state. The buyer [SELLS TO A  
18 PROCESSOR LICENSED UNDER AS 43.75.011. THE PROCESSOR] shall collect  
19 the salmon enhancement tax at the time [OF] the salmon is acquired by  
20 the buyer [SALE].

21 \* Sec. 15. AS 43.76.020(a) is amended to read:

22 (a) The salmon enhancement tax levied under AS 43.76.010 or 43.-  
23 76.011 may be terminated by the commissioner of revenue upon majority  
24 vote at an election held under AS 43.76.015 in the region in which the  
25 salmon enhancement tax is levied.

26 \* Sec. 16. AS 43.76.025(a) is amended to read:

27 (a) A buyer [PROCESSOR] who acquires [BUYS] fisheries resources  
28 which are subject to the salmon enhancement tax imposed by AS 43.76.010  
29 or 43.76.011 shall collect the salmon enhancement tax at the time of

1 purchase, and shall remit the total salmon enhancement tax collected  
2 during each month to the Department of Revenue by the last day of the  
3 next month.

4 \* Sec. 17. AS 43.76.025(b) is amended to read:

5 (b) A buyer [PROCESSOR] who collects the salmon enhancement tax  
6 shall

7 (1) maintain records reflecting the region designated under  
8 AS 16.10.375 in which the fishery resource was caught; and

9 (2) report to the Department of Revenue by March 1 of each  
10 year the total value, as defined in AS 43.75.140(7), of the salmon  
11 caught in each region designated under AS 16.10.375 which the buyer  
12 [PROCESSOR] has acquired [PURCHASED] during the preceding year.

13 \* Sec. 18. AS 43.76 is amended by adding a new section to read:

14 Sec. 43.76.028. LIABILITY FOR TAX ON SALMON SHIPPED FROM STATE.

15 (a) The owner of salmon removed from the state is liable for payment  
16 of the salmon enhancement tax imposed by AS 43.76.010 or 43.76.011 if,  
17 at the time the salmon are removed from the state, the tax payable on  
18 the salmon has not been collected by a buyer.

19 (b) If the owner of salmon is liable for payment of the salmon  
20 enhancement tax under (a) of this section, he shall comply with the  
21 requirement of AS 43.76.025(b) to report his liability for payment of  
22 the tax.

23 \* Sec. 19. AS 43.76 is amended by adding a new section to read:

24 Sec. 43.76.040. DEFINITION. In this chapter, unless the context  
25 otherwise requires, "buyer" means a person who acquires possession of  
26 salmon from the person who caught the salmon regardless of whether  
27 there is an actual sale of the salmon but excluding a transfer to a  
28 person engaged solely in interstate transportation of goods for hire.

29 \* Sec. 20. AS 43.75.136 is repealed.

1 \* Sec. 21. TRANSITIONAL REVENUE SHARING. Notwithstanding AS 43.75.130,  
2 during the fiscal year ending June 30, 1982, the commissioner of revenue  
3 shall pay

4 (1) to each municipality unified under AS 29.68.240 - 29.68.440,  
5 and to each city located in the unorganized borough, 30 percent of the  
6 amount of tax revenue collected in the municipality from taxes levied by  
7 AS 43.75;

8 (2) to each city located within a borough, 15 percent of the  
9 amount of tax revenue collected in the city from taxes levied by AS 43.75;  
10 and

11 (3) to each borough

12 (A) 30 percent of the amount of tax revenue collected in the  
13 area of the borough outside cities from taxes levied by AS 43.75; and

14 (B) 15 percent of the amount of tax revenue collected in  
15 cities inside the borough from taxes levied by AS 43.75.

16 \* Sec. 22. TRANSITION. The taxes paid for the 1980 calendar year under  
17 AS 43.75 shall be shared with municipalities in accordance with AS 43.75.130  
18 as that section read before its amendment by sec. 10 of this Act. The taxes  
19 paid for the 1981 calendar year shall be shared with municipalities in  
20 accordance with sec. 21 of this Act. The taxes paid for the 1982 calendar  
21 year and for each succeeding calendar year shall be shared with municipali-  
22 ties in accordance with AS 43.75.130 as amended by sec. 10 of this Act.

23 \* Sec. 23. SEVERABILITY. If a provision of this Act, or the application  
24 of a provision of this Act to any person or circumstance, is held invalid,  
25 the remainder of this Act and the application of it to other persons or  
26 circumstances is not affected by the invalidation of the section.

27 \* Sec. 24. Section 1 of this Act is retroactive to July 1, 1980, and  
28 applies to expenditures that qualify for the investment credits that are  
29 made on or after that date.

1 \* Sec. 25. Sections 2 - 4, 6, 7, 11, and 12 of this Act are retroactive  
2 to January 1, 1981, and apply to tax years beginning after December 31,  
3 1980.

4 \* Sec. 26. Section 21 of this Act takes effect July 1, 1981.

5 \* Sec. 27. Section 10 of this Act takes effect July 1, 1982.

6 \* Sec. 28. Sections 1 - 9, 11 - 20, and 22 - 24 of this Act take effect  
7 immediately in accordance with AS 01.10.070(c).

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