

SB

41

COMMITTEE REPORT
SENATE

1/16/79

FURTHER: Judiciary

FINALE - 1/16/79

Date: _____

Mr. President:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had SB 41

relating to exemption from income tax for senior citizens

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:

Boyer

J. Johnson

Allen Sabney

CHAIRMAN

A M E N D M E N T

OFFERED IN THE SENATE:

BY: SENATE HESS

To: _____ SENATE BILL No. SB 41

HOUSE BILL No. _____

PAGE: 1

LINE: 16

line 16: after "years" delete "," and insert ", provided that only one exemption may be claimed by a married couple filing jointly or separately."

A M E N D M E N T

OFFERED IN THE SENATE:

By: SENATE HESS

To: _____ SENATE BILL No. SB 41

HOUSE BILL No. _____

PAGE: 1

LINE: 12

line 12: change "65" to "62"

SB #41 "An Act relating to ^{S. HESS 79-80} ~~the~~ ~~provision~~
from Income Tax for Senior Citizens"
By Bradley

Introduced 1-16-79
Logged 1-16-79
Referrals Judiciary - Finance
Comm. Meeting 2-14-79
" Act in - passed with amendments

Notified Sen Bradley
Dore Kall
Revenue Dept
Office on Aging

AMENDMENT

Line 16 , provided that only one exemption may be claimed by a married couple filing jointly or separately.

How about ~~state~~ an age of 62 for retirement?

and would it do that passed

and consumer
72-73 5.9 Index
73-74 13.1
74-75 12.4
75-76 7.6
76-77 7.7
77-78 8.5

Dorel Hull

Important of mental health to those who have to worry about
Suggests \$10,000 exemption and 15 year residency

Tary Jenkins

Dan Platnick

6866 checks sent out last month
Est. 7200-7300 persons on rolls

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 896-6442

#

02149 NL TDA FAIRBANKS ALASKA 50 02-13 820P JOSEAU, ALASKA 99602

PMS SEN GLENN HACKNEY

1979 FEB 14 AM 1 01

JUN

WE OF THE FAIRBANKS LABOR CHAPTER OF THE NATIONAL COUNCIL OF
SENIOR CITIZENS REQUEST YOUR SUPPORT OF SB41. HOPE THAT YOU CAN
URGE OTHERS TO SEE IT OUR WAY ALSO. SINCERELY

ALFRED W WHITSETT, PRESIDENT N.C.S.C.

804 LAKEVIEW FAIRBANKS AK 99701

*Make
copies
for committee*

LA 11 1167 11.47 JA01 0015 12.18 02/13/79

TO SENATORS HACKNEY AND BRADLEY

FROM EDNA ADRIAN
GRAY PANTHERS
1280 E 17TH, APT. 336
ANCHORAGE AK 99501

276-2886

"URGE FAVORABLE CONSIDERATION OF SB 41 - ALASKA INCOME TAX
EXEMPTION FOR SENIOR CITIZENS."

GD EOM/

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 606-8442

JUNEAU, ALASKA 99802

1979 FEB 13 PM 12 30

02005 ANCHORAGE AK 25 02-13 1402A AST

PMS SENATOR GLEN HACKNEY, CHAIRMAN HEALTH AND SOCIAL SVCS COMM

0497
RM 105 SENATE BLDG

JUNEAU AK

OPAG URGES PASSAGE OF SENATE BILL 41 WHICH PROVIDES FOR ALASKA
INCOME TAX EXEMPTION UP TO DLRS10,000 FOR RESIDENTS OF 65 YEARS
OF AGE.

OLDER PERSONS ACTION GROUP INC.

TELEGRAM

ALASKA ALASKA COMMUNICATIONS, INC.

PHONE: 583-6442

JUNEAU, ALASKA 99802

#

02645 POM TDA FAIRBANKS ALASKA 15 02-13 8352

1979 FEB 14 AM 1 01

PMS SEN GLENN HACKNEY

JUN

DEAR SENATOR WE THE MEMBERS OF TEAMSTERS RETIREES CLUB LOCAL 959
REQUEST YOUR SUPPORT OF SB41

W G ACKERMAN PRESIDENT RETIREES CLUB 1170 COPPETT

FAIRBANKS

2/14/79

MEMO

TO: SEN HACKNEY

FROM: PAUL *Paul*

I spoke with Gary Jenkins, Director, Audit Division, Dept. of Rev, this morning re: SB 41 - exempting \$10,000 income from AK income tax for those 65 years and over, if they meet the residency requirement.

The language in the bill that threw me a little was the verbage "who has continuously maintained a domicile". It doesn't say the individual has to reside in the state but it says instead "continuously maintained a domicile". I was curious as to whether a person moving outside but still maintained a residence in the state would be eligible. Jenkins said that if the guy moved out and is living down south 12 months out of the year, they would consider him as moving his domicile and would not be eligible for exemption. This would particularly apply if the guy is residing outside renting property in the state. In this case, Jenkins said the guy would not be residing (domiciling) in the state and would be taxed accordingly. He said, however, where an individual was just going outside three or four months of the year, then they would have no problem with a person like that being eligible under this bill. However, it might be a good idea that they define "continuously maintained a domicile" as it applies to this bill.

Also, I ask him to give me a ball park figure on the number of people this bill would affect and he said he doesn't have the "foggiest." Usually, he said, he doesn't mind tossing out a ball park figure, but in this case he just doesn't know.

introduced: 1/16/79
Referred: Health, Education
& Social Services and
Judiciary

1 IN THE SENATE

BY BRADLEY

2 SENATE BILL NO. 41

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to exemption from the income tax for
7 senior citizens; and providing for an effective date."

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

9 * Section 1. AS 43.20.031(b) is amended by adding a new paragraph to
10 read:

11 (4) \$10,000 of the gross income as defined in sec. 61 of the
12 Internal Revenue Code of a person who is 65 years of age or older who
13 has continuously maintained a domicile in the territory or state for 25
14 years, or who has intermittently maintained a domicile in the territory
15 or state for a cumulative total of 35 years with no period of absence
16 longer than two years.

17 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
18 070(c) and is retroactive to January 1, 1979.

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

DATE: February 8, 1979

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: Senate Bill No. 41

The proposed bill would exempt \$10,000 of gross income from Alaska income tax of an individual 65 years of age or older who meets the domicile test stated in the bill. There are several points which I think the Legislature should consider in dealing with this proposal. First, the way it is currently structured, if a husband and wife were age 55 and over and both meet the domiciliary requirements, it would appear that they could exempt up to \$20,000 of income from the individual income tax.

In its deliberations, I think the Legislature should also consider the tax benefits which are already provided to the elderly either through the Internal Revenue Code or by Alaska Statutes. These benefits include such things as, (1) the elderly tax credit, which for Alaska purposes has an effective rate of 2.4% of applicable income; (2) the recently enacted \$100,000 capital gain exemption from the sale of a residence for those age 55 and over; (3) the elderly currently receive the Alaska longevity bonus which is tax free for Alaska purposes; (4) any qualified pensions and annuities currently received by the elderly are exempt from Alaska taxation; (5) the recently enacted \$100 individual tax credit would operate to exempt up to \$12,500, of gross income which would normally be taxable, from being taxed.

Obviously, this is a question of public policy on which the Legislature must decide. There would appear, however, to be a question whether this additional exemption from tax is really necessary.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5 - JUNEAU 99811

February 9, 1979

The Honorable Glenn Hackney
Chairman
Senate Health, Education and
Social Services Committee
Room 105 - Assembly Building
Juneau, Alaska

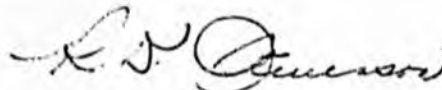
Re: Senate Bill No. 41

Dear Senator Hackney:

Senate Bill No. 41, an Act relating to exemption from the income tax for senior citizens, was introduced in the Senate on January 16, 1979 and was referred to the Senate Health, Education and Social Services and Judiciary Committees. The bill was given a further referral to the Senate Finance Committee on January 18, 1979.

For the consideration of the Senate Health, Education and Social Services Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Gary Jenkins, Director, Audit Division, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

cc: The Honorable Robert Ziegler
Chairman
Senate Judiciary Committee

The Honorable John C. Sackett
Chairman
Senate Finance Committee

John Messenger
Deputy Commissioner
Department of Revenue

Gary Jenkins, Director
Audit Division
Department of Revenue

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 41
 Title An Act relating to exemption from the income tax for senior citizens
 Requested by Health, Education & Social Services and Judiciary Committees. Date 2/8/79

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) None

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

TOTAL

FUNDING (Thousands of Dollars) None

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached memo to R. D. Stevenson dated 2/8/79

IV. DATE February 8, 1979 PREPARED BY *Harold...*
 AGENCY Department of Revenue, Audit Division
 PHONE 465-2320
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

MEMORANDUM

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

DATE: February 8, 1979

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: Senate Bill No. 41

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In its deliberations, I think the Legislature should also consider the tax benefits which are already provided to the elderly either through the Internal Revenue Code or by Alaska Statutes. These benefits include such things as, (1) the elderly tax credit, which for Alaska purposes has an effective rate of 2.4% of applicable income; (2) the recently enacted \$100,000 capital gain exemption from the sale of a residence for those age 55 and over; (3) the elderly currently receive the Alaska longevity bonus which is tax free for Alaska purposes; (4) any qualified pensions and annuities currently received by the elderly are exempt from Alaska taxation; (5) the recently enacted \$100 individual tax credit would operate to exempt up to \$12,500, of gross income which would normally be taxable, from being taxed.

Obviously, this is a question of public policy on which the Legislature must decide. There would appear, however, to be a question whether this additional exemption from tax is really necessary.

overpayment resulting from the application of the preceding sentence."

Sec. 62. Adjusted gross income defined.

For purposes of this subtitle, the term "adjusted gross income" means, in the case of an individual, gross income minus the following deductions:

(1) Trade and business deductions. The deductions allowed by this chapter (other than by part VII of this subchapter) which are attributable to a trade or business carried on by the taxpayer, if such trade or business does not consist of the performance of services by the taxpayer as an employee.

(2) Trade and business deductions of employees.

(A) Reimbursed expenses. The deductions allowed by part VI (sec. 161 and following) which consist of expenses paid or incurred by the taxpayer, in connection with the performance by him of services as an employee, under a reimbursement or other expense allowance arrangement with his employer.

(B) Expenses for travel away from home. The deductions allowed by part VI (sec. 161 and following) which consist of expenses of travel, meals, and lodging while away from home, paid or incurred by the taxpayer in connection with the performance by him of services as an employee.

(C) Transportation expenses. The deductions allowed by part VI (sec. 161 and following) which consist of expenses of transportation paid or incurred by the taxpayer in connection with the performance by him of services as an employee.

(D) Outside salesmen. The deductions allowed by part VI (sec. 161 and following) which are attributable to a trade or business carried on by the taxpayer, if such trade or business consists of the performance of services by the taxpayer as an employee and if such trade or business is to solicit, away from the employer's place of business, business for the employer.

(3) Long-term capital gains. The deduction allowed by section 1202.

(4) Losses from sale or exchange of property. The deductions allowed by part VI (sec. 161 and following) as losses from the sale or exchange of property.

(5) Deductions attributable to rents and royalties. The deductions allowed by part VI (sec. 161 and following), by section 212 (relating to expenses for production of income), and by section 611 (relating to depletion) which are attributable to property held for the production of rents or royalties.

(6) Certain deductions of life tenants and income beneficiaries of property. In case of a life tenant of property, or an income beneficiary of property held in trust, or an heir, legatee, or devisee of an estate, the deduction for depreciation allowed by section 167 and the deduction allowed by section 611.

(7) Pension, profit-sharing, annuity, and bond purchase plans of self-employed individuals. In the case of an individual who is an employee within the meaning of section 401(c)(1), the deductions allowed by section 404 and section 405(c) to the extent attributable to contributions made on behalf of such individual.

(8) Moving expense deduction. The deduction allowed by section 217.

(9) Pension, etc., plans of electing small business corporations. The deduction allowed by section 1379(b)(3).

(10) Retirement savings. The deduction allowed by

section 219 (relating to deduction of certain retirement savings) and the deduction allowed by section 220 (relating to retirement savings for certain married individuals).

(11) Certain portion of lump-sum distributions from pension plans taxed under section 402(e).—The deduction allowed by section 402(e)(3).

(12) Penalties forfeited because of premature withdrawal of funds from time savings accounts or deposits.—The deductions allowed by section 165 for losses incurred in any transaction entered into for profit, though not connected with a trade or business, to the extent that such losses include amounts forfeited to a bank, mutual savings bank, savings and loan association, building and loan association, cooperative bank or homestead association as a penalty for premature withdrawal of funds from a time savings account, certificate of deposit, or similar class of deposit.

(13) Alimony. The deduction allowed by section 215.

In '76, P.L. 94-455, Sec. 502(a), added para. (a)(13), for tax yrs. begin. after '76.

—P.L. 94-455, Sec. 1531(b)(1), added "and the deduction allowed by section 220 (relating to retirement savings for certain married individuals)" after "(relating to deduction of certain retirement savings)" in para. (a)(10), for tax yrs. begin. after '76.

—P.L. 94-455, Sec. 1901(a)(8), redesignated para. (a)(11) as added by Sec. 6(a) of P.L. 93-483, as para. (a)(12), for tax yrs. begin. after '76.

—P.L. 94-455, Sec. 1901(a)(9), substituted "trade or business, to the extent" for "trade or business to the extent" in para. (a)(12), as redesignated by Sec. 1901(a)(8) of this Act, for tax yrs. begin. after '76.

In '74, P.L. 93-483, Sec. 6(a) added para. (11), titled "Penalties forfeited because of premature withdrawal of funds from time savings accounts or deposits", effective with respect to tax yrs. begin. after 12/31/72.

In '74, P.L. 93-406, Sec. 2002(a)(2) added subsec. (10), effective for tax yrs. begin. after 12/31/74.

—P.L. 93-406, Sec. 2005(c)(9) added subsec. (11), effective with respect to distributions or payments made after '73, in tax yrs. begin. after '73.

In '69, P.L. 91-172, Sec. 531(b), added para. (9), for tax yrs. of electing small business corporations begin. after 12/31/70.

In '64, P.L. 88-212 added par. (8) for expenses incurred after '63, in tax yrs. end. after '63.

In '62, P.L. 87-192 added par. (7), for tax yrs. begin. after '62.

Sec. 63. Taxable income defined.

(a) Corporations.

For purposes of this subtitle, in the case of a corporation, the term "taxable income" means gross income minus the deductions allowed by this chapter.

(b) Individuals.

For purposes of this subtitle, in the case of an individual, the term "taxable income" means adjusted gross income—

(1) reduced by the sum of—

(A) the excess itemized deductions, and

(B) the deductions for personal exemptions provided by section 151, and

(2) increased (in the case of an individual for whom an unused zero bracket amount computation is provided by subsection (c)) by the unused zero bracket amount (if any).

(c) Excess itemized deductions.

For purposes of this subtitle, the term "excess itemized deductions" means the excess (if any) of—

(1) the itemized deductions, over

(2) the zero bracket amount.

his federal income tax return and of a recomputation of tax or determination of deficiency (whether with or without assessment). A full statement of the facts shall accompany this notice. The notice shall be filed within 60 days after the final determination of the modification, recomputation or deficiency, and the taxpayer shall pay the additional tax or penalty under this chapter. For purposes of this section, a final determination shall mean the time that an amended federal return is filed or a notice of deficiency or an assessment is mailed to the taxpayer by the Internal Revenue Service, except that in no event will there be a final determination for purposes of this section until the taxpayer has exhausted his rights of appeal under federal law.

(e) The department may credit or refund overpayments of taxes, taxes erroneously or illegally assessed or collected, penalties collected without authority, and taxes that are found unjustly assessed or excessive in amount, or otherwise wrongfully collected. The department shall set limitations, specify the manner in which claims for credits or refunds are made, and give notice of allowance or disallowance. When a refund is allowed to a taxpayer, it shall be paid out of the general fund on a warrant issued under a voucher approved by the department. (§ 7 ch 115 SLA 1949; am § 2 ch 132 SLA 1951; am § 4 ch 5 SLA 1953; am § 2 ch 169 SLA 1972; am § 3 ch 70 SLA 1975)

Effect of amendment. — The 1975 amendment so changed this section as to make a detailed comparison impracticable.

Delegation of legislative authority valid. — The legislative authority conferred by this section appears to be within the test laid down in *Bowles v. Willingham*, 321 U. S. 503, 64 S. Ct. 641, 88 L. Ed. 892 (1944), in which the administrator of the Office of Price Administration was empowered to fix maximum rents which, in his judgment, would be generally fair and equitable in any defense rental area whenever in his judgment that action was necessary or proper in order to effectuate the purposes

of the act, and further empowered to make adjustments for such relevant factors as he may determine and deem to be of general applicability, and to provide for such adjustments and reasonable exceptions as in his judgment are necessary and proper in order to effectuate the purposes of the act. *Alaska S.S. Co. v. Mullaney*, 12 Alaska 433, 84 F. Supp. 561 (D. Alas. 1949), *aff'd*, 12 Alaska 594, 180 F.2d 805 (9th Cir. 1950).

Quoted in *Hickel v. Stevenson*, Sup. Ct. Op. No. 351 (File No. 624), 416 P.2d 236 (1966).

Am. Jur. 2d reference. — 71 Am. Jur. 2d, State and Local Taxation, § 589.

Sec. 43.20.031. Taxable income of residents; deductions; exemptions. (a) The taxable income of a resident of the state is his entire taxable income as defined in § 63 of the Internal Revenue Code with the following modifications:

(1) a taxpayer whose income includes a cost-of-living allowance which is exempt from federal income tax shall determine and include that amount as part of his income as if the cost-of-living allowance were not exempt;

(2) the benefits allowed to taxpayers under Internal Revenue Code §§ 1301 — 1307, as amended, are allowed only to taxpayers who have been residents of the state for the full base period as well as for the

computation year as defined in these sections; the commissioner shall adopt regulations governing benefits under these sections of federal law allowable to spouses eligible to file a joint Alaska return for the computation year when one spouse has not been a resident of Alaska for the full base period;

(3) the benefits of nonrecognition of gain on the sale or exchange of certain property under §§ 1031, 1033 and 1034 of the Internal Revenue Code (26 U.S.C. §§ 1031, 1033 and 1034) are allowed only to taxpayers who purchase or exchange the property within the state, except that the benefits of § 1034 shall be allowed regardless of the location of the property for taxpayers who have attained the age of 65 on or before the time of the purchase or exchange.

(b) The following exemptions are allowed in computing taxable income under this section:

AS 43.20.031(b) →

(1) service pay received by members of the armed forces of the United States or auxiliary branches of the armed forces;

(2) pensions and annuities received from qualified plans approved under §§ 401 — 415 of the Internal Revenue Code (26 U.S.C. §§ 401 — 415) as amended;

(3) income of a person derived from the sale of halibut taken from waters outside the territorial limits of the state and regulated by an international body or treaty organization if the person selling halibut in the state which is taken from outside the territorial limits of the state executes and submits to the department within 30 days after each sale a separate exemption certificate on a form approved by the department and the attorney general.

(c) In computing the tax under this chapter, the taxpayer is not entitled to deduct any taxes based on or measured by net income.

(d) Banks and savings and loan associations chartered by the federal government or the state are exempt from income tax under this chapter.

(e) An affiliated group of corporations may make or the commissioner may require them to make a consolidated or combined return for the taxable year in place of separate returns. For purposes of calculating the amount of tax payable by the group under a consolidated filing, Internal Revenue Code §§ 1501 — 1552, as amended, apply.

(f) A natural person is entitled to a tax credit not to exceed \$50 for the amount of political campaign contributions made within the tax year, including but not limited to a contribution or gift to a person or organization for use exclusively (1) 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 Alaska; 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 Alaska; and municipal office in Alaska;

(2) for groups seeking to influence the outcome of a ballot proposition

or question; or dues to a nonprofit organization organized primarily for the purpose of influencing elections. The credit allowed by this subsection is in place of the credit allowed by § 41 of the Internal Revenue Code and the deduction allowed by § 218 of the Internal Revenue Code for contribution to candidates for public office.

(g) A person who wilfully makes and subscribes to a certificate referred to in (b) (3) of this section which is not true and correct as to every material fact is punishable by a fine of not more than \$10,000, or by imprisonment for not more than five years, or by both.

(h) A taxpayer who purchases an entry permit under AS 16.43 in carrying on a trade or business is entitled to a deduction of the amount of the price paid during the tax year as if it were allowable under § 162 of the Internal Revenue Code (26 U.S.C. § 162). (§ 5 ch 70 SLA 1975; am §§ 3 — 5 ch 125 SLA 1976; am § 8 ch 73 SLA 1977; am § 6 ch 133 SLA 1977)

→ Cross reference. — As to disclosure of contributions, see AS 24.45.121.

Effect of amendments. — The 1976 amendment added paragraph (3) to subsection (a), rewrote paragraph (2) of subsection (b), and substituted "any taxes based on or measured by net income" for "from the adjusted gross income state income taxes" at the end of subsection (c).

The first 1977 amendment added subsection (h).

The second 1977 amendment, in the first sentence of subsection (f), inserted the item designations, inserted the language beginning "for candidates for President or

Vice-President" and ending "municipal office in Alaska" in present item (1), and inserted "for groups seeking to influence the outcome of a ballot proposition or question" in present item (2).

Editor's note. — Section 1, ch. 115, SLA 1977, provides: "For purposes of AS 43.20.031 for tax years before January 1, 1976, an individual is taxable on his entire income as defined in that section except that income does not include wages earned outside the United States."

Am. Jur. 2d reference. — 71 Am. Jur. 2d. State and Local Taxation, § 518 et seq.

Sec. 43.20.035. Taxable income of nonresidents and part-year residents. (a) The taxable income of nonresidents or part-year residents of this state is taxable income as determined under § 31 of this chapter when attributable to sources in the state as provided in § 40 of this chapter with the following adjustments:

(1) a nonresident or part-year resident who claims the standard deduction as defined in Internal Revenue Code § 141 is allowed the deduction in the proportion provided in (b) of this section;

(2) a nonresident or part-year resident is entitled to claim the personal exemptions as defined in § 151 of the Internal Revenue Code in the proportion provided in (b) of this section;

(3) a nonresident or part-year resident who itemizes deductions is allowed a deduction for those items deductible under the Internal Revenue Code which arise from sources in the state.

(b) The ratio for prorating allowed by this section is the taxpayer's adjusted gross income from Alaska sources divided by the taxpayer's adjusted gross income from all sources. The ratio may not exceed 100 per cent. The adjusted gross income for purposes of this subsection

TELEGRAM

RCA ALASKA COMMUNICATIONS INC.
PHONE: 586-6442
JUNEAU, ALASKA 99802

1979 FEB 13 PM 4 32

02045 POM ANCHORAGE ALASKA 15 02-13 928A AST

PMS SENATOR HACKNEY CHAIRMAN HEALTH AND SOCIAL SERVICES COMMITTEE
JUNEAU **0506**

URGE PASSAGE OF SB41 PROVIDING INCOME TAX EXEMPTION FOR SENIORS

LORENA SHOWERS PRESIDENT ANCHORAGE CHAPTER AMERICAN ASSN OF
RETIRED PERSONS POBOX 1978 ANCHORAGE 99510

BLANK MOORE BUSINESS FORMS, INC. F

FD FORM

"URGE FAVORABLE CONSIDERATION OF SR 41 - ALASKA INCOME TAX EXEMPTION FOR SENIOR CITIZENS."

276-2886

FROM EDNA ADRIAN
GRAY PARTNERS
1280 E 17TH AVE. 336
ANCHORAGE AK 99501

TO SENATORS HACKNEY AND BRADLEY

MAIL 1167 11.47 JAN 0015 12.18 02/13/79

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5 - JUNEAU 99811

February 9, 1979

The Honorable Glenn Hackney
 Chairman
 Senate Health, Education and
 Social Services Committee
 Room 105 - Assembly Building
 Juneau, Alaska

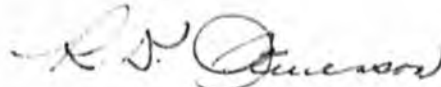
Re: Senate Bill No. 41

Dear Senator Hackney:

Senate Bill No. 41, an Act relating to exemption from the income tax for senior citizens, was introduced in the Senate on January 16, 1979 and was referred to the Senate Health, Education and Social Services and Judiciary Committees. The bill was given a further referral to the Senate Finance Committee on January 18, 1979.

For the consideration of the Senate Health, Education and Social Services Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Gary Jenkins, Director, Audit Division, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
 Special Assistant

cc: The Honorable Robert Ziegler
 Chairman
 Senate Judiciary Committee

The Honorable John C. Sackett
 Chairman
 Senate Finance Committee

John Messenger
 Deputy Commissioner
 Department of Revenue

Gary Jenkins, Director
 Audit Division
 Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 41
 Title An Act relating to exemption from the income tax for senior citizens
 Requested by Health, Education & Social Services and Date 2/8/79
Judiciary Committees.

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) None

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

TOTAL

FUNDING (Thousands of Dollars) None

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached memo to R. D. Stevenson dated 2/8/79

IV. DATE February 8, 1979 PREPARED BY
 AGENCY Department of Revenue, Audit Division
 PHONE 465-2320
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)