



Original sponsors: Bettisworth  
and Hayes

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 89 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act repealing the tax credit for political con-  
7 tributions; providing for the payment of credits on  
8 contributions made prior to the effective date of the  
9 repeal; and providing for an effective date."

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

11 \* Section 1. AS 43.20.013(a) is repealed.

12 \* Sec. 2. CLAIMS FOR POLITICAL CONTRIBUTION CREDITS FOR CONTRIBUTIONS  
13 MADE PRIOR TO THE REPEAL OF AS 43.20.013(a). Notwithstanding any other law  
14 or regulation, the commissioner of revenue shall pay the amount of a tax  
15 credit allowed by AS 43.20.013(a) only to a resident individual who makes a  
16 claim for payment of the credit on or before (1) April 15, 1983 for contri-  
17 butions made during calendar year 1979; (2) July 1, 1983 for contributions  
18 made during calendar years 1980, 1981 or 1982; or (3) July 2, 1984 for  
19 contributions made after December 31, 1982 and prior to the effective date  
20 of sec. 1 of this Act. A credit under this section shall be paid in the  
21 manner provided in AS 43.20.030(e) for the payment of refunds and payment  
22 may not be made without an appropriation for that purpose.

23 \* Sec. 3. Section 1 of this Act takes effect July 1, 1983.

24 \* Sec. 4. Sections 2 and 3 of this Act take effect immediately in  
25 accordance with AS 01.10.070(c).

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

I. REQUEST

Bill/Resolution No.: CS HB 89 (FIN)  
 Title: Repeal political contributions, tax cre  
 Sponsor: Bettisworth  
 Requestor: House Finance

II. FISCAL DETAIL

Agency Affected: Revenue  
 Program Category Affected: Rev. Coll & Mgt.  
 BRU, Program of Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
<b>TOTAL OPERATING</b>						
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND		(250.0)	(2,500.0)			
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Mary Relford Phone: 465-2300  
 Division: Comptroller's Office Date: 3/16/83  
 Approved by Commissioner: Joseph D. Dorn Date: 3/15/83  
 Department: Revenue

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

#### IV. ANALYSIS:

HB 89 repealed the Political Campaign Contributions retro to January 1, 1983, showing a savings to the General Fund of \$1,000,000. CS HB 89 repeals the PCC's effective July 1, 1983, showing a savings to the General Fund of \$250,000 in FY 84, and \$2,500,000 in FY 85. The Department of Revenue will need \$750,000 to fund the PCC's for FY 84. We request that the \$750,000 appropriation for the PCC's include the following language:

If the amount of money appropriated falls short of the amount needed to pay 1983 Political Campaign Contributions, the amount of the shortfall shall be appropriated.

The following individuals are expected to testify on CS HB 89  
(State Affairs):

Representative Bob Bettisworth, prime sponsor

Robert Heath, Commissioner, Department of Revenue

Betty Breck, private citizen

# FISCAL NOTE FOR ORIGINAL BILL COPY

## STATE OF ALASKA PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 89 Date on Bill: 1/20/83  
 Title: An act repealing the tax credit for political contributions  
 Sponsor: Hayes/Bettisworth  
 Requestor: House State Affairs/House Finance

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital			-0-	1.0 mill.	2.5 mill.			
Operating								
Total			-0-	1.0 mill.	2.5 mill.			

b. Revenues:

Revenue								
---------	--	--	--	--	--	--	--	--

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

This bill repeals the Individual Net Income Tax credit for political contributions retroactively to 1/1/83. As these contributions will continue to be an allowable credit for federal tax purposes, there remains inducement for citizens of Alaska to continue contributing to qualified persons, organizations and groups.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Marcy Bedford Phone: 465-2300  
 Division: Commissioner's Office Date: 2/23/83  
 Approved by Commissioner: Ruth D. Heath Date: 2/23/83  
 Department: Revenue

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/15/83

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

I. REQUEST

Bill/Resolution No: CSHB 89 (Finance)  
 Title: Repeal pol. contrib. tax credit.  
 Sponsor: Bettisworth  
 Requestor: House Rules Committee

II. FISCAL DETAIL

Agency Affected: Revenue  
 Program Category Affected: Coll. & Mgmt.  
 BRU, Program of Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-

CAPITAL	-	-	-	-	-	-
---------	---	---	---	---	---	---

REVENUE	-	-	-	-	-	-
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	(250.0)	(2500.0)	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Marcy Rehfeld  
 Division: Revenue

Phone: 465-2300  
 Date: 3/31/83

Approved by Commissioner: *Robert D. ...*  
 Department: Revenue

Date: 4/22/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

#### IV. Analysis for CSHB 89 (Finance)

HB 89 repealed the Political Campaign Contributions retro to January 1 1983, showing a savings to the General Fund of \$1,000,000. CSHB 89 (Finance) repeals the PCC's effective July 1, 1983, showing a savings to the General Fund of \$250,000 in FY 84, and \$2,500,000 in FY 85. The Department of Revenue will need \$750,000 to fund the PCC's for FY 84. We request that the \$750,000 appropriation for the PCC's include the following language:

If the amount of money appropriated falls short of the amount needed to pay 1983 Political Campaign Contributions, the amount of the shortfall shall be appropriated.

# Alaska State Legislature

## House of Representatives

Al Adams

Chairman

Committee on Finance

WHILE IN SESSION  
Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3706

OUT OF SESSION  
P.O. Box 333  
Kotzebue, Alaska 99752  
(907) 442-3320  

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1024 W. 6th  
Anchorage, Alaska 99501  
(907) 274-0615

Official Business

March 3, 1983

### MEMORANDUM

TO: All House Finance Committee Members

FROM: Representative Al Adams, Chairman  
House Finance Committee

SUBJECT: CSHB 89 (State Affairs)

Attached, for your information, is a letter which I received from Bob Manners regarding CSHB 89 (State Affairs).



# NEA - ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

**JUNEAU OFFICE**  
147 SOUTH FRANKLIN #207  
JUNEAU, ALASKA 99801  
PHONE: (907) 586-3090

**ANCHORAGE REGIONAL OFFICE**  
1411 WEST 33rd  
ANCHORAGE, ALASKA 99503  
PHONE: (907) 274-0536

**FAIRBANKS REGIONAL OFFICE**  
825 COLLEGE ROAD  
FAIRBANKS, ALASKA 99701  
PHONE: (907) 456-4435

**Robert C. Manners**  
Executive Secretary  
Juneau Office

**Robert C. Cooksey**  
Deputy Executive Secretary  
Juneau Office

**James D. Alter**  
Field Staff  
Juneau Office

**Charles L. O'Connell**  
Deputy Executive Secretary  
Anchorage Office

**Dianne Anderson**  
Field Staff  
Anchorage Office

**Steve Pulkkinen**  
Field Staff  
Anchorage Office

**Mary Ann Eininger**  
Deputy Executive Secretary  
Fairbanks Office

March 1, 1983

**TO: Representative Al Adams, Chair**  
**Members, House Finance Committee**

**FROM: NEA-Alaska**

**RE: CSHB 89 (State Affairs)**

Notwithstanding the obvious dilemma of the revenue decline, NEA-Alaska encourages that HB 89 not pass.

In our opinion, the financial incentive afforded the residents of Alaska through the tax credit (rebate) for voluntary political contributions is more than worthy of serious consideration to continue the program.

Not only does the program provide the broadest base of Alaska residents a meaningful opportunity for financial participation in political campaigns but it also has the effect of generating more citizen interest and involvement in the political process itself.

A person who has made a financial commitment to a candidate or an issue is more likely to vote on election day; is more likely to become actively involved in a political campaign and is certainly more likely to be consciously aware and have a greater interest in the issues/people attendant to a particular election.

Additionally, the incentive of the tax credit is more likely to foster a willingness to contribute beyond the minimum amounts necessary to qualify for the rebate.

No one disputes the seemingly uncontrollable and escalating costs of political campaigns. This circumstance tends to restrict potential political candidates to those persons who possess independent personal wealth or have direct access to substantial financial support.

The rather significant number of uncontested state races which we witnessed in the 1982 Election lends credibility to this concern.

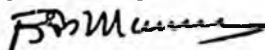
Using some of our wealth to foster the political process so that every Alaskan can have an opportunity for meaningful participation - either as a candidate or on behalf of a candidate or issue is worthy of our most serious consideration.

The political tax credit provides this meaningful opportunity for the broadest possible base of Alaskans to have meaningful involvement. It will act as a deterrent to the potential negative impact of larger PAC's on the process and our system.

We encourage that HB 89 not pass.

Thank you for your consideration of our statement.

Respectfully submitted:



Robert Manners  
Executive Secretary

RM:jc

# STATE OF ALASKA

Bill Sheffield, Governor

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

February 8, 1983

The Honorable Jerry Ward  
Representative  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811



Dear Representative Ward:

You asked for an explanation of the conclusion we reached in our memorandum of July 15, 1982 to the Department of Revenue regarding funding for tax credits for political contributions for fiscal year 1983. In that memo we advised the department that funding was provided for this purpose and for child care tax credits by Ch. 101, SLA 1982 in the amount of \$1,033,000.

We reached this conclusion by examining the 1982 House budget bill (CS for HB 666 (Fin)), the 1982 Senate budget bill (SCS for HB 148 (Fin)), enacted as Ch. 101, SLA 1982, and the legislative history of those bills. The legislative intent was not entirely clear from the available legislative history. However, from what history did appear in the public record, we could only conclude that funding was provided in the amount stated above in the budget component of "refundable credits", which included both political contributions and child care credits.

As we pointed out in the memorandum, there were indications to the contrary. However, when reviewing legislative documents to determine legislative intent, we must examine those documents as a whole. Statements of certain members of one house cannot be used to determine the intent of the entire body. In this case, there was no conclusive evidence that both houses of the legislature intended to delete all funding for credits for political contributions. Under these circumstances, we could only reach one conclusion.

Our conclusion was also compelled by the fact that we are dealing here with a mandatory law, one which requires the Department of Revenue to perform a certain duty. AS 43.20.013 provides:

- (a) A resident individual is entitled to a tax credit not to exceed \$100 for
  - (1) a contribution made in a calendar year

to a person or organization for use exclusively  
(A) for a political campaign for a candidate for . . . ; or  
(B) by a group seeking to influence the outcome of a ballot proposition or question in Alaska; and  
(2) dues paid in a calendar year to a non-profit organization organized primarily for the purpose of influencing elections in Alaska.

(b) A resident individual is entitled to a tax credit equal to 16 percent of a tax credit claimed by the individual on his federal income tax return for household and dependent care services necessary for his gainful employment.

(c) The commissioner of revenue shall pay the amount of a tax credit allowed by this section to a resident individual who makes a return as provided in AS 43.20.012. A credit under this section shall be paid in the manner provided in AS 43.20.030(e) for the payment of refunds and payment may not be made without an appropriation for that purpose. (emphasis added)

The Department of Revenue is thus required to make payments for tax credits for both political contributions and child care expenses when money is appropriated for that purpose. Likewise, under the statute, a person is entitled to payments for both political contributions and child care expenses. Both categories have equal stature under AS 43.20.013, and it is not within the department's discretion to give one priority over the other.

The mandatory language in AS 43.20.013 also means that even if an intent statement regarding political contributions had accompanied the appropriation for refundable credits, it may have had no effect. As you may know, Article II, section 13 of the state Constitution requires that appropriation bills be confined to appropriations. This means that they cannot contain any substantive legislation; i.e., provisions dealing with the purpose of the appropriation or giving directions to the recipients of the appropriation. They may contain only an authorization for expenditure of public funds. A statement of intent frequently

The Honorable Jerry Ward  
Representative  
File No. 366-034-83

February 8, 1983  
Page 3

contains directions which are substantive in nature. In this case, an intent statement limiting reimbursement to child care expenses would have required the Department of Revenue to ignore the clear mandate of AS 43.20.013(a). Such a statement, even if clearly expressed, probably would have violated the constitutional requirement and would not have nullified an individual's right to payments for credits for political contributions nor the department's obligation to pay them, so long as funds which could be used for these payments were available.

By discussing the mandatory nature of the law and the problem with intent statements, we by no means wish to imply that the legislature was somehow precluded from accomplishing the purpose of eliminating funding for political contributions. It could have done so by repealing AS 43.20.013(a) which provides for the political contribution tax credit or simply by making the appropriation, itself, more specific; i.e., by expressly limiting the wording of the appropriation to payment for child care credits under AS 43.20.013(b) only. In either case, the department could not have made payments for political contributions, and the intent of the legislature would have been clear. Instead, the legislature funded the general category of refundable credits, leaving the department with only one option -- making payments for both political contributions and child care expenses.

We hope this information is of assistance to you. We regret any misunderstandings that may have been caused by the conclusion we reached, but, it was, for the reasons stated above, the only determination we could have made based on the legislative history available to us and the nature of the statute itself. We note that an analysis of our opinion is included in the December 1982 edition of A Report to the Twelfth State Legislature, prepared by Legal Services, Legislative Affairs Agency for the Legislative Council. The authors of that report do not dispute the conclusion we reached. They recommend legislative review of AS 43.23.013, but for other reasons.

If you have any further questions, please do not hesitate to contact us. We would be happy to discuss this subject

The Honorable Jerry Ward  
Representative  
File No. 366-034-83

February 8, 1983  
Page 4

with you in greater detail.

Sincerely yours,

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By:   
Diane T. Colvin  
Assistant Attorney General

DTC:eja

cc: The Honorable Albert P. Adams  
Representative  
Chairman, House Finance Committee  
Alaska State Legislature

The Honorable Robert H. Bettisworth  
Representative  
Vice-Chair, House Finance Committee

The Honorable Terry Martin  
Representative  
Alaska State Legislature

Anchorage

CHAMBER of COMMERCE

Crossroads of the Air World

March 8, 1983

Representative Robert H. Bettisworth  
State Capitol, Room 500/502  
Interdepartmental Mail Stop: 3100  
Pouch V  
Juneau, Alaska 99811



Dear Representative Bettisworth,

The Anchorage Chamber of Commerce is in support of the passage of HB 7 requiring evidence of motor vehicle liability insurance.

We feel that this is certainly a start in the right direction. We urge your support on this matter of concern to all Alaskans.

The Chamber is also in support of HB 89 repealing the tax credit for political contributions.

I understand that there is a concern as to the effective date. July 1st rather than retroactive to January 1st, 1983 would be satisfactory to us.

The main priority should be to pass this much needed legislation. The State of Alaska has no business financing political campaigns and it would also save much needed revenue.

Thank you for your support on these issues.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kenneth E. Calhoon". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kenneth E. Calhoon  
Director  
Chairman, Legislative Committee

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

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

February 1, 1983

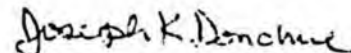
The Honorable Albert P. Adams  
Chairman, House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Re: Refundable Credits

Dear Representative Adams:

Pursuant to the discussions concerning the refundable credit program which occurred at Revenue's Budget Overview hearing yesterday, I am providing the members of the House Finance Committee the attached copies of this department's opinion request regarding funding of Political Contribution Credit for FY 83 as well as the Attorney General's response. If there is any other information concerning this issue which I can provide, please let me know.

Sincerely,



Joseph K. Donohue  
Deputy Commissioner, Taxation

JKD:jas

Enclosures

cc: Members of House Finance Committee

# MEMORANDUM

# State of Alaska

TO: Ronald W. Lorensen  
Deputy Attorney General

DATE: July 7, 1982

FILE NO:

TELEPHONE NO:

FROM: Joseph K. Donohue  
Deputy Commissioner, Taxation

SUBJECT: Political Contribution  
Credits

I would appreciate your legal opinion on the issue of whether the political contribution credits (PCC's) provided for under AS 43.20.013(a) have been left unfunded for 1982 or whether they along with their counterpart the child care credits (CCC's) (AS 43.20.013(b)) have been underfunded for 1982 necessitating a request for a supplemental.

AS 43.20.013(c) states:

The commissioner of revenue shall pay the amount of a tax credit allowed by this section to a resident individual who makes a return as provided in AS 43.20.012. A credit under this section shall be paid in the manner provided in AS 43.20.030(e) for the payment of refunds and payment may not be made without an appropriation for that purpose. (Emphasis added.)

The Budget submitted by the Governor at the outset of the 1982 session of the Twelfth Alaska Legislature requested some \$2,791,000 to finance the refundable credit program. The detailed budget shows the following allocation within that appropriation:

1,033,000	child care credit
1,758,000	political contribution credit
<u>2,791,000</u>	

(See Attachment A)

As background on this issue, the Governor has opposed the refundable credit concept from its inception and in 1981 introduced a bill to repeal AS 43.20.013 in its entirety. SB53 ultimately went nowhere but a similar bill, CSHB137(fin)(efd failed), went through hearings on the House side and generated considerable discussion concerning the advisability of funding or partially funding the political contribution credits. Ultimately the bill passed the House and died in the Senate. The House budget funded only the child care credit allocation of \$1,033,000. See CS for HB No. 666(Finance) (page 10).

On the Senate side, as you will recall, the Administration and the Senate leadership unofficially delegated the authority to Ron Lehr to develop an alternative budget which was variously referred to as the Governor's amended budget or Senate Budget No. 1. The Department of

Ronald W. Lorensen  
July 7, 1982  
Page 2

Revenue at that time recommended the deletion of the \$1,758,000 feeling that this was consistent with the Governor's view and a developing consensus in the House. This recommendation was accepted, we believe, and the Senate II Budget SCSHB148(Fin) (on page 25) appropriates only \$1,033,000 for "refundable credits." We also note that the component budget analysis prepared by the Legislative Finance Division for the Department of Revenue's budget confirms intent to delete funding for the PCC. (See Attachment B.). This bill was eventually adopted in toto by the House, signed by the Governor, and became the state operating budget. Ch 101 SLA 1982.

The legal question which arises is whether the language of the operating budget which appropriates \$1,033,000 for "Refundable credits" generally is limited to CCC's by virtue of the legislative history outlined above or whether the failure of the legislature to expressly limit the program to CCC's leaves both programs underfunded requiring preparation of forms to cover both credit types, payment of both types of claims up to \$1,033,000 next April, and preparation of an appropriate request for a supplemental. Both Senator Rodey and Senate Fischer have expressed concern about this issue and feel that it was not the Senate's intent to delete the PCC's. Rather, they encourage the Department to take the latter approach.

Should you determine that the PCC's were not funded for 1982, the Department would undertake a mailout to candidates and organizations indicating that result and asking them to disclose the absence of funding in their solicitations. Obviously nothing would preclude the next administration and the next legislature from funding this program, although if forms are not developed, there would be some administrative delays in implementing such a change.

Should you determine the question is ambiguous and the decision could go either way, then the Department feels that, although we are still comfortable with our original recommendation to delete the PCC's, we realize that it is a policy call which should be made by the Governor's office.

#### Attachments

cc: Ervin Jones, Director  
Administrative Services

Phil Wall, Director  
Public Services Division

Rebecca Engen  
Office of the Governor

Ron Lehr  
Budget & Management

Attachment #

	CODE	EXPENDITURE CLASSIFICATION	PRIOR YEAR FY 81 ACTUAL	CURRENT YEAR FY 82 AUTHORIZED	BUDGET YEAR - FY83			GOVERNOR'S BUDGET
					AGENCY			
					CONTINUATION	ADDITION	REQUEST	
1	2	3	4	5	6	7	8	
1.	600	LAND, BUILDING, NON-STRUCTURAL IMPROVEMENTS						
2.	600	LAND, BUILDING, ETC. (EXCLUDING ASIA PAY)						
3.	628	ASIA PAYMENT						
4.	980	INTER-AGENCY TRANSFERS (NON-ADD)						
5.	700	ASSISTANCE GRANTS AND BENEFITS	1,031.1	1,632.0	2,791.0		2,791.0	2,791.0
6.	720	LOCAL ASSISTANCE, STATE SOURCES						
7.	730	BENEFITS TO INDIVIDUALS						
8.	740	GRANTS AND AWARDS TO INDIVIDUALS	1,031.1	1,632.0	2,791.0		2,791.0	
9.	750	GRANTS, OTHER AGENCIES						
	870							
10.	970	INTER-AGENCY TRANSFERS (NON-ADD)						
11.	800	MISCELLANEOUS						
12.	810	DEBT SERVICE						
13.								
14.	EXPLANATION:				CONTINUATION \$	ADDITION \$		
	720 Refundable Credits				2,791.0			
	Political Contributions 1,758,000							
	Child Care Credit 1,033,000							
	The political contribution credit estimate is based on historical data supplied by the Governor's Office. The Department of Revenue projects on the basis of this historical data estimate. The child care credit estimate is calculated on the basis of historical information provided from the 1979 individual income tax return.							

AGENCY Department of Revenue

PROGRAM Revenue Collection & Management

DRU Administration & Support

COMPONENT Refundable Credits

**18** LANDS, GRANTS AND MISCELLANEOUS

10-04 12-01-00 (00-00-0-00-00-00)

STATE OF ALASKA -- COMPONENT BUDGET ANALYSIS

15:40

6/15/82

AGENCY: DEPARTMENT OF REVENUE  
CATEGORY: GENERAL GOVERNMENTPROGRAM: REFUNDABLE CREDITS  
SUB-PROGRAM:

## \* \* \* \* HOUSE ANALYSIS \* \* \* \*

GOVERNORS REC \$2,791.0

OBJECT GROUP	VARIATION	
07 GRANTS, CLMS	-1758.0	-63.0%
** TOTAL	-1758.0	-63.0%

DESCRIPTION: HOUSE VERSUS GOVERNOR  
-----  
DELETE POLITICAL CONTRIBUTION CREDIT (1,758.0).

HOUSE FIGURE \$1,033.0

## \* \* \* \* SENATE ANALYSIS \* \* \* \*

GOVERNORS REC \$2,791.0

OBJECT GROUP	VARIATION	
07 GRANTS, CLMS	-1758.0	-63.0%
** TOTAL	-1758.0	-63.0%

DESCRIPTION: SENATE VERSUS GOVERNOR  
-----  
DELETE POLITICAL CONTRIBUTION CREDIT (1758.0).

SENATE FIGURE \$1,033.0

# MEMORANDUM

# State of Alaska

TO: Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

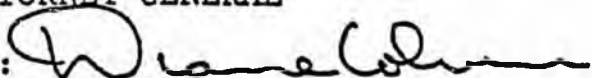
DATE: July 15, 1982

FILE NO: 366-034-83

TELEPHONE NO: 465-3600 ex. 56

FROM: WILSON L. CONDON  
ATTORNEY GENERAL

SUBJECT: Funding for Tax  
Credits under  
AS 43.20.013(a)  
for FY'83

By:   
Diane Tremmel Colvin  
Assistant Attorney General

You ask whether funding is provided by Ch. 101, SLA 1982 for payment of refunds to persons who make contributions to candidates for public office and political organizations as authorized by AS 43.20.013(a). <sup>1/</sup> While the legislative intent is not clear, we believe that funding is provided for this purpose and for child care tax credits by Chapter 101. The amount of the appropriation is \$1,033,000. We base this conclusion on an examination of the legislative history of CS for HB 666(Fin) (1982 House budget bill) and SCS for HB 148(Fin) (1982 Senate budget bill).

AS 43.20.013 authorizes tax credits not to exceed specified limits for:

- (1) contributions made to certain candidates for public office and certain political organizations, and
- (2) expenses for child care.

Subsection (c) of AS 43.20.013 provides as follows:

The commissioner of revenue shall pay the amount of a tax credit allowed by this section to a resident individual who makes a return as provided in AS 43.20.012. A credit under this section shall be paid in the manner provided in AS 43.20.030(e) for the payment of refunds and ~~payment may not be made without an appropriation for that purpose.~~

~~without an appropriation for that~~

<sup>1/</sup> You also ask whether this program is underfunded for fiscal year 1983. That is not a legal question and no response is made to that question in this memo.

Joseph K. Donohue  
Deputy Commissioner

July 15, 1982  
Page -2-

It is apparent from the language of subsection (c) that payments for political contributions and child care expenses may not be made without an appropriation.

Your question concerning funding of refunds for political contributions arises because Ch. 101, SLA 1982, at p. 26, line 7 appropriates \$1,033,000 for Refundable Credits, with no indication of the specific amount provided for the two types of credits under this budget component, political contributions and child care credit. Thus we must turn to the legislative history of this issue to reach a conclusion. 2/

The budget submitted to the 1982 Legislature by the governor requested \$2,791,000 for the credits authorized by AS 43.20.013. The detailed budget shows that the figure for this component, termed "refundable credits", was calculated as follows:

Political Contributions	\$1,758,000.
Child Care Credit	\$1,033,000.

When the budget emerged several weeks later in the form of HB 666, the figure allocated for the component of Refundable Credits was \$1,033,000. In hearings before the House Finance Committee on March 31, 1982, a motion was made to accept this figure, with the statement that it would fund child care credits. There was considerable discussion over the elimination of the amount originally proposed by the Governor for political contributions. To answer objections to the change from the Governor's

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2/ On its face, the appropriation for refundable credits is clear and unambiguous and it can be argued that it is unnecessary to resort to extrinsic interpretative aids such as legislative history. *Alaska Public Employees v. State*, 525 P.2d 12, 14 (Alaska 1974). This approach is based on the "plain meaning rule", i.e., where the meaning of a statute is apparent, there is no need to resort to methods of statutory construction. *White v. Alaska Ins. Guaranty Ass'n.*, 592 P.2d 367, 369 (Alaska 1979). However, we believe it is appropriate in this case to examine legislative history for assistance in making a judgment on the meaning of the provision in question. The Alaska court has rejected the "plain meaning" rule as a strict exclusionary rule. *North Slope Borough v. Sohio Petroleum Corp.*, 585 P.2d 534, 540 (Alaska 1978).

Joseph K. Donohue  
Deputy Commissioner

July 15, 1982  
Page -3-

request, Representative Meekins proposed that any money left from the current fiscal year be reappropriated to cover refunds for political contributions. The minutes of the House Finance Committee for March 31 show that he made the following motion:

...to extend the lapse date of the FY'82 appropriation so that if there are any funds left they could be used for refunds during the period between January 1 and July 1.

After some discussion, the motion passed, along with the motion to accept the figure of \$1,033,000. Thus the House budget, as it was passed out of the House Finance Committee and taken up on the floor of the House, included funding for child care credit in the amount of \$1,033,000 and funding for political contributions dependent on "left-over" FY'82 funds, if any.

As you know, CS for HB 666 passed in the House, but not in the Senate. 3/ An "alternative" budget (SCS for HB 148(Fin)) was developed by the Senate. It included the same figure, \$1,033,000, in the category of Refundable Credits. This was the figure included in the version passed on the Senate floor, and sent to Conference Committee. 4/

The Conference Committee on CS for HB 148(Fin) requested limited powers of free conference on several items, including Refundable Credits. 5/ The request was granted by both houses, and the issue of refundable credits was discussed in free conference on May 31, 1982. The minutes of the Free Conference Committee for that date read as follows:

Representative Cotten noted that current law

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3/ 1982 House Journal, p. 1155.

4/ 1982 Senate Journal, p. 1503.

5/ 1982 Senate Journal, p. 1620; 1982 House Journal, p. 2231.

allows for refunds for political contributions, and asked if the funding level for this program is adequate to cover refund claims. Representative Adams advised that the law states that refunds may be given; it does not state that reimbursements must be made. Representative Cotten attested to inequities involved in refunds issued on a "first come/first served" basis. Mr. Adams moved for adoption of the House figure of 1,033.0. Representative Cotten objected. Senator Ray moved for adoption of the Senate figure (identical to that of the House). Representative Cotten's objection to the figure was overridden and the "synonymous" House/Senate total adopted.

While not clear, this discussion appears to contemplate continued funding for political contributions, albeit at a reduced and arguably insufficient level. At the least, it does not manifest legislative intent to eliminate funding for credits for political contributions. Without such a showing, we believe it would be difficult to maintain that the amount approved by the Conference Committee in the budget category of Refundable Credits and ultimately accepted by both houses and enacted into law by the Governor eliminated all funding for political contributions and funds child care credits only. 6/

This apparent lack of intent to eliminate political contributions funding is further demonstrated by the format of the budget bill itself. There are numerous appropriations in Ch. 101, SLA 1982 that are accompanied by intent statements. For example, on page 26, lines 12-17, the appropriation for student ADM Support is followed by this statement:

This appropriation does not provide for student ADM Support for BIA schools which may

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6/ It should be noted that a bill which would have repealed AS 43.20.013(a), CS for HB 137(Fin), passed in the House but was not acted upon in the Senate. 1982 House Journal, p. 655. Failure of this bill to pass both houses is an additional indication of legislative intent in this area. Had this bill passed in the Senate as well as the House the intent to eliminate the political contributions program would have, of course, been clear.

Joseph K. Donohue  
Deputy Commissioner

July 15, 1982  
Page -5-

transfer to school districts or new schools or programs which may be established during FY'83. It is the intent of the legislature that the Department of Education fund any such transfers or additions out of this appropriation and present to the legislature a request for a supplemental appropriation to accommodate the costs of any BIA transfers or establishment of new schools or programs, no later than the 15th day of the 1983 legislative session.

We believe that the appropriation for refundable credits would have been accompanied by a statement of this kind had the legislature intended to eliminate all funding for political contributions.

There are, however, indications to the contrary. The analysis of SCSHB 148(Fin) prepared by Legislative Finance shows at p. 48 the reduction from the governor's recommendation of \$2,791,000 in the refundable credits program category to \$1,033,000 in both the Senate and House budgets. This is accompanied by the notation: "Delete political contribution credit (1758.0)". This is of interest, but cannot be taken, we believe, as proof of legislative intent to eliminate all funding for credits for political contributions. It is rather, a staff analysis of the means of arriving at the figure of \$1,033,000 and explaining the variation between the Governor's recommendation and the legislative versions.

Thus we conclude that with no clear showing of legislative intent to the contrary Ch. 101, SLA 1982 appropriates \$1,033,000 for refundable credits, which includes credits for political contributions and credits for child care. Payments for both types of credits may be made by the Department of Revenue up to this amount. As you indicated in your memorandum to us, it may be necessary to prepare a request for a supplemental in 1983 to cover claims that exceed this amount.

We hope this information is of use to you. If you have further questions, please do not hesitate to contact us.

WLC/DTC/pkh

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

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

February 24, 1983

The Honorable Robert H. Bettisworth  
Representative  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811



Re: Political Contribution Credits

Dear Representative Bettisworth:

In response to a telephone inquiry from your office enclosed you will find a fact sheet pertaining to Political Contribution Credits. This fact sheet offers a brief statistical history of the Political Contribution Credits over the last four fiscal years. If you require any further information, please let me know.

Sincerely,

Robert D. Heath  
Commissioner of Revenue

RDH:MCR:jas

Enclosure

State of Alaska  
Department of Revenue

Fact Sheet

February 24, 1983

<u>Fiscal Year</u>	<u>Number of Applications</u>	<u>Refund Amount</u>	<u>Average Refund Per Person</u>
FY 80	6,907	\$307,269	\$44.00
FY 81	15,503	\$692,390	\$44.00
* FY 82	13,913	1,233,575	\$88.00
FY 83	apprx. 60,000	**1,033,000	

Projected if PCC were not repealed.

FY 84	1,000,000
FY 85	2,500,000

\* In 1981 PCC refund maximum was raised from \$50.00 to \$100.00.

\*\* Amount received to cover both PCC and CCC - Department of Revenue has requested a \$6.0 million appropriation in the Governor's FY 83 Capital Supplemental to cover the projected number of PCC claims.

*Paternal Contribution Credit  
Child Care Credit*

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 25, 1983

SUBJECT: Tax credit for political contributions  
(CSHB 89)

TO: Representative Mitchell E. Abood, Jr.  
Chairman, House State Affairs Committee  
Attn: Carol Horos

FROM: Thomas A. Sofo *TAS*  
Legislative Counsel *TS*

At the request of the committee, I have changed the effective date of this bill to July 1, 1983. It is my understanding that the Department of Revenue requested that the effective date be changed from January 1, 1983, so that they may be able to process the applications of people taking the tax credit for the calendar year of 1982.

Since most tax laws are based on the calendar year, it is typically advisable to repeal them in full year increments. The goal of the Department of Revenue could be accomplished by a simple temporary law section which merely stated that the department shall process applications for tax credits for calendar year 1982 up to July 1, 1983. Instead, the committee has opened the door for people to claim tax credits for the first half of the calendar year 1983. There is nothing inherently wrong with this choice, but this memo has been prepared to point out that the mechanism which the committee has chosen unnecessarily extends the tax credits for an additional six months when we could address the problem another way.

I suspect the department has the inherent authority to wind up a program such as this without necessarily addressing the point by statute. However, if the committee feels that an explicit grant of authority is necessary, the method which was chosen seems unnecessarily broad.

TAS:ljb

Enclosure  
9/012

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

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

# COPY

March 3, 1983

The Honorable Mitchell E. Abood, Jr.  
Chairman, House State Affairs  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Re: HB 89

Dear Representative Abood:

This letter is in regards to a February 25, 1983 letter from Tom Sofo, Legislative Affairs Agency, questioning the intent of HB 89. Mr. Sofo was concerned that the House State Affairs Committee did not realize that in changing the effective date of the bill from January 1, 1983, to July 1, 1983, we had "opened the door for people to claim tax credits for the first half of the calendar year 1983." Mr. Chairman, it was my understanding, and I believed yours, that we were definitely aware of this being the case. The committee's reasoning being that in order to properly notify Alaskans who gave political contributions in 1982 that the PCC program was being repealed, the July 1, 1983 effective date was needed with the understanding that anyone who contributed money to a political campaign in 1983 before July 1 would be able to apply for a refund in 1983.

This letter today is only to clarify a possible misunderstanding that the House State Affairs Committee, as well as the Department of Revenue, realize that some number of PCC's will need to be paid in FY 84, honoring only those applications received on or before June 30, 1983. If you have any questions with regard to this issue, please let me know.

Sincerely,



Robert D. Heath  
Commissioner of Revenue

RDH:jas

- COMMENTARY

SUBSTITUTE FOR HB 89

The department of revenue has drafted a proposed substitute to HB 89. The difference between the proposed substitute and the current CSHB 89 (SA) is that the proposed substitute has added a section which requires claims for credits for political contributions in 1980, 1981 and 1982 to be filed on or before July 1, 1983, and 1983 claims (those arising before the July 1, 1983 repeal of AS 43.20.013(a)) be filed on or before July 2, 1984.

The current law allows for claims for political contribution credits to be filed within 3 years of the April 15th following the calendar year in which the contribution was made. Without the adoption of the second section of the proposed act, Alaska residents would have until April 15, 1984 to file for 1980 claims, April 15, 1985 for 1981 claims, April 15, 1986 for 1982 claims and April 15, 1987 for 1983 claims. The adoption of section 2 of the proposed substitute would shorten the period during which the state would be exposed to the trickling in of claims for the credit. This would result in a small favorable fiscal impact on the state.

The department does not believe the shortening of the filing period is adverse to the public interest. The requirements for a person to be eligible for the credit are very clear and the information necessary to be filed with the application is basic. Under the proposed filing dates, the shortest period of time in which the individual would be required to apply for a credit would be the six month period for applying for the 1982 credit. This period should be more than sufficient to obtain a form, attached <sup>✓</sup> the proof of contribution and submit the form to the department.

Of Withholding (04-774) provided by the Department of Revenue. A taxpayer who is not fully exempt under AS 43.20.017 from Alaska individual income taxes in 1980 must file a 1980 Alaska individual income tax return after December 31, 1980 in order to claim a refund.

(c) A claim for a refund or credit must be filed within three years from the time the return was filed or within two years from the date the tax was paid, whichever date is later. A taxpayer may file a claim for credit or refund after the ordinary period has expired where the taxpayer and the commissioner have by agreement extended the period for assessing the tax. If the claim relates to a net operating loss carryback the period ends upon the expiration of the 15th day of the 40th month following the end of the year of the net operating loss which results in the carryback. A taxpayer who wishes to claim a refund of 1979 net income taxes paid based on his individual tax exemption under AS 43.20.017 must file his claim with the Department of Revenue on the special claim form no later than June 30, 1981. A taxpayer who is fully exempt from 1980 Alaska individual income taxes must file his claim for 1980 withholding before December 31, 1980; otherwise he must file a 1980 Alaska individual income tax return to claim a refund of his withholding.

(d) An overpayment of tax may be credited against any taxes due from the taxpayer. (Eff. 1/12/64, Reg. 12; am 5/14/80, Reg. 74; am 8/30/80, Reg. 75)

Authority: AS 43.20.030(e)  
AS 43.20.017  
§ 6 Ch. 22 SLA 1980  
§ 7 Ch. 22 SLA 1980

**15 AAC 20.042. FILING REQUIREMENTS FOR PAYMENT OF AND DETERMINATION OF AMOUNT OF INDIVIDUAL TAX CREDITS.** (a) A resident individual qualifying for payment of tax credits under AS 43.20.012 and 43.20.013 must file a return claiming payment on the form prescribed by the Department of Revenue. A return claiming payment for 1979 must have been filed on or before April 15, 1980. A return claiming payment for 1980 must have been filed on or before April 15, 1981. For calendar years beginning after December 31, 1980, the return claiming

payment must be filed on or before April 15, following the end of the calendar year during which the contribution or expense payment is made.

(b) A taxpayer has three years from the date the return claiming payment, under this section, is due to file an amended return claiming payment or a late original return claiming payment.

(c) A person must be a resident individual on or before the day on which payment is made for qualifying political contributions or household and dependent care services.

(d) The amount of credit payable under AS 43.20.013(b) is limited to the lesser of (1) 16 percent of the amount of allowable credit actually claimed under section 44A of the Internal Revenue Code, or (2) 16 percent of that credit attributable to expenses paid while a resident individual for household and dependent care. In order to receive a payment for the credit provided in AS 43.20.013(b), an individual must attach a copy of pages one and two of his or her federal individual income tax return as filed with the Internal Revenue Service for that year.

(e) Political contribution credits allowable under this section are limited to those cash contributions which are legal under applicable state and federal law and regulations. For purposes of this section, a contribution to a group seeking to influence the outcome of a ballot proposition or question in Alaska is allowable under this section only if the contribution is required to be reported to the Alaska Public Offices Commission by that group.

(f) For purposes of this section, "resident individual" means a natural person who has physically resided in the State of Alaska for a period of not less than 30 days and who intends to remain permanently in the state. (Eff. 10/9/80, Reg. 76; am 2/1/81, Reg. 77; am 6/2/82, Reg. 82)

Authority: AS 43.05.080  
AS 43.20.012  
AS 43.20.013

**15 AAC 20.044. FILING REQUIREMENTS FOR REFUND OF 1979 INDIVIDUAL NET INCOME TAX.** (a) An individual or fiduciary

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 89 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act repealing the tax credit for political contributions; providing for the payment of credits on contributions made prior to the effective date of the repeal; and providing for an effective date."

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

\* Section 1. AS 43.20.013(a) is repealed.

\* Section 2. CLAIMS FOR POLITICAL CONTRIBUTION CREDITS FOR CONTRIBUTIONS MADE PRIOR TO THE REPEAL OF AS 43.20.013(a). Notwithstanding any prior provision of law or regulation, the commissioner of revenue shall pay the amount of a tax credit allowed by AS 43.20.013(a) only to a resident individual who makes a claim for payment of the credit on or before (1) April 15, 1983 for contributions made during calendar year 1979; or (2) July 1, 1983 for contributions made during calendar years 1980, 1981 or 1982; or (3) July 2, 1984 for contributions made after December 31, 1982 and prior to the effective date of Sec. 1 of this Act. A credit pursuant to this section shall be paid in the manner provided in AS 43.20.030(e) for the payment of refunds and payment may not be made without an appropriation for that purpose.

\* Section 3. Section 1 of this Act takes effect July 1, 1983.

\* Section 4. Sections 2 and 3 of this Act take effect immediately in accordance with AS 01.10.070(c).

## COMMENTARY

### SUBSTITUTE FOR HB 89

The department of revenue has drafted a proposed substitute to HB 89. The difference between the proposed substitute and the current CSHB 89 (SA) is that the proposed substitute has added a section which requires claims for credits for political contributions in 1980, 1981 and 1982 to be filed on or before July 1, 1983, and 1983 claims (those arising before the July 1, 1983 repeal of AS 43.20.013(a)) be filed on or before July 2, 1984.

The current law allows for claims for political contribution credits to be filed within 3 years of the April 15th following the calendar year in which the contribution was made. Without the adoption of the second section of the proposed act, Alaska residents would have until April 15, 1984 to file for 1980 claims, April 15, 1985 for 1981 claims, April 15, 1986 for 1982 claims and April 15, 1987 for 1983 claims. The adoption of section 2 of the proposed substitute would shorten the period during which the state would be exposed to the trickling in of claims for the credit. This would result in a small favorable fiscal impact on the state.

The department does not believe the shortening of the filing period is adverse to the public interest. The requirements for a person to be eligible for the credit are very clear and the information necessary to be filed with the application is basic. Under the proposed filing dates, the shortest period of time in which the individual would be required to apply for a credit would be the six month period for applying for the 1982 credit. This period should be more than sufficient to obtain a form, attached the proof of contribution and submit the form to the department.

Introduced: 1/20/83  
Referred: State Affairs and Finance

1 IN THE HOUSE

BY BETTISWORTH AND HAYES

2

HOUSE BILL NO. 89

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act repealing the tax credit for political  
7 contributions; and providing for an effective date."

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

9 \* Section 1. AS 43.20.013(a) is repealed.

10 \* Sec. 2. This Act is retroactive to January 1, 1983.

11 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
12 10.070(c).

Offered: 3/7/83  
Referred: Finance

Original sponsors: Bettisworth  
and Hayes

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR HOUSE BILL NO. 89 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act repealing the tax credit for political  
7 contributions; and providing for an effective date."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. AS 43.20.013(a) is repealed.  
10 \* Sec. 2. This Act takes effect July 1, 1983.