Introduced: 2/12/90
Referred: Resources, and Finance

BY REP. COTTEN, Navarre

IN THE HOUSE

HOUSE BILL NO. 541

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to certain agreements, compromises, and settlements entered into by the Departments of Natural Resources and Revenue."

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

* Section 1. AS 38.05.035 is amended by adding new subsections to read:

(g) If the department enters into negotiations to compromise or settle a dispute between the department and a person as to a royalty or net profit payment involving a claim that totals, with applicable penalty and interest, $10,000,000 or more, the commissioner shall, not later than 14 days after commencement of negotiations, advise the commissioner of revenue and the attorney general that negotiations have commenced. The commissioner shall provide notice to the commissioner of revenue and the attorney general at least once during each subsequent 30-day period that the negotiations continue.

(h) If the department proposes to compromise or settle a dispute between the department and a person as to a royalty or net profit payment involving a claim that totals, with applicable penalty and interest, $10,000,000 or more, the commissioner may not enter into an agreement to compromise or settle the dispute

(1) without first securing and reviewing an independent appraisal of the effects of the proposed compromise or settlement; the independent appraisal

(A) may be made by a person who is an employee of the department or who is engaged by contract to complete the

1 appraisal, but may not be made by a person who has been involved
2 in preparing the proposed compromise or settlement;
3 (B) must specify the objectives of the department's
4 negotiations; and
5 (C) must review the proposed compromise or settlement
6 (i) to ensure that it meets the objectives speci-
7 fied; and
8 (ii) to determine whether it adversely affects
9 other litigation to which the state is a party; and
10 (2) unless at least 14 days pass between the day the com-
11 missioner receives the proposed compromise or settlement agreement and
12 the day the commissioner executes that agreement.
13 * Sec. 2. AS 43.05.060 is amended by adding new subsections to read:
14 (b) If the department enters into negotiations to resolve a tax
15 dispute between the department and a taxpayer involving a claim that
16 totals, with applicable penalty and interest, $10,000,000 or more, the
17 commissioner shall, not later than 14 days after commencement of
18 negotiations, advise the commissioner of natural resources and the
19 attorney general that negotiations have commenced. The commissioner
20 shall provide notice to the commissioner of natural resources and the
21 attorney general at least once during each subsequent 30-day period
22 that the negotiations continue.
23 (c) If the department proposes to enter into an agreement under
24 (a) of this section to resolve a tax dispute between the department
25 and a taxpayer involving a claim that totals, with applicable penalty
26 and interest, $10,000,000 or more, the commissioner may not enter into
27 the agreement
28 (1) without first securing and reviewing an independent ap-
29 praisal of the effects of the proposed agreement; the independent

1 appraisal

2 (A) may be made by a person who is an employee of the

3 department or who is engaged by contract to complete the ap-

4 praisal, but may not be made by a person who has been involved in

5 preparing the proposed agreement;

6 (B) must specify the objectives of the department's

7 negotiations; and

8 (C) must review the proposed resolution

9 (i) to ensure that it meets the objectives speci-

10 fied; and

11 (ii) to determine whether it adversely affects

12 other litigation to which the state is a party; and

13 (2) unless at least 14 days pass between the day the com-

14 missioner receives the proposed agreement and the day the commissioner

15 executes that agreement.

16 * Sec. 3. AS 43.05.070 is amended by adding new subsections to read:

17 (c) If the department enters into negotiations to compromise or

18 settle a tax dispute between the department and a taxpayer involving a

19 claim that totals, with applicable penalty and interest, $10,000,000

20 or more, the commissioner shall, not later than 14 days after com-

21 mencement of negotiations, advise the commissioner of natural re-

22 sources and the attorney general that negotiations have commenced.

23 The commissioner shall provide notice to the commissioner of natural

24 resources and the attorney general at least once during each subse-

25 quent 30-day period that the negotiations continue.

26 (d) If the department proposes to compromise or settle a tax

27 dispute between the department and a taxpayer involving a claim that

28 totals, with applicable penalty and interest, $10,000,000 or more, the

29 commissioner may not enter into the agreement

1 (1) without first securing and reviewing an independent ap-
2 praisal of the effects of the proposed compromise or settlement agree-
3 ment; the independent appraisal
4 (A) may be made by a person who is an employee of the
5 department or who is engaged by contract to complete the ap-
6 praisal, but may not be made by a person who has been involved in
7 preparing the proposed compromise or settlement agreement;
8 (B) must specify the objectives of the department's
9 negotiations; and
10 (C) must review the proposed compromise or settlement
11 (i) to ensure that it meets the objectives speci-
12 fied; and
13 (ii) to determine whether it adversely affects
14 other litigation to which the state is a party; and
15 (2) unless at least 14 days pass between the day the com-
16 missioner receives the proposed compromise or settlement agreement and
17 the day the commissioner executes that agreement.
18 * Sec. 4. AS 43.05.260 is amended by adding a new subsection to read:
19 (d) If the department redetermines or revises a tax assessment
20 between the department and a taxpayer involving a claim that totals,
21 with applicable penalty and interest, $10,000,000 or more, the commis-
22 sioner may not enter into the redetermination or revision
23 (1) without first securing and reviewing an independent ap-
24 praisal of the effects of the proposed redetermination or revision;
25 the independent appraisal
26 (A) may be made by a person who is an employee of the
27 department or who is engaged by contract to complete the ap-
28 praisal, but may not be made by a person who has been involved in
29 preparing the proposed redetermination or revision;

1 (B) must specify the objectives of the department's
2 proposed redetermination or revision relating to the tax assess-
3 ment;
4 (C) must review the proposed redetermination or re-
5 vision
6 (i) to ensure that it meets the objectives speci-
7 fied; and
8 (ii) to determine whether it adversely affects
9 other litigation to which the state is a party; and
10 (2) unless at least 14 days pass between the day the com-
11 missioner concludes the proposed redetermination or revision and the
12 day the commissioner executes that redetermination or revision.