

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

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

1 earnings on these investments taxed at rates comparable to rates payable by
2 their parents; and

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

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

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