

SB

122

COMMITTEE REPORT
SENATE

2/8/79

FURTHER: Finance

Date: 2/8/79

Mr. President:

The Committee on JUDICIARY has had SB 122

relating to permanent fund; amending Appellate Rule 45, Alaska Rules of Court Procedure

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

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

April 14, 1980

The Honorable Clem Tillion, Co-Chairman
The Honorable Joe McKinnon, Co-Chairman
Free Conference Committee on SB 122
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Gentlemen:

The Department of Revenue has reviewed the tentative agreement reached in your Committee last Saturday and has estimated the revenue effects of the amendments to the personal income tax for Fiscal Years 1980 and 1981. These are \$276.1 million total, which when combined with the \$128.5 million estimated for Permanent Fund Dividends, yields a grand total of \$404.6 million.

The estimate of the \$276.1 million for the income tax amendment is based on the following:

Tax returns were filed by March 1, 1980 for 1979 for a total of 91,966 taxpayers, of which 76,166 were residents. Of these residents, 7,389 claimed first year "Freeman credits" of \$100 and 68,777 claimed second year credits; 9.70 percent of the 76,166 resident filers were filing for the first time.

Assuming that the proportion of first-time filers has not materially changed since the end of TAPS construction, this means that the 9.7 percent who are now filing for the first time would get no refund, another 9.7 percent who filed for the first time last year would get a one-third refund, another 9.7 percent would get a two-thirds refund, and the remainder would get full refunds. Thus,

9.7% (1st-time filers)	x 0/3 refund =	0% refunded
9.7% (2nd-time filers)	x 1/3 refund =	3.23% refunded
9.7% (3rd-time filers)	x 2/3 refund =	6.47% refunded
70.9% (other filers)	x 3/3 refund =	70.90% refunded
<u>100.0% TOTAL</u>		<u>80.60% refunded</u>

STATE OF ALASKA

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April 14, 1980
Page Two

During 1979 we collected approximately \$125 million in withholding and estimated tax payments. As people now file returns for that tax year, we expect refunds to exceed additional payments by \$15 million. Our current estimate of the net tax for 1979 after these adjustments is \$110.3 million. If 80.6 percent of this is refundable, the refund would be \$88.9 million.

In the first quarter of calendar year 1980, withholding and estimated tax payments were \$36,164,100. We estimate another \$35 million for the second quarter, making a total of \$71.2 million for the half year. The refundable and/or uncollected portion (80.6%) of this is \$57.4 million.

For FY 81, net income tax receipts will be \$161.0 million (12/79 forecast). The uncollected portion, at 80.6 percent, would be \$129.8 million.

The total revenue impact in refunded or uncollected income taxes is

\$88.9 million (refund of 1979)
57.4 million (refund of 1/1/80-6/30/80 receipts)
129.8 million (uncollected FY 81 tax estimate)
\$276.1 million Total

These figures will be incorporated in our Fiscal Note for the tax amendment bill, once it is clear which bill (SB 122 or SE 39.) will serve as the vehicle.

Sincerely,



Thomas K. Williams
Commissioner

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

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\$276.1 million Total

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Thomas K. Williams
Commissioner