

COMMITTEE REPORT

SENATE

5/2/75

Mr. President:

Date 5/7/75

The Committee on FINANCE has had HB 212 relating to the Alaska Income Tax 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>Bill Kay</u>	_____	<u>Holloman</u>
<u>John P. ...</u>	_____	_____
<u>Gene ...</u>	_____	_____
<u>Tom ...</u>	_____	_____

Members NOT concurring in the Majority report:

- _____ recommends:
- _____ recommends:
- _____ recommends:
- _____ recommends:
- _____ recommends:

Bill Kay Chairman

February 25, 1975

HB 212

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Legislature, I am submitting a bill revising the Alaska net income tax.

The bill provides a graduated tax schedule at the present Alaska income tax rates. Presently, rates are calculated as a percentage of the 1963 federal rates. This change will provide Alaska taxpayers an easier method of computing their taxes since they will only have to use one rate schedule instead of having to apply a two-stage tax calculation.

The bill also provides that residents will be taxed on income from all sources, thereby putting the Alaska return on the same basis as the federal returns. Presently, there exists an unintended tax "loophole" for residents who invest in business and property outside the State. Residents' income from property and business located outside the State is now exempt from Alaska income tax. This bill would close this loophole. As a necessary complement to this provision, the bill also provides a tax credit for taxes paid to other states on income which is taxable both in Alaska and the other state. Presently, Alaska residents may be double taxed on some of their income. This bill would correct this inequity. The bill also adds definitions of "domicile" and "residence".

The bill also allows non-resident taxpayers to take the standard deduction and exemption credits in the proportion that his Alaska income bears to his total income. Presently, non-residents are not allowed to take the standard deduction but must itemize his deductions and is only allowed exemption credits in the proportion of the number of months residing in Alaska. This bill would provide a more equitable and more easily administered system.

The bill also contains certain amendments to the law clarifying when income is from a source within the State. Also provided is a clarification as to the provisions of the Internal Revenue Code which are specifically incorporated.

Sincerely,

Jay S. Hammond
Governor

Introduced: 2/26/75
Referred: Commerce and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 212

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 Alaska income tax; and
7 providing for an effective date."

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

9 * Section 1. AS 43.20 is amended by adding a new section to read:

10 Sec. 43.20.011. TAX ON INDIVIDUALS, FIDUCIARIES, AND CORPORA-
11 TIONS. (a) There is imposed for each taxable year upon the taxable
12 income of every resident, nonresident and part-year resident individual
13 and fiduciary of the state, except those qualifying for the rates in
14 (b) or (c) of this section, taxes computed according to the following
15 table.

16 If the taxable income is:	Then the tax is:
17 Not over \$2,000	3 per cent of the taxable 18 income
19 Over \$2,000 but not over \$4,000	\$60 plus 3.5 per cent of ex- 20 cess over \$2,000
21 Over \$4,000 but not over \$6,000	\$130 plus 4.0 per cent of ex- 22 cess over \$4,000
23 Over \$6,000 but not over \$8,000	\$210 plus 5.0 per cent of ex- 24 cess over \$6,000
25 Over \$8,000 but not over \$10,000	\$310 plus 5.5 per cent of ex- 26 cess over \$8,000
27 Over \$10,000 but not over \$12,000	\$420 plus 6.0 per cent of ex- 28 cess over \$10,000
29 Over \$12,000 but not over \$14,000	\$540 plus 7.0 per cent of ex-

1		cess over \$12,000
2	Over \$14,000 but not over \$16,000	\$680 plus 7.5 per cent of ex-
3		cess over \$14,000
4	Over \$16,000 but not over \$18,000	\$830 plus 8.0 per cent of ex-
5		cess over \$16,000
6	Over \$18,000 but not over \$20,000	\$990 plus 8.5 per cent of ex-
7		cess over \$18,000
8	Over \$20,000 but not over \$22,000	\$1,160 plus 9.0 per cent of ex-
9		cess over \$20,000
10	Over \$22,000 but not over \$26,000	\$1,340 plus 9.5 per cent of ex-
11		cess over \$22,000
12	Over \$26,000 but not over \$32,000	\$1,720 plus 10.0 per cent of ex-
13		cess over \$26,000
14	Over \$32,000 but not over \$38,000	\$2,320 plus 10.5 per cent of
15		excess over \$32,000
16	Over \$38,000 but not over \$44,000	\$2,950 plus 11.0 per cent of
17		excess over \$38,000
18	Over \$44,000 but not over \$50,000	\$3,610 plus 11.5 per cent of
19		excess over \$44,000
20	Over \$50,000 but not over \$60,000	\$4,300 plus 12.0 per cent of
21		excess over \$50,000
22	Over \$60,000 but not over \$70,000	\$5,500 plus 12.5 per cent of
23		excess over \$60,000
24	Over \$70,000 but not over \$80,000	\$6,750 plus 13.0 per cent of
25		excess over \$70,000
26	Over \$80,000 but not over \$90,000	\$8,050 plus 13.5 per cent of
27		excess over \$80,000
28	Over \$90,000 but not over \$100,000	\$9,400 plus 14.0 per cent of
29		excess over \$90,000

1	Over \$100,000 but not over \$150,000	\$10,800 plus 14.0 per cent of
2		excess over \$100,000
3	Over \$150,000 but not over \$200,000	\$17,800 plus 14.5 per cent of
4		excess over \$150,000
5	Over \$200,000	\$25,050 plus 14.5 per cent of
6		excess over \$200,000

7 (b) There is imposed for each taxable year upon the taxable
8 income of every resident, nonresident and part-year resident married
9 individual who makes a single return jointly with his spouse (as
10 provided in section 6013 of the Internal Revenue Code) and upon every
11 resident, nonresident and part-year resident surviving spouse (as
12 defined in section 2(a) of the Internal Revenue Code) taxes computed
13 according to the following table.

14 If the taxable income is:

Then the tax is:

15	Not over \$4,000	3 per cent of the taxable
16		income
17	Over \$4,000 but not over \$8,000	\$120 plus 3.5 per cent of ex-
18		cess over \$4,000
19	Over \$8,000 but not over \$12,000	\$260 plus 4.0 per cent of ex-
20		cess over \$8,000
21	Over \$12,000 but not over \$16,000	\$420 plus 5.0 per cent of ex-
22		cess over \$12,000
23	Over \$16,000 but not over \$20,000	\$620 plus 5.5 per cent of ex-
24		cess over \$16,000
25	Over \$20,000 but not over \$24,000	\$840 plus 6.0 per cent of ex-
26		cess over \$20,000
27	Over \$24,000 but not over \$28,000	\$1,080 plus 7.0 per cent of ex-
28		cess over \$24,000
29	Over \$28,000 but not over \$32,000	\$1,360 plus 7.5 per cent of ex-

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	cess over \$28,000
Over \$32,000 but not over \$36,000	\$1,660 plus 8.0 per cent of excess over \$32,000
Over \$36,000 but not over \$40,000	\$1,980 plus 8.5 per cent of excess over \$36,000
Over \$40,000 but not over \$44,000	\$2,320 plus 9.0 per cent of excess over \$40,000
Over \$44,000 but not over \$52,000	\$2,680 plus 9.5 per cent of excess over \$44,000
Over \$52,000 but not over \$64,000	\$3,440 plus 10.0 per cent of excess over \$52,000
Over \$64,000 but not over \$76,000	\$4,640 plus 10.5 per cent of excess over \$64,000
Over \$76,000 but not over \$88,000	\$5,900 plus 11.0 per cent of excess over \$76,000
Over \$88,000 but not over \$100,000	\$7,220 plus 11.5 per cent of excess over \$88,000
Over \$100,000 but not over \$120,000	\$8,600 plus 12.0 per cent of excess over \$100,000
Over \$120,000 but not over \$140,000	\$11,000 plus 12.5 per cent of excess over \$120,000
Over \$140,000 but not over \$160,000	\$13,500 plus 13.0 per cent of excess over \$140,000
Over \$160,000 but not over \$180,000	\$16,100 plus 13.5 per cent of excess over \$160,000
Over \$180,000 but not over \$200,000	\$18,800 plus 14.0 per cent of excess over \$180,000
Over \$200,000 but not over \$300,000	\$21,600 plus 14.0 per cent of excess over \$200,000

1	Over \$300,000 but not over \$400,000	\$35,600 plus 14.5 per cent
2		of excess over \$300,000
3	Over \$400,000	\$50,100 plus 14.5 per cent
4		of excess over \$400,000

5 (c) There is imposed for each taxable year upon the taxable
6 income of every resident, nonresident and part-year resident head of
7 a household (as defined in section 2(b) of the Internal Revenue
8 Code), taxes computed according to the following table.

9	If the taxable income is:	Then the tax is:
10	Not over \$2,000	3 per cent of the taxable
11		income
12	Over \$2,000 but not over \$4,000	\$60 plus 3.5 per cent of ex-
13		cess over \$2,000
14	Over \$4,000 but not over \$6,000	\$130 plus 4.0 per cent of ex-
15		cess over \$4,000
16	Over \$6,000 but not over \$8,000	\$210 plus 4.5 per cent of ex-
17		cess over \$6,000
18	Over \$8,000 but not over \$10,000	\$300 plus 5.0 per cent of ex-
19		cess over \$8,000
20	Over \$10,000 but not over \$12,000	\$400 plus 5.5 per cent of ex-
21		cess over \$10,000
22	Over \$12,000 but not over \$14,000	\$510 plus 6.0 per cent of ex-
23		cess over \$12,000
24	Over \$14,000 but not over \$16,000	\$630 plus 6.5 per cent of ex-
25		cess over \$14,000
26	Over \$16,000 but not over \$18,000	\$760 plus 7.0 per cent of ex-
27		cess over \$16,000
28	Over \$18,000 but not over \$20,000	\$900 plus 7.0 per cent of ex-
29		cess over \$18,000

1	Over \$20,000 but not over \$22,000	\$1,040 plus 7.5 per cent of
2		excess over \$20,000
3	Over \$22,000 but not over \$24,000	\$1,190 plus 8.0 per cent of
4		excess over \$22,000
5	Over \$24,000 but not over \$28,000	\$1,350 plus 8.5 per cent of
6		excess over \$24,000
7	Over \$28,000 but not over \$32,000	\$1,690 plus 9.0 per cent of
8		excess over \$28,000
9	Over \$32,000 but not over \$38,000	\$2,050 plus 9.5 per cent of
10		excess over \$32,000
11	Over \$38,000 but not over \$44,000	\$2,430 plus 10.0 per cent of
12		excess over \$38,000
13	Over \$44,000 but not over \$50,000	\$3,030 plus 10.5 per cent of
14		excess over \$44,000
15	Over \$50,000 but not over \$60,000	\$3,660 plus 11.0 per cent of
16		excess over \$50,000
17	Over \$60,000 but not over \$70,000	\$4,760 plus 11.5 per cent of
18		excess over \$60,000
19	Over \$70,000 but not over \$80,000	\$5,910 plus 12.0 per cent of
20		excess over \$70,000
21	Over \$80,000 but not over \$90,000	\$7,110 plus 12.5 per cent of
22		excess over \$80,000
23	Over \$90,000 but not over \$100,000	\$8,360 plus 13.0 per cent of
24		excess over \$90,000
25	Over \$100,000 but not over \$150,000	\$9,660 plus 13.5 per cent of
26		excess over \$100,000
27	Over \$150,000 but not over \$200,000	\$16,410 plus 14.0 per cent of
28		excess over \$150,000
29	Over \$200,000 but not over \$300,000	\$23,410 plus 14.5 per cent of

	excess over \$200,000
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2	\$37,910 plus 14.5 per cent of
3	excess over \$300,000

4 (d) The department shall compute and publish the Alaska income
5 tax liability for resident taxpayers at the midpoint of each bracket
6 of adjusted gross income (as defined in sec. 62 of the Internal
7 Revenue Code) modified as required by sec. 31 of this chapter in \$25
8 steps below \$3,000 and \$50 steps to \$20,000 rounding the calculations
9 to the nearest dollar. Resident taxpayers electing to take the stan-
10 dard deductions may file returns based upon, and pay taxes according
11 to, tables established under this section.

12 (e) There is imposed for each taxable year upon the entire
13 taxable income of every corporation derived from sources within the
14 state a tax consisting o. a normal tax equal to 5.4 per cent of
15 taxable income, and a surtax which is equal to 4.0 per cent of taxable
16 income. For purposes of this chapter the surtax exemption for a
17 taxable year follows secs. 1561 and 1563 of the Internal Revenue Code.

18 * Sec. 2. AS 43.20 is amended by adding a new section to read:

19 Sec. 43.20.021. INTERNAL REVENUE CODE ADOPTED BY REFERENCE. (a)
20 Subtitle F and chapter 1 of subtitle A of the 1954 Internal Revenue
21 Code, Public Law 83-591, as amended, are adopted by reference as a
22 part of this chapter. Those portions of the Internal Revenue Code
23 have full force and effect under this chapter unless excepted to or
24 modified by other provisions of this chapter.

25 (b) For purposes of calculating the federal tax payable on
26 personal holding companies provided for in the provisions of Internal
27 Revenue Code section 541, the rate is 12.6 per cent.

28 (c) For purposes of calculating the alternative tax on capital
29 gains provided for in the provisions of Internal Revenue Code section

1 1201, the rate is 4.5 per cent for corporations and 4 per cent for
2 individuals and fiduciaries.

3 (d) Where a credit allowed under the Internal Revenue Code is
4 also allowed in computing Alaska income tax, it is limited to 16 per
5 cent of the amount of the credit determined for federal income tax
6 purposes for individuals and 18 per cent for corporations.

7 * Sec. 3. AS 43.20.030 is repealed and re-enacted to read:

8 Sec. 43.20.030. RETURNS AND PAYMENT OF TAXES. (a) Every indivi-
9 dual, fiduciary, partnership and corporation required to make a return
10 under the provisions of the Internal Revenue Code shall at the same
11 time file with the department a return setting out

12 (1) the amount of tax due under this chapter, less credits
13 claimed against the tax; and

14 (2) other information for the purpose of carrying out the
15 provisions of this chapter which the department requires.

16 (b) The return shall either be on oath or contain a written
17 declaration that it is made under penalty of perjury, and the depart-
18 ment shall prescribe forms accordingly.

19 (c) The total amount of tax imposed by this chapter is due and
20 payable to the department at the same time and in the same manner as
21 the tax payable to the United States Internal Revenue Service.

22 (d) A taxpayer, upon request by the department, shall furnish to
23 the department a true and correct copy of the tax return which he has
24 filed with the United States Internal Revenue Service. Every taxpayer
25 shall notify the department in writing of any alteration in, or
26 modification of, his federal income tax return and of a recomputation
27 of tax or determination of deficiency (whether with or without assess-
28 ment). A full statement of the facts shall accompany this notice.
29 The notice shall be filed within 60 days after the final determination

1 of the modification, recomputation or deficiency, and the taxpayer
2 shall pay the additional tax or penalty under this chapter. For pur-
3 poses of this section, a final determination shall mean the time that
4 an amended federal return is filed or a notice of deficiency or an
5 assessment is mailed to the taxpayer by the Internal Revenue Service,
6 except that in no event will there be a final determination for purposes
7 of this section until the taxpayer has exhausted his rights of appeal
8 under federal law.

9 (e) The department may credit or refund overpayments of taxes,
10 taxes erroneously or illegally assessed or collected, penalties col-
11 lected without authority, and taxes that are found unjustly assessed
12 or excessive in amount, or otherwise wrongfully collected. The depart-
13 ment shall set limitations, specify the manner in which claims for
14 credits or refunds are made, and give notice of allowance or disallow-
15 ance. When a refund is allowed to a taxpayer, it shall be paid out of
16 the general fund on a warrant issued under a voucher approved by the
17 department.

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

19 Sec. 43.20.031. TAXABLE INCOME OF RESIDENTS; DEDUCTIONS; EXEMP-
20 TIONS. (a) The taxable income of a resident of the state is his
21 entire taxable income as defined in section 63 of the Internal Revenue
22 Code with the following modifications:

23 (1) a taxpayer whose income includes a cost-of-living
24 allowance which is exempt from federal income tax shall determine and
25 include that amount as part of his income as if the cost-of-living
26 allowance were not exempt;

27 (2) the benefits allowed to taxpayers under Internal
28 Revenue Code sections 1301-1307, as amended, are allowed only to
29 taxpayers who have been residents of the state for the full base

1 period as well as for the computation year as defined in these sec-
2 tions; the commissioner shall adopt regulations governing benefits
3 under these sections of federal law allowable to spouses eligible to
4 file a joint Alaska return for the computation year when one spouse
5 has not been a resident of Alaska for the full base period.

6 (b) The following exemptions are allowed in computing taxable
7 income under this section:

8 (1) service pay received by members of the armed forces of
9 the United States or auxiliary branches of the armed forces;

10 (2) annuities received under the United States Civil
11 Service retirement system from the United States Civil Service retire-
12 ment and disability fund;

13 (3) income of a person derived from the sale of halibut
14 taken from waters outside the territorial limits of the state and
15 regulated by an international body or treaty organization if the
16 person selling halibut in the state which is taken from outside the
17 territorial limits of the state executes and submits to the department
18 within 30 days after each sale a separate exemption certificate on a
19 form approved by the department and the attorney general.

20 (c) In computing the tax under this chapter, the taxpayer is not
21 entitled to deduct from the adjusted gross income state income taxes.

22 (d) Banks and savings and loan associations chartered by the
23 federal government or the state are exempt from income tax under this
24 chapter.

25 (e) An affiliated group of corporations may make or the commis-
26 sioner may require them to make a consolidated or combined return for
27 the taxable year in place of separate returns. For purposes of calcu-
28 lating the amount of tax payable by the group under a consolidated
29 filing, Internal Revenue Code secs. 1501 - 1552, as amended, apply.

1 (f) A natural person is entitled to a tax credit not to exceed
2 \$50 for the amount of political campaign contributions made within the
3 tax year, including but not limited to a contribution or gift to a
4 person or organization for use exclusively for political campaigns or
5 dues to a nonprofit organization organized primarily for the purpose
6 of influencing elections. The credit allowed by this subsection is in
7 place of the credit allowed by sec. 41 of the Internal Revenue Code
8 and the deduction allowed by sec. 218 of the Internal Revenue Code for
9 contribution to candidates for public office.

10 (g) A person who wilfully makes and subscribes to a certificate
11 referred to in (b)(3) of this section which is not true and correct as
12 to every material fact is punishable by a fine of not more than
13 \$10,000, or by imprisonment for not more than five years, or by both.
14 * Sec. 6. AS 43.20 is amended by adding a new section to read:

15 Sec. 43.20.035. TAXABLE INCOME OF NONRESIDENTS AND PART-YEAR
16 RESIDENTS. (a) The taxable income of nonresidents or part-year
17 residents of this state is taxable income as determined under sec. 31
18 of this chapter when attributable to sources in the state as provided
19 in sec. 40 of this chapter with the following adjustments:

20 (1) a nonresident or part-year resident who claims the
21 standard deduction as defined in Internal Revenue Code sec. 141 is
22 allowed the deduction in the proportion provided in (b) of this sec-
23 tion;

24 (2) a nonresident or part-year resident is entitled to
25 claim the personal exemptions as defined in sec. 151 of the Internal
26 Revenue Code in the proportion provided in (b) of this section;

27 (3) a nonresident or part-year resident who itemizes
28 deductions is allowed a deduction for those items deductible under the
29 Internal Revenue Code which arise from sources in the state.

1 (b) The ratio for prorating allowed by this section is the
2 taxpayer's adjusted gross income from Alaska sources divided by the
3 taxpayers's adjusted gross income from all sources. The ratio may
4 not exceed 100 per cent. The adjusted gross income for purposes of
5 this subsection means adjusted gross income as defined in sec. 62 of
6 the Internal Revenue Code as modified by the provisions of sec. 31 of
7 this chapter.

8 (c) Deductions claimed which are allowed as deductions from
9 gross income in arriving at adjusted gross income under the Internal
10 Revenue Code are allowed only to the extent that they are connected
11 with income which arises from sources in the state or property having
12 a situs for taxation in the state.

13 * Sec. 7. AS 43.20.040 is repealed and re-enacted to read:

14 Sec. 43.20.040. INCOME FROM SOURCES IN THE STATE. (a) In this
15 chapter, income from sources in the state includes

16 (1) income from real or tangible personal property located
17 in the state;

18 (2) income of whatever nature from a business, trade or
19 profession having a business situs in the state and compensation for
20 services rendered in the state;

21 (3) income from stocks, bonds, notes, bank deposits, and
22 other intangible personal property having a taxable or business situs
23 in the state;

24 (4) rentals and royalties for the use of or for the
25 privilege of using, in the state, patents, copyrights, secret pro-
26 cesses and formulas, good will, trademarks, trade brands, franchises,
27 and other property having a taxable or business situs in the state.

28 (b) In this section, income is from a source having a taxable or
29 business situs in the state if it is derived from

1 (1) owning or operating business facilities or property in
2 the state;

3 (2) conducting business, farming, or fishing operations in
4 the state;

5 (3) working for salary or wages in the state;

6 (4) a partnership which transacts business in the state;

7 (5) a corporation which transacts business in the state
8 which has elected to file federal returns under subchapter S of the
9 Internal Revenue Code;

10 (6) an estate or trust deriving income from sources in the
11 state; or

12 (7) engaging in any other activity from which income is
13 received, realized or derived in the state.

14 (c) The receipt of income derived solely from interest earned on
15 property in the state does not alone establish a taxable or business
16 situs in the state.

17 * Sec. 8. AS 43.20 is amended by adding new sections to read:

18 Sec. 43.20.051. INCOME FROM SOURCES IN THE STATE OF NONRESIDENT
19 PARTNERS. In determining the source of a nonresident partner's
20 income, no effect may be given to a provision in the partnership
21 agreement which

22 (1) characterizes payments to the partner as being for
23 services or for the use of capital;

24 (2) allocates to the partner, as income or gain from
25 sources outside the state, a greater proportion of his distributive
26 share of partnership income or gain than the ratio of partnership
27 income or gain from sources outside the state to partnership income or
28 gain from all sources; or

29 (3) allocates to the partner a greater proportion of a

1 partnership item of loss or deduction connected to Alaska sources than
2 his proportionate share, for federal income tax purposes of partnership
3 loss or deduction generally.

4 Sec. 43.20.061. CREDIT FOR TAXES PAID ANOTHER STATE. (a) A
5 resident is allowed as a credit against the tax otherwise due under
6 this chapter the amount of income tax imposed on him for the taxable
7 year by another state or territory of the United States on income
8 derived from sources in the other state or territory which is also
9 subject to tax under this chapter.

10 (b) The credit allowed in (a) of this section is limited to that
11 proportion of the tax computed under this chapter (before the allow-
12 ance of this credit), which the taxable income from the other state or
13 territory bears to the total taxable income; however, this credit may
14 not exceed the actual tax payable to the other state or territory.

15 Sec. 43.20.065. ALLOCATION AND APPORTIONMENT. A taxpayer who
16 has income from business activity which is taxable both inside and
17 outside the state or income from other sources both inside and outside
18 the state shall allocate and apportion his net income as provided in
19 art. IV of the Multistate Tax Compact (AS 43.19.010), and as provided
20 in sec. 71 of this chapter for water transportation carriers.

21 Sec. 43.20.071. PASSENGER OR FREIGHT WATER TRANSPORTATION
22 CARRIERS. (a) All business income of water transportation carriers
23 shall be apportioned to this state by a fraction the numerator of
24 which is the property factor plus the payroll factor plus the sales
25 factor and the denominator of which is the number three.

26 (b) The property factor for fixed property such as buildings
27 and land used in the business and local equipment and personal property
28 shall be determined according to art. IV of the Multistate Tax Compact
29 (AS 43.19.010), and as provided in sec. 71 of this chapter for water

1 transportation carriers. The property factor of water transportation
2 property shall be determined on a days-spent-in-ports basis as provided
3 in (e) of this section.

4 (c) The payroll factor for the wages and salaries of employees
5 assigned to fixed locations shall be determined according to art. IV
6 of the Multistate Tax Compact (AS 43.19.010), and as provided in sec.
7 71 of this chapter for water transportation carriers. The payroll
8 factor for water transportation carriers and other equipment used in
9 water transportation shall be determined on a days-spent-in-ports
10 basis as provided in (e) of this section.

11 (d) The sales factor shall be determined on a days-spent-in-
12 ports basis as provided in (e) of this section.

13 (e) The property, payroll and sales factor shall be determined
14 by a ratio which the number of days spent in ports inside the state
15 bears to the total number of days spent in ports inside and outside
16 the state. The term "days spent in ports" does not include periods
17 when ships are tied up because of strikes or withheld from Alaska
18 service for repairs, or because of seasonal reduction of service.
19 Days in port are computed by dividing the total number of hours in all
20 ports by 24.

21 * Sec. 9. AS 43.20.170(c)(2) is amended to read:

22 (2) shall make return of and pay to the department quarterly
23 or at other times as the department may require [ALLOW], the amount of
24 tax levied which under the provisions of this chapter he is required
25 to deduct and withhold; upon failure of the employer to comply with
26 the provisions of this subsection, the provisions of sec. 210 of this
27 chapter apply.

28 * Sec. 10. AS 43.20.200(b) is amended to read:

29 (b) The same period of limitation upon the assessment and

1 collection of taxes imposed under this chapter and the same exceptions
2 to it shall apply as provided in secs. 6501, 6502 [6502(a)], and 6503
3 [6503(a)] of the Internal Revenue Code of 1954. In the case of
4 additional tax due by reason of a modification, recomputation, or
5 determination of deficiency in a taxpayer's federal income tax return,
6 the period of limitation on assessment commences from the date that
7 the notice required in sec. 30(d) of this chapter is filed and if no
8 notice is filed the tax may be assessed at any time.

9 * Sec. 11. AS 43.20.335 is amended by adding a new subsection to read:

10 (1) The penalties and liabilities provided in (g) of this
11 section shall be paid upon notice and demand by the commissioner of
12 revenue or his deputy or agent and shall be assessed and collected in
13 the same manner as taxes. A reference to "tax" imposed also refers
14 to the penalties and liabilities provided by this section.

15 * Sec. 12. AS 43.20.340 is amended by adding new paragraphs to read:

16 (13) "domicile" means the place where an individual has his
17 true, fixed, permanent home and principal establishment and to which
18 place he has the intention of returning whenever he is absent for a
19 temporary or transitory purpose;

20 (14) "nonresident" means an individual who is not a "resi-
21 dent" or "part-year resident";

22 (15) "part-year resident" means an individual who enters or
23 leaves the state during the taxable year and who has resided or was
24 domiciled in the state for a period of less than 12 months during the
25 taxable year;

26 (16) "residence" means actual physical presence in the
27 state and is determined without regard to a person's "domicile";

28 (17) "resident" means an individual or natural person who
29 during the taxable year has been domiciled in the state or has resided

1 within the state for the entire taxable year; an individual does not
2 lose his status as a resident simply by reason of attending an educa-
3 tional institution or by serving in the armed forces.

4 * Sec. 13. The following laws are repealed: AS 43.20.010; 43.20.020;
5 43.20.050; 43.20.060; 43.20.070; 43.20.080; 43.20.090; 43.20.100; 43.20.110;
6 43.20.120; 43.20.130; and 43.20.140.

7 * Sec. 14. The repeal of the laws listed in sec. 13 of this Act does
8 not affect tax liabilities accrued before January 1, 1975.

9 * Sec. 15. This Act is retroactive to January 1, 1975 and relates only
10 to income earned or received after December 31, 1974.

11 * Sec. 16. This Act takes effect immediately in accordance with AS 01.-
12 10.070(c).

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COMMITTEE REPORT

SENATE

1/22/76

Mr. President:

Date 2/4/76

The Committee on Finance has had CSHB 213
relating to the University of Alaska
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

FILE
WITH THE BILL

MEMO February 5, 1976
FROM SENATOR ZIEGLER
TO REPRESENTATIVE NAUGHTON
RE HJR 15

Ed--By now you should have received from Bill Ray the Attorney General's opinion on HJR 15.

Reading it in conjunction with the opinion hereto attached from Legislative Affairs, it seems abundantly clear to me that we should proceed to move CSHB 213, and forget about HJR 15.

RHZ/pkz

enc.

cc - ~~Senator~~ Ray

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 5, 1976

SUBJECT: HJR 15 (University of Alaska)

TO: Senator Robert H. Ziegler, Sr., Chairman
Senate Judiciary Committee

FROM: *SC* Stuart C. Hall, Senior Legislative Counsel

This memorandum is by way of an addendum to the memorandum prepared for you by Louise Ma, Legislative Intern, dated February 2, 1976, concerning this legislation. I have reviewed Ms. Ma's memorandum and, per our conversation, wish to amplify several points.

HJR 15 should be considered in conjunction with HB 213 for which it is a companion measure. I drafted both bills for Representative Naughton. At the time I prepared HB 213 I indicated to him and to Mr. Richard Guthrie of the Legislative Finance Division staff, that I did not think this amendment to the state constitution (Article VII, Section 2) was necessary. I believe that the present language of that section prescribing that the University's "property shall be administered and disposed of according to law" is a legally sufficient basis for the legislature to indicate to the University the kind of financial reporting that it expects the university administration to produce in conjunction with its budget request. The term "personal property" in this context is surely broad enough to include both legislative appropriations, governmental grants, personal gifts, and bequests and monies from whatever source to which the University has title, or of which it is the custodian.

As I understand it, the genesis of this legislation is that the Finance Committees and the Legislative Budget and Audit Committee want to know how much money the University is receiving from federal grants and from private gifts and bequests and for what purposes it is being used. This is not to say that either HJR 15 or HB 213 can be utilized by the legislature to vary the terms either of the grants, gifts or bequests. I think that would be contrary to law, including the supremacy clause of the U.S. Constitution and perhaps there would be impairment of contract problems as well. However, I think the legislature can quite properly ask the University for a statement of the nature and uses of its restricted funds so that it can evaluate just how much in the way of a general fund appropriation is required for the support of the University in light of these grants,

gifts and bequests. Apparently the Finance Committees and the Budget and Audit Committee have not had this information at their disposal.

Furthermore, analyzing the existing provisions of Section 2, Article VII in conjunction with Article XII, Section 11, which provides "as used in this constitution the terms 'by law' and 'by the legislature' or variations of these terms are used interchangeably when relating to law-making powers." I think that clearly indicates that the legislature has a role to play in establishing guidelines for the financial administration of the University. This is not to say that that authorizes the Legislature to get into the day to day fiscal management of the University. Surely, however, the language is broad enough to include some general policy direction and at the very least to provide the legislature with the minimum kind of information it requires in order to evaluate, analyze and act upon budget requests.

It is my personal view that HJR 15, barring some showing of absolutely essential requirement for it, is unnecessary and that CSHB 213, in its present form, is quite sufficient to do the job Representative Naughton and his colleagues seem to feel is essential.

If information is the only matter with which the legislative sponsors of these measures are concerned, then I am confident that the language of HB 213 is adequate and we should not clutter our state constitution with basically what appears to me to be transitory language proposed for a transitory purpose.

SCH:bh

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST
 Bill No. HB213
 Title: An Act relating to the University of Alaska
 Requested by: Senator Ray Date: Jan. 22, 1976
 Return Date Requested: ASAP
 Agency: University of Alaska Program: Statewide Administration

II. FISCAL DETAIL
 Budget Request Unit(s) Affected: Statewide Operations
 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						

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

V. DATE: January 26, 1976 PREPARED BY: M. M. Mullinger

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

Copies to Senator Ray

THE LEGISLATURE OF THE STATE OF ALASKA
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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	NONE					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
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Copies to Senator Ray

Original sponsor: Naughton

Offered: 4/8/75
Referred: Finance

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 213

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 University of Alaska; and
7 providing for an effective date."

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

9 * Section 1. AS 14.40.190 is amended to read:

10 Sec. 14.40.190. REPORT TO LEGISLATURE. The Board of Regents
11 shall make a written report to the legislature at the beginning of its
12 regular sessions of the condition of the university property, of all
13 receipts and expenditures, including but not limited to the adminis-
14 tration and disposition of appropriated and restricted funds, and of
15 the educational and other work performed.

16 * Sec. 2. AS 14.40.250 is amended to read:

17 Sec. 14.40.250. REGENTS TO ACT AS TRUSTEES AND ADMINISTER MONEY
18 OR PROPERTY FROM SOURCES OTHER THAN LEGISLATURE OR FEDERAL APPROPRIA-
19 TION. The Board of Regents may receive, manage, and invest money or
20 other real, personal or mixed property in any manner received from
21 sources other than the state legislature or federal appropriation for
22 the purpose of the university, its improvement or adornment, or the aid
23 or advantage of students or faculty, and, in general, may act as trustee
24 on behalf of the university for any of these purposes. However, the
25 regents shall make a written report to the legislature, in accordance
26 with sec. 190 of this chapter, as to the administration and disposition
27 of funds received under this section.

28 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
29 070(c).

#

Original sponsor: Naughton

Offered: 4/8/75
Referred: Finance

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Introduced: 2/26/75
Referred: Judiciary and
Finance

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BY NAUGHTON

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25 the regents shall make a written report to the legislature, in accor-
26 dance with sec. 190 of this chapter, as to the administration and
27 disposition of funds received under this section.

28 * Sec. 3. AS 14.40.290 is amended by adding a new subsection to read:

29 (d) The University of Alaska is subject to the Executive Budget

1 Act (AS 37.07).

2 * Sec. 4. AS 37.07.120(1) is amended to read:

3 (1) "agency" means a department, officer, institution, board,
4 commission, corporation, bureau, division, or other administrative unit
5 forming the state government and includes the Alaska Pioneers Home
6 and the University of Alaska, but does not include the legislature or
7 the judiciary;

8 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
9 070(c).