

Leg. Finance - House & Senate Finance Comte Files (1975-76) 379

CSHB 211 cont., HB 212, 212, CSHB 213, HB 213, 216

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, 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.

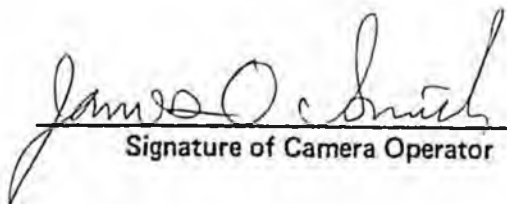
14 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-  
15 070(c).

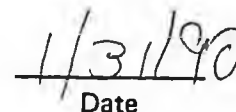


# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
Signature of Camera Operator

  
Date

3/11/75

# COMMITTEE REPORT

## HOUSE

Mr. Speaker:

Date April 1, 1975

The Committee on FINANCE has had HB 212

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>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

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

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

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

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

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

[Signature] Chairman

DONE

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only

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

POUCH 5 — JUNEAU 99801

March 17, 1975

The Honorable Hugh Malone, Chairman  
House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Mr. Malone:

re House Bill No. 212

House Bill No. 212, an Act relating to the Alaska income tax, was introduced on February 26, 1975 and was referred to the House Commerce and Finance Committees.

For the consideration of the Finance Committee, I am enclosing a copy of a memorandum dated March 12, 1975 from Frederick P. Boetsch, Deputy Commissioner of the Department of Revenue indicating the need of a general income tax reform bill and that effect on individual taxpayers would be minimal.

If you, or any members of your Committee, have any questions on the material submitted, kindly advise the writer by telephone at 465-2397 and I will contact Mr. Boetsch for further material or testimony.

Very truly yours,



R. D. Stevenson  
Special Assistant

RDS:rl

cc Frederick P. Boetsch  
Deputy Commissioner  
Department of Revenue

# 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 212

This bill is a general income tax reform bill which is primarily aimed at providing an easier way of computing Alaska Tax Liability under the Net Income Tax Act. It clarifies several ambiguities in our current statute and defines certain terms more clearly. In addition, it provides for reporting income on a basis consistent with that used by all other income tax states and provides a credit for taxes paid to other states by resident taxpayers. Currently, some of our resident taxpayers who have income from sources outside the state are subjected to duplicate taxation. By putting our tax on a basis similar to other states and providing for a credit we will eliminate this inequity.

The change to our own rate schedule which is rounded to the nearest half per cent will mean that some taxpayers will pay a few dollars less tax and others will pay a few dollars more. On a net basis there may be a slight increase in tax revenues, but that increase is probably negligible and, in any case, we cannot measure it with any degree of accuracy. Therefore, I have to conclude the effect on Treasury would be minimal.

There are no administrative costs connected with this bill.

FPB: sp

The Legislature of the State of Alaska  
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. 212  
 Title: Alaska Net Income Tax Reform  
 Requested by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Return Date Requested: \_\_\_\_\_  
 Agency: Revenue Program: Individual & Business Taxes

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Individual and Business Taxes

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
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	NONE	NONE	NONE	NONE	NONE	NONE
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 /	0 /	0 /	0 /	0 /	0 /
MAN MONTHS (P./T.)	0 /	0 /	0 /	0 /	0 /	0 /

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

See memo dated March 12 attached.

IV. ATTACHMENTS

V. DATE: March 13, 1975

PREPARED BY: \_\_\_\_\_

*Frederick P. Boetsch*  
 Frederick P. Boetsch, CPA  
 Deputy Commissioner for Taxation

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

STATE  
of ALASKA

## MEMORANDUM

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

DATE : March 12, 1975

FROM:

Frederick P. Boetsch *F.P.B.*  
Deputy Commissioner for Taxation  
Department of Revenue

SUBJECT: HB 212

This bill is a general income tax reform bill which is primarily aimed at providing an easier way of computing Alaska Tax Liability under the Net Income Tax Act. It clarifies several ambiguities in our current statute and defines certain terms more clearly. In addition, it provides for reporting income on a basis consistent with that used by all other income tax states and provides a credit for taxes paid to other states by resident taxpayers. Currently, some of our resident taxpayers who have income from sources outside the state are subject to duplicate taxation. By putting our tax on a basis similar to other states and providing for a credit we will eliminate this inequity.

The change to our own rate schedule which is rounded to the nearest half per cent will mean that some taxpayers will pay a few dollars less tax and others will pay a few dollars more. On a net basis there may be a slight increase in tax revenues, but that increase is probably negligible and, in any case, we cannot measure it with any degree of accuracy. Therefore, I have to conclude the effect on Treasury would be minimal.

There are no administrative costs connected with this bill.

FPB: sp

# ERNST & ERNST

1016 W. 6TH AVENUE  
ANCHORAGE, ALASKA 99501

December 12, 1974

Mr. Frederick P. Boetsch  
Director, Audit Division  
State of Alaska, Department of Revenue  
Pouch SA  
Juneau, Alaska 99801

Dear Fred:

Upon receipt of the proposed tax law changes, I submitted copies of the draft to members of the State Tax Committee of the Alaska Society of CPA's.

Through discussion and letters, I will summarize for you our questions which have arisen from the review.

I will quote from the letter I received from Mr. Pat Head of Thomas, Head and Greisen, as I feel this letter covers all of the questions.

"First, in the draft which relates to the administration of the State Tax - the typographical errors should be corrected. In Sec.43:05:240 Taxpayer Remedies - (a) What starts the running of the sixty (60) day period - i.e., the date of the deficiency letter from the State, the post-mark date or the date of receipt? Also, what stops the running of the period. Further, in reading this section, can the taxpayer go direct to the Superior Court without going through the lower appeal procedures?

I would think that the Department of Revenue would also clarify in this administrative draft what starts the running of the period for notification to the State of any change made by the Internal Revenue Service. What I would like to see is that upon receiving notice of any deficiency, notice be given to the State and if the taxpayer intends to fight the issue, he notify the State that a deficiency has been proposed, but that the taxpayer is not in agreement with the deficiency and intends to fight the issue. He will therefore agree to notify the State upon final disposition of the case and pay any deficiency then.

In regards to the second draft, again the typographical errors should be corrected. My comments by Section follow:

1. 43:20:0;;(a)(b) and (c) - no provision is made for maximum tax on earned income.
2. 43:20:02;(d) - the credit available for individuals has been lowered from 16% to 15%.

Mr. Frederick P. Boetsch

-2-

December 12, 1974

3. 43:20:031(d) - why are banks and savings and loan associations exempt from State income tax?

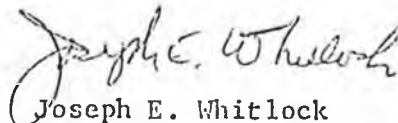
The proposed law change does not consider other areas of disagreement, particularly taxability of a resident having interest income from sale of real property located outside of the State. Whether interest and taxes on property located outside State is deductible if paid from Alaska income. Why a non-resident whose only income is from dividends from a company whose business situs is in Alaska should file an Alaskan income tax return, etc."

Upon my review of these facts, it appears as though you have included all of the items which the taxation committee discussed earlier this year. It is my feeling that should these tax changes be made, it would help to correct many of the administrative deficiencies with which we are now confronted.

A member of my committee would be more than willing to testify on any major tax legislation.

If we or I may be of any further assistance, please contact me.

Very truly yours,



Joseph E. Whitlock  
Chairman, Alaska State Taxation  
Committee  
Alaska Society of CPA's

HB 212

February 25, 1975

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 "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.

MEMBER OF THE HOUSE  
THE HONORABLE MIKE BISHOP

SEPTEMBER 52' 1912

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

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

1		excess over \$200,000
2	Over \$300,000	\$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 of 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. These 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).

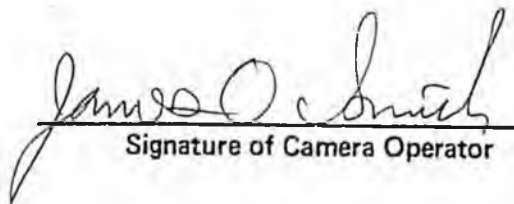
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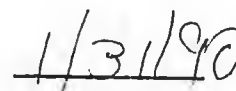


# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
Signature of Camera Operator

  
Date

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

1		excess over \$200,000
2	Over \$300,000	\$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).

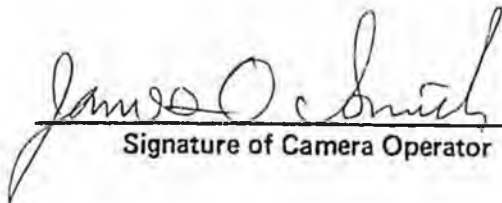
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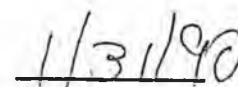


# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
Signature of Camera Operator

  
Date

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: *SCM* 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

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FISCAL NOTE  
 Second Session - Ninth Legislature

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 Return Date Requested: ASAP  
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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	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	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

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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

1 IN THE HOUSE

BY NAUGHTON

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4 NINTH LEGISLATURE - FIRST SESSION

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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).



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

1/31/90  
Date

"An Act relating to the University of Alaska; and providing for an effective date."

4/8/75

# COMMITTEE REPORT

## HOUSE

Mr. Speaker:

Date 4/19/75

The Committee on FINANCE has had HB 213

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>Il Bushbuck</u>	<u>Thompson</u>	_____
<u>John Duncan</u>	<u>Quinn</u>	_____
<u>Frank J. H.</u>	<u>Malone</u>	_____
<u>Ed Dwyer</u>	<u>Malone</u>	_____

Members NOT concurring in the Majority report:

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

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

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

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

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

Malone Chairman

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

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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  
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26 with sec. 190 of this chapter, as to the administration and disposition  
27 of funds received under this section.

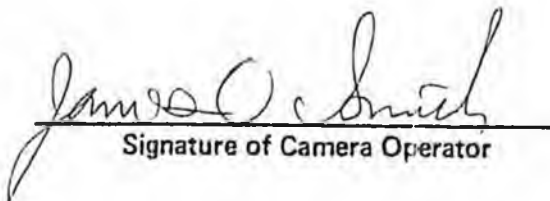
28 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
29 070(c).

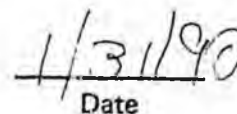
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Signature of Camera Operator

  
Date

# COMMITTEE REPORT

3/31/75

HOUSE

Mr. Speaker:

Date April 12 1975

The Committee on FINANCE has had HB 216

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 <sup>FINANCE</sup> CS FOR HB 216 AND THAT

<sup>FINANCE</sup> CS FOR HB 216 DO PASS

"and" recommends ; BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

Buck T. Pitt - Do Pass Comptroller D. Pass

E. No. [unclear] \_\_\_\_\_

P. O. [unclear] \_\_\_\_\_

Governor's do pass \_\_\_\_\_

Members NOT concurring in the Majority report:

[unclear] recommends: No Rec

[unclear] recommends: none

[unclear] recommends: DO PASS IF AMENDED

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

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

[Signature] Chairman

Original sponsor: Bowman

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 216

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 motor vehicle licenses."

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

8 \* Section 1. AS 28.10.135 is amended to read:

9 Sec. 28.10.135. FULLY REFLECTIVE REGISTRATION PLATES REQUIRED.

10 In order to reduce the incidence of road accidents and to improve the  
11 visibility and legibility of vehicle registration plates, all vehicle  
12 registration plates issued after January 1, 1976 shall be treated with  
13 a fully reflective material which will provide effective and dependable  
14 reflective brightness during the period of service required of the  
15 registration plate issue.

16 \* Sec. 2. AS 28.10.200(b)(1) - (6) is amended to read:

17 (1) for a motorcycle, \$20 [\$15];

18 (2) except as provided in (b)(7), (b)(8) and (b)(9) of this  
19 section, for a motor vehicle not designed, used, or maintained primarily  
20 for the transportation of passengers or property for hire, \$40 [\$30];

21 (3) for a motor vehicle for hire, operated as and known as a  
22 taxicab, \$60 [\$50];

23 (4) for a motor vehicle, including a motor vehicle pulling a  
24 trailer or semi-trailer, designed, used, or maintained primarily for  
25 the transportation of passengers for hire, excepting taxicabs, and  
26 excepting buses taxed under (b)(5) of this section, or for the trans-  
27 portation or hauling of property, including a commercial vehicle such  
28 as a trailer, semi-trailer, truck, wrecker, tow car, hearse, ambulance,  
29 and tractor, a tax based upon the actual unladen weight as established

1 by the manufacturer's advertised weight, or upon the actual weight which  
2 the owner has the responsibility of furnishing, subject to the approval  
3 of the commissioner or his agent, as follows:

4 4,000 pounds or less .....\$ 45 [\$35];  
5 4,001 pounds and not over 12,000 pounds ..... 70 [60];  
6 12,001 pounds and not over 18,000 pounds ..... 120 [110];  
7 18,001 pounds and over ..... 170 [160];

8 (5) for motor buses of 20 or more seating capacity used  
9 exclusively for commercial purposes in the transporting of transient  
10 visitors and tourists, \$70 [\$60];

11 (6) for a small two- or four-wheeled trailer including a  
12 boat trailer, small baggage trailer, and house trailer, \$5 [\$4];

13 \* Sec. 3. AS 28.10.200(b)(8) is amended to read:

14 (8) for a pickup truck which does not exceed 6,000 pounds,  
15 unladen weight, and which is not designed, used, or maintained pri-  
16 marily for the transportation of passengers or property for hire or  
17 for other commercial use, \$45 [\$35];

18 \* Sec. 4. AS 28.10.320 is amended to read:

19 Sec. 28.10.320. ISSUANCE OF CERTIFICATE OF TITLE. Upon applica-  
20 tion and payment of a fee of \$5 [\$2], the department shall issue a  
21 certificate of title. The certificate shall contain the same informa-  
22 tion contained in the registration card, and in addition, a statement  
23 of the owner's title and of all liens and encumbrances upon the vehicle,  
24 and whether possession is held by the owner under a lease, contract of  
25 conditional sale, or other agreement. The certificate shall contain  
26 upon the reverse side a space for the signature of the owner, and the  
27 owner shall sign his name in ink upon receipt of the certificate. On  
28 the reverse side the certificate shall contain forms for assignment  
29 of title or interest and warranty of title by the owner with space

1 for notation of liens and encumbrances upon the vehicle at the time  
2 of transfer. The department may require that other matters also be  
3 shown on the certificate.

4 \* Sec. 5. AS 28.10.360 is amended to read:

5       Sec. 28.10.360. NEW OWNER TO SECURE TRANSFERS. Before operating  
6 or permitting the operation of the vehicle on any highway, the trans-  
7 feree shall present the certificate of registration and certificate of  
8 title, properly endorsed, accompanied by a fee of \$5 [\$2], to the  
9 department within 20 days following transfer of ownership, and shall  
10 apply for a new certificate of title and obtain a new registration for  
11 the vehicle, except as permitted in sec. 390 of this chapter. There  
12 is a \$25 penalty for the violation of the 20-day provision of this  
13 section.

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

1 IN THE HOUSE

BY BOWMAN

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4 NINTH LEGISLATURE - FIRST SESSION

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FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. SCSCSHB 216 am

Title: MOTOR VEHICLE LICENSE

Requested by: \_\_\_\_\_ Date: \_\_\_\_\_

Return Date Requested: \_\_\_\_\_

Agency: REVENUE Program: MOTOR VEHICLES

II. FISCAL DETAIL

Budget Request Unit(s) Affected: \_\_\_\_\_

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		487.9	185.0	213.0	245.0	282.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		487.9	185.0	213.0	245.0	282.0

B. FUNDING: (Thousands of dollars)

	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
GENERAL FUND		487.9	185.0	213.0	245.0	282.0
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
MAN MONTHS (P./T.)	/	/	/	/	/	/

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

See attached analysis.

IV. ATTACHMENTS

V. DATE: 5/21/75 PREPARED BY: *[Signature]* P. A. Wall

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

ADDITIONAL CONTRACTUAL COST:

260,000 plates at \$1.65	429.0
Postage over and above normal request est. 25% of full plate distribution 25% x 260,000 x \$.40 each (3rd class)	30.0
Freight drop shipments	6.0
EDP system analysis 3 months	9.9
EDP programming 6 months	11.8
Supplies	<u>1.2</u>
TOTAL	487.9

EDP costs include procedures and computer program revisions to provide for processing the new fee schedules and assignment of plate number series.

ADDITIONAL COST vs. ADDITIONAL INCOME:

	76	77	78	79	80
Income	971.5	1068.7	1175.6	1293.2	1422.5
Cost	<u>487.9</u>	<u>185.0</u>	<u>213.0</u>	<u>245.0</u>	<u>282.0</u>
Difference	483.6	883.7	962.6	1048.2	1140.5

10% growth in license plates assumed after impact year 1975.  
15% cost increase for inflation assumed each year.

Reduction of cost in FY 75 represents difference between full plate year and renewal with validation tabs and supplemental plate issue for new registrations.

## SCSCSHB 216 am

<u>VEH. TYPE</u>	<u>ESTIMATED 1976 NUMBER</u>	<u>REGISTRATION COST INCREASE</u>	<u>NEW REVENUE</u>
FOR HIRE	494	15	7,410
PERS TLR	28,510	1	28,510
<u>TRUCK</u>			
4,001 - 12,000	13,548	20	270,960
12,001 - 18,000	3,544	40	141,760
18,001 - over	2,829	55	155,595
FARM	425	10	4,250
TITLES	121,000	3	<u>363,000</u>
BASE YEAR TOTAL INCREASE			\$971,485