



# LAWS OF ALASKA

1980

Second Special Session

**Source**

CSHB 1042 (Rules)

**Chapter No.**

2

## AN ACT

Relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 13

Approved by the Governor: September 24, 1980  
Actual Effective Date: September 25, 1980 with sections  
2 - 6 and 9 retroactive to January 1, 1979.

AN ACT

Relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes; and providing for an effective date.

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\* Section 1. FINDINGS. The legislature finds:

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

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

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

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1 net income tax on individuals and fiduciaries retroactive to January 1, 1979.

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

3 Sec. 43.20.012. LIMITATION ON APPLICATION OF CHAPTER; CREDITS.

4 The tax imposed by this chapter does not apply to individuals or to  
5 fiduciaries. However, an individual may file a return under this chapter  
6 in order to receive a tax credit under AS 43.20.013.

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

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

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

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

15 (ii) United States senator from Alaska;

16 (iii) United States representative from Alaska;

17 (iv) governor or lieutenant governor of Alaska;

18 (v) the Alaska legislature;

19 (vi) delegate to an Alaska constitutional convention;

20 (vii) electoral confirmation as a judge or justice of

21 a court in Alaska; or

22 (viii) municipal office in Alaska; or

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

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

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

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for his gainful employment.

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

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

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

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

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

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

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

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

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

(1) the amount of tax due under this chapter, less credits

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1 claimed against the tax; and

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

4 \* Sec. 7. REFUND OF 1979 INCOME TAXES. (a) An individual or fiduciary  
5 is entitled to a refund of his Alaska net income taxes paid or withheld under  
6 AS 43.20 for all or part of a tax year occurring after December 31, 1978 and  
7 before January 1, 1980.

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

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

13 (d) The commissioner may adopt regulations to implement this section,  
14 and those regulations may be adopted as emergency regulations under AS 44.-  
15 62.250 and 44.62.260.

16 (e) In this section,

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

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

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

21 \* Sec. 9. The following laws are repealed: AS 43.20.011(a) - (d) and  
22 (f), 43.20.015, 43.20.017, 43.20.021(e), 43.20.030(f) and (g), 43.20.031(a),  
23 (b), and (f) - (h), 43.20.033, 43.20.035, 43.20.036(d) - (i), 43.20.038,  
24 43.20.039, 43.20.040(b)(3) and (6), 43.20.045, 43.20.061, 43.20.160(e),  
25 43.20.180, 43.20.215, and secs. 6 - 11 of ch. 22, SLA 1980.

26 \* Sec. 10. Sections 2 - 6 and 9 of this Act are retroactive to January 1,  
27 1979.

28 \* Sec. 11. This Act takes effect immediately in accordance with AS 01.10.-  
29 070(c).