

COMMITTEE REPORT

SENATE

6/6/75

Mr. President:

Date 1/27/76

The Committee on FINANCE has had CSHB 211 (Finance) relating to the administration of state tax and revenue laws 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:

Members NOT concurring in the Majority report:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

_____ Chairman

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CS HB 211
 Title: Administration of State Revenue Laws
 Requested by: Governor Date: _____
 Return Date Requested: _____
 Agency: Revenue Program: Audit

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Audit

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	None	None	None	None	None	None

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS D. Memo dated March 12, 1975 from Frederick P. Boetsch, Deputy Commissioner, Taxation. Memo is not affected by Committee Substitute

V. DATE: January 14, 1976 PREPARED BY: Frederick P. Boetsch
 Deputy Commissioner, Taxation

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

MEMORANDUM

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

DATE : March 12, 1975

FROM: Frederick P. Boetsch
Deputy Commissioner for Taxation
Department of Revenue

SUBJECT: HB 211

House Bill 211 is an administrative housekeeping measure designed to provide uniformity in the administration of our various tax laws. It also provides for the hiring of out-of-state agents to audit the books and records of out-of-state taxpayers, in addition to our present power to enforce collection of taxes by this means.

Presently, each of our tax laws have separate administrative procedures with respect to civil penalty, interest, disclosure of tax returns and reports, taxpayer remedies, and payment of taxes. This frequently creates confusion in the mind of the taxpayer and his representatives. It also causes administrative difficulties since a different procedures apply to each tax type. Finally the lack of uniformity is probably unfair to the taxpayer since it unnecessarily complicates his compliance with our various tax laws.

This bill, then, would eliminate the various administrative procedures mentioned from the different specific tax chapters and place these provisions under the general administrative chapter, of Title 43.

Since the propose of this bill is to provide for administrative uniformity in procedures and ease of compliance with our tax laws by taxpayers, we see no direct effect on Treasury. However, anything which eases compliance and provides for fair and more uniform standards in general has a positive effect on taxpayer compliance and, hence, on the Treasury.

We anticipate no administrative costs in connection with this bill.

FPB:sp

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/16/75
Referred: Finance

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 211

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the administration of state tax
7 and revenue laws; and providing for an effective date."

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

9 * Section 1. AS 43.05 is amended by adding a new section to read:

10 Sec. 43.05.025. AUDIT AGENTS. The commissioner of revenue may
11 employ agents outside the state to assist in the audit of books and
12 records located outside the state. Agents employed under this section
13 are subject to the restrictions of sec. 230 of this chapter.

14 * Sec. 2. AS 43.05 is amended by adding new sections to read:

15 ARTICLE 3. MISCELLANEOUS PROVISIONS.

16 Sec. 43.05.220. CIVIL PENALTY. Five per cent shall be added to
17 a tax for each 30-day period or fraction of the period during which the
18 taxpayer fails to file a return or report, or pay the full amount of
19 the tax, or a portion or a deficiency of the tax, as finally determined
20 by the department and required by this title, unless it is shown that
21 the failure is due to a reasonable cause and not to wilful neglect.
22 The penalty shall not exceed 25 per cent in the aggregate. The penalty
23 shall be collected at the same time, in the same manner and as a part
24 of the original tax; but if the original tax is paid before the neglect
25 is discovered, the penalty shall be collected in the same manner as the
26 original tax. The department shall prescribe by regulation circumstances
27 which constitute reasonable cause for purposes of this section.

28 Sec. 43.05.225. INTEREST ON TAXES. Unless otherwise provided,
29 when a tax levied in this title becomes delinquent it bears interest at

1 the rate of eight per cent a year.

2 Sec. 43.05.230. DISCLOSURE OF TAX RETURNS AND REPORTS. (a)

3 Except in connection with official investigations or proceedings of the
4 department, whether judicial or administrative, involving taxes due
5 under this title, and except as otherwise provided in this section, it
6 is unlawful for an officer, employee or agent of the state to divulge
7 the amount of income or the particulars set out or disclosed in a report
8 or return made under this title.

9 (b) Neither an original tax return nor a copy of it is admissible
10 in evidence in a court unless offered

11 (1) by the taxpayer who filed the return;

12 (2) by the state in an action to which the state is a party
13 for the purpose of enforcing a tax imposed by this title; or

14 (3) as otherwise authorized by the Internal Revenue Code.

15 (c) The department, upon written request, shall furnish to the
16 taxpayer a copy of his tax return upon payment of a fee of \$1 per page.

17 (d) The department may permit the proper officer of the United
18 States or of a state, territory or possession of the United States or
19 of the Dominion of Canada or of a province or territory of Canada, or
20 his authorized representative, to inspect tax returns or reports filed
21 with the department, or may furnish to the officer or representative
22 a copy of the tax return, if the other jurisdiction grants substantially
23 similar privileges to the department or its representative or to counsel
24 for the state; and if the department determines that the other juris-
25 diction provides adequate safeguards for the confidentiality of the
26 returns and reports, and that the returns and reports will be used for
27 tax purposes only. The department may also permit the employment
28 security division of the Alaska Department of Labor to inspect tax
29 returns or reports filed with the department or may furnish a copy of

1 the tax returns for tax purposes only.

2 (e) The commissioner of revenue at his discretion may furnish to
3 the Multistate Tax Commission or other authorized agent information
4 contained in the tax returns, reports, related schedules and documents
5 filed under an audit or investigation of a multistate business made by
6 the department. This information may be furnished for tax purposes only.
7 The Multistate Tax Commission or other authorized agent may make the
8 information available to the tax officials of other states, the District
9 of Columbia, the United States and its territories for tax purposes only.

10 (f) Nothing in this section prohibits the publication of statis-
11 tics so classified as to prevent the identification of particular
12 returns or reports or the publication of delinquent lists showing the
13 names of taxpayers who have failed to pay their taxes at the time and
14 in the manner provided by law, together with other relevant information
15 which in the opinion of the department may assist in the collection of
16 delinquent taxes.

17 (g) A wilful violation of the provisions of this section is punish-
18 able by a fine of not more than \$5,000, or by imprisonment for not more
19 than two years, or by both.

20 Sec. 43.05.240. TAXPAYER REMEDIES. (a) A person aggrieved by
21 the action of the department in fixing the amount of a tax or in imposing
22 a penalty may apply to the department within 60 days from the date of
23 mailing the notice required to be given to him by the department, giving
24 notice of the grievance, and requesting an informal conference. At the
25 conference the person aggrieved may present arguments and evidence rele-
26 vant to the amount of tax or penalty due the state. If the department
27 determines that a correction is warranted, the department shall make the
28 correction.

29 (b) A person aggrieved by the action of the department in fixing

1 the amount of a tax or in imposing a penalty may apply to the department
2 and request a formal hearing

3 (1) in place of the informal conference provided for in (a)
4 of this section, within 60 days from the date of mailing the notice
5 required to be given to him by the department; or

6 (2) within 30 days after decision resulting from an informal
7 conference.

8 (c) At the formal hearing the department may subpoena witnesses
9 and may administer oaths and make inquiries necessary to determine the
10 amount of the tax or penalty due the state. The person aggrieved may
11 present arguments and evidence relevant to the amount of the tax or
12 penalty due the state. If the department determines that a correction
13 is warranted, the department shall make the correction.

14 (d) Within 30 days after the formal hearing and decision by the
15 department, a person aggrieved by the decision of the department may
16 appeal to the superior court in the judicial district in which he resides.
17 The taxpayer shall be given access to the file of the department in the
18 matter for preparation of his appeal. If after the appeal is heard it
19 appears that the tax was correct, the court shall confirm the tax. If
20 incorrect, the court shall determine the amount of the tax and if the
21 person aggrieved is entitled to recover the tax or part of it, the
22 court shall order the repayment and the department shall immediately pay
23 the amount due and attach a certified copy of the judgment to the pay-
24 ment.

25 Sec. 43.05.250. PAYMENT OF TAXES. (a) If a tax is required under
26 this title to be paid on or before a certain date, the date fixed is
27 the last day for the payment.

28 (b) In addition to money, the department may receive bank drafts,
29 checks, cashiers checks or money orders for the payment of taxes under

1 regulations prescribed by the department.

2 (c) The department may prescribe other methods of payment includ-
3 ing the use of bank depositories, bank and wire transfers, stamps or
4 other methods necessary or helpful in securing a complete and timely
5 collection of the tax.

6 Sec. 43.05.255. DEFINITION. For purposes of this chapter "depart-
7 ment" means the Department of Revenue.

8 * Sec. 3. The following laws are repealed: AS 43.20.190; 43.20.210;
9 43.20.280; 43.31.081; 43.31.161; 43.31.171(a); 43.40.010(d); 43.45.050;
10 43.50.100(a) and (b); 43.50.110; 43.60.030; 43.65.050(a) and (d); 43.70.040(b),
11 (c) and (d); 43.70.050; 43.70.060(a); and 43.75.050(a), (b) and (d).

12 * Sec. 4. Repeals made by this Act do not affect tax liabilities accrued
13 before January 1, 1975.

14 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

Original sponsor: Rules Committee by
request of the Governor

Offered: 5/26/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 211 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

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7 and revenue laws; and providing for an effective date."

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18 taxpayer fails to file a return or report, or pay the full amount of
19 the tax, or a portion or a deficiency of the tax, as finally determined
20 by the department and required by this title, unless it is shown that
21 the failure is due to a reasonable cause and not to wilful neglect.
22 The penalty shall not exceed 25 per cent in the aggregate. The penalty
23 shall be collected at the same time, in the same manner and as a part
24 of the original tax; but if the original tax is paid before the neglect
25 is discovered, the penalty shall be collected in the same manner as the
26 original tax. The department shall prescribe by regulation circumstances
27 which constitute reasonable cause for purposes of this section.

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29 when a tax levied in this title becomes delinquent it bears interest at

1 the rate of eight per cent a year.

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3 Except in connection with official investigations or proceedings of the
4 department, whether judicial or administrative, involving taxes due
5 under this title, and except as otherwise provided in this section, it
6 is unlawful for an officer, employee or agent of the state to divulge
7 the amount of income or the particulars set out or disclosed in a report
8 or return made under this title. However, nothing in this section
9 precludes access to the tax records for purposes of audit by the legis-
10 lative audit division of the Legislative Budget and Audit Committee.
11 The legislative audit division shall be bound by a "need to know"
12 policy, and the information derived from the tax records shall be used
13 for audit of the Department of Revenue only.

14 (b) The department, upon written request, shall furnish to the
15 taxpayer a copy of his tax return upon payment of a fee of \$1 per page.

16 (c) The department may permit the proper officer of the United
17 States or of a state, territory or possession of the United States or
18 of the Dominion of Canada or of a province or territory of Canada, or
19 his authorized representative, to inspect tax returns or reports filed
20 with the department, or may furnish to the officer or representative
21 a copy of the tax return, if the other jurisdiction grants substantially
22 similar privileges to the department or its representative or to counsel
23 for the state; and if the department determines that the other juris-
24 diction provides adequate safeguards for the confidentiality of the
25 returns and reports, and that the returns and reports will be used for
26 tax purposes only. The department may also permit the employment
27 security division of the Alaska Department of Labor to inspect tax
28 returns or reports filed with the department or may furnish a copy of
29 the tax returns for tax purposes only.

1 (d) The commissioner of revenue at his discretion may furnish to
2 the Multistate Tax Commission or other authorized agent information
3 contained in the tax returns, reports, related schedules and documents
4 filed under an audit or investigation of a multistate business made by
5 the department. This information may be furnished for tax purposes only.
6 The Multistate Tax Commission or other authorized agent may make the
7 information available to the tax officials of other states, the District
8 of Columbia, the United States and its territories for tax purposes only.

9 (e) Nothing in this section prohibits the publication of statis-
10 tics so classified as to prevent the identification of particular
11 returns or reports or the publication of delinquent lists showing the
12 names of taxpayers who have failed to pay their taxes at the time and
13 in the manner provided by law, together with other relevant information
14 which in the opinion of the department may assist in the collection of
15 delinquent taxes.

16 (f) A wilful violation of the provisions of this section is punish-
17 able by a fine of not more than \$5,000, or by imprisonment for not more
18 than two years, or by both.

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20 the action of the department in fixing the amount of a tax or in imposing
21 a penalty may apply to the department within 60 days from the date of
22 mailing the notice required to be given to him by the department, giving
23 notice of the grievance, and requesting an informal conference. At the
24 conference the person aggrieved may present arguments and evidence rele-
25 vant to the amount of tax or penalty due the state. If the department
26 determines that a correction is warranted, the department shall make the
27 correction.

28 (b) A person aggrieved by the action of the department in fixing
29 the amount of a tax or in imposing a penalty may apply to the department

and request a formal hearing

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

(2) within 30 days after decision resulting from an informal conference.

(c) At the formal hearing the department may subpoena witnesses and may administer oaths and make inquiries necessary to determine the amount of the tax or penalty due the state. The person aggrieved may present arguments and evidence relevant to the amount of the tax or penalty due the state. If the department determines that a correction is warranted, the department shall make the correction.

(d) Within 30 days after the formal hearing and decision by the department, a person aggrieved by the decision of the department may appeal to the superior court in the judicial district in which he resides. The taxpayer shall be given access to the file of the department in the matter for preparation of his appeal. If after the appeal is heard it appears that the tax was correct, the court shall confirm the tax. If incorrect, the court shall determine the amount of the tax and if the person aggrieved is entitled to recover the tax or part of it, the court shall order the repayment and the department shall immediately pay the amount due and attach a certified copy of the judgment to the payment.

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(b) In addition to money, the department may receive bank drafts, checks, cashiers checks or money orders for the payment of taxes under regulations prescribed by the department.

1 (c) The department may prescribe other methods of payment includ-
2 ing the use of bank depositories, bank and wire transfers, stamps or
3 other methods necessary or helpful in securing a complete and timely
4 collection of the tax.

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6 ment" means the Department of Revenue.

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10 (c) and (d); 43.70.050; 43.70.060(a); and 43.75.050(a), (b) and (d).

11 * Sec. 4. Repeals made by this Act do not affect tax liabilities accrued
12 before January 1, 1975.

13 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
14 070(c).

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 211

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4 NINTH LEGISLATURE - FIRST SESSION

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25 of the original tax; but if the original tax is paid before the neglect
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27 the original tax. The department shall prescribe by regulation circum-
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17 taxpayer a copy of his tax return upon payment of a fee of \$1 per page.

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19 States or of a state, territory or possession of the United States
20 or of the Dominion of Canada or of a province or territory of Canada,
21 or his authorized representative, to inspect tax returns or reports
22 filed with the department, or may furnish to the officer or representative
23 a copy of the tax return, if the other jurisdiction grants substantially
24 similar privileges to the department or its representative or to counsel
25 for the state. The department may also permit, the Employment Security
26 Division of the Alaska Department of Labor to inspect tax returns or
27 reports filed with the department or may furnish a copy of the tax
28 returns for tax purposes only.

29 (e) The commissioner of revenue at his discretion may furnish

1 to the Multistate Tax Commission or other authorized agent, information
2 contained in the tax returns, reports, related schedules and documents
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4 information may be furnished for tax purposes only. The Multistate
5 Tax Commission or other authorized agent may make the information avail-
6 able to the tax officials of other states, the District of Columbia,
7 the United States and its territories for tax purposes only.

8 (f) Nothing in this section prohibits the publication of statistics
9 so classified as to prevent the identification of particular returns
10 or reports or the publication of delinquent lists showing the names
11 of taxpayers who have failed to pay their taxes at the time and in
12 the manner provided by law together with other relevant information
13 which in the opinion of the department may assist in the collection
14 of delinquent taxes.

15 (g) A violation of the provisions of this section is a misdemeanor
16 and is punishable by a fine of not more than \$1,000 or by imprisonment
17 for not more than six months, or by both.

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23 At the conference the person aggrieved may present arguments and evi-
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2 or other methods necessary or helpful in securing a complete and timely
3 collection of the tax.

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7 43.20.280; 43.31.081; 43.31.161; 43.31.171(a); 43.40.010(d); 43.45.050; 43.-
8 50.100(a) and (b); 43.50.110; 43.60.030; 43.65.050(a) and (d); 43.70.040(b),
9 (c) and (d); 43.70.050; 43.70.060(a); and 43.75.050(a), (b) and (d).

10 * Sec. 4. Repeals made by this Act do not affect tax liabilities accrued
11 before January 1, 1975.

12 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10-
13 .070(c).

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/16/75
Referred: Finance

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BY THE JUDICIARY COMMITTEE

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7 the amount of income or the particulars set out or disclosed in a report
8 or return made under this title.

9 (b) Neither an original tax return nor a copy of it is admissible
10 in evidence in a court unless offered

11 (1) by the taxpayer who filed the return;

12 (2) by the state in an action to which the state is a party
13 for the purpose of enforcing a tax imposed by this title; or

14 (3) as otherwise authorized by the Internal Revenue Code.

15 (c) The department, upon written request, shall furnish to the
16 taxpayer a copy of his tax return upon payment of a fee of \$1 per page.

17 (d) The department may permit the proper officer of the United
18 States or of a state, territory or possession of the United States or
19 of the Dominion of Canada or of a province or territory of Canada, or
20 his authorized representative, to inspect tax returns or reports filed
21 with the department, or may furnish to the officer or representative
22 a copy of the tax return, if the other jurisdiction grants substantially
23 similar privileges to the department or its representative or to counsel
24 for the state; and if the department determines that the other juris-
25 diction provides adequate safeguards for the confidentiality of the
26 returns and reports, and that the returns and reports will be used for
27 tax purposes only. The department may also permit the employment
28 security division of the Alaska Department of Labor to inspect tax
29 returns or reports filed with the department or may furnish a copy of

1 the tax returns for tax purposes only.

2 (e) The commissioner of revenue at his discretion may furnish to
3 the Multistate Tax Commission or other authorized agent information
4 contained in the tax returns, reports, related schedules and documents
5 filed under an audit or investigation of a multistate business made by
6 the department. This information may be furnished for tax purposes only.
7 The Multistate Tax Commission or other authorized agent may make the
8 information available to the tax officials of other states, the District
9 of Columbia, the United States and its territories for tax purposes only.

10 (f) Nothing in this section prohibits the publication of statis-
11 tics so classified as to prevent the identification of particular
12 returns or reports or the publication of delinquent lists showing the
13 names of taxpayers who have failed to pay their taxes at the time and
14 in the manner provided by law, together with other relevant information
15 which in the opinion of the department may assist in the collection of
16 delinquent taxes.

17 (g) A wilful violation of the provisions of this section is punish-
18 able, a fine of not more than \$5,000, or by imprisonment for not more
19 than two years, or by both.

20 Sec. 43.05.240. TAXPAYER REMEDIES. (a) A person aggrieved by
21 the action of the department in fixing the amount of a tax or in imposing
22 a penalty may apply to the department within 60 days from the date of
23 mailing the notice required to be given to him by the department, giving
24 notice of the grievance, and requesting an informal conference. At the
25 conference the person aggrieved may present arguments and evidence rele-
26 vant to the amount of tax or penalty due the state. If the department
27 determines that a correction is warranted, the department shall make the
28 correction.

29 (b) A person aggrieved by the action of the department in fixing

1 the amount of a tax or in imposing a penalty may apply to the department
2 and request a formal hearing

3 (1) in place of the informal conference provided for in (a)
4 of this section, within 60 days from the date of mailing the notice
5 required to be given to him by the department; or

6 (2) within 30 days after decision resulting from an informal
7 conference.

8 (c) At the formal hearing the department may subpoena witnesses
9 and may administer oaths and make inquiries necessary to determine the
10 amount of the tax or penalty due the state. The person aggrieved may
11 present arguments and evidence relevant to the amount of the tax or
12 penalty due the state. If the department determines that a correction
13 is warranted, the department shall make the correction.

14 (d) Within 30 days after the formal hearing and decision by the
15 department, a person aggrieved by the decision of the department may
16 appeal to the superior court in the judicial district in which he resides.
17 The taxpayer shall be given access to the file of the department in the
18 matter for preparation of his appeal. If after the appeal is heard it
19 appears that the tax was correct, the court shall confirm the tax. If
20 incorrect, the court shall determine the amount of the tax and if the
21 person aggrieved is entitled to recover the tax or part of it, the
22 court shall order the repayment and the department shall immediately pay
23 the amount due and attach a certified copy of the judgment to the pay-
24 ment.

25 Sec. 43.05.250. PAYMENT OF TAXES. (a) If a tax is required under
26 this title to be paid on or before a certain date, the date fixed is
27 the last day for the payment.

28 (b) In addition to money, the department may receive bank drafts,
29 checks, cashiers checks or money orders for the payment of taxes under

1 regulations prescribed by the department.

2 (c) The department may prescribe other methods of payment includ-
3 ing the use of bank depositories, bank and wire transfers, stamps or
4 other methods necessary or helpful in securing a complete and timely
collection of the tax.

6 Sec. 43.05.255. DEFINITION. For purposes of this chapter "depart-
7 ment" means the Department of Revenue.

8 * Sec. 3. The following laws are repealed: AS 43.20.190; 43.20.210;
9 43.20.280; 43.31.081; 43.31.161; 43.31.171(a); 43.40.010(d); 43.45.050;
10 43.50.100(a) and (b); 43.50.110; 43.60.030; 43.65.050(a) and (d); 43.70.040(b),
11 (c) and (d); 43.70.050; 43.70.060(a); and 43.75.050(a), (b) and (d).

12 * Sec. 4. Repeals made by this Act do not affect tax liabilities accrued
13 before January 1, 1975.

14 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).