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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

February 3, 1982

The Honorable Vic Fischer
Chairman
Senate State Affairs Committee
Room 423 - Capitol Building
Juneau, Alaska

Dear Senator Fischer:

Re: Senate Bill No. 621

Senate Bill No. 621, an Act providing tax credits for employers of persons over 60 years of age, was introduced in the Senate on January 11, 1982 and was referred to the Senate State Affairs and Finance Committees.

For the consideration of the Senate State Affairs Committee, I am enclosing copies of Fiscal Notes prepared by Robert R. Kessel, Director, Audit Division and Vincent Wright, Chief, Research Section of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

cc: The Honorable Don Bennett
The Honorable M. E. Dankworth
Co-Chairmen
Senate Finance Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Robert R. Kessel, Director
Audit Division
Department of Revenue

Vincent Wright, Chief
Research Section
Department of Revenue

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 621
 Title An Act providing tax credits for employers of persons over
 Requested by Senate State Affairs & Senate Finance Date 1/20/82 60

years of
age.

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 82 | FY '83 | FY 84 | FY 85 | FY 86 | FY 87 |
|--------------------------|-------|--------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |
| TOTAL | | | | | | |

FUNDING (Thousands of Dollars)
Millions

| | | | | | | |
|----------------------------------|--|-------|--------|--------|--|--|
| GENERAL FUND | | (4.7) | (19.3) | (21.9) | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |
| Additional Appropriations to Pay | | | 8.0 | 9.1 | | |
| Refundable Credit POSITIONS | | | | | | |
| FULL TIME | | | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

Section 1 of the proposed bill provides for refundable credits equal to 10% gross salary paid for those over 60 years of age. There is no limitation as to the amount of credit applied for under this section. Payment of these credits requires approval in the form of legislative appropriation.

Section 2 provides for the same type of credit but is limited to the amount of tax due under the income tax chapter. The credits in this section would reduce general fund revenues.

IV. DATE Jan. 20, 1982 PREPARED BY Vincent Wright, Chief of Research
 AGENCY Department of Revenue; Research Section
 Original: Legislative Finance PHONE 465-2173
 cc: Budget and Management
Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

TO: R. D. Stevenson
Special Assistant

DATE: January 21, 1982

FILE NO:

TELEPHONE NO:

FROM: Robert R. Kessel *RRK*
Director, Audit Division

SUBJECT: SB 621 - An Act
providing tax
credits for employ-
ers of persons over
60 years of age;
and providing for
an effective date.

Section 1 of the Act would provide a tax credit to those resident individuals paying salaries to an employee who is a) over 60 years of age, b) a resident of Alaska and c) who has worked for the resident individual for at least one year before the calendar year for which the credit is authorized. The credit is equal to 10 percent of the gross salary paid and is a refundable credit. There is no limitation as to the amount of the credit such as exists for the current political contribution tax credit.

Section 2 of the Act provides for the same type of credit for corporate taxpayers, but the credit is limited to the amount of tax due under the income tax chapter and is therefore not a refundable credit.

The Act is apparently effective for all taxable years beginning on or after January 1, 1983.

The credit would be very difficult to administer. The Department of Revenue should require affidavits from the individuals or taxpayer requesting the credit. The affidavit should state that the employee has met the three requirements and should be signed by the employee. The affidavit would serve as an audit on attest function since the Department could ill afford auditors investigating inconsequential credits.

The bill should be redrafted to clarify:

- 1) When the 60 years of age requirement is met: year end, at time of payment, time of service, etc.;
- 2) Who qualifies? Does a parent qualify?
- 3) How much employment is required in previous year to qualify? One month, six months, etc.

It might be suggested that the individual or taxpayer claiming the credit must have contributed to the employee's supplementary benefits program or social security account.

RRK/gb

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 621

Title An Act providing tax credits for employers of persons

~~Requested by~~ over 60 years of age Date January 21, 1982

Requested by: Bradley

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

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 82 | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | | | 25 | 27 | 29.5 |
| 200 TRAVEL | | | | 2 | 2.2 | 2.4 |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | .5 | - | - |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |
| TOTAL | | | | 27.5 | 29.2 | 31.9 |

FUNDING (Thousands of Dollars)

| | | | | | | |
|------------------------|--|--|--|------|------|------|
| GENERAL FUND | | | | 27.5 | 29.2 | 31.9 |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |
| | | | | | | |

POSITIONS

| | | | | | | |
|-----------|--|--|--|---|---|---|
| FULL TIME | | | | 1 | 1 | 1 |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

See attached memorandum.

IV. DATE January 21, 1982

PREPARED BY Robert R. Kessel

AGENCY Audit Division

Original: Legislative Finance

PHONE 465-2320

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
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POSITION PAPER

SENATE BILL NO. 867

"An Act providing for an incentive to hire older Alaskans."

This Bill would entitle employers to an annual reimbursement from the State to equal 10 percent of the gross salary of an employee who is 65 years of age or older. This program is established in the Department of Health and Social Services.

The federally and State funded senior employment programs which had been administered by the Department of Health and Social Services were transferred to the Older Alaskans Commission in the Department of Administration in January, 1982.

Although the Department endorses the concept of providing incentives to hire older Alaskans, establishment of such a program in the Department of Health and Social Services would result in fragmentation of employment programs which benefit seniors.

RECOMMENDATION: The Department recommends that the Bill be amended to establish this program in the Older Alaskans Commission.

RECOMMENDED BY: John R. Pugh
John R. Pugh, Director
Division of Family and
Youth Services

DATE: 3/23/82

APPROVED BY: Helen D. Beirne
Helen D. Beirne
Commissioner

DATE: 3/23/82

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. _____ Senate Bill No. 867 621
 Title "An Act providing incentive to hire older Alaskans."
 Requested by State Affairs Committee Date 03/18/82

II. FISCAL DETAIL
 Agency Affected Department of Health and Social Services
 Program Category Affected Social Services
 BRU, Program, Or Subprogram(s) Affected Adult 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 82 | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 |
|--------------------------|-------|---------|---------|---------|---------|---------|
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | 1,155.0 | 1,155.0 | 1,155.0 | 1,155.0 | 1,155.0 |
| TOTAL | | 1,155.0 | 1,155.0 | 1,155.0 | 1,155.0 | 1,155.0 |

FUNDING (Thousands of Dollars)

| | | | | | | |
|------------------------|--|---------|---------|---------|---------|---------|
| GENERAL FUND | | 1,155.0 | 1,155.0 | 1,155.0 | 1,155.0 | 1,155.0 |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |

POSITIONS

| | | | | | | |
|-----------|--|-----|-----|-----|-----|-----|
| FULL TIME | | -0- | -0- | -0- | -0- | -0- |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

According to the 1980 census figures there are 11,547 Alaskans age 65 and over. We estimate that potentially ten percent (1,155) of these older Alaskans would be affected by this Bill.

IV. DATE 3/23/82 PREPARED BY John R. Pugh, Director
 AGENCY Division of Family and Youth Services
 Original: Legislative Finance PHONE 465-3170
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

Original sponsor: Bradley

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 621 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing an incentive for employment of older
7 Alaskans."

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

9 * Section 1. AS 47 is amended by adding a new chapter to read:

10 CHAPTER 67. REIMBURSEMENT FOR EMPLOYERS OF OLDER ALASKANS.

11 Sec. 47.67.010. REIMBURSEMENT AVAILABLE TO EMPLOYERS; ELIGIBILITY.

12 (a) An employer is entitled to annual reimbursement from the state
13 equal to 10 percent of the gross salary paid in the preceding calendar
14 year to an employee who is

15 (1) 65 years of age or older; and

16 (2) a resident of the state.

17 (b) An employer is eligible for and may apply to the Department of
18 Administration, Older Alaskans Commission for reimbursement under (a) of
19 this section for a calendar year if

20 (1) the total number of hours, excluding overtime, for which
21 that employer paid compensation to employees in the calendar year for
22 which reimbursement is requested is at least five percent higher than
23 the total number of hours for which that person paid such compensation
24 in the previous calendar year; and

25 (2) the employ e for whose employment reimbursement is re-
26 quested is not

27 (A) self-employed; or

28 (B) a parent, spouse, brother or sister of the employer.

29 (c) An employer may not request reimbursement under this section

1 for employing a particular employee if the employer has obtained
2 reimbursement for that employee for two previous calendar years.

3 Sec. 47.67.020. LIMITATIONS ON REIMBURSEMENT. (a) The maximum
4 amount of reimbursement available under AS 47.67.010 to an employer for
5 the employment of each person 65 years of age or older is \$1,000 for a
6 calendar year. The total amount of reimbursement available to an
7 employer under AS 47.67.010 for the employment of persons 65 years of
8 age or older is \$5,000 for a calendar year.

9 (b) Reimbursement is not available under AS 47.67.010 for a calen-
10 dar year unless in each quarter of that calendar year the total number
11 of persons employed in the state exceeds the number of persons employed
12 in the state in each quarter of the previous calendar year.

13 Sec. 47.67.030. ADMINISTRATION. The Department of Administration,
14 Older Alaskans Commission shall administer this chapter and shall adopt
15 regulations necessary to carry out the purposes of this chapter.

16 Sec. 47.67.040. DEFINITIONS. In this chapter "employer" means a
17 person who employs one or more employees in the state in connection with
18 a private business or industry organized for profit.