

COMMITTEE REPORT

4/14/76

SENATE

Mr. President:

Date 5/4/76

The Committee on Finance has had SSSB 662
alcoholic beverages

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:

Carl Ray _____
Mr. Buttrick K. Poland _____
Mr. K... _____

Members NOT concurring in the Majority report:

Mr. Chance recommends: no
 _____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:

Carl Ray Chairman

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5 - JUNEAU 99811

April 19, 1976

The Honorable Bill Ray
Chairman
Senate Finance Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

Re: Sponsor Substitute for Senate Bill No. 662

Dear Senator Ray:

Sponsor Substitute for Senate Bill No. 662, an Act relating to alcoholic beverages, was referred by the Senate Judiciary Committee on April 14, 1976 to the Senate Finance Committee.

For the consideration of the Senate Finance Committee, I am enclosing a copy of a memorandum dated April 15, 1976 prepared by Linda E. Brown, Director, Alcoholic Beverage Control Board, Department of Revenue, Anchorage, Alaska advising that the proposed legislation would assist in administration of the problem of population limitations on issuance of new licenses and that no costs of administration would be involved.

If you or any members of the Senate Finance Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Ms. Brown in Anchorage for further information.

Very truly yours,



R. D. Stevenson
Special Assistant

cc: The Honorable Mike Colletta
Sponsor for SB 662 and SS SB 662

Linda E. Brown, Director
Alcoholic Beverage Control Board
Department of Revenue
Anchorage, Alaska

STATE
of ALASKA

MEMORANDUM

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

DATE : April 15, 1976

FROM: Linda E. Brown, Director
ABC Board
Anchorage

SUBJECT: SSSB 662

We are in favor of this bill, as it answers a question legislatively that has previously been a matter of interpretation by the Attorney General's office and, consequently, the ABC Board.

Prior to the unification of a city and borough, separate sections of AS 04.10.210, Population Limitations on Issuance of New License, applied to each form of government. Cities are dealt with on the basis of an aggregate population, boroughs on the population in a five-mile radius of the proposed premises.

This explanation is necessary, as the use of either set of criteria in the event of unification has little fiscal advantage over the other in terms of state expenditures. Because more licenses are possible under the five-mile criteria, unification generally results in an over-saturation of licenses. For example: Anchorage must have an additional 25,000 more persons before another beverage dispensary license can be issued. That number is also great in the Juneau-Douglas area. Hence, this bill would limit the total number of licenses in a unified municipality, but allow for more concentration of licenses in a small area. The enforcement problems with the latter are nearly equal with the consequences of increased licenses possible under the five-mile criteria.

In conclusion, additional enforcement personnel would not be needed as a result of this particular bill, nor would added problems of administration result. As a consequence, a fiscal note does not appear relevant.

Thank you for your consideration.

LEB:vk

Introduced: 4/7/76
Referred: Judiciary

1 IN THE SENATE

BY COLLETTA

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 662

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

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THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. Senate Bill 664
 Title: Act relating to reparations to the taxpayer for late payment of tax refunds.
 Requested by: R. D. Stevenson Date: 2-17-76
 Return Date Requested: 2-18-76
 Agency: Revenue Program: Audit

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Administrative Services and Audit

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		134.4	136.2	162.0	163.8	189.6
200 TRAVEL						
300 CONTRACTUAL		7.6	8.6	9.5	10.5	11.4
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	None	142.0	144.8	171.5	174.3	201.0

B. FUNDING: (Thousands of dollars)

FUND	None	142.0	144.8	171.5	174.3	201.0
GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	5 / 8	5 / 9	6 / 10	6 / 11	7 / 12
MAN MONTHS (P./T.)	0 / 0	60 / 16	60 / 18	72 / 20	72 / 22	84 / 24

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

There are many variables on how this bill might operate. Assuming it is determined that we had to insure issuance of any refund within 30 days of receipt, the above staffing would be required.

IV. ATTACHMENTS See memo dated 2-18-76 attached.

V. DATE: 2-18-76 PREPARED BY: *Ray L. Jenkins*

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

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
 Assistant to the Commissioner
 Department of Revenue

DATE: February 18, 1976

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
 Director
 Audit Division

SUBJECT: Senate Bill 664

This bill provides that the Department of Revenue shall pay 5% per month, or any fraction thereof, anytime we issue a refund to a taxpayer. Literally interpreted the penalty would begin running immediately upon receipt of a return claiming a refund and would run until the refund was issued. Using this literal interpretation, the Department could pay as much as \$1,980,000 in total penalty per year.

The bill does provide for an exemption if the failure to issue the refund is due to "reasonable cause", which is to be defined by the Department. In my opinion, we could so define "reasonable cause" to cover approximately 99.9% of the refunds that we issue each year. However, since regulations can be challenged in the courts or by the Legislature, it is rather difficult to predict what the exact provisions might be.

It is difficult to understand why the Legislature is considering such a penalty provision in the first place. Penalties are included in the Internal Revenue Code and the Alaska Statutes as a means of penalizing recalcitrant taxpayers who deliberately fail to meet their tax obligations. The implication of this bill is that the Department is failing to meet its obligations to the taxpaying public by not refunding the taxpayer's monies as expeditiously as possible. Further, we in recent years incorporated into the Alaska Statutes the provisions of the Internal Revenue Code for paying interest on any refunds which take an excess of 45 days to process. This provision is specifically designed to reimburse taxpayers for their potential loss of earnings from monies due from the State when we are unable to process the returns within the 45 day period. Since the adoption of this provision was designed to cover the situation addressed in Senate Bill 664, it seems to be rather unnecessary for a further provision to be made, especially in the form of a penalty. Up until February 1, 1976 we were paying 9% interest on refunds. This is now dropped in accordance with federal law to 7%. As can be readily seen, this equals or is better than what the average individual could earn on their money should they have invested in a local savings account.

Should the Legislature decide to proceed with this legislation, I would suggest that the language be modified to include a basic processing period of at least 60 days before the penalty provisions would apply. Second, the

Senate Bill 664
February 18, 1976
Page Two

bill does not contain an effective date. I would suggest an effective date of January 1, 1977 so that all of the refund computer programs, which have been developed for the current filing year, would not have to be re-written.

In summary, I feel strongly that this legislation is unnecessary since we put forth maximum effort to issue refunds to taxpayers as soon as possible and there seems to be little justification to add another provision to the taxing statutes which would have little effective impact on the administration of the law.

GLJ/bjm

Attachment

Introduced: 2/16/76
Referred: Finance

BY MILLER, COLLETTA, CROFT, FERGUSO
HUBER, RAY AND ZIEGLER

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IN THE SENATE

SENATE BILL NO. 664

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the making of reparations to the taxpayer for late payment of tax refunds."

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

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

Sec. 43.20.215. REPARATION FOR LATE PAYMENT OF REFUNDS. Five per cent shall be added to the tax refund for each 30-day period or fraction of the period during which the department fails to issue a refund to which a taxpayer is entitled under this title, unless it is shown the failure is due to a reasonable cause and not wilful neglect. The additional amount paid to a taxpayer under this section may not exceed 25 per cent of the refund due. The department shall prescribe by regulation circumstances which constitute reasonable cause for purposes of this section.

COMMITTEE REPORT

SENATE

2/16/76

Mr. President:

Date 2/20/76

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- recommends it DO PASS
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CS FOR _____ DO PASS
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COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

_____	_____	_____
<i>[Signature]</i>	_____	_____
_____	_____	_____
<i>R. Pollock</i>	_____	_____

Members NOT concurring in the Majority report:

_____	recommends: <i>[Signature]</i>
_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:

[Signature] Chairman

MEMORANDUM

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TO: R. D. Stevenson
Assistant to the Commissioner
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Referred: Finance

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