

HJR

12

BY RANDOLPH, ANDERSON, BARNES, BEIRNE,
BETTISWORTH, BRANSON, BROWN, CARNEY,
COTTEN, DUNCAN, ELIASON, FREEMAN, FULLER,
GARDINER, GUY, HALFORD, HAUGEN, HAYES,
HURLBERT, MCKINNON, MALONE, MARTIN,
MEEKINS, METCALFE, MILES, MILLER,
MONTGOMERY, MOSS, MUNSON, O'CONNELL,
OSTERBACK, PARKER, FARR PHILLIPS,
ROGERS, SMITH AND ZHAKOFF

1 IN THE HOUSE

2 HOUSE JOINT RESOLUTION NO. 12

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 Relating to the tax exemption granted
6 to federal employees in Alaska and in
7 other locations outside the contig-
8 uous 48 states.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 WHEREAS federal employees in Alaska and in other locations outside the
11 contiguous 48 states receive, in addition to their basic salaries, a cost-
12 of-living allowance of up to 25 per cent of their basic salary (5 U.S.C. sec.
13 5941); and

14 WHEREAS the cost-of-living allowance received by those federal employees
15 is exempt from federal income tax (26 U.S.C. sec. 912); and

16 WHEREAS this constitutes discrimination against nonfederal employees in
17 Alaska and in other locations where federal employees receive tax free cost-
18 of-living allowances since nonfederal employees are subject to the same high
19 cost of living but do not receive the tax relief to offset its effects;

20 BE IT RESOLVED by the Alaska State Legislature that the Alaska delega-
21 tion in Congress introduce and urge the passage of legislation that would
22 exempt from the federal income tax a percentage of the wages and salaries
23 paid to residents of Alaska and in other locations that is equal to the tax
24 free cost-of-living allowance paid to federal employees in Alaska and in
25 other locations; and be it

26 FURTHER RESOLVED that Congress is urged to enact this legislation at the
27 earliest possible time.

28 COPIES of this resolution shall be sent to the Honorable Ted Stevens and
29 the Honorable Mike Gravel, U. S. Senators, and the Honorable Don Young, U. S.

would a better approach be to
eliminate the fed's tax free
cost of living allowance.

20
19
18
17
16
15
14
13
12
11
10
9
8
7
6
5
4
3
2

1 Representative, members of the Alaska delegation in Congress.

would a better approach be to
eliminate the fed's tax free
cost of living allowance.

29
28
27
26
25
24
23
22
21
20
19
18
17
16
15
14
13
12
11
10
9
8
7
6
5
4
3
2
1

Representative, members of the Alaska delegation in Congress.

STATE AFFAIRS COMMITTEE

March 28, 1979

HJR 12 Relating to the tax exemption granted to federal employees in Alaska and in other locations outside the contiguous 48 states

By Randolph et. al.

SUMMARY

This resolution directs the Alaska delegation in Congress to introduce and urge passage of legislation that would exempt from federal income tax a percentage of the wages and salaries paid to residents in Alaska and other locations that is equal to the tax free cost-of-living allowance paid to federal workers in Alaska and other locations.

FISCAL NOTE

None

Backup-HJR 12

JOB TITLE	SALARY	TAXABLE INCOME	TAX FREE COLA (25%)
Accountant II GS-7	\$1551.00 1446	\$1241 1157	\$ 310 289
Accounting Clerk II GS-4	1122 978	898 782	224 195
Admin. Assistant III GS-9	1798 1658	1438 1326	360 332
Civil Engineer GS-11	2243 2007	1794 1606	449 401
Clerk Typist II GS-2	995 816	796 653	199 163
Correctional Officer I GS-7	1447 1356	1158 1085	289 271
Data Process. Equip. Op. GS-4	1358 978	1086 782	272 196
Highway Engineer I GS-11	2243 2007	1794 1606	449 401
Library Assistant II GS-5	1447 1094	1158 875	289 219
Ment. health Clinician III GS-12	2598 2405	2078 1924	520 481
Nurse I GS-7	1358 1446	1086 1157	272 289
Personnel Technician II GS-6	1551 1220	1241 976	310 244
Purchasing Agent II GS-9	2082 1658	1666 1326	416 332
Right-of-way Agent I GS-9	1798 1658	1438 1326	360 332
Secretary I GS-5	1194 1131	955 905	239 226
Social Worker III GS-9	1798 1658	1438 1326	360 332
Switchboard Operator GS-3	995 871	796 697	199 174

Taxable income and cost-of-living allowances were calculated by dividing the salary by 1.25 as the federal salaries listed had been multiplied by 1.25 to calculate COLA. I did the same with the comparable state salaries for comparative purposes.

ALASKA MINIMUM PAY SCALES
Monthly

Position Title and federal equivalent (GS)	STATE	FEDERAL*
Accountant II (GS-7)	\$1551.00	\$1446.00
Accounting Clerk II (GS-4)	1122	978
Administrative Assistant III (GS-9)	1798	1658
Civil Engineer (GS-11)	2243	2007
Clerk Typist II (GS-2)	995	816
Correctional Officer I (GS-7)	1447	1356
Data Processing Equip. Operator (GS-4)	1358	978
Highway Engineer I (GS-11)	2243	2007
Library Assistant II (GS-5)	1447	1094
Mental Health Clinician III (GS-12)	2598	2405
Nurse I (GS-7)	1358	1446
Personnel Technician II (GS-6)	1551	1220
Purchasing Agent II (GS-9)	2082	1658
Right-of-Way Agent I (GS-9)	1798	1658
Secretary I (GS-5)	1194	1131
Social Worker III (GS-9)	1798	1658
Switchboard Operator (GS-3)	995	871

These figures are taken from the STATE OF ALASKA, SURVEY OF SALARIES AND BENEFITS, December 1978. From Division of Personnel and Labor Relations

These are starting salaries for these positions.

*Cost-of-living allowance is figured in.

Alaska State Legislature

LIBERTARIAN
REPRESENTATIVE
RICHARD (DICK) L. RANDOLPH
1105 CUSHMAN ST.
FAIRBANKS, ALASKA 99701



WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA
99801

March 12, 1979

House of Representatives

The Hon. Bob Mulcahy
Alaska State Legislature
Pouch V
Juneau, Ak. 99801

Dear Bob:

What is the status of HJR 12? In view of the time crunch we're under, I'd sincerely appreciate any effort to expedite.

Thanks for your consideration.

Freedom is the issue,

A handwritten signature in cursive script, appearing to read "Dick Randolph".

Dick Randolph
Alaska State Legislature

STATE AFFAIRS COMMITTEE

March 28, 1979

The meeting was brought to order by the Chairman, Bob Mulcahy.

Rick Lauber of the Pacific Seafood Processors testified first on HB 207. He said the bill does what "we" think the original act would do.

"We have no objection to the bill whatsoever, it seems it does only what it should do anyway."

Ziegler asked if anyone had received the letter from the University. He pointed out that the question had been raised that the university does not want to pay for return trips.

Lauber said that processors had had similar situations where someone did not want to complete their contracts but that was covered by the department of labor. He said the only exceptions would be if the contract was really unreasonable.

Kelly said the president wants to be excluded from the bill.

As there were questions and Sen. Ziegler's office was looking for a copy of the letter to share with the committee the chairman addressed the next bill on the agenda.

Jay Hogan, Director of Legislative Finance testified on behalf of HB 45.

Hogan passed out a document compiled by Budget & Audit. The first page contained the act passed in 1977. The second page contained the Governor's veto message. The bill was vetoed then overruled by a unanimous vote of the legislature and put on the books.

The Attorney General's office advised that governor that the act was unconstitutional and the Governor failed to comply with the act.

In January the Governor ceased making transfers but at that time the value of the transfers was about \$2.5 million.

The up shoot is that Budget & Audit found themselves wishing to have no transfers or to have them in accordance to the law passed by the legislature. The legislature went to court knowing they had no power to sue. Without the power to sue the legislature has no power at all during the interim. If the legislature came in after Budget and Audit had filed a suit and said go ahead made Budget & Audit feel that the legal problems on power had been solved.

The committee realized the governor was ignoring the law in August and tried to get a private suit or former legislator but without success. Finally Ramona Kelly sued as a private citizen.

Kelly wanted to know how the legislature goes about suing - if it must be done during the session.

Hogan said there are limited rights. He said the legislature was trying to enforce the law and Budget & Audit was trying to get the law adhered to. It appears that a legislative resolve is necessary to continue the suit. The only other vehicle the legislature would have would be to anticipate problems ahead of time and instruct Budget & Audit what to do before they adjourn and that would be nearly impossible to do.

Rodger Pegues from the Attorney General's office testified next. He said that the AG's office opposes the legislation but does not oppose legislation on the subject. Congress resorts to resolution of the house or both house and gets counsel to present their feelings. The U.S. Attorney General ruled it unconstitutional to bring actions to court. The United States Supreme Court ruled 9-0 that it was unconstitutional.

Surely the legislature could have representation when there is no legal interest at stake. Having house counsel with standing authority would bring in another body of expertise. I don't see a reason for both bodies to have counsel since most issues would be based on constitutional law. He said the bill probably violates the constitution since ours is not that different from the United States Constitution. He also said that the law that the Governor is not complying with is not the transfer law. He described contests where this had been tested.

He said this program would allow every suit. "I think it is a bad idea - I would rather get issues resolved before committees like this. There is more sophistication than in the Supreme Court. I think the bill is an invitation to trouble."

Billy Berrier, Director of Legal Services testified next.

He again passed out copies of the Governor's veto.

He said that it is true that many of the questions that would be involved in this bill such as questions of ballot propositions, questions on a mandate to spend, etc. are resolved in other ways.

The ballot proposition for the constitutional amendment was worded such that the legislature felt it would change the outcome of the election. After the legislature adjourned they didn't want a special session to so the Legislative Council brought a suit. The judge did not decide the constitutionality question. In Pennsylvania the legislature does have the power. The Attorney General has asked for the decision to be dismissed but there hasn't been a decision yet. Berrier said he hadn't attended the Budget and Audit meeting but both bodies felt it was an important piece of legislation.

Rodey said it was a complex legal problem. The question is when the Governor refuses to comply with the law who will carry it out - the legislature or the public.. Because of the checks and balances set up within our government he feels the legislature should. To require a private citizen seems undesirable. The Legislature being able to sue carries out the intent of the constitution.

Most cases wuld deal with constitutional issues and the court is the proper place to deal with constitutional issues.

Berrier said the type of questions that come up are constitutional, not dealing with something easy that can be solved politically.

Ziegler said he has great reservations but is inclined to vote "do pass".

Kelly wanted to know if the legislature could sue during session.

Berrier said if a resolution is passed.

There was discussion on the reapportionment case.

Ziegler received the letter from the University and said the statutes state that the University is exempt so that should solve his question.

Hogan requested an alternative membership to call on to make up a quorum during the interim for meetings and explained past problems.

Ziegler said it was a worthwhile amendment.

Bradley made a motion it be accepted.

Rodey made a motion the bill be moved out of committee.

Representative Randolph testified on HJR 12. He said it was a very simple resolution making a request on Congress. He said it would be hard to pass in Washington but he felt it was worthwhile for the people of Alaska to ask. He said it would have no affect on the state income tax.

Mulcahy asked for a motion to move the bill out of committee. Bradley made the motion.

Mulcahy asked if SB 207 was resolved to everyones satisfaction.

Kelly made a motion to move the bill with individual recommendations.

Mulcahy said as a matter of housekeeping he would ask for acceptance of the substitute for HB 147.

Kelly made a motion to accept the substitute.

Vern Roberts from the Dept. of Motor Vehicles was present to answer questions.

Ziegler asked if the \$20.00 fee was reasonable.

Roberts said the fee was best to be left in the hands of the legislature.

Rodey said the cost of plates today is \$60.00 - he wasn't advocating an increase but said down the road the cost could create a problem.

Rodey sais he didn't know if we should try to make money with the plates since there was other sources of state revenue.

Roberts said it didn't matter to him that it doesn't cost anymore to try to collect \$50 or \$150. He said the cost for plates hadn't risen for a number of years.

Mulcahy said an increase would touch most families these days two or three times.

Rodey said OPEC touches them a lot more.

MOre discussion arose concerning legislative license plates.

The chairman asked for a motion to move the bill.

Rodey moved that it be passed out for individual recommendation.

HJR 12

Relating to the tax exemption granted to federal employees in Alaska and in other locations outside the contiguous 48 states.

Randolph, etc.

SUMMARY

This resolution directs the Alaska delegation in congress to introduce and urge passage of legislation that would exempt from federal income tax a percentage of the wages and salaries paid to residents in Alaska and other locations that is equal to the tax free cost-of-living allowance paid to federal workers in Alaska and other locations. This constitutes discrimination as non-federal employees in Alaska are subject to the same high cost-of-living but do not receive a tax relief to offset its effects.

SUPPORTING INFORMATION

Nothing from Randolph (prime sponsor) or House State Affairs. Randolph did testify at the House Committee Meeting but I would have to listen to the tapes to find out what he said. The committee passed it out with all members signing DO PASS. This bill is sponsored by 37 of the 40 house members.

See attached salary comparison

FISCAL NOTE: None

RELATED LEGISLATION: None

INTERESTED PARTIES: Department of Administration
BY RANDOLPH, ANDERSON, BARNES, BEIRNE,
BETTISWORTH, BRANSON, BROWN, CARNEY,
COTTEN, DUNCAN, ELIASON, FREEMAN, FULLER,
CARDINER, GUY, HALFORD, HAUGEN, HAYES,
HURLBERT, MCKINNON, MALONE, MARTIN,
MEEKINS, METCALFE, MILES, MILLER,
MONTGOMERY, HOSS, MUNSON, O'CONNELL,
OSTERBACK, PARKER, PARR, PHILLIPS,
ROGERS, SMITH AND ZHAROFF

VOTING: House vote 32-yes, 1-no.

HJR 12

Relating to the tax exemption granted to federal employees in Alaska and in other locations outside the contiguous 48 states.

Randolph, etc.

SUMMARY

This resolution directs the Alaska delegation in congress to introduce and urge passage of legislation that would exempt from the federal income tax a percentage of the wages and salaries paid to residents in Alaska and other locations that is equal to the tax-free cost-of-living allowance paid to federal workers in Alaska and other locations. This constitutes discrimination as non federal employees in Alaska are subject to the same high cost-of-living but do not receive a tax relief to offset its effects.

SUPPORTING INFORMATION

GRAVEL - DCu 224-6665

Will contact House State Affairs on Monday, March 5 1979.

NO Backup

FISCAL NOTE: None

RELATED LEGISLATION: None

INTERESTED PARTIES:

House Vote: 32 yes
1 no