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For Today's Calendar

1 IN THE SENATE

BY THE RULES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 122 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act suspending the Alaska net income tax on indi-
7 viduals for four tax years; providing for payments to
8 state residents; refunding a portion of the 1979 Alaska
9 net income tax paid by individuals; and providing for
10 an effective date."

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

12 * Section 1. POLICY, PURPOSES AND FINDINGS. (a) It is the duty and
13 policy of the state with respect to the natural resources belonging to it and
14 the income derived from those natural resources to provide for their use
15 development, and conservation for the maximum benefit of the people of the
16 state.

17 (b) The purposes of this Act are

18 (1) to provide a mechanism for equitable distribution to the
19 people of Alaska of at least a portion of the state's energy wealth derived
20 from the development and production of the natural resources belonging to
21 them as Alaskans;

22 (2) to encourage persons to maintain their residence in Alaska and
23 to reduce population turnover in the state; and

24 (3) to encourage increased awareness and involvement by the resi-
25 dents of the state in the management and expenditure of state revenues de-
26 rived from natural resources development and production.

27 (c) The legislature finds that the demands on and cost of state govern-
28 ment have increased over the past few years at an excessive rate and that
29 this increase has been permitted to occur, at least in part, by a feeling on

1 the part of many residents of the state that because such a high proportion
2 of the state's revenue comes from royalties and bonuses under mineral leases
3 of state land, those demands and costs do not have a significant economic
4 impact upon them personally. It is in the public interest to distribute a
5 portion of Alaska's energy wealth to the people of the state.

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

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

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

21 CHAPTER 23. DISTRIBUTION OF REVENUE TO STATE RESIDENTS.

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

25 (1) \$350 if the individual is a state resident during the
26 entire year for which a residency payment is claimed;

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

29 (3) five percent of the residential fuel expenses paid by the

1 individual during the year or \$10, whichever is greater;

2 (4) 10 percent of the expenses for residential fuel con-
3 servation capital improvements paid by the individual during the year
4 not to exceed \$200; and

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

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

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

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

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

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

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

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

27 (g) An individual may receive the annual residency payment in a
28 single payment or in 12 equal installments which shall be paid monthly
29 by the department.

1 certification of residency, and the conviction is not reversed, that
2 individual is not, and may never become, eligible for a residency pay-
3 ment, and he forfeits all residency payments paid to him.

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

8 Sec. 43.23.040. APPROPRIATIONS FOR RESIDENCY PAYMENTS. The legis-
9 lature shall appropriate at least 50 percent of the annual income of the
10 Alaska permanent fund for residency payments under AS 43.23.010. If 50
11 percent of the annual income of the Alaska permanent fund is not suffi-
12 cient to pay all residency payments due in a year, the legislature shall
13 appropriate the additional amount needed from the general fund.

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

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

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

20 (3) adopt regulations under the Administrative Procedure Act
21 (AS 44.62) which establish procedures and time limits for claiming a
22 residency payment. The department shall set the time limit for applica-
23 tions for residency payments so that single-payment residency payments
24 for a year are paid before October 15 of the following year and so that
25 installment-payment residency payments for a year begin by October 15 of
26 the following year; and

27 (4) assist residents of rural areas who because of language,
28 illness, old age or inaccessibility to public transportation need as-
29 sistance to establish eligibility and to apply for the residency payment

1 provided by this chapter.

2 Sec. 43.23.060. DEFINITIONS. In this chapter,

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

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

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

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

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

11 (B) the cost of insulating windows of the principal
12 residence of the individual;

13 (C) the cost of labor for the installation of the ma-
14 terials set out in (A) and (B) of this subsection; and

15 (D) the cost of installation of alternate sources of
16 power generation not dependent on fossil fuels for energy supply,
17 including but not limited to wind, tidal, solar or geothermal
18 sources;

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

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

22 (A) for political campaigns for candidates for President
23 or Vice President of the United States, whether or not they will be
24 voted on in a primary election in the state; United States senator
25 from Alaska; United States representative from Alaska; governor or
26 lieutenant governor of Alaska; the Alaska legislature; delegate to
27 an Alaska constitutional convention; electoral confirmation as a
28 judge or justice of a court in the state; and municipal office in
29 the state; and

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

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

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

11 (A) vocational, professional or other special education
12 for which a comparable program was not reasonably available in the
13 state,

14 (B) postsecondary education,

15 (C) military service,

16 (D) medical treatment,

17 (E) service in Congress, or

18 (F) other reasons which the commissioner may establish
19 by regulation under the Administrative Procedure Act (AS 44.62);

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

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

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

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

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

3 * Sec. 7. AS 43.20.011(a) and 43.20.170 are reinstated and the net income
4 tax on individuals levied in AS 43.20.011(a) - (d) is imposed as of January 1,
5 1984.

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

7 * Sec. 9. The Department of Revenue shall refund to each individual 50
8 percent of the money received from the individual in payment of the 1979
9 Alaska net income tax levied under AS 43.20.011(a) - (d).

10 * Sec. 10. The Department of Revenue shall prescribe and distribute forms
11 to the public so that single-payment residency payments for 1979 are paid
12 before October 15, 1980, and so that installment-payment residency payments
13 for 1979 begin by October 15, 1980.

14 * Sec. 11. If any provision enacted in sec. 2 of this Act is held to be
15 invalid by the final judgment, decision or order of a court of competent
16 jurisdiction, then that provision is nonseverable, and all provisions enacted
17 in sec. 2 of this Act are invalid and of no force or effect.

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

20 * Sec. 13. Sections 1 and 2 of this Act are retroactive to January 1,
21 1979.

22 * Sec. 14. This Act takes effect immediately in accordance with AS 01.10.-
23 070(c).