

COMMITTEE REPORT

4/7/76

HOUSE

Mr. Speaker:

Date April 23 1976

The Committee on FINANCE has had HJR 68

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
 Special Assistant
 Department of Revenue

DATE: April 14, 1976

FILE NO:

TELEPHONE NO:

FROM: Mike McCormick *MM*
 Audit Division
 Department of Revenue

SUBJECT: House Joint Resolution No. 68

House Joint Resolution No. 68 petitions the U. S. Senate not to ratify articles 2 and 9 of the proposed U.S. - United Kingdom tax treaty. If the treaty is ratified without this reservation the following loss of corporation income tax revenues for the State of Alaska could be expected:

Fiscal year ending	1977	\$ 3,000,000
	1978	3,000,000
	1979	30,000,000
	1980	60,000,000
Years there after		80,000,000

The potential loss in revenue greatly increases as the oil on the North Slope begins to flow.

There would be no additional cost of administration with the bill.

MM/vlg

Introduced: 4/7/76
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE JOINT RESOLUTION NO. 68

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 Relating to the proposed United States-

6 United Kingdom Tax Treaty.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the United States Congress has been considering various inter-
9 state tax bills since 1965; and

10 WHEREAS one of the most important issues under consideration is the tax-
11 ing powers of states with respect to multinational corporations; and

12 WHEREAS, for the purpose of state income tax determination, the combined
13 income of the economic unit is considered and the portion taxable to any one
14 state is determined by formula; and

15 WHEREAS the new income tax treaty signed by the governments of the
16 United States and the United Kingdom on December 31, 1975, in Articles 2 and
17 9, explicitly denies the states the right to make income determinations for
18 multinational corporations according to the customary procedures;

19 BE IT RESOLVED that the Alaska State Legislature respectfully requests
20 the United States Senate, when considering the United States-United Kingdom
21 Tax treaty, to withhold ratification of paragraph 2(c) of Article 2 and para-
22 graphs 4 and 5 of Article 9; and be it

23 FURTHER RESOLVED that the Legislature respectfully requests the Secre-
24 tary of State to consult with Congress before signing tax provisions of such
25 far-reaching impact on the taxation powers of the individual states.

26 COPIES of this resolution shall be sent to the Honorable Henry M.
27 Kissinger, Secretary of State; the Honorable James Eastland, President of the
28 Senate; the Honorable John Sparkman, Chairman, Senate Foreign Relations Com-
29 mittee; and to the Honorable Ted Stevens and the Honorable Mike Gravel, U. S.

1 Senators.

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