(7)

COMMITTEE REPORT

HOUSE

2/8/80

FURTHER: FINANCE

Date: 3-3-80

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 696

"An Act relating to the individual tax credit allowed under the Alaska Net Income Tax Act; and providing for an effective 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 696 [x] same title [ ] new title

and recommends CS HB 696 Do Pass

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note

[ ] reports it back without recommendation

[ ] referred to the ______ Committee

MEMBERS SIGNING DO PASS

[illegible]

[illegible]

[illegible]

Terry Gardiner

MEMBERS HAVING OTHER RECOMMENDATIONS:

[illegible] no rec

[illegible] do not pass

[illegible]

CHAIRMAN

H 60 (Rev. 12/78)

WO 7388
Baldwin

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the individual net income tax; providing for payments to state residents; and providing for an effective date."

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

* Section 1. POLICY, PURPOSES AND FINDINGS. (a) It is the duty and policy of the state with respect to the natural resources belonging to it and the income derived from those natural resources to provide for their use development, and conservation for the maximum benefit of the people of the state.

(b) The purposes of this Act are

(1) to provide a mechanism for equitable distribution to the people of Alaska of at least a portion of the state's energy wealth derived from the development and production of the natural resources belonging to them as Alaskans;

(2) to encourage persons to maintain their residence in Alaska and to reduce population turnover in the state; and

(3) to encourage increased awareness and involvement by the residents of the state in the management and expenditure of state revenues derived from natural resources development and production.

(c) The legislature finds that the demands on and cost of state government have increased over the past few years at an excessive rate and that this increase has been permitted to occur, at least in part, by a feeling on the part of many residents of the state that because such a high proportion of the state's revenue comes from royalties and bonuses under mineral leases of state land, those demands and costs do not have a significant economic impact upon them personally. It is in the public interest to distribute a portion of Alaska's energy wealth to the people of the state.

(d) The legislature also finds that state residents have been paying increasingly high prices for fossil fuels, while few have received direct monetary benefits from the production and development of fossil fuels belonging to them as Alaskans. It is in the public interest to return to state residents a portion of the state's income from oil, gas, and other mineral production to help offset rising fuel costs.

(e) The legislature also finds that state residents who have played a role in the history and development of this state constitute an irreplaceable resource and have made valuable contributions to the political, economic and social fabric of the state not only in the form of taxes but also in the form of participation in the state's development. The legislature finds that these contributions cannot be measured accurately in monetary terms and that the contributions have been made during years since statehood in which relatively small amounts of revenue were generated from the development of the state's natural resources. These same Alaskans have borne the burdens of a high cost of living during their years of residence here. In order to achieve a fair distribution of the present and future income from the development of the state's natural resources, it is necessary to establish a distribution mechanism that takes into account the years during which these individuals were owners of the state's valuable natural resources but did not receive direct benefits from that ownership. It is also in the public interest to provide special incentives to ensure that long-time Alaskans will remain in the state and to provide financial assistance to those who may not otherwise be able to do so.

(f) The legislature also finds that there exists in the state a serious problem of population turnover. A substantial portion of the state's population is comprised of individuals who reside in Alaska for only a relatively short time. This is especially true in the state's larger cities. This constant turnover in population leads to political, economic, and social instability and is harmful to the state. It is in the public interest for the state to promote a stable resident population by providing incentives to encourage Alaskans to maintain their residency in the state.

* Sec. 2. AS 43 is amended by adding a new chapter to read:

CHAPTER 23. DISTRIBUTION OF REVENUE TO STATE RESIDENTS.

Sec. 43.23.010. RESIDENCY PAYMENT. (a) An individual who is eligible under (b) of this section is entitled to an annual residency payment determined as follows:

(1) $115 for each full year that the individual is a state resident from January 1, 1975, through December 31 of the year for which the residency payment is claimed;

(2) the amount of political campaign contributions made by the individual during the year not to exceed $50;

(3) 10 percent of the residential fuel expenses paid by the individual during the year or $10, whichever is greater;

(4) 10 percent of the expenses for residential fuel conservation capital improvements paid by the individual during the year not to exceed $200; and

(5) 16 percent of the tax credit claimed by the individual on his federal income tax return for household and dependent care services necessary for his gainful employment.

(b) An individual is eligible to receive a residency payment under (a) of this section if he

(1) applies to the department for the payment; and

(2) he is a state resident on the date of the application.

(c) If an individual is a state resident for less than 12 months

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during a year, the portion of the residency payment determined under (a)(3) - (5) of this section shall be prorated according to the number of months during the year that the individual was a state resident.

(d) If an individual is married and files a joint federal income tax return, the portion of the residency payment determined under (a)(5) of this section may not exceed 50 percent of tax credit claimed for household and dependent care services on the joint federal income tax return.

(e) A parent or guardian may claim a residency payment on behalf of a minor or incompetent who is eligible to receive a residency payment under AS 43.23.010.

Sec. 43.23.020. PROOF OF ELIGIBILITY. (a) An individual who applies for a residency payment shall make and submit a statement of eligibility which must be verified by him under penalty of perjury. The commissioner may require an individual to provide additional proof of eligibility including one or more affidavits from persons having personal knowledge concerning the individual's eligibility.

(b) The department shall prescribe and furnish an application form for claiming the residency payment which shall contain a statement of eligibility and a certification of residency in the following form:

Under penalty of perjury, I certify that I am a state resident on the date of this application and I have been a state resident for __________ full years and that I understand that my claim for a residency payment is partly determined by the number of years that I have been a state resident after January 1, 1975. I also understand that if I am convicted of falsely claiming a residency payment I will forfeit all residency payments and that I must repay all residency payments which have been paid to me. I understand that this penalty is in addition to any criminal penalties imposed.

(signature of individual)

Sec. 43.23.030. PENALTIES AND ENFORCEMENT. (a) In addition to any criminal penalties imposed by state law, if an individual is convicted of perjury or unsworn falsification for a statement made in a certification of residency, and the conviction is not reversed, that individual is not, and may never become, eligible for a residency payment, and he forfeits all residency payments paid to him.

(b) If the commissioner determines that a residency payment should not have been claimed by or paid to an individual, he may use any collection procedures or remedies available under this title to recover a residency payment which was improperly made.

Sec. 43.23.040. APPROPRIATIONS OF PERMANENT FUND INCOME. (a) The legislature shall appropriate 50 percent of the annual income of the Alaska permanent fund for residency payments under AS 43.23.010. If 50 percent of the annual income of the Alaska permanent fund is not sufficient to pay all residency payments due in a year, the legislature shall appropriate the additional amount needed from the general fund.

(b) If 50 percent of the annual income of the Alaska permanent fund is more than the amount needed to pay the residency payments due during that year, the amount not needed to pay residency payments shall be deposited in the general fund.

Sec. 43.23.050. DUTIES OF THE DEPARTMENT. The department shall

(1) by the 10th day of each regular legislative session, present a request to the legislature for an appropriation for the residency payments required by AS 43.23.010;

(2) make the residency payments required by AS 43.23.010 from an annual appropriation for that purpose;

(3) adopt regulations under the Administrative Procedure Act

(AS 44.62) which establish procedures and time limitations for claiming a residency payment. The department shall set the time limitation for applications for a residency payment so that all residency payments for a year are paid before October 15 of the following year; and

(4) assist residents of rural areas who because of language, illness, old age or inaccessibility to public transportation need assistance to establish eligibility and to apply for the residency payment provided by this chapter.

Sec. 43.23.060. DEFINITIONS. In this chapter,

(1) "Alaska permanent fund" means the fund established by art IX sec. 15, of the state constitution;

(2) "commissioner" means the commissioner of revenue;

(3) "department" means the Department of Revenue;

(4) "expenses for fuel conservation improvements" means

(A) the cost of additional insulation or insulating material installed in the principal residence of the individual if the residence was in existence on June 5, 1977;

(B) the cost of insulating windows of the principal residence of the individual;

(C) the cost of labor for the installation of the materials set out in (A) and (B) of this subsection; and

(D) the cost of installation of alternate sources of power generation not dependent on fossil fuels for energy supply, including but not limited to wind, tidal, solar or geothermal sources;

(5) "individual" means a natural person;

(6) "political campaign contribution" includes a contribution or gift to a person or organization for use exclusively

(A) for political campaigns for candidates for President or Vice President of the United States, whether or not they will be voted on in a primary election in the state; United States senator from Alaska; United States representative from Alaska; governor or lieutenant governor of Alaska; the Alaska legislature; delegate to an Alaska constitutional convention; electoral confirmation as a judge or justice of a court in the state; and municipal office in the state; and

(B) for groups seeking to influence the outcome of a ballot proposition or question; or dues to a nonprofit organization organized primarily to influence an election;

(7) "residential fuel expenses" means the payments made by an individual for wood, coal, heating oil, gas, electricity or other fuel consumed in the state for the principal residence of the individual;

(8) "state resident" means an individual who is physically present in the state with the intent to remain permanently in the state or, if he is not physically present in the state, intends to return to the state and he is absent for the following reasons:

(A) vocational, professional or other special education for which a comparable program was not reasonably available in the state,

(B) postsecondary education,

(C) military service,

(D) medical treatment, or

(E) service in Congress;

(9) "year" means a calendar year.

* Sec. 3. AS 43.20.011(a) is amended to read.

(a) There is imposed for each taxable year upon the taxable income of every resident, nonresident and part-year resident individual and fiduciary of the state, except those qualifying for the rates in (b) or

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(c) of this section, taxes computed according to the following table.

If the taxable income is:	Then the tax is:
[NOT OVER $2,000	3 PER CENT OF THE TAXABLE INCOME
OVER $2,000 BUT NOT OVER $4,000	$60 PLUS 3.5 PER CENT OF EXCESS OVER $2,000
OVER $4,000 BUT NOT OVER $6,000	$130 PLUS 4.0 PER CENT OF EXCESS OVER $4,000
OVER $6,000 BUT NOT OVER $8,000	$210 PLUS 5.0 PER CENT OF EXCESS OVER $6,000
OVER $8,000 BUT NOT OVER $10,000	$310 PLUS 5.5 PER CENT OF EXCESS OVER $8,000
OVER $10,000 BUT NOT OVER $12,000	$420 PLUS 6.0 PER CENT OF EXCESS OVER $10,000
OVER $12,000 BUT NOT OVER $14,000	$540 PLUS 7.0 PER CENT OF EXCESS OVER $12,000
OVER $14,000 BUT NOT OVER $16,000	$680 PLUS 7.5 PER CENT OF EXCESS OVER $14,000
OVER $16,000 BUT NOT OVER $18,000	$830 PLUS 8.0 PER CENT OF EXCESS OVER $16,000
OVER $18,000 BUT NOT OVER $20,000	$990 PLUS 8.5 PER CENT OF EXCESS OVER $18,000
OVER $20,000 BUT NOT OVER $22,000	$1,160 PLUS 9.0 PER CENT OF EXCESS OVER $20,000
OVER $22,000 BUT NOT OVER $26,000	$1,340 PLUS 9.5 PER CENT OF EXCESS OVER $22,000
OVER $26,000 BUT NOT OVER $32,000	$1,720 PLUS 10.0 PER CENT OF EXCESS OVER $26,000]
Over $32,000 but not over $38,000	[$2,320 PLUS] 10.5 percent of excess over $32,000

Over $38,000 but not over $44,000	$630 [$2,950] plus 11.0 percent of excess over $38,000
Over $44,000 but not over $50,000	$1,290 [$3,610] plus 11.5 percent of excess over $44,000
Over $50,000 but not over $60,000	$1,980 [$4,300] plus 12.0 percent of excess over $50,000
Over $60,000 but not over $70,000	$3,180 [$5,500] plus 12.5 percent of excess over $60,000
Over $70,000 but not over $80,000	$4,430 [$6,750] plus 13.0 percent of excess over $70,000
Over $80,000 but not over $90,000	$5,730 [$8,050] plus 13.5 percent of excess over $80,000
Over $90,000 but not over $100,000	$7,080 [$9,400] plus 14.0 percent of excess over $90,000
Over $100,000 but not over $150,000	$8,480 [$10,800] plus 14.0 percent of excess over $100,000
Over $150,000 but not over $200,000	$15,480 [$17,800] plus 14.5 percent of excess over $150,000
Over $200,000	$22,730 [$25,050] plus 14.5 percent of excess over $200,000

* Sec. 4. AS 45.20.011(b) is amended to read:

(b) There is imposed for each taxable year upon the taxable income of every resident, nonresident and part-year resident married individual who makes a single return jointly with his spouse (as provided in section 6013 of the Internal Revenue Code) and upon every resident, nonresident and part-year resident surviving spouse (as defined in section 2(a) of the Internal Revenue Code) taxes computed according to the following table.

If the taxable income is: Then the tax is:

[NOT OVER $4,000	3 PER CENT OF THE TAXABLE INCOME
OVER $4,000 BUT NOT OVER $8,000	$120 PLUS 3.5 PER CENT OF EXCESS OVER $4,000
OVER $8,000 BUT NOT OVER $12,000	$260 PLUS 4.0 PER CENT OF EXCESS OVER $8,000
OVER $12,000 BUT NOT OVER $16,000	$420 PLUS 5.0 PER CENT OF EXCESS OVER $12,000
OVER $16,000 BUT NOT OVER $20,000	$620 PLUS 5.5 PER CENT OF EXCESS OVER $16,000
OVER $20,000 BUT NOT OVER $24,000	$840 PLUS 6.0 PER CENT OF EXCESS OVER $20,000
OVER $24,000 BUT NOT OVER $28,000	$1,080 PLUS 7.0 PER CENT OF EXCESS OVER $24,000
OVER $28,000 BUT NOT OVER $32,000	$1,360 PLUS 7.5 PER CENT OF EXCESS OVER $28,000
OVER $32,000 BUT NOT OVER $36,000	$1,660 PLUS 8.0 PER CENT OF EXCESS OVER $32,000
OVER $36,000 BUT NOT OVER $40,000	$1,980 PLUS 8.5 PER CENT OF EXCESS OVER $36,000
OVER $40,000 BUT NOT OVER $44,000	$2,[illegible]0 PLUS 9.0 PER CENT OF EXCESS OVER $40,000
OVER $44,000 BUT NOT OVER $52,000	$2,680 PLUS 9.5 PER CENT OF EXCESS OVER $44,000
OVER $52,000 BUT NOT OVER $6[illegible],000	$3,440 PLUS 10.0 PER CENT OF EXCESS OVER $52,000]
Over $64,000 but not over $76,000	[$4,640 PLUS] 10.5 percent of excess over $64,000
Over $76,000 but not over $88,000	$1,260 [$5,900] plus 11.0 percent of excess over $76,000

Over $88,000 but not over $100,000	$2,580 [$7,220] plus 11.5 percent of excess over $88,000
Over $100,000 but not over $120,000	$3,960 [$8,600] plus 12.0 percent of excess over $100,000
Over $120,000 but not over $140,000	$6,360 [$11,000] plus 12.5 percent of excess over $120,000
Over $140,000 but not over $160,000	$8,860 [$13,500] plus 13.0 percent of excess over $140,000
Over $160,000 but not over $180,000	$11,460 [$16,100] plus 13.5 percent of excess over $160,000
Over $180,000 but not over $200,000	$14,160 [$18,800] plus 14.0 percent of excess over $180,000
Over $200,000 but not over $300,000	$16,960 [$21,600] plus 14.0 percent of excess over $200,000
Over $300,000 but not over $400,000	$30,960 [$35,600] plus 14.5 percent of excess over $300,000
Over $400,000	$45,460 [$50,100] plus 14.5 percent of excess over $400,000

* Sec. 5. AS 43.20.011(c) is amended to read:

(c) There is imposed for each taxable year upon the taxable income of every resident, nonresident and part-year resident head of a household (as defined in section 2(b) of the Internal Revenue Code), taxes computed according to the following table.

If the taxable income is:	Then the tax is:
[NOT OVER $2,000	3 PER CENT OF THE TAXABLE INCOME
OVER $2,000 BUT NOT OVER $4,000	$60 PLUS 3.5 PER CENT OF EXCESS OVER $2,000
OVER $4,000 BUT NOT OVER $6,000	$130 PLUS 4.0 PER CENT OF EXCESS OVER $4,000

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OVER $6,000 BUT NOT OVER $8,000	$210 PLUS 4.5 PER CENT OF EXCESS OVER $6,000
OVER $8,000 BUT NOT OVER $10,000	$300 PLUS 5.0 PER CENT OF EXCESS OVER $8,000
OVER $10,000 BUT NOT OVER $12,000	$400 PLUS 5.5 PER CENT OF EXCESS OVER $10,000
OVER $12,000 BUT NOT OVER $14,000	$510 PLUS 6.0 PER CENT OF EXCESS OVER $12,000
OVER $14,000 BUT NOT OVER $16,000	$630 PLUS 6.5 PER CENT OF EXCESS OVER $14,000
OVER $16,000 BUT NOT OVER $18,000	$760 PLUS 7.0 PER CENT OF EXCESS OVER $16,000
OVER $18,000 BUT NOT OVER $20,000	$900 PLUS 7.0 PER CENT OF EXCESS OVER $18,000
OVER $20,000 BUT NOT OVER $22,000	$1,040 PLUS 7.5 PER CENT OF EXCESS OVER $20,000
OVER $22,000 BUT NOT OVER $24,000	$1,190 PLUS 8.0 PER CENT OF EXCESS OVER $22,000
OVER $24,000 BUT NOT OVER $28,000	$1,350 PLUS 8.5 PER CENT OF EXCESS OVER $24,000
OVER $28,000 BUT NOT OVER $32,000	$1,690 PLUS 9.0 PER CENT OF EXCESS OVER $28,000]
Over $32,000 but not over $38,000	[$2,050 PLUS] 9.5 percent of excess over $32,000
Over $38,000 but not over $44,000	$570 [$2,430] plus 10.0 percent of excess over $38,000
Over $44,000 but not over $50,000	$1,170 [$3,030] plus 10.5 percent of excess over $44,000
Over $50,000 but not over $60,000	$1,800 [$3,660] plus 11.0 per-

	cent of excess over $50,000
Over $60,000 but not over $70,000	$2,900 [$4,760] plus 11.5 percent of excess over $60,000
Over $70,000 but not over $80,000	$4,050 [$5,910] plus 12.0 percent of excess over $70,000
Over $80,000 but not over $90,000	$5,250 [$7,110] plus 12.5 percent of excess over $80,000
Over $90,000 but not over $100,000	$6,500 [$8,360] plus 13.0 percent of excess over $90,000
Over $100,000 but not over $150,000	$7,800 [$9,660] plus 13.5 percent of excess over $100,000
Over $150,000 but not over $200,000	$14,550 [$16,410] plus 14.0 percent of excess over $150,000
Over $200,000 but not over $300,000	$21,550 [$23,410] plus 14.5 percent of excess over $200,000
Over $300,000	$36,050 [$37,910] plus 14.5 percent of excess over $300,000

* Sec. 6. AS 43.20.015(a) is amended to read:

(a) For tax years beginning after December 31, 1979 [1977], each individual filing an Alaska net income tax return is entitled to the credit provided for in this section. For married taxpayers filing a joint return, the return may claim the credit for each spouse.

* Sec. 7. AS 43.20.015(b) is repealed and re-enacted to read:

(b) The amount of the annual individual tax credit is $250 for each tax year beginning after December 31, 1974, for which the individual filed an individual income tax return but the annual individual tax credit may not exceed (1) $1,250; or (2) the net income tax liability of the individual for the year for which the credit is claimed, whichever is less.

* Sec. 8. AS 43.20.011(d) is repealed.

* Sec. 9. AS 43.23.010(a)(2) - (5) enacted in sec. 2 of this Act do not apply to claims for a residency payment for the year ending December 31, 1979. For that year only, an eligible state resident may receive a residency payment equal to $115 for each full year that the individual was a state resident from January 1, 1975, through December 31, 1979. The Department of Revenue shall prescribe and distribute forms to the public so that the residency payment for 1979 will be paid before October 15, 1980.

* Sec. 10. If any provision enacted in sec. 2 of this Act is held to be invalid by the final judgment, decision or order of a court of competent jurisdiction, then that provision is nonseverable, and all provisions enacted in sec. 2 of this Act are invalid and of no force or effect.

* Sec. 11. This Act terminates on the effective date of an Act which repeals AS 43.20.011(a) - (d).

* Sec. 12. Sections 1 and 2 of this Act are retroactive to January 1, 1979.

* Sec. 13. Sections 3 - 8 of this Act apply to tax years beginning after December 31, 1979.

* Sec. 14. Sections 3 - 8 of this Act are retroactive to January 1, 1980.

* Sec. 15. This Act takes effect immediately in accordance with AS 01.10.070(c).

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER / POUCH S - JUNEAU 99811

February 18, 1980

The Honorable Mike Miller
Chairman
House State Affairs Committee
Room 102 - Capitol Building
Juneau, Alaska 99811

Dear Mr. Miller:

Re: House Bill No. 696

House Bill No. 696, an Act relating to the individual tax credit allowed under the Alaska Net Income Tax Act, was introduced in the House on February 8, 1980 and was referred to the House State Affairs and Finance Committees.

For the consideration of the House State Affairs Committee, I am enclosing copies of Fiscal Notes prepared by Gary Jenkins, Director, Audit Division; P. A. Wall, Director, Administrative Services Division and Bill Yankee, Research Section of the Department of Revenue concerning the proposed legislation.

Sincerely,

R D Stevenson

R. D. Stevenson
Special Assistant

cc: Russ Meekins
Chairman
House Finance Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Gary Jenkins, Director
Audit Division
Department of Revenue

P. A. Wall, Director
Administrative Services Division
Department of Revenue

Vincent Wright
Research Section
Department of Revenue

04-02LH

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 696

Title An Act relating to the individual tax credit allowed under Alaska (Net Income Tax Act

Requested by House State Affairs & Finance Comm. ~~xxDate~~

Date: 2/11/80

II. FISCAL DETAIL

Agency Affected Revenue

Program Category Affected Fiscal Services

BRU, Program, or Subprogram(s) Affected Audit Division

(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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached memorandum to R. D. Stevenson dated 2/11/80.

IV. DATE February 11, 1980 PREPARED BY [signature]

AGENCY Department of Revenue, Audit Division

PHONE 465-2320

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

02-001B (Rev. 10/76)

STATE
of ALASKA

MEMORANDUM

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: February 11, 1980

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: House Bill No. 696

This bill would modify the current law providing for an annual individual tax credit by adding three additional years with an increasing amount of credit of $100 per year. This credit would be partially refundable up to a maximum of $200 for residents.

It appears that there may be a constitutional problem with this bill in that a part-year or nonresident taxpayer may take the credit only up to the amount of their tax liability while a resident may claim the credit and receive a refund up to $200 in excess of their actual tax liability.

The sentence which begins in the middle of line 10, page 2 of the bill provides for a deferral of the credit payment, allowing the amount which might be refunded to be applied to future income taxes. The initial phrase of this provision states, "to the extent allowed under federal law". In light of the fact that there is no similar credit permitted under federal law, I would suggest that the phrase be eliminated and replaced with language such as, "a payment required by this subsection may be applied to the estimated tax liability of the taxpayer for the following tax year".

The potential loss of revenue which would result from enactment of this proposed legislation will be provided by the Research Section of the Department of Revenue.

The Administrative Services Division will prepare a Fiscal Note showing the administrative costs that they will incur if this legislation passed.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HB 696
Title Releating to the individual tax cretit allowed under the Alaska Net Income Tax
Requested by ______ Date 2/11/80

II. FISCAL DETAIL
Agency Affected Revenue
Program Category Affected General Government
BRU, Program, or Subprogram(s) Affected Administration & Support, Management Services
(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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		34.3	36.9	42.1	45.0	48.2
200 TRAVEL						
300 CONTRACTUAL		15.5	17.0	23.2	24.8	26.6
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS CLAIMS, ETC.						
TOTAL		49.8	53.9	65.3	69.8	74.8

Data Processing Chargeback increase above continuation in FY 83.

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		49.8	53.9	65.3	69.8	74.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME		5/19mm	5/19mm	7/29mm	7/29mm	7/29mm
TEMPORARY						

2 PPT Tax Scanner positions (10mm) added in FY 83.

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

The administrative complexities of Chapter 144, SLA 1978 are compounded by HB 696. This occurs because the tax years claimed for the credit are not required to be consecutive, there is no time limit on the interval between tax years when the credit is claimed and there is substantial change in taxpayer names and addresses, and in Social Security Numbers. As a result, the computer programs which compare the total years claimed on this years return to the previous years in which earlier tax credits were claimed, produce many non-matching situations. These non-matching claims must be checked out manually before final disposition of the credit can be decided. Further, each additional year adds another income tax file to the computer cross-checking routines which increases the computer systems and supporting staff costs.

ASSUMPTIONS: Over 225,000 returns are extimated to be processed for the tax year 1980. 25,000 of these are expected to be in response to the credit payment provided for in HB 696. The expanding of the credit and

IV. DATE 2/16/80 PREPARED BY P. A. WALL
AGENCY Revenue
PHONE 465-2313

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

33-001 (Rev. 12/79)

ASSUMPTIONS (Con't):

resulting credit payments will be incorporated into the existing process. Additional data capture will occur and will be added to the existing routines.

Program Summary: A Systems Analyst is required to design the cross-checking and payment system for HB 696. It will data capture returns filed for the credit payment only and will compare all returns against prior year tax files to verify the credit and reject for manual checking those not verified. Manually verified returns must then be data captured and processed. Additional staff will process the 25,000 returns expected from those filing for the credit as well as the additional work in manual verification.

Positions:	1 PPT Systems Analyst/Programer, Range 18, 3mm at $2,361 per mo	= 7.1
	Position Cost: Benefits 1.1, FICA .4, Health Ins. .4	= 1.9
	4 PPT Tax Scanners, Range 8, 16mm at $1,197 per mo, Shift Work	= 19.2
	Position Cost: Benefits 2.8, FICA 1.3, Health Ins. 2.0	= 6.1
Other Costs:	2 Data Capture Machines, 4 mos ea at 350 mo	= 2.8
	Warrant Stock: 25,000 at $24M	.6
	Postage: 25,000 at .15 cents ea	3.8
	Envelopes: 25,000 at $11.54M	.3
	Miscellaneous: Toll Calls, Insurance, Date Processing Chargeback, (5.5), Electrical Installation	= 8.0

1	POSITION TITLE Systems Analyst I			RANGE/STEP 18/A	BARG. UNIT GG	LOCATION Juneau	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PPT	STAFF MONTHS 3	RP No.	PCN No.	PRIORITY HB 696	FORM 12 PAGE/LINE	LEG.		

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES:		
4	SALARY	7.1	
5	BENEFITS	1.1	
6	FICA	.4	
7	HEALTH INS.	.4	
8	TOTAL PERSONAL SERVICES		9.0
9	TRAVEL		
10	CONTRACTUAL DP Chargeback		5.5
11	COMMODITIES		
12	EQUIPMENT		
13	OTHER		
14	TOTAL COST		14.5

	CODE	FUNDING SOURCE	
15		FED RCPTS	
16		GF MATCH	
17		GEN. FUND	14.5
18		I-A RCPTS.	
19		PGM RCPTS	
20		OTHER	
21	CONTINUATION		
22	ADDITION		

FOR B&M USE ONLY

4A KEY NUMBER ______ COLUMN NO. ______

JUSTIFICATION:

Required to design the computer cross-checking and credit payment system. Data required for the process will be captured and compared against prior year tax files to verify the credit and reject for manual checking those not verified. Manually verified returns must be data captured and processed. The required controls and routines for batching, warrant release and warrant redemption must be provided. Appropriate documentation of the computer processes must be prepared.

AGENCY Revenue

PROGRAM AREA General Government

BRU Administration and Support

COMPONENT Management Services

FY 81

13 REQUEST FOR NEW POSITION

Page 1 of 2

REVISED DATE ______

02-1013 (Rev. ...)

1	POSITION TITLE: Tax Scanners	RANGE/STEP: 8/A	BARG. UNIT.: GG	LOCATION: Juneau	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION: PPT; STAFF MONTHS: 6; RP No.:; PCN No.:	PRIORITY: HB 696		FORM 12 PAGE/LINE	LEG.		

	TYPE OF EXPENDITURE		AMOUNT
3	1	2	3
	PERSONAL SERVICES:		
4	SALARY	19.2	
5	BENEFITS	2.8	
6	FICA	1.3	
7	HEALTH INS	2.0	
8	TOTAL PERSONAL SERVICES		25.3
9	TRAVEL		
10	CONTRACTUAL		10.0
11	COMMODITIES		
12	EQUIPMENT		
13	OTHER		
14	TOTAL COST		35.3

	CODE	FUNDING SOURCE	
15		FED RCPTS	
16		CF MATCH	
17		GEN. FUND	35.3
18		I-A RCPTS	
19		PGM RCPTS	
20		OTHER	
21	CONTINUATION		
22	ADDITION		

FOR B&M USE ONLY

4A KEY NUMBER ______ COLUMN NO. ______

JUSTIFICATION:

Required to data capture 25,000 additional returns filed for the credit payment and to assist in the processing of the additional manually verified credit claims so that the normal tax refund process will not be slowed down. Work involves using the terminal and manual records in checking and verifying claims, batching, batch editing and correction, warrant release and control, and redeemed warrant processing.

AGENCY Revenue

PROGRAM AREA General Government

BRU Administration and Support

COMPONENT Management Services

FY 81

13 REQUEST FOR NEW POSITION.

REVISED DATE ______

02-1013 (Rev. ...)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HB 696
Title An Act Relating to the Individual Tax Credit
Requested by House State Affairs Committee Date

II. FISCAL DETAIL
Agency Affected
Program Category Affected
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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING Millions ~~(Thousands~~ of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND	-0-	($25)	($27)	($46)	($66)	($68)
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME						
TEMPORARY						

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

The above revenue loss for FY 81 is attributable to the three tax years 1978, 1979, and 1980 combined. Since each of these years are subject to the existing Income Credits, the only fiscal impact under this bill is due to the additional credit beyond tax liability (up to $200 per taxpayer.) It is estimated that this impact will amount to $5, $9, and $11 million for the three tax years respectively and sum to the $25 million FY 1981 value.

For each of the FY 82-85 values, the previous tax year was used to calculate the impact. Starting with tax year 1981, the estimated revenue loss accounts for both the credit over and above tax liability (up to $200) and the additional $100 credit per taxpayer per year through tax year 1983. The FY 85 value is a reflection of growth over FY 84.

IV. DATE 3/13/80 PREPARED BY Ben Clanker
AGENCY Research Section
PHONE 465-2390

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

33-001 (Rev. 12/79)

To: Rep. Brian Rogers
From: Staff
re: Tax Proposals

Copy SM

February 8, 1980

Here is the report you requested covering all the current bills before the legislature concerning income taxes. One problem is that for many of the bills the Department of Revenue does not have adequate information to assess the effects. One critical piece of information they do not have is a table of income tax paid by income category. The research division is doing a study on that at the moment which is expected to be complete at the end of March. In the meantime I have used the 'broad brush average' approach and, on occasion the 'mix oranges with apples' approach. I have noted the method used whenever practical; please accept my appologies for any errors.

The 28 bills worked on fall into 5 groups:

1) COMPLETE OR VIRTUAL TAX REPEAL
2) "EARNED" TAX CREDITS/DEDUCTIONS
3) PAYABLE CREDIT--OTHER INCOME DISTRIBUTION
4) TAX COMPUTATION CHANGES
5) CONSTITUTIONAL TAX LIMITATIONS

GROUP 1	GROUP 2	GROUP 3	GROUP 4	GROUP 5
HB 507	CSHB 11	HB 607	HB 436	HJR 37
SB 297	HB 115	SB 359	HB 464	HJR 38
HB 554	SB 95	W.O. 7327	SB 266	
HB 571	HB145	W.O. 9844	SSSB 47	
HB 587	SB 48		HB 376	
SB 260	HB 284			
	HB 431			
	HB 622			
	CSSB 310			
	HB 655			
	HB 99			

WO 78.39

HB 675
HB 676
HB 677 } Randolph (R)

AB 695 Rogers (D)
AB 696 Miles (D)

✓ - 1
✓ - 75 copies in volt

Rep. Brian Rogers
February 8, 1980

GROUP 1

COMPLETE OR VIRTUAL TAX REPEAL

HB 507 (R) REPEALING NET INCOME TAX/INDIVIDUALS (Barnes, Beirne, Bettisworth, Chatterton, Eliason, Halford, Haugen. Hayes, Martin, Metcalfe, Montgomery, O'Connell & Phillips)

SB 297 (D) REPEALING NET INCOME TAX/INDIVIDUALS (Kerttula, 1980)

These bills repeal the individual income tax beginning in tax year 1981. Average savings per taxpayer is $734 annually; estimated revenue loss for FY 1981 is $161 million. Dept. of Revenue is currently conducting a study (scheduled for late March completion) to show resident/non-resident benefits and spread of tax liability by adjusted gross incomes. In 1978, the largest group of returns (28%) occurred in the $0-$5,000 adjusted gross income; those will not benefit. The same year, non-resident returns accounted for 22% of all returns filed (versus 26.3% in 1977).

HB 554 (D)(R) REPEALING NET INCOME TAX/INDIVIDUALS AND OIL AND GAS CORPORATE INCOME TAX (Randolph, Beirne, Bettisworth, Metcalfe, 1980)

Same as HB507/SB297 above on individual income tax, except the bill is retroactive to the 1979 tax year, with last year's taxes refunded. Effective 6/30/80, the Oil and Gas Corporate Income Tax is repealed, giving an estimated $558,000,000 benefit the first year to the petroleum industry.

HB 571 (R) REPEALING NET INCOME TAX/INDIVIDUALS AND SUSPENDING MOST OTHERS (Hayes, Barnes, Beirne, Bettisworth, Branson, Chatterton, Eliason, Halford, Haugen, Martin, Metcalfe, Montgomery, O'Connell & Phillips, 1980)

Repeals the individual income tax and the 4% capital gains tax on individuals, and suspends all other taxes except the Oil & Gas Severance Tax. Retroactive to 1/1/80, it would result in a $161 million annual revenue loss from the individual income tax repeal (FY 81 estimate) and would suspend collection of $855,000,000 until the commissioner of administration and revenue jointly certify the state general fund balance available for appropriation and expenditure has fallen below a six-month operating reserve. It is estimated this would occur immediately, since current revenue estimates include pre FY80 receipts.

HB 587 (D) INCREASING INDIVIDUAL TAX CREDIT (Cotten, 1980)

Increases the Freeman tax credit in the second and succeeding years to $5,000 per taxpayer per year. It would essentially eliminate all personal income taxes (a $1200 credit eliminates 95 per cent of all state income taxes). Retroactive to 1/1/79. Taxpayer is entitled to receive interest on taxes withheld. Revenue loss $160 million/year.

SB 260 (D) REPEALING SCHOOL TAX (Stimson, 1979)

Repeals $10 school tax, effective 1/1/80. Estimated $2 million annual revenue loss

Rep. Brian Rogers
February 8, 1980

GROUP 2

"EARNED" TAX CREDITS/DEDUCTIONS

CSHB 11 (Fin) ADOPTION EXPENSE DEDUCTION (Phillips & Halford, 1979)
Provides for a maximum tax deduction for allowable expenses incurred in adopting a child during the tax year. Retroactive to tax year 197 Fiscal note (revenues lost) $29,000 annually.

HB 115 (D) VOTING CREDIT (Rogers, 1979)
Allows a $5 credit for voting in primary and general elections. Maximum credit $10 in even-numbered tax years. Fiscal note (revenues lost) $600,000 annually.

SB 95 (R) VOTING CREDIT (Bradley, 1979)
Allows a $50 credit for voting in primary or general elections. Maximum credit $50 in even numbered tax years. Estimated fiscal note (revenues lost)$5,000,000 annually.

HB 145 (R) TUITION TAX CREDIT (Martin, 1979)
Allows a 50% credit for tuition payments made for tuition at an accredited or approved private educational institutions. Maximum credit $500 for individual in elementary school, $750 in secondary or vocational school, or $1,000 for postsecondary education. Retroactive to 1/1/79. No revenue loss estimate available per Dept. of Revenue.

SB 48 (R) TUITION TAX CREDIT (Bradley, 1979)
Allows a 50% credit for tuition payments made on behalf of any member of a taxpayer's family, to a maximum $500 credit per individual in school (no limit on number of individuals in family eligible). Retroactive to 1/1/78. Dept. of Revenue has an "almost total lack of information" about revenue loss estimate.

HB 284 CONTRIBUTION CREDITS (Bettisworth, Martin, Randolph, 1979)
Provides for a tax credit of up to $100 each for contributions made in 1979 to: Alaska Conservation Society, Alaska Center for the Environment, Alaskans Unite, Committee (sic) for the Management of Alaskan Lands, and the Real Alaska Coalition. Maximum credit is $500 per year. No revenue loss estimate available.

HB 431 CONTRIBUTION CREDIT/CERTAIN CHARITIES (Randolph, Martin, 1979)
Allows a credit for contributions to Alaska chapters of non-profit, tax exempt (I.R.S. code sec. 501(c)(3)) organizations certified by commissioner of revenue. Retroactive to tax year 1979.

GROUP 2 (cont'd)

HB 622 CREDIT FOR MUNICIPAL TAX PAYMENTS (Phillips, Anderson, Barnes, Beirne, Bettisworth, Branson, Brown, Buchholdt, Chatterton, Fuller, Haugen, Hayes, McKinnon, Martin, Metcalfe, Montgomery, Moss, Munson, O'Connell, Parr and Rogers)

Taxpayer may take as a tax credit the municipal property taxes paid on his/her place of residence. Renters receive a credit equal to one per cent of rent payments made during the tax year for each mill of property tax levied by the municipality. Retroactive to 1/1/79. Estimated tax credits of $57 to $97 million annually; estimate of revenue loss from these credits not available.

CSSB 310 (R) EXEMPTING INTEREST EARNED IN ALASKA (Kelly, 1980)

Provides for an exemption for interest earned in financial institutions chartered in Alaska or with a principal or home office in Alaska. Retroactive to 1/1/80. "Virtually impossible" to calculate the revenue loss from this legislation.

HB 655 RESIDENTIAL FUEL CONSERVATION CREDIT (Governor, 1980)

Increases the existing residential fuel conservation credit from 10% of conservation-related expenses to 20%. Maximum credit is raised from $200 to $500 for single taxpayers and $250 each for those married and filing separate returns. Coverage is extended to improvements to residences completed on or before 1/1/80. The bill expands the definition of fuel conservation expenditures to include energy-saving devices. State revenue losses are estimated at $935,000 for FY 80 and from $1.1 to $1.34 million in future years.

HB 99 COST-OF-LIVING CREDITS (Governor, 1979)

An earlier attempt at Permanent Fund Credits (see HB 607 in group 3). The credit is tied to the earnings of the permanent fund (1/2 the earnings divided by the number of 'creditable years'). The existing Freeman tax credit is repealed; at this time the indications are that it would result in a $20 million tax increase.

Rep. Brian Rogers
February 8, 1980

GROUP 3

PAYABLE CREDITS - DIRECT DISTRIBUTION

HB 607
SB 359 PERMANENT FUND DIVIDENDS (Governor, 1980)

These two identical bills would provide a payable tax credit of one "Permanent Fund Dividend" for each year of residency. For tax year 1979 each dividend would be worth $50. In future years each dividend would be worth either $50 or 1/2 of the earnings of the Permanent Fund divided by the number of dividends paid the year before, whichever is greater. An ISER study pegs the number of dividends at approximately 2,571,000 (person/residency/years to a maximum of 20), averaging 9.52 years per capita. The fiscal note shows payments beginning at $215 million per year; according to Legislative Finance Division the Permanent Fund Dividends would not exceed $50 until approximately 1986.

W.O. 9844
(Draft) INDIVIDUAL PAYABLE TAX CREDIT (Miles, Freeman, Malone, 1980)

Extends the existing Freeman tax credit to $400, $500, and $600 for the fourth, fifth, and six years, respectively, for tax returns filed by a taxpayer beginning in 1978. If the credit exceeds the net tax liability, up to $200 of the credit is payable to the taxpayer. The bill automatically terminates if the state general fund balance goes below a six-month cash reserve. As the bill is in draft form, no fiscal note is available.

W.O. 7327
(Draft) INDIVIDUAL PAYABLE TAX CREDIT (Rogers, 1980)

Extends a one-time payable tax credit of $1200 for each person filing a 1979 tax return before June 30, 1980. It is estimated that this would eliminate state income taxes for 95% of all taxpayers. As the bill is in draft form, no fiscal note is available.

Rep. Brian Rogers
February 8, 1980

GROUP 4

TAX COMPUTATION CHANGES

HB 436 — MARRIED TAXPAYERS AUTHORIZED TO FILE AS INDIVIDUALS (Parr, Barnes, Buchholdt, Hurlbert, Martin, Munson, Zharoff, 1979)
Allows married taxpayers to compute and pay state income taxes in accordance with rates applicable to the returns of individuals. Retroactive to tax year 1979, it would remove the higher tax schedule for married taxpayers.

HB 464 — INDEXING THE STATE INCOME TAX, (Anderson, Barnes, Cotten, Freeman, Halford, Haugen, Hayes, McKinnon, Martin, Munson, Osterback, Rogers, Schaeffer, Zharoff, Gardiner, 1979)
Provides the tax rate brackets, minimum deduction, personal exemption, and tax credits be indexed by the annual inflation factor in Alaska. Applicable to tax years beginning with 1979.

SB 266 — INDEXING THE STATE INCOME TAX (Kelly, Dankworth, Hackney, Stimson, Sumner, 1979)
Same as HB 464.

SSSB 47 — REDUCING TAX ON INCOME OVER $10,000 (Bradley, 1979)
Reduces tax rate on individuals with incomes over $10,000 to equal percentage for those with $8,000 to $10,000 ($20,000 for married filing jointly, $12,000 for head of household). Maximum rate becomes 6 per cent. Tax credit for payments over 6 per cent allowed, refundable.

HB 376 — EXEMPTING UNEMPLOYMENT BENEFITS FROM INCOME TAX (Brown, 1979)
Exempts unemployment compensation and extended unemployment compensation from income taxation, effective 1/1/80. Conforms with past practice changed by federal legislation in 1979 (effective in Alaska beginning 1980 unless this is approved).

Rep. Brian Rogers
February 8, 1980

GROUP 5

CONSTITUTIONAL TAX LIMITATIONS

HJR 37 — LIMITING TAX LEVIES BY STATE AND LOCAL GOVERNMENT (Metcalfe, Barnes, Beirne, Bettisworth, Haugen, Hayes, Hurlbert, Moss, Randolph, 1979)

Limits taxes collected to the amount colledted in FY 1978 plus population growth and cost-of-living index. The legislature or municipal assembly may provide for an exception if approved by voters. (Note: much of the language is much more 'statutory' than currently appears in Alaska State Constitution.)

HJR 38 — LIMITING STATE TAX POWER (Randolph, Beirne, Bettisworth, Freeman, 1979)

Allows no new taxes or increase in tax levy after 1/1/79 except emergency one-year taxes and those taxes levied to pay or secure payment of general obligation bonds.

Tax preparer cites overpayments

by Karen Ranspot
Times Writer

A local income tax man thinks the state owes as many as 40,000 Alaska taxpayers $8.84 million in tax overpayments and interest and penalties.

Phillip Christiansen, a tax preparer for Planning Systems of Alaska, said Tuesday Alaskans overpaid their 1977 tax bills to the tune of $6.96 million. He said the state owes another $1.88 million in interest and penalty payments.

Christiansen said a majority of the 40,000 are Alaskans are wage earners who prepare their own returns.

The problem dates back to a ban on standard deductions from state taxes enacted between June 1977 and February 1978. The ban was due to a change in federal statutes.

The Department of Revenue advised taxpayers the law was being changed and that the state would automatically refund taxes on the standard deduction when the law was passed.

But Christensen said 44 percent of the returns he examined that did not have the standard deduction were never corrected by the state.

He would not say how many returns he examined, citing confidentiality rules for tax preparers. A tax attorney said he believes 100 to 150 returns were involved.

Revenue Department officials deny Christiansen's charge but have no figures on how many returns were automatically corrected.

Christiansen said the 40,000 figure is his projection, assuming 44 percent of the total number of incorrectly filed 1977 state tax returns were not corrected by the state.

About 200,000 returns were filed that year. Christiansen estimates that 90,000 returns were filed without being corrected for the standard deduction foul-up.

Although statistics are not available from the Department of Revenue, several officials said it is unlikely that many tax returns could have escaped their error detection unit. The department has no figures on how many were corrected but say they did review some returns last summer when a complaint was filed with the state ombudsman's office.

The apparent confusion began in June 1977 when a new federal law removed the standard deduction from federal tax filings. The standard deduction, $1,600 for a single taxpayer, was incorporated into the federal tax tables. The change did not affect the amount of taxes paid.

Under Alaska statute, when standard deductions were banned from federal returns, they were automatically banned from Alaska returns. However, state tax tables are not subject to federal changes and they remain in effect until the Legislature changes them.

Since the Legislature wasn't in session in June 1977, the state tables couldn't be changed. The taxable income of Alaskans increased by the amount of the standard deduction.

The Legislature did reinstate the standard deduction in February 1978 but by that time tax booklets had been delivered throughout the state. A notice in the front of the booklet informed taxpayers special legislation was being prepared to reinstate the standard deduction and that the Department of Revenue would automatically refund any overpayments as soon as it passed.

The amount of the overpayment would vary with the tax bracket and the filing status. In the $20,000 adjusted salary tax bracket, it meant $192 for a joint return. Christiansen said the average refund for his clients was $165 plus interest and penalties.

Christianson said in an interview Tuesday he doesn't believe the state automatically returned overpayments.

He also said the state is required to pay interest and penalties on all overpayments, but is not doing so. He said the state is not paying penalties and is paying interest on only some of the corrected returns he has been sending in for the past year.

The bureaucracy is always quick to assess P. & I., but slow to pay it. Right?

Several Revenue Department officials said they had never heard of the penalty statute until Tuesday, but said they will challenge it.

They conveniently ignored this: but ole A.G. Av Gross will find a loophole for them.

They said interest due on overpayments begins accumulating 90 days after the original filing. It would automatically be paid when the overpayment is returned, according to Revenue officials.

3/1/80 note to Clem Tillion & Hugh Malone: This bureaucratic boondoggle wouldn't have happened if you two boobs had got my suggestion adopted years ago to simplify reporting and computing the State income tax. Remember my idea to simply furnish the State with a copy of the first page of IRS 1040 (which summarizes everything), and pay a percentage of the federal tax thereon?

But, oh no! Your precious bureaucrats, who usually have the last word in Juneau, said that would be inequitable to some taxpayers (but didn't say it would deprive them of a lot of useless papershuffling work)—so both of you meekly acquiesced. Now just who the hell are you representing down there anyway—the bureaucracy or the taxpayers who elected you?

Well, you have one last chance to redeem yourself with me. Quit kissing J.H.'s ass with his complicated formulas to "equitably distribute" our income taxes to all Alaskans (whether they work or not), and simply let us keep what we have already earned by suspending or cancelling both the tax and the cursed report form now. As you both know, that has nothing to do with distributing the free oil money. Of course, it will be painful for you to unemploy about 156 friendly bureaucrats and save about $5 million of their expenses, but I assure you it will be a hell of lot more painful for you next election.

And I don't give a damn if many Outsiders benefit from no income taxes, too. After all, it's they who are finding and producing the huge oil wealth in Alaska, not us bums. Even Prudhoe Bay was a gift to us from Uncle Sam: we didn't create it or buy it. And all Uncle gets in return from his ungrateful wards is a kick in the ass for more. Cheers. C.C. to others.

Charlie Parker

21 — 21
5

1200 — 1400
20
1200
2500

450
2) 2,000

2.3

360
560 400

2.3
400
1.9

Ditman Research

years of residence / present population as of Nov '79

1-12 months	4%	
1-3 years	10%	14%
4-7 years	14%	86%
8-15 years	29%	
16+ years	37%	

∴ @ $115.00

4% = 16,000 x 115 = 1,840,000
10% = 40,000 x 345 = 13,800,000
86% = 344,000 x 575 = 197,800,000

$ 213,440,000.00

@ $112.00

112 = 1,792,000
336 = 13,440,000
560 = 192,640,000

207,872,000

@ $110.00

110 = 1,760,000
330 = 13,200,000
550 = 189,200,00

204,160,000

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH S
JUNEAU, ALASKA 99811

February 20, 1980

MR MIKE MILLER

POUCH V

JUNEAU AK 99811

I am enclosing a copy of a monthly report prepared by the Alaska Department of Revenue, concerning tax collections and interest income.

The statement entitled "Cumulative Summary of Revenue Collected July 1, 1979 through January 31, 1980" discloses gross receipts, refunds, net receipts, estimated total year collections and percent of estimate realized. It covers receipts of all taxes and licenses administered by the Department of Revenue and interest income accounted for on a cash basis. It does not cover all items of state revenue.

The net collections of taxes and license fees, exclusive of interest income collected by the Department of Revenue for January, 1980, was $52,785,470.55. This is an increase of 53.58 percent as compared to the $34,369,830.56 collected in January, 1979.

For the first seven months of the current fiscal year, total collections of net taxes and license fees, exclusive of interest income, amounted to $569,479,694.55 compared to $221,331,786.91 collected during the first seven months of the previous year, an increase of 157.30 percent.

Sincerely,

Thomas K. Williams

Thomas K. Williams
Commissioner

Enclosure

04-02LH

CUMULATIVE SUMMARY OF REVENUE
COLLECTED 7/1/79 THRU 1/31/80
7/12 or 58.33%

CODE NO.	TYPE OF TAX	GROSS RECEIPTS	REFUNDS	NET RECEIPTS	ESTIMATE	NET RECEIPTS % OF ESTIMATE
001	Property	$ 1,900,459.57	$ 626,801.47	$ 1,273,658.10	$ 175,000,000.00	0.73
016	Alcohol	4,796,744.17	Ø	4,796,744.17	7,700,000.00	62.30
017	Cigarette Tax - GF	980,871.51	5,015.84	975,855.67	1,700,000.00	57.40
018	Cigarette Tax - SF	1,634,785.84	Ø	1,634,785.84	2,800,000.00	58.39
020	Electric & Telephone	7,939.00	Ø	7,939.00	2,000,000.00	0.40
021	Highway Fuel	15,632,032.70	,278,560.90	11,353,471.80	18,400,000.00	61.70
022	Aviation Fuel	2,607,953.80	Ø	2,607,953.80	3,600,000.00	72.44
023	Marine Fuel	2,343,899.59	Ø	2,343,899.59	3,100,000.00	75.61
036	Individual Income	101,859,390.16	6,079,170.82	95,780,219.34	122,000,000.00	78.51
037	Fiduciary Income	34,316.92	652.46	33,664.46	100,000.00	33.66
038	Corporation Income	11,368,995.33	10,091,394.37	1,277,600.96	15,000,000.00	8.52
039	Oil & Gas Corp Income	242,799,956.47	945,162.00	241,854,794.47	402,000,000.00	60.16
046	Business License	1,352,982.21	293 283.28	1,059,698.93	4,000,000.00	26.49
052	Estate	142,985.39	5,838.48	137,146.91	200,000.00	68.57
057	School	763,727.90	Ø	763,727.90	2,500,000.00	30.55
061	Mines & Mining	117,294.00	506.10	116,787.90	100,000.00	116.79
062	Raw Fish	5,665.35	9,071.13	(3,405.78)	8,600,000.00	Ø
063	Cold Storage	198,098.17	1,222.21	196,875.96	8,700,000.00	2.26
064	Freezer Ship	176,541.61	28,590.07	147,951.54	3,600,000.00	4.11
065	Oil Production	192,687,728.05	5,414.96	192,682,313.09	420,590,000.00	45.81
066	Oil & Gas Conservation	163,881.69	Ø	163,881.69	600,000.00	27.31
067	Gas Flaring	1,290.12	Ø	1,290.12	10,000.00	12.90
068	Gas Production	6,100,737.45	Ø	6,100,737.45	11,700,000.00	52.14
096	Prepaid Tax (102)	(243,448.33)	5,143.00	(248,591.33)	Ø	Ø
106	Liquor Lic. Application	50,050.00	Ø	50,050.00	80,000.00	62.56
107	Pub Liquor License	Ø	Ø	Ø	900.00	Ø
108	Brewery	Ø	Ø	Ø	100.00	Ø
109	Distiller	Ø	Ø	Ø	Ø	Ø
110	Beverage Dispensary	313,600.00	3,800.00	309,800.00	480,000.00	64.54
111	Club License	16,650.00	Ø	16,650.00	2,,400.00	71.15
112	Common Carrier	8,000.00	Ø	8,000.00	15,900.00	50.31
113	Restaurant	28,850.00	Ø	28,850.00	43,000.00	67.09
114	Roadhouse	1,800.00	Ø	1,800.00	6,400.00	28.13
115	Retail	192,700.00	4,500.00	188,200.00	270,400.00	69.60
116	Retail Stock Sale	Ø		Ø	Ø	Ø
117	Wholesale General	7,500.00	500.00	7,000.00	79,000.00	8.86
118	Wholesale Malt Beverage	650.00	Ø	650.00	14,100.00	1.19
119	Misc. License	10,758.50	Ø	10,758.50	18,000.00	59.77
145	Amusement & Gaming	39,326.82	192.00	39,134.82	85,000.00	46.04
146	Lottery Permits	15,013.80	Ø	15,013.80	20,000.00	75.07
602	Misc. Revenues	8,680.80	275.00	8,405.80	Ø	Ø
692	Redistributed Revenue	Ø	Ø	Ø	Ø	Ø
	TOTAL	$588,128,208.59	$22,365,094.09	$565,763,114.50	$1,215,135,900.00	46.56
126	Vessels & Gear	$ Ø	$ Ø	$ Ø	$ Ø	Ø
137-844	Comm. Fish Resident	81,584.85	Ø	81,584.85	151,000.00	54.03
138-845	Comm. Fish Nonresident	136,223.41	Ø	136,223.41	217,000.00	62.78
140	Comm Fish Ent Fee	1,080.00	Ø	1,080.00	Ø	Ø
120-218	Sport Fish & Hunt	3,517,691.77	Ø	3,517,691.77	4,385,000.00	80.22
	SUB-TOTAL	$ 3,736,580.03	Ø	$ 3,736,580.03	$ 4,753,000.00	78.62
	TOTAL	$591,864,788.64	$22,385,094.09	$569,479,694.55	$1,219,888,900.00	46.68

INTEREST

CODE NO.	TYPE OF TAX	GROSS RECEIPTS	REFUNDS	NET RECEIPTS	ESTIMATE	NET RECEIPTS % OF ESTIMATE
575	Interest on Loans	$ 1,218,219.73	$ Ø	$ 1,218,219.73	$ 2,628,000.00	46.36
576	Interest on Investments	42,532,953.42	Ø	42,532,953.42	64,160,000.00	66.29
577	Interest on Deposits	16,205.89	Ø	16,205.89	3,212,000.00	.50
	TOTAL INTEREST	$ 43,767,379.04	$ Ø	$ 43,767,379.04	$ 70,000,000.00	62.53
	TOTAL REVENUE	$635,632,167.68	$22,385,094.09	$613,247,073.59	$1,289,888,900.00	47.54

POUCH V
JUNEAU, ALASKA 99811
OFFICIAL BUSINESS

Alaska State Legislature
House of Representatives

OFFICE OF THE SPEAKER

P R E S S   R E L E A S E

Feb 25, 1980

House Speaker Terry Gardiner, D-Ketchikan, took to task the Anchorage Republican members of the House who have recently r[illegible] advertisements in Anchorage newspapers urging repeal of [illegible] state income tax.

Speake[illegible]rdiner called the ads "cheap political tricks that are an attempt to deceive the Alaskan public about the real nature of the Republican plan."

"What the House Republicans really intend to do is to repeal the Oil Franchise Tax and Oil Property Taxes along with the income tax, thereby giving th[illegible] oil companies six dollars for every dollar they give to Alaskans."

The impact of the proposed Republican bill, HB 571, sponsored by every Republican in the House, would hand over $800 million to the oil companies while only giving Alaskans $120 million in personal income tax relief according to Gardiner. This amount is nearly equal to the annual state budget.

Gardiner called the Republican plan to repeal oil taxes "untimely and an unjustified giveaway program." After 20 years Alaska has reached a fair and stable oil tax policy. We should not rock the boat now with a destabilizing oil tax repeal. The success of the Beaufort Sea lease sales bringing in a half billion in cash proves the viability of our present laws and removes arguements for change.

Gardiner stated that it is clear from the huge profits of U.S. oil companies (9.7 billion in 1979) that oil companies would only suffer further surpluses if Alaska repealed oil taxes. Oil company profits increased by 64% in 1979 alone - with some Alaskan producers such as Sohio increasing 163% to $1.2 billion.

Gardiner also said that he can understand the Anchorage Republicans' efforts to get on the income tax bandwagon. "Everybody knows that Rep. Oral Freeman, D-Ketchikan, was promoting the income tax relief issue while the Republicans were busy opposing the Permanent Fund." It was the Democratically controlled House which promoted and ultimately passed the Freeman income tax credit bill, and also repealed the gross business tax, not the Republicans.

The House Democrats intend to deal with the income tax issue, Gardiner stated. The State Affairs and Finance committees have worked late into the night for the past two weeks reviewing more than 20 different proposals for tax relief and distribution programs. "This is not an issue which should be rammed through the Legislature without public hearings and good solid thinking," Gardiner said.

Gardiner stated he was confident the income tax issue will be dealt with conclusively during the next few weeks. He added that he expects the ultimate bill to distribute more than $120 million which is now collected under existing income tax laws.

TELEGRAM
ALASCOM, INC.
PHONE [illegible]
JUNEAU, AK 99802

'80 APR 12 AM 5 31

[illegible]2534 [illegible]L ANCHORAGE ALASKA 19[illegible] 04-11 430P AST

PMS REP [illegible]IKE MILLER

JUN 1418

THE HONORABLE REP MILLER

A COMPLEX TAX BILL, THAT INVITES CONSTITUTIONAL CHALL[illegible], WILL CONTRIBUTE TO TH[illegible] RUIN OF MANY ALASKANS STRUGGLING FOR ECONOMIC SURVIVAL.

THEREFORE, SIMPLE, O[illegible]RIGHT TAX REPEAL LEGISLATION SHOULD BE ENACTED IMMEDIATELY.

IT IS NOT UNCONSTITUTIONAL TO REPEAL STATE INCOME TAXES, BOTH PERSONAL AND BUSINESS. IT IS NOT UNCONSTITUTIONAL TO REBATE THOSE TAXES PAID IN 1979.

THE DLRS142 MILLION REFUND FROM 1979 SHOULD BE RETURNED TO THE TAXPAYER WITHIN THE NEXT 60 TO 90 DAYS AS A VITAL INFUSION TO A LAGGING ECONOMY AND TO ALLEVIATE PERSONAL HARDSHIPS. STOPPING THE WITHHOLDING OF STATE TAXES WILL INSTANTLY ADD ADDITIONAL DOLLARS TO THE PAYCHECK OF THE WAGE EARNER.

THE FULL COMMONWEALTH NORTH REPORT ON OTHER VITAL ISSUES SURROUNDING RESOURCE INCOME TO THE STATE WILL BE IN YOUR HANDS SOON.

BUT WE URGE YOU NOW TO PRESS FOR SIMPLE, CLEAR LEGISLATION TO REPEAL STATE INCOME TAXES. NO OTHER ACT BY THE 1980 LEGISLATURE WILL HAVE [illegible] IMPORTANCE FOR TODAYS PEOPLE [illegible] [illegible].

[illegible]	[illegible]	[illegible]
[illegible]VILLE	[illegible]	[illegible]
[illegible]DY, SR.	[illegible]	[illegible]
[illegible]LLOCK	[illegible]	[illegible]
DAVI[illegible] CHATFIELD	JOHN [illegible]LAKAR	WILLIAM TO[illegible]
HARRY DONAHUE	RENEE MURRAY	PAUL WILCOX
[illegible]	[illegible]	