

Original sponsor: Sumner

Offered: 3/18/80  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

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HOUSE CS FOR CS FOR SENATE BILL NO. 122

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act suspending the Alaska net income tax on individuals for four tax years; providing for payments to state residents; and providing for an effective date."

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

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\* Section 1. POLICY, PURPOSES AND FINDINGS. (a) It is the duty and

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policy of the state with respect to the natural resources belonging to it and the income derived from those natural resources to provide for their use development, and conservation for the maximum benefit of the people of the state.

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(b) The purposes of this Act are

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(1) to provide a mechanism for equitable distribution to the

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people of Alaska of at least a portion of the state's energy wealth derived from the development and production of the natural resources belonging to them as Alaskans;

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(2) to encourage persons to maintain their residence in Alaska and

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to reduce population turnover in the state; and

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(3) to encourage increased awareness and involvement by the resi-

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dents of the state in the management and expenditure of state revenues derived from natural resources development and production.

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(c) The legislature finds that the demands on and cost of state govern-

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ment have increased over the past few years at an excessive rate and that

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this increase has been permitted to occur, at least in part, by a feeling on the part of many residents of the state that because such a high proportion

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of the state's revenue comes from royalties and bonuses under mineral leases

1 of state land, those demands and costs do not have a significant economic  
2 impact upon them personally. It is in the public interest to distribute a  
3 portion of Alaska's energy wealth to the people of the state.

4 (d) The legislature also finds that state residents have been paying  
5 increasingly high prices for fossil fuels, while few have received direct  
6 monetary benefits from the production and development of fossil fuels belong-  
7 ing to them as Alaskans. It is in the public interest to return to state  
8 residents a portion of the state's income from oil, gas, and other mineral  
9 production to help offset rising fuel costs.

10 (e) The legislature also finds that there exists in the state a serious  
11 problem of population turnover. A substantial portion of the state's popu-  
12 lation is comprised of individuals who reside in Alaska for only a relatively  
13 short time. This constant turnover in population leads to political, eco-  
14 nomic, and social instability and is harmful to the state. It is in the  
15 public interest for the state to promote a stable resident population by  
16 providing an incentive to encourage Alaskans to maintain their residency in  
17 the state.

18 \* Sec. 2. AS 43 is amended by adding a new chapter to read:

19 CHAPTER 23. DISTRIBUTION OF REVENUE TO STATE RESIDENTS.

20 Sec. 43.23.010. RESIDENCY PAYMENT. (a) An individual who is  
21 eligible under (b) of this section is entitled to an annual residency  
22 payment determined as follows:

23 (1) \$500 if the individual is a state resident during the  
24 entire year for which a residency payment is claimed;

25 (2) the amount of political campaign contributions made by  
26 the individual during the year not to exceed \$50;

27 (3) five percent of the residential fuel expenses paid by the  
28 individual during the year or \$10, whichever is greater;

29 (4) 10 percent of the expenses for residential fuel con-

1 servation capital improvements paid by the individual during the year  
2 not to exceed \$200; and

3 (5) 16 percent of the tax credit claimed by the individual on  
4 his federal income tax return for household and dependent care services  
5 necessary for his gainful employment.

6 (b) An individual is eligible to receive a residency payment under  
7 (a) of this section if he

8 (1) applies to the department for the payment; and

9 (2) he is a state resident on the date of the application.

10 (c) If an individual is a state resident for less than 12 months  
11 during a year, the portion of the residency payment determined under  
12 (a)(3) - (5) of this section shall be prorated according to the number  
13 of months during the year that the individual was a state resident.

14 (d) If two individuals share the same residence, only one of those  
15 individuals may claim that portion of the residency payment determined  
16 under (a)(3) and (4) of this section.

17 (e) If an individual is married and files a joint federal income  
18 tax return, the portion of the residency payment determined under (a)(5)  
19 of this section may not exceed 50 percent of tax credit claimed for  
20 household and dependent care services on the joint federal income tax  
21 return.

22 (f) A parent or guardian may claim a residency payment on behalf  
23 of a minor or incompetent who is eligible to receive a residency payment  
24 under AS 43.23.010.

25 Sec. 43.23.020. PROOF OF ELIGIBILITY. (a) An individual who  
26 applies for a residency payment shall make and submit a statement of  
27 eligibility which must be verified by him under penalty of perjury. The  
28 commissioner may require an individual to provide additional proof of  
29 eligibility including one or more affidavits from persons having per-

1 sonal knowledge concerning the individual's eligibility.

2 (b) The department shall prescribe and furnish an application form  
3 for claiming the residency payment which shall contain a statement of  
4 eligibility and a certification of residency in the following form:

5 Under penalty of perjury, I certify that I am a state resident on  
6 the date of this application and I have been a state resident for  
7 at least one year and that I understand that my claim for a resi-  
8 dency payment is determined by the length of my residence in the  
9 state. I also understand that if I am convicted of falsely claim-  
10 ing a residency payment I will forfeit all residency payments and  
11 that I must repay all residency payments which have been paid to  
12 me. I understand that this penalty is in addition to any criminal  
13 penalties imposed.

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(signature of individual)

16 Sec. 43.23.030. PENALTIES AND ENFORCEMENT. (a) In addition to  
17 any criminal penalties imposed by state law, if an individual is con-  
18 victed of perjury or unsworn falsification for a statement made in a  
19 certification of residency, and the conviction is not reversed, that  
20 individual is not, and may never become, eligible for a residency pay-  
21 ment, and he forfeits all residency payments paid to him.

22 (b) If the commissioner determines that a residency payment should  
23 not have been claimed by or paid to an individual, he may use any col-  
24 lection procedures or remedies available under this title to recover a  
25 residency payment which was improperly made.

26 Sec. 43.23.040. APPROPRIATIONS FOR RESIDENCY PAYMENTS. The legis-  
27 lature shall appropriate at least 50 percent of the annual income of the  
28 Alaska permanent fund for residency payments under AS 43.23.010. If 50  
29 percent of the annual income of the Alaska permanent fund is not suffi-

1           cient to pay all residency payments due in a year, the legislature shall  
2 appropriate the additional amount needed from the general fund.

3           Sec. 43.23.050. DUTIES OF THE DEPARTMENT. The department shall

4           (1) by the 10th day of each regular legislative session,  
5 present a request to the legislature for appropriations for the resi-  
6 dency payments required by AS 43.23.010;

7           (2) make the residency payments required by AS 43.23.010 from  
8 the annual appropriations for that purpose;

9           (3) adopt regulations under the Administrative Procedure Act  
10 (AS 44.62) which establish procedures and time limitations for claiming  
11 a residency payment. The department shall set the time limitation for  
12 applications for a residency payment so that all residency payments for  
13 a year are paid before October 15 of the following year; and

14           (4) assist residents of rural areas who because of language,  
15 illness, old age or inaccessibility to public transportation need as-  
16 sistance to establish eligibility and to apply for the residency payment  
17 provided by this chapter.

18           Sec. 43.23.060. DEFINITIONS. In this chapter,

19           (1) "Alaska permanent fund" means the fund established by  
20 art IX, sec. 15, of the state constitution;

21           (2) "commissioner" means the commissioner of revenue;

22           (3) "department" means the Department of Revenue;

23           (4) "expenses for fuel conservation improvements" means

24           (A) the cost of additional insulation or insulating  
25 material installed in the principal residence of the individual if  
26 the residence was in existence on June 5, 1980;

27           (B) the cost of insulating windows of the principal  
28 residence of the individual;

29           (C) the cost of labor for the installation of the ma-

1 materials set out in (A) and (B) of this subsection; and

2 (D) the cost of installation of alternate sources of  
3 power generation not dependent on fossil fuels for energy supply,  
4 including but not limited to wind, tidal, solar or geothermal  
5 sources;

6 (5) "individual" means a natural person;

7 (6) "political campaign contribution" includes a contribution  
8 or gift to a person or organization for use exclusively

9 (A) for political campaigns for candidates for President  
10 or Vice President of the United States, whether or not they will be  
11 voted on in a primary election in the state; United States senator  
12 from Alaska; United States representative from Alaska; governor or  
13 lieutenant governor of Alaska; the Alaska legislature; delegate to  
14 an Alaska constitutional convention; electoral confirmation as a  
15 judge or justice of a court in the state; and municipal office in  
16 the state; and

17 (B) for groups seeking to influence the outcome of a  
18 ballot proposition or question; or dues to a nonprofit organization  
19 organized primarily to influence an election;

20 (7) "residential fuel expenses" means the payments made by an  
21 individual for wood, coal, heating oil, gas, electricity or other fuel  
22 consumed in the state for the principal residence of the individual;

23 (8) "state resident" means an individual who is physically  
24 present in the state with the intent to remain permanently in the state  
25 or, if he is not physically present in the state, intends to return to  
26 the state and he is absent for the following reasons:

27 (A) vocational, professional or other special education  
28 for which a comparable program was not reasonably available in the  
29 state,

1 (B) postsecondary education,  
2 (C) military service,  
3 (D) medical treatment,  
4 (E) service in Congress, or  
5 (F) other reasons which the commissioner may establish  
6 by regulation under the Administrative Procedure Act (AS 44.62);

7 (9) "year" means a calendar year.

8 \* Sec. 3. It is the intention of the legislature to suspend the levy and  
9 collection of the net income tax on individuals for a four-year period be-  
10 ginning January 1, 1980.

11 \* Sec. 4. AS 43.20.011(a) - (d) and 43.20.170 are suspended.

12 \* Sec. 5. Before April 15, 1981, the Department of Revenue shall refund  
13 to the employee or other taxpayer all money received by the department which  
14 was withheld during tax year 1980 from the wages or salaries of the employee  
15 by an employer or which was received by the department as estimated income  
16 tax payments under AS 43.20 for tax year 1980.

17 \* Sec. 6. Sections 3 - 5 of this Act are retroactive to January 1, 1980  
18 and apply to tax years beginning after December 31, 1979.

19 \* Sec. 7. AS 43.20.011(a) and 43.20.170 are reinstated and the net income  
20 tax on individuals levied in AS 43.20.011(a) - (d) is imposed as of January 1,  
21 1984.

22 \* Sec. 8. Sections 3 - 6 of this Act are repealed on January 1, 1984.

23 \* Sec. 9. The Department of Revenue shall refund all money received from  
24 individuals in payment of the 1979 Alaska net income tax levied under AS 43.-  
25 20.011(a) - (d).

26 \* Sec. 10. The Department of Revenue shall prescribe and distribute forms  
27 to the public so that the residency payment for 1979 will be paid before  
28 October 15, 1980.

29 \* Sec. 11. If any provision enacted in sec. 2 of this Act is held to be

1 invalid by the final judgment, decision or order of a court of competent  
2 jurisdiction, then that provision is nonseverable, and all provisions enacted  
3 in sec. 2 of this Act are invalid and of no force or effect.

4 \* Sec. 12. This Act terminates on the effective date of an Act which  
5 repeals AS 43.20.011(a) - (d).

6 \* Sec. 13. Sections 1 and 2 of this Act are retroactive to January 1,  
7 1979.

8 \* Sec. 14. This Act takes effect immediately in accordance with AS 01.10.-  
9 070(c).

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