

Original sponsor: Rules/Governor

Offered: 9/22/80
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

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CS FOR SENATE BILL NO. 591

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SPECIAL SESSION

5

A BILL

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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."

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

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* Section 1. FINDINGS. The legislature finds

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(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.

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(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.

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(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.

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* 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).

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Funding Information:
General Fund \$22,605,000
Other Funds -0-
\$22,605,000

Introduced: 9/22/80
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 592

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 making a supplemental appropriation to the
7 Department of Revenue; and providing for an effective
8 date."

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

10 * Section 1. The sum of \$22,605,000 is appropriated from the general
11 fund to the Department of Revenue for the fiscal year ending June 30, 1981,
12 to pay tax credits claimed by individuals under AS 43.20.031 and AS 43.20.-
13 036 and to pay refunds of the Alaska net income tax imposed on individuals
14 and fiduciaries.

15 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
16 10.070(c).

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