

Original sponsors: Cato, Gruenberg,
Davidson, et al.

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE JOINT RESOLUTION NO. 47 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION
5 Relating to a federal income tax ex-
6 emption for minors for income earned on
7 reinvested permanent fund dividends.
8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 WHEREAS the interest of national leaders has recently turned to pro-
10 grams to provide assistance to families facing the increasing financial
11 burden of college education for their children; and
12 WHEREAS state law requires parents or guardians of minors in Alaska to
13 submit applications for permanent fund dividends on behalf of their minor
14 children; and
15 WHEREAS present and projected estimates of the permanent fund dividend
16 payable to minors suggest that the cumulative annual dividends, and income
17 earned from the careful reinvestment of them, may prove a significant
18 source of financial assistance to families facing costs of postsecondary
19 education; and
20 WHEREAS the Tax Reform Act of 1986 (P.L. 99-514) makes extensive
21 changes in the tax treatment of income-producing assets transferred to
22 minors and may require the minor to pay taxes on at least a portion of the
23 net unearned income received at the top tax rate payable by the minor's
24 parents; and
25 WHEREAS the recent tax change is particularly detrimental to minors
26 who choose to save or invest permanent fund dividends they receive in order
27 to meet anticipated expenses of postsecondary education, only to see the
28 earnings on these investments taxed at rates comparable to rates payable by
29 their parents; and

1 WHEREAS federal tax policy should be amended to take into account the
2 efforts of minors to arrange their financial affairs in order to assist in
3 meeting the ever-increasing costs of postsecondary education;

4 BE IT RESOLVED by the Alaska State Legislature that the Alaska con-
5 gressional delegation is urged to introduce and support passage of legis-
6 lation providing a federal income tax exemption to minors for income earned
7 on reinvested permanent fund dividends, and to the parents or guardians of
8 minors for income earned on permanent fund dividends reinvested on behalf
9 of the minors.

10 COPIES of this resolution shall be sent to the Honorable Lloyd
11 Bentsen, Chairman of the Senate Committee on Finance; and to the Honorable
12 Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the
13 Honorable Don Young, U.S. Representative, members of the Alaska delegation
14 in Congress.