

COMMITTEE REPORT

2/16/76

SENATE

Mr. President:

Date _____

allowing a The Committee on FINANCE has had SB 655
deduction for federal income taxes paid on income from Alaska sources
under consideration. A Majority of the members of the Committee

- () recommends it DO PASS
- () recommends it DO NOT PASS
- () recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- () recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- () "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- () reports it back WITHOUT RECOMMENDATION
- () "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

Introduced: 2/16/76
Referred: Finance

1 IN THE SENATE

BY CHANCE

2 SENATE BILL NO. 655

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act allowing a deduction for federal income taxes
7 paid on income from Alaska sources; and providing for
8 an effective date."

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

10 * Section 1. AS 43.20.031 is amended by adding a new subsection to read:

11 (h) In computing the tax under this chapter, the taxpayer is en-
12 titled to deduct from the adjusted gross income the amount of federal
13 income tax paid in the last taxable year on income from Alaska sources.
14 This amount is to be adjusted for refunds received, and additional taxes
15 assessed after April 15 of that year.

16 * Sec. 2. This Act takes effect January 1, 1978.
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ALASKA STATE LEGISLATURE

NINTH Legislature SECOND Session

SENATE BILL NO. 655

By CHANCE

"An Act allowing a deduction for federal income taxes paid on income from Alaska sources; and providing for an effective date."

Income deductions

Introduced in the Senate 2/16, 1976

HISTORY IN THE SENATE

19 76

2 16

Read first time and referred to Committee on

Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Lt. Governor

Chapter No.

Introduced: 2/16/76
Referred: Finance

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BY CHANCE

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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH S - JUNEAU 99811

February 23, 1976

The Honorable Bill Ray
Chairman
Senate Finance Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

Re: Senate Bill No. 655


Dear Senator Ray:

Senate Bill No. 655, an Act allowing a deduction for federal income taxes paid on income from Alaska sources was introduced in the Senate on February 16, 1976 and was referred to the Senate Finance Committee.

For the consideration of the Senate Finance Committee, I am enclosing a Fiscal Note and accompanying memorandum prepared by Mr. Gary L. Jenkins, Director, Audit Division, Department of Revenue concerning effect on income tax revenues.

If you or any members of the Senate Finance Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Jenkins for further material or testimony at a hearing.

Very truly yours,



R. D. Stevenson
Special Assistant

Enclosure

cc: The Honorable Genie Chance
Sponsor, Senate Bill No. 655

Gary L. Jenkins
Director, Audit Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST

Bill No. Senate Bill 655
 Title: Deduction for fed. income taxes paid on income from AK sources, eff. date.
 Requested by: R. D. Stevenson Date: 2-18-76
 Return Date Requested: 2-20-76
 Agency: Revenue Program: Audit

II. FISCAL DETAIL

Budget Request Unit(s) Affected: None

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	None	None	None	None	None	None

B. FUNDING: (Thousands of dollars)

GENERAL FUND	None	None	None	None	None	None
FEDERAL FUNDS						
OTHER						

C. POSITIONS:


PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

N/A

IV. ATTACHMENTS

See attached

V. DATE: 2-20-76 PREPARED BY: 

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

MEMORANDUM

State of Alaska

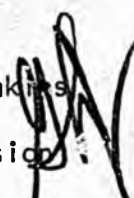
TOR. D. Stevenson
Assistant to the Commissioner
Department of Revenue

DATE: February 20, 1976

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division



SUBJECT: Senate Bill 655

This bill would allow the deduction of federal income taxes paid on computing taxable income for Alaska purposes. The impact of this legislation would be rather significant. Anticipating that the average Alaska taxpayer will have a taxable income of \$12,000 and using the FY 76 anticipated receipts, the State would experience a loss of individual income tax revenue of approximately \$19,500,000. In the Corporate Income Tax area where the total anticipated receipts is \$26,670,000 for FY 76, there would be a loss of approximately \$10,700,000 or a total loss of \$30,200,000. In 1978 the revenue loss should be 10-20% greater than the above and escalate up in subsequent years.

This type of legislation would in essence constitute a major cut in the Alaska tax rate. This also goes against the basic philosophy of most taxation methods where a lower level taxing authority would allow as a deduction the taxes paid to the next higher level. In most taxing situations, including our current one, this operates in the reverse.

If the Legislature is interested in reducing the Alaska Income Tax rate, I would suggest they do it by a direct change in the rates rather than adding all kinds of special credits or deductions to the current law.

GLJ/bjm

Attachment

Introduced: 2/16/76
Referred: Finance

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BY CHANCE

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STATE OF ALASKA

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OFFICE OF THE COMMISSIONER

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February 23, 1976

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Chairman
Senate Finance Committee
Alaska State Legislature
State Capitol Building
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If you or any members of the Senate Finance Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Jenkins for further material or testimony at a hearing.

Very truly yours,



R. D. Stevenson
Special Assistant

Enclosure

cc: The Honorable Genie Chance
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Gary L. Jenkins
Director, Audit Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

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 Requested by: R. D. Stevenson Date: 2-18-76
 Return Date Requested: 2-20-76
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Budget Request Unit(s) Affected: None

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
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700 GRANTS, CLAIMS, ETC.						
TOTAL	None	None	None	None	None	None

B. FUNDING: (Thousands of dollars)

GENERAL FUND	None	None	None	None	None	None
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

N/A

IV. ATTACHMENTS

See attached

V. DATE: 2-20-76 PREPARED BY: *Gay Jenkins*

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

MEMORANDUM

State of Alaska

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Assistant to the Commissioner
Department of Revenue

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C. POSITIONS:

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