

Original sponsor: Finance Committee

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1 IN THE SENATE

BY THE FREE CONFERENCE COMMITTEE

2 FREE CONFERENCE CS FOR SENATE BILL NO. 524

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
7 effective date."

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

9 * Section 1. LEGISLATIVE FINDINGS AND INTENT. (a) The legislature re-
10 confirms its findings in sec. 1, ch. 110, SLA 1978 and finds and declares
11 that the method of apportioning income for tax purposes under the "Uniform
12 Division of Income for Tax Purposes" formula embodied in the Multistate Tax
13 Compact (AS 43.19) and AS 43.20 does not fairly represent the extent of the
14 business activities in this state of multistate corporations engaged in the
15 production or pipeline transportation of crude oil or natural gas in this
16 state.

17 (b) The legislature reconfirms its intent, expressed in sec. 1, ch.
18 110, SLA 1978, that the assessment of income tax against a multistate corpo-
19 ration engaged in the production or pipeline transportation of crude oil or
20 natural gas in this state be commensurate with the tax that would be as-
21 sessed against a corporation owning and operating only those assets of the
22 multistate corporation which are in this state.

23 * Sec. 2. AS 43.20.011(e) is amended to read:

24 (e) There is imposed for each taxable year upon the entire tax-
25 able income of every corporation derived from sources within the state
26 a tax consisting of a normal tax equal to 5.4 percent of taxable in-
27 come, and a surtax which is equal to 4.0 percent of taxable income, ex-
28 cept that the tax on a corporation doing business in the state which
29 derives income from [ENGAGED IN] the production or pipeline transporta-

1 tion of crude oil or natural gas in the state shall be determined and
2 paid in accordance with AS 43.21. For tax years beginning after
3 December 31, 1979, the surtax exemption is \$50,000. For controlled
4 corporations described in secs. 1561 - 1563 of the Internal Revenue
5 Code only one surtax exemption may be allowed for the controlled group.

6 * Sec. 3. AS 43.20.011(e) is repealed and reenacted to read:

7 (e) There is imposed for each taxable year upon the entire tax-
8 able income of every corporation derived from sources within the state
9 a tax, except that the tax on a corporation doing business in the state
10 which derives income from the production or pipeline transportation of
11 crude oil or natural gas in the state shall be determined and paid in
12 accordance with AS 43.21. Income from sharing in a regional Native
13 corporation's revenue that is required to be divided under sec. 7(i)
14 and sec. 7(j) of the Alaska Native Claims Settlement Act (P.L. 92-203)
15 is taxable income of the recipient under this chapter, except that a
16 recipient who is subject to AS 43.21 shall treat the income as taxable
17 under AS 43.21.040. The tax is computed as follows:

18 If the taxable income is:	Then the tax is:
19 \$10,000 but less than \$20,000	\$100 plus 2 percent of the taxable 20 income over \$10,000
21 \$20,000 but less than \$30,000	\$300 plus 3 percent of the taxable 22 income over \$20,000
23 \$30,000 but less than \$40,000	\$600 plus 4 percent of the taxable 24 income over \$30,000
25 \$40,000 but less than \$50,000	\$1,000 plus 5 percent of the taxable 26 income over \$40,000
27 \$50,000 but less than \$60,000	\$1,500 plus 6 percent of the taxable 28 income over \$50,000
29 \$60,000 but less than \$70,000	\$2,100 plus 7 percent of the taxable

1		income over \$60,000
2	\$70,000 but less than \$80,000	\$2,800 plus 8 percent of the taxable
3		income over \$70,000
4	\$80,000 but less than \$90,000	\$3,600 plus 9 percent of the taxable
5		income over \$80,000
6	\$90,000 but less than	\$4,500 plus 9.4 percent of the
7	\$1,000,000	taxable income over \$90,000.
8	\$1,000,000 but less than	\$90,040 plus 10 percent of the
9	\$4,000,000	taxable income over \$1,000,000
10	\$4,000,000 or more	\$390,040 plus 11 percent of the
11		taxable income over \$4,000,000

12 * Sec. 4. AS 43.20.011(e) is repealed and reenacted to read:

13 (e) There is imposed for each taxable year upon the entire tax-
14 able income of every corporation derived from sources within the state
15 a tax computed as follows:

16	If the taxable income is:	Then the tax is:
17	Less than \$10,000	1 percent of the taxable income
18	\$10,000 but less than \$20,000	\$100 plus 2 percent of the taxable
19		income over \$10,000
20	\$20,000 but less than \$30,000	\$300 plus 3 percent of the taxable
21		income over \$20,000
22	\$30,000 but less than \$40,000	\$600 plus 4 percent of the taxable
23		income over \$30,000
24	\$40,000 but less than \$50,000	\$1,000 plus 5 percent of the taxable
25		income over \$40,000
26	\$50,000 but less than \$60,000	\$1,500 plus 6 percent of the taxable
27		income over \$50,000
28	\$60,000 but less than \$70,000	\$2,100 plus 7 percent of the taxable
29		income over \$60,000

1	\$70,000 but less than \$80,000	\$2,800 plus 8 percent of the taxable
2		income over \$70,000
3	\$80,000 but less than \$90,000	\$3,600 plus 9 percent of the taxable
4		income over \$80,000
5	\$90,000 or more	\$4,500 plus 9.4 percent of the
6		taxable income over \$90,000.

7 * Sec. 5. AS 43.20 is amended by adding a new section to read:

8 Sec. 43.20.072. OIL AND GAS PRODUCERS AND PIPELINES. (a) All
9 business income of a taxpayer engaged in the production of oil or gas
10 from a lease or property in this state or engaged in the transportation
11 of oil or gas by pipeline in this state shall be apportioned to this
12 state in accordance with the Multistate Tax Compact (AS 43.19) as modi-
13 fied by this section.

14 (b) A taxpayer's business income to be apportioned under this
15 section to the state shall be the federal taxable income of the taxpay-
16 er's consolidated business for the tax period, except that

17 (1) taxes based on or measured by net income that are de-
18 ducted in the determination of the federal taxable income shall be
19 added back;

20 (2) intangible drilling and development costs that are de-
21 ducted as expenses under sec. 263(c) of the Internal Revenue Code in
22 the determination of the federal taxable income shall be capitalized
23 and depreciated as if the option to treat them as expenses under sec.
24 263(c) of the Internal Revenue Code had not been exercised;

25 (3) depletion deducted on the percentage depletion basis un-
26 der sec. 613 of the Internal Revenue Code in the determination of the
27 federal taxable income shall be recomputed and deducted on the cost de-
28 pletion basis under sec. 612 of the Internal Revenue Code; and

29 (4) depreciation shall be computed on the basis of sec. 167

1 of the Internal Revenue Code as that section read on June 30, 1981.

2 (c) A taxpayer's business income shall be apportioned to this
3 state by multiplying the taxpayer's income determined under (b) of this
4 section by the apportionment factor applicable to the taxpayer among
5 the following factors:

6 (1) the apportionment factor of a taxpayer subject to this
7 section but not engaged in the production of oil and gas from a lease
8 or property in this state during the tax period is a fraction, the nu-
9 merator of which is the sum of the property factor under the Multistate
10 Tax Compact (AS 43.19) and the sales factor under (d) of this section
11 for the taxpayer for that tax period, and the denominator of which is
12 two;

13 (2) the apportionment factor of a taxpayer subject to this
14 section but not engaged in the pipeline transportation of oil or gas in
15 this state during the tax period is a fraction, the numerator of which
16 is the sum of the property factor under (e) of this section and the ex-
17 traction factor under (f) of this section for the taxpayer for the tax
18 period, and the denominator of which is two;

19 (3) the apportionment factor of a taxpayer engaged both in
20 the production of oil or gas from a lease or property in this state and
21 in the pipeline transportation of oil or gas in this state during the
22 tax period is a fraction, the numerator of which is the sum of the
23 sales factor under (d) of this section, the property factor under (e)
24 of this section, and the extraction factor under (f) of this section
25 for the taxpayer for the tax period, and the denominator of which is
26 three.

27 (d) The sales factor of a taxpayer subject to this section is a
28 fraction,

29 (1) the numerator of which is the sum of the following for

1 the tax period:

2 (A) the tariffs allowed and received by or for the tax-
3 payer for transporting oil or gas by pipeline in this state, re-
4 gardless of whether the tariffs are paid by third parties or by
5 entities within the taxpayer's consolidated business; and

6 (B) the total sales of the taxpayer in this state, de-
7 termined in accordance with the Multistate Tax Compact (AS 43.19),
8 but excluding those sales already included in the tariffs des-
9 cribed in (A) of this paragraph; and

10 (2) the denominator of which is the sum of the following for
11 the tax period:

12 (A) the tariffs allowed and received by or for the tax-
13 payer's consolidated business for transporting oil or gas by pipe-
14 line everywhere, regardless of whether the tariffs are paid by
15 third parties or by entities within the taxpayer's consolidated
16 business; and

17 (B) the total sales of the taxpayer's consolidated
18 business everywhere, determined in accordance with the Multistate
19 Tax Compact (AS 43.19), but excluding those sales already included
20 in the tariffs described in (A) of this paragraph.

21 (e) Unless otherwise specified in this section, the property
22 factor of a taxpayer subject to this section is a fraction,

23 (1) the numerator of which is the sum of the following for
24 the tax period:

25 (A) the average value, determined under the Multistate
26 Tax Compact (AS 43.19), of the taxpayer's real and tangible per-
27 sonal property owned or rented and used in this state during the
28 tax period; and

29 (B) the cumulative intangible drilling and development

1 costs capitalized or expensed for federal income tax purposes un-
2 der sec. 263(c) of the Internal Revenue Code, for the taxpayer's
3 producing oil and gas wells in this state; and

4 (2) the denominator of which is the sum of the following for
5 the tax period:

6 (A) the average value, determined under the Multistate
7 Tax Compact (AS 43.19), of the real and tangible personal property
8 everywhere owned or rented and used by the taxpayer's consolidated
9 business during the tax period; and

10 (B) the cumulative intangible drilling and development
11 costs capitalized or expensed for federal income tax purposes un-
12 der sec. 263(c) of the Internal Revenue Code, for the producing
13 oil and gas wells everywhere of the taxpayer's consolidated busi-
14 ness.

15 (f) The extraction factor of a taxpayer subject to this section
16 is a fraction,

17 (1) the numerator of which is the sum of the following for
18 the tax period:

19 (A) the number of barrels of the taxpayer's oil (net of
20 royalty to an unrelated party) produced from or allocated to
21 leases or properties of the taxpayer in this state; and

22 (B) one-sixth of the number of Mcf of the taxpayer's
23 gas (net of royalty to an unrelated party) produced from or allo-
24 cated to leases or properties of the taxpayer in this state, ex-
25 cluding reinjected gas; and

26 (2) the denominator of which is the sum of the following for
27 the tax period:

28 (A) the number of barrels of oil of the taxpayer's con-
29 solidated business (net of royalty to an unrelated party) produced

1 from or allocated to leases or properties of the taxpayer's con-
2 solidated business everywhere; and

3 (B) one-sixth of the number of Mcf of gas of the tax-
4 payer's consolidated business (net of royalty to an unrelated par-
5 ty) produced from or allocated to leases or properties of the tax-
6 payer's consolidated business everywhere, excluding reinjected gas.

7 (g) In this section,

8 (1) "barrel" means the quantity of oil contained in 42
9 United States gallons of 231 cubic inches each, measured at a tempera-
10 ture of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds
11 per square inch;

12 (2) "consolidated business" means a corporation or group of
13 corporations having more than 50 percent common ownership, direct or
14 indirect, or a group of corporations in which there is common control,
15 either direct or indirect, as evidenced by any arrangement, contract,
16 or agreement. The requirements of this chapter apply whether or not
17 the taxpayer is the parent or controlling corporation;

18 (3) "federal taxable income" means taxable income as the
19 term is used in AS 43.20.011 - 43.20.065;

20 (4) "gas" means all hydrocarbons produced that are not de-
21 fined as oil, including all liquid hydrocarbons extracted at a gas pro-
22 cessing plant;

23 (5) "lease or property" has the meaning given it by the
24 department in its regulations;

25 (6) "Mcf" means the quantity of gas contained in 1,000 cubic
26 feet of space, measured at a temperature of 60 degrees Fahrenheit and
27 an absolute pressure of 14.65 pounds per square inch; and

28 (7) "oil" means crude petroleum oil and other hydrocarbons,
29 regardless of API gravity, which are produced in liquid form, including

1 the liquid hydrocarbons sometimes known as distillate or condensate
2 which are recovered by separation from gas other than at a gas process-
3 ing plant.

4 * Sec. 6. AS 43.21.010 is amended to read:

5 Sec. 43.21.010. APPLICATION. This chapter applies to every cor-
6 poration doing business in the state which derives income from the pro-
7 duction of oil or gas from a lease or property in the state [,] or from
8 the pipeline transportation of oil or gas in the state. The tax calcu-
9 lated under this chapter is measured by the total taxable income of the
10 corporation during the tax period as determined under [DEFINED IN]
11 AS 43.21.020 - 43.21.040 and is calculated [DETERMINED] at the rates
12 established under AS 43.20.011(e).

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

14 (c) Net income from oil and gas production shall be determined by
15 the department by deducting from gross income the following:

16 (1) royalties paid in kind or in value;

17 (2) taxes imposed under AS 43.55 and AS 43.57 which are ac-
18 tually paid or incurred by the corporation on the production from a
19 lease or property in the state;

20 (3) taxes imposed under AS 43.56 and AS 29.53 which are ac-
21 tually paid or incurred by the corporation on property used directly in
22 the production of oil or gas from a lease or property in the state, in-
23 cluding property used in production, gathering, treatment, or prepara-
24 tion of the oil or gas for pipeline transportation, but only if those
25 property tax payments were due and payable only after the date of com-
26 mercial production from the lease or property with which the property
27 was associated;

28 (4) the direct costs incurred by or for the corporation in
29 operating the lease or property, including the direct costs of produc-

1 ing, gathering, treating, or preparing the oil or gas for pipeline
2 transportation, but not of any payments received for those activities
3 and not including any indirect cost or overhead expense;

4 (5) depreciation (using the unit of production method or
5 such other reasonable methods as the department may by regulation es-
6 tablish) on property used directly in the production, gathering, treat-
7 ment, or preparation of the oil or gas for pipeline transportation in-
8 cluding amortization of capitalized interest for investments in this
9 property at a rate not to exceed the average cost of borrowed capital
10 to the taxpayer during the year in which it is capitalized;

11 (6) the amortization of lease acquisition payments and taxes
12 paid or incurred under AS 43.56 and AS 29.53 (including capitalized in-
13 terest on both) for or on producing properties before the commencement
14 of commercial production from the lease or property for which the prop-
15 erty is being used;

16 (7) interest expense of the corporation, not capitalized
17 during construction, that was paid or incurred in connection with prop-
18 erty in Alaska; however, unless (f) of this section applies, the inter-
19 est expense may [TO THE EXTENT THAT IT DOES] not exceed that portion of
20 the total interest paid by the consolidated business of which the cor-
21 poration is a part, determined by multiplying the total interest [(RE-
22 DUCED BY INTERCOMPANY TRANSACTIONS WITHIN THE CONSOLIDATED BUSINESS)]
23 by a fraction, the numerator of which is the value of the corporation's
24 real and tangible personal property used directly in the production of
25 oil or gas from a lease or property in the state and the denominator of
26 which is the value of all real and tangible personal property of the
27 consolidated business; in this subsection, "total interest paid by the
28 consolidated business" does not include interest expense arising from
29 intercompany obligations within the consolidated business except to the

1 extent that the interest expense reflects a pass-through of interest on
2 a third-party borrowing by the parent or other member of the consolida-
3 ted business with the purpose, expressed at the time of the third-party
4 borrowing, of financing Alaska business activity of the taxpayer corpor-
5 ation;

6 (8) expenses incurred by the corporation after December 31,
7 1977, of unsuccessful exploration of oil or gas in the state including
8 the acquisition costs of abandoned properties, dry hole costs, and the
9 costs of geologic and geophysical exploration related to those aban-
10 doned properties;

11 (9) general overhead or administrative expense incurred by
12 the corporation attributable to deriving income from the production of
13 oil or gas from a lease or property in the state to the extent, except
14 as provided in (f) of this section, that it does not exceed [THE LESSER
15 OF:

16 (A)] that portion of the total general overhead or ad-
17 ministrative expense incurred by the consolidated business of
18 which the corporation is a part, determined by multiplying the
19 total general overhead or administrative expense by a fraction,
20 the numerator of which is the value of the corporation's real and
21 tangible personal property used directly in the production of oil
22 or gas from a lease or property in the state and the denominator
23 of which is the value of all real and tangible personal property
24 of the consolidated business;

25 (10) the amount of income from the production of oil and gas
26 from a lease or property that is divided among the regional Native cor-
27 porations under sec. 7(i) of the Alaska Native Claims Settlement Act
28 (P.L. 92-203);

29 (11) the tax imposed by sec. 4986 of the Internal Revenue

1 Code that is paid or incurred by the taxpayer for oil production from
2 leases or properties in the state [OR,

3 (B) THE SUM OF \$0.12 FOR EACH BARREL OF OIL AND \$0.02
4 FOR EACH THOUSAND CUBIC FEET OF GAS PRODUCED FROM A LEASE OR PROP-
5 ERTY IN THE STATE].

6 * Sec. 8. AS 43.21.020 is amended by adding a new subsection to read:

7 (f) If a corporation demonstrates to the satisfaction of the de-
8 partment that it paid or incurred actual expenses for interest or for
9 general overhead or administration attributable to deriving income from
10 the production of oil or gas from a lease or property in the state in
11 an amount greater than the amount determined under (c)(7) or (c)(9) of
12 this section, the department may allow the corporation to deduct the
13 greater amount.

14 * Sec. 9. AS 43.21.040(b) is repealed and reenacted to read:

15 (b) The total taxable income of the consolidated business is its
16 entire income less the portion of that entire income attributable to
17 worldwide production and pipeline transportation of oil and gas. In
18 this section,

19 (1) for a member of a consolidated business who is required
20 to file under the Internal Revenue Code, "entire income" means taxable
21 income under Subtitle F and chapter 1 of Subtitle A of the Internal
22 Revenue Code of 1954, as amended, except that those provisions adopted
23 after December 31, 1975, which change or modify exemptions from tax are
24 not adopted by reference as a part of this section until the second
25 January 1 following the effective date of the federal law;

26 (2) for a member of a consolidated business who is not re-
27 quired to file under the Internal Revenue Code, "entire income" means
28 book income, except that a taxpayer may elect to report his income as
29 the income would be determined under (1) of this subsection.

1 * Sec. 10. AS 43.21.050 is amended by adding a new subsection to read:

2 (d) If the methods of allocation and apportionment provided in
3 this chapter do not fairly represent the extent of a corporation's
4 business activity in the state, the corporation may petition for or the
5 department may require, in respect to all or any part of the corpora-
6 tion's business activity, if reasonable, the employment of any method
7 authorized under art. IV, sec. 18, of the multistate tax compact
8 (AS 43.19.010) to effectuate an equitable allocation and apportionment
9 of the corporation's income. The commissioner shall include in his an-
10 nual report required in AS 43.21.110 a report on all relief granted un-
11 der this subsection, including for each case a statement of the changes
12 in tax liability resulting from the granting of relief, the tax years
13 involved, and a description of the method of determining taxable income
14 that was substituted for those provided in this chapter.

15 * Sec. 11. AS 43.21.070 is amended to read:

16 Sec. 43.21.070. PAYMENT OF TAX. The tax levied under this chap-
17 ter is payable to the department on or before September 30 of each year
18 or in installments, including prepayments of estimated tax, at the
19 times and under the conditions the department may by regulation re-
20 quire. This tax is payable on the due date set out in this section
21 even though the assessment is under appeal or the validity, enforce-
22 ability or application of this chapter or any provision of this chapter
23 is challenged before the department or in the courts.

24 * Sec. 12. AS 43.55.011(b) is amended to read:

25 (b) The percentage-of-value amount equals 12.25 percent of the
26 gross value at the point of production of taxable oil produced on or
27 before June 30, 1981, from the lease or property and 15 percent of the
28 gross value at the point of production of taxable oil produced from
29 the lease or property after June 30, 1981; except that for a lease or

1 property coming into commercial oil production after June 30, 1981,
2 the percentage-of-value amount equals 12.25 percent of the gross value
3 at the point of production of taxable oil produced from the lease or
4 property in the first five years after the start of commercial oil pro-
5 duction and equals 15 percent of the gross value at the point of pro-
6 duction of taxable oil produced thereafter from the lease or property.

7 * Sec. 13. AS 43.55.013(b) is repealed and reenacted to read:

8 (b)(1) The economic limit factor for oil production of a lease
9 or property shall be computed according to the following formula:

$$10 \quad (1 - [PEL/TP]) \exp ([460 \times WD]/PEL)$$

11 where: PEL = the monthly production rate at the economic limit;

12 TP = the total production during the month for which the
13 tax is to be paid;

14 WD = the total number of well days in the month for which
15 the tax is to be paid; and

16 where "exp" indicates that the expression following it is an exponent.

17 (2) If, for any month during the first 10 years following
18 the commencement of commercial oil production of a lease or property,
19 the economic limit factor for oil production of that lease or property
20 computed under (1) of this subsection is 0.7 or less, then that factor
21 shall be applied.

22 (3) If, for any month during the first 10 years following
23 the commencement of commercial oil production of a lease or property,
24 the economic limit factor for oil production of that lease or property
25 computed under (1) of this subsection is greater than 0.7, then the
26 economic limit factor is one.

27 (4) The economic limit factor for oil production of a lease
28 or property after the first 10 years following the commencement of
29 commercial oil production shall be computed and applied under (1) of

1 this subsection.

2 * Sec. 14. AS 43.55.013(g) is repealed and reenacted to read as follows:

3 (g) The monthly production at the economic limit for a lease or
4 property is presumed to be 3,000 Mcf times the number of well days for
5 the lease or property during that month for which the tax is to be
6 paid. The taxpayer may rebut this presumption at a formal hearing
7 under AS 43.05.240 by providing clear and convincing evidence of a
8 different monthly production rate at the economic limit for the lease
9 or property. The hearing shall be held before February 15 of the year
10 or within six months after commencement of gas production for a lease
11 or property. The monthly production rate at the economic limit for the
12 lease or property based upon the clear and convincing evidence of the
13 taxpayer shall be calculated by dividing the value determined under (i)
14 of this section into the average monthly direct operating cost deter-
15 mined under (b) of this section.

16 * Sec. 15. AS 43.55.013(h) is amended to read as follows:

17 (h) The average monthly direct operating cost for gas production
18 operations of the lease or property shall be determined based on a
19 period of not less than four consecutive months. The direct operating
20 costs include only royalty actually and currently paid, production
21 supplies, purchased fuel, routine maintenance, and wages and benefits
22 of employees working on the production operations. Additional direct
23 operating costs not listed in this section may be included only after
24 their inclusion in a regulation adopted by the department. The direct
25 operating costs do not include capital expenditures, tangible or intan-
26 gible drilling expenses, costs of well workovers, costs for replacement
27 or repairs (other than routine maintenance), depreciation or amortiza-
28 tion, taxes, insurance, overhead, money paid or set aside (or booked as
29 being paid or set aside) to cover the cost of terminating the gas

1 production operations of the lease or property, or any other cost not
2 directly related to the gas production operations of the lease or
3 property.

4 * Sec. 16. AS 43.55.013(i) is amended to read as follows:

5 (i) For the purpose of calculating the economic limit, the value
6 at the point of production of gas produced from the lease or property
7 shall be determined on the basis of the volume weighted average price
8 paid for gas of like quality and pressure in the same field.

9 * Sec. 17. AS 43.21.040(d) and (e) are repealed.

10 * Sec. 18. AS 43.55.011(d) 43.55.012(a), 43.55.013(a) and 43.55.018 are
11 repealed.

12 * Sec. 19. AS 43.21 is repealed.

13 * Sec. 20. Sections 2, 6--11 and 17 of this Act are retroactive to
14 January 1, 1978, and apply to tax years beginning after December 31, 1977.

15 * Sec. 21. Section 3 of this Act is retroactive to January 1, 1981, and
16 applies to tax years beginning after December 31, 1980.

17 * Sec. 22. Sections 12--16 and 18 of this Act are effective July 1,
18 1981.

19 * Sec. 23. Sections 4, 5 and 19 of this Act are effective January 1,
20 1982, and apply to tax years beginning after December 31, 1981.

21 * Sec. 24. If the method of determining taxable income under either
22 AS 43.21.020 or AS 43.21.030 is held invalid by a final judgment of a court
23 from which an appeal is not taken, and if as a result of that judgment a
24 corporation, whether or not a party named in that judgment, receives a
25 refund of taxes or estimated taxes paid under AS 43.21, then the provisions
26 of AS 43.20, as amended in sec. 5 of this Act, apply to that corporation for
27 the entire period for which it receives the refund.

28 * Sec. 25. Section 24 of this Act is retroactive to January 1, 1978, and
29 applies to tax years beginning after December 31, 1977.

1 * Sec. 26. If sec. 25 of this Act is held invalid by a final judgment of
2 a court from which an appeal is not taken, then sec. 24 of this act is
3 retroactive to January 1, 1979, and applies to tax years beginning after
4 December 31, 1978.

5 * Sec. 27. If secs. 25 and 26 of this Act are held invalid by a final
6 judgment of a court from which an appeal is not taken, then sec. 24 of this
7 Act is retroactive to January 1, 1980, and applies to tax years beginning
8 after December 31, 1979.

9 * Sec. 28. If secs. 25, 26 and 27 are held invalid by a final judgment
10 of a court from which an appeal is not taken, then sec. 24 of this Act is
11 retroactive to January 1, 1981, and applies to tax years beginning after
12 December 31, 1980.

13 * Sec. 29. Sections 1 and 20--28 of this Act are effective immediately
14 in accordance with AS 01.10.070(c).

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