

BY THE RESOURCES COMMITTEE

1 IN THE HOUSE

2

HOUSE BILL NO. 573

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the assessment, collection, and
7 payment of taxes, penalties, and interest under the
8 revenue laws of the state, and to the disclosure of
9 state tax assessments by the Department of Revenue."

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

11 * Section 1. LEGISLATIVE FINDINGS. (a) The legislature finds that

12 (1) the natural resources of land owned by the state belong to
13 the citizens of the state;

14 (2) natural resource extraction presently dwarfs all other
15 taxable economic activity in the state; and

16 (3) the vast majority of the state's revenue is derived from the
17 extraction of natural resources.

18 (b) The legislature further finds that

19 (1) the greatest portion of the differences between taxpayers
20 and the Department of Revenue relating to the payment of taxes involves oil
21 and gas matters;

22 (2) since the revenue from the extraction of natural resources
23 is derived from only a relatively few taxpayers, the consequences of the
24 differences between the state and the taxpayer in each case are magnified;

25 (3) the citizens of the state must be assured that the state is
26 receiving all of the income to which it is entitled;

27 (4) the legislature must exercise its oversight authority to
28 assure that the administration of revenue collection by the Department of
29 Revenue is conducted efficiently, fairly, promptly, and in the best

1 interests of the citizens of the state;

2 (5) there is legitimate and compelling governmental interest for
3 the legislature and the public to have adequate access to information
4 regarding the revenue owed to the state from the extraction of natural
5 resources to allow responsible oversight;

6 (6) without sufficient information, the legislature cannot
7 adequately determine that the state's revenue collection functions are
8 properly administered and that revenue due the state is promptly received;
9 and

10 (7) the public interest may best be served if, after reasonable
11 efforts to establish a taxpayer's liability, the identity of a corporate
12 taxpayer and the amount assessed against the corporate taxpayer is avail-
13 able, whether or not the corporate taxpayer agrees that the amount is due
14 and whether or not any amount is delinquent.

15 * Sec. 2. LEGISLATIVE PURPOSE. The legislature adopts sec. 4 of this
16 Act in response to concerns identified by the findings in sec. 1 of this
17 Act to ensure that

18 (1) the state is receiving all revenue due the state without
19 undue delay;

20 (2) oversight of the revenue collecting function is sufficiently
21 provided; and

22 (3) revenue due to the state is available to provide for the
23 public health and welfare of the citizens of the state.

24 * Sec. 3. AS 43.05.100 is amended by adding a new subsection to read:

25 (c) To receive, invest, and account for tax payments received by
26 the department under AS 43.05.240(e), the department shall contract
27 with banks in the state for escrow services. Amounts deposited by the
28 department in escrow may be invested by the bank only in certificates
29 of deposit, time deposits, and other investments secured by obligation

1 of, or guaranteed by, the United States. The commissioner shall
2 withdraw from a bank all amounts in escrow deriving from the taxpay-
3 er's payment of tax, penalty, and interest made under AS 43.05.240(e)
4 and, before depositing the balance due in the state general fund,
5 refund to the taxpayer amounts payable as recovered overpayments or
6 protested payments under AS 43.15.010 if

7 (1) the commissioner and the taxpayer enter into an agree-
8 ment respecting the taxpayer's liability, or the commissioner and the
9 taxpayer compromise or settle a tax, penalty, or interest payment; or

10 (2) the taxpayer recovers a judgment against the department
11 for the return of the tax or a portion of it.

12 * Sec. 4. AS 43.05.230(e) is amended to read:

13 (e) This section does not prohibit [NOTHING IN THIS SECTION
14 PROHIBITS] the publication of

15 (1) statistics so classified as to prevent the identifica-
16 tion of particular returns or reports;

17 (2) the amount of an assessment made by the department
18 against a corporate taxpayer relating to a tax year that is five or
19 more years before the year in which publication is made if

20 (A) the amount of the assessment is more than
21 \$5,000,000; and

22 (B) at least one year has passed since the department
23 served notice of assessment and demand for payment on the tax-
24 payer under AS 43.05.245;

25 (3) [OR THE PUBLICATION OF] delinquent lists showing the
26 names of taxpayers who have failed to pay their taxes at the time and
27 in the manner provided by law; and

28 (4) [, TOGETHER WITH] other relevant information which in
29 the opinion of the commissioner [DEPARTMENT] may assist in the

1 collection of delinquent taxes.

2 * Sec. 5. AS 43.05.240(b) is amended to read:

3 (b) A person aggrieved by the action of the department in fixing
4 the amount of a tax or in imposing a penalty may, after paying the
5 amount required, if any, under (e) of this section, apply to the
6 department and request a formal hearing

7 (1) in place of the informal conference provided for in (a)
8 of this section, within 60 days from the date of mailing the notice
9 required to be given to the person by the department; or

10 (2) within 30 days after decision resulting from an in-
11 formal conference.

12 * Sec. 6. AS 43.05.240 is amended by adding a new subsection to read:

13 (e) If, for any tax year that is five or more years before the
14 year in which an amount of tax is fixed and penalty and interest are
15 imposed the amount of the tax fixed and penalty and interest imposed
16 by the department exceeds \$10,000,000, the taxpayer shall, within one
17 year after the department serves notice of assessment and demand for
18 payment under AS 43.05.245, remit payment of at least one-half of the
19 amount assessed. Payment of the amount required under this subsection
20 is a prerequisite to a formal hearing under (b) and (c) of this sec-
21 tion if no hearing has been held during the period since the taxpayer
22 received the notice of assessment and demand for payment. The depart-
23 ment shall deposit amounts received under this subsection in an escrow
24 account under AS 43.05.100(c).