

COMMITTEE REPORT

HOUSE

2/26/81

FURTHER:

(11)

Date: 4-13-82

Mr. Speaker:

The Committee on FINANCE has had HB 93

"An Act making technical amendments relating to state taxation; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 93 (Finance)  same title  
 new title
- and recommends individual recommendations
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation (700.0)
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

\_\_\_\_\_

\_\_\_\_\_

Donald W. [Signature]

Jack Haller

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

\_\_\_\_\_

[Signature]

[Signature]

Montgomery

\_\_\_\_\_

\_\_\_\_\_

[Signature]

CHAIRMAN

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 93 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making technical amendments relating to state  
7 taxation; and providing for an effective date."

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

9 \* Section 1. AS 16.05.050(12) is amended to read:

10 (12) not later than January [MARCH] 31 of each year, provide  
11 to the commissioner of revenue the names of those fish and shellfish  
12 species which he designates as developing commercial fish species for  
13 that calendar year [THE FOLLOWING FISCAL YEAR OF THE STATE]; a fish or  
14 shellfish species is a developing commercial fish species if, within a  
15 specified geographical region,

16 (A) the optimum yield from the harvest of the species  
17 has not been reached;

18 (B) a substantial portion of the allowable harvest of  
19 the species has been allocated to fishing vessels of a foreign  
20 nation; or

21 (C) a commercial harvest of the fish species has  
22 recently developed.

23 \* Sec. 2. AS 43.05.225 is amended to read:

24 Sec. 43.05.225. INTEREST ON TAXES. Unless otherwise provided,  
25 when a tax levied in this title becomes delinquent it bears interest at  
26 the rate of 12 [EIGHT] percent a year.

27 \* Sec. 3. AS 43.05.280(a) is amended to read:

28 (a) Interest shall be allowed and paid on any overpayment of a tax  
29 under this title at the rate prescribed in AS 43.05.225 [OF EIGHT PER-

1       CENT A YEAR].

2       \* Sec. 4. AS 43.40.030(b) is amended to read:

3           (b) The entire tax levied by this chapter shall be refunded to the  
4       purchaser on that part of the motor fuel used in a foreign country on  
5       which the tax has been [DUTY IS] paid when the fuel is sold and delivered  
6       in the state for nonhighway use in a foreign country.

7       \* Sec. 5. AS 43.55.060 is amended to read:

8           Sec. 43.55.060. DELINQUENCY. When the tax provided for in this  
9       chapter becomes delinquent, it bears interest at the rate prescribed in  
10      AS 43.05.225 [OF SIX PERCENT A YEAR]. If any person fails to make a  
11      report required by this chapter, within the time prescribed by law for  
12      the report, the department shall examine the books, records and files of  
13      the person to determine the amount and value of the production to compute  
14      the tax, and the department shall add to the tax the cost of the examina-  
15      tion, together with any penalties accrued.

16      \* Sec. 6. AS 43.20.172 and AS 44.62.330(a)(20) are repealed.

17      \* Sec. 7. The designation of developing commercial fish species required  
18      to be made not later than January 31, 1983, under AS 16.05.050(12), as amended  
19      in sec. 1 of this Act, supersedes the designation of developing commercial  
20      fish species for the fiscal year ending June 30, 1983.

21      \* Sec. 8. Those changes to the investment tax credit provisions of sec. 38  
22      of the Internal Revenue Code (26 U.S.C. sec. 38) enacted by the Economic  
23      Recovery Tax Act of 1981 (P.L. 93-34) are effective at the time prescribed by  
24      federal law, notwithstanding the fact that the provisions will be made retro-  
25      active to the effective dates in the federal law and notwithstanding the  
26      delayed incorporation provisions of AS 43.20.021(a). Nothing in this section  
27      modifies the limitations and conditions on the Alaska investment tax credit  
28      set out in AS 43.20.036(b).

29      \* Sec. 9. Section 8 of this Act is retroactive to the effective dates of

1 sec. 211 of the Economic Recovery Tax Act of 1981 (P.L. 93-34).

2 \* Sec. 10. Sections 2 - 5 of this Act are retroactive to January 1, 1982.

3 \* Sec. 11. Sections 1 and 7 of this Act take effect January 1, 1983.

4 \* Sec. 12. Sections 2 - 6, 8, and 9 of this Act take effect immediately  
5 in accordance with AS 01.10.070(c).

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
Bill/Resolution No. Proposed CS HB 93  
Title An Act making technical amendments relating to state taxation.  
Requested by House Finance Date 2/2/82

II. FISCAL DETAIL  
Agency Affected Revenue  
Program Category Affected \_\_\_\_\_  
BRU, Program, Or Subprogram(s) Affected \_\_\_\_\_  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	(700)	(700)	(700)*			
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

The decreases in the general fund are due to increased credits allowed under the new investment credit provisions.

The above figures, which include both petroleum and non-petroleum taxpayers, are speculative because the Department of Revenue does not have the resources to speculate as to the amounts and types of investments to be made by the business community.

\* Investment credit provisions of the Economic Recovery Act of 1981 would become law without legislative action under AS 43.20.021(a).

IV. DATE Feb. 3, 1982 PREPARED BY Joseph K. Donohue  
AGENCY Department of Revenue  
Original: Legislative Finance PHONE 2302  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

IN THE HOUSE

BY THE RULES COMMITTEE  
BY REQUEST OF THE GOVERNORProposed Committee Substitute  
House Bill No. 93 (Finance)IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE - SECOND SESSION  
A BILL

1 For an Act entitled: "An Act making technical amendments relating to state  
2 taxation; and providing for an effective date."

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

4 \* Section 1. AS 16.05.050(12) is amended to read:

5 (12) not later than January [MARCH] 31 of each year, provide  
6 to the commissioner of revenue the names of those fish and shell fish  
7 species which he designates as developing commercial fish species for  
8 that calendar year [THE FOLLOWING FISCAL YEAR OF THE STATE]; a fish or  
9 shellfish species is a developing commercial fish species if, within a  
10 specified geographical region,

11 (A) the optimum yield from the harvest of the species  
12 has not been reached;

13 (B) a substantial portion of the allowable harvest of  
14 the species has been allocated to fishing vessels of a foreign  
15 nation; or

16 (C) a commercial harvest of the fish species has  
17 recently developed.

18 \* Sec. 2. AS 43.40.030(b) is amended to read:

19 (b) The entire tax levied by AS 43.40.010 -- 43.40.100 shall be  
20 refunded to the purchaser on that part of the motor fuel used in a  
21 foreign country on which the tax has been [DUTY IS] paid when the fuel  
22 is sold and delivered in the state for nonhighway use in a foreign  
23 country.

24 \* Sec. 3. AS 43.05.225 is amended to read:

25 INTEREST ON TAXES. Unless otherwise provided, when a tax levied  
26 in this title becomes delinquent it bears interest at the rate  
27 of twelve [EIGHT] percent a year.

28 \* Sec. 4. AS 43.05.280 is amended to read:

29 INTEREST ON OVERPAYMENTS. (a) Interest shall be allowed and paid on  
30 any overpayment of a tax under this title at the rate prescribed in  
31 AS 43.05.225 [OF EIGHT PERCENT A YEAR].

- 1 \* Sec. 5. AS 43.55.060 is amended to read:  
2 Delinquency. When the tax provided for in this chapter becomes  
3 delinquent, it bears interest at the rate prescribed in AS 43.05.225  
4 [OF SIX PERCENT A YEAR]. If any person fails to make a report required  
5 by this chapter, within the time prescribed by law for the report, the  
6 department shall examine the books, records and files of the person to  
7 determine the amount and value of the production to compute the tax,  
8 and the department shall add to the tax the cost of the examination,  
9 together with any penalties accrued.
- 10 \* Sec. 6. AS 43.20.172 is repealed.
- 11 \* Sec. 7. AS 44.62.330(a)(20) is repealed.
- 12 \* Sec. 8. The designation of developing commercial fish species required  
13 to be made not later than January 31, 1983 under AS 16.05.050(12), as  
14 amended in sec. 1 of this Act, supersedes the designation of developing  
15 commercial fish species for the fiscal year ending June 30, 1983.
- 16 \* Sec. 9. Those changes to the investment tax credit provisions of sec.  
17 38 of the Internal Revenue Code (26 U.S.C. § 38) enacted by the  
18 Economic Recovery Tax Act of 1981 are made effective at the time  
19 prescribed by Federal law, notwithstanding the fact that the provisions  
20 will be made retroactive to the effective dates in the Federal law and  
21 notwithstanding the delayed incorporation provisions of AS  
22 43.20.021(a). Nothing herein modifies the limitations and conditions  
23 on the Alaska investment tax credit set out in AS 43.20.036(b).
- 24 \* Sec. 10. Section 9 of this Act is retroactive to the effective dates  
25 of Section 211 of the Economic Recovery Tax Act of 1981.
- 26 \* Sec. 11. Sections 2 - 5 of this Act are retroactive to  
27 January 1, 1982.
- 28 \* Sec. 12. Sections 1 and 8 of this Act take effect on January 1, 1983.
- 29 \* Sec. 13. Sections 2 - 7 and Section 9 of this Act take effect  
30 immediately in accordance with AS 01.10.070(c).
- 31  
32

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: Proposed CS HB 93

Title: An Act making technical amendments relating to state taxation

Requested by: House Finance

Date: February 2, 1982

II. FISCAL DETAIL

Agency Affected: Revenue

Program Category Affected:

BRU, Program, or Subprogram(s) Affected:

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	-	-	-	-	-
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

Although it is difficult to estimate the full fiscal impact of the bill, the Department estimates that Section 9, which allows increased credits under the new investment credit provisions of the Economic Recovery Act of 1981, would result in a loss of \$700,000 to the General Fund. The interest rate change in Sections 3 and 5 should result in approximately \$700,000 going into the General Fund, making the fiscal impact of the bill a wash.

IV. DATE:

PREPARED BY: Joseph K. Donohue

AGENCY: Revenue

PHONE: 465-2301

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

Introduced: 2/4/81  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 93

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making technical amendments relating to state  
7 taxation; and providing for an effective date."

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

9 \* Section 1. AS 16.05.050(12) is amended to read:

10 (12) not later than January [MARCH] 31 of each year, provide  
11 to the commissioner of revenue the names of those fish and shellfish  
12 species which he designates as developing commercial fish species for  
13 that calendar year [THE FOLLOWING FISCAL YEAR OF THE STATE]; a fish or  
14 shellfish species is a developing commercial fish species if, within a  
15 specified geographical region,

16 (A) the optimum yield from the harvest of the species  
17 has not been reached;

18 (B) a substantial portion of the allowable harvest of  
19 the species has been allocated to fishing vessels of a foreign  
20 nation; or

21 (C) a commercial harvest of the fish species has  
22 recently developed.

23 \* Sec. 2. AS 43.20.036(b) is amended to read:

24 (b) For purposes of calculating the income tax payable under this  
25 chapter, the taxpayer may apply as a credit against his tax liability  
26 the [JOB DEVELOPMENT] investment credit allowed as to federal taxes  
27 under Internal Revenue Code sec. 38 [50] upon only the first \$500,000  
28 of qualified investment put into use for each taxable year (26 U.S.C.  
29 sec. 33 [50]). This limitation does not apply to the amounts invested

1 in equipment which meets the definition of a certified pollution control  
2 facility as defined under Internal Revenue Code sec. 169 (26 U.S.C.  
3 sec. 169) as in effect on the effective date of this Act except that  
4 the date specified in that section does not apply.

5 \* Sec. 3. AS 43.40.030(b) is amended to read:

6 (b) The entire tax levied by AS 43.40.010 -- 43.40.100 shall be  
7 refunded to the purchaser on that part of the motor fuel used in a  
8 foreign country on which the tax has been [DUTY IS] paid when the fuel  
9 is sold and delivered in the state for nonhighway use in a foreign  
10 country.

11 \* Sec. 4. AS 44.62.330(a)(20) is repealed.

12 \* Sec. 5. The designation of developing commercial fish species required  
13 to be made not later than January 31, 1982 under AS 16.05.050(12), as amended  
14 in sec. 1 of this Act, supersedes the designation of developing commercial  
15 fish species for the fiscal year ending June 30, 1982.

16 \* Sec. 6. Section 2 of this Act is retroactive to January 1, 1979.

17 \* Sec. 7. Section 3 of this Act is retroactive to January 1, 1981.

18 \* Sec. 8. Sections 1 and 5 of this Act take effect January 1, 1982.

19 \* Sec. 9. Sections 2 - 4, 6, and 7 of this Act take effect immediately  
20 in accordance with AS 01.10.070(c).

11B93

January 19, 1981

Speaker of the House  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making technical amendments relating to state taxation under AS 43.40 (motor fuel tax), AS 43.20 (income tax), AS 43.50 (cigarette tax), and AS 43.75 (fisheries tax).

Section 1 of the bill changes from a fiscal year to a calendar year the reporting period for designations by the commissioner of fish and game of "developing commercial fish species" that are entitled to a lower tax rate under the fisheries tax. Thus, under the bill, the reporting period is made to coincide with the tax year.

Section 2 of the bill clarifies the nature of the credit available under the motor fuel tax for motor fuel sold in this state but used for nonhighway use in a foreign country. The existing reference to fuel "on which duty is paid" was apparently intended to refer to fuel on which the motor fuel tax was levied and not fuel on which an import or export tax was imposed. This bill would clarify that intent.

Section 3 of the bill amends AS 43.20.036(b) relating to tax credits under the Alaska Net Income Tax Act simply to correct an inaccurate cross reference to the federal Internal Revenue Code.

Finally, Section 4 of the bill would repeal AS 44.62.-330(a)(20). This provision of the Administrative Procedure Act requires the Department of Revenue to follow that Act's hearing procedures for protests under the Cigarette Tax Act. Hearings on protests for all

taxes levied under AS 43 are governed by the hearing procedures provided in the more recently enacted AS 43.05.240. This bill would eliminate the present conflict with respect to the cigarette tax.

Sincerely,

S/SSH

Jay S. Hammond  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. HOUSE BILL NO. 93  
 Title An Act making technical amendments to state taxation.  
 Requested by Governor Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected \_\_\_\_\_  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, or Sub-program(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars) NONE

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS. CLAIMS. ETC.						

TOTAL

FUNDING (Thousands of Dollars) NONE

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 1-8-81 PREPARED BY Gary L. Jenkins  
 AGENCY Revenue  
 PHONE 465-2320  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Introduced: 2/4/81  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 93

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making technical amendments relating to state  
7 taxation; and providing for an effective date."

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

9 \* Section 1. AS 16.05.050(12) is amended to read:

10 (12) not later than January [MARCH] 31 of each year, provide  
11 to the commissioner of revenue the names of those fish and shellfish  
12 species which he designates as developing commercial fish species for  
13 that calendar year [THE FOLLOWING FISCAL YEAR OF THE STATE]; a fish or  
14 shellfish species is a developing commercial fish species if, within a  
15 specified geographical region,

16 (A) the optimum yield from the harvest of the species  
17 has not been reached;

18 (B) a substantial portion of the allowable harvest of  
19 the species has been allocated to fishing vessels of a foreign  
20 nation; or

21 (C) a commercial harvest of the fish species has  
22 recently developed.

23 \* Sec. 2. AS 43.20.036(b) is amended to read:

24 (b) For purposes of calculating the income tax payable under this  
25 chapter, the taxpayer may apply as a credit against his tax liability  
26 the [JOB DEVELOPMENT] investment credit allowed as to federal taxes  
27 under Internal Revenue Code sec. 38 [50] upon only the first \$500,000  
28 of qualified investment put into use for each taxable year (26 U.S.C.  
29 sec. 38 [50]). This limitation does not apply to the amounts invested

1 in equipment which meets the definition of a certified pollution control  
2 facility as defined under Internal Revenue Code sec. 169 (26 U.S.C.  
3 sec. 169) as in effect on the effective date of this Act except that  
4 the date specified in that section does not apply.

5 \* Sec. 3. AS 43.40.030(b) is amended to read:

6 (b) The entire tax levied by AS 43.40.010 -- 43.40.100 shall be  
7 refunded to the purchaser on that part of the motor fuel used in a  
8 foreign country on which the tax has been [DUTY IS] paid when the fuel  
9 is sold and delivered in the state for nonhighway use in a foreign  
10 country.

11 \* Sec. 4. AS 44.62.330(a)(20) is repealed.

12 \* Sec. 5. The designation of developing commercial fish species required  
13 to be made not later than January 31, 1982 under AS 16.05.050(12), as amended  
14 in sec. 1 of this Act, supersedes the designation of developing commercial  
15 fish species for the fiscal year ending June 30, 1982.

16 \* Sec. 6. Section 2 of this Act is retroactive to January 1, 1979.

17 \* Sec. 7. Section 3 of this Act is retroactive to January 1, 1981.

18 \* Sec. 8. Sections 1 and 5 of this Act take effect January 1, 1982.

19 \* Sec. 9. Sections 2 - 4, 6, and 7 of this Act take effect immediately  
20 in accordance with AS 01.10.070(c).

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2300

February 3, 1982

The Honorable Albert P. Adams  
Chairman  
House Finance Committee  
State Capitol  
Pouch V  
Juneau, Alaska 99811

Dear Representative Adams:

Re: Proposed Committee Substitute for House Bill 93.

A proposed House Finance Committee Substitute for HB 93 is attached. There are two changes from the original version of HB 93 in this proposed Committee Substitute. The first is the elimination of section 2 of the original version, which requested a change in the cross reference to the federal internal revenue code regarding tax credits. This section was passed into law last session and so is no longer needed. The second change is contained in sections 3, 4, and 5, all establishing twelve percent as the interest rate for delinquent and overpaid taxes.

An explanation of each section in the proposed Committee Substitute follows:

Section 1 of the Bill changes from a fiscal year to a calendar year the reporting period for designations by the Commissioner of Fish and Game of "developing commercial fish species" that are entitled to a lower tax rate under the fisheries tax. Thus, under the Bill, the reporting period is made to coincide with the tax year.

Section 2 of the Bill clarifies the nature of the credit available under the motor fuel tax for motor fuel sold in this state but used for nonhighway use in a foreign country. The existing reference to fuel "on which duty is paid" was apparently intended to refer to fuel on which the motor fuel tax was levied and not fuel on which an import or export tax was imposed. This Bill would clarify that intent.

Sections 3 and 4 of the Bill change the interest rate from eight to twelve percent a year for delinquent and overpaid taxes.

Section 5 of the Bill changes the interest rate from six to twelve percent a year for delinquent oil and gas properties production taxes. This change would create the same interest rate for all delinquent taxes and would be more in line with the existing interest rate charged in the private sector. This change has been recommended by the Legislative Audit Division.

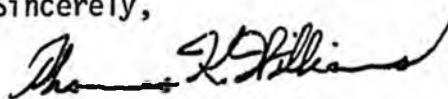
Section 6 of the Bill would repeal AS 43.20.172. This statute regarding reporting requirements of fish processors and buyers is no longer needed because of the repeal of the individual income tax.

The Honorable Albert P. Adams  
February 3, 1982  
Page 2

Section 7 of the Bill would repeal AS 44.62.330(a)(20). This provision of the Administrative Procedure Act requires the Department of Revenue to follow that Act's hearing procedures for protests under the Tobacco Tax Act. Hearings on protests for all taxes levied under AS 43.50 are governed by the hearing procedures provided in the more recently enacted AS 43.05.240. This Bill would eliminate the present conflict with respect to the tobacco tax.

Finally, Section 9 of the Bill incorporates into Title 43 those changes made to the investment tax credit by the Economic Recovery Tax Act of 1981. The incorporation makes the state investment tax credit provisions consistent with Federal Law, reducing the burden of separate record keeping for taxpayers claiming the credit.

Sincerely,



Thomas K. Williams  
Commissioner

TKW:mc

Enclosure

Introduced: 2/4/81  
Referred: Finance

IN THE HOUSE

BY THE RULES COMMITTEE  
BY REQUEST OF THE GOVERNOR

Proposed Committee Substitute  
House Bill No. 93

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE - SECOND SESSION  
A BILL

1 For an Act entitled: "An Act making technical amendments relating to state  
2 taxation; and providing for an effective date."

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

4 \* Section 1. AS 16.05.050(12) is amended to read:

5 (12) not later than January [MARCH] 31 of each year, provide  
6 to the commissioner of revenue the names of those fish and shell fish  
7 species which he designates as developing commercial fish species for  
8 that calendar year [THE FOLLOWING FISCAL YEAR OF THE STATE]; a fish or  
9 shellfish species is a developing commercial fish species if, within a  
10 specified geographical region,

11 (A) the optimum yield from the harvest of the species  
12 has not been reached;

13 (B) a substantial portion of the allowable harvest of  
14 the species has been allocated to fishing vessels of a foreign  
15 nation; or

16 (C) a commercial harvest of the fish species has  
17 recently developed.

18 \* Sec. 2. AS 43.40.030(b) is amended to read:

19 (b) The entire tax levied by AS 43.40.010 -- 43.40.100 shall be  
20 refunded to the purchaser on that part of the motor fuel used in a  
21 foreign country on which the tax has been [DUTY IS] paid when the fuel  
22 is sold and delivered in the state for nonhighway use in a foreign  
23 country.

24 \* Sec. 3. AS 43.05.225 is amended to read:

25 INTEREST ON TAXES. Unless otherwise provided, when a tax levied  
26 in this title becomes delinquent it bears interest at the rate  
27 of twelve [EIGHT] percent a year.

28 \* Sec. 4. AS 43.05.280 is amended to read:

29 INTEREST ON OVERPAYMENTS. (a) Interest shall be allowed and paid on  
30 any overpayment of a tax under this title at the rate prescribed in  
31 AS 43.05.225 [OF EIGHT PERCENT A YEAR].  
32

1 \* Sec. 5. AS 43.55.060 is amended to read:  
2 Delinquency. When the tax provided for in this chapter becomes  
3 delinquent, it bears interest at the rate prescribed in AS 43.05.225  
4 [OF SIX PERCENT A YEAR]. If any person fails to make a report required  
5 by this chapter, within the time prescribed by law for the report, the  
6 department shall examine the books, records and files of the person to  
7 determine the amount and value of the production to compute the tax,  
8 and the department shall add to the tax the cost of the examination,  
9 together with any penalties accrued.

10 \* Sec. 6. AS 43.20.172 is repealed.

11 \* Sec. 7. AS 44.62.330(a)(20) is repealed.

12 \* Sec. 8. The designation of developing commercial fish species required  
13 to be made not later than January 31, 1983 under AS 16.05.050(12), as  
14 amended in sec. 1 of this Act, supersedes the designation of developing  
15 commercial fish species for the fiscal year ending June 30, 1983.

16 \* Sec. 9. Those changes to the investment tax credit provisions of sec.  
17 38 of the Internal Revenue Code (26 U.S.C. § 38) enacted by the  
18 Economic Recovery Tax Act of 1981 are made effective at the time  
19 prescribed by Federal law, notwithstanding the fact that the provisions  
20 will be made retroactive to the effective dates in the Federal law and  
21 notwithstanding the delayed incorporation provisions of AS  
22 43.20.021(a). Nothing herein modifies the limitations and conditions  
23 on the Alaska investment tax credit set out in AS 43.20.036(b).

24 \* Sec. 10. Section 9 of this Act is retroactive to the effective dates  
25 of Section 211 of the Economic Recovery Tax Act of 1981.

26 \* Sec. 11. Sections 2 - 5 of this Act are retroactive to  
27 January 1, 1982.

28 \* Sec. 12. Sections 1 and 8 of this Act take effect on January 1, 1983.

29 \* Sec. 13. Sections 2 - 7 and Section 9 of this Act take effect  
30 immediately in accordance with AS 01.10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. Proposed CS HB 93  
 Title An Act making technical amendments relating to state taxation.  
 Requested by House Finance Date 2/2/82

II. FISCAL DETAIL  
 Agency Affected Revenue  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, Or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND	(700)	(700)	(700)*			
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The decreases in the general fund are due to increased credits allowed under the new investment credit provisions.

The above figures, which include both petroleum and non-petroleum taxpayers, are speculative because the Department of Revenue does not have the resources to speculate as to the amounts and types of investments to be made by the business community.

\* Investment credit provisions of the Economic Recovery Act of 1981 would become law without legislative action under AS 43.20.021(a).

IV. DATE Feb. 3, 1982 PREPARED BY Joseph K. Donohue  
 AGENCY Department of Revenue  
 Original: Legislative Finance PHONE 2302  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)