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1 IN THE HOUSE

2 HOUSE BILL NO. 622

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act allowing a credit against state individual
7 income tax for property tax payments to a municipality
8 for the taxpayer's principal place of residence; and
9 providing for an effective date."

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

11 * Section 1. AS 43.20 is amended by adding a new section to read:

12 Sec. 43.20.037. CREDIT FOR PROPERTY TAXES PAID FOR PLACE OF RESI-
13 DENCE. (a) An individual is entitled to a tax credit of

14 (1) the amount which he pays to a municipality during the tax
15 year for property taxes levied under AS 29.53 and special assessments
16 levied under AS 29.63.010 - 29.63.085 on real property which he owns and
17 occupies as his principal place of residence;

18 (2) the amount which he pays to a municipality during the tax
19 year for property taxes levied under AS 29.53 and special assessments
20 levied under AS 29.63.010 - 29.63.085 on real property which he leases
21 from the state under AS 38.05 and which he occupies as his principal
22 place of residence;

23 (3) one percent of rent payments which he makes during the
24 tax year for each mill of property tax levied by a municipality under
25 AS 29.53 on real property which he occupies as his principal place of
26 residence.

27 (b) The credit allowed by (a)(1) and (2) of this section is in
28 place of the deduction allowed by section 164(a)(1) of the Internal
29 Revenue Code (26 U.S.C. 164(a)(1)) with respect to the real property

1 which the taxpayer occupies as his principal place of residence.

2 (c) If taxpayers who are married file separate returns, the credit
3 allowed by this section may be claimed by only one of them.

4 (d) If part of the property for which the credit allowed by this
5 section is used by the taxpayer as his principal place of residence and
6 part is used for another purpose, the credit allowed by this section
7 shall be allocated by the taxpayer. The allocation shall be made so
8 that only the portion of taxes paid which is allocable to the part of
9 the property used by the taxpayer as his principal place of residence is
10 claimed as a credit under this section.

11 (e) A resident 65 years of age or older who claims a tax exemption
12 under AS 29.53.020(e) may also claim a credit under this section in an
13 amount equal to that tax exemption for the same tax year.

14 (f) In this section,

15 (1) "mill" is a rate of ad valorem tax equal to one-tenth of
16 one percent of the value of the item taxed;

17 (2) "principal place of residence" means the place in Alaska
18 used by the taxpayer as his permanent place of abode, and is the equiva-
19 lent of the taxpayer's "permanent place of abode" under AS 29.53.020(e)
20 and AS 29.73.060(a).

21 * Sec. 2. This Act is retroactive to January 1, 1979 and relates to tax
22 years beginning after December 31, 1978.

23 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).

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