



LAWS OF ALASKA

1980

Source

Chapter No.

HCSSB 313(Rules) am H

113

AN ACT

Relating to taxes: making miscellaneous amendments to the revenue and tax laws; exempting certain aircraft and motor vehicles from the oil and gas exploration, production and pipeline transportation property tax, and providing for the return of taxes collected on aircraft and motor vehicles exempted by this Act; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 14

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: June 20, 1980

Actual Effective Date: Sections 1 - 37, 39 - 41 and 45 - 54 take effect June 21, 1980 with section 41 retroactive to January 1, 1974, section 16 retroactive to January 1, 1977, sections 28 and 30 - 33 retroactive to January 1, 1978, section 11 retroactive to January 1, 1979, sections 1, 3, 4, 6 - 10, 12 - 15, 17 - 27, 29, 34, 37, 39, 40 and 45 retroactive to January 1, 1980; sections 38 and 42 - 44 take effect January 1, 1981.

AN ACT

Relating to taxes: making miscellaneous amendments to the revenue and tax laws; exempting certain aircraft and motor vehicles from the oil and gas exploration, production and pipeline transportation property tax, and providing for the return of taxes collected on aircraft and motor vehicles exempted by this Act; and providing for an effective date.

* Section 1. AS 43.05.220 is amended to read:

Sec. 43.05.220. CIVIL PENALTIES [PENALTY]. (a) Five percent shall be added to a tax for each 30-day period or fraction of the period during which the taxpayer fails to file at the time or times required by law or regulation a return or report, or pay the full amount of the tax, or a portion or a deficiency of the tax, as finally determined by the department and required by this title, unless it is shown that the failure is due to a reasonable cause and not to wilful neglect. The penalty shall not exceed 25 percent in the aggregate. [THE PENALTY SHALL BE COLLECTED AT THE SAME TIME, IN THE SAME MANNER AND AS A PART OF THE ORIGINAL TAX; BUT IF THE ORIGINAL TAX IS PAID BEFORE THE NEGLECT IS DISCOVERED, THE PENALTY SHALL BE COLLECTED IN THE SAME MANNER AS THE ORIGINAL TAX.] The department shall prescribe by regulation circumstances which constitute reasonable cause for purposes of this section.

(b) If a tax deficiency or part of a tax deficiency is due to negligence or intentional disregard of law or regulation without intent

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1 to defraud, five percent of the total amount of the tax deficiency shall
2 be assessed, collected, and paid in the same manner as a tax deficiency.

3 (c) If a tax deficiency or part of a tax deficiency is due to
4 fraud, a civil fraud penalty equal to 50 percent of the tax due or \$500,
5 whichever is greater, shall be added to the tax. This penalty is in
6 addition to penalties determined under (a) or (b) of this section.

7 (d) A person required to collect or account for a tax imposed by
8 this title who wilfully fails to collect the tax or to truthfully
9 account for and pay over the tax, or wilfully attempts to evade payment
10 of the tax is, in addition to other penalties provided by law, liable
11 for a civil penalty equal to the total amount of the tax not collected,
12 not accounted for, not paid over, or evaded. The penalty imposed by this
13 subsection is in place of the tax not paid to the state. This penalty
14 shall be paid upon demand by the commissioner or his designee, and shall
15 be assessed and collected in the same manner as taxes are assessed and
16 collected under this title.

17 (e) A penalty imposed by this section shall be collected at the
18 same time, in the same manner, and as a part of the original tax.
19 However, if the original tax is paid before neglect or fraud is
20 discovered, the penalty shall be collected in the same manner as the
21 original tax. Interest may not be collected on a penalty imposed by
22 this section.

23 * Sec. 2. AS 43.05.230(a) is amended to read:

24 (a) Except in connection with official investigations or proceed-
25 ings of the department, whether judicial or administrative, involving
26 taxes due under this title, except in connection with official investi-
27 gations or proceedings of the child support enforcement agency, whether
28 judicial or administrative, involving child support obligations imposed
29 or imposable under AS 25 or AS 47, and except as otherwise provided in

1 this section, it is unlawful for a current or former [AN] officer,
2 employee or agent of the state to divulge the amount of income or the
3 particulars set out or disclosed in a report or return made under this
4 title.

5 * Sec. 3. AS 43.05.230 is amended by adding a new subsection to read:

6 (g) The information contained in a license issued by the com-
7 missioner of revenue under AS 43.50, AS 43.60, AS 43.65, AS 43.70, and
8 AS 43.75 is public information.

9 * Sec. 4. AS 43.05 is amended by adding new sections to read:

10 Sec. 43.05.245. ASSESSMENT AND COLLECTION OF TAX, PENALTIES AND
11 INTEREST. If a taxpayer fails to file a return or report required by
12 this title in the time required by law or regulation, or makes an
13 erroneous or fraudulent return, the department shall proceed to assess
14 the license fees, tax, penalties, or interest and make a return from
15 information which it obtains. A return made and subscribed by the de-
16 partment in accordance with this section is presumed sufficient for all
17 legal purposes. However, nothing prevents a taxpayer from presenting
18 evidence or other information on an appeal under AS 43.05.240 in order
19 to rebut the presumed sufficiency of a return made and subscribed by
20 the department, nor does the presumption of sufficiency alter the par-
21 ties' respective burdens of proof once the taxpayer has presented evi-
22 dence or other material information to rebut that presumption. The
23 assessment of license fees, tax, penalties, or interest under this
24 section occurs when the department issues a notice and demand for pay-
25 ment of the license fees, tax, penalties, or interest. The notice and
26 demand for payment is issued when the notice and demand is delivered to
27 the taxpayer in person or placed in the United States mail, addressed
28 to his last known address. Penalties and interest assessed under this
29 title shall be collected in the same manner as provided in this title

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1 for the collection of tax or license fees.

2 Sec. 43.05.275. CREDIT AND REFUND CLAIMS. (a) Except as provided
3 in AS 43.20.021, a claim for credit or refund of a tax in this title for
4 which a taxpayer is required to file a return or pay a tax may be filed
5 by the taxpayer

6 (1) before the later of

7 (A) three years from the time the return was filed; or

8 (B) two years from the time the tax was paid; or

9 (2) within two years from the time the tax was paid, if no
10 return was filed.

11 (b) If the department and the taxpayer have consented to extend
12 the period for assessment of tax as provided in AS 43.05.260(c)(3), a
13 tax refund claim may be filed at any time before the expiration of the
14 period agreed upon.

15 * Sec. 5. AS 43.05 is amended by adding a new section to read:

16 Sec. 43.05.290. CRIMINAL PENALTIES. (a) A person who wilfully
17 attempts to evade a tax imposed by this title is, in addition to other
18 penalties provided by this title, guilty of a class C felony.

19 (b) A person required under this title to collect, account for,
20 and pay over a tax imposed by this title who wilfully fails to collect
21 or truthfully account for and pay over the tax at the time or times
22 required by law or regulation is, in addition to other penalties pro-
23 vided by this title, guilty of a class C felony.

24 (c) A person required under this title to pay a tax, make a re-
25 turn, keep records, or supply information, who wilfully fails to pay the
26 tax or estimated tax, make the return, keep the records, or supply the
27 information at the time or times required by law or regulation is, in
28 addition to other penalties provided by this title, guilty of a class A
29 misdemeanor.

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1 (d) A person who wilfully makes and subscribes a return or other
2 document required under this title which contains or is verified by a
3 written declaration that it is made under the penalties of perjury which
4 he does not believe to be true and correct as to every material matter
5 is, in addition to other penalties provided by this title, guilty of a
6 felony and, upon conviction, punishable by a fine of not more than
7 \$25,000, or by imprisonment for not more than three years, or by both.

8 (e) A person who wilfully and knowingly aids or assists in, or
9 procures, or counsels the preparation or presentation in connection with
10 a matter arising under this title of a return, affidavit, claim, or
11 other document which is fraudulent or is false as to a material matter
12 is guilty of a felony whether or not the falsity or fraud is with the
13 knowledge or consent of the person required to present the return,
14 affidavit, claim, or document. Upon conviction, the person is punish-
15 able by a fine of not more than \$25,000, or by imprisonment for not more
16 than three years, or by both.

17 (f) A person who wilfully delivers or discloses to the commis-
18 sioner or the department a list, return, account, statement, or other
19 document known by him to be fraudulent or to be false as to a material
20 matter is guilty of a class A misdemeanor.

21 (g) When required to provide information under AS 43.20.170 or
22 AS 43.45, a person who wilfully supplies false information or who wil-
23 fully fails to supply information which would require an increase in a
24 tax to be withheld under this title is, in addition to other penalties
25 specified in this chapter, guilty of a class A misdemeanor.

26 (h) A person engaging in or attempting to engage in a business,
27 trade, profession or occupation for which a license is required under
28 this title, who wilfully fails to obtain the license, is guilty of a
29 misdemeanor, and, upon conviction, is punishable by a fine of not more

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1 than \$2,000, or by imprisonment for not more than six months, or by
2 both.

3 (i) In this section "person" includes, but is not limited to, an
4 officer or employee of a corporation or a member or employee of a part-
5 nership, who, as officer, employee, or member, is under a duty to perform
6 the act in respect to which the violation occurs.

7 * Sec. 6. AS 43.10 is amended by adding new sections to read:

8 Sec. 43.10.032. ENFORCEMENT. (a) Each of the following is a debt
9 to the state:

10 (1) a tax levied by this title which is due and unpaid;

11 (2) the interest, penalty, additional amount, or addition to
12 the tax under (1) of this subsection;

13 (3) a tax levied by this title which has been erroneously
14 refunded; and

15 (4) the interest, penalty, additional amount or addition to
16 the tax which has been erroneously refunded.

17 (b) A debt under (a) of this section may be

18 (1) collected by lien foreclosure; or

19 (2) recovered in a civil action brought by the state.

20 Sec. 43.10.042. RECORDING LIEN AND CERTIFICATE OF DISCHARGE. (a)
21 A lien imposed under this title is not valid as against a mortgagee or
22 other lien holder, pledgee, purchaser, or judgment creditor until notice
23 of it is filed in the office of the recorder of the recording district
24 where the property subject to the lien is situated. However, regardless
25 of the date the liens are recorded, a lien arising out of a tax due
26 under AS 43.56 and AS 43.75, including the penalties and interest on the
27 tax, is a lien prior, paramount, and superior to all other liens, mort-
28 gages, hypothecations, conveyances, and assignments, upon all the real
29 and personal property of the person liable for the tax, and upon all the

1 real and personal property used with the permission of the owner to
2 carry on the business which is subject to the tax.

3 (b) When a notice of a lien is filed, the recorder shall immedi-
4 ately enter the notice in an alphabetical state tax lien index, showing
5 on one line the name and residence of the taxpayer named in the notice,
6 the department's serial number of the notice, the date and hour of
7 filing, and the amount of tax, including interest, penalty, additional
8 amount, or addition to the tax, and costs. The recorder shall file and
9 keep all original notices in numerical order in a file designated as
10 state tax lien notices.

11 (c) When a certificate of discharge of a tax lien issued by the
12 department is filed in the office of the recorder where the notice of
13 lien is filed, the recorder shall enter the certificate of discharge and
14 the date of its filing in the state tax lien index on the line where
15 notice of the discharged lien is entered. The original certificate of
16 discharge shall be permanently attached to the original notice of lien.

17 (d) The state tax lien index and file of state tax lien notices
18 shall be furnished by the department to the recorder in the state in the
19 manner provided by law for the furnishing of books in which deeds are
20 recorded.

21 Sec. 43.10.045. SUSPENSION OF LICENSES. In addition to the other
22 penalties imposed in this title, if a person who is authorized to con-
23 duct a business by a license issued under the laws of the state fails to
24 pay a tax levied under this title, the license of the person is sus-
25 pended until the tax imposed by this title, together with interest and
26 penalties, is paid in full.

27 * Sec. 7. AS 43.10.160(b) is amended to read:

28 (b) If the value of the taxpayer's interest in the real estate is
29 not equal to twice the amount of the estimated tax and license fees for

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1 which the taxpayer will be liable to the state, the taxpayer shall file
2 with the department [DEPARTMENT OF REVENUE] a bond or other security
3 approved by the commissioner of revenue [ATTORNEY GENERAL] in a sum
4 equal to twice the estimated amount of the taxes and license fees, but
5 in no event less than \$1,000. However, the bond requirement may be
6 waived, in whole or in part, if the taxpayer shows in writing to the
7 satisfaction of the commissioner of revenue [ATTORNEY GENERAL] that
8 there is good cause for the waiver [THE AMOUNT OF THE BOND WOULD BE AN
9 UNDUE HARDSHIP]. For purposes of this subsection, the department shall
10 adopt a regulation defining "good cause."

11 * Sec. 8. AS 43.20.011(c) is amended to read:

12 (c) There is imposed for each taxable year upon the taxable income
13 of every resident, nonresident and part-year resident head of a house-
14 hold (as defined in section 2(b) of the Internal Revenue Code), taxes
15 computed according to the following table.

| 16 If the taxable income is: | Then the tax is: |
|--|--|
| 17 Not over \$2,000 | 3 percent of the taxable 18 income |
| 19 Over \$2,000 but not over \$4,000 | \$60 plus 3.5 percent of 20 excess over \$2,000 |
| 21 Over \$4,000 but not over \$6,000 | \$130 plus 4.0 percent of 22 excess over \$4,000 |
| 23 Over \$6,000 but not over \$8,000 | \$210 plus <u>4.0</u> [4.5] percent 24 of excess over \$6,000 |
| 25 Over \$8,000 but not over \$10,000 | <u>\$290</u> [\$300] plus 5.0 percent 26 of excess over \$8,000 |
| 27 Over \$10,000 but not over \$12,000 | <u>\$390</u> [\$400] plus <u>5.0</u> [5.5] per- 28 cent of excess over \$10,000 |
| 29 Over \$12,000 but not over \$14,000 | <u>\$490</u> [\$510] plus 6.0 percent |

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| | |
|----|--|
| | of excess over \$12,000 |
| 1 | |
| 2 | Over \$14,000 but not over \$16,000 |
| 3 | <u>\$610</u> [\$630] plus <u>6.0</u> [6.5] per- |
| 4 | cent of excess over \$14,000 |
| 5 | Over \$16,000 but not over \$18,000 |
| 6 | <u>\$730</u> [\$760] plus <u>6.5</u> [7.0] per- |
| 7 | cent of excess over \$16,000 |
| 8 | Over \$18,000 but not over \$20,000 |
| 9 | <u>\$860</u> [\$900] plus 7.0 percent |
| 10 | of excess over \$18,000 |
| 11 | Over \$20,000 but not over \$22,000 |
| 12 | <u>\$1,000</u> [\$1,040] plus 7.5 per- |
| 13 | cent of excess over \$20,000 |
| 14 | Over \$22,000 but not over \$24,000 |
| 15 | <u>\$1,150</u> [\$1,190] plus 8.0 per- |
| 16 | cent of excess over \$22,000 |
| 17 | Over \$24,000 but not over \$28,000 |
| 18 | <u>\$1,310</u> [\$1,350] plus 8.5 per- |
| 19 | cent of excess over \$24,000 |
| 20 | Over \$28,000 but not over \$32,000 |
| 21 | <u>\$1,650</u> [\$1,690] plus <u>8.5</u> [9.0] |
| 22 | percent of excess over \$28,000 |
| 23 | Over \$32,000 but not over \$38,000 |
| 24 | <u>\$1,990</u> [\$2,050] plus <u>9.0</u> [9.5] |
| 25 | percent of excess over \$32,000 |
| 26 | Over \$38,000 but not over \$44,000 |
| 27 | <u>\$2,530</u> [\$2,430] plus 10.0 per- |
| 28 | cent of excess over \$38,000 |
| 29 | Over \$44,000 but not over \$50,000 |
| | <u>\$3,130</u> [\$3,030] plus 10.5 per- |
| | cent of excess over \$44,000 |
| | Over \$50,000 but not over \$60,000 |
| | <u>\$3,760</u> [\$3,660] plus 11.0 per- |
| | cent of excess over \$50,000 |
| | Over \$60,000 but not over \$70,000 |
| | <u>\$4,860</u> [\$4,760] plus 11.5 per- |
| | cent of excess over \$60,000 |
| | Over \$70,000 but not over \$80,000 |
| | <u>\$6,010</u> [\$5,910] plus <u>11.5</u> [12.0] |
| | percent of excess over \$70,000 |
| | Over \$80,000 but not over \$90,000 |
| | <u>\$7,160</u> [\$7,110] plus <u>12.0</u> [12.5] |
| | percent of excess over \$80,000 |

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| | | |
|----|---------------------------------------|---|
| 1 | Over \$90,000 but not over \$100,000 | \$8,360 plus 13.0 percent of |
| 2 | | excess over \$90,000 |
| 3 | Over \$100,000 but not over \$150,000 | \$9,660 plus <u>13.0</u> [13.5] percent |
| 4 | | of excess over \$100,000 |
| 5 | Over \$150,000 but not over \$200,000 | <u>\$16,160</u> [\$16,410] plus 14.0 per- |
| 6 | | cent of excess over \$150,000 |
| 7 | Over \$200,000 but not over \$300,000 | <u>\$23,160</u> [\$23,410] plus 14.5 per- |
| 8 | | cent of excess over \$200,000 |
| 9 | Over \$300,000 | <u>\$37,660</u> [\$37,910] plus 14.5 per- |
| 10 | | cent of excess over \$300,000 |

11 * Sec. 9. AS 43.20.011(d) is repealed and re-enacted to read:

12 (d) The department shall compute and publish Alaska income tax
13 liability tables for taxpayers.

14 * Sec. 10. AS 43.20.011(e) is repealed and re-enacted to read:

15 (e) There is imposed for each taxable year upon the entire taxable
16 income of every corporation derived from sources within the state a tax
17 consisting of a normal tax equal to 5.4 percent of taxable income, and a
18 surtax which is equal to 4.0 percent of taxable income, except that the
19 tax on a corporation engaged in the production or transportation of
20 crude oil or natural gas shall be determined and paid in accordance with
21 AS 43.21. For tax years beginning after December 31, 1979, the surtax
22 exemption is \$50,000. For controlled corporations described in secs.
23 1561 - 1563 of the Internal Revenue Code only one surtax exemption may
24 be allowed for the controlled group.

25 * Sec. 11. AS 43.20.011 is amended by adding a new subsection to read:

26 (f) Notwithstanding (b) of this section, husband and wife may
27 compute and pay taxes on taxable income as individual taxpayers in
28 accordance with the tax table set out in (a) of this section if

29 (1) both of the taxpayers claim standard deductions or both

1 of the taxpayers itemize deductions;

2 (2) the amount which is claimed by married taxpayers claiming
3 a standard deduction as single persons does not exceed the amount of the
4 standard deduction which each may claim; and

5 (3) deductions, exemptions or credits, other than the stan-
6 dard deduction, claimed by the taxpayers on their separate returns do
7 not exceed the deductions, exemptions or tax credits which could be
8 claimed by the taxpayers on a single return filed jointly in accordance
9 with (b) of this section.

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

11 (d) Where a credit allowed under the Internal Revenue Code is also
12 allowed in computing Alaska income tax, it is limited to 16 percent [OF
13 THE AMOUNT OF THE CREDIT DETERMINED FOR FEDERAL INCOME TAX PURPOSES] for
14 individuals and fiduciaries and 18 percent for corporations of the
15 amount of credit determined for federal income tax purposes which is
16 attributable to Alaska.

17 * Sec. 13. AS 43.20.021 is amended by adding a new subsection to read:

18 (g) For purposes of calculating the accumulated earnings tax as
19 provided in the Internal Revenue Code, sec. 531, the rate is 4.95 per-
20 cent of the first \$100,000 of accumulated taxable income and 6.93 per-
21 cent of accumulated taxable income in excess of \$100,000.

22 * Sec. 14. AS 43.20.031(a)(3) is amended to read:

23 (3) the benefits of nonrecognition of gain on the sale, [OR]
24 exchange, or other disposition of certain property under secs. 1031,
25 1033, and 1034 of the Internal Revenue Code (26 U.S.C. secs. 1031, 1033
26 and 1034) are allowed only to taxpayers who purchase or exchange the
27 property within the state, except that the benefits of sec. 1034 shall
28 be allowed regardless of the location of the property for taxpayers who
29 have attained the age of 65 on or before the time of the purchase or

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1 exchange; for purposes of this paragraph,

2 (A) the gain that results is subject to the benefits of
3 secs. 1201, 1202, 1221, and 1231 of the Internal Revenue Code as
4 if the gain had been recognized for federal tax purposes; and

5 (B) the basis of the acquired property shall be adjusted
6 as provided in sec. 1016 of the Internal Revenue Code as if the
7 gain had been recognized for federal tax purposes;

8 * Sec. 15. AS 43.20.031(e) is amended to read:

9 (e) An affiliated group of corporations may make or the commis-
10 sioner may require them to make a consolidated [OR COMBINED] return for
11 the taxable year in place of separate returns. For purposes of calcu-
12 lating the amount of tax payable by the group under a consolidated
13 filing, Internal Revenue Code secs. 1501 - 1552, as amended, apply.

14 * Sec. 16. AS 43.20.031(h) is amended to read:

15 (h) A taxpayer who purchases an entry permit under AS 16.43 in
16 carrying on a trade or business is entitled to a deduction of the amount
17 of the price paid during the tax year as if it were allowable under sec.
18 162 of the Internal Revenue Code (26 U.S.C. sec. 162). The basis of
19 the entry permit shall be reduced by the amount of the deduction which
20 the taxpayer is entitled to claim under this subsection.

21 * Sec. 17. AS 43.20.031 is amended by adding a new subsection to read:

22 (i) A corporation which is a member of a group of unitary cor-
23 porations which collectively has income from business activity taxable
24 both inside and outside the state, or income from other sources both
25 inside and outside the state, shall determine its income from sources in
26 this state by use of the combined method of accounting.

27 * Sec. 18. AS 43.20 is amended by adding a new section to read:

28 Sec. 43.20.033. TAXABLE INCOME OF FIDUCIARY. The taxable income
29 of a fiduciary is its taxable income as determined under AS 43.20.031

when attributable to sources in the state as provided in AS 43.20.040.

* Sec. 19. AS 43.20.035(a) is amended to read:

(a) The taxable income of nonresidents or part-year residents of this state is taxable income as determined under AS 43.20.031 when attributable to sources in the state as provided in AS 43.20.040 with the following modifications:

(1) a nonresident or part-year resident of this state shall be allowed a deduction, in place of the deductions [WHO HAS NO EXCESS ALASKA ITEMIZED DEDUCTIONS AS DEFINED IN (4) OF THIS SUBSECTION IS ALLOWED THE MINIMUM DEDUCTION] provided by AS 43.20.031(a)(4) and excess itemized deductions provided under the Internal Revenue Code, in the amount of the minimum deduction and excess itemized deductions in the proportion provided in (b) of this section;

(2) a nonresident or part-year resident is allowed a deduction equal to the personal exemption deduction as defined in sec. 151 of the Internal Revenue Code in the proportion provided in (b) of this section[;

(3) A NONRESIDENT OR PART-YEAR RESIDENT WHO HAS EXCESS ALASKA ITEMIZED DEDUCTIONS IS ALLOWED HIS ENTIRE ALASKA ITEMIZED DEDUCTIONS;

(4) "ALASKA ITEMIZED DEDUCTIONS" AS USED IN THIS SECTION ARE THOSE ITEMIZED DEDUCTIONS ALLOWED UNDER THE INTERNAL REVENUE CODE WHICH ARISE FROM SOURCES IN THE STATE EXCEPT THOSE ITEMS DESCRIBED IN AS 43.-20.031(c); "EXCESS ALASKA ITEMIZED DEDUCTIONS" MEANS THE EXCESS (IF ANY) OF:

(A) ALASKA ITEMIZED DEDUCTIONS, OVER

(B) THE MINIMUM DEDUCTION AS DEFINED IN AS 43.20.031-

(a)(4)].

* Sec. 20. AS 43.20.038(a) is amended to read:

(a) An individual is allowed as a credit against the tax due under

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1 this chapter five percent of his residential fuel expenses paid during
2 the year, but not less than a minimum credit of \$10. For married tax-
3 payers filing separate returns, the minimum credit is \$5 for each re-
4 turn. Part-year resident and nonresident individual taxpayers shall
5 prorate the credit allowed in this section as provided by AS 43.20.-
6 035(b) [ACCORDING TO THE NUMBER OF MONTHS RESIDED IN THE STATE].

7 * Sec. 21. AS 43.20.039(c) is amended to read:

8 (c) Part-year resident and nonresident individuals shall prorate
9 the credits provided in this section as provided by AS 43.20.035(b)
10 [ACCORDING TO THE NUMBER OF MONTHS DURING WHICH THE TAXPAYER RESIDED IN
11 THE STATE].

12 * Sec. 22. AS 43.20 is amended by adding a new section to read:

13 Sec. 43.20.045. PRORATION OF PART-YEAR RESIDENT AND NONRESIDENT
14 INDIVIDUAL CREDITS. Unless otherwise provided by this chapter, a credit
15 allowable to a part-year resident and nonresident individual is limited
16 to the amount of the credit computed according to AS 43.20.021(d), if
17 that section applies, and shall be prorated as provided by AS 43.20.-
18 035(b).

19 * Sec. 23. AS 43.20.065 is amended to read:

20 Sec. 43.20.065. ALLOCATION AND APPORTIONMENT. A taxpayer who has
21 income from business activity which is taxable both inside and outside
22 the state or income from other sources both inside and outside the state
23 shall allocate and apportion his net income as provided in [ART. IV OF]
24 the Multistate Tax Compact (AS 43.19 [43.19.010]), or [AND] as provided
25 by this chapter [IN AS 43.20.071 FOR WATER TRANSPORTATION CARRIERS].

26 * Sec. 24. AS 43.20.071 is repealed and re-enacted to read:

27 Sec. 43.20.071. TRANSPORTATION CARRIERS. (a) All business income
28 of water transportation carriers shall be apportioned to this state in
29 accordance with the Multistate Tax Compact (AS 43.19) as modified by the

1 following:

2 (1) the numerator of the property factor is the sum of the
3 value for property in a fixed location, including buildings and land
4 used in the business, and intrastate equipment and personal property
5 determined according to the Multistate Tax Compact (AS 43.19), and the
6 value of interstate mobile property determined on a days-spent-in-ports
7 basis as provided in (4) of this subsection; the denominator of the
8 property factor is determined according to the Multistate Tax Compact
9 (AS 43.19);

10 (2) the numerator of the payroll factor is the sum of the
11 wages and salaries of employees assigned to fixed locations determined
12 according to the Multistate Tax Compact (AS 43.19) and the wages and
13 salaries of employees assigned to interstate mobile property determined
14 on a days-spent-in-ports basis as provided in (4) of this subsection;
15 the denominator of the payroll factor is determined in accordance with
16 the Multistate Tax Compact (AS 43.19);

17 (3) the numerator of the sales factor is the sum of all
18 revenues from intrastate activities and revenues from interstate activi-
19 ties determined on a days-spent-in-ports basis as provided in (4) of
20 this subsection; the denominator is determined in accordance with the
21 Multistate Tax Compact (AS 43.19);

22 (4) the portions of the numerator of the property, payroll,
23 and sales factors which are directly related to interstate mobile pro-
24 perty operations are determined by a ratio which the number of days
25 spent in ports inside the state bears to the total number of days spent
26 in ports inside and outside the state; the term "days spent in ports"
27 does not include periods when ships are tied up because of strikes or
28 withheld from Alaska service for repairs, or because of seasonal re-
29 duction of service; days in port are computed by dividing the total

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number of hours in all ports by 24.

(b) The department shall, by regulation, adopt formulas to ensure that the total income subject to apportionment under this chapter has been apportioned only to those states having jurisdiction to tax the income. Transportation carriers other than water carriers shall apportion their income to the state by means of the formulas adopted by the department.

* Sec. 25. AS 43.20.170(b) is amended to read:

(b) The rules with respect to withholding of tax set out in sec. [SECS.] 3402(a) - (e), (f)(1)(A) - (E) and (G), (f)(2) - (7), (g) - (1), and (o) - (r) [(i)]; sec. 3502(b); and sec. 6414 of the Internal Revenue Code of 1954, as amended, apply with respect to this section as though fully set out in this section. Remittance of taxes withheld shall be accompanied by returns on forms prescribed by the department.

* Sec. 26. AS 43.20.200(a) is amended to read:

(a) As soon as practicable after a return is filed, the department may [SHALL] examine it and determine the correct amount of the tax. If an error is disclosed by the examination, the department shall so notify the taxpayer by first-class mail. The taxpayer may petition for re-determination of deficiency as provided in AS 43.05.240 [AS 43.20.280].

* Sec. 27. AS 43.20.270(f) is amended to read:

(f) The property distrained shall be restored to the owner or possessor if, before the sale, payment of the amount due is made to the deputy or agent charged with the collection, together with the fees and other charges; but in case of nonpayment, the [SAID] deputy or agent shall proceed to sell the property at public auction. The owner of real property sold under this section, his heir, executor, or administrator, or a person in his behalf may redeem the property sold or a particular tract of the property at any time within 120 days [TWO YEARS] after the

1 sale of the property or tract [THEREOF]. The property or tract may be
2 redeemed upon payment to the purchaser or, if he cannot be found in the
3 state, then to the commissioner of revenue for the use of the purchaser,
4 his heirs, or assigns, the amount paid by the purchaser and interest on
5 it at the rate of 12 [SIX] percent a year. If land sold is redeemed
6 under this subsection, the commissioner shall cause entry of the fact to
7 be made upon the record mentioned in (g)(6) of this section and the
8 entry shall be evidence of such redemption.

9 * Sec. 28. AS 43.21.010 is amended to read:

10 Sec. 43.21.010. APPLICATION. This chapter applies to every cor-
11 poration doing business in the state which derives income from the
12 production of oil or gas from a lease or property in [OR DIRECTLY ASSO-
13 CIATED WITH] the state, or from the pipeline transportation of oil or
14 gas in the state. The tax calculated under this chapter is measured by
15 the total taxable income of the corporation as defined in AS 43.21.020 -
16 43.21.040 and is determined at the rates established under AS 43.20.-
17 011(e).

18 * Sec. 29. AS 43.21.020(c)(7) is amended to read:

19 (7) interest expense of the corporation not capitalized
20 during construction [OF THE CORPORATION], to the extent that it does not
21 exceed that portion of the total interest paid by the consolidated
22 business of which the corporation is a part, determined by multiplying
23 the total interest (reduced by intercompany transactions within the
24 consolidated business) by a fraction, the numerator of which is the
25 value of the corporation's real and tangible personal property used
26 directly in the production of oil or gas from a lease or property in the
27 state and the denominator of which is the value of all real and tangible
28 personal property of the consolidated business;

29 * Sec. 30. AS 43.21.040(a) is amended to read:

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1 (a) Taxable income of a corporation subject to this chapter from
2 activities in this state other than the production of oil or gas from a
3 lease or property in the state or the pipeline transportation of oil or
4 gas in the state shall be determined in accordance with the method
5 established in art. IV of AS 43.19.010 and in AS 43.20.071, as modified
6 by (b) - (f) [(e)] of this section.

7 * Sec. 31. AS 43.21.040(b) is amended to read:

8 (b) The total taxable income of the consolidated business shall be
9 the net income determined and certified by an independent certified
10 public accountant for the purposes of a report to shareholders covering
11 its earnings and profits for the taxable year (calculated without regard
12 to any taxes on or measured by net income), less the earnings and pro-
13 fits of the consolidated business gained directly from oil and gas pro-
14 duction and pipeline transportation [TAXABLE INCOME OF THE CORPORATION
15 AS DETERMINED UNDER AS 43.21.020 AND 43.21.030].

16 * Sec. 32. AS 43.21.040 is amended by adding a new subsection to read:

17 (f) The value attributed to vessels transporting Alaskan oil or
18 gas of the consolidated business which are not owned or effectively
19 owned by the consolidated business shall be excluded from the property
20 factor.

21 * Sec. 33. AS 43.21.120(2) is amended to read:

22 (2) "consolidated business" means a corporation or group of
23 corporations having more than [AT LEAST] 50 percent common ownership
24 direct or indirect, or a group of corporations in which there is common
25 control either direct or indirect as evidenced by any arrangement,
26 contract or agreement.

27 * Sec. 34. AS 43.31.141 is amended to read:

28 Sec. 43.31.141. WHEN TAX DUE, EXTENSION AND INTEREST. The tax
29 imposed by this chapter is due and payable 15 months after the dece-

1 dent's death, and shall be paid by the executor to the department. If
2 the department finds that the payment on the due date of tax or any part
3 of the tax would impose undue hardship upon the estate, the department
4 may extend the time for payment of any part, but no extension may be for
5 more than one year and the aggregate of extensions with respect to an
6 estate may not exceed five years from the due date. In that case the
7 amount in respect of which the extension is granted shall be paid on or
8 before the date of the expiration of the period of the extension unless
9 a further extension is granted. If the time for the payment is extended
10 there shall be collected, as part of this amount, interest on the tax at
11 the rate provided in AS 43.05.225 [OF SEVEN PERCENT A YEAR] from the due
12 date of the tax to the date the tax is paid.

13 * Sec. 35. AS 43.40.030(b) is amended to read:

14 (b) The entire tax levied by this chapter [AS 43.40.010 - 43.40.-
15 100] shall be refunded to the purchaser on that part of the motor fuel
16 used in a foreign country on which duty is paid when the fuel is sold
17 and delivered in the state for nonhighway use in a foreign country.

18 * Sec. 36. AS 43.40.030 is amended by adding a new subsection to read:

19 (d) If a person obtains motor fuel on which the tax levied by this
20 chapter has been paid and the motor fuel is exempt from the tax, the
21 person is entitled to a refund of the tax paid.

22 * Sec. 37. AS 43.40.050(a) is amended to read:

23 (a) A person who claims a refund as provided in this chapter
24 [AS 43.40.010 - 43.40.100] shall present his claim to the commissioner
25 of revenue by affidavit upon a form provided by the commissioner. The
26 claim shall include the name, address and occupation of the applicant,
27 the nature of the business of the applicant, and a description suffi-
28 cient to identify the machinery or equipment in which the motor fuel
29 for which the refund is claimed was used [WITH THE INFORMATION THE

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1 COMMISSIONER REQUIRES]. The claim shall be accompanied by each invoice
2 issued to the claimant at the time the motor fuel was [IS] purchased.
3 The commissioner may require any additional information which he con-
4 siderers necessary for the administration of this chapter [AS 43.40.010 -
5 43.40.100].

6 * Sec. 38. AS 43.50.010 is amended by adding a new subsection to read:

- 7 (e) A license issued under this chapter shall include
8 (1) the name and address of the licensee;
9 (2) the type of business to be conducted; and
10 (3) the year for which the license is issued.

11 * Sec. 39. AS 43.50.150 is amended to read:

12 Sec. 43.50.150. ADMINISTRATION. (a) The department shall (1)
13 administer this chapter [AS 43.50.010 - 43.50.180], and (2) collect,
14 supervise, and enforce the collection of taxes [AND PENALTIES] due under
15 this chapter and penalties as provided in AS 43.05 [AS 43.50.010 - 43.-
16 50.180].

17 (b) The department may adopt [PUBLISH] regulations necessary for
18 the administration of this chapter [AS 43.50.010 - 43.50.180, (1) TO
19 ENFORCE AS 43.50.010 - 43.50.180, AND (2) TO COLLECT THE TAXES, FEES,
20 AND PENALTIES IMPOSED BY AS 43.50.010 - 43.50.180].

21 * Sec. 40. AS 43.50.190(b) is amended to read:

22 (b) The tax levied by this section is in addition to the tax
23 levied by AS 43.50.010 - 43.50.180. The tax shall be administered and
24 collected in the same manner as the tax levied by AS 43.50.010 - 43.50.-
25 180, except that receipts from the tax shall be deposited in the general
26 fund. The penalties provided in AS 43.05 [ESTABLISHED IN AS 43.50.010 -
27 43.50.180] apply to the tax levied in this section.

28 * Sec. 41. AS 43.56.210(6) is amended to read:

- 29 (6) "taxable property"

1 (A) means real and tangible personal property used or
2 committed by contract or other agreement for use within this state
3 primarily in the exploration for, production of, or pipeline trans-
4 portation of gas or unrefined oil (except for property used solely
5 for the retail distribution or liquefaction of natural gas), or in
6 the operation or maintenance of facilities used in the exploration
7 for, production of, or pipeline transportation of gas or unrefined
8 oil; "taxable property" includes [, INCLUDING]

9 (i) machinery, appliances, supplies, and equipment;
10 [,]

11 (ii) drilling rigs, wells (whether producing or
12 not), gathering lines and transmission lines, pumping stations,
13 compressor stations, power plants, topping plants, and pro-
14 cessing units; [,]

15 (iii) roads, tank farms, tanker terminals, docks and
16 other port facilities, air strips and communication equipment
17 and facilities; [,]

18 (iv) aircraft and motor vehicles owned by a person
19 whose principal business in the state is the exploration for,
20 production of, or pipeline transportation of gas or unrefined
21 oil and whose operation of the aircraft or motor vehicle
22 directly relates to the conduct of that business; and

23 (v) maintenance equipment and facilities, and
24 maintenance camps and other related facilities;

25 (B) ["TAXABLE PROPERTY"] does not include

26 (i) permanent residences; [,]

27 (ii) office buildings requiring substantial local
28 government services; [, OR]

29 (iii) oil and gas pipeline systems owned and operated

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1 by a certificated public utility regulated by the Alaska
2 Public Utilities Commission; and

3 (iv) aircraft and motor vehicles, except aircraft
4 and motor vehicles taxable under (A)(iv) of this paragraph;

5 * Sec. 42. AS 43.60.040 is amended by adding a new subsection to read:

6 (h) A license issued under this section shall include

7 (1) the name and address of the licensee;

8 (2) the nature or type of liquor business to be conducted;

9 and

10 (3) the year for which the license is issued.

11 * Sec. 43. AS 43.65.010 is amended by adding a new subsection to read:

12 (i) A license issued under this section shall include

13 (1) the name and address of the licensee;

14 (2) the nature or type of mining activity to be conducted;

15 and

16 (3) the year for which the license is issued.

17 * Sec. 44. AS 43.70.020(a) is amended to read:

18 (a) For the privilege of engaging in a business in the state, a
19 person shall first apply, upon forms prescribed by the commissioner, and
20 obtain a license [SO TO DO], and pay the license fee provided for in
21 AS 43.70.030. A license issued to a firm for a particular line of
22 business covers all its operations in the state in the line of business
23 regardless of the number of its establishments. A license issued under
24 this subsection shall include

25 (1) the name and address of the licensee;

26 (2) the line of business to be conducted; and

27 (3) the year for which the license is issued.

28 * Sec. 45. The following laws are repealed: AS 43.05.100(a); AS 43.10.-
29 040, 43.10.050; AS 43.20.150, 43.20.160(b), 43.20.220, 43.20.240, 43.20.260;

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1 AS 43.31.171; AS 43.40.040; AS 43.50.100(a), (c), and (e); AS 43.58.120,
2 43.58.130; AS 43.65.050(b) and (c); AS 43.70.060; AS 43.75.050(c), 43.75.-
3 140(8); and AS 43.80.030.

4 * Sec. 46. The following laws are repealed: AS 43.20.335; AS 43.26.060;
5 AS 43.31.360, 43.31.370, 43.31.380, 43.31.390; AS 43.35.080; AS 43.40.020,
6 43.40.080(b), 43.40.090; AS 43.45.060; AS 43.50.160; AS 43.55.120, 43.55.130;
7 AS 43.56.190; AS 43.60.040(d), (e), and (f); AS 43.65.050(f), (g), and (h);
8 AS 43.70.100; AS 43.75.050(f), (g), and (h), 43.75.120; and AS 43.80.020.

9 * Sec. 47. (a) The commissioner of revenue shall provide the commissioner
10 of administration the names of taxpayers who paid to the state after
11 December 31, 1973, a tax levied on aircraft or motor vehicles which are
12 exempt from taxation under AS 43.56.210(6), as amended by sec. 41 of this
13 Act, and the amount of the taxes paid on the aircraft or motor vehicle.

14 (b) The commissioner of administration shall promptly pay each taxpayer
15 the amount determined by the commissioner of revenue under (a) of this sec-
16 tion.

17 * Sec. 48. Section 41 of this Act is retroactive to January 1, 1974.

18 * Sec. 49. Section 16 of this Act is retroactive to January 1, 1977, and
19 applies to tax years beginning after December 31, 1976.

20 * Sec. 50. Sections 28 and 30 - 33 of this Act are retroactive to
21 January 1, 1978, and apply to tax years beginning after December 31, 1977.

22 * Sec. 51. Section 11 of this Act is retroactive to January 1, 1979, and
23 applies to tax returns for tax years beginning after December 31, 1978.

24 * Sec. 52. Sections 1, 3, 4, 6 - 10, 12 - 15, 17 - 27, 29, 34 - 37, 39,
25 40, and 45 of this Act are retroactive to January 1, 1980, and apply to tax
26 years beginning after December 31, 1979.

27 * Sec. 53. Sections 38 and 42 - 44 of this Act take effect January 1,
28 1981.

29 * Sec. 54. Sections 1 - 37, 39 - 41, and 45 - 54 of this Act take effect

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1 immediately in accordance with AS 01.10.070(c).

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