

HB

307

"An Act disallowing certain credits under the Alaska net income tax; and providing for an effective date."

COMMITTEE REPORT

3/18/73

HOUSE

FINANCE

Mr. Speaker:

Date _____

The Committee on Commerce has had HR 307

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:

[Signature] _____

[Signature] _____

[Signature] _____

Members NOT concurring in the Majority report:

[Signature] recommends: [Signature]

[Signature] recommends: [Signature]

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

HB 307

Tape #

24

26

Date

4/4

4/11

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER / POUCH 5 — JUNEAU 99801

April 3, 1975

The Honorable Bob Bradley
Chairman
House Commerce Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Bradley:

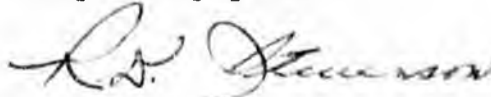
re House Bill No. 307

House Bill No. 307, an Act disallowing certain credits under the Alaska net income tax was introduced on March 18, 1975 and was referred to the House Commerce and Finance Committees.

For the consideration of the House Commerce Committee, I am enclosing a copy of a memorandum dated April 2, 1975 from Frederick P. Boetsch, Deputy Commissioner of the Department of Revenue concerning the needs for the proposed remedial legislation.

If you have any questions on the material submitted, please call the writer at 465-2397 and I will contact Mr. Boetsch for further material or testimony.

Very truly yours,



R. D. Stevenson
Special Assistant

RDS:rl

cc The Honorable Hugh Malone
Chairman, House Finance Committee

Frederick P. Boetsch
Deputy Commissioner
Department of Revenue

STATE
of ALASKA

MEMORANDUM

TO: R. D. Stevenson
Special Assistant

DATE : April 2, 1975

FROM: Frederick P. Boetsch, C.P.A. *FB* SUBJECT: House Bill 307
Deputy Commissioner, Taxation

House Bill 307 is a housekeeping measure designed to eliminate from the Alaska Net Income Tax Act those references to credits provided at the Federal level through the Internal Revenue Code which do not have any applicability at State level or which duplicate other provisions at the State level.

The first credit eliminated is a credit on interest earned on certain U. S. Government obligations. This credit is provided by the Federal government since the Federal Government does tax interest earned on its own securities. The State, however, is prohibited by Federal law from taxing that interest, hence it does not make sense to allow a credit in our statute.

The second credit eliminated is a credit allowed by the Federal government for Federal taxes paid on gasoline which is then used for off-highway purposes. For the sake of administrative convenience the Federal system allows a claim for such refund to be made on the income tax return and the credit applied against income tax liability. Obviously, the State is not interested in refunding Federal gasoline taxes. We have a different procedure by which we refund State gasoline taxes paid for gasoline which is used for off-highway purposes. This provision would eliminate an unnecessary, irrelevant and possibly costly provision in the Federal code which is presently adopted by Alaska through our piggy-back mechanism.

The credit for political contributions allowed by the Federal system in Internal Revenue Code Section 41 is a duplication of the full \$50 credit against Alaska taxes provided by AS 43.20.010 (c) (10). The elimination of this credit is also included in House Bill 212. Since these bills were drafted independently, however, it was included in this miscellaneous clean-up bill as it obviously is a duplication and does not make sense when applied at the State level.

We do not have any estimates on the effect of these bills on the State Treasury since the information is not included in our data base. We are developing statistics on the political campaign contributions credit as allowed under AS 43.20.010 (c) (10), but will not have that information available until later this year since this is the first year in which the credit applies. The Treasury effect of this provision would be a \$4.00 for every \$50.00 contribution.

There are no administrative problems connected with this bill.

FPB:ch