

LEG. FINANCE - BILLS 1979 - 1980 1389

CSSB 582 cont., thru SB 589 am 1389

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 582
 Title Assessment and levy on transient aircraft
 Requested by _____ Date _____

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

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	6	7	7	7	7	7
300 CONTRACTUAL	2	1	1	1	1	1
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	8	8	8	8	8	8

FUNDING (Thousands of Dollars)

	-0-	-0-	-0-	-0-	-0-	-0-
GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

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

The bill imposes the duty of assessing aircraft without the addition of taxes to the State for that effort. The burden of determining the value of aircraft is potentially onerous if the bill in fact requires the valuation of all aircraft of even international carriers such as Japan Airlines and the like. The proposed valuation formula works like this:

$$\frac{\text{landings}_{\text{municipality}}}{\text{landings}_{\text{worldwide}}} \times \text{assessed value}_{\text{worldwide}}$$

I am not sure how the "worldwide" scope can be reduced and still result in a realistic apportionment formula. However, Anchorage does not presently assess a tax on internationally-based carriers, such that there is no actual need to assess those aircraft. Nevertheless, the bill does not exempt such carriers from the mandatory duty to assess, but simply leaves the option of levying a tax to the

IV. DATE 5/6/82 PREPARED BY Robert M. Johnson
 AGENCY Revenue
 PHONE 276-1363
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

Page 2

municipality. Whether these internationally-based aircraft can in fact be taxed is a question for the Attorney General's Office.

ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND... Session

SENATE BILL..... NO. 582.....

By THE RULES COMMITTEE BY.....
REQUEST

"An Act relating to the assessment, levy and collection of property taxes on transient aircraft; and providing for an effective date."

Introduced in the Senate ... 5/1/80 ... 19... 80

HISTORY IN THE SENATE

19 80	5 1	Read first time and referred to Committee on Judiciary and Finance
	5 12	Reported back with <i>judiciary</i> recommendation that <i>reflect</i>
	5 16	<i>w/CS, 4th read to Finance</i> <i>Fin see CS-2d pass</i> <i>move to Rules</i>
	5 17	<i>Rule Calendar</i>
	5 19	Read second time and <i>CS adopted & advanced</i>
	5 19	Read third time and
	5 19	PASS Effective Date Yeas 16 Yeas Nays 3 Nays Absent - Absent Excused / Excused <i>same</i>
		Reconsideration PASS Effective Date Yeas Yeas Nays Nays Absent Absent Excused Excused
	5 19	Reported correctly engrossed
	19 19	Signed by President
		Sent to House
		<i>Reggie Mulligan</i> SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19 80	may 20	Read first time and referred to Committee on <i>Finance</i>
		Reported back with recommendation that
		Read second time and
		Read third time and
		PASS Effective Date Yeas Yeas Nays Nays Absent Absent Excused Excused
		Reconsideration PASS Effective Date Yeas Yeas Nays Nays Absent Absent Excused Excused
		Reported correctly engrossed
		Signed by Speaker
		Returned to Senate
		CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Filed with Lt. Governor
	Chapter No.



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

3/23/90
Date

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 582
Title Assessment of transient aircraft
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Revenue
Program Category Affected General Government
BRU, Program, or Subprogram(s) Affected Petroleum Revenue
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	6	4	4	4	4
300 CONTRACTUAL	0	2	1	1	1	1
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	8	5	5	5	5

FUNDING (Thousands of Dollars)

GENERAL FUND	0	8	5	5	5	5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PAK T TIME						
TEMPORARY						

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

Assuming the responsibilities under this bill are assigned to Pet Rev, no new positions are needed. However, for the start up year, additional travel expenses of \$5,000 are requested to cover such field audits as are needed and additional per diem and travel expenses incurred by the Assessment Review Board through appeals under the bill. In addition, \$2,000 in contractual fees are requested to cover certain costs before the Review Board. For years after FY 81, the funds requested would drop to about \$5,000 for both categories.

IV. DATE 5/15/80 PREPARED BY Robert M. Johnson
AGENCY Department of Revenue
PHONE 276-1363
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 582
 Title Assessment of transient aircraft
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Petroleum Revenue

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

EXPENDITURES (Thousands of Dollars)

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200 TRAVEL	0	6	4	4	4	4
300 CONTRACTUAL	0	2	1	1	1	1
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	8	5	5	5	5

FUNDING (Thousands of Dollars)

GENERAL FUND	0	8	5	5	5	5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The revised bill reduces the scope of the assessment effort from that assigned under SB 582. However, the bill imposes the duty of assessing aircraft without the addition of taxes to the State for that effort. The aircraft required to be assessed are all commercial carrier aircraft of an aircraft owner, whose aircraft touchdown in a municipality which taxes those aircraft. Commercial carrier aircraft in excess of 12,500 lbs are not covered. The bill does establish a formula whereby municipalities can more fully tax all aircraft than they otherwise could.

IV. DATE 5/15/80 PREPARED BY Robert M. Johnson
 AGENCY Department of Revenue
 PHONE 276-1363
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

Original sponsor: Rules Committee
by request

Offered: 5/12/80
Referred: Finance

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2 CS FOR SENATE BILL NO. 582

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the assessment, levy and collection
7 of property taxes on transient aircraft; and providing
8 for an effective date."

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

10 * Section 1. AS 44.25.020 is amended by adding a new paragraph to read:

11 (5) assess the value of transient aircraft in accordance with
12 AS 29.53.038.

13 * Sec. 2. AS 29.53 is amended by adding a new section to read:

14 Sec. 29.53.038. TRANSIENT AIRCRAFT. (a) The Department of Revenue
15 shall assess the value of transient aircraft that is not exempt from
16 property taxes under AS 29.53.162(c). The Department of Revenue shall
17 determine the value of aircraft assessed under this section at its full
18 and true value and shall determine the value of the aircraft as of
19 January 1 annually.

20 (b) The Department of Revenue may require by notice each person
21 having ownership or control of an interest in aircraft assessed under
22 this section to submit a return in the form prescribed by the Department
23 of Revenue, based on values existing on January 1 of each year. The
24 Department of Revenue by written notice may require a person to provide
25 additional information within 30 days of the notice.

26 (c) The Department of Revenue may investigate aircraft on which a
27 return has been filed or on which no return has been filed. In either
28 case, the department may make its own valuation of the aircraft, which
29 is prima facie evidence of full and true value. An employee or agent of

1 the Department of Revenue may enter an aircraft as necessary for the in-
2 vestigation during reasonable hours and may examine appropriate records.
3 When requested by an employee or agent of the Department of Revenue, the
4 owner of the aircraft shall furnish to the employee or agent reasonable
5 assistance required for the investigation. If refused entry, the Depart-
6 ment of Revenue may seek a court order to compel entry. For the purpose
7 of the investigation, the owner of the aircraft or his representative
8 may be required to present himself for examination under oath by the
9 Department of Revenue.

10 (d) The Department of Revenue shall prepare annually the assess-
11 ment roll for taxation of transient aircraft by municipalities. The
12 assessment roll shall contain

- 13 (1) a description of all aircraft assessed under this section;
14 (2) the assessed value of the aircraft;
15 (3) the names and addresses of persons owning aircraft
16 assessed under this section.

17 (e) On or before March 1 of each year, the Department of Revenue
18 shall send to each owner of aircraft named in the assessment roll a
19 notice of assessment, showing the assessed value of the aircraft.
20 Notice of assessment is effective on the date of mailing.

21 (f) The Department of Revenue shall send to each municipality
22 levying a property tax a copy of the notice of assessment on aircraft
23 which is assessed under this section.

24 (g) A municipality or an owner of aircraft receiving an assessment
25 notice may object to the assessment by advising the Department of Revenue
26 in writing of the objections to the assessment within 20 days of the
27 effective date of the notice.

28 (h) The Department of Revenue shall provide by regulation for
29 notices of appeals to interested persons and municipalities.

1 (i) Following an objection, the Department of Revenue may adjust
2 the assessment and the assessment roll. An adjustment based on an
3 objection from a municipality or an owner of aircraft shall be made
4 within 30 days of the effective date of the notice of assessment.

5 (j) After a ruling by the Department of Revenue on an appeal made
6 under (g) of this section, the municipality or the owner of aircraft may
7 appeal to the State Assessment Review Board. The appeal must be filed
8 in writing within 50 days of the effective date of the notice of assess-
9 ment. The State Assessment Review Board shall provide by regulation for
10 notices of appeals to interested persons and municipalities.

11 (k) The State Assessment Review Board shall hear appeals filed
12 under (i) of this section. A majority of the State Assessment Review
13 Board constitutes a quorum required to transact business under this
14 section. The State Assessment Review Board shall provide by regulation
15 for notices of hearings to interested persons and municipalities. If an
16 appellant fails to appear at the hearing, the State Assessment Review
17 Board may proceed with the hearing in his absence. The appellant bears
18 the burden of proof at a hearing under this subsection.

19 (l) The only grounds for adjustment of assessed value is proof of
20 unequal, excessive or improper valuation or valuation not determined in
21 accordance with the standards set out in this section, based on facts
22 stated in a written appeal timely filed or proved at the hearing.

23 (m) The State Assessment Review Board shall certify its determina-
24 tion of an appeal to the Department of Revenue within seven days of the
25 hearing.

26 (n) A municipality or an owner of aircraft may appeal to the
27 superior court for, and is entitled to, trial de novo of the action of
28 the State Assessment Review Board.

29 (o) No later than June 1 of each year, the Department of Revenue

1 shall certify the final assessment roll.

2 (p) The Department of Revenue shall include aircraft omitted from
3 the assessment roll on a supplementary assessment roll, using the proce-
4 dures set out in this section for the original assessment roll.

5 (q) In this section, "transient aircraft" means

6 (1) aircraft with a gross operating weight of more than
7 12,500 pounds used in commerce by an air carrier to furnish transport-
8 ation to the public for compensation, hire or lease;

9 (2) equipment included in aircraft described in (1) of this
10 subsection; and

11 (3) ground cargo handling and containerization equipment
12 which can be transported in aircraft described in (1) of this subsection
13 and which is so transported.

14 * Sec. 3. AS 29.53 is amended by adding a new section to read:

15 Sec. 29.53.162. LEVY AND COLLECTION OF PROPERTY TAX ON TRANSIENT
16 AIRCRAFT. (a) A municipality may levy and collect property tax on
17 transient aircraft only under this section.

18 (b) A municipality may levy a property tax on transient aircraft
19 by applying the rate of levy, determined under AS 29.53.170(b), to a
20 value for all transient aircraft under the same ownership determined by

21 (1) adding the value of all transient aircraft owned by the
22 same taxpayer; and

23 (2) multiplying the value determined under (1) of this sub-
24 section by the ratio of the number of landings of transient aircraft
25 owned by the taxpayer in the municipality levying the tax during the
26 year preceding the assessment year to the total number of landings of
27 all transient aircraft owned by the taxpayer.

28 (c) A municipality may, by ordinance, classify transient aircraft
29 and exempt certain classes of transient aircraft from levy and collection

1 of a property tax under this section.

2 (d) In this section, "transient aircraft" means

3 (1) aircraft with a gross operating weight of more than
4 12,500 pounds used in commerce by an air carrier to furnish transporta-
5 tion to the public for compensation, hire or lease;

6 (2) equipment included in aircraft described in (1) of this
7 subsection; and

8 (3) ground cargo handling and containerization equipment
9 which can be transported in aircraft described in (1) of this subsection
10 and which is so transported.

11 * Sec. 4. Notwithstanding any other provisions of AS 29.53, an assessment
12 return on transient aircraft filed with a municipality under AS 29.53.070 for
13 the 1980 assessment year is valid for determining the tax due for that assess-
14 ment year. If two or more municipalities levy a property tax on transient
15 aircraft under AS 29.53 for the 1980 assessment year, the owner of the air-
16 craft may ask the commissioner of revenue to determine the tax due to each
17 municipality. Upon receipt of the request of the taxpayer, the commissioner
18 of revenue shall apportion the tax due by applying to the assessment of
19 transient aircraft reported to a municipality under AS 29.53.070 the amount
20 determined under AS 29.53.162, added by sec. 3 of this Act.

21 * Sec. 5. Notwithstanding any other provision of AS 29.53, an assessment
22 return on transient aircraft filed with a municipality under AS 29.53.070 for
23 an assessment year before 1980, is valid for determining the property tax due
24 to that municipality for that prior assessment year.

25 * Sec. 6. Sections 1 - 3 of this Act take effect January 1, 1981.

26 * Sec. 7. Sections 4 - 7 of this Act take effect immediately in accord-
27 ance with AS 01.10.070(c).

28

29

COMMITTEE REPORT

SENATE

FURTHER: None

5/12/80

Date: May 16, 1980

Mr. President:

The Committee on FINANCE has had SB 582
assessment, levy and collection of property taxes on transient aircraft

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

- do pass do not pass
 do pass with attached amendments(s)
 replace with ^{Judiciary} CS for SB 582 same title
 new title
and recommends _____
 AND attaches a "Letter of Intent" New Fiscal Note
 reports it back without recommendation
 referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Bill Kay DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

William V. ...
William ...
...

George ...
CHAIRMAN

Original sponsor: Rules Committee
by request

Offered: 5/12/80
Referred: Finance

1 IN THE SENATE BY THE JUDICIARY COMMITTEE

2 CS FOR SENATE BILL NO. 582

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

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18 and true value and shall determine the value of the aircraft as of
19 January 1 annually.

20 (b) The Department of Revenue may require by notice each person
21 having ownership or control of an interest in aircraft assessed under
22 this section to submit a return in the form prescribed by the Department
23 of Revenue, based on values existing on January 1 of each year. The
24 Department of Revenue by written notice may require a person to provide
25 additional information within 30 days of the notice.

26 (c) The Department of Revenue may investigate aircraft on which a
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28 case, the department may make its own valuation of the aircraft, which
29 is prima facie evidence of full and true value. An employee or agent of

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2 vestigation during reasonable hours and may examine appropriate records.
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4 owner of the aircraft shall furnish to the employee or agent reasonable
5 assistance required for the investigation. If refused entry, the Depart-
6 ment of Revenue may seek a court order to compel entry. For the purpose
7 of the investigation, the owner of the aircraft or his representative
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20 Notice of assessment is effective on the date of mailing.

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22 levying a property tax a copy of the notice of assessment on aircraft
23 which is assessed under this section.

24 (g) A municipality or an owner of aircraft receiving an assessment
25 notice may object to the assessment by advising the Department of Revenue
26 in writing of the objections to the assessment within 20 days of the
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5 (j) After a ruling by the Department of Revenue on an appeal made
6 under (g) of this section, the municipality or the owner of aircraft may
7 appeal to the State Assessment Review Board. The appeal must be filed
8 in writing within 50 days of the effective date of the notice of assess-
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13 Board constitutes a quorum required to transact business under this
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15 for notices of hearings to interested persons and municipalities. If an
16 appellant fails to appear at the hearing, the State Assessment Review
17 Board may proceed with the hearing in his absence. The appellant bears
18 the burden of proof at a hearing under this subsection.

19 (l) The only grounds for adjustment of assessed value is proof of
20 unequal, excessive or improper valuation or valuation not determined in
21 accordance with the standards set out in this section, based on facts
22 stated in a written appeal timely filed or proved at the hearing.

23 (m) The State Assessment Review Board shall certify its determina-
24 tion of an appeal to the Department of Revenue within seven days of the
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27 superior court for, and is entitled to, trial de novo of the action of
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1 shall certify the final assessment roll.

2 (p) The Department of Revenue shall include aircraft omitted from
3 the assessment roll on a supplementary assessment roll, using the proce-
4 dures set out in this section for the original assessment roll.

5 (q) In this section, "transient aircraft" means

6 (1) aircraft with a gross operating weight of more than
7 12,500 pounds used in commerce by an air carrier to furnish transport-
8 ation to the public for compensation, hire or lease;

9 (2) equipment included in aircraft described in (1) of this
10 subsection; and

11 (3) ground cargo handling and containerization equipment
12 which can be transported in aircraft described in (1) of this subsection
13 and which is so transported.

14 * Sec. 3. AS 29.53 is amended by adding a new section to read:

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18 (b) A municipality may levy a property tax on transient aircraft
19 by applying the rate of levy, determined under AS 29.53.170(b), to a
20 value for all transient aircraft under the same ownership determined by

21 (1) adding the value of all transient aircraft owned by the
22 same taxpayer; and

23 (2) multiplying the value determined under (1) of this sub-
24 section by the ratio of the number of landings of transient aircraft
25 owned by the taxpayer in the municipality levying the tax during the
26 year preceding the assessment year to the total number of landings of
27 all transient aircraft owned by the taxpayer.

28 (c) A municipality may, by ordinance, classify transient aircraft
29 and exempt certain classes of transient aircraft from levy and collection

1 of a property tax under this section.

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11 * Sec. 4. Notwithstanding any other provisions of AS 29.53, an assessment
12 return on transient aircraft filed with a municipality under AS 29.53.070 for
13 the 1980 assessment year is valid for determining the tax due for that assess-
14 ment year. If two or more municipalities levy a property tax on transient
15 aircraft under AS 29.53 for the 1980 assessment year, the owner of the air-
16 craft may ask the commissioner of revenue to determine the tax due to each
17 municipality. Upon receipt of the request of the taxpayer, the commissioner
18 of revenue shall apportion the tax due by applying to the assessment of
19 transient aircraft reported to a municipality under AS 29.53.070 the amount
20 determined under AS 29.53.162, added by sec. 3 of this Act.

21 * Sec. 5. Notwithstanding any other provision of AS 29.53, an assessment
22 return on transient aircraft filed with a municipality under AS 29.53.070 for
23 an assessment year before 1980, is valid for determining the property tax due
24 to that municipality for that prior assessment year.

25 * Sec. 6. Sections 1 - 3 of this Act take effect January 1, 1981.

26 * Sec. 7. Sections 4 - 7 of this Act take effect immediately in accord-
27 ance with AS 01.10.070(c).

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811

May 3, 1980

The Honorable Robert H. Ziegler, Sr.
Chairman
Senate Judiciary Committee
Room 107 - Capitol Building
Juneau, AK 99802

Dear Senator Ziegler:

SENATE BILL NO. 582

Senate Bill No. 582, an Act relating to the assessment, levy and collection of property taxes on transient aircraft, was introduced in the Senate on May 1, 1980 and was referred to the Senate Judiciary and Finance Committees.

For the consideration of the Senate Judiciary Committee, I am enclosing copies of two Fiscal Notes prepared by Robert M. Johnson, Director Petroleum Revenue Division, Department of Revenue.

Sincerely,

R. D. Stevenson
Special Assistant
Phone (907) 465-2397

cc: The Honorable John Sackett
Chairman
Senate Finance Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Robert M. Johnson, Director
Petroleum Revenue Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 582
 Title Assessment and Levy on transient aircraft
 Requested by _____ Date _____

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

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	6	7	7	7	7	7
300 CONTRACTUAL	2	1	1	1	1	1
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	8	8	8	8	8	8

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER (Specify Fund Source)	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

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

The bill imposes the duty of assessing aircraft without the addition of taxes to the State for that effort. The burden of determining the value of aircraft is potentially onerous if the bill in fact requires the valuation of all aircraft of even international carriers such as Japan Airlines and the like. The proposed valuation formula works like this:

$$\frac{\text{landings}_{\text{municipality}}}{\text{landings}_{\text{worldwide}}} \times \text{assessed value}_{\text{worldwide}}$$

I am not sure how the "worldwide" scope can be reduced and still result in a realistic apportionment formula. However, Anchorage does not presently assess a tax on internationally-based carriers, such that there is no actual need to assess those aircraft. Nevertheless, the bill does not exempt such carriers from the mandatory duty to assess, but simply leaves the option of levying a tax to the

IV. DATE 5/1/82 PREPARED BY Robert M. Johnson
 AGENCY Revenue
 PHONE 276-1363

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

Page 2

municipality. Whether these internationally-based aircraft can in fact be taxed is a question for the Attorney General's Office.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 582
 Title Assessment and levy on transient aircraft
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Revenue
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Petroleum Revenue
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	6	7	7	7	7	7
300 CONTRACTUAL	2	1	1	1	1	1
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	8	8	8	8	8	8

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER (Specify Fund Source)	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

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

Assuming the responsibilities under SB 582 are assigned to Pet Rev, no new positions are needed. However, additional travel expenses of \$5000 for each year are requested in order to cover such field audit trips as are needed in the assessment of aircraft, and an additional \$3000 would be required to fund additional per diem and travel expenses incurred by the Assessment Review Board through appeals based on the bill.

IV. DATE 5/6/80 PREPARED BY Robert M. Johnson
 AGENCY Revenue
 PHONE 276-1363
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE
of ALASKA

MEMORANDUM

TO: [Joseph K. Donohue, Deputy Commissioner
Department of Revenue

DATE: May 6, 1980

FILE NO:

TELEPHONE NO:

FROM: Robert M. Johnson, Director *RMJ*
Petroleum Revenue DivisionSUBJECT: SB 582
(Aircraft Assessments)

To meet some of the problems perceived in this bill, I would suggest the following amendments:

Page 1, sec. 2, lines 14-15. Sec. 29.53.038. TRANSIENT AIRCRAFT. The Department of Revenue shall assess the value of transient aircraft, when the value of such transient aircraft is relevant for purposes of levying a tax under AS 29.53.162. The Department. . . .

Page 3, sec. 2, line 7. "20 days" should be "50 days."

Page 4, sec. 2, line 5 and sec. 3, line 27. ". . . In this section, 'transient aircraft' means (1) aircraft with a gross operating weight in excess of 12,500 lbs. used. . . ."

The foregoing provisions reduce the total number of assessments the Department must make to those which are relevant. Thus, if Anchorage does not tax internationally-based carriers like Japan Airlines, the Department does not have the duty to assess. Also, the weight limitation on "transient aircraft" would avoid the assessment of hundreds of bush planes. (An FAA list of certified air taxi operations is being sent by pouch mail. It shows the volume of aircraft covered.) Those planes under the weight limit would continue to be taxed by municipalities as under present law and ordinance--that is, full assessment and tax if the plane has nexus in the municipality. It is my understanding that SB 582 was designed to cover large aircraft and their taxpaying owners, not bush aircraft. The 12,500 lbs. limit is an FAA break-point. Finally, the 20 to 50 day amendment is designed to insure consistent procedure before the Assessment Review Board.

RMJ/rdm

RELATING TO TAXATION OF TRANSIENT AIRCRAFT

SB 582

- Section 1: Adds a new paragraph to AS 44.25.020, which is the section relating to powers and duties of the Department of Revenue. It gives the department the duty of assessing transient aircraft.
- Section 2. Sets out (1) the mechanism for assessing transient aircraft under this new section.
(2) means of appeal by both the owner of the aircraft or a municipality.
(3) defines "transient aircraft" and other applicable property which may be assessed and taxed.
- Section 3. Outlines how or at what rate a municipality may tax a transient aircraft.
- Section 4. Sets out what happens when two or more municipalities seek to tax a transient aircraft.
- Section 5. Provides that Sections 1-3 become effective on Jan.1. 1981
- Section 6. Provides that Sections 4-6 take effect immediately



MULTIPLE TAXATION

April 18, 1980

The Honorable Mike Colletta
Pouch V, Mail Stop 3100
Juneau, AK 99811

Dear Senator Colletta:

I am writing to bring an urgent matter to your attention that can only get worse if not dealt with in a timely fashion. The matter is the multiple taxation of transient aircraft by the several boroughs.

Multiple taxation of transient aircraft occurs for two simple reasons. First, there is no agreed upon formula by which to allocate a fair portion of the aircraft fleet to each of the boroughs. Presently each borough decides for itself how many aircraft are within its jurisdiction. If a single allocation formula were adopted, then the entire aircraft fleet could be spread over the various boroughs by assigning a portion to each (e.g., 7 aircraft to one borough, 3.3 aircraft to another, etc.). The second way in which multiple taxation creeps into property taxation is through valuation because, once again, each borough decides for itself the value of the transient aircraft. These two concepts, of course, work together in property taxation. For example, it is very possible for a jurisdiction to decide that its portion of the fleet is small but then ascribe a huge valuation to that portion.

In order to rectify multiple taxation of transient aircraft, the legislature needs to address these two issues. A single fleet valuation needs to be accepted by all the boroughs, such as is done with valuation of the Trans Alaska Pipeline. I suggest that this valuation task be given to the Department of Revenue and that its determination be accepted by the boroughs. Finally, a single allocation formula needs to be decided upon that will allocate the fleet among the boroughs. Any rational method is acceptable. I suggest that landings be considered because that data is objective and is relatively easy to retrieve.

I am enclosing a draft bill which addresses these matters. It also provides that previous property returns, if not fraudulent, be accepted as already filed with the various boroughs.

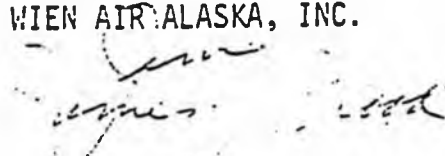
It should be emphasized that we are not seeking to avoid or reduce our share of property taxes. We are simply requesting that we not be subject to multiple taxation merely because we happen to own transient property.

The Honorable Mike Colletta
Page 2

Our legislative liaison, Rick Urion, is available to answer any specific questions you may have. I am also available to discuss the matter with you.

Very truly yours,

WIEN AIR ALASKA, INC.



James J. Flood
Chairman of the Board,
President, & Chief
Executive Officer

cc: Rick Urion

JJF/mls

Enclosure

STATE OF ALASKA
THE LEGISLATURE

POUCHY - STATE CAPITOL
JUNEAU ALASKA 99811
907-465-3600

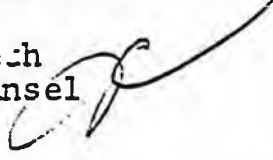
LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 30, 1980

SUBJECT: Municipal taxation of transient aircraft
(Work Order Number 8529)

TO: Senator Mike Colletta
Chairman, Senate Rules Committee

FROM: John B. Chenoweth
Legislative Counsel 

In its draft form, this bill is somewhat more complex than the one-page proposal offered as an attachment to the letter directed to you which pointed out the problems involving multiple assessment, levy and collection of a property tax on aircraft. This bill is made longer by the fact that, while the municipal code contains extensive procedures relative to assessment, levy and collection of general property taxes, and AS 43.56 contains extended provisions relating to state assessment, levy and collection of property subject to the tax jointly laid on oil exploration, production and pipeline transportation properties, the suggested mechanism for taxation of aircraft required preparation of a "hybrid" approach, allowing the commissioner of revenue to assess while leaving to municipalities the right to levy, subject to specific limitations.

This is a property tax levied for municipal purposes. The bill draft, therefore, adds sections to AS 29. I think the first three sections are fairly self-explanatory, though I would advise you to assure yourself that the definition of "transient aircraft" meets all aircraft you would intend to reach.

Section 4 speaks only to assessment year 1980 and would apply the formula offered in an earlier section to the assessment reported by the taxpayer under the law as it currently reads.

Senator Mike Colletta

Page 2

April 30, 1980

The permanent law portions of the bill are made effective January 1, 1981. The bill could have been given retroactive effect to January 1, 1980, (in which case section 4 would be deleted as unnecessary) but, because the principal provisions of the permanent law sections require the Department of Revenue to complete an assessment within a time frame of a few months at the outset of a calendar year, and because that time period has passed for 1980, it seemed preferable to delay the effective date and to provide an interim solution to problems posed by multiple claims of municipalities for just this one year based on the assessments which the taxpayers themselves reported. In other words, while the legislature could provide a complete form of relief in subsequent years, the "status quo" would be only marginally disturbed in the current assessment year. I do not know whether this approach would have an effect on litigation which may now be pending to resolve the legal questions presented, and cannot assure you that proposed sec. 4 of the bill would preclude litigation over issues presented. It is, at best, an effort at an interim, partial solution.

JBC:ljb

Enclosure

WIEN AIR ALASKA, INC.
PERSONAL PROPERTY TAX EXAMPLE

5-100
2/12/54

ASSUMPTIONS

1. ASSESSED VALUE PER AIRCRAFT $\$1,000,000$
✓ ✓ ✓ FLEET $\$4,000,000$
2. ASSUME 2 JURISDICTIONS ONLY FOR SIMPLICITY
3. ASSUME #1 JURISDICTION ASSESSES BASED ON ONE AIRCRAFT'S TIME OVER IT, CALCULATED TO BE 30%
4. ASSUME #2 JURISDICTION IS THE SITE OF THE FLEET. ALSO ASSUME THAT #2 ASSESSES BASED ON THE FULL AND TRUE VALUE OF THE FLEET, WITH CREDIT GIVEN ON ASSESSED VALUE BASED ON THE FOLLOWING:
$$** \text{Value per landing} \times \left(\frac{\text{AVE. DAILY LANDINGS}}{\text{IN \#1 JURISDICTION}} \right) = \text{Assessment Credit}$$
5. ASSUME THAT AN AIRCRAFT WILL SPEND 30 minutes ON THE GROUND PER LANDING. THEREFORE,
 $1,000,000 \times \frac{1}{48} = \$20,800$ OF VALUE PER LANDING **
(THERE BEING 48 (1/2) HOUR PERIODS IN 1 DAY)
6. ASSUME THAT THE NUMBER OF LANDINGS BY FLEET IN PRIOR YEAR IN TOTAL WERE 20,729 AND THE NUMBER IN JURISDICTION #1 WERE 1858. THEREFORE,
 $1838 \times 365 = 5.03$ AVE. DAILY # LANDINGS

WION AIR FLIGHT, INC.
Personal Property Tax Example

2-1-00
 JED

JURISDICTION # 1

PRESENT METHOD

Ave. AIRCRAFT VALUE 1,000,000

TIME OVER BOROUGH X .30

Assessed VALUE #1 300,000

PROPOSED METHOD

FLEET VALUE 4,000,000

PROPORTIONATE^X
 LANDINGS 1538
 20,729

ASSESSED VALUE #1 355,000

JURISDICTION # 2

VALUE OF FLEET 4,000,000

** 20,800
 X * 5.03
 Assessed CREDIT <104,624>

Assessed VALUE #2 3895,376

FLEET VALUE 4,000,000

Proportionate^X
 LANDINGS 18,811
 20,729

ASSESSED VALUE #2 3,645,000

TOTAL FLEET Assessed Value 4,195,376

ACTUAL FLEET VALUE 4,000,000

Over Assessed
 195,376
 1779 Avc. mill RATE .01444

OVER TAXED 2,800

TOTAL FLEET ASSESSED VALUE 4,000,000

1838 LANDINGS IN #1
 % 365 DAYS

= * 5.03 LANDINGS / DAY

1,000,000
 % 48 (30 minutes of 24 HOURS)

** 20,800

BILL ANALYSIS

ASSIGNMENT DATE _____

UNASSIGNED _____

DEPARTMENT Revenue	SPONSOR (PRINCIPAL) Senate Rules	BILL NO. SB 582
-----------------------	-------------------------------------	--------------------

DEPARTMENT POSITION
Oppose unless modifications adopted *JKD*

DIVISION DIRECTOR <i>William Johnson</i>	DATE 5/6/80	DEPUTY COMMISSIONER <i>Joseph J. Donohue</i>	DATE 5/7/80
---------------------------------------------	----------------	-------------------------------------------------	----------------

GOVERNOR'S OFFICE USE

POSITION NOTED POSITION APPROVED POSITION DISAPPROVED

BY: _____ DATE: _____

SUMMARY

(1) RELATED BILLS (SIMILAR OR CONFLICTING) SB 313

(2) OTHER AGENCIES AFFECTED BY BILL

(2) a. ORGANIZATIONAL SUPPORT FOR BILL		(2) b. ORGANIZATIONAL OPPOSITION TO BILL.
----------------------------------------	--	-------------------------------------------

(3) PROGRAM EFFECTS OF BILL

Assuming the responsibilities under SB 582 are assigned to Pet Rev, no new positions are needed. However, additional travel expenses of \$5000 for each year are requested in order to cover such field audit trips as are needed in the assessment of aircraft, and an additional \$3000 would be required to fund additional per diem and travel expenses incurred by the Assessment Review Board through appeals based on the bill.

(4) FISCAL IMPACT: NONE FISCAL ANALYSIS ATTACHED

(5) AMENDMENTS PROPOSED:

See attached memorandum

(6) COMMENTS:

The bill imposes the duty of assessing aircraft without the addition of taxes to the State for that effort. The burden of determining the value of aircraft is potentially onerous if the bill in fact requires the valuation of all aircraft of even international carriers such as Japan Airlines and the Tike. The proposed valuation formula works like this:

$$\frac{\text{landings}_{\text{municipality}}}{\text{landings}_{\text{worldwide}}} \times \text{assessed value}_{\text{worldwide}}$$

I am not sure how the "worldwide" scope can be reduced and still result in a realistic apportionment formula. However, Anchorage does not presently assess a tax on internationally-based carriers, such that there is no actual need to assess those aircraft. Nevertheless, the bill does not

exempt such carriers from the mandatory duty to assess, but simply leaves the option of levying a tax to the municipality. Whether these internationally-based aircraft can in fact be taxed is a question for the Attorney General's Office.

Introduced: 5/1/80
Referred: Judiciary and
Finance

BY THE RULES COMMITTEE
BY REQUEST

1 IN THE SENATE

2 SENATE BILL NO. 582

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the assessment, levy and collection
7 of property taxes on transient aircraft; and providing
8 for an effective date."

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

10 * Section 1. AS 44.25.020 is amended by adding a new paragraph to read:

11 (5) assess the value of transient aircraft in accordance with
12 AS 29.53.038.

13 * Sec. 2. AS 29.53 is amended by adding a new section to read:

14 Sec. 29.53.038. TRANSIENT AIRCRAFT. (a) The Department of Revenue
15 shall assess the value of transient aircraft. The Department of Revenue
16 shall determine the value of aircraft assessed under this section at its
17 full and true value and shall determine the value of the aircraft as of
18 January 1 annually.

19 (b) The Department of Revenue may require by notice each person
20 having ownership or control of an interest in aircraft assessed under
21 this section to submit a return in the form prescribed by the Department
22 of Revenue, based on values existing on January 1 of each year. The
23 Department of Revenue by written notice may require a person to provide
24 additional information within 30 days of the notice.

25 (c) The Department of Revenue may investigate aircraft on which a
26 return has been filed or on which no return has been filed. In either
27 case, the department may make its own valuation of the aircraft, which
28 is prima facie evidence of full and true value. An employee or agent of
29 the Department of Revenue may enter an aircraft as necessary for the in-

1 investigation during reasonable hours and may examine appropriate records.
2 When requested by an employee or agent of the Department of Revenue, the
3 owner of the aircraft shall furnish to the employee or agent reasonable
4 assistance required for the investigation. If refused entry, the Depart-
5 ment of Revenue may seek a court order to compel entry. For the purpose
6 of the investigation, the owner of the aircraft or his representative
7 may be required to present himself for examination under oath by the
8 Department of Revenue.

9 (d) The Department of Revenue shall prepare annually the assess-
10 ment roll for taxation of transient aircraft by municipalities. The
11 assessment roll shall contain

- 12 (1) a description of all aircraft assessed under this section;
- 13 (2) the assessed value of the aircraft;
- 14 (3) the names and addresses of persons owning aircraft
15 assessed under this section.

16 (e) On or before March 1 of each year, the Department of Revenue
17 shall send to each owner of aircraft named in the assessment roll a
18 notice of assessment, showing the assessed value of the aircraft.
19 Notice of assessment is effective on the date of mailing.

20 (f) The Department of Revenue shall send to each municipality
21 levying a real property tax a copy of the notice of assessment on air-
22 craft which is assessed under this section.

23 (g) An owner of aircraft or a municipality receiving an assessment
24 notice may object to the assessment by advising the Department of Revenue
25 in writing of the objections to the assessment within 20 days of the
26 effective date of the notice.

27 (h) The Department of Revenue shall provide by regulation for
28 notices of appeals to interested persons and municipalities.

29 (i) Following an objection, the Department of Revenue may adjust

1 the assessment and the assessment roll. An adjustment based on an
2 objection from an owner of aircraft or a municipality shall be made
3 within 30 days of the effective date of the notice of assessment.

4 (j) After a ruling by the Department of Revenue on an appeal made
5 under (g) of this section, the owner of aircraft or a municipality may
6 appeal to the State Assessment Review Board. The appeal must be filed
7 in writing within 20 days of the effective date of the notice of assess-
8 ment. The State Assessment Review Board shall provide by regulation for
9 notice of appeals to interested persons and municipalities.

10 (k) The State Assessment Review Board shall hear appeals filed
11 under (i) of this section. A majority of the State Assessment Review
12 Board constitutes a quorum required to transact business under this
13 section. The State Assessment Review Board shall provide by regulation
14 for notices of hearings to interested persons and municipalities. If an
15 appellant fails to appear at the hearing, the State Assessment Review
16 Board may proceed with the hearing in his absence. The appellant bears
17 the burden of proof at a hearing under this subsection.

18 (l) The only grounds for adjustment of assessed value is proof of
19 unequal, excessive or improper valuation or valuation not determined in
20 accordance with the standards set out in this section, based on facts
21 stated in a written appeal timely filed or proved at the hearing.

22 (m) The State Assessment Review Board shall certify its determina-
23 tion of an appeal to the Department of Revenue within seven days of the
24 hearing.

25 (n) An owner of aircraft or a municipality may appeal to the
26 superior court for, and is entitled to, trial de novo of the action of
27 the State Assessment Review Board.

28 (o) No later than June 1 of each year, the Department of Revenue
29 shall certify the final assessment roll.

1 (p) The Department of Revenue shall include aircraft omitted from
2 the assessment roll on a supplementary assessment roll, using the proce-
3 dures set out in this section for the original assessment roll.

4 (q) In this section, "transient aircraft" means

5 (1) aircraft used in commerce by an air carrier to furnish
6 transportation to the public for compensation, hire or lease;

7 (2) equipment included in aircraft described in (1) of this
8 subsection; and

9 (3) ground cargo handling and containerization equipment
10 which can be transported in aircraft described in (1) of this subsection
11 and which is so transported.

12 * Sec. 3. AS 29.53 is amended by adding a new section to read:

13 Sec. 29.53.162. LEVY AND COLLECTION OF PROPERTY TAX ON TRANSIENT
14 AIRCRAFT. (a) A municipality may levy and collect property tax on
15 transient aircraft only under this section.

16 (b) A municipality may levy a property tax on transient aircraft
17 by applying the rate of levy, determined under AS 29.53.170(b), to a
18 value for all transient aircraft under the same ownership determined by

19 (1) adding the value of all transient aircraft owned by the
20 same taxpayer; and

21 (2) multiplying the value determined under (1) of this sub-
22 section by the ratio of the number of landings of transient aircraft
23 owned by the taxpayer in the municipality levying the tax during the
24 year preceding the assessment year to the total number of landings of
25 all transient aircraft owned by the taxpayer.

26 (c) In this section, "transient aircraft" means

27 (1) aircraft used in commerce by an air carrier to furnish
28 transportation to the public for compensation, hire or lease;

29 (2) equipment included in aircraft described in (1) of this

1 subsection; and

2 (3) ground cargo handling and containerization equipment
3 which can be transported in aircraft described in (1) of this subsection
4 and which is so transported.

5 * Sec. 4. Notwithstanding any other provision of AS 29.53, an assessment
6 return filed by the owner of transient aircraft under AS 29.53.070 for a
7 municipality for the 1980 assessment year is valid for determining the tax
8 due for that assessment year. If two or more municipalities levy a property
9 tax on transient aircraft under AS 29.53 for the 1980 assessment year, the
10 owner of the aircraft may ask the commissioner of revenue to determine the
11 tax due to each municipality. Upon receipt of the request of the taxpayer,
12 the commissioner of revenue shall apportion the tax due by applying to the
13 assessment of transient aircraft reported to a municipality under AS 29.53.070
14 the amount determined under AS 29.53.162, added by sec. 3 of this Act.

15 * Sec. 5. Sections 1 - 3 of this Act take effect January 1, 1981.

16 * Sec. 6. Sections 4 - 6 of this Act take effect immediately in accord-
17 ance with AS 01.10.070(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.

James O. Smith
Signature of Camera Operator

3/23/90
Date

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

June 2, 1980

SUBJECT: SB 589

TO: Senator John C. Sackett
Chairman, Senate Finance Committee

FROM: David T. Walker
Co-Revisor of Statutes 

The Journal indicates SB 589 has been returned to the Finance Committee. This provides an opportunity to correct an error in the form of the floor amendment offered by Senator Ray yesterday. The intent of the amendment could only have been to remove the Alcoholic Beverage Control Board and the Alaska Transportation Commission from the sunset process. Confusion and argument about the effect/intent of the amendment will be eliminated if the amendment I have attached is accepted instead of Senator Ray's or if the form of the amendment is included in a committee substitute.

DTW:ljb

Enclosure

A M E N D M E N T

Offered in the Senate

By the Finance Committee

TO: SB 589

Page 1, delete the language in lines 23 - 26 and insert the following in its place:

[(1) ALCOHOLIC BEVERAGE CONTROL BOARD (AS 04.05.010)

-- JUNE 30, 1979;

(2) ALASKA TRANSPORTATION COMMISSION (AS 42.07.011)

-- JUNE 30, 1979;]

A M E N D M E N T

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AMENDMENT # *To Inane*

OFFERED IN THE SENATE:

By: RAY

To: _____ SENATE BILL No. 589

HOUSE BILL No. _____

PAGE: 1

LINE: 23 & 24 & 25 & 26

*(1) DELETE { SUB ^(a) ~~A~~ (1) and renumber
SUB ^(a) ~~A~~ (2) and renumber*

*delete lines 23, 24, 25 and 26
renumber sections*

1

*adopted
15 May
6 May*

Net to In

COMMITTEE REPORT
SENATE RULES COMMITTEE

*1st Suppl
Calendar*

5/29/80

Date May 31, 1980 (ms)
~~May 29, 1980~~

Mr. President:

The Committee on Rules has had SB 589
termination, continuation, or reestablishment of state agencies, boards, and
commissions under AS 08.03 and AS 44.66

under consideration and recommends it be placed on the
~~Sunday First Supplemental, May 30/80~~ Calendar.

*Sunday
June 1, 1980
(ms)*

- with attached amendment(s). same title
- replace with CS for _____ new title
- and attaches a "Letter of Intent"
- new fiscal note

MEMBERS SIGNING FOR PLACEMENT
ON THE CALENDAR

MEMBERS HAVING OTHER
RECOMMENDATIONS

Gillson

Carotta

CHAIRMAN

SB 589

Offered: 5/23/80
Referred: Commerce

1 IN THE SENATE

BY THE RULES COMMITTEE BY REQUEST

2 SENATE BILL NO. 589 *am 5*

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the termination, continuation, or
7 reestablishment of state agencies, boards, and commis-
8 sions under AS 08.03 and AS 44.66; and providing for an
9 effective date."

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

11 * Section 1. AS 08.03.020(a) is amended to read:

12 (a) Upon termination, a [EACH] board listed in AS 08.03.010 shall
13 continue in existence until June 30 of the next succeeding year for the
14 purpose of concluding its affairs. During this period, termination does
15 not reduce or [OTHERWISE] limit the powers or authority of a [EACH]
16 board. One year after the date of termination, a board not continued
17 shall cease all activities.

18 * Sec. 2. AS 44.66.010 is amended to read:

19 Sec. 44.66.010. TERMINATION OF STATE AGENCIES, BOARDS, AND COMMIS-
20 SIONS. (a) A state agency, board, or commission [BOARDS AND COMMIS-
21 SIONS] listed in this subsection is terminated [EXPIRE] on the date set
22 out [AFTER EACH]:

23 (1) .Alcoholic Beverage Control Board (AS 04.05.010) --
24 June 30, 1979;

25 (2) Alaska Transportation Commission (AS 42.07.011) --
26 June 30, 1979;

27 (3) State Board of Parole (AS 33.15.010) -- June 30, 1980;

28 (4) Alaska Public Utilities Commission (AS 42.05.010) --
29 June 30, 1980;

1 (5) Alaska Pipeline Commission (AS 42.06.010) -- June 30,
2 1981;

3 (6) Alaska Council on Science and Technology (AS 44.19.181) --
4 June 30, 1983;

5 (7) Alaska Renewable Resources Corporation (AS 37.12.010) --
6 June 30, 1982.

7 (b) Upon termination, a state agency, board, or commission listed
8 in (a) of this section shall continue in existence until June 30 of the
9 next succeeding year for the purpose of concluding its affairs. During
10 this period, termination does not reduce or limit the powers or authority
11 of the state agency, board, or commission.

12 (c) A state agency, board, or commission scheduled for termination
13 under this chapter may be continued or reestablished by the legislature
14 for a period not to exceed four years.

15 * Sec. 3. AS 44.66.050(a) is amended to read:

16 (a) Before the termination, dissolution, continuation or reestab-
17 lishment of a board or commission under AS 08.03.010 or AS 44.66.010, or
18 of an agency program under AS 44.66.020 and 44.66.030, a committee of
19 reference of each house, which shall be the standing committee of legis-
20 lative jurisdiction as provided in the Uniform Rules of the Legislature,
21 shall hold one or more hearings to receive testimony from the public,
22 the commissioner of the department having administrative responsibility
23 for each named board, commission, or agency program, and the members of
24 the board or commission involved. The hearings may be joint hearings.
25 The committee shall also consider the proposed budget of the board,
26 commission, or agency program, prepared in accordance with AS 37.07.-
27 050(f), and the performance audit of the activities of the board, commis-
28 sion, or agency program, prepared by the legislative audit division as
29 prescribed in AS 24.20.271(1). The committee may consider any other

1 report of the activities of the board, commission or program, including
2 but not limited to annual reports, summaries prepared by the Legislative
3 Affairs Agency, and any evaluation or general report of the manner of
4 conduct of activities of the board, commission, or agency program pre-
5 pared by the office of the ombudsman. The committee may meet and may
6 hold hearings between sessions of the legislature when authorized by the
7 presiding officer of its house.

8 * Sec. 4. AS 44.66.050 is amended by adding a new subsection to read:

9 (f) The termination date (established under AS 08.03.010 or AS 44.-
10 66.010) for a state agency, board, or commission is not changed by a
11 failure on the part of the committee of reference to comply with the
12 requirements of this section.

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

ALASKA STATE LEGISLATURE

ELEVENTH Legislature .SECOND Session

SENATE ... BILL..... NO. .589..

By .THE .RULES .COMMITTEE .BY...
REQUEST

"An Act relating to the termination, continuation, or reestablishment of state agencies, boards and commissions under AS 08.03 and AS 44.66; and providing for an effective date."

Introduced in the Senate 5/29, 19... 80

HISTORY IN THE SENATE

19	80	Read first time and referred to Committee on Commerce
5	29	Reported back with <i>Commerce</i> recommendation that <i>3 do pass</i>
5	30	<i>2 no res to Rules. Rules: 1st supp. calendar calendar 11</i>
6	1	Read second time and <i>am #1 adopted + return to Fin.</i>
		Read third time and
		PASS Effective Date
		Yeas Yeas
		Nays Nays
		Absent Absent
		Excused Excused
		Reconsideration
		PASS Effective Date
		Yeas Yeas
		Nays Nays
		Absent Absent
		Excused Excused
		Reported correctly engrossed
		Signed by President
		Sent to House
SECRETARY OF THE SENATE		

HISTORY IN THE HOUSE

19		Read first time and referred to Committee on
		Reported back with recommendation that
		Read second time and
		Read third time and
		PASS Effective Date
		Yeas Yeas
		Nays Nays
		Absent Absent
		Excused Excused
		Reconsideration
		PASS Effective Date
		Yeas Yeas
		Nays Nays
		Absent Absent
		Excused Excused
		Reported correctly engrossed
		Signed by Speaker
		Returned to Senate
CHIEF CLERK OF THE HOUSE		

HISTORY IN THE SENATE

19		Received from House
		To enrolling
		Reported correctly enrolled
		Sent to Governor
	 by Governor
		Filed with Lt. Governor
		Chapter No.

AMENDMENT # To Finance

OFFERED IN THE SENATE:

By: RAY

To: _____ SENATE BILL No. 589

HOUSE BILL No. _____

PAGE: 1

LINE: 23 & 24 & 25 & 26

① DELETE { SUB ^(a) ~~A~~ (1) and renumber
SUB ^(a) ~~A~~ (2) and renumber

delete lines 23, 24, 25 and 26
renumber sections

1

adopted
15th day
6th month

Ray & Fin

Introduced: 5/29/80
Referred: Commerce

1 IN THE SENATE BY THE RULES COMMITTEE BY REQUEST
2 SENATE BILL NO. 589
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 ELEVENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act relating to the termination, continuation, or
7 reestablishment of state agencies, boards, and commis-
8 sions under AS 08.03 and AS 44.66; and providing for an
9 effective date."

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

11 * Section 1. AS 08.03.020(a) is amended to read:

12 (a) Upon termination, a [EACH] board listed in AS 08.03.010 shall
13 continue in existence until June 30 of the next succeeding year for the
14 purpose of concluding its affairs. During this period, termination does
15 not reduce or [OTHERWISE] limit the powers or authority of a [EACH]
16 board. One year after the date of termination, a board not continued
17 shall cease all activities.

18 * Sec. 2. AS 44.66.010 is amended to read:

19 Sec. 44.66.010. TERMINATION OF STATE AGENCIES, BOARDS, AND COMMIS-
20 SIONS. (a) A state agency, board, or commission [BOARDS AND COMMIS-
21 SIONS] listed in this subsection is terminated [EXPIRE] on the date set
22 out [AFTER EACH]:

23 (1) Alcoholic Beverage Control Board (AS 04.05.010) --
24 June 30, 1979;

25 (2) Alaska Transportation Commission (AS 42.07.011) --
26 June 30, 1979;

27 (3) State Board of Parole (AS 33.15.010) -- June 30, 1980;

28 (4) Alaska Public Utilities Commission (AS 42.05.010) --
29 June 30, 1980;

1 report of the activities of the board, commission or program, including
2 but not limited to annual reports, summaries prepared by the Legislative
3 Affairs Agency, and any evaluation or general report of the manner of
4 conduct of activities of the board, commission, or agency program pre-
5 pared by the office of the ombudsman. The committee may meet and may
6 hold hearings between sessions of the legislature when authorized by the
7 presiding officer of its house.

8 * Sec. 4. AS 44.66.050 is amended by adding a new subsection to read:

9 (f) The termination date (established under AS 08.03.010 or AS 44.-
10 66.010) for a state agency, board, or commission is not changed by a
11 failure on the part of the committee of reference to comply with the
12 requirements of this section.

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

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CORRECTION

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

Introduced: 5/29/80
Referred: Commerce

1 IN THE SENATE BY THE RULES COMMITTEE BY REQUEST

2 SENATE BILL NO. 589

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the termination, continuation, or
7 reestablishment of state agencies, boards, and commis-
8 sions under AS 08.03 and AS 44.66; and providing for an
9 effective date."

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

11 * Section 1. AS 08.03.020(a) is amended to read:

12 (a) Upon termination, a [EACH] board listed in AS 08.03.010 shall
13 continue in existence until June 30 of the next succeeding year for the
14 purpose of concluding its affairs. During this period, termination does
15 not reduce or [OTHERWISE] limit the powers or authority of a [EACH]
16 board. One year after the date of termination, a board not continued
17 shall cease all activities.

18 * Sec. 2. AS 44.66.010 is amended to read:

19 Sec. 44.66.010. TERMINATION OF STATE AGENCIES, BOARDS, AND COMMIS-
20 SIONS. (a) A state agency, board, or commission [BOARDS AND COMMIS-
21 SIONS] listed in this subsection is terminated [EXPIRE] on the date set
22 out [AFTER EACH]:

23 (1) Alcoholic Beverage Control Board (AS 04.05.010) --
24 June 30, 1979;

25 (2) Alaska Transportation Commission (AS 42.07.011) --
26 June 30, 1979;

27 (3) State Board of Parole (AS 33.15.010) -- June 30, 1980;

28 (4) Alaska Public Utilities Commission (AS 42.05.010) --
29 June 30, 1980;

1 (5) Alaska Pipeline Commission (AS 42.06.010) -- June 30,
2 1981;

3 (6) Alaska Council on Science and Technology (AS 44.19.181) --
4 June 30, 1983;

5 (7) Alaska Renewable Resources Corporation (AS 37.12.010) --
6 June 30, 1982.

7 (b) Upon termination, a state agency, board, or commission listed
8 in (a) of this section shall continue in existence until June 30 of the
9 next succeeding year for the purpose of concluding its affairs. During
10 this period, termination does not reduce or limit the powers or authority
11 of the state agency, board, or commission.

12 (c) A state agency, board, or commission scheduled for termination
13 under this chapter may be continued or reestablished by the legislature
14 for a period not to exceed four years.

15 * Sec. 3. AS 44.66.050(a) is amended to read:

16 (a) Before the termination, dissolution, continuation or reestab-
17 lishment of a board or commission under AS 08.03.010 or AS 44.66.010, or
18 of an agency program under AS 44.66.020 and 44.66.030, a committee of
19 reference of each house, which shall be the standing committee of legis-
20 lative jurisdiction as provided in the Uniform Rules of the Legislature,
21 shall hold one or more hearings to receive testimony from the public,
22 the commissioner of the department having administrative responsibility
23 for each named board, commission, or agency program, and the members of
24 the board or commission involved. The hearings may be joint hearings.
25 The committee shall also consider the proposed budget of the board,
26 commission, or agency program, prepared in accordance with AS 37.07.-
27 050(f), and the performance audit of the activities of the board, commis-
28 sion, or agency program, prepared by the legislative audit division as
29 prescribed in AS 24.20.271(1). The committee may consider any other

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report of the activities of the board, commission or program, including but not limited to annual reports, summaries prepared by the Legislative Affairs Agency, and any evaluation or general report of the manner of conduct of activities of the board, commission, or agency program prepared by the office of the ombudsman. The committee may meet and may hold hearings between sessions of the legislature when authorized by the presiding officer of its house.

* Sec. 4. AS 44.66.050 is amended by adding a new subsection to read:

(f) The termination date (established under AS 08.03.010 or AS 44.66.010) for a state agency, board, or commission is not changed by a failure on the part of the committee of reference to comply with the requirements of this section.

* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.070(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

3/23/90
Date

9-22-80
final draft.

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 591

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to taxes; repealing the Alaska net
7 income tax on individuals; and providing for an effec-
8 tive date."

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

10 * Section 1. FINDINGS. The legislature finds

11 (1) Section 1, ch. 22, SLA 1980 afforded complete tax relief to a
12 majority of individual taxpayers under the Alaska Net Income Tax Act and
13 substantial tax relief to most other taxpayers by means of exemptions based
14 on the number of years an individual reported Alaska income. On September 4,
15 1980, the Alaska Supreme Court ruled that these exemptions violate the equal
16 protection clause of art. I, sec. 1 of the state constitution. The effect of
17 that decision is to reimpose the full income tax burden on all taxpayers.

18 (2) It is in the public interest to remedy the constitutional
19 defect and provide tax relief to the public at least equal to that attempted
20 by the exemptions in sec. 1, ch. 22, SLA 1980. This can best be accomplished
21 by repealing the Alaska net income tax on individuals.

22 (3) Because ch. 22, SLA 1980 applied to taxes due for the tax year
23 1979, many taxpayers expected a refund of part or all of their state income
24 tax for 1979, and many of them made plans and commitments in anticipation of
25 the refund. The state has a moral obligation to fulfill this widely held
26 expectation, and this obligation is best discharged by repealing the Alaska
27 net income tax on individuals retroactive to January 1, 1979.

28 * Sec. 2. INTENT. It is the intention of the legislature that the pro-
29 visions of this Act are subject to AS 01.10.030 and are severable.

1 * Sec. 3. AS 43.20.021(c) is amended to read:

2 (c) For purposes of calculating the alternative tax on capital
3 gains provided for in the provisions of Internal Revenue Code sec. 1201,
4 the rate is 4.5 percent for corporations [AND 4 PERCENT FOR INDIVIDUALS
5 AND FIDUCIARIES].

6 * Sec. 4. AS 43.20.021(d) is amended to read:

7 (d) Where a credit allowed under the Internal Revenue Code is also
8 allowed in computing Alaska income tax, it is limited to [16 PERCENT FOR
9 INDIVIDUALS AND FIDUCIARIES AND] 18 percent for corporations of the
10 amount of credit determined for federal income tax purposes which is
11 attributable to Alaska.

12 * Sec. 5. AS 43.20.021(f) is amended to read:

13 (f) For the purpose of calculating the minimum tax on tax prefer-
14 ences provided for in secs. 56 - 58 of the Internal Revenue Code (26
15 U.S.C. secs. 56 - 58), the rate is [16 PERCENT FOR INDIVIDUALS AND] 18
16 percent for corporations of the applicable minimum federal tax rate.

17 * Sec. 6. AS 43.20.030(a) is amended to read:

18 (a) If a [EVERY INDIVIDUAL, FIDUCIARY,] partnership which has a
19 corporation as a partner or a [AND] corporation is required to make a
20 return under the provisions of the Internal Revenue Code, it shall at
21 the same time file with the department a return setting out

22 (1) the amount of tax due under this chapter, less credits
23 claimed against the tax; and

24 (2) other information for the purpose of carrying out the
25 provisions of this chapter which the department requires.

26 * Sec. 7. REFUND OF 1979 AND 1980 INCOME TAXES. (a) An individual is
27 entitled to a refund of his Alaska net income taxes paid or withheld after
28 December 31, 1978 for all or part of a tax year occurring after December 31,
29 1978. An individual is also entitled to a refund of his estimated net income

1 tax payments made under AS 43.20 after December 31, 1978, for a tax year for
2 which he has not filed a year-end return under AS 43.20.030.

3 (b) A refund under this section may be made only as provided in this
4 section. Refunds of Alaska net income taxes paid may not be made without an
5 appropriation for that purpose.

6 (c) The department shall establish procedures for determining the
7 amount of and for making the refunds described in (a) of this section.

8 (d) The commissioner may adopt regulations to implement this section,
9 and those regulations may be adopted as emergency regulations under AS 44.-
10 62.040 - 44.62.290.

11 (e) In this section,

12 (1) "commissioner" means the commissioner of revenue;

13 (2) "department" means the Department of Revenue.

14 * Sec. 8. The provisions of AS 43.05.280 do not apply to refunds made
15 under sec. 7 of this Act.

16 * Sec. 9. The following laws are repealed: AS 43.20.011(a) - (d) and
17 (f), 43.20.015, 43.20.017, 43.20.021(e), 43.20.031(a), (b), and (g) - (h),
18 43.20.033, 43.20.035, 43.20.036(d) - (h), 43.20.038, 43.20.039, 43.20.-
19 040(b)(3) and (6), 43.20.045, 43.20.061, 43.20.160(e), 43.20.170, 43.20.180,
20 43.20.215, 43.20.340(4), (7), (13), (14), (16), and (17), and secs. 6 - 11 of
21 ch. 22 SLA 1980.

22 * Sec. 10. AS 43.20.030(f) and (g), 43.20.031(f) and 43.20.036(i) are
23 repealed.

24 * Sec. 11. Sections 3 - 6 and 9 of this Act are retroactive to January 1,
25 1979. Section 10 of this Act is retroactive to January 1, 1980.

26 * Sec. 12. This Act takes effect immediately in accordance with AS 01.10.-
27 070(c).
28
29

9-22-80

~~with intent~~
on severability

BY THE FINANCE COMMITTEE

1 IN THE SENATE

2 CS SENATE BILL NO. 591

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to taxes; repealing the Alaska net
7 income tax on individuals; providing for tax credits
8 for political contributions and household and dependent
9 care services; and providing for an effective date."

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

11 * Section 1. FINDINGS. The legislature finds

12 (1) Section 1, ch. 22, SLA 1980 afforded complete tax relief to a
13 majority of individual taxpayers under the Alaska Net Income Tax Act and
14 substantial tax relief to most other taxpayers by means of exemptions based
15 on the number of years an individual reported Alaska income. On September 4,
16 1980, the Alaska Supreme Court ruled that these exemptions violate the equal
17 protection clause of art. I, sec. 1 of the state constitution. The effect of
18 that decision is to reimpose the full income tax burden on all taxpayers.

19 (2) It is in the public interest to remedy the constitutional
20 defect and provide tax relief to the public at least equal to that attempted
21 by the exemptions in sec. 1, ch. 22, SLA 1980. This can best be accomplished
22 by repealing the Alaska net income tax on individuals.

23 (3) Because ch. 22, SLA 1980 applied to taxes due for the tax year
24 1979, many taxpayers expected a refund of part or all of their state income
25 tax for 1979, and many of them made plans and commitments in anticipation of
26 the refund. The state has a moral obligation to fulfill this widely held
27 expectation, and this obligation is best discharged by repealing the Alaska
28 net income tax on individuals retroactive to January 1, 1979.

29 * ~~Sec. 2. AS 43.20 is amended by adding new sections to read:~~

2

1 Sec. 43.20.012. INDIVIDUALS; RETURNS FOR TAX CREDITS. The tax im-
2 posed by this chapter does not apply to individuals. However, an indi-
3 vidual may file a return under this chapter in order to receive a tax
4 credit under AS 43.20.013.

5 Sec. 43.20.013. INDIVIDUAL TAX CREDITS. (a) A resident individ-
6 ual is entitled to a tax credit not to exceed \$50 for

7 (1) a contribution made in a calendar year to a person or
8 organization for use exclusively

9 (A) for a political campaign for a candidate for

10 (i) President or Vice President of the United
11 States, whether or not the candidate will be voted on in a
12 primary election in Alaska;

13 (ii) United States senator from Alaska;

14 (iii) United States representative from Alaska;

15 (iv) governor or lieutenant governor of Alaska;

16 (v) the Alaska legislature;

17 (vi) delegate to an Alaska constitutional
18 convention;

19 (vii) electoral confirmation as a judge or justice of
20 a court in Alaska; or

21 (viii) municipal office in Alaska; or

22 (B) by a group seeking to influence the outcome of a
23 ballot proposition or question in Alaska; and

24 (2) dues paid in a calendar year to a nonprofit organization
25 organized primarily for the purpose of influencing elections in Alaska.

26 (b) A resident individual is entitled to a tax credit equal to 16
27 percent of the tax credit claimed by the individual on his federal
28 income tax return for household and dependent care services necessary
29 for his gainful employment.

1 (c) The commissioner of revenue shall pay the amount of a tax
2 credit allowed by this section to a resident individual who makes a
3 return as provided in AS 43.20.012. A credit under this section shall
4 be paid in the manner provided in AS 43.20.030(e) for the payment of
5 refunds and payment may not be made without an appropriation for that
6 purpose.

7 * Sec. 3. AS 43.20.021(c) is amended to read:

8 (c) For purposes of calculating the alternative tax on capital
9 gains provided for in the provisions of Internal Revenue Code sec. 1201,
10 the rate is 4.5 percent for corporations [AND 4 PERCENT FOR INDIVIDUALS
11 AND FIDUCIARIES].

12 * Sec. 4. AS 43.20.021(d) is amended to read:

13 (d) Where a credit allowed under the Internal Revenue Code is also
14 allowed in computing Alaska income tax, it is limited to [16 PERCENT FOR
15 INDIVIDUALS AND FIDUCIARIES AND] 18 percent for corporations of the
16 amount of credit determined for federal income tax purposes which is
17 attributable to Alaska.

18 * Sec. 5. AS 43.20.021(f) is amended to read:

19 (f) For the purpose of calculating the minimum tax on tax prefer-
20 ences provided for in secs. 56 - 58 of the Internal Revenue Code (26
21 U.S.C. secs. 56 - 58), the rate is [16 PERCENT FOR INDIVIDUALS AND] 18
22 percent for corporations of the applicable minimum federal tax rate.

23 * Sec. 6. AS 43.20.030(a) is amended to read:

24 (a) If a [EVERY INDIVIDUAL, FIDUCIARY,] partnership which has a
25 corporation as a partner or a [AND] corporation is required to make a
26 return under the provisions of the Internal Revenue Code, it shall at
27 the same time file with the department a return setting out

28 (1) the amount of tax due under this chapter, less credits
29 claimed against the tax; and

*include
possibilities*

1 (2) other information for the purpose of carrying out the
2 provisions of this chapter which the department requires.

3 * Sec. 7. REFUND OF 1979 AND 1980 INCOME TAXES. (a) An individual is
4 entitled to a refund of his Alaska net income taxes paid or withheld after
5 December 31, 1978 for all or part of a tax year occurring after December 31,
6 1978. An individual is also entitled to a refund of his estimated net income
7 tax payments made under AS 43.20 after December 31, 1978, for a tax year for
8 which he has not filed a year-end return under AS 43.20.030.

9 (b) A refund under this section may be made only as provided in this
10 section. Refunds of Alaska net income taxes paid may not be made without an
11 appropriation for that purpose.

12 (c) The department shall establish procedures for determining the
13 amount of and for making the refunds described in (a) of this section.

14 (d) The commissioner may adopt regulations to implement this section,
15 and those regulations may be adopted as emergency regulations under AS 44.-
16 62.040 - 44.62.290.

17 (e) In this section,

- 18 (1) "commissioner" means the commissioner of revenue;
- 19 (2) "department" means the Department of Revenue.

20 * Sec. 8. The provisions of AS 43.05.280 do not apply to refunds made
21 under sec. 7 of this Act.

22 * Sec. 9. AS 43.20.013(a) is amended to read:

23 (a) A resident individual is entitled to a tax credit not to
24 exceed \$100 [\$50] for

25 (1) a contribution made in a calendar year to a person or
26 organization for use exclusively

27 (A) for a political campaign for a candidate for

28 (i) President or Vice President of the United
29 States, whether or not the candidate will be voted on in a

1 primary election in Alaska;

2 (ii) United States senator from Alaska;

3 (iii) United States representative from Alaska;

4 (iv) governor or lieutenant governor of Alaska;

5 (v) the Alaska legislature;

6 (vi) delegate to an Alaska constitutional conven-
7 tion;

8 (vii) electoral confirmation as a judge or justice of
9 a court in Alaska; or

10 (viii) municipal office in Alaska; or

11 (B) by a group seeking to influence the outcome of a
12 ballot proposition or question in Alaska; and

13 (2) dues paid in a calendar year to a nonprofit organization
14 organized primarily for the purpose of influencing elections in Alaska.

15 * Sec. 10. The following laws are repealed: AS 43.20.011(a) - (d) and
16 (f), 43.20.015, 43.20.017, 43.20.021(e), 43.20.030(f) and (g), 43.20.031(a),
17 (b), and (f) - (h), 43.20.033, 43.20.035, 43.20.036(d) - (i), 43.20.038,
18 43.20.039, 43.20.040(b)(3) and (6), 43.20.045, 43.20.061, 43.20.160(e),
19 43.20.215, 43.20.340(4), (7), (13), (14), (16), and (17), and secs. 6 - 11 of
20 ch. 22 SLA 1980.

21 * Sec. 11. AS 43.20.170 and 43.20.180 are repealed.

22 * Sec. 12. Sections 3 - 6 and 10 of this Act are retroactive to
23 January 1, 1979.

24 * Sec. 13. Sections 9 and 11 of this Act take effect January 1, 1981.
25 Sections 1 - 8, 10, 12, and 13 of this Act take effect immediately in accor-
26 dance with AS 01.10.070(c).

27 All new section:

28 Jan. 1-80 repeal of these
29 sections.

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

September 19, 1980

All Legislators:

In case you did not receive the draft legislation which was sent to you this week, I am attaching it for your perusal. I look forward to working with you toward passage of this legislation which will assure that all Alaskans get the tax relief they have been denied by legal action.

I would like to share with you the attached editorials which support the Governor's views on tax suspension.

Sincerely,

A handwritten signature in cursive script that reads "Keith".

Keith W. Specking
Legislative Assistant
to the Governor

Attachments

Version #1 - Gov.

DRAFT
Law

9/17/80

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6 For an Act entitled: "An Act suspending the Alaska Net Income Tax Act for
7 individuals and fiduciaries; and providing for an ef-
8 fective date."

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

10 * Section 1. The legislature finds:

11 (a) Section 1, ch. 22, SLA 1980 afforded complete tax relief to a ma-
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13 stantial relief to most others by means of a series of exemptions based on
14 the number of years an individual had Alaska income and reported it to the
15 state. On September 4, 1980, the Alaska Supreme Court ruled that these ex-
16 emptions violate the equal protection clause of Art. I, sec. 1 of the Alas-
17 ka State Constitution. The practical effect of that decision is to re-im-
18 pose the full income tax burden on all taxpayers.

19 (b) It is in the public interest to remedy this constitutional defect
20 while still providing tax relief to the public at least equal to that at-
21 tempted by the series of exemptions in sec. 1, ch. 22, SLA 1980. This can
22 best be accomplished by eliminating the entire income tax burden for all
23 individuals and fiduciaries until at least 1990.

24 (c) Because ch. 22, SLA 1980 applied to taxes due for the tax year
25 1979, a great number of taxpayers expected a refund of part or all of their
26 state income tax for 1979, and many made plans and commitments in anticipa-
27 tion of their refunds. The state has a moral obligation to fulfill this
28 widely held expectation, and this obligation is best discharged by provid-
29 ing for suspension of the net income tax for individuals and fiduciaries

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2 Code shall at the same time file with the department a return setting
3 out

4 (1) the amount of tax due under this chapter, less credits
5 claimed against the tax; and

6 (2) other information for the purpose of carrying out the
7 provisions of this chapter which the department requires.

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24 sec. 3402 of the Internal Revenue Code of 1954. Every employer making
25 a deduction and a withholding shall furnish to the employee upon re-
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28 * Sec. 7. (a) A calendar-year taxpayer is entitled to a refund of the
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CORRECTION

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

Version #1 - Gov.

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Law

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4 (b) A fiscal-year taxpayer is entitled to a proportionate refund of
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10 come tax paid by the taxpayer for that tax year. The department shall es-
11 tablish procedures for making these refunds in a manner which avoids re-
12 quiring additional applications from taxpayers to the extent practicable.

13 (c) Refunds under (a) and (b) of this section may not be made without
14 an appropriation for that purpose.

15 (d) A taxpayer is entitled to a refund of withholding payments and
16 other estimated taxes paid on or after January 1, 1980, under the Alaska
17 Net Income Tax Act for a tax year for which a year-end return has not been
18 filed with the department, but a refund may be claimed and paid only as
19 provided in this section.

20 (e) In order to receive a refund of withholding payments under (d) of
21 this section, a taxpayer must file a claim with the department on a form
22 prescribed by the department, together with a copy of each of the taxpayer's
23 federal wage and withholding statements (Form W-2) for 1980. In order to
24 receive a refund of estimated taxes under (d) of this section, a taxpayer
25 must file a claim with the department on a form prescribed by the depart-
26 ment, together with such additional materials as the department may by reg-
27 ulation require.

28 (f) The department shall prescribe and make available to the public
29 all forms for claiming refunds of withholding and estimated taxes under (d)

1 of this section no later than December 31, 1980. A taxpayer may not file a
2 claim with the department for a refund under (d) of this section after
3 April 15, 1981. The department shall begin processing each claim for a re-
4 fund under (d) of this section as soon as it receives the claim.

5 (g) The department may adopt regulations to implement this section,
6 and those regulations may be adopted as emergency regulations under AS 44.-
7 62.040 - 44.62.290.

8 (h) In this section,

9 (1) "calendar-year taxpayer" means a taxpayer whose tax year co-
10 incides with the calendar year;

11 (2) "department" means the Department of Revenue;

12 (3) "fiscal-year taxpayer" means a taxpayer whose tax year does
13 not coincide with the calendar year;

14 (4) "income tax" means the tax levied under the Alaska Net In-
15 come Tax Act; and

16 (5) "taxpayer" means an individual or fiduciary.

17 * Sec. 8. The provisions of AS 43.05.280 and AS 43.20.215 do not apply
18 to refunds made under sec. 7 of this Act.

19 * Sec. 9. AS 43.20.017, 43.20.160(e), 43.20.170(f) and secs. 6 - 9, ch.
20 22, SLA 1980 are repealed.

21 * Sec. 10. AS 43.20.011(a) - (d) and (f) are suspended for tax years
22 beginning after December 31, 1978.

23 * Sec. 11. AS 43.05.010(b) and AS 43.20.011(g) and (h) are repealed.

24 * Sec. 12. Sec. 10 of this Act is retroactive to January 1, 1979.

25 * Sec. 13. Sec. 10 of this Act is repealed and the taxes levied in AS
26 43.20.011(a) - (d) and (f) are reinstated and imposed for tax years begin-
27 ning on and after the effective date of this section.

28 * Sec. 14. Secs. 5, 11, and 13 of this Act are effective on January 1
29 of the year immediately following the year in which a certification by the

1 commissioner of revenue under AS 43.05.010(b) enacted in sec. 2 of this Act
2 shows total expenditures from the general fund of the state in excess of
3 the amount of sustainable revenues received by the state.)

4 * Sec. 15. This Act takes effect immediately in accordance with AS 01.-
5 10.070(c).
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JUNEAU EMPIRE

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PRESIDENT and PUBLISHER

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Sound proposal for tax relief

Alaska's legislature will convene next Monday in special session to address a peculiar political problem. Usually, public officials declare a crisis when they run short of money. In Alaska, however, the crisis seems to be the reverse: the government has too much money.

This "crisis" was brought on by a successful lawsuit challenging the constitutionality of a tax relief law based on residency. Under that law, Alaskans living in the state for three years or more received a bigger income tax break than Alaskans living here less than three years. That aspect of the law emerged as the fatal flaw, and the Alaska Supreme Court tossed it out.

This left legislators, many of whom had promised and delivered tax relief during the last session, in a bind. Suddenly, that much-sought-after relief was nowhere in sight. Alaskans were left with a state government with billions of dollars in current and future oil revenue, and they still had to pay income tax.

Next week's session is an attempt to correct that "crisis." The key question is, of course, how can tax relief be best administered responsibly?

Pressure is growing to repeal the state personal income tax. That alternative has long been a goal sought by a sizable minority of Alaskans. The state, they say, can afford to live off oil income, so why burden individuals with an income tax.

It is that argument which frames a responsible and logical tax relief program. As long as the state can afford it, the state should provide tax relief. That means as long as oil revenue can carry the burden of government expenses, it should. After such revenue is insufficient, other forms of taxation, including the personal income tax, must shoulder the burden.

Keeping this in mind, it is apparent the best alternative for providing tax relief is through a temporary suspension of the income tax.

A suspension would provide the needed — and wanted — tax relief while assuring that when the oil revenue begins to decline in coming years the apparatus will be in place to fund adequately state government.

This advantage, we believe, overwhelms arguments in favor of outright tax repeal. If repeal were ever to occur, it most likely would be irreversible. The battle to reinstate an income tax, even if it were needed, would leave any legislator in a no-win situation. As a result, lawmakers would shy away from such an action, making the repeal permanent. While on its surface that is a seemingly desirable goal, it is unrealistic considering the inevitability of the need for added state revenue once oil production declines in coming decades.

A suspension of the income tax will satisfy all but a few Alaskans at either end of the political spectrum. It will provide the tax break and take into account the future when an income tax will again be needed.

Gov. Jay Hammond has proposed that the state suspend collection of the state income tax for 10 years. Such a proposal, we believe, is realistic and addresses the positive and negative aspects of tax relief.

We endorse that proposal and urge legislators to support it as well.

9-12-80

opinion

Anchorage Daily News

Winner, 1976 Pulitzer Prize Gold Medal for Public Service

Katherine Fanning
Editor and Publisher

Gerald E. Grilly
General Manager

Stan Abbott
Executive Editor

Clay Haswell
Managing Editor



Lawrence Fanning, Editor and Publisher, 1961 to 1971
Alaska's Only Morning Newspaper • Founded in 1948 by Norman C. Brown

The best plan is to suspend tax

Legislators convening for special session in Juneau this month will face intense pressure simply to repeal the Alaska personal income tax. That's a politically popular but potentially dangerous response they ought to resist.

Gov. Jay Hammond proposes, instead, that members vote to suspend collections for 10 years. That accomplishes the same immediate goal — removing individual tax burdens during a period of state budget surplus — without risking the potential problems of repeal.

Nobody argues that tax relief isn't called for. Alaska can afford to remove that obligation from individuals, and there are good reasons to do so. Increased cash will then be available for spending, savings and investment in the state, and the benefit that can bring them economy is much needed.

Gov. Hammond argues that the income tax works as a constraint on government growth by ensuring that citizens have a personal financial stake in the state budget process. It's unclear how a tax that isn't collected will serve that purpose, but we think there's another important reason why it should remain on the books.

However unpopular the income tax, it will often be needed simply to fund the operations of state government. In the absence of more equitable alternatives like the tax on public resources Alaska currently enjoys, the graduated personal income tax is one of the best ways to fund the operations of government. We may need to use it in the future, because Alaska isn't going to be rolling in petroleum wealth forever. When we need the income tax again, it would be better to have it on the books than to fight the battle to reinstitute it.

Proponents of total repeal argue that it can be restored if needed by legislative act. While that's true, it would certainly be a bloody fight. You can be sure elected politicians would look for every other place to extract taxes before returning the income tax. They likely would be willing to let real needs go unmet in order to avoid the politically unpopular act of voting to reinstitute the tax.

Simply put, it's better to have it and not need it than to need it and not have it.

It will be difficult for legislators to take that position in the special session. As so often happens, the wisest choice in this situation isn't the simplest to explain, and you can be sure the repeal proponents will do their best to frame the issue in political terms. Coming just weeks before the November general election, legislators will be sorely tempted to adopt the most appealing posture.

We hope they'll look further into Alaska's future than the next election day, and vote to suspend, not repeal, the income tax.

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