

Original sponsor: Rules/Governor

Offered: 4/15/80

1 IN THE SENATE BY THE FREE CONFERENCE COMMITTEE
2 FREE CONFERENCE CS FOR SENATE BILL NO. 394
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 ELEVENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act relating to tax credits, exemptions and refunds
7 for individuals under the Alaska Net Income Tax Act;
8 and providing for an effective date."

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

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

11 Sec. 43.20.017. INDIVIDUAL TAX EXEMPTIONS. (a) If an individual
12 filed an Alaska net income tax return and reported gross income earned
13 from sources in the state for three or more tax years preceding the tax
14 year for which an exemption is claimed under this section, the income of
15 that individual is exempt from taxation under this chapter in each
16 succeeding tax year.

17 (b) An individual is exempt from payment of two-thirds of the net
18 income tax levied under this chapter if the individual filed an Alaska
19 net income tax return and reported gross income earned from sources in
20 the state for two tax years preceding the tax year for which an exemp-
21 tion is claimed under this section.

22 (c) An individual is exempt from payment of one-third of the net
23 income tax levied under this chapter if the individual filed an Alaska
24 net income tax return and reported gross income earned from sources in
25 the state for one tax year preceding the tax year for which an exemption
26 is claimed under this section.

27 (d) A married individual who files a joint Alaska net income tax
28 return is entitled to a separate exemption under this section determined
29 on the basis of the number of tax years, preceding the tax year for

1 which the exemption is claimed, that the individual filed either a
2 separate or a joint Alaska net income tax return. For the tax year for
3 which an exemption is claimed under this section, a married individual
4 who files a joint Alaska net income tax return is considered to have
5 earned one-half of the gross income reported from sources in the state
6 for those tax years upon which an exemption under this section is based.

7 (e) An individual is not required to file an Alaska net income tax
8 return under this chapter for a tax year for which the income of the
9 individual is exempt under (a) of this section.

10 (f) An exemption claimed under this section may be based on any
11 tax year beginning after December 31, 1958. An individual may claim an
12 exemption under this section on the basis of an Alaska net income tax
13 return filed more than five tax years before the year for which the
14 exemption is claimed only if the individual submits to the department a
15 signed, sworn statement of eligibility accompanied by a copy of each
16 Alaska net income tax return on which the claimed exemption is based or
17 other documentary evidence of eligibility acceptable to the department.

18 (g) An individual who claims an exemption under this section based
19 on an Alaska net income tax return filed within the five tax years
20 immediately preceding the year for which the exemption is claimed, is
21 required to submit to the department only a signed, sworn statement of
22 eligibility.

23 * Sec. 2. AS 43.20.030 is amended by adding new subsections to read:

24 (f) If the amount of the tax credit for political campaign contri-
25 butions provided in AS 43.20.031(f) exceeds the tax liability of an
26 individual taxpayer under this chapter, the commissioner shall pay the
27 individual taxpayer the amount of money by which the credit exceeds the
28 tax liability of the individual taxpayer.

29 (g) If the amount of the credit for household and dependent care

1 services provided in AS 43.20.036(i) exceeds the tax liability of an
2 individual taxpayer under this chapter, the commissioner shall pay the
3 individual taxpayer the amount of money by which the credit exceeds the
4 tax liability of the individual taxpayer.

5 * Sec. 3. AS 43.20.036 is amended by adding a new subsection to read:

6 (i) An individual taxpayer is entitled to a credit against the tax
7 imposed by this chapter equal to 16 percent of the tax credit claimed by
8 the individual on his federal income tax return for household and depen-
9 dent care services necessary for his gainful employment.

10 * Sec. 4. AS 43.20.170(a) is amended to read:

11 (a) Every employer making payment of wages or salaries shall
12 deduct and withhold an amount of tax computed in a manner to approximate
13 the amount of tax due on those wages under this chapter for that year.
14 The department shall publish the rate of withholding required by this
15 section which shall, except as provided in (f) of this section, be
16 expressed as a percentage of the amount required to be withheld under
17 sec. 3402 of the Internal Revenue Code of 1954. Every employer making a
18 deduction and a withholding shall furnish to the employee upon request a
19 record of the amount of tax withheld from the employee on a form pre-
20 scribed by the department.

21 * Sec. 5. AS 43.20.170 is amended by adding a new subsection to read:

22 (f) The rate of withholding required by this section and published
23 by the department shall take into account the amount of the exemption,
24 if any, to which an employee is entitled under AS 43.20.017.

25 * Sec. 6. (a) An individual is entitled to a refund of the Alaska net
26 income tax paid for tax year 1979 in accordance with the exemptions in
27 AS 43.20.017 enacted in sec. 1 of this Act, but a refund may be claimed and
28 paid only as provided in this section. Refunds under this section may not be
29 made without an appropriation for that purpose.

1 (b) The department shall prescribe and make available a form for claim-
2 ing a net income tax refund under this section. By July 1, 1980, the depart-
3 ment shall mail the form to all individuals who, as of that date, filed a
4 return under AS 43.20 for tax year 1979.

5 (c) In order to receive a net income tax refund under this section, an
6 eligible individual must file with the department the form claiming a refund
7 and proof of eligibility as required in AS 43.20.017(f) and (g) before
8 June 30, 1981. The department shall begin processing each claim of a tax
9 refund as soon as the form is received by the department.

10 (d) The commissioner may adopt regulations to implement this section,
11 and those regulations may be adopted as emergency regulations under AS 44.-
12 62.040 - 44.62.290.

13 (e) In this section,

14 (1) "commissioner" means the commissioner of revenue; and

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

16 * Sec. 7. The Department of Revenue shall establish procedures for re-
17 funding withholding payments and other estimated taxes received by the depart-
18 ment for tax year 1980 in excess of the amounts that are required for each
19 individual after taking into account the exemption, if any, to which the
20 individual is entitled under AS 43.20.017 enacted in sec. 1 of this Act.

21 * Sec. 8. The provisions of AS 43.20.215 do not apply to refunds made
22 under secs. 6 and 7 of this Act.

23 * Sec. 9. Section 1 of this Act is retroactive to January 1, 1979.

24 * Sec. 10. Sections 2 and 3 of this Act are retroactive to January 1,
25 1980, and apply to tax years beginning after December 31, 1979.

26 * Sec. 11. This Act takes effect immediately in accordance with AS 01.10.-
27 070(c).