

SB

105

COMMITTEE REPORT

SENATE

\*\*Finance

1221/77

4/25/77

Date

Mr. President:

The Committee on RESOURCES has had SB 105  
Alaska net 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 SB 105 and that  
CS for SB 105 ~~do pass~~ Individual Recommendation
- (and) recommends it be referred to the \_\_\_\_\_  
committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) \_\_\_\_\_

MEMBERS SIGNING THE MAJORITY REPORT:

<u>[Signature]</u>	<u>No Rec.</u>	_____
<u>[Signature]</u>	<u>Do Pass</u>	_____
<u>[Signature]</u>	<u>DO PASS</u>	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

[Signature] recommends: No Rec.

\_\_\_\_\_ recommends: \_\_\_\_\_

\_\_\_\_\_ recommends: \_\_\_\_\_

Callit signed No Rec.

[Signature]  
Chairman

# STATE OF ALASKA

*Gov. Conf. Room*

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

April 25, 1977

*Tax avoidance  
Profit shifting*

*accepted and  
was item 12  
2 altered*

The Honorable Kay Poland  
Chairman  
Senate Resources Committee  
Alaska State Legislature  
Juneau, AK 99801

Dear Senator Poland:

You have asked the Department of Revenue to testify on the proposed CS for SB 105 relating to the Alaska net income tax act. Specifically you have asked the department to respond to ways in which the bill may be changed to improve the administration of the tax. Accordingly I have included the technical changes and administrative changes which we would recommend.

1. page 1, line 25  
delete the reference "AS 43.20.066" and insert the following in its place "AS 43.20.011"
2. page , line 2 *as modified*  
after the word "accordance" delete the following phrase "with section 18 of article IV of the Multi-State Compact (AS 43.19.010) and"
3. page 2, line 3  
after the word "secs." delete the phrase "12-14" and insert the following in its place "67-69"
4. page 2, line 8  
after the word "under" delete the phrase "secs. 11(e) and (f) of this chapter" and insert the following in its place "sec. 11(f) of this chapter."
5. page 2, lines 9 and 10  
after the word "chapter" delete the rest of the sentence and insert the following in its place "shall be calculated using gross income and deductions from gross income as defined in this section."
6. page 2, line 11  
delete the word "revenue" and insert "income" in its place.
7. page 2, line 12  
delete the words "wellhead value" and insert the phrase "value of oil and gas produced" in its place.

~~///~~

8. page 2, line 15  
delete the word "revenue" and insert the word "income"  
in its place.
9. page 2, line 25  
after the word "the" insert the word "direct"
10. page 2, line 28  
after the word "services" insert the phrase "and not  
including indirect costs or overhead"
11. page 3, line 5  
after the word "capitalized" insert the phrase "and  
also including the amortization of"
12. page 3, line 20  
after the word "properties" insert the phrase "after a  
well has been plugged and abandoned."
13. page 3, between lines 25 and 26  
insert the following:  
(e) deductions from gross income under this section shall  
not include expenses previously deducted on a return filed  
under this chapter.
14. page 6, line 21  
delete the word "consolidated" and insert the word  
"combined" in its place.
15. page 6, line 21  
delete the word "allocation" and insert the word  
"apportionment" in its place.
16. page 7, line 15  
delete the reference "As 43.20.330" and insert "AS 43.20.335"  
in its place.
17. page 8, between lines 3 and 4  
insert the following:  
Sec. 43.20.075 BOOKS AND RECORDS. The department may  
provide by regulation the manner in which books and records  
must be kept and maintained for purposes of determining  
gross income and deductions from gross income under  
secs. 67-69 of this chapter.

Sincerely,

  
John R. Messenger  
Deputy Commissioner

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

STATE OFFICE BUILDING

POUCH SA - JUNEAU 99811

March 16, 1977

The Honorable Kay Poland  
Chairman  
Senate Resources Committee  
Alaska State Legislature  
State Capitol Building  
Juneau, Alaska

Re: Senate Bill No. 105

Dear Senator Poland:

Senate Bill No. 105, an Act relating to the Alaska net income tax was introduced in the Senate on January 31, 1977 and was referred to the Senate Resources and Finance Committees.

For the consideration of the Senate Resources Committee, I am enclosing a Fiscal Note prepared by Mr. Gary L. Jenkins, Director, Audit Division, Department of Revenue, Juneau.

Very truly yours,



R. D. Stevenson  
Special Assistant

cc: The Honorable John C. Sackett  
Chairman  
Senate Finance Committee  
Alaska State Legislature  
State Capitol Building  
Juneau, Alaska

Gary L. Jenkins, Director  
Audit Division  
Department of Revenue  
Juneau, Alaska

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 105  
 Title An Act relating to the Alaska net income tax  
 Requested by Senate Resources Committee Date 2-1-77

II. FISCAL DETAIL

Agency Affected Revenue  
 Program Category Affected Fiscal Services  
 Budget Request Unit(s) Affected Audit Division

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		88.1	317.8	317.8	353.3	353.3
200 TRAVEL		5.0	70.0	70.0	75.0	75.0
300 CONTRACTUAL		10.2	105.2	65.2	70.0	70.0
400 COMMODITIES		.6	2.0	2.0	2.2	2.2
500 EQUIPMENT		1.8	6.0	1.0	1.8	1.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>105.7</b>	<b>501.0</b>	<b>456.0</b>	<b>502.3</b>	<b>501.5</b>

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND	-0-	105.7	501.0	456.0	502.3	501.5
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME	-0-	3	10	10	11	11
PART TIME						
TEMPORARY						

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

This bill will necessitate an Audit staff of 8 Field Auditors with a Clerk Typist III and a Tax Examiner to handle the clerical, typing and return processing duties. The other costs are related to the development of the computer processing systems and costs related to the positions. See memo attached to R. D. Stevenson dated 2/3/77.

IV. DATE 2-3-77

PREPARED BY *Gay Berk*  
 AGENCY Audit Division  
 PHONE 465-2320

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

## STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

April 25, 1977

The Honorable Kay Poland  
Chairman  
Senate Resources Committee  
Alaska State Legislature  
Juneau, AK 99801

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