Calendar No. 1504

82D CONGRESS {
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SENATE

{ REPORT
{ No. 1577

ALASKA RAILROADS TAX

MAY 15 (legislative day. MAY 12), 1952.—Ordered to be printed

Mr. GEORGE, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 156]

The Committee on Finance, to whom was referred the bill (H. R. 156) to repeal the Alaska railroads tax, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The bill would repeal chapter 8 of the Internal Revenue Code which provides for a Federal tax of 1 percent on the gross annual income of all railroad corporations doing business in Alaska, on business done in Alaska.

GENERAL STATEMENT

As explained in the report of the Department of the Interior dated April 11, 1951:

The act of September 7, 1949 (Public Law 300, 81st Cong., 1st sess.), entitled "An act to repeal section 460 of the act of March 3, 1899 (30 Stat. 1336), as amended, providing for certain license taxes in the Territory of Alaska," was designed to withdraw the Federal Government from the area of license taxes in the Territory of Alaska. Failure to repeal the Alaska railroads tax, which is tantamount to a franchise or license tax, at the same time that section 460 of the act of March 3, 1899, as amended, was repealed, was, I am sure, an oversight, for the repeal of the Alaska railroads tax would have been entirely consistent with the objectives of the act of September 7, 1949.

The Alaska railroads tax is another illustration of antiquated Federal legislation affecting the Territory which should be repealed.

Enactment of H. R. 156 will not reduce Federal revenues, as the proceeds of the Alaska railroads tax, in accordance with the provisions of section 1301 of the Internal Revenue Code, are ultimately turned over to the Treasurer of the Territory of Alaska to be used for general Territorial purposes.

The Treasury Department also submitted a favorable report on the bill.

EFFECTIVE DATE

The amended bill makes the repeal of chapter 8 of the Internal Revenue Code effective with respect to taxable years which end after

the date of the enactment of the bill. Section 1301 of the code (which relates to the disposition of the proceeds of the Alaska railroads tax will remain in effect with respect to the proceeds of such tax for taxable years ending on or before the date of the enactment of the bill.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE

[CHAPTER 8—ALASKAN RAILROADS TAX

[SEC. 1300. [RATE OF TAX.

[There shall be levied and collected, for each taxable year beginning after December 31, 1938, a tax of one per centum on the gross annual] income of all railroad corporations doing business in Alaska, on business done in Alaska.

[SEC. 1301. ASSESSMENT AND COLLECTION OF TAX

[The tax imposed by section 1300 shall be computed and collected in the manner provided in section II of the Act of October 3, 1913, c. 16, 38 Stat. 114, 174. The proceeds of such tax when collected shall be deposited into the Treasury as miscellaneous receipts, and amounts equal thereto are (1) authorized to be appropriated annually from the general fund of the Treasury, (2) paid to the treasurer of Alaska, and (3) made applicable to general Territorial purposes. If the total of receipts for any fiscal year is greater than the amount appropriated for the payment of such receipts to the Alaskan government, such excess is authorized to be appropriated for the following fiscal year.]

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