

HB

99

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

January 30, 1979

Date: _____

Mr. Speaker:

The Committee on JUDICIARY has had HB 99

"An Act relating to individual income tax credits; eff. date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

HB 99

January 29, 1979

The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, I am transmitting a bill which would amend the individual tax credit found in AS 43.20.015 to relate the amount of the credit directly to the earnings of the Permanent Fund in future years.

In 1978, the Alaska State Legislature added section 15 to AS 43.20 to provide for an individual tax credit. It established a \$100 tax credit for the 1978 tax year, a \$200 tax credit for the 1979 tax year and a \$300 tax credit for the 1980 tax year and for each year thereafter. It is my view that the state might not be able to afford such a large credit during the next few years and that it would be preferable to tie the size of the credit to the performance and return from the Permanent Fund. This would allow each individual Alaskan taxpayer to participate directly in the benefits which have accrued to the state by way of the development of oil and gas resources as well as in the performance and success of the Permanent Fund itself.

I therefore propose that last year's individual tax credit be modified. For the 1978 tax year, the \$100 tax credit would remain intact as provided in the original 43.20.015. In the next two tax years however, there would be a minimum \$100 credit; in addition, 50 per cent of the earnings of the Permanent Fund would be applied as a credit to the income tax liability of individual taxpayers in the state on the following basis. Fifty per cent of the earnings of the fund would be divided by the number of creditable years as determined under subsection (d) of this bill. Subsection (d) of the bill provides that the number of creditable years is the number of individual tax returns filed under this chapter multiplied by the number of years that each individual has filed a return up to a maximum of 5 years per individual. Each individual would receive an additional credit, therefore, based on the number of years the

taxpayer has filed returns in Alaska. Finally, commencing in tax year 1981, the \$100 minimum would be removed and the credit, as calculated above, would be tied exclusively to the permanent fund earnings.

Amendments are made retroactive to January 1, 1978 to coincide with ch. 144 SLA 1978. Since the credit for tax year 1978 will be unchanged, the taxes currently being paid for that tax year will not be affected by the amendment.

Sincerely,

S/JS

Jay S. Hammond
Governor

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 99
 Title An Act relating to individual income tax credits
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		25				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		25				

FUNDING (Thousands of Dollars)

GENERAL FUND		25				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The expenditure amount will be a one time data processing change to enable the data capture of the necessary tax return information

REVENUE EFFECT

	Revenue Effect of Bill (Millions of Dollars of Credit)	Revenue Effect of Existing Law (Millions of Dollars of Credit)
FY 79	22	22
FY 80	24	44
FY 81	27	68
FY 82	8	68

This bill will reduce the revenue loss from the existing individual tax credits by 20 million in FY 80, 41 million in FY 81, and 60 million in FY 82.

IV. DATE 1/26/79 PREPARED BY John R. Messenger
 AGENCY Revenue
 PHONE 465-2300

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

ALASKA STATE LEGISLATURE

ELEVENTH Legislature FIRST Session

HOUSE BILL NO. 99

By THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

"An Act relating to individual income tax credits; and providing for and effective date."

Individual income tax credits.

Introduced in the House 1-30, 19.79

HISTORY IN THE HOUSE

1979

Jan. 30

Read first time and referred to Committee on Judiciary and 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 Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

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 President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:
VOTE

Failed to concur in Senate amendment; asked Senate to recede
VOTE

Senate receded from amendment
VOTE

Senate failed to recede from amendment
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House
VOTE

CC adopted by Senate
VOTE

To enrolling
Reported correctly enrolled
Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.