

LEG. FINANCE - BILLS 1977 - 1978 881

SB 7 thru CSSB 7 881



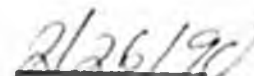
RECORDS CERTIFICATION



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Signature of Camera Operator



Date

COMMITTEE REPORT
SENATE

FURTHER: _____

6/13/77

Date: _____

Mr. President:

The Committee on FINANCE has had SB 7
Alaska Business License Act

under consideration and (a majority of the committee) (the committee reports it back as follows)

- 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 _____ new title same title
- AND attaches a Letter of Intent New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Chairman

STATE OF ALASKA

DEPARTMENT OF REVENUE

JAY S. HAMMOND, GOVERNOR

OFFICE OF THE COMMISSIONER

FOUCH 5 JUNEAU 99811

June 5, 1978

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

Re: CSSB No. 7

Dear Senator Sackett:

Committee Substitute for Senate Bill No. 7, an Act relating to the gross receipts tax and the corporate income tax, was introduced in the Senate on June 2, 1978 and after the President of the Senate waived the referral of the bill to the Senate Community and Regional Affairs Committee, the bill was then referred to the Senate Finance Committee.

For the consideration of the Senate Finance Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. P. A. Wall, Director, Administrative Services Division concerning the proposed legislation.

Very truly yours,



R. D. Stevenson
Special Assistant

cc: John Messenger
Deputy Commissioner
Department of Revenue

P. A. Wall, Director
Administrative Services
Department of Revenue

Gary L. Jenkins, Director
Audit Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CS 52 7
 Title Relating to gross receipts tax and the corporate income tax
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected _____ Revenue _____
 Program Category Affected Community development
 Budget Request Unit(s) Affected Shared taxes

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FULL TIME						
PART TIME						
TEMPORARY						

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

There is no additional cost in administering the Bill.

Revenue lost from the deleted Gross Receipts Tax will be replaced by a 2.45 per cent increase in Corporation Tax. Estimated revenue available for Sharing during FY 79 is:

2.45% increase in Corporation tax rate	=	17,000,000
\$25 Business license tax	=	800,000
7% Net income tax on Financial Institutions	=	2,500,000
<u>Total estimated for FY 79 revenue for sharing</u>	=	<u>20,300,000</u>

IV. DATE June 2, 1979 PREPARED BY Philip A. Hall
 AGENCY _____
 PHONE 465-1111
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Original sponsor: Orsini

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 7 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the gross receipts tax and the
7 corporate income tax; and providing for an effective
8 date."

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

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

11 Sec. 43.20.016. SHARING OF CORPORATE INCOME TAX REVENUE WITH MUNI-
12 CIPALITIES. (a) There is established within the Department of Revenue
13 the municipal assistance fund. The legislature may appropriate to the
14 fund during each fiscal year an amount equal to or greater than 10 per
15 cent of the income tax revenue received by the state under sec. 11(e) of
16 this chapter for the previous fiscal year. The Department of Revenue
17 shall distribute money from the fund to each organized borough and each
18 city of any class on an annual basis as provided in (b) and (c) of this
19 section.

20 (b) The base amount to be distributed from the fund to each bor-
21 ough and city for the fiscal year shall be the amount received by the
22 borough or city during fiscal year 1978 under AS 43.70.080; however, if
23 the amount appropriated to the fund by the legislature under (a) of this
24 section is insufficient for distribution of the full base amount, the
25 Department of Revenue shall prorate the amount available for distribu-
26 tion on the basis of amounts received during fiscal year 1978 under AS
27 43.70.080. A city incorporated within an organized borough after
28 June 30, 1977 shall receive as a base amount a share of the amount
29 distributed to the borough in which it is located based on the ratio of

1 population in the city to the total population in the borough. A city
2 incorporated outside an organized borough after June 30, 1977 shall
3 receive as a base amount the amount received by the city in the state
4 most closely approximating it in population at the time of its incor-
5 poration. A borough incorporated after June 30, 1977 shall receive as a
6 base amount the amount received by the borough in the state most closely
7 approximating it in population at the time of its incorporation.

8 (c) If the amount in the fund at the time of distribution exceeds
9 the base amount to be distributed under (b) of this section, the excess
10 amount shall be distributed to each borough and city on the basis of
11 population. For the purpose of this subsection, the population of a
12 city within an organized borough shall be deducted from the population
13 of the borough. Population, for the purpose of this section, shall be
14 as certified by the commissioner of community and regional affairs.

15 * Sec. 2. AS 43.70.030 is amended to read:

16 Sec. 43.70.030. LEVY AND COMPUTATION OF LICENSE FEE. (a) The
17 license fee for each business is \$25 (PLUS A SUM EQUAL TO ONE-HALF OF
18 ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000 FROM THE BUSI-
19 NESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED, EXCEPT THAT ALL
20 GROSS VOLUME IN EXCESS OF \$10,000 A YEAR IS TAXED AT THE RATE OF ONE-
21 QUARTER OF ONE PER CENT. THE ANNUAL LICENSE FEE PAID BY A PROFESSIONAL
22 PERSON TO HIS PROFESSIONAL BOARD SHALL BE CREDITED AGAINST THE INITIAL
23 FEE REQUIRED UNDER THIS CHAPTER).

24 (b) The license fee for each national bank and state bank, trust
25 company and savings and loan association is seven per cent of its net
26 income. Net income means the taxable income of each taxpayer before net
27 operating loss deduction and special deductions, computed as required
28 under the Internal Revenue Code of the United States and includes all
29 other income including income from federal, state or municipal obliga-

1 tions. Each of these taxpayers required to make a return under the pro-
2 visions of the Internal Revenue Code shall at the same time file with
3 the department a return setting out the amount of tax due under this
4 chapter, and other information for the purpose of carrying out the
5 provisions of this chapter which the department requires. Each of these
6 taxpayers shall also at the same time file a true and correct copy of
7 the tax return which he has filed with the Internal Revenue Service. A
8 taxpayer filing under this subsection shall use the same tax year as the
9 taxpayer uses for federal income tax purposes. Any approved extension
10 of time to file the taxpayer's federal income tax return automatically
11 extends the time for filing under this chapter. Any agreement which a
12 taxpayer enters into with the Internal Revenue Service which extends the
13 statute of limitations for any federal income tax return will apply to
14 returns filed under this chapter. The department may, in its discre-
15 tion, grant an extension of time to file or an extension of the statute
16 of limitations independent of federal action. Every taxpayer shall
17 notify the department in writing, within 90 days, of any alteration in,
18 or modification of his federal income tax return and of a recomputation
19 of tax or determination of deficiency. For purposes of applying the
20 statute of limitations, this notification constitutes a separate return,
21 and failure to file this notification will have the same effect as the
22 failure to file a return under this title.

23 (c) The license for the privilege of taking orders through use of
24 catalogs and by mail order offices in the state is the same as set out
25 in this chapter for business generally (AND GROSS VOLUME OF BUSINESS OF
26 THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF THE
27 MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT).

28 (d) The [INITIAL] fee of \$25 applies to all of the provisions of
29 this section, and shall accompany the application. The balance is due

1 and payable on the last day of the taxpayer's tax year [DECEMBER 31ST OF
2 EACH YEAR] and shall be paid before the 15th day of the third month
3 following the end of the tax year [FIRST DAY OF MARCH FOLLOWING], except
4 that the time for filing the return may be extended as provided in (b)
5 of this section [DEPARTMENT MAY EXTEND THE TIME UNTIL THE 30TH OF THE
6 FOLLOWING APRIL UPON APPLICATION SHOWING THAT THE EXTENSION IS NECESSARY
7 TO ENABLE THE APPLICANT TO ASCERTAIN THE AMOUNT OF LICENSE MONEY DUE].
8 To enable accurate determination of the balance of the tax due at the
9 end of each year, each person to whom this chapter applies shall keep
10 records, give statements under oath, and make returns which the de-
11 partment requires. Returns are made under penalty of perjury.

12 * Sec. 3. AS 43.70.080 is amended to read:

13 Sec. 43.70.080. DISPOSAL OF MONEY. All money collected by the
14 department under this chapter shall be deposited in the general fund.
15 [THE DEPARTMENT OF REVENUE SHALL REFUND TO EACH ORGANIZED BOROUGH AND
16 EACH CITY OF ANY CLASS 60 PER CENT OF THE MONEY COLLECTED IN THE LOCAL
17 GOVERNMENT.]

18 * Sec. 4. AS 43.70.010 and 43.70.070(b) are repealed.

19 * Sec. 5. TRANSITIONAL RULES FOR REVENUE SHARING UNDER THIS ACT. The
20 revenue raised under AS 43.70 which relates to the 1978 calendar year (includ-
21 ing the \$25 license fee due March 1, 1978 and the fees on the total gross
22 receipts for 1978 which accompany returns filed in 1979 under AS 43.70.040(d)
23 is the source of revenue to be shared in 1979 in accordance with AS 43.70.060.
24 The increase in the corporate income tax which goes into effect in 1979 is
25 the source of revenue to be shared with the municipalities under AS 43.20.016
26 in 1980 and subsequent years. This Act does not entitle any organized borough
27 or any city of any class to revenue under both AS 43.70.060 and AS 43.20.016,
28 for the same period of time.

29 * Sec. 6. Sections 1, 2, 4 and 5 of this Act take effect January 1, 1979.

1 Section 3 of this Act takes effect January 1, 1980.

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Original sponsor: Orsini

Offered: 6/3/78
Referred: Finance

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the gross receipts tax and the
7 corporate income tax; and providing for an effective
8 date."

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

10 * Section 1. As 43.20.011(e) is amended to read:

11 (e) There is imposed for each taxable year upon the entire taxable
12 income of every corporation derived from sources within the state a tax
13 consisting of a normal tax equal to 7.85 [5.4] per cent of taxable
14 income, and a surtax which is equal to 4.0 per cent of taxable income.
15 For purposes of this chapter the surtax exemption for a taxable year
16 follows secs. 1561 and 1563 of the Internal Revenue Code.

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

18 Sec. 43.20.016. SHARING OF CORPORATE INCOME TAX REVENUE WITH MUNI-
19 CIPALITIES. (a) There is established within the Department of Revenue
20 the municipal assistance fund. The legislature may appropriate to the
21 fund during each fiscal year an amount equal to the income tax revenue
22 received by the state under sec. 11(e) of this chapter for the previous
23 fiscal year. The Department of Revenue shall distribute money from the
24 fund to each organized borough and each city of any class on an annual
25 basis as provided in (b) and (c) of this section.

26 (b) The base amount to be distributed from the fund to each bor-
27 ough and city for the fiscal year shall be the amount received by the
28 borough or city during fiscal year 1978 under AS 43.70.080; however, if
29 the amount appropriated to the fund by the legislature under (a) of

1 (b) The license fee for each national bank and state bank, trust
2 company and savings and loan association is seven per cent of its net
3 income. Net income means the taxable income of each taxpayer before net
4 operating loss deduction and special deductions, computed as required
5 under the Internal Revenue Code of the United States and includes all
6 other income including income from federal, state or municipal obliga-
7 tions. Each of these taxpayers required to make a return under the pro-
8 visions of the Internal Revenue Code shall at the same time file with
9 the department a return setting out the amount of tax due under this
10 chapter, and other information for the purpose of carrying out the
11 provisions of this chapter which the department requires. Each of these
12 taxpayers shall also at the same time file a true and correct copy of
13 the tax return which he has filed with the Internal Revenue Service. A
14 taxpayer filing under this subsection shall use the same tax year as the
15 taxpayer uses for federal income tax purposes. Any approved extension
16 of time to file the taxpayer's federal income tax return automatically
17 extends the time for filing under this chapter. Any agreement which a
18 taxpayer enters into with the Internal Revenue Service which extends the
19 statute of limitations for any federal income tax return will apply to
20 returns filed under this chapter. The department may, in its discre-
21 tion, grant an extension of time to file or an extension of the statute
22 of limitations independent of federal action. Every taxpayer shall
23 notify the department in writing, within 90 days, of any alteration in,
24 or modification of his federal income tax return and of a recomputation
25 of tax or determination of deficiency. For purposes of applying the
26 statute of limitations, this notification constitutes a separate return,
27 and failure to file this notification will have the same effect as the
28 failure to file a return under this title.

29 (c) The license for the privilege of taking orders through use

1 AS 43.70.080. The increase in the corporate income tax which goes into
2 effect in 1979 is the source of revenue to be shared with the municipalities
3 under AS 43.18.011 in 1980 and subsequent years. This Act does not entitle
4 any organized borough or any city of any class to revenue under both AS 43.-
5 70.080 and AS 43.18.011, for the same period of time.

6 * Sec. 7. Sections 1 - 3 and 5 - 6 of this Act take effect January 1,
7 1979. Section 4 of this Act takes effect January 1, 1980.

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CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Original sponsor: Orsini

Offered: 6/3/78
Referred: Finance

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

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7 population in the city to the total population in the borough. A city
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13 approximating it in population at the time of its incorporation.

14 (c) If the amount in the fund at the time of distribution exceeds
15 the base amount to be distributed under (b) of this section, the excess
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23 GOVERNMENT.]

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27 (including the \$25 license fee due March 1, 1978 and the fees on the total
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29 70.040(d)) is the source of revenue to be shared in 1979 in a cordance with

1 AS 43.70.080. The increase in the corporate income tax which goes into
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Original sponsor: Orsini

Offered: 6/3/78
Referred: Finance

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30

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14 (c) If the amount in the fund at the time of distribution exceeds
15 the base amount to be distributed under (b) of this section, the excess
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9 the department a return setting out the amount of tax due under this
10 chapter, and other information for the purpose of carrying out the
11 provisions of this chapter which the department requires. Each of these
12 taxpayers shall also at the same time file a true and correct copy of
13 the tax return which he has filed with the Internal Revenue Service. A
14 taxpayer filing under this subsection shall use the same tax year as the
15 taxpayer uses for federal income tax purposes. Any approved extension
16 of time to file the taxpayer's federal income tax return automatically
17 extends the time for filing under this chapter. Any agreement which a
18 taxpayer enters into with the Internal Revenue Service which extends the
19 statute of limitations for any federal income tax return will apply to
20 returns filed under this chapter. The department may, in its discre-
21 tion, grant an extension of time to file or an extension of the statute
22 of limitations independent of federal action. Every taxpayer shall
23 notify the department in writing, within 90 days, of any alteration in,
24 or modification of his federal income tax return and of a recomputation
25 of tax or determination of deficiency. For purposes of applying the
26 statute of limitations, this notification constitutes a separate return,
27 and failure to file this notification will have the same effect as the
28 failure to file a return under this title.

29 (c) The license for the privilege of taking orders through use

1 of catalogs and by mail order offices in the state is the same as set
2 out in this chapter for business generally [AND GROSS VOLUME OF BUSINESS
3 OF THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF
4 THE MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT].

5 (d) The [INITIAL] fee of \$25 applies to all of the provisions of
6 this section, and shall accompany the application. The balance is due
7 and payable on the last day of the taxpayer's tax year [DECEMBER 31ST OF
8 EACH YEAR] and shall be paid before the 15th day of the third month
9 following the end of the tax year [FIRST DAY OF MARCH FOLLOWING], except
10 that the time for filing the return may be extended as provided in (b)
11 of this section [DEPARTMENT MAY EXTEND THE TIME UNTIL THE 30TH OF THE
12 FOLLOWING APRIL UPON APPLICATION SHOWING THAT THE EXTENSION IS NECESSARY
13 TO ENABLE THE APPLICANT TO ASCERTAIN THE AMOUNT OF LICENSE MONEY DUE].
14 To enable accurate determination of the balance of the tax due at the
15 end of each year, each person to whom this chapter applies shall keep
16 records, give statements under oath, and make returns which the de-
17 partment requires. Returns are made under penalty of perjury.

18 * Sec. 4. AS 43.70.080 is amended to read:

19 Sec. 43.70.080. DISPOSAL OF MONEY. All money collected by the
20 department under this chapter shall be deposited in the general fund.
21 [THE DEPARTMENT OF REVENUE SHALL REFUND TO EACH ORGANIZED BOROUGH AND
22 EACH CITY OF ANY CLASS 60 PER CENT OF THE MONEY COLLECTED IN THE LOCAL
23 GOVERNMENT.]

24 * Sec. 5. AS 43.70.010 and 43.70.070(b) are repealed.

25 * Sec. 6. TRANSITIONAL RULES FOR REVENUE SHARING UNDER THIS ACT. The
26 revenue raised under AS 43.70 which relates to the 1978 calendar year
27 (including the \$25 license fee due March 1, 1978 and the fees on the total
28 gross receipts for 1978 which accompany returns filed in 1979 under AS 43.-
29 70.040(d)) is the source of revenue to be shared in 1979 in accordance with

1 AS 43.70.080. The increase in the corporate income tax which goes into
2 effect in 1979 is the source of revenue to be shared with the municipalities
3 under AS 43.18.011 in 1980 and subsequent years. This Act does not entitle
4 any organized borough or any city of any class to revenue under both AS 43.-
5 70.080 and AS 43.18.011, for the same period of time.

6 * Sec. 7. Sections 1 - 3 and 5 - 6 of this Act take effect January 1,
7 1979. Section 4 of this Act takes effect January 1, 1980.

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1 IN THE SENATE

BY ORSINI

2 SENATE BILL NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Business License Act;
7 and providing for an effective date."

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

9 * Section 1. AS 43.70.010 is repealed.

10 * Sec. 2. AS 43.70.030(a) is amended to read:

11 (a) The license fee for each business is \$25 [PLUS A SUM EQUAL TO
12 ONE-HALF OF ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000 FROM
13 THE BUSINESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED, EXCEPT
14 THAT ALL GROSS VOLUME IN EXCESS OF \$100,000 A YEAR IS TAXED AT THE RATE
15 OF ONE-QUARTER OF ONE PER CENT. THE ANNUAL LICENSE FEE PAID BY A PRO-
16 FESSIOAL PERSON TO HIS PROFESSIONAL BOARD SHALL BE CREDITED AGAINST THE
17 INITIAL FEE REQUIRED UNDER THIS CHAPTER].

18 * Sec. 3. AS 43.70.030(c) is amended to read:

19 (c) The license for the privilege of taking orders through use of
20 catalogs and by mail order offices in the state is the same as set out
21 in this chapter for business generally [AND GROSS VOLUME OF BUSINESS OF
22 THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF THE
23 MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT].

24 * Sec. 4. AS 43.70.040(a) is amended to read:

25 (a) As soon as practicable after the final payment of the tax
26 under sec. 30(b) of this chapter, the department shall examine the
27 return and determine the correct amount of the tax and, if an error is
28 found, shall notify the taxpayer of the error and examine the taxpayer's
29 records as authorized in AS 43.05.040, and take other proper steps to

1 determine the amount due.

2 * Sec. 5. AS 43.70.040(b) is amended to read:

3 (b) If an agreement cannot be reached with the taxpayer as to the
4 amount of a license tax due under sec. 30(b) of this chapter, the
5 department may set a time and place of hearing on the question, upon at
6 least 60 days' notice of the hearing by mail to the taxpayer. At the
7 hearing a person may be required to appear and testify and produce
8 records and other papers as provided in AS 43.05.040.

9 * Sec. 6. AS 43.70.110(2) is repealed.

10 * Sec. 7. INTENT AS TO EFFECTIVE DATE. In fixing an effective date of
11 January 1, 1979 for this Act, the legislature relies on current projections
12 of state revenues to be derived from North Slope oil production. If these
13 revenues, as projected at the time of enactment of this Act, do not in fact
14 materialize substantially in the amounts and at the time anticipated, for
15 whatever reason, it is intended that the legislature will take action to
16 further delay the effective date of this Act. It is also intended by the
17 legislature in enacting this Act that revenues lost to municipalities by
18 repeal of the business license taxes under this Act will be reimbursed to the
19 municipalities, or otherwise replaced with state funds, by appropriation of
20 the legislature.

21 * Sec. 8. This Act takes effect January 1, 1979.
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Original sponsor: Orsini

IN THE SENATE

BY THE FREE CONFERENCE COMMITTEE

FREE CONFERENCE CS FOR CS FOR SENATE BILL NO. 7

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to individual tax credits, the gross receipts tax, and the corporate income tax; and providing for an effective date."

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

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

Sec. 43.20.015. INDIVIDUAL TAX CREDIT. (a) For tax years beginning after December 31, 1977, each individual filing an Alaska net income tax return is entitled to the credit provided for in this section. For married taxpayers filing a joint return, the return may claim the credit for each spouse.

(b) The amount of the annual individual tax credit shall be as follows, but not exceeding the net tax liability of the taxpayer after deduction of all other applicable credits:

(1) for the first tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- \$100;

(2) for the second tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- \$200;

(3) for the third tax year beginning after December 31, 1977 that a taxpayer files an income tax return and each tax year thereafter -- \$300.

(c) For part-year residents and nonresident individual taxpayers the credit provided in this section shall be prorated according to the number of months of residency in the state.

(d) The space for claiming the individual income tax credit shall

1 be given a prominent location on the form furnished by the department
2 for the filing of the individual income tax return.

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

4 Sec. 43.20.016. SHARING OF CORPORATE INCOME TAX REVENUE WITH MUNI-
5 CIPALITIES. (a) There is established within the Department of Revenue
6 the municipal assistance fund. The legislature may appropriate to the
7 fund during each fiscal year an amount equal to or greater than 10 per
8 cent of the income tax revenue received by the state under sec. 11(e) of
9 this chapter and ch. 21 of this title for the previous fiscal year. The
10 Department of Revenue shall distribute money from the fund to each
11 organized borough and each city of any class on an annual basis as
12 provided in (b) and (c) of this section.

13 (b) The base amount to be distributed from the fund to each bor-
14 ough and city for the fiscal year shall be the amount received by the
15 borough or city during fiscal year 1978 under AS 43.70.080; however, if
16 the amount appropriated to the fund by the legislature under (a) of this
17 section is insufficient for distribution of the full base amount, the
18 Department of Revenue shall prorate the amount available for distribu-
19 tion on the basis of amounts received during fiscal year 1978 under AS
20 43.70.080. A city incorporated within an organized borough after
21 June 30, 1977 shall receive as a base amount a share of the amount
22 distributed to the borough in which it is located based on the ratio of
23 population in the city to the total population in the borough. A city
24 incorporated outside an organized borough after June 30, 1977 shall
25 receive as a base amount the amount received by the city in the state
26 most closely approximating it in population at the time of its incor-
27 poration. A borough incorporated after June 30, 1977 shall receive as a
28 base amount the amount received by the borough in the state most closely
29 approximating it in population at the time of its incorporation.

(c) If the amount in the fund at the time of distribution exceeds the base amount to be distributed under (b) of this section, the excess amount shall be distributed to each borough and city on the basis of population. For the purpose of this subsection, the population of a city within an organized borough shall be deducted from the population of the borough. Population, for the purpose of this section, shall be as certified by the commissioner of community and regional affairs.

(d) The intent of (c) of this section is that local governments which levy property taxes reduce those levies in reasonable proportion to the amount of increased state aid received by a local government. The governing body of each local government shall furnish a notice with the tax statement describing its use of this increased state aid.

* Sec. 3. AS 43.70.030 is amended to read:

Sec. 43.70.030. LEVY AND COMPUTATION OF LICENSE FEE. (a) The license fee for each business is \$25 [PLUS A SUM EQUAL TO ONE-HALF OF ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000 FROM THE BUSINESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED, EXCEPT THAT ALL GROSS VOLUME IN EXCESS OF \$10,000 A YEAR IS TAXED AT THE RATE OF ONE-QUARTER OF ONE PER CENT. THE ANNUAL LICENSE FEE PAID BY A PROFESSIONAL PERSON TO HIS PROFESSIONAL BOARD SHALL BE CREDITED AGAINST THE INITIAL FEE REQUIRED UNDER THIS CHAPTER].

(b) The license fee for each national bank and state bank, trust company and savings and loan association is seven per cent of its net income. Net income means the taxable income of each taxpayer before net operating loss deduction and special deductions, computed as required under the Internal Revenue Code of the United States and includes all other income including income from federal, state or municipal obligations. Each of these taxpayers required to make a return under the provisions of the Internal Revenue Code shall at the same time file with

1 the department a return setting out the amount of tax due under this
2 chapter, and other information for the purpose of carrying out the
3 provisions of this chapter which the department requires. Each of these
4 taxpayers shall also at the same time file a true and correct copy of
5 the tax return which he has filed with the Internal Revenue Service. A
6 taxpayer filing under this subsection shall use the same tax year as the
7 taxpayer uses for federal income tax purposes. Any approved extension
8 of time to file the taxpayer's federal income tax return automatically
9 extends the time for filing under this chapter. Any agreement which a
10 taxpayer enters into with the Internal Revenue Service which extends the
11 statute of limitations for any federal income tax return will apply to
12 returns filed under this chapter. The department may, in its discre-
13 tion, grant an extension of time to file or an extension of the statute
14 of limitations independent of federal action. Every taxpayer shall
15 notify the department in writing, within 90 days, of any alteration in,
16 or modification of his federal income tax return and of a recomputation
17 of tax or determination of deficiency. For purposes of applying the
18 statute of limitations, this notification constitutes a separate return,
19 and failure to file this notification will have the same effect as the
20 failure to file a return under this title.

21 (c) The license for the privilege of taking orders through use of
22 catalogs and by mail order offices in the state is the same as set out
23 in this chapter for business generally [AND GROSS VOLUME OF BUSINESS OF
24 THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF THE
25 MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT].

26 (d) The [INITIAL] fee of \$25 applies to all of the provisions of
27 this section, and shall accompany the application. The balance is due
28 and payable on the last day of the taxpayer's tax year [DECEMBER 31ST OF
29 EACH YEAR] and shall be paid before the 15th day of the third month

following the end of the tax year [FIRST DAY OF MARCH FOLLOWING], except that the time for filing the return may be extended as provided in (b) of this section [DEPARTMENT MAY EXTEND THE TIME UNTIL THE 30TH OF THE FOLLOWING APRIL UPON APPLICATION SHOWING THAT THE EXTENSION IS NECESSARY TO ENABLE THE APPLICANT TO ASCERTAIN THE AMOUNT OF LICENSE MONEY DUE]. To enable accurate determination of the balance of the tax due at the end of each year, each person to whom this chapter applies shall keep records, give statements under oath, and make returns which the department requires. Returns are made under penalty of perjury.

* Sec. 4. AS 43.70.080 is amended to read:

Sec. 43.70.080. DISPOSAL OF MONEY. All money collected by the department under this chapter shall be deposited in the general fund. [THE DEPARTMENT OF REVENUE SHALL REFUND TO EACH ORGANIZED BOROUGH AND EACH CITY OF ANY CLASS 60 PER CENT OF THE MONEY COLLECTED IN THE LOCAL GOVERNMENT.]

* Sec. 5. AS 43.70.010 and 43.70.070(b) are repealed.

* Sec. 6. TRANSITIONAL RULES FOR REVENUE SHARING UNDER THIS ACT. The revenue raised under AS 43.70 which relates to the 1978 calendar year (including the \$25 license fee due March 1, 1978 and the fees on the total gross receipts for 1978 which accompany returns filed in 1979 under AS 43.70.-030(d)) is the source of revenue to be shared in 1979 in accordance with AS 43.70.080. The increase in the corporate income tax which goes into effect in 1979 is the source of revenue to be shared with the municipalities under AS 43.20.016 in 1980 and subsequent years. This Act does not entitle any organized borough or any city of any class to revenue under both AS 43.70.080 and AS 43.20.016, for the same period of time.

* Sec. 7. Section 1 of this Act is retroactive to January 1, 1978.

* Sec. 8. Sections 1 and 7 of this Act take effect immediately in accordance with AS 01.10.070(c). Sections 2, 3, 5, and 6 of this Act take effect

January 1, 1979. Section 4 of this Act takes effect January 1, 1980.



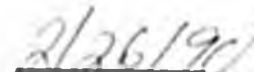
RECORDS CERTIFICATION



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

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill Resolution No. CS SB 7
Title Relating to gross receipts tax and the corporate income tax
Requested by _____ Date _____

II. FISCAL DETAIL
Agency Affected _____ Revenue _____
Program Category Affected _____ Community Development
Budget Request Unit(s) Affected _____ Shared taxes

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
COMMODITIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FEDERAL FUNDS	0	0	0	0	0	0
STATE FUNDS						
LOCAL FUNDS						
OTHER						

POSITIONS

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
PERMANENT						
TEMPORARY						

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

There is no additional cost in administering the Bill.

Revenue lost from the deleted Gross Receipts Tax will be replaced by a 2.45 per cent increase in Corporation Tax. Estimated revenue available for sharing during FY 79 is:

2.45% increase in Corporation tax rate	=	17,000,000
\$75 Business license tax	=	800,000
7% Net income tax on Financial Institutions	=	2,500,000
<u>Total estimated for FY 79 revenue for sharing</u>	=	<u>20,300,000</u>

Philip A. Hall
Philip A. Hall

Date June 7, 1978 PREPARED BY _____
AGENCY _____
PHONE _____
Legislative Finance
Budget and Management
Finance Department (Dist. 1, 2nd Floor)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS SB 7 (Finance) am
Title An Act relating to individual tax credits, the gross receipts tax, and
Requested by (the corporate income tax Date June 13, 1978)

II. FISCAL DETAIL

Agency Affected Revenue
Program Category Affected Community Development
Budget Request Unit(s) Affected Shared Taxes

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	*12,000	*12,000	**4,000	**4,000	**4,000	**4,000
TOTAL	12,000	12,000	4,000	4,000	4,000	4,000

FUNDING (Thousands of Dollars)

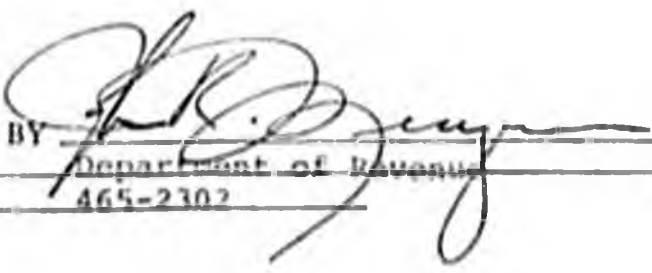
GENERAL FUND	12,000	12,000	4,000	4,000	4,000	4,000
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

- * Same as under current law.
- ** These figures are made assuming that SCS CS HB 322 (Resources) becomes law and that accordingly, the corporate income tax subject to sharing under AS 43.20.011(e) (non oil and gas corporate income tax) would be \$40 million. These figures are also made assuming that the sharing would be 10 percent of that amount (\$40 million) received under AS 43.20.011(e).

IV. DATE June 13, 1978 PREPARED BY 
AGENCY Department of Revenue
PHONE 465-2302
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

REVENUE EFFECTS

In addition to the revenue sharing expenditure changes, this bill also reduces revenues from the gross receipts tax and the individual income tax.

For the gross receipts tax the bill would repeal the bulk of the gross receipts revenues after 1979. This reduction in revenue is approximately 20.3 million dollars. The amount that would be retained would be the \$25 license fee for all businesses and the net income tax on financial institutions contained within the business license statute. These two items that would be retained are projected to bring in approximately 3.3 million dollars a year. Thus, of the total projected business license revenues of approximately 24 million dollars, 20.3 million dollars would not be received in future years.

For the individual income tax, the bill would provide a tax credit of \$100 in FY 79, \$200 in FY 80, and \$300 in FY 81. The reduction in individual income tax revenue would be as follows:

FY 79	\$ 22.3 million
FY 80	\$ 44.5 million
FY 81	\$ 68.0 million

STATE OF ALASKA

DEPARTMENT OF REVENUE

JAY S. HAMMOND, GOVERNOR

STATE OFFICE BUILDING

POUCH SA - JUNEAU 99811

February 1, 1977

The Honorable W. E. Bradley
Chairman
Senate Commerce Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

Re: Senate Bill No. 7

Dear Senator Bradley:

Senate Bill No. 7, an Act relating to the Alaska Business License Act was introduced in the Senate and was referred to the Senate Commerce, Community and Regional Affairs and Finance Committees.

For the consideration of the Senate Commerce Committee, I am enclosing copies of Fiscal Notes concerning the proposed legislation as prepared by Mr. P. A. Wall, Director, Administrative Services Division, Department of Revenue.

Very truly yours,

R. D. Stevenson
Special Assistant

cc: The Honorable Joseph L. Orslud
Chairman
Senate Community and Regional Affairs
Committee
Alaska State Legislature

The Honorable John C. Sackett
Chairman
Senate Finance Committee
Alaska State Legislature

P. A. Wall, Director
Administrative Services Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 7
 Title Act Relating to the Alaska Business License Act
 Requested by Senate Commerce Committee Date January 24, 1977

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected Community Development
 Budget Request Unit(s) Affected Shared Taxes

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	10,000.0	11,025.0	10,000.0	10,000.0	10,000.0	10,000.0
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND	10,000.0	11,025.0	10,000.0	10,000.0	10,000.0	10,000.0
FEDERAL FUNDS						
OTHER (Specify)						

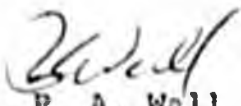
POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The Gross Receipts sharing is expected to drop after pipeline construction, and since the reports lag to the following year, the drop will occur in FY 79. If the effective date of January 1, 1979 is realized, Gross Receipts revenues will stop on 12/31/78. The Legislative intent expressed in this Act will require at least \$10,000,000 additional expenditures from the General Fund for each year with \$5,000,000 required in FY 79 and the full amount in FY 80. Bank Gross Receipts tax (1,800,000 in 1975) will continue to be shared under the Act.

Annually, \$9,200,000 Gross Receipts income to the General Fund (income that is not shared) will be eliminated.

IV. DATE January 27, 1977 PREPARED BY  P. A. Wall
 AGENCY Revenue
 PHONE 465-2313
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 7
 Title Act relating to the Alaska Business License Act
 Requested by the Senate Commerce Committee Date January 24, 1977

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected General Government
 Budget Request Unit(s) Affected Audit

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

A cost decrease will occur when the total Gross Receipts impact ends. This would not occur until a year after the tax is abolished as final returns must be received and audited. Decrease will consist of one (1) position and forms/postage costs.

IV. DATE January 27, 1977 PREPARED BY P. A. Wall
 AGENCY Revenue
 PHONE 465-2313
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 7
 Title Act Relating to the Alaska Business License Act
 Requested by Senate Commerce Committee Date January 24, 1977

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected General Government
 Budget Request Unit(s) Affected Administration and Support

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						


POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

No additional cost is associated with this Act.

Consider modifying AS 43.70.030(d) to include "due under sec. 30(b) of this chapter" after the word "balance."

IV. DATE January 27, 1977 PREPARED BY  P. A. Wall
 AGENCY Revenue
 PHONE 465-2313
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA

DDEEP. & EET'NOBEN'2' ODE' UGEEV'EN'2'EE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5 - JUNEAU 53311

June 5, 1978

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

Re: CSSB No. 7

Dear Senator Sackett:

Committee Substitute for Senate Bill No. 7, an Act relating to the gross receipts tax and the corporate ~~income tax~~, was introduced in the Senate on June 2, 1978 and after the President of the Senate waived the referral of the bill to the Senate Community and Regional Affairs Committee, the bill was then referred to the Senate Finance Committee.

For the consideration of the Senate Finance Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. P. A. Wall, Director, Administrative Services Division concerning the proposed legislation.

Very truly yours,



R. D. Stevenson
 Special Assistant

cc: John Messenger
 Deputy Commissioner
 Department of Revenue

P. A. Wall, Director
 Administrative Services
 Department of Revenue

Gary L. Jenkins, Director
 Audit Division
 Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CS SB 7
 Title: Relating to gross receipts tax and the corporate income tax
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Revenue
 Program Category Affected Community Development
 Budget Request Unit(s) Affected Shared taxes

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER FUNDS						

POSITIONS

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FULL TIME						
PART TIME						
TEMPORARY						

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

There is no additional cost in administering the bill.

Revenue lost from the deleted Gross Receipts Tax will be replaced by a 2.45 per cent increase in Corporation Tax. Estimated revenue available for sharing during FY 79 is:

2.4 % Increase in Corporation tax rate	=	17,000,000
\$25 Business License tax	=	800,000
7% Net Income tax on Financial Institutions	=	2,500,000
Total estimates for FY 79 increase for sharing	=	20,300,000

IV. DATE June 2, 1979 PREPARED BY Philip A. Wall
 AGENCY _____
 PHONE 665-1127
 Original: Legislative Finance
 cc: Budget and Management
 Finance Sponsor (if not Legislator Named)

COMMITTEE REPORT
HOUSE

FURTHER: _____

6/12/77

Date: _____

Mr. Speaker:

The Committee on FINANCE has had SSSR 7 (Fin.) am

"An Act relating to individual tax credits, the gross receipts tax, and the corporate income tax; eff. date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

- 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 _____ new title same title

- AND attaches a Letter of Intent New Fiscal Note
 reports it back without recommendation
 and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Chairman

AMENDMENT

OFFERED IN THE HOUSE:

By: HOUSE SENATE

To: _____ HOUSE BILL No. _____

SENATE BILL No. 7

PAGE: _____

LINE: _____

Page 1, White Lines 11 through 23, and Indent:

- (1) For the first two years beginning after December 31, 1977 the maximum dollar amount of the tax shall be \$100.
- (2) For the second and third years beginning after December 31, 1977 the maximum dollar amount of the tax shall be \$200.
- (3) For the fourth and fifth years beginning after December 31, 1977 the maximum dollar amount of the tax shall be \$300.

Page 2, White Lines 11 through 15, and Indent:

two lines after the first line of the section.

Page 3, White Lines 11 through 15, and Indent:

Page 4, White Lines 11 through 15, and Indent:

Page 5, White Lines 11 through 15, and Indent:

30477

A M E N D M E N T

Offered in the HOUSE

By Rudd

TO: CS FOR SENATE BILL NO. 7 (Finance) am

Page 2, line 1 - page 3, line 10: delete all material and substitute the following:

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

Sec. 43.20.016. SHARING OF REVENUES WITH MUNICIPALITIES. (a)

There is established in the Department of Revenue the municipal assistance fund.

(b) From sums annually appropriated by the legislature to the municipal assistance fund, in addition to revenue sharing payable to municipalities under AS 43.18.010 - 43.18.099, the Department of Revenue shall pay to a municipality each fiscal year an amount equal to a percentage of the business license tax receipts which the municipality was entitled to receive under AS 43.70.080 for the state fiscal year ending June 30, 1978. The applicable percentage payable under this section is 100 per cent of the business license receipts for the fiscal year ending June 30, 1979. For the fiscal year ending June 30, 1980 and for each year thereafter, the applicable percentage shall be reduced in decrements of 10 per cent for each subsequent state fiscal year. No payment shall be made under this section after June 30, 1988.

Page 5, lines 15 - 24: delete all material.

Page 5, lines 25 - 26: delete all material and substitute the following:

* Sec. 6. This Act takes effect January 1, 1979.

A M E N D M E N T

Offered in the HOUSE

By Rudd

TO: CS FOR SENATE BILL NO. 7 (Finance) am

Page 2, line 1 - page 3, line 10: delete all material and substitute the following:

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

Sec. 43.20.016. SHARING OF REVENUES WITH MUNICIPALITIES. (a)

There is established in the Department of Revenue the municipal assistance fund.

(b) From sums annually appropriated by the legislature to the municipal assistance fund, in addition to revenue sharing payable to municipalities under AS 43.18.010 - 43.18.099, the Department of Revenue shall pay to a municipality each fiscal year an amount equal to a percentage of the business license tax receipts which the municipality was entitled to receive under AS 43.70.060 for the state fiscal year ending June 30, 1978. The applicable percentage payable under this section is 100 per cent of the business license receipts for the fiscal year ending June 30, 1979. For the fiscal year ending June 30, 1980 and for each year thereafter, the applicable percentage shall be reduced in decrements of 10 per cent for each subsequent state fiscal year. No payment shall be made under this section after June 30, 1988.

Page 5, lines 15 - 24: delete all material.

Page 5, lines 25 - 26: delete all material and substitute the following:

* Sec. 6. This Act takes effect January 1, 1979.

Original sponsor: Orsini

Offered: 6/3/78
Referred: Finance

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the gross receipts tax and the
7 corporate income tax; and providing for an effective
8 date."

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

10 * Section 1. As 43.20.011(e) is amended to read:

11 (e) There is imposed for each taxable year upon the entire taxable
12 income of every corporation derived from sources within the state a tax
13 consisting of a normal tax equal to 7.85 [5.4] per cent of taxable
14 income, and a surtax which is equal to 4.0 per cent of taxable income.
15 For purposes of this chapter the surtax exemption for a taxable year
16 follows secs. 1561 and 1563 of the Internal Revenue Code.

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

18 Sec. 43.20.016. SHARING OF CORPORATE INCOME TAX REVENUE WITH MUNI-
19 CIPALITIES. (a) There is established within the Department of Revenue
20 the municipal assistance fund. The legislature may appropriate to the
21 fund during each fiscal year an amount equal to the income tax revenue
22 received by the state under sec. 11(e) of this chapter for the previous
23 fiscal year. The Department of Revenue shall distribute money from the
24 fund to each organized borough and each city of any class on an annual
25 basis as provided in (b) and (c) of this section.

26 (b) The base amount to be distributed from the fund to each bor-
27 ough and city for the fiscal year shall be the amount received by the
28 borough or city during fiscal year 1978 under AS 43.70.080; however, if
29 the amount appropriated to the fund by the legislature under (a) of

1 this section is insufficient for distribution of the full base amount,
2 the Department of Revenue shall prorate the amount available for dis-
3 tribution on the basis of amounts received during fiscal year 1978 under
4 AS 43.70.030. A city incorporated within an organized borough after
5 June 30, 1977 shall receive as a base amount a share of the amount
6 distributed to the borough in which it is located based on the ratio of
7 population in the city to the total population in the borough. A city
8 incorporated outside an organized borough after June 30, 1977 shall
9 receive as a base amount the amount received by the city in the state
10 most closely approximating it in population at the time of its incor-
11 poration. A borough incorporated after June 30, 1977 shall receive as a
12 base amount the amount received by the borough in the state most closely
13 approximating it in population at the time of its incorporation.

14 (c) If the amount in the fund at the time of distribution exceeds
15 the base amount to be distributed under (b) of this section, the excess
16 amount shall be distributed to each borough and city on the basis of
17 population. For the purpose of this subsection, the population of a
18 city within an organized borough shall be deducted from the population
19 of the borough. Population, for the purpose of this section, shall be
20 as certified by the commissioner of community and regional affairs.

21 * Sec. 3. AS 43.70.030 is amended to read:

22 Sec. 43.70.030. LEVY AND COMPUTATION OF LICENSE FEE. (a) The
23 license fee for each business is \$25 [PLUS A SUM EQUAL TO ONE-HALF OF
24 ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000 FROM THE BUSI-
25 NESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED, EXCEPT THAT ALL
26 GROSS VOLUME IN EXCESS OF \$10,000 A YEAR IS TAXED AT THE RATE OF ONE-
27 QUARTER OF ONE PER CENT]. The annual license fee paid by a professional
28 person to his professional board shall be credited against the [INITIAL]
29 fee required under this chapter.

1 (b) The license fee for each national bank and state bank, trust
2 company and savings and loan association is seven per cent of its net
3 income. Net income means the taxable income of each taxpayer before net
4 operating loss deduction and special deductions, computed as required
5 under the Internal Revenue Code of the United States and includes all
6 other income including income from federal, state or municipal obliga-
7 tions. Each of these taxpayers required to make a return under the pro-
8 visions of the Internal Revenue Code shall at the same time file with
9 the department a return setting out the amount of tax due under this
10 chapter, and other information for the purpose of carrying out the
11 provisions of this chapter which the department requires. Each of these
12 taxpayers shall also at the same time file a true and correct copy of
13 the tax return which he has filed with the Internal Revenue Service. A
14 taxpayer filing under this subsection shall use the same tax year as the
15 taxpayer uses for federal income tax purposes. Any approved extension
16 of time to file the taxpayer's federal income tax return automatically
17 extends the time for filing under this chapter. Any agreement which a
18 taxpayer enters into with the Internal Revenue Service which extends the
19 statute of limitations for any federal income tax return will apply to
20 returns filed under this chapter. The department may, in its discre-
21 tion, grant an extension of time to file or an extension of the statute
22 of limitations independent of federal action. Every taxpayer shall
23 notify the department in writing, within 90 days, of any alteration in,
24 or modification of his federal income tax return and of a recomputation
25 of tax or determination of deficiency. For purposes of applying the
26 statute of limitations, this notification constitutes a separate return,
27 and failure to file this notification will have the same effect as the
28 failure to file a return under this title.

29 (c) The license for the privilege of taking orders through use

of catalogs and by mail order offices in the state is the same as set out in this chapter for business generally (AND GROSS VOLUME OF BUSINESS OF THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF THE MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT).

(d) The [INITIAL] fee of \$25 applies to all of the provisions of this section, and shall accompany the application. The balance is due and payable on the last day of the taxpayer's tax year [DECEMBER 31ST OF EACH YEAR] and shall be paid before the 15th day of the third month following the end of the tax year [FIRST DAY OF MARCH FOLLOWING], except that the time for filing the return may be extended as provided in (b) of this section [DEPARTMENT MAY EXTEND THE TIME UNTIL THE 30TH OF THE FOLLOWING APRIL UPON APPLICATION SHOWING THAT THE EXTENSION IS NECESSARY TO ENABLE THE APPLICANT TO ASCERTAIN THE AMOUNT OF LICENSE MONEY DUE]. To enable accurate determination of the balance of the tax due at the end of each year, each person to whom this chapter applies shall keep records, give statements under oath, and make returns which the department requires. Returns are made under penalty of perjury.

• Sec. 4. AS 43.70.080 is amended to read:

Sec. 43.70.080. DISPOSAL OF MONEY. All money collected by the department under this chapter shall be deposited in the general fund. [THE DEPARTMENT OF REVENUE SHALL REFUND TO EACH ORGANIZED BOROUGH AND EACH CITY OF ANY CLASS 60 PER CENT OF THE MONEY COLLECTED IN THE LOCAL GOVERNMENT.]

• Sec. 5. AS 43.70.010 and 43.70.070(b) are repealed.

• Sec. 6. TRANSITIONAL RULES FOR REVENUE SHARING UNDER THIS ACT. The revenue raised under AS 43.70 which relates to the 1978 calendar year (including the \$25 license fee due March 1, 1978 and the fees on the total gross receipts for 1978 which accompany returns filed in 1979 under AS 43.70.040(d)) is the source of revenue to be shared in 1979 in accordance with

1 AS 43.70.080. The increase in the corporate income tax which goes into
2 effect in 1979 is the source of revenue to be shared with the municipalities
3 under AS 43.18.011 in 1980 and subsequent years. This Act does not entitle
4 any organized borough or any city of any class to revenue under both AS 43.-
5 70.080 and AS 43.18.011, for the same period of time.

6 * Sec. 7. Sections 1 - 3 and 5 - 6 of this Act take effect January 1,
7 1979. Section 4 of this Act takes effect January 1, 1980.

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THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill Resolution No. CS SB 7
 Title Relating to gross receipts tax and the corporate income tax
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected _____ Revenue _____
 Program Category Affected Community Development
 Budget Request Unit(s) Affected Shared taxes

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	0	0	0	0	0	0
GENERAL FUND						
FEDERAL FUNDS						
OTHER SOURCES						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

There is no additional cost in administering the Bill.

Revenue lost from the deleted Gross Receipts Tax will be replaced by a 2.45 per cent increase in Corporation Tax. Estimated revenue available for sharing during FY 79 is:

2.45% increase in Corporation tax rate	=	17,000,000
22% Business license tax	=	800,000
7% Net income tax on financial institutions	=	2,500,000
Total estimated for FY 79 revenue for sharing	=	20,300,000

Philip J. Hall

IV. DATE June 7, 1978 PREPARED BY Philip J. Hall
 AGENCY LEGISLATIVE
 OFFICE Legislative Finance
 BUDGET AND MANAGEMENT
 1000 - 1000 (M.F. 12-2-77)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill Resolution No. CS 88 7
 Title Relating To gross receipts tax and the corporate income tax
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected _____ Revenue
 Program Category Affected Community Development
 Budget Request Unit(s) Affected Shared taxes

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER FUNDS						

POSITIONS

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FULL TIME						
PART TIME						
TEMPORARY						

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

There is no additional cost in administering the Bill.

Revenue lost from the deleted Gross Receipts Tax will be replaced by a 2.45% per cent increase in Corporation Tax. Estimated revenue available for sharing during FY 79 is:

2.45% increase in Corporation tax rate	=	17,000,000
225 Business License tax	=	800,000
75 Net income tax in Financial Institutions	=	2,500,000
<u>Total estimated for FY 79 revenue for sharing</u>	=	<u>20,300,000</u>

IV. DATE June 2, 1978 PREPARED BY Philip J. Hall
 AGENCY RC5-1000
 PHONE 465-1000
 Prepared by Legislative Finance
 Budget and Management
 Fiscal Sponsor (last name and initials)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST CS 53 7

Bill/Resolution No. _____ Date _____
 Title RELATING TO GROSS RECEIPTS TAX AND THE SEPARATE INCOME TAX
 Requested by _____

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected COMMUNITY DEVELOPMENT
 Budget Request Unit(s) Affected SHARED TAXES

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	1	2	0	0
FEDERAL FUNDS						
OTHER FUNDS						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

There is no additional cost in administering the Bill.

Revenue lost from the delayed Gross Receipts Tax will be replaced by a 2.45 per cent increase in Corporation Tax. Estimated revenue available for sharing during FY 79 is:

2.45% increase in Corporation Tax Rate	=	17,000,000
50% Business License Tax	=	800,000
7% Net Income Tax on Financial Institutions	=	2,500,000
Total estimate for FY Revenue lost	=	20,300,000

IV. DATE June 7, 1978

PREPARED BY Public Affairs

Checked by Legislative Finance
 Budget and Management
 Public System Cost Control (See Note)

Blakely

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CS SB 7
Title Relating to gross receipts tax and the corporate income tax
Requested by _____ Date _____

II. FISCAL DETAIL
Agency Affected Revenue
Program Category Affected Community Development
Budget Request Unit(s) Affected Shared taxes

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
GENERAL FUNDS	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER FUNDS						

POSITIONS

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FULL TIME						
PART TIME						
TEMPORARY						

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

There is no additional cost in administering the Bill.

Revenue lost from the deleted Gross Receipts Tax will be replaced by a 2.45 per cent increase in Corporation Tax. Estimated revenue available for sharing during FY 79 is:

2.45% increase in Corporation tax rate	=	17,000,000
52% Business license tax	=	800,000
7% Net income tax on financial institutions	=	2,500,000
<u>Total estimated per FY 79 revenue for sharing</u>	=	<u>20,300,000</u>

IV. DATE June 2, 1979 PREPARED BY Philip A. Wall
AGENCY Revenue
PHONE 465-2121
Original: Legislative Finance
Budget and Management
Fiscal Sponsor (First Legislature Same)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CS SB 7
 Title: Relating to gross receipts tax and the corporate income tax
 Requested by: _____ Date: _____

II. FISCAL DETAIL
 Agency Affected: Revenue
 Program Category Affected: Community Development
 Budget Request Unit(s) Affected: Shared taxes

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
GENERAL FUNDS	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FULL TIME						
PART TIME						
TEMPORARY						

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

There is no additional cost in administering the Bill.

Revenue lost from the deleted Gross Receipts Tax will be replaced by a 2.45 per cent increase in Corporation Tax. Estimated revenue available for sharing during FY 79 is:

2.45% increase in Corporation tax rate	=	17,000,000
\$25 Business license tax	=	200,000
7% Net income tax on financial institutions	=	2,500,000
Total estimated for FY 79 revenue for sharing	=	20,000,000

Philip A. Hall
Philip A. Hall

IV. DATE June 24, 1978 PREPARED BY _____
 AGENCY _____
 PHONE _____
 General Legislative Finance
 Budget and Measurement
 P.O. Box 11000, Littleton, Colorado 80121

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CS SB 7
Title Relating to gross receipts tax and the corporate income tax
Requested by _____ Date _____

II. FISCAL DETAIL
Agency Affected _____ Revenue _____
Program Category Affected _____ Community Development
B. Lgt Request Unit(s) Affected _____ Shared taxes

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
There is no additional cost in administering the Bill.
Revenue lost from the deleted Gross Receipts Tax will be replaced by a 2.45 per cent increase in Corporation Tax. Estimated revenue available for sharing during FY 79 is:

2.45% increase in Corporation tax rate	=	17,000,000
\$25 Business license tax	=	800,000
7% Net income tax on Financial Institutions	=	2,500,000
<u>Total estimated for FY 79 revenue for sharing</u>	=	<u>20,300,000</u>

Philip J. Wall
Philip J. Wall

IV. DATE June 2, 1978 PREPARED BY _____
AGENCY _____
PHONE _____
Subject: Legislative Finance
Budget and Management
Prime Sponsor (if not Legislator Name)
35 (Rev. 12/77)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CS SB 7
 Title Relating to gross receipts tax and the corporate income tax
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected _____ Revenue _____
 Program Category Affected Community Development
 Budget Request Unit(s) Affected Shared taxes

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	0	0	0	0	0	0
GENERAL FUND						
FEDERAL FUNDS						
OTHER SOURCES						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

There is no additional cost in administering the Bill.

Revenue lost from the deleted Gross Receipts Tax will be replaced by a 2.45 per cent increase in Corporation Tax. Estimated revenue available for sharing during FY 79 is:

2.45% increase in Corporation tax rate	=	17,000,000
\$25 Business License tax	=	800,000
7% Net Income tax on Financial Institutions	=	2,500,000
Total estimated for FY 79 revenue for sharing	=	20,300,000

Philip A. Wall

IV. DATE June 2, 1978 PREPARED BY Philip A. Wall
 AGENCY Legislative Finance
 PHONE 466-1111
 Office: Legislative Finance
 Budget and Management
 Prime Sponsor (List Legislator Name)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CS SB 7
Title Relating to gross receipts tax and the corporate income tax
Requested by _____ Date _____

II. FISCAL DETAIL
Agency Affected _____ Revenue _____
Program Category Affected Community Development
Budget Request Unit(s) Affected Shared taxes

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS


	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FULL TIME						
PART TIME						
TEMPORARY						

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

There is no additional cost in administering the Bill.

Revenue lost from the deleted Gross Receipts Tax will be replaced by a 2.45 per cent increase in Corporation Tax. Estimated revenue available for sharing during FY 79 is:

2.45% increase in Corporation tax rate	=	17,000,000
10% Business license tax	=	800,000
7% Net income tax on Financial Institutions	=	2,500,000
Total estimated FY 79 revenue for sharing	=	20,300,000


Philip A. Wall

IV. DATE June 2, 1978 PREPARED BY _____
AGENCY _____
PHONE 465-3000
Original Legislative Finance
Budget and Management
Home Sponsor (Last Legislator Name)

Original sponsor: Orsini

Offered: 6/9/78
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 7 (Finance) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to individual tax credits, the gross
7 receipts tax, and the corporate income tax; and
8 providing for an effective date."

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

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

11 Sec. 43.20.015. INDIVIDUAL TAX CREDIT. (a) for tax years begin-
12 ning after December 31, 1977, each individual filing an Alaska net
13 income tax return is entitled to the credit provided for in this
14 section. For married taxpayers filing a joint return, the return
15 may claim the credit for each spouse.

16 (b) The amount of the annual individual tax credit shall be as
17 follows, but not exceeding the net tax liability of the taxpayer after
18 deduction of all other applicable credits:

19 (1) for tax years beginning during the period from January 1,
20 1978 to December 31, 1978 -- \$100;

21 (2) for tax years beginning during the period from January 1,
22 1979 to December 31, 1979 -- \$200;

23 (3) for tax years beginning after December 31, 1979 -- \$300.

24 (c) For part-year residents and nonresident individual taxpayers
25 the credit provided in this section shall be prorated according to the
26 number of months of residency in the state.

27 (d) The space for claiming the individual income tax credit shall
28 be given a prominent location on the form furnished by the department
29 for the filing of the individual income tax return.

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

2 Sec. 43.20.016. SHARING OF CORPORATE INCOME TAX REVENUE WITH MUNI-
3 CIPALITIES. (a) There is established within the Department of Revenue
4 the municipal assistance fund. The legislature may appropriate to the
5 fund during each fiscal year an amount equal to or greater than 10 per
6 cent of the income tax revenue received by the state under sec. 11(e) of
7 this chapter for the previous fiscal year. The Department of Revenue
8 shall distribute money from the fund to each organized borough and each
9 city of any class on an annual basis as provided in (b) and (c) of this
10 section.

11 (b) The base amount to be distributed from the fund to each bor-
12 ough and city for the fiscal year shall be the amount received by the
13 borough or city during fiscal year 1978 under AS 43.70.080; however, if
14 the amount appropriated to the fund by the legislature under (a) of this
15 section is insufficient for distribution of the full base amount, the
16 Department of Revenue shall prorate the amount available for distribu-
17 tion on the basis of amounts received during fiscal year 1978 under AS
18 43.70.080. A city incorporated within an organized borough after
19 June 30, 1977 shall receive as a base amount a share of the amount
20 distributed to the borough in which it is located based on the ratio of
21 population in the city to the total population in the borough. A city
22 incorporated outside an organized borough after June 30 1977 shall
23 receive as a base amount the amount received by the city in the state
24 most closely approximating it in population at the time of its incor-
25 poration. A borough incorporated after June 30, 1977 shall receive as a
26 base amount the amount received by the borough in the state most closely
27 approximating it in population at the time of its incorporation.

28 (c) If the amount in the fund at the time of distribution exceeds
29 the base amount to be distributed under (b) of this section, the excess

1 amount shall be distributed to each borough and city on the basis of
2 population. For the purpose of this subsection, the population of a
3 city within an organized borough shall be deducted from the population
4 of the borough. Population, for the purpose of this section, shall be
5 as certified by the commissioner of community and regional affairs.
6 The intent of subsection (c) of this section is that local governments
7 which levy property taxes reduce those levies in reasonable proportion
8 to the amount of increased state aid received by a local government.
9 The governing body of each local government shall furnish a notice
10 with the tax statement describing its use of this increased state aid.

11 * Sec. 3. AS 43.70.030 is amended to read:

12 Sec. 43.70.030. LEVY AND COMPUTATION OF LICENSE FEE. (a) The
13 license fee for each business is \$25 [PLUS A SUM EQUAL TO ONE-HALF OF
14 ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000 FROM THE BUSI-
15 NESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED, EXCEPT THAT ALL
16 GROSS VOLUME IN EXCESS OF \$10,000 A YEAR IS TAXED AT THE RATE OF ONE-
17 QUARTER OF ONE PER CENT. THE ANNUAL LICENSE FEE PAID BY A PROFESSIONAL
18 PERSON TO HIS PROFESSIONAL BOARD SHALL BE CREDITED AGAINST THE INITIAL
19 FEE REQUIRED UNDER THIS CHAPTER].

20 (b) The license fee for each national bank and state bank, trust
21 company and savings and loan association is seven per cent of its net
22 income. Net income means the taxable income of each taxpayer before net
23 operating loss deduction and special deductions, computed as required
24 under the Internal Revenue Code of the United States and includes all
25 other income including income from federal, state or municipal obliga-
26 tions. Each of these taxpayers required to make a return under the pro-
27 visions of the Internal Revenue Code shall at the same time file with
28 the department a return setting out the amount of tax due under this
29 chapter, and other information for the purpose of carrying out the

1 provisions of this chapter which the department requires. Each of these
2 taxpayers shall also at the same time file a true and correct copy of
3 the tax return which he has filed with the Internal Revenue Service. A
4 taxpayer filing under this subsection shall use the same tax year as the
5 taxpayer uses for federal income tax purposes. Any approved extension
6 of time to file the taxpayer's federal income tax return automatically
7 extends the time for filing under this chapter. Any agreement which a
8 taxpayer enters into with the Internal Revenue Service which extends the
9 statute of limitations for any federal income tax return will apply to
10 returns filed under this chapter. The department may, in its discre-
11 tion, grant an extension of time to file or an extension of the statute
12 of limitations independent of federal action. Every taxpayer shall
13 notify the department in writing, within 90 days, of any alteration in,
14 or modification of his federal income tax return and of a recomputation
15 of tax or determination of deficiency. For purposes of applying the
16 statute of limitations, this notification constitutes a separate return,
17 and failure to file this notification will have the same effect as the
18 failure to file a return under this title.

19 (c) The license for the privilege of taking orders through use of
20 catalogs and by mail order offices in the state is the same as set out
21 in this chapter for business generally [AND GROSS VOLUME OF BUSINESS OF
22 THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF THE
23 MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT].

24 (d) The [INITIAL] fee of \$25 applies to all of the provisions of
25 this section, and shall accompany the application. The balance is due
26 and payable on the last day of the taxpayer's tax year [DECEMBER 31ST OF
27 EACH YEAR] and shall be paid before the 15th day of the third month
28 following the end of the tax year [FIRST DAY OF MARCH FOLLOWING], except
29 that the time for filing the return may be extended as provided in (b)

1 of this section [DEPARTMENT MAY EXTEND THE TIME UNTIL THE 30TH OF THE
2 FOLLOWING APRIL UPON APPLICATION SHOWING THAT THE EXTENSION IS NECESSARY
3 TO ENABLE THE APPLICANT TO ASCERTAIN THE AMOUNT OF LICENSE MONEY DUE].
4 To enable accurate determination of the balance of the tax due at the
5 end of each year, each person to whom this chapter applies shall keep
6 records, give statements under oath, and make returns which the de-
7 partment requires. Returns are made under penalty of perjury.

8 * Sec. 4. AS 43.70.080 is amended to read:

9 Sec. 43.70.080. DISPOSAL OF MONEY. All money collected by the
10 department under this chapter shall be deposited in the general fund.
11 [THE DEPARTMENT OF REVENUE SHALL REFUND TO EACH ORGANIZED BOROUGH AND
12 EACH CITY OF ANY CLASS 60 PER CENT OF THE MONEY COLLECTED IN THE LOCAL
13 GOVERNMENT.]

14 * Sec. 5. AS 43.70.010 and 43.70.070(b) are repealed.

15 * Sec. 6. TRANSITIONAL RULES FOR REVENUE SHARING UNDER THIS ACT. The
16 revenue raised under AS 43.70 which relates to the 1978 calendar year (includ-
17 ing the \$25 license fee due March 1, 1978 and the fees on the total gross
18 receipts for 1978 which accompany returns filed in 1979 under AS 43.70.040(d))
19 is the source of revenue to be shared in 1979 in accordance with AS 43.70.080.
20 The increase in the corporate income tax which goes into effect in 1979 is
21 the source of revenue to be shared with the municipalities under AS 43.20.016
22 in 1980 and subsequent years. This Act does not entitle any organized borough
23 or any city of any class to revenue under both AS 43.70.080 and AS 43.20.016,
24 for the same period of time.

25 * Sec. 7. Sections 1 - 3 and 5 - 6 of this Act take effect January 1,
26 1979. Section 4 of this Act takes effect January 1, 1980.

Original sponsor: Orsini

IN THE SENATE

BY THE FREE CONFERENCE COMMITTEE

FREE CONFERENCE CS FOR CS FOR SENATE BILL NO. 7

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to individual tax credits, the gross receipts tax, and the corporate income tax; and providing for an effective date."

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

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

Sec. 43.20.015. INDIVIDUAL TAX CREDIT. (a) For tax years beginning after December 31, 1977, each individual filing an Alaska net income tax return is entitled to the credit provided for in this section. For married taxpayers filing a joint return, the return may claim the credit for each spouse.

(b) The amount of the annual individual tax credit shall be as follows, but not exceeding the net tax liability of the taxpayer after deduction of all other applicable credits:

(1) for the first tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- \$100;

(2) for the second tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- \$200;

(3) for the third tax year beginning after December 31, 1977 that a taxpayer files an income tax return and each tax year thereafter -- \$300.

(c) For part-year residents and nonresident individual taxpayers the credit provided in this section shall be prorated according to the number of months of residency in the state.

(d) The space for claiming the individual income tax credit shall

1 be given a prominent location on the form furnished by the department
2 for the filing of the individual income tax return.

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

4 Sec. 43.20.016. SHARING OF CORPORATE INCOME TAX REVENUE WITH MUNI-
5 CIPALITIES. (a) There is established within the Department of Revenue
6 the municipal assistance fund. The legislature may appropriate to the
7 fund during each fiscal year an amount equal to or greater than 10 per
8 cent of the income tax revenue received by the state under sec. 11(e) of
9 this chapter and ch. 21 of this title for the previous fiscal year. The
10 Department of Revenue shall distribute money from the fund to each
11 organized borough and each city of any class on an annual basis as
12 provided in (b) and (c) of this section.

13 (b) The base amount to be distributed from the fund to each bor-
14 ough and city for the fiscal year shall be the amount received by the
15 borough or city during fiscal year 1978 under AS 43.70.080; however, if
16 the amount appropriated to the fund by the legislature under (a) of this
17 section is insufficient for distribution of the full base amount, the
18 Department of Revenue shall prorate the amount available for distribu-
19 tion on the basis of amounts received during fiscal year 1978 under AS
20 43.70.080. A city incorporated within an organized borough after
21 June 30, 1977 shall receive as a base amount a share of the amount
22 distributed to the borough in which it is located based on the ratio of
23 population in the city to the total population in the borough. A city
24 incorporated outside an organized borough after June 30, 1977 shall
25 receive as a base amount the amount received by the city in the state
26 most closely approximating it in population at the time of its incor-
27 poration. A borough incorporated after June 30, 1977 shall receive as a
28 base amount the amount received by the borough in the state most closely
29 approximating it in population at the time of its incorporation.

(c) If the amount in the fund at the time of distribution exceeds the base amount to be distributed under (b) of this section, the excess amount shall be distributed to each borough and city on the basis of population. For the purpose of this subsection, the population of a city within an organized borough shall be deducted from the population of the borough. Population, for the purpose of this section, shall be as certified by the commissioner of community and regional affairs.

(d) The intent of (c) of this section is that local governments which levy property taxes reduce those levies in reasonable proportion to the amount of increased state aid received by a local government. The governing body of each local government shall furnish a notice with the tax statement describing its use of this increased state aid.

* Sec. 3. AS 43.70.030 is amended to read:

Sec. 43.70.030. LEVY AND COMPUTATION OF LICENSE FEE. (a) The license fee for each business is \$25 [PLUS A SUM EQUAL TO ONE HALF OF ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000 FROM THE BUSINESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED, EXCEPT THAT ALL GROSS SALES IN EXCESS OF \$10,000 A YEAR IS TAXED AT THE RATE OF ONE-QUARTER OF ONE PER CENT. THE ANNUAL LICENSE FEE PAID BY A PROFESSIONAL PERSON TO HIS PROFESSIONAL BOARD SHALL BE CREDITED AGAINST THE INITIAL FEE REQUIRED UNDER THIS CHAPTER].

(b) The license fee for each national bank and state bank, trust company and savings and loan association is seven per cent of its net income. Net income means the taxable income of each taxpayer before net operating loss deduction and special deductions, computed as provided under the Internal Revenue Code of the United States and includes all other income including income from federal, state or municipal obligations. Each of these taxpayers required to make a return under the provisions of the Internal Revenue Code shall at the same time file with

1 the department a return setting out the amount of tax due under this
2 chapter, and other information for the purpose of carrying out the
3 provisions of this chapter which the department requires. Each of these
4 taxpayers shall also at the same time file a true and correct copy of
5 the tax return which he has filed with the Internal Revenue Service. A
6 taxpayer filing under this subsection shall use the same tax year as the
7 taxpayer uses for federal income tax purposes. Any approved extension
8 of time to file the taxpayer's federal income tax return automatically
9 extends the time for filing under this chapter. Any agreement which a
10 taxpayer enters into with the Internal Revenue Service which extends the
11 statute of limitations for any federal income tax return will apply to
12 returns filed under this chapter. The department may, in its discre-
13 tion, grant an extension of time to file or an extension of the statute
14 of limitations independent of federal action. Every taxpayer shall
15 notify the department in writing, within 90 days, of any alteration in,
16 or modification of his federal income tax return and of a recomputation
17 of tax or determination of deficiency. For purposes of applying the
18 statute of limitations, this notification constitutes a separate return,
19 and failure to file this notification will have the same effect as the
20 failure to file a return under this title.

(c) The license for the privilege of taking orders through use of catalogs and by mail order offices in the state is the same as set out in this chapter for business generally [ADD GROSS VOLUME OF BUSINESS OF THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY BY THE MERCHANT IS MADE THROUGH THE OFFICES OR NOT].

(d) The [INITIAL] fee of \$25 applies to all of the provisions of this section, and shall accompany the application. The balance is due and payable on the last day of the taxpayer's tax year [INITIAL YEAR OR FISCAL YEAR] and shall be paid before the 15th day of the third month

following the end of the tax year [FIRST DAY OF MARCH FOLLOWING], except that the time for filing the return may be extended as provided in (b) of this section [DEPARTMENT MAY EXTEND THE TIME UNTIL THE 30TH OF THE FOLLOWING APRIL UPON APPLICATION SHOWING THAT THE EXTENSION IS NECESSARY TO ENABLE THE APPLICANT TO ASCERTAIN THE AMOUNT OF LICENSE MONEY DUE]. To enable accurate determination of the balance of the tax due at the end of each year, each person to whom this chapter applies shall keep records, give statements under oath, and make returns which the department requires. Returns are made under penalty of perjury.

* Sec. 4. AS 43.70.050 is amended to read:

Sec. 43.70.050. DISPOSAL OF MONEY. All money collected by the department under this chapter shall be deposited in the general fund. [THE DEPARTMENT OF REVENUE SHALL REFUSE TO EACH ORGANIZED BOROUGH AND EACH CITY OF ANY CLASS 60 PER CENT OF THE MONEY COLLECTED IN THE LOCAL GOVERNMENT.]

* Sec. 5. AS 43.70.010 and 43.70.070(b) are repealed.

* Sec. 6. TRANSITIONAL RULES FOR REVENUE SHARING UNDER THIS ACT. The revenue raised under AS 43.70 which relates to the 1978 calendar year (including the 575 license fee due March 1, 1978 and the fees on the total gross receipts for 1978 which accompany returns filed in 1979 under AS 43.70.030(1)) is the source of revenue to be shared in 1979 in accordance with AS 43.70.069. The increase in the corporate income tax which goes into effect in 1979 is the source of revenue to be shared with the municipalities under AS 43.70.016 in 1980 and subsequent years. This Act does not entitle any organized borough or any city of any class to revenue under both AS 43.70.080 and AS 43.70.016, for the same period of time.

* Sec. 7. Section 1 of this Act is retroactive to January 1, 1978.

* Sec. 8. Sections 1 and 7 of this Act take effect immediately in accordance with AS 01.10.029(c). Sections 2, 3, 5, and 6 of this Act take effect

January 1, 1979. Section 4 of this Act takes effect January 1, 1980.