



LAWS OF ALASKA

1978

Source

HB 662

Chapter No.

8

AN ACT

Relating to an income tax refund for the 1977 tax year and making miscellaneous amendments to the income tax statutes; and providing for an effective date.

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

* Section 1. AS 43.20.031(a) is amended by adding a new paragraph to read:

(4) each taxpayer shall be allowed a minimum deduction equivalent in amount to the "zero bracket amount" defined in sec. 63(d) of the Internal Revenue Code.

* Sec. 2. 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 sec. 31 of this chapter when attributable to sources in the state as provided in sec. 40 of this chapter with the following modifications:

(1) a nonresident or part-year resident who has no excess Alaska itemized deductions as defined in (4) of this subsection is allowed the minimum deduction provided by sec. 31(a)(4) of this chapter 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;

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(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 sec. 31(c) of this chapter; "excess Alaska itemized deductions" means the excess (if any) of:

- (A) Alaska itemized deductions, over
- (B) the minimum deduction as defined in sec. 31(a)(4) of this chapter.

* Sec. 3. (a) Instead of allowing the taxpayer to claim the minimum deduction allowed under AS 43.20.031(a)(4) for 1977, the Department of Revenue shall refund the overpayment of taxes paid by individual taxpayers under AS 43.20 for the 1977 tax year as a result of the 1977 amendments to sec. 63 of the 1954 Internal Revenue Code, 26 U.S.C. sec. 63, made by sec. 102(a) of P. L. 95-30 which repealed the standard deduction and replaced it with the minimum deduction at the federal level. The refund shall be determined without regard to provisions under AS 43.20 for income averaging, alternative tax on capital gains, maximum tax on earned income, minimum tax on tax preferences, or allowable credits claimed on the original return. The amount of the refund shall be calculated by subtracting the tax as computed under the appropriate tax rates, as provided under (1), (2), or (3) of this subsection, on the Alaska taxable income (allowing a deduction in the amount of the appropriate "zero bracket amount" as defined under sec. 63 of the Internal Revenue Code) from the amount of tax which would have been imposed under AS 43.20 on taxable income if the amendments contained in this Act were not in effect for the 1977 tax year. In calculating the amount of the refund, the following tax rates shall be used:

(1) refunds for single taxpayers and married taxpayers filing separate returns not qualifying for rates in AS 43.20.011(b) or (c) shall be calculated as if the taxpayer used the rate in AS 43.20.011(a) on his original filing;

(2) refunds for married taxpayers, filing joint returns, and certain widows and widowers who qualify under the provisions of AS 43.20.011(b) shall be calculated as if the taxpayer used the rates in that subsection on his original filing;

(3) refunds for unmarried (or legally separated) taxpayers who qualify as heads of household under the provisions of AS 43.20.011(c) shall be calculated as if the taxpayer used the rates in that subsection on his original return.

(b) Notwithstanding (a) of this section, in the case of nonresident or part-year individuals who do not have excess itemized deductions the amount of the refund shall be based upon the appropriate "zero bracket amount" as defined under sec. 63 of the Internal Revenue Code prorated as provided by AS 43.20.035(b).

(c) This refund applies to every individual taxpayer filing a return under AS 43.20 for a tax year beginning in the calendar year of 1977. In no case may the refund exceed the tax based on AS 43.20.011 less credits allowable under AS 43.20

as finally determined by the department.

(d) If the amount of the refund is redetermined by action of the taxpayer or the department, any deficiency shall be assessed and collected in the same manner as the original tax.

(e) Interest shall be allowed and paid on any refund made under this section as provided for in AS 43.05.280.

* Sec. 4. The refund provided for in sec. 3 of this Act is the sole means of using the minimum deduction established in AS 43.20.031(a)(4) (under secs. 1 and 2 of this Act) for income tax returns covering tax years beginning on or after January 1, 1977 but before January 1, 1978.

* Sec. 5. Sections 1 and 2 of this Act are retroactive to January 1, 1977.

* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.070(c).