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7

BILL FILE LOG

BILL # _____

Royce Weller 2300

SON ZIPNER

NOTIFIED ROYCE WELLER & ZIEG AT 4/2 MEETING

NOTIFIED
OF 3/27
MEETING



Alaska State Legislature

Senate

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

Senator Robert H. Ziegler, Sr.
307 Bawden Street
Ketchikan, Alaska 99901

Pouch V, Juneau, Alaska 99811

January 18, 1985

✓ Senator Patrick Rodey, Chairman
Senator Tim Kelly, Member
Senator Jan Faiks, Member
Senator Rick Halford, Member
Senate Judiciary Committee
Alaska State Legislature
Juneau, Alaska 99811

SB 7

Dear Judiciary Committee Members:

I don't know whether Chairman Rodey is ever going to have his committee consider SB 7. That, of course, is uniquely his prerogative.

If he does, the enclosure may prove of help.

Regards,

A handwritten signature consisting of a stylized 'R' followed by a horizontal line.

Robert H. Ziegler, Sr.

RHZ:1k

Enclosures

Alaska State Legislature

SENATOR
ROBERT H. ZIEGLER, SR.
307 BAWDEN STREET
KETCHIKAN, ALASKA 99901

While in Juneau
POUCH V
JUNEAU, ALASKA 99811



Senate

January 14, 1985

Juneau Empire
235 Second Street
Juneau, Alaska 99801

Dear Editor:

I have enclosed a copy of a "rebuttal letter" I recently wrote to the "Anchorage Times". I'll be curious to see if it's published. It was written after that newspaper wrote a rather caustic editorial about a bill I introduced which would put us in a position to reimpose a state income tax if and when we ever needed one. I thought it might be of interest to readers in Southeast Alaska.

Very truly yours,

A handwritten signature in cursive script that reads "R H Ziegler".

Robert H. Ziegler, Sr.

RHZ:lk

Alaska State Legislature

SENATOR
ROBERT H. ZIEGLER, SR.
307 BAWDEN STREET
KETCHIKAN, ALASKA 99901

While in Juneau
POUCH V
JUNEAU, ALASKA 99811



Senate

January 14, 1985

Petersburg Pilot
P. O. Box 930
Petersburg, Alaska 99833

Dear Editor:

I have enclosed a copy of a "rebuttal letter" I recently wrote to the "Anchorage Times". I'll be curious to see if it's published. It was written after that newspaper wrote a rather caustic editorial about a bill I introduced which would put us in a position to reimpose a state income tax if and when we ever needed one. I thought it might be of interest to readers in Southeast Alaska.

Very truly yours,

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Robert H. Ziegler, Sr.

RHZ:1k

Alaska State Legislature

SENATOR
ROBERT H. ZIEGLER, SR.
307 BAWDEN STREET
KETCHIKAN, ALASKA 99901

While in Juneau
POUCH V
JUNEAU, ALASKA 99811



Senate

January 14, 1985

Sitka Sentinel
P. O. Box 799
Sitka, Alaska 99835

Dear Editor:

I have enclosed a copy of a "rebuttal letter" I recently wrote to the "Anchorage Times". I'll be curious to see if it's published. It was written after that newspaper wrote a rather caustic editorial about a bill I introduced which would put us in a position to reimpose a state income tax if and when we ever needed one. I thought it might be of interest to readers in Southeast Alaska.

Very truly yours,

A handwritten signature in cursive script that reads "R. H. Ziegler".

Robert H. Ziegler, Sr.

RHZ:lk

Alaska State Legislature

SENATOR
ROBERT H. ZIEGLER, SR.
307 BAWDEN STREET
KECHIKAN, ALASKA 99901

While in Juneau
POUCH V
JUNEAU, ALASKA 99811



Senate

January 14, 1985

Wrangell Sentinel
P. O. Box 798
Wrangell, Alaska 99929

Dear Editor:

I have enclosed a copy of a "rebuttal letter" I recently wrote to the "Anchorage Times". I'll be curious to see if it's published. It was written after that newspaper wrote a rather caustic editorial about a bill I introduced which would put us in a position to reimpose a state income tax if and when we ever needed one. I thought it might be of interest to readers in Southeast Alaska.

Very truly yours,

A handwritten signature in cursive script that reads "R. H. Ziegler".

Robert H. Ziegler, Sr.

RHZ:1k

Alaska State Legislature

SENATOR
ROBERT H. ZIEGLER, SR.
307 BAWDEN STREET
KETCHIKAN, ALASKA 99901

While in Juneau
POUCH V
JUNEAU, ALASKA 99811



Senate

January 14, 1985

Ketchikan Daily News
P. O. Box 7900
Ketchikan, Alaska 99901

Dear Editor:

I have enclosed a copy of a "rebuttal letter" I recently wrote to the "Anchorage Times". I'll be curious to see if it's published. It was written after that newspaper wrote a rather caustic editorial about a bill I introduced which would put us in a position to reimpose a state income tax if and when we ever needed one. I thought it might be of interest to readers in Southeast Alaska.

Very truly yours,

A handwritten signature in cursive script that reads "Bob Ziegler".

Robert H. Ziegler, Sr.

RHZ:lk

*
* DELIVER TO: JFOM *
*
* ORIGINAL *
* SENT: 03/04/86 TIME: 09:29 *
* FROM: HARRY MANDREGAN *
* SUBJECT: POM *
* PRINT DATE: 03/04/86 TIME: 09:30 *
*

6

TO: SENATE JUDICIARY COMMITTEE
SENS. RODEY, KELLY, FAIKS, HALFORD, ZIEGLER
FROM: CLAYRE COURTNEY-MONROE 243-6539
9341 BOTHWELL CIRCLE
ANCHORAGE, ALASKA 99515
SUBJECT: SB 7 - REINSTATING STATE INCOME TAX ON INDIVIDUALS
I STRONGLY OPPOSE REINSTATING STATE INCOME TAX.

Alaska State Legislature

file

SENATOR
ROBERT H. ZIEGLER, SR.
307 BAWDEN STREET
KETCHIKAN, ALASKA 99901

While in Juneau
POUCH V
JUNEAU, ALASKA 99811



Senate

January 14, 1985

Anchorage Times
P. O. Box 40
Anchorage, Alaska 99510

Dear Editor:

Whoever wrote the January 5, 1985 editorial in the "Anchorage Times" entitled "A Tax on Patience" really got on my case. At least the editorialist could have called me to see if I had gone bonkers, skipped the country, or allowed me to explain where I was coming from. That way, even if we still disagreed, we could have had a more rational, kinder exchange of view points.

Let me make two points in my opening statement. I deeply care for my state and I don't like income taxes any more than any other tax payer. These two assertions cannot be questioned.

However, I fear, as do most economists, private or governmental, whom I have read and with whom I have spoken, that somewhere down the road - five years, 10 years, by the year 2000, whenever - we're going to have to change our lifestyle and start to reevaluate our spending patterns. There is nothing magical about the proposed effective date. The bill designates 1990 as the year for reimposing personal income taxes, but that date can be extended and reextended by subsequent legislatures. If we ever need the additional income, there will never be an effective date, nor an excuse for one.

Complaint was made of proposed payment schedules. These are just about what we had on the books when we repealed our income tax statutes in 1981. These schedules, like the effective date, are not cast in concrete, and can be modified or changed many times to conform to our financial requirements as they then exist.

A wise old philosopher once said, in effect, that those who don't remember the past are condemned to repeat it. If you recall, it took about 30 years to get the first Territorial income tax legislation on the books. When our wells go dry - and I repeat I hope they never do - we might not have the luxury of 30 years within which to get our financial house in order. Instead of repealing the tax statutes, it would have been more astute of us to have declared a moratorium on the payment of income taxes, rather than to simply do away with them.

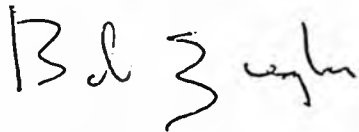
So, in a nutshell, I didn't introduce the bill to make waves (starting up a storm", I believe you put it) or to alarm anyone, including the editorialist. It was my hope to get Alaskans to commence contemplating the future. I submit that anybody who thinks we can maintain our current way of living forever is living in a dream world.

Accordingly, if the bill were to become law, with some indeterminate effective date, we would have a mechanism on the books, in place, to be utilized whenever the need therefore became obvious.

What's so terribly wrong with advocating at this time a resolution of what one day in the near future be a very real and pressing problem?

I am not anticipating a change of heart on your part, I hasten to add, but I do expect the good grey Times to grant me equal time. I remain,

Yr. obdt. svt.,

Handwritten signature in cursive script, appearing to read "R H Ziegler".

Robert H. Ziegler, Sr.

P.S. There is always solace to be found in the quotation "A prophet is not without honor save in his own country."

Department of Revenue
Testimony
Senate Judiciary on SB 7
5/2/85

Mr. Chairman,

I appreciate the opportunity to speak on SB 7. While the Administration welcomes the debate, generated by this piece of legislation, it firmly opposes its adoption.

As you know, SB 7 reimposes a state individual income tax - effective January 1, 1990. This bill essentially re-enacts the income tax on individuals repealed in a 1980 special session. Most of the changes and additions to the individual income tax law passed during the 1980 regular session are reinstated except those relating to special fuel consumption and personal credits. Furthermore, the political contribution credit is changed so that it is in place of, rather than in addition to, the federal credit.

The Governor has stated on several occasions, "the state is at least four to six years away from implementing such revenue-raising measures as a personal income tax..." Obviously, oil price trends will greatly influence the timeliness of this measure.

The Governor believes that the state's first fiscal priority should be to control state spending, increase deposits into the Permanent Fund, and encourage economic development.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 5/1/85

REQUEST

Bill/Resolution No: SB 7
 Title: Individual Income Tax
 Sponsor: Ziegler
 Requestor: Judiciary
 Date of Request: 4/29/85

FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: Collection and Management
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
<u>OPERATING</u>						
100 PERSONAL SERVICES	326.4	2910.3	-	-	-	-
200 TRAVEL	19.4	124.9	-	-	-	-
300 CONTRACTUAL	59.0	1088.2	-	-	-	-
400 SUPPLIES	6.8	70.4	-	-	-	-
500 EQUIPMENT	45.7	435.2	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	<u>457.3</u>	<u>4629.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>CAPITAL</u>						
	-	-	-	-	-	-
<u>REVENUE</u>						
	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	457.3	4629.0	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	<u>457.3</u>	<u>4629.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

POSITIONS:

FULL-TIME	11	82	-	-	-	-
PART-TIME	-	40	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Please see attached.

Prepared By: Martin J. Richard
 Division: Audit Division

Phone: 465-2320
 Date: 5/1/85

Approved by Commissioner: [Signature]
 Agency: Revenue

Date: 5/1/85

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

DRAFT

PRELIMINARY ESTIMATE

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 5/1/85

REQUEST

Bill/Resolution No: SB 7
Title: Individual Income Tax

Sponsor: Ziegler
Requestor: Judiciary
Date of Request: 4/29/85

FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: Collection and Management
BRU, Program of Subprogram(s) Affected: Audit Division
Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
<u>OPERATING</u>						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	310.1	678.5
200 TRAVEL	-0-	-0-	-0-	-0-	5.4	44.8
300 CONTRACTUAL	-0-	-0-	-0-	-0-	38.2	123.3
400 SUPPLIES	-0-	-0-	-0-	-0-	6.4	42.4
500 EQUIPMENT	-0-	-0-	-0-	-0-	42.1	150.3
600 LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL OPERATING</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>402.2</u>	<u>1039.3</u>
<u>CAPITAL</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>REVENUE</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	402.2	1039.3
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	10	24
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: Please see attached.

Prepared By: ^{for} Martin J. Richard *by Sen. E. K...*
Division: Audit Division

Phone: 465-2320
Date: 5/1/85

Approved by Commissioner: *Shirley D. Sturdale*
Agency: Revenue

Date: 5/1/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

DRAFT

SENATE BILL 7
FISCAL NOTE ANALYSIS
"PRELIMINARY ESTIMATE"

Prepared By
Audit Division
May 1, 1985

General Information

The Audit Division will be in charge of administering the audit and compliance programs applicable to the individual income tax. Although calendar year tax returns will not be due until 1991, a withholding tax system must be in place and operative by January 1, 1990. Additional staff must be hired and fully trained. We estimate that by the end of FY 91, twenty-four additional employees will be hired to carry out the following functions:

- 1) programming and systems analysis;
- 2) compliance;
- 3) desk and field auditing;
- 4) appeals coordination;
- 5) payroll withholding system;
- 6) return examination and processing;
- 7) in house and public training.

A schedule of estimated costs to operate the Audit Division program follows. These costs are based on 1985 dollars and do not attempt to factor in inflation. These estimates are preliminary and presented solely to present to the reader a rough idea of the areas within this division which will be impacted by passage of this legislation.

SENATE BILL 7
INDIVIDUAL INCOME TAX

100 - Personal Services Costs

	<u>FY 90</u>	<u>FY 91</u>
1 Field Audit Manager	\$ 68.4	\$ 70.8
1 Programmer Analyst	58.4	60.3
1 Revenue Field Auditor IV	57.0	59.0
4 Tax Examiners	86.9	138.8
3 Clerks	39.4	80.8
2 Conference Officers		51.8
4 Tax Examiners		64.3
4 Revenue Auditors		59.6
4 Clerks		<u>93.1</u>
	<u>\$310.1</u>	<u>\$678.5</u>

200 - Travel & Per Diem Costs

	<u>\$ 5.4</u>	<u>\$ 5.4</u>
	<u>\$ 5.4</u>	<u>\$ 5.4</u>

300 - Contractual Costs

* Space Lease	\$ 20.6	\$ 78.1
Equipment Rent		2.4
Telecommunications	8.5	31.2
Postage	2.5	5.0
Training - DP	3.5	3.5
Taining - Audit	<u>3.1</u>	<u>3.1</u>
	<u>\$ 38.2</u>	<u>\$123.3</u>

* Lease costs are provided for the first eighteen months. Department of Administration will actually cover all lease costs after the first year.

Senate Bill 7
 Individual Income Tax
 Page 2
 May 1, 1985

	<u>FY 90</u>	<u>FY 91</u>
400 - Supplies Costs		
Forms, Supplies	\$ 6.4	\$ 28.4
Library, Manuals	<u>- 0 -</u>	<u>- 4.0</u>
	<u>\$ 6.4</u>	<u>\$ 42.4</u>
500 - Equipment		
Office Furniture, Calculator Word Processor	\$ 42.1	\$ 59.1
Microfilm Reader/Printers		80.4
DP - Printers		7.2
Typing Equipment		<u>3.1</u>
	<u>\$ 42.1</u>	<u>\$150.3</u>

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

DRAFT

Revision Date _____

REQUEST

Bill/Resolution No: SB 7
 Title: An act relating to income taxes
or individuals
 Sponsor: Ziegler
 Requestor: Senate Judiciary
 Date of Request: 1/29/85

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: _____
General Government
 BRU, Program of Subprogram(s) Affected: _____
Administrative Services
Administrative Services - DWP

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	1,316.1
200 TRAVEL	-	-	-	-	-	8.0
300 CONTRACTUAL	-	-	-	-	-	703.2
400 SUPPLIES	-	-	-	-	-	16.0
500 EQUIPMENT	-	-	-	-	-	227.5
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	2270.8
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	2270.8
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	2270.8

POSITIONS:

FULL-TIME	-	-	-	-	-	25
PART-TIME	-	-	-	-	-	40
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary.

Please see attached

Prepared By: R. Michael McGee
 Division: Administrative Services

Phone: 465-2313
 Date: 5/1/85

Approved by Commissioner: [Signature]
 Agency: Revenue

Date: 5/2/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

DRAFT

Department of Revenue
Administrative Services Division
Fiscal Note Analysis
SB 7
May 1, 1985

Assumptions:

1. The Department of Revenue will reinstitute an Alaska Individual Income Tax Withholding system with monthly employment taxes deposited and Quarterly Employment Tax required.
2. There will be no DP Chargeback system through FY91.
3. The Permanent Fund Dividend program will stay intact through FY91.
4. That the processing of individual income tax returns will be automated as much as possible.

Program Summary:

The Alaska Individual Income Tax will require the creation of two major processing systems:

- 1) Alaska Individual Income Tax withholding system.
- 2) Alaska Individual Income tax return processing system.

In addition to designing, programming and maintaining the two above mentioned automated systems, the Administrative Services Division will process, review, microfilm, and data capture approximately 250,000 withholding forms and 285,000 Alaska Individual Income Tax returns annually. Refund warrants will be issued on approximately 213,750 of the returns filed. In addition, approximately 10,000 individual letters will be prepared, mailed, and controlled in response to persons who file incomplete tax returns or whose tax returns result in a mathematical adjustment.

Finally, the addition of such a major program to the Department of Revenue will definitely impact the ability of the Administrative Services Division to provide general administrative support services with the existing staff.

1. Positions:

A. Data Processing:

1 PFT Analyst/Programmer V, R21,
@ \$4,914/Mo including salary and
benefits for 12 months = \$58,968

2 PFT Analyst/Programmer IV, R19,
@ \$4,306/Mo each including salary
and benefits for 12 months = 103,344

2 PFT Analyst/Programmer III, R17,
@ \$3,767/Mo each including salary
and benefits for 12 months = 90,408

The above analyst programmer team will design, program, and maintain the two

major systems mentioned above, including all subsystems and interfaces with the existing Revenue systems and the Alaska State Accounting System.

These systems will provide for a minimum of the following:

Alaska Employment Tax withholding system:

- * Online system comparable to the federal system with monthly deposits and quarterly returns.
- * Direct deposit system at local banks by employers.
- * Automatic generation of:
 - quarterly packets of:
 - * monthly deposit forms
 - * quarterly employment tax returns
 - notice of tax liability
 - standard correspondence
 - management reporting data.

Alaska Individual Income Tax return processing system

- * document locator number system
- * return data capture
- * online systems
 - access/inquiry
 - address changes
 - status change system
 - generation of out cards
 - use of microfilm vs hard copy for review
 - automated calculation checks
 - generation of reduced refund notices with appeal rights.
- * interface with accounts receivable system (A/R)
- * history file
- * possibility of multi-year file for easy access to information on income averaging, prior year activity, etc.
- * check writing for refunds
- * management reporting data

B. Document Processing:

1. Mailroom

1 PFT Clerk IV, R9, @ \$2,410/Mo
including salary and benefits for
12 months = \$28,920

1 PFT Clerk II, R7, @ \$2,171/Mo
including salary and benefits
for 12 months = 26,052

These positions will augment the existing mailroom staff to perform the task of handling, opening, sorting, and distributing an additional:

- * approximately 285,000 Individual Income tax returns filed per year.
- * approximately 250,000 pieces of mail due to the Individual Income Tax withholding system (25,000 employers times an average of four

employment returns and six deposits per year equals 250,000 withholding forms per year.)

- * posting, handling and sorting of additional outgoing mail as follows:
 - approximately 7,000 missing information letters
 - Error Correction Unit inquiries

2. Manual Review

1 PFT Tax Examiner III, R14, @
\$3,246/Mo including salary and
benefits for 12 months = \$38,952

3 PFT Document Processor I, R7, @
\$2,171/Mo including salary and
benefits for 12 months = 78,156

30 PPT Document Processor I, R7, @
\$1,697/Mo including salary and
benefits for 6 months = 305,460

These positions will manually review all Individual Income Tax returns filed based on a predetermined criterion.

- * identify incomplete returns
- * send out automatically generated missing information letters

3. Microfilming

1 PFT Microfilm Operator, R12, @
\$2,837/Mo including salary and
benefits for 12 months = \$34,044

2 PFT Document Processor I, R7 @
\$2,171/Mo including salary and
benefits for 12 months = 52,104

These positions will augment the existing microfilm staff to microfilm, assign document locator numbers, and date stamp 100% of Individual Income Tax returns filed.

4. Data Capture

1 PFT Data Processing Clerk III, R11
@ \$2,684/Mo including salary and
benefits for 12 months = \$32,208

3 PFT Data Processing Clerk II, R9,
@ \$2,410/Mo including salary and
benefits for 12 months = 86,760

10 PPT Data Processing Clerk I, R8
@ \$2,178/Mo including salary and
benefits for 6 months = 130,680

These positions will augment the existing Data Capturing staff to data capture and verify captured data of 100% of Individual Income Tax and employment withholding systems returns filed.

C. General Departmental Support Services

1 PFT Chief, Income Tax Operations, R23, @ \$5,521/Mo including salary and benefits for 12 months	=	\$66,252
1 PFT Personnel Assistant II, R14, @ \$3,105/Mo including salary and benefits for 12 months	=	37,260
2 PFT Accounting Clerk III, R10, @ \$2,542/Mo including salary and benefits for 12 months	=	61,008
1 PFT Clerk IV, R9, @ \$2,410/Mo including salary and benefits for 12 months	=	28,920
1 PFT Clerk II, R7, @ \$2,171/Mo including salary and benefits for 12 months	=	26,052
1 PFT Supply Technician II, R10, @ \$2,542/Mo including salary and benefits for 12 months	=	30,504

These positions will augment the existing general administration support staff for the additional programs and related 75-100 new employees.

* Personnel:

- classification of positions and respond to reclassification requests
- maintain payroll and leave records
- process registers, and arrange interviews
- handle grievances, information requests, typing tests, etc.

* Fiscal:

- increase in travel requests
- general distributions
- handling increase in cancelled warrants

* Supply and purchasing:

- increase in supply orders for paper intensive organization
- Purchases increase:
 - * general equipment
 - * computer terminals, printers
 - * maintenance contracts
 - * general office supplies
- Property Control (terminals, furniture, calculators, etc. will increase.

* Forms management:

- preparation of Individual Income tax booklet each year (considerably more complex than PFD booklet)
- preparation of employment withholding forms

- miscellaneous support forms:
 - * missing information letter
 - * denial forms
 - * check stock (refunds)

* General:

- general supervision and management of major additional line program in division, in addition to:
 - * permanent fund dividend program
 - * shared taxes
 - * administrative services to the department

TOTAL PERSONAL SERVICES

\$1,316.1

2. Other Expenditures:

a) Travel:

training, increased FEO travel, data processing coordination

\$8.0

b) Contractual:

1. 11 Wang 4250 workstations	\$66,792
2. 11 Wang emulator boards	8,855
3. 9 Wang 4230 workstations	48,600
4. 1 Wang DWS 55 printer	3,636
5. 1 Wang VS100 Magnetic Disk Drive	8,940
6. Wang TOP's	10,000
7. Prinling - tax booklets, "L" letters, W/H forms, check stock, envelopes, etc.	145,975
8. Postage - booklets, refunds, letters, W/H forms, etc.	184,590
9. 2 Kodak Microfilmers with maintenance	30,336
10. 2 Kodak Reader/Printer	13,704
11. IBM Copier with maintenance	10,308
12. 20 phones, centrex costs, local and long distance	26,960
13. Risk management	600
14. Additional office space	<u>143,940</u>

TOTAL CONTRACTUAL

\$703.2

c) Supplies:

Computer, microfilm, duplicating, general consumption

\$16.0

d) Equipment:

Systems furniture for 65 new employees

\$227.5

TOTAL EXPENDITURES

\$2,270.8

3. Funding - General funds

4. Section Cost Analysis - N/A

Computations - N/A

Economic Impact - N/A

Impact on Local Government - N/A

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date May 1, 1985

REQUEST

Bill/Resolution No: SB 7
 Title: An Act relating to income taxes on individuals
 Sponsor: Ziegler
 Requestor: Senate Judiciary Committee
 Date of Request: April 29, 1985

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: General Government
 BRU, Program of Subprogram(s) Affected: Enforcement

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	-	-	-	-	422.2
200 TRAVEL	-	-	-	-	-	10.0
300 CONTRACTUAL	-	-	-	-	-	109.1
400 SUPPLIES	-	-	-	-	-	3.6
500 EQUIPMENT	-	-	-	-	-	12.0
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	-	-	-	-	556.9
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	556.9
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	-	-	-	-	-	556.9

POSITIONS:

FULL-TIME	-	-	-	-	-	12
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Please see attached analysis.

Prepared By: James B. Leet *James B. Leet*
 Division: Enforcement

Phone: 465-2366
 Date: May 1, 1985

Approved by Commissioner: *[Signature]*
 Agency: Revenue

Date: 5/1/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

DRAFT

ALASKA DEPARTMENT OF REVENUE
ENFORCEMENT DIVISION
ANALYSIS OF SB 7
May 1, 1985

Assumptions

1. Collections of unpaid withholding delinquencies for late FY '90 can be absorbed by current staff.
2. A non-filer program will not emerge until FY '92.
3. Space for additional staffing will be absorbed in Fairbanks. Additional space needs are not addressed for Anchorage or Juneau, as this may eliminate the PFD program and those positions.

Program Summary

1. Positions: Because of the disproportionately high cost of collecting income tax as compared to other tax types 12 additional positions will be requested: 2 Revenue Enforcement Officers (REO) in Anchorage, 1 REO in Juneau, and 1 REO in Fairbanks; 3 Tax Collection Specialists (TCS) in Anchorage and 3 TCSs in Juneau; and one Clerk Typist in Anchorage and one Clerk Typist in Juneau.

The latest statistics showed individual income tax accounting for 12% of collections, but 44% of hours devoted to collections. Cost recovery ratios are the lowest of all tax types administered, creating a need for higher staffing.

Other Expenditures: Travel is projected on 11 field trips by REOs for enforcement work. A total of 5 computer terminals and 3 printers would be added. Twelve additional phones and modular unit work stations are necessary. Computer hardware is calculated on lease/purchase, phones on first year buyout.

Long distance phone charges would increase an estimated \$2,400 per line position annually. An additional \$50,000 is included in contractual as an increment to the collection agency contract for Lower 48 collections. This will increase dramatically in FY '92 and '93. Collection agency expenditures yield a 3 to 1 return on accounts which would have been written off.

Computations: Please see attached breakout of computations.

Economic Impact: Reinstitution of in the Income Tax will provide a significant net gain in revenues over expenditures within the Enforcement Division. The level is not measurable at this time, because of the unknown factors of 1) returns filed without payment, 2) deficiencies assessed by the Audit Division, and 3) required returns not being filed. Federal figures for Alaska show the income tax non-filer rate at over two times the national average, rapidly approaching three times, according to IRS officials in Anchorage.

Impact on Local Government: None.

Attachments: See computations and historical cost recovery ratios.

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
ANALYSIS OF SB 7
 May 1, 1985

Personal Services (100)

Juneau

3 Tax Collection Specialists (Range 12) @ \$33.1/year	\$ 99.3
1 Revenue Enforcement Officer (Range 16) @ 42.4/year	42.4
1 Clerk Typist III (Range 8) @ 27.0/year	<u>27.0</u>

Total for Juneau

168.7

Anchorage

3 Tax Collection Specialists (Range 12) @ 33.1/year	99.3
2 Revenue Enforcement Officers (Range 16) @ 42.4/year	84.4
1 Clerk Typist III (Range 8) @ 27.0/year	<u>27.0</u>

Total for Juneau

211.1

Fairbanks

1 Revenue Enforcement Officer (Range 16) @ 42.4/year	<u>42.4</u>
--	-------------

Total Personal Services (100)

\$422.2

Travel (200)

Juneau	4 trips x 1 REO @ \$800	3.2
Anchorage	3 trips x 2 REOs @ \$600	3.6
Fairbanks	4 trips x 1 REO @ \$800	<u>3.2</u>

Total Travel (200)

10.0

Contractual Services (300)

Computer Terminals	5 @ 1,784	8.9
Maintenance Agreements	5 @ 504	2.5
(2 in Anchorage, 2 in Juneau, and 1 in Fairbanks)		
Computer Printers	3 @ 2,356	7.1
Maintenance Agreements	3 @ 660	2.0
(1 each in Anchorage, Juneau, and Fairbanks)		
Telephones	12 @ 800	9.6
(5 in Juneau, 6 in Anchorage, and 1 in Fairbanks)		
Long Distance Charges	10 lines @ 2,400/year	24.0
(4 in Juneau, 5 in Anchorage, and 1 in Fairbanks)		
Training and Tuition		2.0
Miscellaneous Postage, Photocopying, etc.		3.0
Collection Agency Contract Increment		<u>50.0</u>

Total Contractual Services (300)

109.1

Subtotal Page 1

\$541.3

*****PRELIMINARY DRAFT*****

ALASKA DEPARTMENT OF REVENUE
ENFORCEMENT DIVISION
ANALYSIS OF SB 7
May 1, 1985

<u>Subtotal Page 1</u>			\$541.3
<u>Commodities (400)</u>			
Juneau		\$	1.5
Anchorage			1.8
Fairbanks			<u>.3</u>
<u>Total Commodities (400)</u>			3.6
<u>Equipment (500)</u>			
Modular Furniture	12 units @ \$1,000		<u>12.0</u>
<u>Total Equipment (500)</u>			<u>12.0</u>
<u>Total Enforcement Division</u>			<u>\$556.9</u>

STATE OF ALASKA
DEPARTMENT OF REVENUE
ENFORCEMENT DIVISION
DIRECT COLLECTIONS AND OFFSETS PER HOUR BY UNIT AND TAX TYPE
For the Fiscal Year Ended June 30, 1984

<u>Tax Type</u>	<u>Total</u>	<u>JCO</u>	<u>JFO</u>	<u>AFO</u>
Individual	\$ 151	\$ 213	\$ 89	\$ 97
Withholding	84	83	40	85
Corporate	823	1,172	112	71
Business License	539	692	-0-	383
Fisheries Business	1,295	1,629	1,085	1,555
Coin Operated Devices	57	-0-	-0-	57
Other	397	362	524	710
<u>All Tax Types</u>	<u>\$ 483</u>	<u>\$ 559</u>	<u>\$ 803</u>	<u>\$ 312</u>

Footnote:

1. Project Compliance Unit collections are incidental to assessments. Time allocated to these direct collections is negligible, therefore recovery ratios are not meaningful and have been omitted.

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Collections Branch
 July 1982 - June 1983
 Dollars and Hours Chart - FY 83 - Entire Year

Tax Code	Office Collection Force	Juneau Field Office	Anchorage Field Office	Seattle Field Office	Collections Branch
01	<u>303,637</u> 1,821.5	<u>25,893</u> 225.5	<u>383,159</u> 2,558.0	<u>22,103</u> 388.0	<u>734,792</u> 4,993.0
02	<u>33,897</u> 260.5	<u>1,057</u> 10.5	<u>232,074</u> 1,911.5	<u>6,816</u> 179.0	<u>273,844</u> 2,361.5
03	<u>2,042,343</u> 969.5	<u>4,070</u> 80.0	<u>27,818</u> 183.5	<u>1,059</u> 44.0	<u>2,075,290</u> 1,277.0
05	<u>256,789</u> 227.5	<u>4,301</u> 20.5	<u>232,297</u> 261.0	<u>32,000</u> 28.0	<u>525,387</u> 637.0
06	<u>987,162</u> 310.5	<u>260,985</u> 263.5	<u>259,640</u> 596.0	<u>453,198</u> 276.0	<u>1,960,985</u> 1,448.0
09	<u>-0-</u> 5.0	<u>-0-</u> -0-	<u>33,172</u> 44.5	<u>-0-</u> -0-	<u>33,172</u> 49.5
Other	<u>131,142</u> 246.0	<u>3,839</u> 49.5	<u>151,229</u> 232.5	<u>-0-</u> 13.0	<u>286,210</u> 541.0
Total	<u>3,754,970</u> 3,840.5	<u>300,145</u> 649.5	<u>1,319,389</u> 5,887.0	<u>515,176</u> 930.0	<u>5,889,680</u> 11,307.0

Dollars and Hours Ratio Chart - FY 83 - Entire Year

01	166.70	114.82	149.79	56.97	147.16
02	130.12	100.67	121.41	38.08	115.96
03	2,106.59	50.83	151.60	24.07	1,625.13
05	1,128.74	209.80	643.48	1,142.86	824.78
06	3,179.27	990.46	435.64	1,630.21	1,354.27
09	-0-	-0-	745.44	-0-	670.14
Other	533.10	77.56	650.45	-0-	529.04
Total	977.73	462.12	224.12	553.95	520.89

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STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: SB7
 Title: An Act relating to income tax on individuals; & providing for an effective date.
 Sponsor: Ziegler
 Requestor: Senate Judiciary
 Date of Request: January 29, 1985

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: General Government
 BRU, Program or Subprogram(s) Affected: Public Services Operating and Data and Word Processing

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
OPERATING						
100 PERSONAL SERVICES	16.3	493.5	-	-	-	-
200 TRAVEL	14.0	62.1	-	-	-	-
300 CONTRACTUAL	20.8	152.6	-	-	-	-
400 SUPPLIES	.4	8.4	-	-	-	-
500 EQUIPMENT	3.6	45.4	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	55.1	762.0	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	55.1	762.0	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	55.1	762.0	-	-	-	-

POSITIONS:

FULL-TIME	1	21	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Aally Smith
 Division: Public Services

Phone: 465-2392

Date: May 1, 1985

Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Date: 5/1/85

DRAFT

Fiscal Note SB 7

May 1, 1985

Page 2

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

DRAFT

SENATE BILL 7
Fiscal Note Analysis

Assumptions

1. Regulations would be promulgated requiring monthly reporting of taxes withheld on wages.
2. Approximately 40,000 monthly withholding reports and 284,000 annual individual income tax returns will need processing.
3. Public Services Division will account for the withholding and tax payments.
4. Public Services Division will provide individual income tax assistance to both businesses and individuals.

PUBLIC SERVICES OPERATING BRU

<u>EXPENDITURES</u>		<u>FY90</u>	<u>FY91</u>
100 PERSONAL SERVICES			
1 Accounting Technician I	2,718 @ 6 mos.	16.3	
	2,892 @ 12 mos.		34.7
2 Document Processing Clerk III	2,436 @ 10 mos.		48.8
1 Document Processing Clerk III	2,718 @ 10 mos.		27.2
12 Document Processing Clerk II	2,185 @ 10 mos.		262.2
4 Document Processing Clerk II	2,436 @ 10 mos.		97.5
1 Accounting Clerk II	2,310 @ 10 mos.	—	<u>23.1</u>
Total Annual Wages and Benefits		16.3	493.5

Monthly reporting of withholding by businesses throughout the state will commence with the report due in February 1990. The Accounting Technician position would be activated in January of 1990 to provide the procedures necessary for processing the withholding and income tax payments. First filing of income taxes will start January 1, 1991 and be required on April 15, 1991. The remaining positions will be activated between September and December 1990 to allow for training.

200 TRAVEL

Public Education			
One Employee to			
Anchorage and Fairbanks		3.6	0.
Administrative			
Anchorage and Fairbanks		10.4	25.2
Employee Training		<u>0.</u>	<u>36.9</u>
Total Travel		14.0	62.1

Employees hired to assist the general public in the completion of their individual income tax returns will be required to participate in a six-week training course designed after the Internal Revenue Service training course. Funds are designated above to facilitate course presentation in Anchorage and Juneau.

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DATA AND WORD PROCESSING BRU

300 CONTRACTUAL	<u>FY90</u>	<u>FY91</u>
Computer Terminals		
Rental and Maintenance Fees	0.	15.5
2 Printers	<u>0.</u>	<u>4.5</u>
Total Contractual	0.	20.0
<p>Increases in staff in our field offices would require additional terminals for computer access because all of our files are on the computer. The funds above reflect lease/purchase and maintenance for nine terminals and two printers.</p>		
Sub-total Data and Word Processing	0.	20.0
TOTAL OPERATING AND DATA AND WORD PROCESSING	55.1	762.0

DRAFT

MEMORANDUM

State of Alaska

TO: Mary A. Nordale
Commissioner
Department of Revenue

DATE: April 30, 1985

FILE NO:

TELEPHONE NO: 465-2173

FROM: Vincent D. Wright *VDW*
Chief of Research
Department of Revenue

SUBJECT: Analysis of SB 7

The attached document represents our analysis of SB 7, the individual income tax proposed by Senator Ziegler.

There are several aspects of this analysis that should be noted. One is since the effective date of the bill is January 1, 1990, the State would collect revenue for one half of fiscal year FY 90. Another, is conceptually this proposal is similar in many respects to the old law. Also, the bill "piggy backs" the federal system as did the old law. There are advantages to this approach particularly from the point of view of the State coordinating audit, enforcement, and administrative functions with the Internal Revenue Service.

Finally, this analysis compares the differences in this bill versus the old law and also evaluates what the affect of the latest federal code changes would be on the Alaska tax collected.

VDW:bv
Attachment

DRAFT

DEPARTMENT OF REVENUE
 RESEARCH SECTION
 VINCENT D. WRIGHT *vdw*
 Apr 29, 1985

This bill essentially re-enacts the income tax on individuals repealed in a 1980 special session (SLA SS80 CH 1 & 2) of the legislature for tax years after 1978 (collections for 1979 were refunded). Most of the changes and additions to the individual income tax law passed during the 1980 regular session (SLA 80 CH 22, 100, & 113) are reinstated except those relating to special fuel consumption and personal credits. The political contributions credit is changed so that it is in place of, rather than in addition to, the federal credit. It is assumed for this analysis that residents will continue to take the Alaska political contributions credit rather than the federal one as the latter only credits half of contributions to \$200 compared to full credit (up to \$100) for the Alaska credit.

This new law would be effective starting calendar year 1990. Withholding and estimated payments of tax should provide some revenues for FY90. The combination of withholding and estimated payments historically was in excess of liability, resulting in considerable refunds. We assume that trend continues.

-----millions of \$-----

CALEN YEAR	CALENDAR YEAR LIABILITY		FISCAL YEAR COLLECTIONS	
	BASE 1)	TOTAL	YEAR	\$82 REAL 2)
HISTORICAL				
75		133.0		
			76	142.2 248.1
76		178.7		
			77	210.4 337.4
77		144.0		
			78	145.7 218.7
78		126.9		
			79	117.2 161.0
79		121.1		

-----millions of \$-----

CALEN YEAR	CALENDAR YEAR LIABILITY			FISCAL YR COLLECTIONS	
	GROSS BASE 1)	NET EXEMPT	ADJ'D TOTAL	FISCAL YEAR	\$82 REAL 2)
PROJECTED					
89	0.0	0.0	0.0		
				90	198.0 138.3
90	448.0	19.0	480.5		
				91	490.0 325.4
91	484.4	19.0	521.2		
				92	534.1 337.2
92	528.8	19.0	571.0		

ANALYSIS

DRAFT

filed Federal income tax returns from Alaska for tax year 1982. The analysis assumes that income will keep pace with inflation over the period 1982-1990 and that employment is maintained at present levels. The rate of inflation over the period is estimated to average 4.7 percent per year. The tax structure is as outlined in SB7 with the exception that the standard deduction is allowed to increase with inflation.

Exempt income is the net of military wages and salaries (subject to Federal tax, exempt from Alaska tax) and Federal cost-of-living allowances (subject to Alaska tax, exempt from Federal tax). This net amount is deducted from the gross base liability.

Adjusted total liability is estimated from net base liability for those earning income in Alaska and not filing Federal income tax returns from here. This estimate is 12 % of the base liability.

Collections are estimated using a model converting calendar year liability to calendar year collections (estimated payments, withholding and payments with returns) then to fiscal year collections and refunds.

The figures are finally converted to real (1982) dollars using the estimated inflation rates over the forecast period (averaging 4.7 percent per year). Historical figures are also presented as collected and in 1982 dollars for comparison with the later forecasts.

The projected distribution of returns for 1990 through 1993 is presented below. The filing status distribution from 1978 to 1982 has shifted to more single and unmarried head of household returns. Our analysis maintains this 1982 distribution through 1990 to 1993.

FILING STATUS	1)		2)		All Returns	
	\$	%	\$	%	\$	%
Single	109,085	49.0	31,623	50.5	140,708	49.4
Married, Joint	95,772	43.0	26,614	42.5	122,386	43.0
Married, Sep	3,543	1.6	1,252	2.0	4,795	1.6
UH, Head Hshld	13,738	6.2	2,318	4.5	16,556	5.7
Other	461	0.2	313	0.5	774	0.3
ALL	222,599	100.0	62,620	100.0	284,219	100.0

1) Net base liability is adjusted by 12 % for individuals paying Alaska tax and not filing returns from Alaska.

2) 1982 LS CPI-U is 281.94 and is estimated at 403.57 for 1990, 424.56 for 1991 and 446.63 for 1992.

1) This is the distribution of returns on the 1982 Federal income tax file from Alaskan addresses.

2) This total and distribution is adjusted from the 1978 Alaska income tax return information.

DRAFT

The analysis shows that the tax structure of SB7 would probably need to be revised before reinstatement of an income tax in 1990. Because of inflation, much of the income in 1990 would be taxed in those brackets with the highest marginal tax rates. A comparison of 1982 and 1990 shows these results:

	1982	1990
% of adjusted gross income in top two brackets	<u>41.4%</u>	<u>63.7%</u>

Indexing the standard deduction to inflation is assumed in this analysis and would also improve the fairness of any individual income tax proposal.

The restriction of income averaging to those who have been residents for the entire period of averaging has not been re-enacted by this bill and should probably be included. Other sections of the repealed individual income tax law that have not been fully re-enacted are presented, following.

DRAFT

SECTION	ACTION SB7	ABBREVI'D PROVISION	DESCRIPTION
13 d	new	PCC	Political Contributions Credit allowed is in place of credit under the Federal tax.
15	not re-enacted	ITC	Individual Tax Credits which increased \$100 per year return filed: 1978-\$100 per taxpayer 1979-\$200 if 78 filed else \$100 1980 on-\$300 if 78 & 79 filed, \$200 if one filing otherwise \$100 per taxpayer.
17	not re-enacted	ITE	Graduated elimination of tax liability in thirds (depending on number of times filed with gross taxable income since 1959- found unconstitutional).
21 c	partially not re- acted	Capital Gains	Alternative tax on capital gains for Individuals & fiduciaries set at 4 percent.
21 e	not re-enacted	Earned Income	Earned income maximum tax set at 2.5%.
21 f	partially not re- acted	Minimum Tax	Minimum tax on tax preference items set at 16%.
31 f	not re-enacted	PCC	Political Contributions Credit is up to \$100 to residents (see 13a above).
31 j	partially not re- acted	Income Av'ging	Income averaging available only to those resident in Alaska periods included in the averaging (under SB7 income averaging may be available to all).
35 d	not re-enacted	Special Exemption	Non-resident flight crews are exempt.
36 d	not re-enacted	Refund of 1974 taxes	\$100 credit at federal level does not apply to Alaska liability (repealed since at the federal level).
36 e	not re-enacted	Personal exempt'ns credit	\$30 per exemption credit at federal level not apply to Ak liability (now reflected in fed'l tax tables rather than credits).
36 g	not re-enacted	1975 housing purchase credit	5% of new principal residence purchase to maximum of \$2000 credited against tax liability (no longer available at federal level).
36 h 1	not re-enacted	US gov't obligatns credit	Proceeds from US gov't obligations credit (repealed at federal level).
36 i	not re-enacted	CCC	Credit allowed for services for dependent & incapacitated members of taxpayer's household.
38	not re-enacted	RFC	Residential Fuel Credit
39	not re-enacted	RFCC	Residential Fuel Conservation Credit

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returns were filed (1979), and that code is largely adopted by multiple references in the Alaska Statutes. These changes are listed in the table following with an indication of the possible effect on Alaska individual income tax (IIT).

BASIC CHANGES IN THE US CODE THAT MIGHT AFFECT INCOME TAXES PAID BY INDIVIDUALS

AFFECTED	ITEM	DESCRIPTION	IMPACT ON AK IIT
TAXBASE			
	DIVIDENDS	Reinvested Public Utility dividends not taxed to limits	decr
	INSTALL SALES	Rules liberalized	decr
	INTEREST	Reporting of interest & dividends paid by banks & corps	incr
	IRA	Individual Retirement Accounts exempt from taxation	decr
	KEOGH & SEP	Keogh & SEP plans exempt from taxation	
	SOC SEC	Some Social Security taxable	incr
	TIPS	Employers report gross receipts so estimation of tip income possible	incr
	UNEMP COMP	Some Unemployment compensation taxable	incr
ADJUSTMENTS TO INCOME AND DEDUCTIONS			
	BUS EXPEN	Businesses may expense part of equipment expenditures normally capitalized & depreciated	decr
	CASUALTY	Casualty & theft less deduction limited	incr
	CHAR CONT	Non-itemizers can deduct some of their contributions	decr
	DEPREC	Add'l 1st year depreciation repealed	incr
	DEPREC	ACRS for rental & business property	decr
	K GAINS	2 years for reinvestment of proceeds from sale of principal residence	decr
	K GAINS	Max tax of 20% on capital gains	decr
	TAX PREFS	Add'l tax for tax preference items	incr
	TAX PREFS	Minimum tax on combined tax preference items	incr
	UNEMP COMP	Repayment of Supplement Benefits changed from deduction to adjustment	decr
	2 WORKER	Working married deduction	decr
CREDITS			
	INVESTMENT	Increased.	decr
	NOL	Net operating loss carry-over extended to 15 years	decr

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