

Introduced: 2/4/81
Referred: Judiciary and
Finance

1 IN THE HOUSE

BY MOSS

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 15

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for payments to certain taxpayers in
7 the state, and providing for an effective date."

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

9 * Section 1. LEGISLATIVE FINDINGS AND INTENT. (a) The legislature
10 finds that an employee of the federal government is entitled to exclude a
11 cost-of-living allowance from his gross income reported for federal income
12 tax purposes. This exclusion amounts to approximately 20 percent of a
13 federal employee's basic pay.

14 (b) It is the intent of the legislature to extend to all persons who
15 earn compensation in the state a benefit which recognizes the higher cost of
16 living associated with living and working in the state. The amount of the
17 payment provided in AS 43.86.010, enacted in sec. 2 of this Act, is intended
18 to be an average of the federal income tax saved by federal employees and
19 members of the uniformed services which, because of numerous variables used
20 to determine the amount of a federal or military cost-of-living allowance,
21 would be impossible to exactly determine for each taxpayer.

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

23 CHAPTER 86. TAX EQUALIZATION.

24 Sec. 43.86.010. TAX EQUALIZATION PAYMENT. (a) An individual who
25 is eligible under (c) of this section is entitled to an annual payment
26 equal to the difference between the federal income tax imposed on the
27 individual for the tax year and the federal income tax that would have
28 been imposed on the individual for that tax year if only 80 percent of
29 the compensation paid to the individual for services performed in the

state was included in the gross income of the individual.

(b) A payment under (a) of this section may not exceed \$500.

(c) An individual is eligible to receive the payment under (a) of this section if he

(1) applies to the department for the payment before August 1 of the year following the tax year in which the compensation was reported in a federal income tax return;

(2) is not entitled to exclude from gross income reported for federal income tax purposes a cost-of-living allowance paid by the federal government; and

(3) filed a federal income tax return for the tax year.

(d) An individual who applies for a payment under (a) of this section shall include a copy of his federal income tax return along with the application for a payment. The commissioner may require an individual to provide additional proof of eligibility, including but not limited to an affidavit from a person having personal knowledge concerning the eligibility of the individual.

(e) The department shall prescribe and furnish an application form for claiming the payment which contains a statement of eligibility. The form shall include a notice to the applicant that a false statement made in the application form is a criminal offense.

(f) In addition to any criminal penalties imposed, if an individual is convicted of unsworn falsification for a statement made in an application for a payment under (a) of this section, and the conviction is not reversed, the individual forfeits that payment.

(g) If the commissioner determines that a payment should not have been claimed by or paid to an individual, he may use any collection procedures or remedies available under this title to recover a payment which was improperly made.

1 (h) The department may adopt regulations to implement this
2 chapter. The regulations may be adopted as emergency regulations under
3 AS 44.62.250 and 44.62.260.

4 Sec. 43.86.090. DEFINITIONS. In this chapter,

- 5 (1) "commissioner" means the commissioner of revenue;
6 (2) "compensation" includes fees, commissions, and similar
7 items;
8 (3) "department" means the Department of Revenue;
9 (4) "individual" means a natural person.

10 * Sec. 3. Section 2 of this Act is retroactive to January 1, 1981, and
11 applies to federal tax years of individuals beginning after December 31,
12 1980.

13 * Sec. 4. This Act terminates on the effective date of an Act which
14 repeals sec. 912 of the Internal Revenue Code (26 U.S.C. 912).

15 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).