

HB

154



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

HOUSE COMMITTEE ON STATE AFFAIRS

April 30, 1987

Stanley Aarsund
5636 East 40th, Unit F-102
Anchorage, AK 99504

Dear Mr. Aarsund:

Thank you for your public opinion message on reimposition of the personal income tax.

Your suggestion that government be reduced by 10% before imposing a tax is a good one. I would like to point out to you that in Fiscal Year 1982 state spending totaled \$9,000 for every resident in the state. In the current year, spending is down to just over \$4,000 per person and the Governor's proposed budget for next year will be just over \$3,000 per person. You can see from this that state spending has been reduced much more than the 10% you suggest.

In light of this, I hope you will join me in support of a tax which is fair, will be paid only by those who are fortunate enough to have jobs, and will help us to pay our own way.

Thank you, again, for sharing your thoughts.

Sincerely,

A handwritten signature in cursive script, appearing to read "Fran Ulmer".

Fran Ulmer, Chair
State Affairs Committee

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: STANLEY AARSUND
TITLE:
ADDRESS: 5636 E. 40TH, UNIT F-102
CITY: ANCHORAGE ZIP: 99504
PHONE: 333-5904
BILL NO:
SUBJECT: INCOME TAX AND PERMANENT FUND
MESSAGE: REDUCE THE SIZE OF STATE GOVERNMENT BY 10% BEFORE IMPOSING A STATE
INCOME TAX OR TAKING THE PERMANENT FUND DIVIDENDS.

POMID: 03162941
DATE: 04/24/87
TIME: 16:29:41
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAH
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOFONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SHACKHAMMER	SZYMAHSKI
TAYLOR	WALLIS	UEHLING
ZAHACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: MARK LARSON

TITLE:

ADDRESS: 39959 SKY COURT

CITY: KENAI

ZIP: 99611

PHONE: 262-7411

BILL NO:

SUBJECT: BUDGET & TAXES

MESSAGE: THE INCOME TAX IS THE FAIREST WAY TO FINANCE THE STATE PROJECTS, BY
PUTTING PART OF THE BURDEN ON THOSE WHO LIVE OUT OF THE STATE, BUT EARN
THEIR LIVING IN THE STATE. I ALSO THINK THE WAY TO LESSON ON BUDGET WOES, IS
TO DECREASE THE SIZE OF THE STATE GOVERNMENT.

POMID: 13112704

DATE: 04/27/87

TIME: 11:27:04

LIONAME: SOLDOTHA LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

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BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRAIK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

NO RESPONSE REQUIRED

*jc Copy for Swackhammer
also for files*

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: DENNIS STACEY
TITLE:
ADDRESS: P.O. BOX 9-1219
CITY: ANCHORAGE, ALASKA
PHONE: 277-4423
BILL NO:
SUBJECT: PERSONAL INCOME TAX & ELF
MESSAGE: REGARDING ABOVE REFERENCE TAXED MEASURES, JUST VOTE NO.

ZIP: 99509

POMID: 03094922
DATE: 05/07/87
TIME: 09:49:22
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES

ADAMS	BARNES
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BROWN	CATO
COLLINS	COTTEN
DAVIDSON	DAVIS
DONLEY	ELLIS
FRANK	FURNACE
GOLL	GRUENBERG
GRUSSENDORF	HANLEY
HERRMANN	HOFFMAN
HUDSON	KOPONEN
LARSON	MARTIN
MEHARD	MILLER
NAVARRE	PEARCE
PETTYJOHN	PHILLIPS
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SHULTZ	SPRINGER
SUND	SWACKHAMMER
TAYLOR	WALLIS
ZAWACKI	

JC
file



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Alaska State Legislature

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Juneau, Alaska 99811

COMMITTEE ON STATE AFFAIRS

May 1, 1987

Roxanne Linnell
Box 871174
Wasilla, AK 99687

Dear Ms. Linnell:

Thank you for your letter regarding state revenues and expenditures. I agree with you that the news is very confusing and part of the reason is that many people speak with many voices. However, there can be no denying that the State of Alaska is going to be experiencing some very hard economic times, either now or in a very few years to come, if we don't take the necessary precautions.

I am glad to see that members of the public like you are looking at some of those options now but I disagree with your assessment of some of these options. State lotteries work in some of the large population areas but in a small state such as ours a lottery would bring in a very small amount of revenue and, I'm afraid, would come from those who could least afford.

A sales tax would also hurt those at the lower income levels most. We all need food to eat and the basic necessities of life but those with lower incomes spend all their income on those necessities. Is it fair to tax people on basic needs? I believe an income tax is a better alternative because only those people who have incomes will be taxed and those with higher incomes will pay more tax. Instead of going into detail on this, I have enclosed a recent column I wrote which has appeared in papers around the state.

Roxanne Linnell

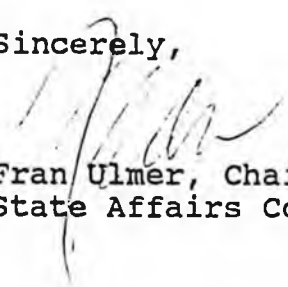
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May 1, 1987

As for state employees, I agree with you. Having worked with many state employees and knowing them as neighbors in Juneau, I know the level of professionalism which they demonstrate on a daily basis. It is important that people in both the public and private sectors throughout the state support each other during the coming hard times.

Thank you, again, for writing. Please continue to consider issues of public policy and let your legislators know how you feel.

Sincerely,



Fran Ulmer, Chair
State Affairs Committee

April 15, 1987

This letter is being sent to the Governor of Alaska and each Member of the Legislature,

I am writing this letter to each of you in regards to proposed budget cuts, attempts to increase State revenues and cutting State employees pay and/or benefits.

I find it very confusing to read in the newspaper or hear on the news that the State does not have enough revenue then a few days later per the news media the State has found millions of dollars owed to the State and these monies will be collected. Also, errors in accounting that result in more monies available. There appears to be a lot more money available than what the public is lead to believe.

There are many choices available to meet needed State revenue. Other states who have lottery programs have succeeded in increasing their revenues. A state sales tax would result in every household contributing to needed revenues. A state income tax, no permanent fund dividends, decreasing State employees pay and/or benefits would not result in a comprehensive increase of revenue. A sales tax would result in not singling out certain programs or State employees to bear the brunt of increasing revenue. The same for a lottery program.

There is a lot of news media regarding what State employees earn. There is no news media regarding the experience and education these employees are required to have to meet the requirements and to fulfill the duties of the positions they are assigned to. Compared to other States the employees in Alaska have more complex and varied duties and a heavier workload. I am sure that State employees in Alaska (and you and your staff) earn and deserve every cent they make.

Please do not send a response to my letter. I am asking you to consider the above points when making your decisions. I know you are each very busy and have a lot of tough decisions to make.

Thank you for considering the above.

Sincerely,

Roxanne Linnell
Box 371174
Wasilla, AK 99687



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COMMITTEE ON STATE AFFAIRS

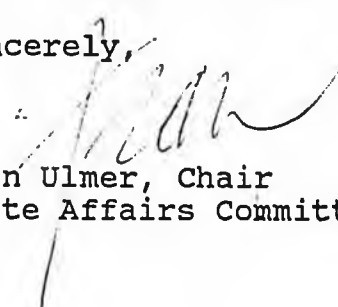
May 1, 1987

Marjorie Vannoy Fields
2960 Glacierwood Drive
Juneau, AK 99801

Dear Marjorie:

Thank you for your letter supporting my stand on the personal income tax. Hearing from constituents like you certainly helps on the tough issues. Thanks, again.

Sincerely,


Fran Ulmer, Chair
State Affairs Committee

MARJORIE VANNOY FIELDS
2960 GLACIERWOOD DR.
JUNEAU, ALASKA 99801

7/20/87

Dear Fran,

I want you to know that I respect your stand on the income tax issue. Of course no one wants to pay more taxes, but money to operate government and the services we all want don't have to come from somewhere. It takes a courageous politician to face this head-on.

Your column in tonight's newspaper about income tax was powerfully written and well-reasoned. Congratulations, from an admirer.

Marjorie Fields



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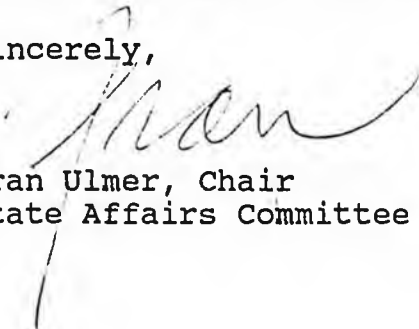
May 1, 1987

Marge Hermans
2688 Engineers Cutoff
Juneau, AK 99801

Dear Marge:

Thank you for your letter and thoughtful comments on state employees and the personal income tax. I appreciate hearing from my constituents and it's especially nice to hear from friends.

Sincerely,


Fran Ulmer, Chair
State Affairs Committee

Rep. Fran Ulmer

RECEIVED APR 27 1987

Dear Fran:

Thanks for your support of state employees & important health, education & human services programs.

I appreciated your article in My Turn in the Empire the other night. I agree that reinstating the income tax is fairer than taxing state workers & important services that are so important to the future of our state.

Please support:

- eliminating or capping the P.F. Dividend
- income tax, if necessary
- education & human services programs that have proven their worth.

Thanks for listening.

Sincerely,
Marge Hermans
2688 Engineers Cutoff
Jersey, Oh. 44809



Official Business

Alaska State Legislature

House

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State Capitol
Juneau, Alaska 99811

COMMITTEE ON STATE AFFAIRS

May 1, 1987

Robert E. Price
P. O. Box 8
Douglas, AK 99824

Dear Mr. Price:

Thank you for your letter regarding the reinstatement of the personal income tax. You have obviously analyzed House Bill 154 and spent some time researching its ramifications.

The House State Affairs Committee did make two modifications before passing this bill out of committee: we included Alaska Permanent Fund dividends and Longevity Bonus payments as deductions. Since these are payments which only residents are eligible to receive, this change will have a beneficial effect for Alaskans.

While Governor Cowper has proposed options of giving up Permanent Fund dividends or reimposing the income tax for the 1988 ballot, more options than that have been considered, including a state sales tax and additional reductions in state spending. I believe a sales tax is regressive and has been a source of revenue upon which some of our local governments depend. Further reductions in spending will cause greater impacts both in the public and private sectors. This is not a guess; it is based on analyses by some of our state's foremost economists.

Your comments on the effect of House Bill 154 on low income people are of concern to me. While I believe the proposed rates would not be a great burden in the lowest brackets, I would be very happy to discuss any modifications you care to suggest which would raise the same amount of revenues. Please call my secretary at 465-4947 and set up an appointment so we can discuss this.

Thank you, again, for writing and expressing your opinions.

Sincerely,



Fran Ulmer, Chair
State Affairs Committee

April 22, 1987

Honorable Fran Ulmer
Alaska State House of Representatives
P.O. Box V
Juneau, Alaska 99811

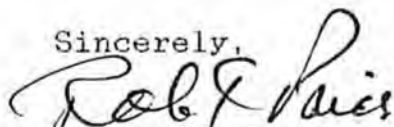
Dear Ms. Ulmer:

I have a few comments on your income tax position set out in the April 20 edition of the Juneau Empire.

It may be that the State needs additional revenues to operate a satisfactory system of government, but neither Governor Cowper nor you have made a case for HB 154. Someone should prepare a White Paper sort of document which could be presented to the public. It would even be possible to have neutral financial experts examine the financial status of Alaska and recommend appropriate alternatives. This is an obvious role for you as a committee chair. The problem with your approach to State finances is that there are only the two options of the income tax and permanent fund dividends to look at. As a former director of planning for Governor Hammond, you must be aware that a two-option document of the sort which you are presently advocating is not a fair analysis.

Furthermore, even if we are to assume that a personal income tax is the answer to the Alaska financial problem, HB 154 is not the answer. I have communicated my thoughts on the matter to Commissioner Malone and I enclose that correspondence for your review. The problem with HB 154 is that it taxes low income people on revenues needed to maintain an adequate living standard. It is necessary to increase the personal deductions and/or exemptions to exclude from taxable income a base amount necessary for a minimum standard of life in Alaska. A recent income tax bill passed by the legislature of New York indicates the type of deduction necessary in Alaska.

Sincerely,



Robert E. Price
P.O. Box 8
Douglas, Alaska 99824

Telephone: 364-3559

Enclosures

April 11, 1987

Dr. Hugh Malone, Commissioner
Department of Revenue
Box 5
Juneau, Alaska 99811-0005

Dear Hugh:

Thank you for your letter of April 6 which answered my letter of March 27 which raised certain questions on the administration tax proposal.

I disagree with your characterization of the administration proposal as "one of the simplest and fairest tax structures available." However, I understand your commitment to your present proposal and I add the following comments for the purposes of the record and the possible use of staff.

The present administration proposal in HB 154 taxes income which is needed by many Alaskans to maintain an adequate standard of living. Your letter indicates that a married couple in 1988 would not be required to file an Alaska return unless their income exceeded \$8,900. Your letter then goes on to say that the administration proposal has \$3,000 for the amount of the personal exemption. HB 154 does not include this \$3,000 amount. In any event, the increase of the federal exemption from \$1,950 to \$3,000 is still inadequate. I suggest that the 1988 Alaska standard deduction for a single person be at least \$8,000 and for a married couple be at least \$16,000. These are the amounts recommended by Joseph A. Pechman and Alvin Rabushka in their New York tax proposal. The recent New York state tax law raises the deduction for a single person to \$7,500 and for a married couple to \$13,000 (copy of article attached). I can see no reason why Alaska should have a state income tax which is more regressive than New York.

Best regards,

Robert E. Price
PO Box 8
Douglas Alaska 99824

354-3559

Enclosure

STEVE COWPER, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

P.O. BOX 5
JUNEAU, ALASKA 99811-6400
PHONE: (907) 465-2300

April 6, 1987

Mr. Robert E. Price
P.O. Box 8
Douglas, AK 99824

Dear Mr. Price:

In regards to your correspondence of March 27, 1987, first I would like to thank you for your comments and I appreciate your interest in our income tax proposal.

The 1986 Tax Reform Act replaced the zero bracket amount with a standard deduction which is dependent on your individual filing status.

However, our proposal also adopts the federal filing requirements which are based on the standard deductions and the personal exemption amounts (Code Section 6012(a)(1) as amended). Therefore, in the example given in your letter a married couple in 1988 would not be required to file an Alaska return unless their income exceeded \$8,900. Additionally, the personal exemption amount in our proposal is \$3,000. Thus even if this couple were required to file their potential tax liability would be minimal.

Your other comments regarding the application of 16% of the federal tax liability was also considered by our staff. The projected annual revenue this alternative would raise would have been approximately \$164 million. Additionally, we believe our State taxing policy is best left to State policy makers and not the Federal Government. The special interest groups and lobbyists that control the Federal taxing policy generally do not make changes to the income provisions that our proposal has adopted. We believe we have developed one of the simplest and fairest tax structures available.

Sincerely,

Hugh Malone
Commissioner of Revenue

HM/JNH/tb

4/4/87
9

Albany Leaders Agree on a Pact To Cut Tax Rate

Major Revision of Code Is Backed by Cuomo

By JEFFREY SCHMALZ

Special to The New York Times

ALBANY, April 3 — A sweeping revision of the New York State tax code — lowering the maximum tax rate on wages to 7 percent from the current 9 percent — was agreed to today by leaders of the State Legislature and appeared virtually certain to become law.

Governor Cuomo, who as recently as last month vigorously opposed a tax cut, embraced the plan as "good for the people of the state." He withheld formal approval of the plan pending a computer analysis, but called the basic elements "acceptable."

The plan — which would be phased in over four years, retroactive to Jan. 1 of this year — would greatly simplify the tax code, reducing from 12 to 2 the number of brackets.

It would treat all income the same, eliminating the current higher rates on unearned income, such as interest, dividends and capital gains. And it would remove 800,000 low-income New Yorkers from the tax rolls.

In place of the current multiplier of rates — from 2 percent to 9 percent on wages and up to 13 percent on unearned income — it would impose two rates: 5.5 percent and 7 percent.

To retain progressivity, the plan would allow wealthy taxpayers — single people with annual incomes of more than \$125,000 and married couples with incomes of more than \$225,000 — to claim only a percentage of the total value of their deductions.

Who Might Pay More

Legislative fiscal analysts said all levels of taxpayers — from low-income to high-income — would pay lower taxes as a result of the plan. But they acknowledged that about one in seven New Yorkers — those who have taken strong advantage of tax shelters — might pay slightly more.

Details of the state plan include these:

• A rate of 5.5 percent would apply to adjusted gross incomes of up to \$20,000 for single taxpayers, \$30,000 for heads of households and \$40,000 for married couples.

• A rate of 7 percent would apply to adjusted gross incomes above those levels.

• The standard deduction would rise to \$7,500 from \$2,800 for a single taxpayer, to \$10,500 from \$4,800 for a head of household and to \$13,000 from \$3,800 for married couples.

• Exemptions for each dependent would rise to \$1,000 from \$900.

• The total value of deductions claimed would be reduced by 25 percent for single taxpayers with incomes over \$125,000, heads of households with incomes over \$175,000 and married couples with incomes over \$225,000.

• The value of deductions claimed would be reduced by 50 percent for all taxpayers with incomes over \$500,000.

Difficult Issue Resolved

Today's agreement appeared to resolve one of the most contentious issues to confront the state Legislature in many years, an issue sparked by the Federal Government's revision of its own tax code.

The state's tax returns are based on Federal returns. Because the Federal Government eliminated many deductions, New York would have automatically done the same and collected more in taxes unless it acted to lower its rates.

The debate broadened when many legislators, led by Republicans in the majority in the Senate, argued that not only should the state move to prevent such a windfall, but that it should also cut taxes further. They maintained that, with some of the highest taxes in the country, New York was losing businesses to other parts of the country.

The plan is very much a legislative one — drafted by the leaders of the Legislature without the Governor as part of a concerted effort by lawmakers this year to assert their independence from him. It is a blend of two early plans, one by the Democratic-controlled Assembly and the other by the Senate.

Assembly Speaker Mel Miller, who negotiated the plan with the Senate Republican leader, Warren M. Anderson, alluded to the exclusion of the Governor from the recent round of negotiations, calling the process "a very fair and equitable agreement between the two houses of the Legislature."

When fully phased in — for the tax year beginning Jan. 1, 1990 — the plan would cost \$1 billion a year more than what Governor Cuomo proposed four weeks ago, when, after months of holding out, he agreed to some kind of tax cut.

Similar to Federal Code

Legislative aides said the plan assumes a windfall of \$2.3 billion a year. Besides cutting rates to prevent the state from collecting that amount, it would cut taxes by an additional \$2.2 billion.

The plan is similar to the revision of the Federal code in that it cuts a large number of rates into a small number. It continues the link between state tax returns and Federal ones — the state tax is based on the taxable income figure arrived at on the Federal return — but does not restore any deductions eliminated under the Federal return.

One of the biggest issues has been what to do about capital gains on the sale of investments held for more than six months. Because of the elimination of preferable treatment under the new Federal code, an increase in capital gains taxes would have accounted for half of the state's windfall.

Today's agreement — like a plan recommended by the Governor's fiscal advisers but not fully embraced by the Governor himself — addresses the issue by eliminating the state's higher rate and taxing capital gains at the same rate as all other income, a maximum of 7 percent.

A Chance to Simplify New York Taxes

By Joseph A. Pechman
and Alvin Rabushka

New York State has a rare opportunity to serve as a national model of tax simplification. But it must move quickly.

When Congress passed the Tax Reform Act of 1986, it sharply reduced individual and corporate tax rates and offset the lost revenue by broadening the tax base through repeal of numerous loopholes and shelters. This more broadly based, lower-rate Federal income tax system promises greater equity and economic efficiency, but not much simplification.

Federal tax reform generated a windfall of higher taxes for many states, including New York. The reason is that state income taxes are based on Federal computations of adjusted gross income. When Congress closed numerous loopholes, income formerly excluded from state taxation was suddenly no longer deductible in computing state taxes. Unless Albany cuts rates or increases exemptions and other deductions, New Yorkers will pay higher state taxes. Multiplying a now-larger tax base by the same tax rates generates considerably more revenue than before — thus the windfall.

Congress has also inadvertently

Joseph A. Pechman is a senior fellow at the Brookings Institution, in Washington. Alvin Rabushka is a senior fellow at the Hoover Institution on War, Revolution and Peace, at Stanford University.

presented politicians in Albany with a golden opportunity to give New York taxpayers real tax simplification as they consider various ideas to refund the windfall. In fact, Assembly Democrats and Senate Republicans have done just that, while Governor Cuomo proposes only minor adjustments in the current complicated law.

Assembly Speaker Mel Miller and Ways and Means Committee chairman Saul Weprin have proposed a "Fair and Simple Tax" plan — "Fast."

It begins with the expanded definition of taxable income enacted by Congress last year. It cuts the top tax rate on earned income from 9 to 6.75 percent and on unearned income from 13 to 6.75 percent. It raises the standard deduction for single people from \$2,800 to \$8,000, for married couples from \$3,800 to \$16,000, for single heads of household from \$3,800 to \$12,000, and provides an additional deduction of \$900 per child.

Under "Fast," the average family with income between \$20,000 and \$40,000 would save 21 percent in taxes. These higher deductions would remove 800,000 poor New Yorkers from the tax rolls. The plan eliminates all other deductions and exclusions, except for the real estate property tax, Social Security income and up to \$20,000 in pension income. With these exceptions, dictated by political realities, the plan is a truly comprehensive, low-rate income tax.

"Fast" also delivers radical simplification. It broadens the tax base to include incomes that are not now taxable. It eliminates the tax advantage of most shelters. It removes the mar-

Albany
must
act
speedily.

riage penalty for couples filing jointly. And it wipes out more than half the lines on New York's complex tax forms and eliminates numerous schedules altogether.

The plan also greatly improves New York's competitive position with neighboring states. By extending the 6.75 percent rate to corporations, New York's corporate tax would fall well below those of Connecticut, Pennsylvania and New Jersey.

"Fast" meets all the criteria of sound tax policy. It is fair in all income classes: It is at least as progressive as present law and thus does not shift the tax burden to lower- or middle-income taxpayers. It is simple to understand and administer: New Yorkers could fill out their own forms without commercial help. By lowering the tax rate on business, it would make New York a more attractive place to do business and improve the prospects for new jobs.

Not to be outdone, Senate Republicans propose to reduce the top income tax rate to 7 percent (this is virtually identical in the Assembly bill), eliminate the different rates on earned and unearned income, intro-

duce an optional postcard form on which taxes are assessed at a 5.5 percent rate, sharply increase the standard deduction and personal exemption (a family of four would get deductions worth \$12,000) and raise the threshold of the top 7 percent bracket to \$24,000 from the current \$14,000.

While the Senate plan looks simpler, the need to choose between two options makes it more complicated than the Assembly's single-rate bill.

The Assembly and Senate bills would improve the equity, efficiency and simplicity of New York's income taxes. The similarities between the measures far outweigh their differences. We both enthusiastically endorse the approaches taken by Assembly Democrats and Senate Republicans.

But Albany's politicians cannot tarry. Unless they act by early April within the timetable of the budgetary cycle, the next chance for tax reform won't occur until 1988 or later. We urge the leadership in both chambers to work out their differences in the next few days rather than let this historic opportunity to give New Yorkers real tax reform slip by.

New York can set an example for other states by adopting a comprehensive low-rate income tax. Equally important, it can achieve what the Congress failed to accomplish — real simplification. When the rest of the country finds out that millions of New Yorkers can fill out simple tax forms by themselves, all the other income tax states and Washington will be pressured to adopt equally simple income taxes at an early opportunity.



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P.O. BOX V
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Juneau, Alaska 99811

HOUSE COMMITTEE ON STATE AFFAIRS

April 30, 1987

Patrick Stephan
1101 East 76th Avenue, Suite B
Anchorage, AK 99502

Dear Mr. Stephan:

Thank you for your letter on reinstatement of the personal income tax. I'm sure you realize the state is facing a situation of revenues declining faster than state expenditures can reasonably be cut. In Fiscal Year 1982, for example, state spending totaled \$9,000 for every resident in the state. In the current year, spending is down to just over \$4,000 per person and the Governor's proposed budget for next year will be just over \$3,000 per person.

It is also important to note that state spending does not go just for state programs and payroll. Much of what the State of Alaska spends is in the form of grants, revenue sharing, school funding, and construction projects for local governments which result in lower property taxes.

Like it or not, Alaska is unique in the way its economy is driven. The government, state and federal, has always been a major force and it is only because of our oil resources that we have been able to do well without an income tax for the last five years. If we now cut spending too drastically in too short a period of time, the economy will not be able to adjust and you will see even more job loss and income reduction in the private sector as well as in the public.

The income tax will not generate enough money to keep state spending at the unrealistic levels of 1980 to 1985; it will only help to put Alaska's revenue picture on a more predictable, sustainable basis.

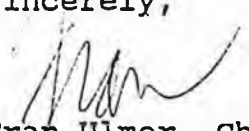
April 30, 1987

Your suggestion to use the Permanent Fund dividends rather than an income tax is also under consideration. I oppose this option for several reasons. First of all, Permanent Fund dividends create a real constituency for the wise use and management of the fund. As long as the people of Alaska receive an annual dividend from the fund, I believe it will be safe from those who would try to spend it for political reasons. Secondly, dividends provide a real boost to the economy and benefit both the the retail and service sectors. Third, by taking away the Permanent Fund dividend, we would be adversely affecting those who can least afford it. A family of four with a taxable income of \$25,000 would receive much more in Permanent Fund dividends than they would pay in taxes but a single person making \$50,000 would come out ahead if we take away the dividend and avoid an income tax.

Many people in our state are hurting economically. They have lost their jobs or their businesses have gone bankrupt. I think it would be unfair to hurt them more by taking away the Permanent Fund dividend just so someone who is fortunate enough to have work will not have to pay a tax on their income.

I hope you will join me in supporting reinstatement of the personal income tax. I believe this is in the long-term best interest of all the residents of Alaska. Thank you, again, for sharing your thoughts.

Sincerely,



Fran Ulmer, Chair
State Affairs Committee

PJ
K

Patrick J. & Pamela K. Stephan
1101 E. 76th Avenue, Suite B
Anchorage, Alaska 99502

April 17, 1987

Representative Fran Ulmer
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Dear Representative Ulmer,

We are writing because we are deeply concerned about the recent debate over the budget shortfall. The latest proposal to put the question of income tax or suspension of permanent fund dividends on the ballot is totally unacceptable.

You, as a representative of the people of Alaska, have a responsibility to protect the interests of all Alaskans, not the wealth of State Government. With careful planning, we feel there are sufficient funds to cover the State budget. A state income tax is not necessary. The implementation of one would only serve to worsen the economic climate of the state. It would hurt those already suffering from the effects of this devastated economy.

Please, do all you can to direct your efforts to obtaining a realistic projection of future earnings, not the \$12 - \$13 per barrel numbers being used. The permanent fund was set in place for a "rainy day" and the "future needs" of Alaskans. The day is here, there is a storm raging, the need is present. You must draw from the bulging pockets of the State and the Permanent Fund before you consider raiding the shrinking pockets of its citizens.

Thank you for considering our point of view.

Sincerely,



Patrick Stephan



Pamela Stephan



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

HOUSE COMMITTEE ON STATE AFFAIRS

April 30, 1987

Gregory D. Morris
8531 Turf Court
Anchorage, AK 99504

Dear Mr. Morris:

Thank you for your public opinion message on the income tax and Permanent Fund dividend program. I'm sure you realize the state is facing a situation of revenues declining faster than state expenditures can reasonably be cut. In Fiscal Year 1982, for example, state spending totaled \$9,000 for every resident in the state. In the current year, spending is down to just over \$4,000 per person and the Governor's proposed budget for next year will be just over \$3,000 per person.

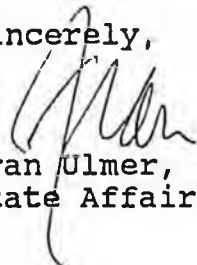
It is also important to note that state spending does not go just for state programs and payroll. Much of what the State of Alaska spends is in the form of grants, revenue sharing, school funding, and construction projects for local governments which result in lower property taxes.

Like it or not, Alaska is unique in the way its economy is driven. The government, state and federal, has always been a major force and it is only because of our oil resources that we have been able to do well without an income tax for the last five years. If we now cut spending too drastically in too short a period of time, the economy will not be able to adjust and you will see even more job loss and income reduction in the private sector as well as in the public.

The income tax doesn't generate enough money to keep state spending at the unrealistic levels of 1980 to 1985; it will only help to put Alaska's revenue picture on a more predictable, sustainable basis.

Thank you, again, for sharing your thoughts and listening to mine.

Sincerely,


Fran Ulmer, Chair
State Affairs Committee

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: GREGORY D MORRIS
TITLE:
ADDRESS: 8531 TURF COURT
CITY: ANCHORAGE, AK. ZIP: 99504
PHONE: 337-6051
BILL NO:
SUBJECT: STATE INCOME TAX
MESSAGE: I AM AGAINST THE STATE REINACTING THE STATE INCOME TAX AGAIN. I AM AGAINST DOING AWAY WITH THE PERMANENT FUND DIVIDEND.

POMID: 03142350
DATE: 04/27/87
TIME: 14:23:50
LIONAME: ANCHORAGE LIO

<u>COPIES:</u>	<u>REPRESENTATIVES</u>	<u>REPRESENTATIVES</u>	<u>SENATORS</u>
	ADAMS	BARNES	ABOOD
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	BRODIN	CATO	BINKLEY
	COLLINS	COTTEN	COGHILL
	DAVIDSON	DAVIS	DUNCAN
	DONLEY	ELLIS	ELIASON
	FRANK	FURNACE	FAHRENKAMP
	GOLL	GRJENBERG	FAIKS
	GRUSSENDORF	HANLEY	FISCHER
	HERRMANN	HOFFMAN	HALFORD
	HUDSON	KOPONEN	HENSLEY
	LARSON	MARTIN	JONES
	MEHARD	MILLER	JOSEPHSON
	NAVARRE	PEARCE	KELLY
	PETTYJOHN	PHILLIPS	KERTTULA
	POURCHOT	RIEGER	RODEY
	SHULTZ	SPRINGER	STURGULEWSKI
	SUND	SNACKHAMMER	SZYHANSKI
	TAYLOR	MALLIS	UEHLING
	ZANACKI		ZHAROFF

James



Official Business

Alaska State Legislature

House

HOUSE COMMITTEE ON STATE AFFAIRS

P.O. BOX V
State Capitol
Juneau, Alaska 99811

April 30, 1987

Irv Morris
4306 Harrison Street
Anchorage, AK 99503

Dear Mr. Morris:

Thank you for your public opinion message on the income tax and Permanent Fund dividend program. I'm sure you realize the state is facing a situation of revenues declining faster than state expenditures can reasonably be cut. In Fiscal Year 1982, for example, state spending totaled \$9,000 for every resident in the state. In the current year, spending is down to just over \$4,000 per person and the Governor's proposed budget for next year will be just over \$3,000 per person.

It is also important to note that state spending does not go just for state programs and payroll. Much of what the State of Alaska spends is in the form of grants, revenue sharing, school funding, and construction projects for local governments which result in lower property taxes.

Like it or not, Alaska is unique in the way its economy is driven. The government, state and federal, has always been a major force and it is only because of our oil resources that we have been able to do well without an income tax for the last five years. If we now cut spending too drastically in too short a period of time, the economy will not be able to adjust and you will see even more job loss and income reduction in the private sector as well as in the public.

The income tax doesn't generate enough money to keep state spending at the unrealistic levels of 1980 to 1985; it will only help to put Alaska's revenue picture on a more predictable, sustainable basis.

Thank you, again, for sharing your thoughts and listening to mine.

Sincerely,

A handwritten signature in dark ink, appearing to read "Fran Ulmer".

Fran Ulmer, Chair
State Affairs Committee



Alaska State Legislature

P.O. BOX V
State Capitol
Anchorage, Alaska 99811

PUBLIC OPINION MESSAGE

Off

DEAR: REPRESENTATIVE ULMER

NAME: IRV MORRIS
TITLE:
ADDRESS: 4306 HARRISON STREET
CITY: ANCHORAGE, ALASKA
PHONE: 561-2510
BILL NO:
SUBJECT:
MESSAGE: I WOULD LIKE YOU TO BALANCE THE BUDGET WITHOUT TOUCHING THE PERMANENT FUND DIVIDEND OR HAVING AN INCOME TAX, OR WE WILL NEED TO HAVE SOMEONE ELSE TAKE YOUR PLACES.

ZIP: 99503

PGMID: 03091640
DATE: 04/27/87
TIME: 09:16:40
LOCATION: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENHAMP
GOLL	GRUENDERS	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPCHEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	HILLER	JOSEPHSON
NAVARRÉ	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SHACKHAMMER	SZYMANSKI
TAYLOR	KALLIS	UEHLING
ZANACKI		ZHAROFF

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and listening

1/1/87
Fran Ulmer, Chair
State Affairs Committee

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULLER

NAME: MARYANN AND KENNETH JOHNSON
TITLE:
ADDRESS: 3160 B; E 46TH AVENUE
CITY: ANCHORAGE ZIP: 99507
PHONE: 563-4337
BILL NO: HB 154
SUBJECT: INCOME TAX ON INDIVIDUALS
MESSAGE: WE OPPOSE THE INCOME TAX. VOTE NO ON HB 154.

FORMID: 03164613
DATE: 04/27/87
TIME: 16:46:13
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES

ADAMS	BARNES
BOUCHER	BOYER
BROWN	CATO
COLLINS	COTTEN
DAVIDSON	DAVIS
DONLEY	ELLIS
FRANK	FURNACE
GOLL	GRUENBERG
GRUSSENDORF	HANLEY
HERRMANN	HOFFMAN
HUDSON	KOPONEN
LARSON	MARTIN
MENARD	MILLER
NAVARRE	PEARCE
PETTYJOHN	PHILLIPS
POURCHOT	RIEGER
SHULTZ	SPRINGER
SUND	SWACKHAMMER
TAYLOR	WALLIS
ZAWACKI	



Official Business

Alaska State Legislature

P.O. Box V
State Capitol
Juneau, Alaska 99811

April 28, 1987


Grace Heath
Box 6
Tenakee Springs, AK 99841

Dear Grace:

Thank you for your supportive letter on reinstating the income tax. It's always good to hear from people not employed by the state and living in the smaller communities who realize the importance of maintaining a stable level of services.

Thanks, again, and keep up the good work.

Sincerely,


Fran Ulmer, Chair
State Affairs Committee

4.22-87

Hi Fran -

I read with great interest your "my Twin" in April 20 Empire.

I agree with your sentiments 100%, and hope the State Legislators will see the light and reimpose the State Income Tax.

Sincerely

Grace Heath

Tenakee Springs

CC: Juneau
Empire

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: RICHARD LYLE
TITLE:
ADDRESS: PO BOX 10542
CITY: FAIRBANKS .IP: 99710
PHONE: 488-3283
BILL NO:
SUBJECT: INCOME TAX V. PERMANENT FUND
MESSAGE: I SUPPORT A STATE INCOME TAX. I SUPPORT THE ADMINISTRATION'S PLAN
TO INCLUDE NONRESIDENTS IN THE TAX. I DO NOT WANT THE PERMANENT FUND CHECK
TO PAY MY SHARE OF THE COST OF GOVERNMENT. EOM/MJO

FOMID: 07100529
DATE: 04/21/87
TIME: 10:05:29
LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

CATO	COLLINS	HALFORD
HERRMANN	SPRINGER	KELLY
ZAWACKI	ADAMS	STURGULEWSKI
BOYER	BROWN	SZYMANSKI
DAVIS	FRANK	ZHAROFF
GOLL	LARSON	BENNETT
POURCHOT	RIEGER	BINKLEY
SHACKHAMMER	WALLIS	DUNCAN
DONLEY	ELLIS	FISCHER
GRUENBERG	HANLEY	HENSLEY
HUDSON	KOPONEN	LEHLING
PHILLIPS	BARNES	JONES
COTTEN	NAVARRE	JOSEPHSON
SUND	TAYLOR	KERTTULA
BOUCHER	DAVIDSON	RODEY
FURNACE	MEHARD	ELIASON
HOFFMAN	PEARCE	FAHRENKAMP
SHULTZ	GRUSSENDORF	COGHILL
MARTIN	PETTYJOHN	FAIKS
MILLER		ABOOD

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: MIKE ZACCARDI
TITLE:
ADDRESS: 2641 LAKE OTIS PARKY
CITY: ANCHORAGE ZIP: 99508
PHONE: 279-1689

BILL NO:

SUBJECT: INCOME TAX

MESSAGE: STATE PROGRAMS HAVE ALREADY BEEN CUT TOO MUCH. I SUPPORT A STATE INCOME TAX AS A STEADY SOURCE OF INCOME FOR THE STATE. THE INCOME TAX IS FAIR. I AM AGAINST ANY TAMPERING WITH THE PERMANENT FUND DIVIDEND. TAKING AWAY THE PERMANENT FUND DIVIDEND IS TO FAVOR THE WEALTHY.

PCNID: 03084042
DATE: 04/21/87
TIME: 08:40:42
LIGNAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BEHNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPPEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	ROUEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: ETHEL RAUCH
TITLE:
ADDRESS: 2606 SORBUS CRICLE
CITY: ANCHORAGE ZIP: 99508
PHONE: 276-4059
BILL NO:
SUBJECT: BUDGET

MESSAGE: HAVE ATTENDED CONFERENCES, PUBLIC HEARINGS, LISTENED TO GOVERNOR AND LEGISLATORS ON TV. AM NOW CONVINCED NO POINT IN CUTTING ANY PUBLIC PROGRAMS UNLESS YOU REDUCE FABULOUS STATE SALARIES AND BENEFITS. KEEP PRESENT LEGISLATIVE SALARIES. NO INTEPIM PER DIEM. NO COSTLY STUDY GROUPS OR COMMISSSIONS.
I APPROVE INCOME TAX.

POMID: 03111315
DATE: 04/21/87
TIME: 11:13:15
LOCATION: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DOHLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SHACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAMACKI		ZHAROFF

April 21, 1987

RECEIVED

Honorable *Dean Baker,*

Please don't rush into foolish decisions the last few days of the legislature, better no decisions than ruinous ones.

We don't think we should take money from the permanent fund or raise taxes.

We don't need to vote on it!

Cut the expenses. We now have the highest Government in the nation. Please pass SB 128.

No one likes to have less wages, but we are all hurting now. Do away with some of the environmental expenses. Help people!

Drill for more oil!

Don't raise anyone's wages!

Don't need so much Government!

Thank you for listening to my views, and serving in our behalf.

Sincerely,

*Michael Stephen
1101 E. 76th Ave.
Anchorage, Alaska
99511*

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: PAT MCGUIRE
 TITLE:
 ADDRESS: 17625 LAOANA
 CITY: EAGLE RIVER
 PHONE: 694-4941
 ZIP: 99577

BILL NO:
 SUBJECT: INCOME TAXES
 MESSAGE: IF SOMEONE WANTED TO DESTROY ALASKA'S FUTURE, HE WOULD PENALIZE SUCCESS AND SUBSIDIZE MEDIOCRITY. HE WOULD DISCOURAGE HONEST WORK AND ENCOURAGE WASTEFUL SPENDING AND A WELFARE STATE SYSTEM. THAT'S EXACTLY WHAT TAXATION TO SUPPORT DIVIDEND AND LONGEVITY AND BONUS CHECKS WOULD DO. CAP DIVIDENDS, CUT THE BONUS AND REFUSE INCOME TAXES.

POMID: 03084443
 DATE: 04/21/87
 TIME: 08:44:43
 LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHREIKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SURD	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: BLYTHE STEINMARK
TITLE:
ADDRESS: 4161 TAHOE
CITY: ANCHORAGE
PHONE: 243-1081
BILL NO:
SUBJECT: STATE INCOME TAX/PF DIVIDEND
MESSAGE: I FAVOR USING THE PERMANENT FUND DIVIDEND RESERVE OVER IMPOSING STAT
INCOME TAX OR LOWERING THE WAGES OF STATE EMPLOYEES WHO EARN \$35,000 OR LESS.

ZIP: 99515

POMID: 03085128
DATE: 04/21/87
TIME: 08:51:28
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BEINNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MEHARD	HILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POUFCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	HALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: MRS. WALTER STEPHAN
TITLE:
ADDRESS: 13601 JARVI DRIVE
CITY: ANCHORAGE ZIP: 99515
PHONE: 345-0471
BILL NO:

SUBJECT: PERMANENT FUND/TAXES/ETC
MESSAGE: VOTE FOR YOUR CONSTITUENTS. DON'T TAKE MONEY FROM THE PERMANENT FUND OR RAISE TAXES. WE DON'T NEED TO VOTE ON IT. CUT EXPENSES. DRILL FOR MORE OIL. PASS SENATE BILL 128. DON'T RAISE ANYONE'S WAGES. DON'T NEED SO MUCH GOVERNMENT. THANK YOU FOR LISTENING TO MY VIEWS.

POMID: 03081052
DATE: 04/21/87
TIME: 08:10:52
LOCATION: ANCHORAGE LID

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BERNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MEHARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SYZMANSKI
TAYLOR	WALLIS	UEHLING
TAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: MICHAEL HANLEY
TITLE:
ADDRESS: 4007 BRENTWOOD CIRCLE
CITY: ANCHORAGE, AK. ZIP: 99502
PHONE: 274-4256
BILL NO:
SUBJECT: INCOME TAX
MESSAGE: I OPPOSE THE REINSTATING OF THE INCOME TAX. I WOULD FAVOR INSTEAD THE
REDUCTION OR ELIMINATION OF THE PERMANENT FUND DISTRIBUTION.

POHID: 03151103
DATE: 04/20/87
TIME: 15:11:03
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOGG
BOUCHIER	BOYER	BERNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COCHILL
DAVIDSON	DAVIS	DUNCAN
DOHLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENDERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMAŃSKI
TAYLOR	WALLIS	UENLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: WILLIAM STAATS
TITLE:
ADDRESS: 7819 HIGHLANDER DRIVE
CITY: ANCHORAGE, AK. ZIP: 99510
PHONE: 344-6140
BILL NO:
SUBJECT: INCOME TAX
MESSAGE: NO TO STATE INCOME TAX BILL.

POMID: 03141853
DATE: 04/20/87
TIME: 14:18:53
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BEHNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUHD	SNACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZANACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: DEE RECTOR
TITLE:
ADDRESS: P.O. BOX 8094
CITY: NIKISKI ZIP: 99635
PHONE: 776-8212
BILL NO:
SUBJECT: COMPERS PROPOSAL ON INCOME TAX OR DIVIDENDS
MESSAGE: I AM A REGISTERED VOTER IN THIS AREA, AND IN REGARDS TO COMPERS
PROPOSAL OF OUR CHOICE OF EITHER INCOME TAX OR DIVIDENDS, I FEEL THAT WE DO
NOT NEED EITHER ONE. INSTEAD, I FEEL HE SHOULD BE CUTTING GOVERNMENT SPENDING

POMID: 13140655
DATE: 04/21/87
TIME: 14:06:55
LIONAME: SOLDOTNA LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BIKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWAL HAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

NO RESPONSE REQUIRED

PUBLIC OPINION MESSAGE

D.FAR: REPRESENTATIVE ULMER

NAME: BRENDA WOUNT
TITLE:
ADDRESS: 10276 JAMESTOWN DRIVE, #UNIT F
CITY: ANCHORAGE, AK ZIP: 99507
PHONE: 344-1428
BILL NO:
SUBJECT: INSTITUTING INCOME TAX AND DIVIDEND FUND
MESSAGE: SULOITION, CUT PEOPLE. VOTE NO TO STATE TAXES AND NO TO DIVIDEND CHECK CANCELLATION.

POMID: 03110729
DATE: 04/20/97
TIME: 11:07:29
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BEIRNETT
BROWN	CATO	DINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAIRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMAHSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: MICHELLE LE BLANC
TITLE:
ADDRESS: P O BOX 200027
CITY: ANCHORAGE, AK. ZIP: 99510
PHONE: 277-3910
BILL NO:
SUBJECT: INCOME TAX
MESSAGE: I WOULD RATHER HAVE NO DIVIDEND AND NO INCOME TAX.

FORMID: 03110057
DATE: 04/20/87
TIME: 11:00:57
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SHACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: DORIS LYONS
TITLE:
ADDRESS: 5601 MINNESOTA DR.
CITY: ANCHORAGE ZIP: 99518
PHONE: 564-0750
BILL NO: HB 154
SUBJECT: INCOME TAX ON INDIVIDUALS
MESSAGE: VOTE NO ON STATE INCOME TAX.

FORMID: 03110211
DATE: 04/20/87
TIME: 11:02:11
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COCHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MEHARD	MILLER	JOSEPHSON
NAVAPRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	KODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SHACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: WILLIAM D PEPPER
TITLE:
ADDRESS: BOX 187
CITY: WILLOW ZIP: 99688
PHONE: 495-6229
BILL NO:
SUBJECT: \$

MESSAGE: I AM OUTRAGED AT GOV COWPER'S RECENT SO-CALLED CH CE TO BALANCE THE BUDGET. IT IS NO CHOICE. FIRST, CUT SPENDING. SECOND PROMOTE BUSINESS INVESTMENTS. DON'T DEVESTATE ALASKANS WHEN THEY ARE HURTING. WHEN WE SEE YOU WILLING TO TAKE CUTS SUBSTANTIALLY THEN WE WILL ALSO BITE THE BULLET.

POUID: 14105535
DATE: 04/20/87
TIME: 10:55:35
LIONAME: MAT-SU LIO

<u>COPIES:</u>	<u>REPRESENTATIVES</u>	<u>REPRESENTATIVES</u>	<u>SENATORS</u>
	ADAMS	BARNES	ABOOD
	BOUCHER	BOYER	BENNETT
	BROWN	CATO	BINKLEY
	COLLINS	COTTEN	COGHILL
	DAVIDSON	DAVIS	DUNCAN
	DNLEY	ELLIS	ELIASON
	FRANK	FURNACE	FANRENKAMP
	GOLL	GRUENBERG	FAIKS
	GRUSSENDORF	HANLEY	FISCHER
	HERRMANN	HOFFMAN	HALFORD
	HUDSON	KOPONEH	HENSLEY
	LARSON	MARTIN	JONES
	MEHARD	MILLER	JOSEPHSON
	NAVARRE	PEARCE	KELLY
	PETTYJOHN	PHILLIPS	KERTTULA
	POURCHOT	RIEGER	RODEY
	SHULTZ	SPRINGER	STURGULEWSKI
	SUND	SWACKHAMMER	SZYMANSKI
	TAYLOR	WALLIS	UEHLING
	ZAWACKI		ZIAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: MARION HISLOP
 TITLE:
 ADDRESS: 2305 TATIHT
 CITY: ANCHORAGE, AK ZIP: 99507
 PHONE: 563-6626
 BILL NO: HB 154

SUBJECT: INCOME TAX ON INDIVIDUALS
 MESSAGE: VOTE NO ON HB154 OF STATE EMPLOYEE FACING CUTS OF ALL KINDS INCLUDING WAGES. CAN'T AFFORD STATE TAXES ALSO. ONE HOUSEHOLD PAYCHECK, WHO WILL MEET MY RESPONSIBILITIES, MY HOUSE PAYMENT, INSURANCE, UTILITIES, AND LEAST OF ALL FOOD, AND CLOTHES, ETC. WELL THERE IS ALWAYS FOOD STAMPS. I ALSO OPPOSE A LEGISLATIVE INCREASE IN SALARIES OR BENEFITS.

POCID: 03112114
 DATE: 04/20/87
 TIME: 11:21:14
 LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BEINNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
NENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SHACKHAMMER	SZYMAWSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: CONNIE EDWARDS
 TITLE:
 ADDRESS: 801 AIRPORT HEIGHTS, #237
 CITY: ANCHORAGE ZIP: 99508
 PHONE: 274-3484
 BILL NO: HB 154
 SUBJECT: INCOME TAX ON INDIVIDUALS
 MESSAGE: VOTE NO ON HB 154.

POCID: 03111437
 DATE: 04/20/87
 TIME: 11:14:37
 LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
NENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SHACKHAMMER	SZYMAWSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: GREG OCZKUS
 TITLE:
 ADDRESS: 202 W. 22ND
 CITY: ANCHORAGE, AK. ZIP: 99501
 PHONE: 276-6550

BILL NO:
 SUBJECT: INCOME TAX
 MESSAGE: I STRONGLY OPPOSE ANY INSTITUTION OF STATE INCOME TAX PRIOR TO LEGISLATIVE EFFORTS TO MAKE SIGNIFICANT REDUCTION IN STATE OPERATING BUDGET. EXISTING LEGISLATIVE LEVEL OF GOVERNMENT IS EXCESSIVE. PRIVATE INDIVIDUAL WILL NOT BEAR ANY ADDITION TAXATION.

POMID: 03095722
 DATE: 04/20/87
 TIME: 09:57:22
 LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: ESTHER PEPPER
 TITLE:
 ADDRESS: BOX 189
 CITY: WILLOW ZIP: 99688
 PHONE: 495-6229

BILL NO:
 SUBJECT:
 MESSAGE: GOV COWPER'S IDEAS/PLAN FOR BALANCING BUDGET IS VERY UNFAIR. INSTEAD OF TAKING AWAY OUR DIVIDEND, HE SHOULD LEARN TO BALANCE BUDGET BY CUTTING EXTREMELY HIGH SPEND--WHICH OUR STATE SEEMS TO HAVE A CONTINUAL PROBLEM WITH. THE "VOTE" IS NOT EVEN A CHOICE.

POMID: 14105153
 DATE: 04/20/87
 TIME: 10:51:53
 LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: W BILL WAMSGANZ
TITLE:
ADDRESS: 5620 TANGA
CITY: ANCHORAGE, AK. ZIP: 99507
PHONE: 563-6033

BILL NO:
SUBJECT: INCOME TAX
MESSAGE: I OPPOSE THE INCOME TAX BILL AND VOTE NO. I DO FEEL THAT THE PER- MAN
ENT FUND SHOULD BE LEFT AS IT IS. I DON'T FEEL THAT THE STATE WORKERS SHOULD TAK
E A CUT IN PAY. HOWEVER THE CUTTING OF THE STATE EMPLOYER WHO MAKES
\$35,000.00 SHOULD BE CUT.

POMID: 03093636
DATE: 04/20/87
TIME: 09:36:36
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ADOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAIRENKAMP
COLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFON
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMAWSKI
TAYLOR	WALLIS	UEHLING
ZANACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: STANLEY AARSUND
 TITLE:
 ADDRESS: 5636 E 40TH AVENUE, #102-F
 CITY: ANCHORAGE, AK. ZIP: 99504
 PHONE: 333-5904
 BILL NO:
 SUBJECT: INCOME TAX AND HB 41
 MESSAGE: I AM NOT INTERESTED IN THE INCOME TAX, VOTE NO. I AM AGAINST THE HOUSE
 BILL 41 PERTAINING TO ALLOW SQUATERS TO ATTAIN LAND OUT IN THE STATE LAND.

POMID: 03090322
 DATE: 04/20/87
 TIME: 09:03:22
 LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MEHARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMAWSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: DONALD EDWARDS
 TITLE:
 ADDRESS: 801 AIRPORT HEIGHTS, SP 237
 CITY: ANCHORAGE, AK. ZIP: 99508
 PHONE: 274-3404
 BILL NO:
 SUBJECT: INCOME TAX AND SB 41
 MESSAGE: I THINK IT SHOULD BE NO TAX. VOTE NO TO SB 41.

POMID: 03092448
 DATE: 04/20/87
 TIME: 09:24:48
 LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MEHARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMAWSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: CLEO DURR

TITLE:

ADDRESS: 841 WOODMAR PLACE

CITY: ANCHORAGE

PHONE: 344-7976

ZIP: 99515

BILL NO:

SUBJECT: INCOME TAX/CABINS ON STATE LANDS

MESSAGE: I WOULD LIKE TO SAY NO TO STATE INCOME TAX. ALSO I AM OPPOSED TO SB 41, THE "SQUATTERS BILL".

POMID: 03082448

DATE: 04/20/87

TIME: 08:24:48

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULENSKI
SUND	SNACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: MILLIE RUPARD

TITLE:

ADDRESS: 611 N. PARK

CITY: ANCHORAGE

PHONE: 277-1882

ZIP: 99508

BILL NO:

SUBJECT: INCOME TAX/PF DIVIDEND

MESSAGE: WE ARE DEFINITELY OPPOSED TO THE INCOME TAX AND TAKING AWAY OF OUR PERMANENT FUND DIVIDEND. PLEASE FIND SOME OTHER WAY. HOW ABOUT A SALES TAX ON EVERYTHING EXCEPT GROCERIES AND MEDICAL.

POMID: 03091659

DATE: 04/20/87

TIME: 09:16:59

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SNACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: ROY SURSA
TITLE:
ADDRESS: 13141 LUPINE
CITY: ANCHORAGE
PHONE: 345-4060
BILL NO:
SUBJECT: INCOME TAX
MESSAGE: NO TO INCOME TAX.

ZIP: 99516

POMID: 03085041
DATE: 04/20/87
TIME: 08:50:41
LOCATION: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SHACKHAMMER	SZYMIANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: SCOTT JEFFRYS
TITLE:
ADDRESS: 13673 SUNSET VIEW
CITY: ANCHORAGE ZIP: 99515
PHONE: 345-6463
BILL NO:
SUBJECT: STATE INCOME TAX
MESSAGE: NO I DON'T THINK THAT THIS IS A GOOD IDEA.

FOMID: 03084738
DATE: 04/20/87
TIME: 08:47:38
LOCATION: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS
BOUCHER
BROWN
COLLINS
DAVIDSON
DONLEY
FRANK
GOLL
GRUSSENDORF
HERRMANN
HUDSON
LARSON
MEHARD
NAVARRE
PETTYJOHN
POURCHOT
SHULTZ
SUND
TAYLOR
ZANACKI

BARNES
BOYER
CATO
COTTEN
DAVIS
ELLIS
FURNACE
GRUENBERG
HANLEY
HOFFMAN
KOPONEN
MARTIN
MILLER
PEARCE
PHILLIPS
RIEGER
SPRINGER
SWACKHAMMER
WALLIS

ABOOD
BENNETT
BINKLEY
COGHILL
DUNCAN
ELIASON
FAHRENKAMP
FAIKS
FISCHER
HALFORD
HENSLEY
JONES
JOSEPHSON
KELLY
KERTTULA
RODEY
STURGULEWSKI
SZYMANSKI
UEHLING
ZIHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: JOE CECERE
TITLE:
ADDRESS: 2721 PELICAN DRIVE
CITY: ANCHORAGE, AK. ZIP: 99515
PHONE: 248-3933
BILL NO:
SUBJECT: STATE INCOME TAX
MESSAGE: I AM WRITING IN REGARDS TO STATE INCOME TAX. I AM OPPOSE TO ANY SUCH TAX TO THE PEOPLE OF ALASKA. I HOPE YOUR POSITION WILL BE THAT YOU WILL NOT ALL OW A TAX TO BE PASSED.

POIID: 03092021
DATE: 04/20/87
TIME: 08:28:21
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SHACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: JULIA TEGOSEAK
TITLE:
ADDRESS: 725 EAST 81ST AVENUE
CITY: ANCHORAGE ZIP: 99518
PHONE: 349-3309
BILL NO:
SUBJECT: PERMANENT FUND DIVIDEND
MESSAGE: WHAT HAS HAPPENED TO GOVERNMENT FOR THE PEOPLE AND BY THE PEOPLE? ARE WE TO BE DICTATED TO? YOUR TALKING TAXES OR TAKE AWAY OUR PERMANENT FUND DIVIDEND. WHY NOT CUT GOVERNMENT SPENDING? WE SHOULD HAVE A RIGHT TO VOTE THIS WAY, BUT WILL WE BE GIVEN THE CHANCE?

POPID: 03081810
DATE: 04/20/87
TIME: 08:18:10
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BEHNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUBENBERG	FAIKS
GRUSSENDORF	HAWLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MEHARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULENSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	MALLIS	UEHLING
ZANACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: HELEN L ZACHARY
TITLE:
ADDRESS: P.O.BOX 230644
CITY: ANCHORAGE, AK ZIP: 99523
PHONE: 344-4888
BILL NO: HB 154
SUBJECT: INCOME TAX ON INDIVIDUALS
MESSAGE: I OPPOSE AN INCOME TAX, VOTE NO ON HB 154.

POHID: 03155639
DATE: 04/17/87
TIME: 15:56:39
LOCATION: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

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DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
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LARSON	MARTIN	JONES
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NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
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SHULTZ	SFRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZANACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: FRANK FALLICO
TITLE:
ADDRESS: 2221 VANDERBILT CIR
CITY: ANCHORAGE, AK9 ZIP: 99508
PHONE: 562-2211
BILL NO: HB 154
SUBJECT: INCOME TAX ON INDIVIDUALS
MESSAGE: I OPPOSE AN INCOME TAX, VOTE NO ON HB 154.

POMID: 03152802
DATE: 04/17/87
TIME: 15:28:02
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

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DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
NEHARD	MILLER	JOSEPHSON
NAVARRA	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: ROBERTA STAATS
TITLE:
ADDRESS: 7819 HIGHLANDER DRIVE
CITY: ANCHORAGE, AK. ZIP: 99518
PHONE: 344-6140
BILL NO:
SUBJECT: INCOME TAX
MESSAGE: JUST SAY NO TO STATE INCOME TAX.

POMID: 03142316
DATE: 04/20/87
TIME: 14:23:16
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES

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BROWN	CATO
COLLINS	COTTEN
DAVIDSON	DAVIS
DONLEY	ELLIS
FRANK	FURNACE
GOLL	GRJENBERG
GRUSSENDORF	HANLEY
HERRMANN	HCFMAN
HUDSON	KOPONEN
LARSON	MARTIN
MENARD	MILLER
NAVARRE	PEARCE
PETTYJOHN	PHILLIPS
FOURCHOT	RIEGER
SPULTZ	SPRINGER
SUND	SNACKHAMMER
TAYLOR	WALLIS
ZAWACKI	



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

COMMITTEE ON STATE AFFAIRS

April 21, 1987

Michael and Ann Newman
9711 Arlene
Anchorage, AK 99515

Dear Mr. and Mrs. Newman:

Thank you for your telegram. I'm sorry that you feel the way you do about the income tax. I'd like to explain to you why I feel it's necessary. I've enclosed an article explaining why I feel we must face reality and start paying for services.

Sincerely,

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

Fran Ulmer, Chair
State Affairs Committee

Enclosure



Telegram

02127 POM ANCHORAGE ALASKA 15 04-15 1330 ADT 1987 APR 15 15 20

PMS

REP FRANK ULMER

RECEIVED 15 1987

BUREAU AK 418

WE WILL NOT SUPPORT/VOTE FOR ANY LEGISLATOR OR SENATOR VOTING FOR STATE
INCOME TAX.

MICHAEL AND ANN NEWMAN

9711 ARLENE

ANCHORAGE AK 99516



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

COMMITTEE ON STATE AFFAIRS

April 21, 1987

Verity Crumlett
800 F Street, Unit N-6
Juneau, AK 99801

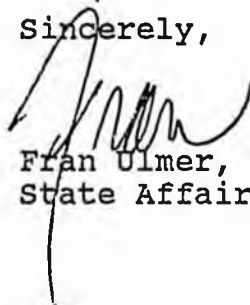
Dear Ms. Crumlett:

Thank you for your letter regarding the income tax. I have sent it to each member of the House Finance Committee which is the committee now considering the bill. Hopefully they will take your comments into consideration when discussing possible amendments.

The only two deductions which were added in our committee were for Longevity Bonus payments and Permanent Fund dividends.

Thank you, again, for writing.

Sincerely,


Fran Ulmer, Chair
State Affairs Committee

RECEIVED APR 16 1987

800 F St., Unit N-6
Juneau, AK 99801
04/15/87

Representative Fran Ulmer
State Capitol
Juneau, AK 99811

Dear Representative Ulmer:

I realize the personal income tax bill has already passed out of the State Affairs Committee, but I wish to bring the following information to your attention.

During the call-in show on KTOO earlier this month, I asked Governor Cowper if he would consider amending the bill to allow deductions for mortgage interest. He replied at that time that mortgage interest was already deductible since his bill uses the federal definition of "taxable income." After a follow-up letter to him, he has admitted that such is not the case; his bill only uses the federal definition of "adjusted gross income," and does not allow for the typical federal itemized deductions.

I do not know what testimony his people gave you in committee. If they said federal deductions were maintained, they were in error.

If you get another chance to vote on the bill, I hope you will consider amending it to add the federal computation of "taxable income." Since the premise of the bill is that those with income ought to pay, then it seems proper to me that it should only be those with truly discretionary income. People with extraordinary medical expenses, high mortgage interest rates, and a strong belief in high charitable deductions to offset state grant decreases should not be considered to have as much ability to pay as people without medical expenses, without high mortgage interest rates, and who do not make charitable contributions.

I realize that the trade-off for decreasing the base of the tax would be a need to increase the tax rate (if equivalent revenue is to be maintained), but that seems to me an alternative preferable to the present bill. Medical care is already a problem for many people, AHFC has enough foreclosures on its hands, and the state should be encouraging charitable contributions.

Please let me know your thoughts on this matter.

Sincerely,

Verity C. Crumlett

Verity Crumlett

Basically, I support the
income tax — just think
it needs this amendment!
VC

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN - SPENARD

P.O. BOX V, JUNEAU 99811
(907) 465-3892



CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE
INTERNATIONAL TRADE
SUB-COMMITTEE

TO: John Hansen
Division of Audit
Dept. of Revenue

FROM: Representative Dave Donley
House District Eleven

DATE: March 26, 1987

RE: HB 154

D

To clarify my last request to you, I would like to reference the points made in a memo to you from Vince Wright dated March 24, 1987. I would also like you to change one deduction, and include an additional deduction.

Regarding number (1), I would like non-resident's income sourced and only the Alaskan portion taxed. Regarding resident income earned outside the state referenced in (2), use the same provision contained in HB 154. Regarding number (3), the rate on the first \$10,000 should be 0% for all filing statuses. Please treat the four brackets as they are in HB 154 (single vs. joint vs. head-of-household.) Regarding the credits I requested - these should be deductions, not credits, and I would like you to change the deduction for local property taxes paid to a municipality to double the amount actually paid. Also, add a deduction for half the amount paid for the cost of insurance on any motor vehicle registered in Alaska. I intend the deductions to be allowable only up to full tax liability so that the state would not be required to pay a taxpayer if their deductions were higher than their tax liability.

Thank you for your help in this matter.

MEMORANDUM

State of Alaska

TO: John Hansen
Division of Audit
Dept. of Revenue

DATE: March 24, 1987

FILE NO:

Thru: Vincent Wright
Chief of Research

TELEPHONE NO:

FROM: Al Zangri, Economist *AS*
Mary Ellen Frank, Economist *ME7*

SUBJECT: Rep Donley's letter
of March 23, 1987

Prior to responding to the above referenced letter the following points need clarification.

- (1) The bill submitted by the administration currently taxes only that portion of nonresident income which is earned in Alaska. What does he want amended on this?
- (2) The bill submitted by the administration currently provides for a credit for taxes paid by a resident to another state on income earned outside of Alaska. What amendment does he want?
- (3) The request that minimum taxable income be changed to \$10,000 needs clarification. Specifically, does this mean that the personal exemption should be increased to \$10,000 or that the rate on the first \$10,000 should be 0% for all filing statuses?
- (4) How do they envision the use of the four brackets? Specifically, how should the four brackets treat single vs. joint vs. head-of-household.
- (5) We do not have the data necessary to fully address items 6a thru 6c of the letter. Specifically, we only have sales tax and real estate tax data for taxpayers who itemized on their federal tax return. I do think we can make some assumptions about induced behavior that will show the potential impact of the proposed credits. Does he really want a credit or does he mean a deduction? If a credit is used it is likely that most people will pay little or no tax.

After you get some feedback we can structure the program to estimate the impacts.

A M E N D M E N T

Offered in the HOUSE

By Donley

TO: HB 154

Page 7, following line 6:

Insert a new subsection to read:

"(e) If paid by the taxpayer during the same taxable year, and if not used by the taxpayer as a deduction for the tax, a taxpayer is allowed as a credit against the tax due under AS 43.20.011(g) - (j) for a taxable year the

- (1) sales tax levied by a municipality in the state;
- (2) real property tax levied by a municipality in the state;

(3) fee for a

(A) business license under AS 43.70.020;

CPA/KA — (B) driver's license or permit under AS 28.15; and

(C) resident sport fishing, hunting, and trapping licenses and tags under AS 16.05.340."

(D) motor vehicle registration paid.

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN • SPENARD

P.O. BOX V, JUNEAU 99811
(907) 465-3892



CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE
INTERNATIONAL TRADE
SUB-COMMITTEE

TO: John Hanson
Division of Audit
Dept. of Revenue

FROM: Rep. Dave Donley *DD*
House District Eleven

DATE: March 23, 1987

RE: HB 154

I would like to offer amendments to HB 154 in the House State Affairs Committee on Wednesday, March 25, which would change the tax rates. Please determine the tax rates necessary to collect \$250 million per year in income tax with the following incorporated changes.

1. Tax only non-resident income earned in Alaska. *source*
2. Provide for a credit for taxes paid by a resident to *same* another state on income earned outside of Alaska.
3. Do not tax permanent fund dividends.
4. Change the minimum taxable income to \$10,000.
5. Use four tax brackets instead of two kicking in at the following amounts: \$10,000; \$20,000; \$30,000 and \$40,000. *rates.*
6. Provide the following credits:
 - it was* a. sales tax levied by a municipality
 - b. real property tax levied by a municipality
 - c. fees for -
 1. business licenses
 2. drivers licenses and permits
 3. motor vehicle registration costs

The cost of a drivers license is \$10 every five years. The cost of a drivers permit is \$3 per application.

Please call Lynne Collins at 465-3892 if you have any questions.

Thank you.

STATE OF ALASKA
DEPARTMENT OF REVENUE

M E M O R A N D U M

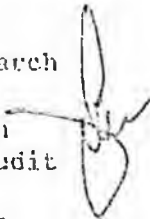
TO: Mary Ellen Frank
Economist
Al Zengri
Economist
Research Section

THRU: Vince Wright
Chief of Research

FROM: John M. Hansen
Division of Audit

DATE: March 25, 1987

SUBJECT: Memorandum of March 24th Regarding Representative Donley's
Letter



In response to your memorandum of March 24th I have answered each question in the order that it was asked.

- (1) The bill submitted by the administration currently taxes only that portion of nonresident income which is earned in Alaska. What does he want amended on this?

Source non-resident income. Tax income earned in Alaska only. As was done in our previous method for non-residents.

- (2) The bill submitted by the administration currently provides for a credit for taxes paid by a resident to another state on income earned outside of Alaska. What amendment does he want?

None. Leave the bill as is on this issue.

- (3) The request that minimum taxable income be changed to \$10,000 needs clarification. Specifically, does this mean that the personal exemption should be increased to \$10,000 or that the rate on the first \$10,000 should be 0% for all filing statuses?

Rates on the first \$10,000 should be 0%. No adjustment to exemptions.

Mary Ellen Frank
Al Zangri
Page 2
March 25, 1987

- (4) How do they envision the use of the four brackets? Specifically, how should the four brackets treat single vs. joint vs. head-of-household.

Same as set out in the bill. No adjustment to filing status.

- (5) We do not have the data necessary to fully address items 6a thru 6c of the letter. Specifically, we only have sales tax and real estate tax data for taxpayers who itemized on their federal tax return. I do think we can make some assumptions about induced behavior that will show the potential impact of the proposed credits. Does he really want a credit or does he mean a deduction? If a credit is used it is likely that most people will pay little or no tax.

He means deductions.

EXHIBIT II CHART 1

PRIVATE PASSENGER AUTO LIABILITY LOSS RATIOS

(000's) OMITTED

<u>COMPANY NAME</u>	<u>EARNED PREMIUM 1985</u>	<u>INCURRED LOSSES 1985</u>	<u>LOSS RATIO 1985</u>	<u>LOSS RATIO 1984</u>
1. STATE FARM MUTUAL AUTO INS. CO.	14,466	14,463	99.9%	88.4%
2. ALLSTATE INSURANCE COMPANY	13,301	8,450	63.5%	68.1%
3. STATE FARM FIRE & CASUALTY CO.	5,427	5,848	107.8%	81.0%
4. DAIRYLAND INSURANCE COMPANY	2,709	1,943	71.7%	65.7%
5. LEADER NATIONAL INSURANCE CO.	2,396	2,040	85.1%	52.0%
6. CRITERION INSURANCE COMPANY	2,282	1,779	79.0%	60.8%
7. HORACE MANN INSURANCE COMPANY	1,964	1,945	99.0%	67.9%
8. NATIONAL INDEMNITY COMPANY	1,798	1,573	87.5%	77.0%
9. UNITED SERVICES AUTOMOBILE ASSN.	1,774	2,336	131.7%	99.7%
10. NATIONWIDE MUTUAL INSURANCE CO.	1,579	1,543	97.7%	54.7%
11. NATIONAL MUTUAL FIRE INS. CO.	1,579	1,109	70.3%	51.1%
12. ASSOCIATED INDEMNITY CORPORATION	1,536	1,610	104.8%	62.8%
13. GOVERNMENT EMPLOYEES INS. CO.	1,422	1,559	109.7%	63.4%
14. ALLSTATE INDEMNITY COMPANY	1,289	875	67.9%	90.2%
15. ALL WEST INSURANCE COMPANY	1,170	721	61.6%	78.2%
16. CRITERION CASUALTY INSURANCE CO.	1,145	887	77.4%	84.4%
17. ROCKWOOD INSURANCE COMPANY	1,059	185	17.5%	70.4%
18. CONTINENTAL INSURANCE COMPANY	1,039	2,300	214.6%	13.4%
19. PROGRESSIVE CASUALTY COMPANY	1,033	660	63.9%	57.3%
20. ALASKA INSURANCE COMPANY	687	601	87.5%	46.9%
21. FIREMAN'S FUND INSURANCE CO.	632	615	97.3%	53.8%
22. COLONIAL INSURANCE CO. OF CALIF.	570	161	28.3%	NR*
23. SUTTER INSURANCE COMPANY	548	521	95.0%	60.2%
24. AMERICAN FIDELITY COMPANY	498	449	90.2%	97.0%
25. ALASKA PACIFIC ASSURANCE CO.	404	620	153.3%	152.5%
26. USAA CASUALTY INSURANCE CO.	402	211	52.5%	67.2%
27. NATIONWIDE PC INSURANCE COMPANY	355	403	113.6%	NR*
28. AMERICAN MANUF. MUTUAL INS. CO.	328	163	49.7%	NR*
29. NATIONAL SURETY CORPORATION	327	412	125.9%	87.9%
30. BALBOA INSURANCE COMPANY	81	43	53.3%	NR*
TOTAL TOP 30 COMPANIES	63,798	56,021	87.8%	72.9%
TOTAL ALL COMPANIES	65,746	57,775	87.9%	69.9%

* NOT RANKED IN 1984

A13

→ 121 million
 - CAUL INSURANCE
 SUBSIDIZING
 INSURANCE COMPANY
 → (AUG 1984) FOR

1200P. 0407
 or B-S-CAN ACCIDENT

EXHIBIT II CHART 2

PRIVATE PASSENGER AUTO PHYSICAL DAMAGE LOSS RATIOS(000's) OMITTED

<u>COMPANY NAME</u>	<u>EARNED PREMIUM 1985</u>	<u>INCURRED LOSSES 1985</u>	<u>LOSS RATIO 1985</u>	<u>LOSS RATIO 1984</u>
1. STATE FARM MUTUAL AUTO INS. CO.	15,209	8,118	53.4%	51.0%
2. ALLSTATE INSURANCE COMPANY	11,137	5,688	51.1%	56.3%
3. STATE FARM FIRE & CASUALTY CO.	3,644	2,240	61.5%	61.8%
4. UNITED SERVICES AUTOMOBILE ASSN.	2,585	1,302	50.4%	48.2%
5. HORACE MANN INSURANCE COMPANY	1,719	1,191	69.3%	63.3%
6. CRITERION INSURANCE COMPANY	1,696	898	52.9%	47.4%
7. NATIONWIDE MUTUAL FIRE INS. CO.	1,645	847	51.5%	46.7%
8. NATIONWIDE MUTUAL INSURANCE CO.	1,617	939	58.1%	55.1%
9. ASSOCIATED INDEMNITY CORPORATION	1,496	951	63.5%	53.8%
10. GOVERNMENT EMPLOYEES INS. CO.	1,435	828	57.7%	58.2%
11. ALL WEST INSURANCE COMPANY	1,102	665	59.5%	78.2%
12. LEADER NATIONAL INSURANCE CO.	922	688	74.7%	65.7%
13. CONTINENTAL INSURANCE COMPANY	841	399	47.5%	65.7%
14. FOREMOST INSURANCE COMPANY	801	267	33.3%	24.3%
15. AMERICAN FAMILY HOME INS. CO.	742	249	33.6%	37.8%
16. DAIRYLAND INSURANCE COMPANY	699	340	48.6%	50.8%
17. ALLSTATE INDEMNITY COMPANY	670	328	49.0%	55.4%
18. MOTORS INDEMNITY CORPORATION	660	322	48.7%	46.3%
19. AMERICAN FIDELITY COMPANY	619	480	77.6%	47.3%
20. NATIONAL INDEMNITY COMPANY	596	263	44.1%	NR*
21. ALASKA INSURANCE COMPANY	528	290	54.9%	60.2%
20. FIREMAN'S FUND INSURANCE CO.	509	296	58.2%	56.8%
23. USAA CASUALTY INSURANCE CO.	509	268	52.7%	46.6%
24. CRITERION CASUALTY COMPANY	509	318	62.5%	78.7%
25. PROGRESSIVE CASUALTY COMPANY	422	146	34.6%	37.6%
26. ROCKWOOD INSURANCE COMPANY	378	221	58.3%	62.8%
27. SUTTER INSURANCE COMPANY	361	165	45.6%	65.3%
28. ALASKA PACIFIC ASSURANCE CO.	333	259	77.7%	13.1%
29. AMERICAN MANUF. MUTUAL INS. CO.	309	125	40.5%	NR*
30. NATIONWIDE PC INSURANCE CO.	192	93	48.4%	NR*
TOTAL TOP 30 COMPANIES	53,885	29,184	54.0%	52.9%
TOTAL ALL COMPANIES	55,889	30,005	53.7%	54.3%

* NOT RANKED IN 1984

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: LEONARD WESTOVER
TITLE:
ADDRESS: BOX 50221
CITY: FAIRBANKS ZIP: 99708
PHONE: 485-6683
BILL NO:

SUBJECT: CHOICE BETWEEN TAX AND PF
MESSAGE: IT IS UNREASONABLE TO TAMPER WITH PERMANENT FUND AND STATE INCOME TAX UNTIL ALL OTHER REASONABLE AVENUES HAVE BEEN EXHAUSTED. I FEEL NOT ENOUGH CONSIDERATION HAS BEEN GIVEN TO THE REDUCTION OF SPENDING TO A REASONABLE LEVEL. SOMETHINGS OFFERED BY THE GOVERNMENT HAS BEEN NICE BUT NOT NECESSARY.

POMID: 03161039
DATE: 04/16/87
TIME: 16:10:39
LIONAME: ANCHORAGE LIO

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DJHLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MEHARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: DAVID BOYD
TITLE:
ADDRESS: 2489 DAWSON RD.
CITY: NORTH POLE ZIP: 99705
PHONE: 488-2765
BILL NO:
SUBJECT: COWPER'S INCOME TAX OR DIVIDEND PROPOSAL
MESSAGE: IF YOU CONSIDER COWPER'S PROPOSAL, CONSIDER YOUR POLITICAL CAREER
ENDED. THE STATE'S ONLY OPTION IS TO CUT THE SIZE OF GOVERNMENT TO MATCH
INCOME. THAT IS WHAT ALL OF US ARE HAVING TO DO.
EOM-FZ-C

POMID: 07150623
DATE: 04/16/87
TIME: 15:06:23
LIONAME: FAIRBANKS LIO

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CATO	COLLINS	HALFORD
HERRMANN	SPRINGER	KELLY
ZAWACKI	ADAMS	STURGULEWSKI
BOYER	BROWN	SZYMANSKI
DAVIS	FRANK	ZHAROFF
GOLL	LARSON	BEHNETT
POURCHOT	RIEGER	BINKLEY
SWACKHAMMER	WALLIS	DUNCAN
DONLEY	ELLIS	FISCHER
GRUENBERG	HANLEY	HENSLEY
HUDSON	KOPONEN	UEHLING
PHILLIPS	BARNES	JONES
COTTEN	NAVARRE	JOSEPHSON
SUND	TAYLOR	KERTTULA
BOUCHER	DAVIDSON	RODEY
FURNACE	MENARD	ELIASON
HOFFMAN	PEARCE	FAHRENKAMP
SHULTZ	GRUSSENDORF	COGHILL
MARTIN	PETTYJOHN	FAIKS
MILLER		ABOOD

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: HOWARD D HOBART
TITLE:
ADDRESS: 3110 WENTWORTH
CITY: ANCHORAGE ZIP: 99508
PHONE: 274-9165

BILL NO:
SUBJECT: SOPHIE'S CHOICE
MESSAGE: I AM OPPOSED TO THE SO-CALLED SOPHIE'S-CHOICE PLAN OF GOVERNOR COMPER. I CONSIDER THE GOVERNOR'S PLAN UNACCEPTABLE TO MYSELF AS A VOTER. I REALIZE WE MUST BALANCE THE BUDGET BUT FEEL THAT FURTHER REDUCTIONS IN STATE SPENDING IS STILL POSSIBLE, SUCH AS IN THE AREA OF DNR, STATE AIRPORTS, ROAD AND CONSTR. MAINTENANCE. SPECIFICALLY IN ANCHORAGE, ROADS SUCH AS LAKE OTIS, 36TH AVE. AND NORTHERN LIGHTS CAN BE CUT BACK UNTIL FUTURE YEARS. THANK YOU.

POMID: 03100817
DATE: 04/17/87
TIME: 10:08:17
LIONAME: ANCHORAGE LIO

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ADAMS	BARNES	ABOOD
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BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIOSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MEHARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULENSKI
SUND	SWACKHAMMER	SZYMIANSKI
TAYLOR	WALLIS	UEHLING
ZANACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: ROLAN PERSSION
TITLE:
ADDRESS: 2106 CRATAGUS
CITY: ANCHORAGE ZIP: 99508
PHONE: 278-1827
BILL NO: H3 154
SUBJECT: INCOME TAX ON INDIVIDUALS
MESSAGE: I OPPOSE AN INCOME TAX. VOTE NO ON HB 154.
NO TAX.
CUT THE PROGRAMS.

POMID: 03162307
DATE: 04/16/87
TIME: 16:23:07
LIONAME: ANCHORAGE LIO

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MENARD	MILLER	JOSEPHSON
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PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: ROBERT M. SPENCER
TITLE:
ADDRESS: 3013 WILLOW
CITY: ANCHORAGE
PHONE: N/A-
BILL NO:
SUBJECT: INCOME TAX/PERMANENT DIVIDEND FUND
MESSAGE: I AM DEAD SET AGAINST PERSONAL INCOME TAX AND CAPPING THE PERMANENT
DIVIDEND FUND CHECKS. LETS CUT THE FAT OUT OF STATE GOVERNMENT. AK PEOPLE
DON'T NEED ANY FURTHER DRAINS ON THERE INCOME AT THIS TIME.

ZIP: 99517

POMID: 03140059
DATE: 04/17/87
TIME: 14:00:59
LIONAME: ANCHORAGE LIO

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DAVIDSON	DAVIS	DUNCAN
DOHLEY	ELLIS	ELIASON
FRAIK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
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POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: MONTE PARRISH
TITLE:
ADDRESS: PO BOX 3528
CITY: EAGLE RIVER
PHONE: N/A-

ZIP: 99577

BILL NO:

SUBJECT: TAX PERMANENT FUND DIVIDEND CHOICE

MESSAGE: THE GOVERNERS TAX PERMANENT DIVIDEND CHOICE IS UNEXCEPTIBLE AND MOST OF ALL INCOMPLETE. SHOULD INCLUDE CHOICE OF REDUCTION OF BUDGET TO LEVELS COMPARABLE TO OTHER STATES PER CAPITA SPENDING. IT IS MY OPINION THAT OUR DAY OF LUCRATIVE BUDGET ALLOWANCES CANNOT BE REASONABLY CONTINUE.

POMID: 03161725

DATE: 04/16/87

TIME: 16:17:25

LIONAME: ANCHORAGE LIO

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Official Business

Alaska State Legislature

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P.O. BOX V
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Juneau, Alaska 99811

COMMITTEE ON STATE AFFAIRS

April 20, 1987

C. D. Anderson
627 West 20th
Anchorage, AK 99503

Dear C. D. Anderson:

Thank you for your letter and your observations about an income tax and state spending. I agree with you that our state budget has been too high but it is not true that we are still at the same levels. In Fiscal Year 1982, for example, state spending totaled \$9,000 for every resident in the state. In the current year, spending is down to just over \$4,000 per person and the Governor's proposed budget for next year will be just over \$3,000 per person.

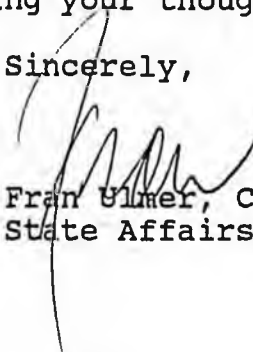
It is also important to remember that state spending does not go just for state programs and payroll. Much of what the State of Alaska spends is in the form of grants, revenue sharing, school funding, and construction projects for local governments which result in lower property taxes.

Some legislators are opposed to a state income tax and favor taking away people's permanent fund dividend checks instead. While this is certainly an option, it will cost most for those who can least afford it. You can see on the enclosed chart that even a married couple making \$50,000 a year would receive more in permanent fund dividends than they would pay in taxes. The permanent fund dividend checks are spent for buying goods and services in the state and help the economy while some of the money which people will pay in income tax now goes instead for federal income tax or leaves the state with non-resident workers.

The income tax won't generate enough money to keep state spending at the unrealistic levels of 1980 to 1985 but it will help to put Alaska's revenue picture on a more predictable, sustainable basis, and that's good for everybody.

Thank you, again, for sharing your thoughts.

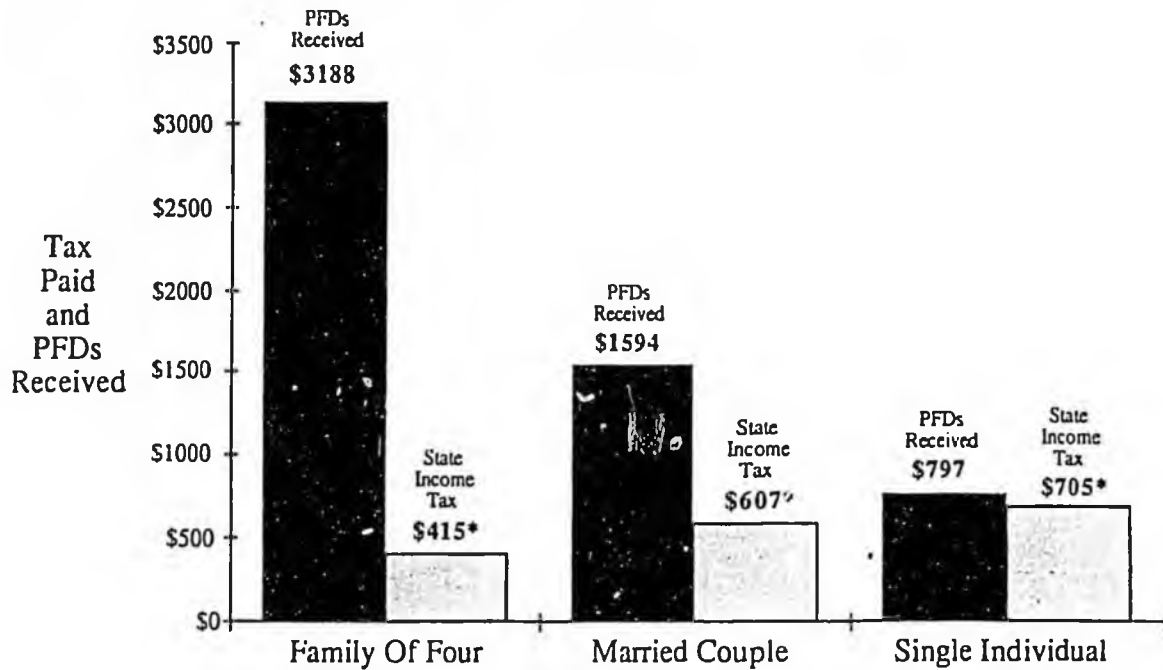
Sincerely,


Fran Ulmer, Chair
State Affairs Committee

Enclosure

Figure 11

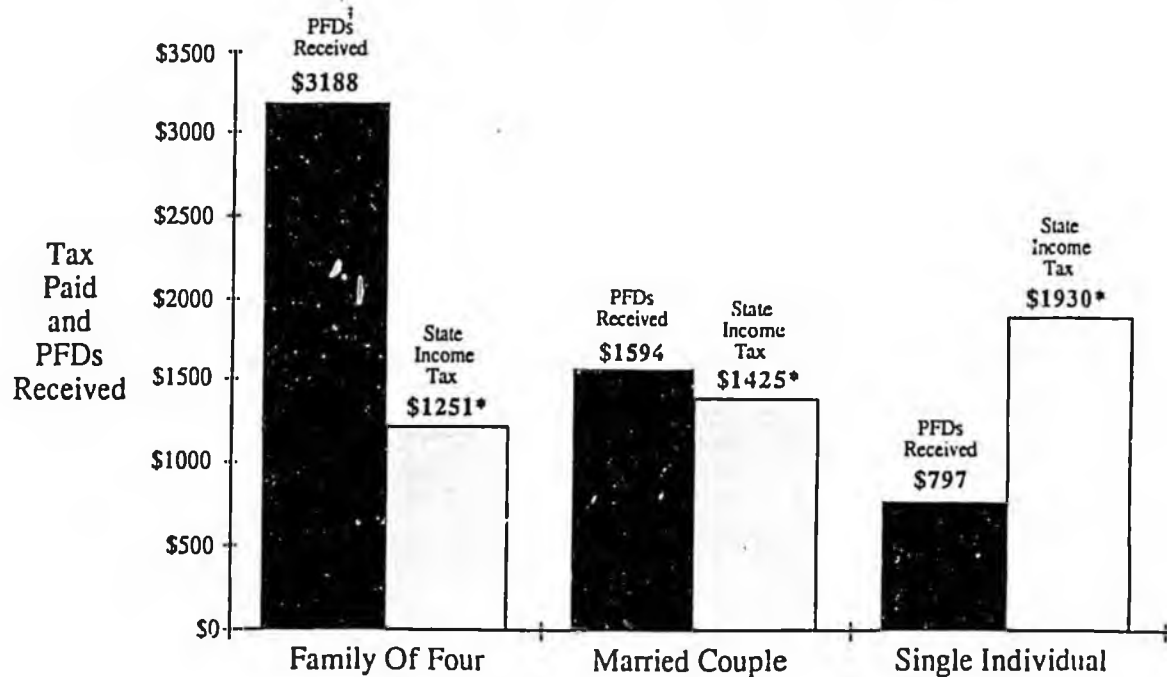
How Does The Tax On \$25,000 Income Compare With PF Dividends Received ?



* Net tax will be lower because state tax is an allowable deduction in figuring federal tax liability. Oct. 1988 dividend estimate by PF Corp. OMB/Division of Policy, 3/12/87.

Figure 12

How Does The Tax On \$50,000 Income Compare With PF Dividends Received ?



* Net tax will be lower because state tax is an allowable deduction in figuring federal tax liability. Oct. 1988 dividend estimate by PF Corp. OMB/Division of Policy, 3/12/87.

RECEIVED APR 6 1967

Rep. Fran Ulmer
Juneau, Ak.

Dear Mr Ulmer,
I see according to the papers you want a state income tax. Why don't you look for ways to trim the fat from the proposed budget before you go yelling for a tax. The ~~the~~ new U.S. Tax Bill is going to cost us more tax dollars, the city wants more taxes and now you want a tax. I can't believe you people. Why don't you listen to the people instead of doing what you want. We have four to five times the employees (state) per capital that the other forty nine states have, were a big state, but not that big. If you want a state income tax I suggest you and the Gov. pay it and leave the rest (99.9%) of us alone.

C.D. Anderson
627 W. 50th
Anchorage, Ak 99503



Alaska State Legislature

House

Official Business

COMMITTEE ON STATE AFFAIRS

P.O. BOX V
State Capitol
Juneau, Alaska 99811

April 20, 1987

Robert A. James
9224 Strathmore Drive
Anchorage, AK 99515

Dear Mr. James:

Thank you for your letter and your observations about an income tax and state spending. I agree with you that our state budget has been unrealistically high in good times but it is not true that we are operating at the same level now. In Fiscal Year 1982, for example, state spending totaled \$9,000 for every resident in the state. In the current year, spending is down to just over \$4,000 per person and the Governor's proposed budget for next year will be just over \$3,000 per person.


It is also important to remember that state spending does not go just for state programs and payroll. Much of what the State of Alaska spends is in the form of grants, revenue sharing, school funding, and construction projects for local governments which result in lower property taxes.

Like it or not, Alaska is unique in the way its economy is driven. The government, state and federal, has always been a major force and it is only because of our oil resources that we have been able to do well without an income tax for the last five years. If we now cut spending too drastically in too short a period of time, the economy will not be able to adjust and you will see even more job loss and income reduction in the private sector as well as in the public.

The income tax doesn't generate enough money to keep state spending at the unrealistic levels of 1980 to 1985; it will only help to put Alaska's revenue picture on a more predictable, sustainable basis.

Thank you, again, for sharing your thoughts.

Sincerely,


Fran Ulmer, Chair
State Affairs Committee

9224 Strathmore Drive
Anchorage
Alaska 99515
March 17, 1987

State Representative Fran Ulmer
1700 Angus Way
Juneau, AK 99801

Dear Ms. Ulmer:


I am writing this because I know that I am expressing the feelings of a great many Alaskans in regards to the proposed state income tax which could soon be imposed upon the people of the State of Alaska.

The State of Alaska has greater per capita revenues than any other state. Its current revenues are adequate to support the real needs of the government. In addition to this, no one that I have spoken to and no one in the present state administration has indicated that any real concerted, continuing effort has been made to identify areas where the state budget may be cut.

A state income tax such as the one being proposed would cost the average employed Alaskan \$1,000. In economically troubled times such as we now experience higher taxes could be very damaging and would reduce the number of Alaskans employed in the private sector. New taxes would also make it more difficult to encourage the formation of new jobs in Alaska. The argument that a reduction in the size of the present state government would adversely impact the state economy really amounts to the same as saying that we want to try to maintain the same oil-rich, swollen government through bad times as well as good times--forever if possible. Now is the time to cut down on the size of our overgrown, overfed state bureaucracy.

I respectfully request that you make all efforts not to vote for or support the imposition of an income tax and to oppose the efforts of others who desire such a tax for the State of Alaska.

Very truly yours,


Robert A. James



Alaska State Legislature

House

Official Business

COMMITTEE ON STATE AFFAIRS

P.O. BOX V
State Capitol
Juneau, Alaska 99811

April 20, 1987

Gloria Bowman
1355 Crescent
Anchorage, AK 99508

Dear Ms. Bowman:

Thank you for your public opinion message about an income tax and state spending. I agree with you that our state budget has been unrealistically high in good times but it is not true that we are operating at the same level now. In Fiscal Year 1982, for example, state spending totaled \$9,000 for every resident in the state. In the current year, spending is down to just over \$4,000 per person and the Governor's proposed budget for next year will be just over \$3,000 per person.

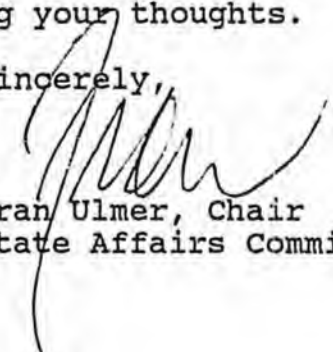
It is also important to remember that state spending does not go just for state programs and payroll. Much of what the State of Alaska spends is in the form of grants, revenue sharing, school funding, and construction projects for local governments which result in lower property taxes.

Like it or not, Alaska is unique in the way its economy is driven. The government, state and federal, has always been a major force and it is only because of our oil resources that we have been able to do well without an income tax for the last five years. If we now cut spending too drastically in too short a period of time, the economy will not be able to adjust and you will see even more job loss and income reduction in the private sector as well as in the public.

The income tax doesn't generate enough money to keep state spending at the unrealistic levels of 1980 to 1985; it will only help to put Alaska's revenue picture on a more predictable, sustainable basis.

Thank you, again, for sharing your thoughts.

Sincerely,


Fran Ulmer, Chair
State Affairs Committee

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: GLORIA BOWMAN
TITLE:
ADDRESS: 1355 CRESENT
CITY: ANCHORAGE ZIP: 99508
PHONE: 562-2918
BILL NO: HB 154
SUBJECT: INCOME TAX ON INDIVIDUALS
MESSAGE: STATE EMPLOYEES COLLECTING RETIREMENT AFTER 5 YEARS AND GETTING RAISES IS RIDICULOUS. LET ATTRITION WIPE OUT LONGEVITY BONUS. GET SPENDING BACK TO 1979 LEVEL OF \$4,000 PER RESIDENT. THEN AN INCOME TAX IF NEEDED. FOR NOW VOTE NO ON HB 154.

POMID: 03160351
DATE: 04/10/87
TIME: 16:03:51
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

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DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTY JOHN	PHILLIPS	KERTTULA
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SHULTZ	SPRINGER	STURGULEWSKI
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*Bowman
sent letter to
spending below
79 level*



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COMMITTEE ON STATE AFFAIRS

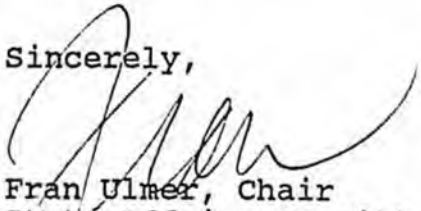
April 20, 1987

Carol Mogensen
P.O. Box 2594
Juneau, AK 99803

Dear Ms. Mogensen:

Thank you for your letter about the state income tax. I agree with your analysis and appreciate your efforts to help educate people on this issue. I encourage you to submit your letter to the Juneau Empire.

Sincerely,


Fran Ulmer, Chair
State Affairs Committee

April 9, 1987

Representative Fran Ulmer
P.O. Box 7
Juneau, Alaska 99811

Dear Representative Ulmer:

This letter is to ask you to support the imposition of a State income tax, which, I believe, is a much more equitable way of coping with the State's fiscal problems, and would have less impact on individuals than the alternatives of cutting the budget through the elimination of jobs.

A group calling itself Alaskans for Common Sense is paying for very effective advertising supporting the theory that a State income tax would be too counter productive during hard economic times. I do not accept this theory. It seems to me that the only real alternative to a State income tax is to pare the State budget through the elimination of jobs. Eliminating more jobs during hard economic times seems to be the most counter productive measure that could be taken.

I prefer paying a tax based on income, or even suffering a fair and equitable cut in wages, to having no job. Rather than adhering to the theory espoused by Alaskans for Common Sense, please act as an Alaskan with good sense and support a State income tax.

Sincerely,

Carol Mogensen

Carol Mogensen
P.O. Box 2594
Juneau, Alaska 99803

TC

Thank you for your letter about the state income tax. I agree with your analysis and appreciate your efforts to help educate people on this issue. I encourage you to submit your letter to the editor in Empire.



Official Business

Alaska State Legislature

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State Capitol
Juneau, Alaska 99811

COMMITTEE ON STATE AFFAIRS

April 20, 1987

Esther Creech
7040 Abbott Loop Road
Anchorage, AK 99507

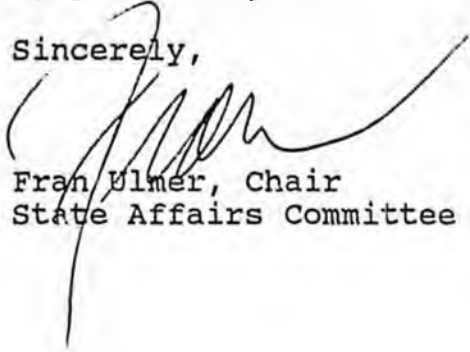
Dear Ms. Creech:

Thank you for your letter and analysis of the income tax. I have made copies of it for all members of the House State Affairs Committee, the House Finance Chair, and Mary Halloran from the Governor's Office of Management and Budget. Since the income tax bill has passed from State Affairs to Finance, perhaps that committee can consider some of your suggestions.

The State Affairs Committee did pass out a committee substitute which treats Longevity Bonus payments and permanent fund dividends as deductions from state income tax. Since these payments go only to Alaska residents, that is one way we can make it more beneficial for Alaskans.

Thank you, again, for sharing your thoughts.

Sincerely,


Fran Ulmer, Chair
State Affairs Committee

RECEIVED APR 7 1987

7040 Abbott Loop Rd.
Anchorage, AK 99507
April 4, 1987

Representative Fran Ulmer
Box V
Juneau, Alaska 99811

Dear Rep. Ulmer:

In the floor discussions of the income tax, please stress the taxation of non-residents and the transfer of a portion of the tax from the IRS to the State.

Married couples may have assumed, as I did at first, that the tax rates apply to their combined incomes. Not so. Their liabilities are 3.2% of their individual incomes, but I hope the legislature will approve combining and splitting of their incomes.

Using as an example, a self-employed couple whose combined income is \$106,000 have a tax liability of 3.2% or \$3,200. Assuming a 28% Federal tax bracket, \$896 that would otherwise go to the IRS would go to the State, leaving \$2,304 additional due the State.

One legislator's reason for opposing the income tax seems to be that he and his wife would pay considerable tax, having to support those on welfare, while the welfare recipients get a P.F. dividend, with no adjustments to their welfare assistance. If our welfare system is not equitable, that's another matter entirely. And another good reason to tax non-residents. Our unemployed need some help or a job.

As the unemployed or the students soon to be on the job market if they would be willing to pay an income tax if they are among the fortunate to find a job.

My disappointment in the proposed tax rates is in the small difference in non-resident tax, with no deductions for Alaska home mortgage interest, etc. As a possible alternative I am enclosing a different rate and exemption structure, an attempt to make the difference large enough to induce non-residents to move to Alaska - or working Alaskans not to move out. Two more week-on week-off "Alaskan hired" Alyeska Pipeline employees are considering moving their families outside. As far as the slope and pipeline jobs are concerned, "Alaska hire" means absolutely nothing. Once they get the jobs they start thinking of moving.

Respectfully,

Esther Creech
Esther Creech

As proposed. \$3,000 exemption
 3.2% 1st 50,000
 5.7% over 50,000

Alternate:
 \$6,000 exemption
 3.5% 1st 50,000
 6% over 50,000

Income	Resident tax	Non-resident tax	Resident tax	Non-resident tax
\$15,000	\$ 384	\$ 480	\$ 315	525
20,000	544	640	490	700
25,000	704	800	665	875
30,000	864	960	840	1050
40,000	1,184	1,280	1,190	1,400
50,000	1,504	1,600	1,540	1,750
60,000	1,999	2,170	1,990	2,350
70,000	2,569	2,740	2,590	2,950
80,000	3,139	3,310	3,190	3,550
100,000	4,279	4,450	4,390	4,750

Married couples pay separately as above, or at the discretion of the legislature can split their combined incomes, paying the lower rate on first 100,000 of total combined earnings.

Married 2 dependents	30,000	574	960	210	1050
(based on combined and split income)	40,000	896	1280	560	1400
	50,000	1216	1600	910	1750
	60,000	1536	2170	1260	2350
	80,000	2176	3310	1960	3550
	100,000	2816	4450	2660	4750
	120,000	3656	5590	3360	5950
	150,000	5366	7300	5060	7750
	200,000	8216	10,150	8060	10,750

Married 1 dependent	30,000	384	960	-0-	1050
	40,000	704	1280	140	1400
	50,000	1024	1600	490	1750
	60,000	1344	2170	840	2350
	80,000	1984	3310	1540	3550
	100,000	2624	4450	2240	4750
	120,000	3314	5590	2940	5950
	150,000	5024	7300	4340	7750
	200,000	7874	10,150	7340	10,750



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COMMITTEE ON STATE AFFAIRS

April 20, 1987

Carol Matley
SR Box 5552
Wasilla, AK 99687

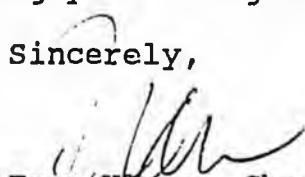
Dear Ms. Matley:

Thank you for your public opinion message about an income tax. Some legislators who are opposed to a state income tax do favor taking away people's permanent fund dividend checks instead. While this is certainly an option, it will cost most for those who can least afford it. You can see on the enclosed chart that even a married couple making \$50,000 a year would receive more in permanent fund dividends than they would pay in taxes.

Reducing state spending rather than imposing an income tax will result in drastic job losses and most of those lost jobs will be in the private sector. We do not have to worry about working people leaving the state as long as they have jobs; they will be expected to pay state taxes wherever they move.

Thank you, again, for sharing your thoughts.

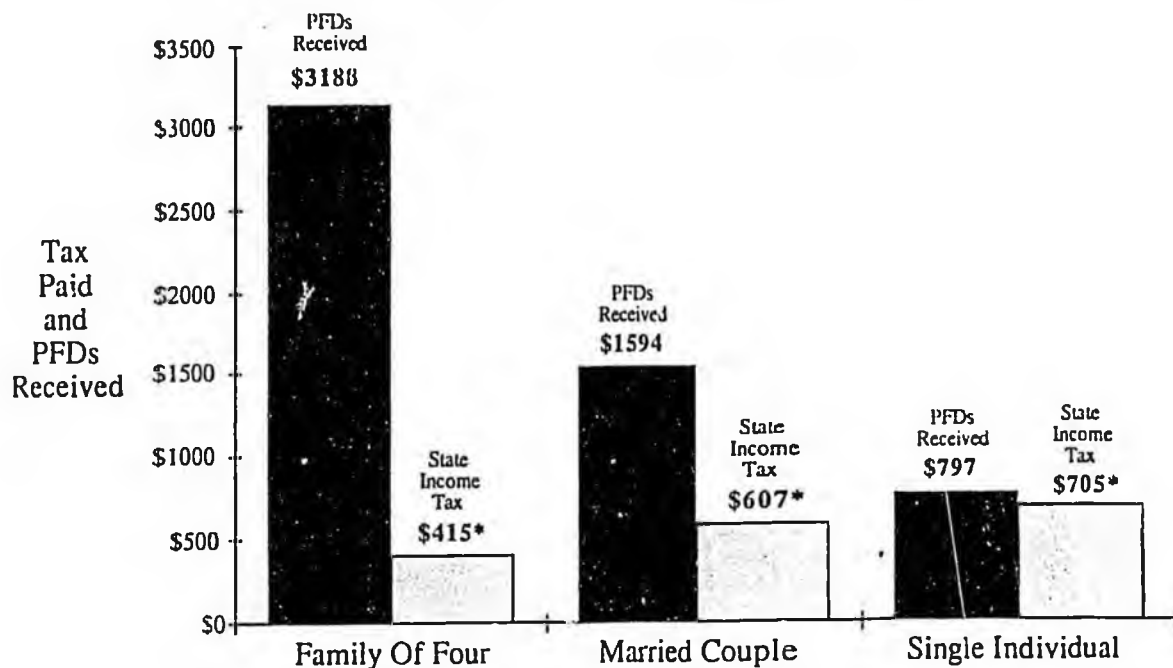
Sincerely,


Fran Ulmer, Chair
State Affairs Committee

Enclosure

Figure 11

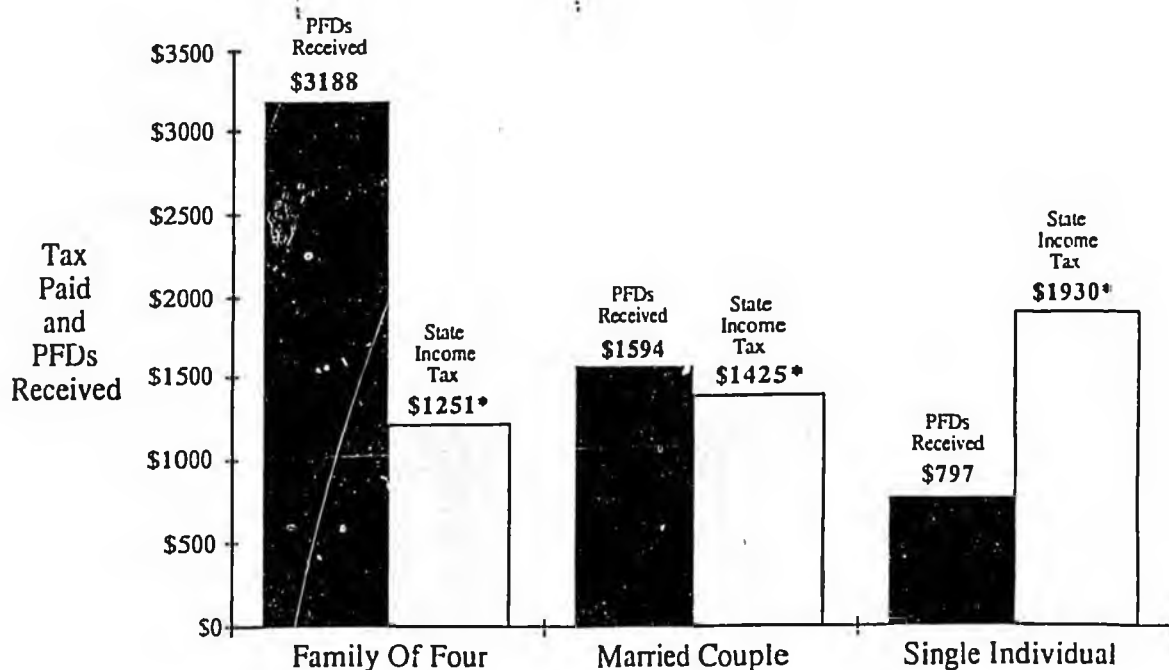
How Does The Tax On \$25,000 Income Compare With PF Dividends Received ?



* Net tax will be lower because state tax is an allowable deduction in figuring federal tax liability. Oct. 1988 dividend estimate by PF Corp. OMB/Division of Policy, 3/12/87.

Figure 12

How Does The Tax On \$50,000 Income Compare With PF Dividends Received ?



* Net tax will be lower because state tax is an allowable deduction in figuring federal tax liability. Oct. 1988 dividend estimate by PF Corp. OMB/Division of Policy, 3/12/87.

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: CAROL MATLEY
 TITLE:
 ADDRESS: SR BOX 5552
 CITY: WASILLA, ALASKA ZIP: 99687
 PHONE: 273-3751
 BILL NO:
 SUBJECT: STATE INCOME TAX

MESSAGE: PLEASE VOTE NO FOR A STATE INCOME TAX. IF THERE MUST BE REVENUE RAISING THEN A STATE SALES TAX OR ELIMINATION OF DIVIDEND FUND WOULD BE THE MOST FAIR TO EVERYONE INSTEAD OF THE WORKING PERSON SUPPORTING EVERYONE ELSE. PLEASE DON'T GIVE WORKING PEOPLE GOOD REASON TO LEAVE THIS STATE.

POMID: 03115438
 DATE: 04/13/87
 TIME: 11:54:38
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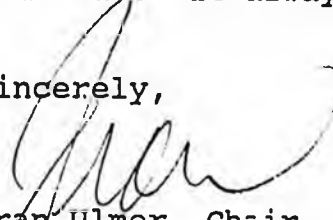
April 20, 1987

Mil Zahn
3090 Nowell Avenue
Juneau, AK 99801

Dear Mil:

Thank you for stopping in the office and expressing your support for reinstating the income tax. It always helps to get positive feedback.

Sincerely,


Fran Ulmer, Chair
State Affairs Committee

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: LOREN MARSHALL
TITLE:
ADDRESS: 1705 BARTLEY
CITY: ANCHORAGE ZIP: 99507
PHONE: 563-7440
BILL NO:
SUBJECT: INCOME TAX VS DIVIDEND
MESSAGE: GOVERNOR COWPER'S TAX PROPOSAL, WITH THE VOTE NEXT YEAR, MAKES SENSE
AND GIVES US A VOICE. PLEASE PASS IT NOW AND WE CAN GET ON TO OTHER THINGS.

POMID: 0315172
DATE: 04/15/87
TIME: 15:17:27
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HLNSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRÉ	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYHANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: JO ANN GOYNE
TITLE:
ADDRESS: 4331 CONSTELLATION, #40
CITY: ANCHORAGE ZIP: 99517
PHONE: 248-4331
BILL NO:
SUBJECT: DIVIDEND/TAXATION
MESSAGE: I AM DISAPPOINTED IN GOVERNOR COWPER'S EITHER OR SOLUTION. PLEASE
BALANCE THE BUDGET FIRST.

POMID: 03150317
DATE: 04/15/87
TIME: 15:03:17
LIONAME: ANCHORAGE LIO

<u>COPIES:</u>	<u>REPRESENTATIVES</u>	<u>REPRESENTATIVES</u>	<u>SENATORS</u>
	ADAMS	BARNES	ABOOD
	BOUCHER	BOYER	BENNETT
	BROWN	CATO	BINKLEY
	COLLINS	COTTEN	COGHILL
	DAVIDSON	DAVIS	DUNCAN
	DONLEY	ELLIS	ELIASON
	FRANK	FURNACE	FAHRENKAMP
	GOLL	GRUENBERG	FAIKS
	GRUSSENDORF	HANLEY	FISCHER
	HERRMANN	HOFFMAN	HALFORD
	HUDSON	KOPONEN	HENSLEY
	LARSON	MARTIN	JONES
	MENARD	MILLER	JOSEPHSON
	NAVARRE	PEARCE	KELLY
	PETTYJOHN	PHILLIPS	KERTTULA
	POURCHOT	RIEGER	RODEY
	SHULTZ	SPRINGER	STURGULEWSKI
	SUND	SWACKHAMMER	SZYMSKI
	TAYLOR	WALLIS	UEHLING
	ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: DEAN FARRIS

TITLE:

ADDRESS: 728 E. 8TH AVE. #3

CITY: ANCHORAGE

ZIP: 99501

PHONE: 274-4110

BILL NO:

SUBJECT: GOVERNORS TAX BALLOT

MESSAGE: THERE WILL BE WRITE-INS ON THE GOVERNORS TAX BALLOT SUCH AS ELIMINATION OF GOVERNORS RESERVE FUND, SUSPENSION OF ELF, FURTHER BUDGET CUTS, ELIMINATION OF CAPITAL BUDGET OR INCREASED SEVERANCE TAXES. PUT THOSE OPTIONS ON THE BALLOT.

POMID: 03094107

DATE: 04/15/87

TIME: 09:41:07

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMER	SZYHANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

NO RESPONSE REQUIRED

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: JERRY MCCUTCHEON

TITLE:

ADDRESS: 121 W. 11TH

CITY: ANCHORAGE

ZIP: 99501

PHONE: 277-3076

BILL NO:

SUBJECT:

MESSAGE: COWPER'S CHOICES INCOME TAX OR NO MORE DIVIDENDS SHOULD ALSO INCLUDE SMALLER BUREACRACY AND NO MORE COWPER, PLUS OTHERS. FROM THIS MORNING'S TALK SHOW, COWPER WOULD GO.

POMID: 03094359

DATE: 04/15/87

TIME: 09:43:59

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWI	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

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PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: VERA ALMON
TITLE:
ADDRESS: 2414 LORD BARANOF DRIVE
CITY: ANCHORAGE ZIP: 99517
PHONE: 279-9225
BILL NO:
SUBJECT: TAX OR BONUS PROPOSAL
MESSAGE: EITHER/OR IS BLACKMAIL. GIVE US A CHOICE, ADD NEITHER.

POMID: 03105059
DATE: 04/15/87
TIME: 10:50:59
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

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PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: MICHAEL COWDERY
TITLE:
ADDRESS: 8030 LAKE OTIS PARKWAY
CITY: ANCHORAGE ZIP: 99507
PHONE: 349-2953

BILL NO:
SUBJECT: INCOME TAX ON 1988 BALLOT
MESSAGE: GOVERNOR COWPER SAYS A THIRD BODY OF OPINION IN ALASKA BELIEVES THAT THE STATE'S BUDGET CRISIS CAN BE SOLVED JUST BY CUTTING THE STATE BUDGET. THAT ARGUMENT IS NOT GOING TO BE REPRESENTED. THAT THIRD BODY OF OPINION HE'S REFERRING TO IS THE VOTERS OF THE STATE. WE BELIEVE THAT OUR OPINION SHOULD BE REPRESENTED IN THE BALLOT.

POHID: 03100302
DATE: 04/15/87
TIME: 10:03:02
LIONAME: ANCHORAGE LIO

COPIES:	<u>REPRESENTATIVES</u>	<u>REPRESENTATIVES</u>	<u>SENATORS</u>
	ADAMS	BARNES	ABOOD
	BOUCHER	BOYER	BENNETT
	BROWN	CATO	BINKLEY
	COLLINS	COTTEN	COGHILL
	DAVIDSON	DAVIS	DUNCAN
	DONLEY	ELLIS	ELIASON
	FRANK	FURNACE	FAHRENKAMP
	GOLL	GRUENBERG	FAIKS
	GRUSSENDORF	HANLEY	FISCHER
	HERRMANN	HOFFMAN	HALFORD
	HUDSON	KOPONEN	HENSLEY
	LARSON	MARTIN	JONES
	MENARD	MILLER	JOSEPHSON
	NAVARRE	PEARCE	KELLY
	PETTYJOHN	PHILLIPS	KERTTULA
	POURCHOT	RIEGER	RODEY
	SHULTZ	SPRINGER	STURGULEWSKI
	SUND	SWACKHAMMER	SZYMANSKI
	TAYLOR	WALLIS	UEHLING
	ZAWACKI		ZHAROFF

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PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: KAY P. HORTON

TITLE:

ADDRESS: PO BOX 2463

CITY: PALMER

ZIP: 99645

PHONE: 745-2599

BILL NO:

SUBJECT: COMPER'S TAX PLAN

MESSAGE: THE BALLOT FOR INCOME TAX OR PERMANANT FUND DIVIDEND IS EXTORTION OR BLACKMAIL. THIS IS BULL IN THE CHINA CLOSET MENTALITY. WE SHOULD SAVE MONEY BY EXAMINING OUR SOCIAL WELFARE PROGRAMS, ELIMINATING FRAUD AND FREELoadERS, ELIMINATING THE ABUSIVE AND GIVEAWAY PROGRAMS TO INDIVIDUALS AND TO CITIES.

POMID: 14120955

DATE: 04/15/87

TIME: 12:09:55

LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS
BOUCHER
BROWN
COLLINS
DAVIDSON
DONLEY
FRANK
GOLL
GRUSSENDORF
HERRMANN
HUDSON
LARSON
MENARD
NAVARRE
PETTYJOHN
POURCHOT
SHULTZ
SUND
TAYLOR
ZAWACKI

BARNES
BOYER
CATO
COTTEN
DAVIS
ELLIS
FURNACE
GRUENBERG
HANLEY
HOFFMAN
KOPONEN
MARTIN
MILLER
PEARCE
PHILLIPS
RIEGER
SPRINGER
SWACKHAMMER
WALLIS

ABOOD
BENNETT
BINKLEY
COGHILL
DURKAN
ELIASON
FAHRENKAMP
FAIKS
FISCHER
HALFORD
HENSLEY
JONES
JOSEPHSON
KELLY
KERTTULA
RODEY
STURGULEWSKI
SZYMANSKI
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PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: DALE HOSMAN
TITLE:
ADDRESS: 1502 W. 45TH
CITY: ANCHORAGE, AK.
PHONE: 563-6678

ZIP: 99503

BILL NO:
SUBJECT: INCOME TAX
MESSAGE: DON'T LISTEN TO GOVERNOR COWPER. THERE IS ONE MORE ALTERNATIVE TO THE STATE FINANCIAL PROBLEMS, THAT IS TO CUT THE BUDGET.

POMID: 03122448
DATE: 04/15/87
TIME: 12:24:48
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
AVIDSON	DAVIS	DUNCAN
DCNLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: LINDA MOFFITT
TITLE:
ADDRESS: 3332 W. 81ST
CITY: ANCHORAGE ZIP: 99504
PHONE: 243-2732
BILL NO:

SUBJECT: TAX OR PERM. FUND

MESSAGE: RUNNING STATE GOVERNMENT HAS NEVER BEEN A STRICTLY BLACK OR WHITE PROPOSITION. "WE THE PEOPLE" DON'T WANT TO CHOOSE BETWEEN TWO EQUALLY DISTASTEFUL IDEAS--NO P.F.D. OR A STATE INCOME TAX. WHATEVER HAPPENED TO SIMPLY SPENDING LESS MONEY OR THE STATE LOTTERY IDEA OR A LOW EQUITABLE STATE SALES TAX?

POMID: 03125108
DATE: 04/15/87
TIME: 12:51:08
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
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PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: BRUCE L. CHAPMAN
TITLE:
ADDRESS: PO BOX 673105
CITY: NASILLA ZIP: 99687
PHONE: 376-3103

BILL NO:

SUBJECT: COMPER PROPOSED TAX OR PERM. FUND CUT

MESSAGE: COMPER'S PROPOSED TAX OR PERMANANT FUND CUT IS THE MOST IRRESPONSIBLE THING I HAVE HEARD COME OUT OF JUNEAU YET. HIS EITHER OR APPROACH IS THE SAME WAY THEY DO THINGS IN RUSSIA. YOU ALL HAD BETTER GET SOME DEVELOPMENT GOING IN THIS STATE AND QUIT TRYING TO ROB US.

POMID: 14134752
DATE: 04/15/87
TIME: 13:47:52
LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: ROBERT EMMERT GREY

TITLE:

ADDRESS: 4109 LYNN

CITY: ANCHORAGE

ZIP: 99508

PHONE: 338-5881

BILL NO:

SUBJECT: INCOME TAX VS NO MORE DIVIDEND

MESSAGE: DIVIDENDS ARE THE "SINGLE" MEANS BY WHICH MOST RURAL AND A GREAT MANY URBAN BUSINESSES AND INDIVIDUALS ARE TOUCHED BY ALASKA'S OIL WEALTH. REMOVING DIVIDEND DISTRIBUTION WILL DISINFRANCHISE THESE CITIZENS. TO DATE, THOSE WITH MONEY HAVE PROSPERED WHILE THOSE WITHOUT HAVE LANGUISHED. THE NEXT ELECTION WILL REFLECT THESE VALUES.

POMID: 03145659

DATE: 04/15/87

TIME: 14:56:59

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS
BOUCHER
BROWN
COLLINS
DAVIDSON
DONLEY
FRANK
GOLL
GRUSSENDORF
HERRMANN
HUDSON
LARSON
MENARD
NAVARRE
PETTYJOHN
POURCHOT
SHULTZ
SUND
TAYLOR
ZAWACKI

BARNES
BOYER
CATO
COTTEN
DAVIS
ELLIS
FURNACE
GRUENBERG
HANLEY
HOFFMAN
KOPONEN
MARTIN
MILLER
PEARCE
PHILLIPS
RIEGER
SPRINGER
SWACKHAMMER
WALLIS

ABOOD
BENNETT
BINKLEY
COGHILL
DUNCAN
ELIASON
FAHRENKAMP
FAIKS
FISCHER
HALFORD
HENSLEY
JONES
JOSEPHSON
KELLY
KERTTULA
RODEY
STURGULEWSKI
SZYMANSKI
UEHLING
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PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: BRUCE TALBERT

TITLE:

ADDRESS: 3320 SEAWIND CIRCLE

CITY: ANCHORAGE

ZIP: 99516

PHONE: 345-0705

CALL NO:

SUBJECT: TAXES/PAY RAISES

MESSAGE: I AM OPPOSED TO REINSTATEMENT OF THE INCOME TAX. I AM OPPOSED TO THE
7.5% PAY RAISE THAT THE STATE EMPLOYEES ARE ASKING, BASED ON THE CUTS EVERYONE
ELSE IS TAKING.

POMID: 03154452

DATE: 04/09/87

TIME: 15:44:52

LOCATION: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
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Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

April 8, 1987

Mr. Dennis Denton
c/o P.O. Box 1137
Juneau, AK 99824

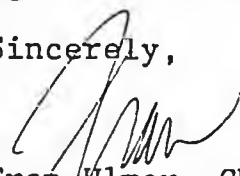
Dear Dennis:

Thank you for your thoughtful letter regarding the income tax and your suggestions for a possible amendment.

The State Affairs Committee did change the Governor's proposed bill by exempting Permanent Fund Dividends and the Longevity Bonus from income, which should benefit Alaskans. I will give additional consideration to your idea about a "food cost" deduction. I know we could do that with a sales tax, but I am not certain how with the income tax.

Thank you, again, for taking the time to write.

Sincerely,



Fran Ulmer, Chair
State Affairs Committee

/Re*State Affairs

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: KEN WYNNE
TITLE:
ADDRESS: 1080 FIREWEED
CITY: ANCHORAGE
PHONE: 277-5522

ZIP: 99503

BILL NO:
SUBJECT: INCOME TAX
MESSAGE: YOU HAVE BEEN ELECTED TO CARRY OUT THE PEOPLES DESIRE. NO ONE WANTS AN INCOME TAX ESPECIALLY SMALL BUSINESS. ISN'T IT ABOUT TIME TO RESTORE YOUR INTEGRITY TO ALASKANS AND VOTE THEIR NEEDS INSTEAD OF PARTISAN POLITICS. EVERYONE FEELS THAT GOVERNMENT IS OUT OF CONTROL.

POMID: 03081740
DATE: 04/15/87
TIME: 08:17:40
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: KEITH KLEMME
TITLE:
ADDRESS: 6630 E. 10TH
CITY: ANCHORAGE
PHONE: 337-2216
ZIP: 99504
BILL NO:
SUBJECT: STATE INCOME TAX
MESSAGE: I'M AGAINST A STATE TAX, TRY CUTTING BUDGET. LEAVE PERMANENT FUND ALONE. THE STATE CAN CUT WASTE.

POMID: 03124506
DATE: 04/15/87
TIME: 12:45:06
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MEHARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: DON BRADFORD
TITLE:
ADDRESS: 1535 N STREET, UNIT A
CITY: ANCHORAGE ZIP: 99501
PHONE: 349-2588

BILL NO:

SUBJECT: BUDGET AND TAXES

MESSAGE: I AM OPPOSED TO REINSTITUTING A STATE INCOME TAX AND TO THE STATE GOVERNMENTS USE OF THE PERMANENT FUND IN ANY FASHION FOR ITS OPERATING EXPENSES. IF YOU SUPPORT EITHER OF THESE PROPOSALS, I WILL FINANCIALLY AND PHYSICALLY, WITH EVERYTHING AT MY DISPOSAL, WORK TO SEE THAT YOU ARE NOT REELECTED.

POMID: 03120302
DATE: 04/15/87
TIME: 12:03:02
LTONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: HAROLD E HOWELL
TITLE:
ADDRESS: 4836 BLACKSTONE CIRCLE
CITY: ANCHORAGE ZIP: 99507
PHONE: 563-7855
BILL NO: HB 154
SUBJECT: INCOME TAX ON INDIVIDUALS
MESSAGE: DEAR REPRESENTATIVE, I OPPOSE AND INCOME TAC. PLEASE VOTE NO ON
HB 154.

POMID: 03104507
DATE: 04/08/87
TIME: 10:45:07
LIONAME: ANCHORAGE LIO

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POURCHOT	RIEGER
SHULTZ	SPRINGER
SUND	SWACKHAMMER
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ZAWACKI	

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: JERRY FOSTER
TITLE:
ADDRESS: 8171 FAIRWOOD CIRCLE
CITY: ANCHORAGE ZIP: 99518
PHONE: 265-6268

BILL NO:
SUBJECT: TAXES
MESSAGE: HOUSE DEMOCRATES WON'T CAP THE DIVIDEND BUT THEY WILL STICK VOTERS WITH AN INCOME TAX WE DO NOT WANT. THIS WILL FORCE ALASKANS TO PAY THE ADMINISTRATIVE COSTS FOR A PROGRAM TO GIVE US MONEY AND A PROGRAM TO TAKE IT AWAY. TAKE MY DIVIDEND BUT NO NEW INDUSTRY OR PERSONAL TAXES.

POMID: 03080443
DATE: 04/08/87
TIME: 08:04:43
LIONAME: ANCHORAGE LIO

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SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

NO RESPONSE REQUIRED

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: BARBARA PLOTNER
TITLE:
ADDRESS: 1630 DIAMOND DRIVE
CITY: ANCHORAGE, ALASKA
PHONE: 563-6961
BILL NO: HB 154
SUBJECT: INCOME TAX ON INDIVIDUALS
MESSAGE: WE THINK THE LEGISLATIVE AND ADMINISTRATION HAVE AN OBLIGATION TO
REDUCE STATE SPENDING

ZIP: 99507

POHID: 03160437
DATE: 04/07/87
TIME: 16:04:37
LIONAME: ANCHORAGE LIO

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DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHPENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
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SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

Income tax

DEAR: REPRESENTATIVE ULMER

NAME: LEA BOWEN
 TITLE:
 ADDRESS: 4554 HOMER DRIVE, APT 35
 CITY: ANCHORAGE
 PHONE: 563-3895
 ZIP: 99503
 BILL NO:
 SUBJECT: TAXES/COMMUNITY SCHOOLS/ACC
 MESSAGE: I DO NOT SUPPORT STATE INCOME TAX. I AM IN SUPPORT OF SALES TAX.
 I SUPPORT KEEPING ACC AS A COMMUNITY COLLEGE. I AM IN SUPPORT OF FUNDING
 COMMUNITY SCHOOLS.

POMID: 317 244
 DATE: 11/17/87
 TIME: 44
 LIONAME: ALM URAGE LIO

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DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
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NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
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SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYMAWSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULHER

NAME: SUSANNE FREY
TITLE:
ADDRESS: BOX 91532
CITY: ANCHORAGE ZIP: 99509
PHONE: 349-2435
BILL NO: HB 154
SUBJECT: INCOME TAX ON INDIVIDUALS
MESSAGE: I OPPOSE AN INCOME TAX. VOTE NO ON HB 154.

POMID: 03104158
DATE: 04/07/87
TIME: 10:41:58
LIONAME: ANCHORAGE LIO

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HJDSO	KOPONEN
LARSON	MARTIN
MENARD	MILLER
NAVARRE	PEARCE
PETTYJOHN	PHILLIPS
POURCHOT	RIEGER
SHULTZ	SPRINGER
SUND	SWACKHAMER
TAYLOR	WALLIS
ZAWACKI	

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: RICHARD KOSKOVICK
TITLE:
ADDRESS: 3704 COVENTRY
CITY: ANCHORAGE ZIP: 99507
PHONE: 349-2435
BILL NO: HB 154
SUBJECT: INCOME TAX ON INDIVIDUALS
MESSAGE: I OPPOSE THE INCOME TAX. VOTE NO ON HB 154

POMID: 03103316
DATE: 04/07/87
TI : 10:33:16
LIONAME: ANCHORAGE LIO

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DONLEY	ELLS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
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ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: THERESA NEAL
TITLE:
ADDRESS: 3811 E. 86TH
CITY: ANCHORAGE
PHONE: 562-2688
BILL NO: HB 154
SUBJECT: INCOME TAX
MESSAGE: I WANT TO OPPOSE AN INCOME TAX, HB 154.

ZIP: 99507

POMID: 03154316
DATE: 04/06/87
TIME: 15:43:16
LIONAME: ANCHORAGE LIO

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SHULTZ	SPRINGER	STURGULEWSKI
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TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

HB 154

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 154 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the taxation of income; relating
7 to individual tax credits; and providing for an
8 effective date."

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

10 * Section 1. AS 43.20.011 is amended by adding new subsections to read:

11 (g) There is imposed for each taxable year upon the taxable
12 income of every resident, nonresident, and part-year resident indi-
13 vidual and fiduciary of the state, except those subject to the rates
14 in (h), (i), and (j) of this section, a tax computed according to the
15 following table:

16 If the taxable income is:	Then the tax is:
17 Over \$31 but less than \$30,000	3.2 percent of taxable income
18 \$30,000 or more	\$960 plus 5.7 percent of the 19 excess over \$30,000.

20 (h) There is imposed for each taxable year upon the taxable
21 income of every resident, nonresident, and part-year resident married
22 individual who makes a single return jointly with a spouse, as provid-
23 ed in 26 U.S.C. 6013 (Internal Revenue Code), and upon every resident,
24 nonresident, and part-year resident surviving spouse, as defined in 26
25 U.S.C. 2(a) (Internal Revenue Code), a tax computed according to the
26 following table:

27 If the taxable income is:	Then the tax is:
28 Over \$31 but less than \$50,000	3.2 percent of taxable income
29 \$50,000 or more	\$1,600 plus 5.7 percent of the

1 excess over \$50,000.

2 (i) There is imposed for each taxable year upon the taxable
3 income of every resident, nonresident, and part-year resident head of
4 a household, as defined in 26 U.S.C. 2(b) (Internal Revenue Code), a
5 tax computed according to the following table:

6 If the taxable income is:	Then the tax is:
7 Over \$31 but less than \$40,000	3.2 percent of taxable income
8 \$40,000 or more	\$1,280 plus 5.7 percent of the 9 excess over \$40,000.

10 (j) There is imposed for each taxable year upon the taxable
11 income of every resident, nonresident, and part-year resident married
12 individual who does not make a single return jointly with a spouse a
13 tax computed according to the following table:

14 If the taxable income is:	Then the tax is:
15 Over \$31 but less than \$25,000	3.2 percent of taxable income
16 \$25,000 or more	\$800 plus 5.7 percent of the 17 excess over \$25,000.

18 (k) In (g), (h), (i), and (j) of this section, the tax on a
19 nonresident or part-year resident individual or fiduciary is the tax
20 computed on taxable income from all sources, multiplied by a fraction
21 the numerator of which is adjusted gross income from sources in the
22 state and the denominator of which is adjusted gross income from all
23 sources.

24 (l) An individual shall determine the tax under this section
25 using the same filing status as used on the individual's federal
26 return.

27 * Sec. 2. AS 43.20.030(a) is amended to read:

28 (a) Every individual, fiduciary, and [IF A PARTNERSHIP WHICH HAS
29 A CORPORATION AS A PARTNER OR A] corporation [IS] required to make a

1 return under the provisions of the Internal Revenue Code [, IT] shall
2 at the same time file with the department a return setting out

3 (1) the amount of tax due under this chapter, less allow-
4 able credits and payments claimed against the tax; and

5 (2) other information for the purpose of carrying out the
6 provisions of this chapter that [WHICH] the department requires.

7 * Sec. 3. AS 43.20.030(d) is amended to read:

8 (d) A taxpayer [, UPON REQUEST BY THE DEPARTMENT,] shall file
9 with the return [FURNISH TO THE DEPARTMENT] a [TRUE AND] correct copy
10 of the tax return [WHICH THE TAXPAYER HAS] filed with the United
11 States Internal Revenue Service. Every taxpayer shall file an amended
12 return with the department, and remit any additional tax and interest
13 due [NOTIFY THE DEPARTMENT IN WRITING OF ANY ALTERATION IN, OR MODI-
14 FICATION OF, THE TAXPAYER'S FEDERAL INCOME TAX RETURN AND OF A RECOM-
15 PUTATION OF TAX OR DETERMINATION OF DEFICIENCY (WHETHER WITH OR WITH-
16 OUT ASSESSMENT). A FULL STATEMENT OF THE FACTS SHALL ACCOMPANY THIS
17 NOTICE. THE NOTICE SHALL BE FILED] within 60 days ~~after~~ the final
18 determination of the taxpayer's federal tax liability [MODIFICATION,
19 RECOMPUTATION OR DEFICIENCY, AND THE TAXPAYER SHALL PAY THE ADDITIONAL
20 TAX OR PENALTY UNDER THIS CHAPTER]. For purposes of this section, a
21 final determination means [SHALL MEAN] the time that an amended feder-
22 al return is filed or the date a federal [A NOTICE OF DEFICIENCY OR
23 AN] assessment is made [MAILED TO THE TAXPAYER BY THE INTERNAL REVENUE
24 SERVICE, EXCEPT THAT IN NO EVENT WILL THERE BE A FINAL DETERMINATION
25 FOR PURPOSES OF THIS SECTION UNTIL THE TAXPAYER HAS EXHAUSTED RIGHTS
26 OF APPEAL UNDER FEDERAL LAW].

27 * Sec. 4. AS 43.20.031 is amended by adding new subsections to read:

28 (j) The gross income of an individual or a fiduciary is gross
29 income as defined in 26 U.S.C. 61 (Internal Revenue Code), and

1 includes those items specifically included in gross income under 26
2 U.S.C. 71 - 26 U.S.C. 89 (Subtitle A, Ch. 1B, Part II of the Internal
3 Revenue Code) and excludes those items specifically excluded from
4 gross income under 26 U.S.C. 101 - 26 U.S.C. 135 (Subtitle A, Ch. 1B,
5 Part III of the Internal Revenue Code), with the following modifica-
6 tions:

7 (1) a taxpayer who receives a cost-of-living allowance that
8 is exempt from federal income tax shall determine and include that
9 amount as part of the taxpayer's income as if the cost-of-living
10 allowance were not exempt;

11 (2) a taxpayer who receives interest upon obligations of a
12 state, or interest upon obligations of a political or municipal subdivi-
13 sion of a state, that is exempt from federal income tax shall deter-
14 mine and include that amount as part of the taxpayer's income as if
15 the interest were not exempt;

16 (3) gross income does not include longevity bonuses re-
17 ceived under AS 47.45.

18 (k) The following adjustments to the gross income of an indi-
19 vidual or fiduciary are allowed as deductions in arriving at adjusted
20 gross income under this section:

21 (1) the deductions allowable under 26 U.S.C. 62 (Internal
22 Revenue Code)

23 (A) attributable to a trade or business carried on by
24 a taxpayer;

25 (B) from the sale or exchange of property;

26 (C) attributable to property held for the production
27 of rents or royalties;

28 (D) for the premature withdrawal of money from time
29 savings accounts or deposits;

1 (E) for alimony;

2 (2) interest received on obligations of the United States;

3 (3) refunds of state income taxes included in gross income;

4 (4) permanent fund dividends paid under AS 43.23.055.

5 (1) The taxable income of a fiduciary is its adjusted gross
6 income. The taxable income of an individual taxpayer is the taxpay-
7 er's adjusted gross income less personal exemptions. An individual
8 taxpayer may deduct from adjusted gross income the number of personal
9 exemptions to which the taxpayer is entitled under 26 U.S.C. 151
10 (Internal Revenue Code). The exemption amount is \$3,000 and is not
11 adjusted for inflation.

12 (m) In this section, "individual" means a resident, nonresident,
13 or part-year resident individual, and "fiduciary" means a resident,
14 nonresident, or part-year resident fiduciary.

15 * Sec. 5. AS 43.20 is amended by adding a new section to read:

16 Sec. 43.20.032. TAX CALCULATION FOR NONRESIDENTS AND PART-YEAR
17 RESIDENTS AND FIDUCIARIES. (a) In computing the tax of a nonresident
18 or part-year resident individual or fiduciary under AS 43.20.011(k),
19 the part of the adjusted gross income attributable to sources in the
20 state is determined under AS 43.20.040.

21 (b) In computing adjusted gross income attributable to sources
22 in the state for a nonresident or part-year resident individual or
23 fiduciary, deductions and adjustments are allowed only to the extent
24 that they are connected with income that arises from sources in the
25 state or property having a situs for taxation in the state.

26 * Sec. 6. AS 43.20.040(b) is amended to read:

27 (b) In this section, income is from a source having a taxable or
28 business situs in the state if it is derived from

29 (1) owning or operating business facilities or property in

1 the state;

2 (2) conducting business, farming, or fishing operations in
3 the state;

4 (3) [REPEALED

5 (4)] a partnership that [WHICH] transacts business in the
6 state;

7 (4) [(5)] a corporation that [WHICH] transacts business in
8 the state and that [WHICH] has elected to file federal returns under
9 26 U.S.C. 1361 - 1379 (Subtitle A, Ch. 1, Subchapter S, Internal
10 Revenue Code) [SUBCHAPTER S OF THE INTERNAL REVENUE CODE];

11 (5) [(6) REPEALED

12 (7)] engaging in any other activity from which income is
13 received, realized, or derived in the state;

14 (6) working for salary or wages in the state;

15 (7) an estate or trust deriving income from sources in the
16 state.

17 * Sec. 7. AS 43.20.040 is amended by adding a new subsection to read:

18 (d) With regard to the tax under AS 43.20.011(g) - (j), if a
19 business, trade, or profession, other than the rendering of purely
20 personal services, is carried on partly inside and partly outside the
21 state, the income from sources in the state must be determined as
22 provided in AS 43.19.

23 * Sec. 8. AS 43.20 is amended by adding a new section to read:

24 Sec. 43.20.062. CREDITS AGAINST TAX. (a) A resident is al-
25 lowed, as a credit against the tax otherwise due under this chapter,
26 the amount of income tax imposed on the taxpayer for the taxable year
27 by another state or territory of the United States on income derived
28 from sources in the other state or territory that is also subject to
29 tax under this chapter.

1 (b) The credit allowed in (a) of this section is limited to that
2 proportion of the tax computed under this chapter that the taxable
3 income from the other state or territory bears to total taxable in-
4 come. The credit may not exceed the actual tax paid to the other
5 state or territory.

6 (c) The amounts deducted and withheld as taxes under this chap-
7 ter during a calendar year are allowed as credits to the taxpayer
8 against the tax imposed by this chapter.

9 (d) A taxpayer who qualifies for receipt of the Alaska permanent
10 fund dividend under AS 43.23 may, under regulations adopted by the
11 department, request the department to apply the dividend as a credit
12 against the tax imposed by this chapter.

13 * Sec. 9. AS 43.20.065 is amended to read:

14 Sec. 43.20.065. ALLOCATION AND APPORTIONMENT. A corporate
15 taxpayer who has income from business activity that [WHICH] is taxable
16 both inside and outside the state or income from other sources both
17 inside and outside the state shall allocate and apportion net income
18 as provided in the Multistate Tax Compact (AS 43.19), or as provided
19 by this chapter.

20 * Sec. 10. AS 43.20 is amended by adding a new section to read:

21 Sec. 43.20.171. COLLECTION OF INCOME AT SOURCE. (a) Every
22 employer making payment of wages or salaries shall deduct and withhold
23 an amount of tax computed in a manner to approximate the amount of tax
24 due on those wages under this chapter for that year. The employer
25 shall remit withheld taxes to the department, together with a return
26 or report prescribed by the department, at the time or times required
27 by the department by regulation. The department shall publish the
28 rate of withholding required by this section. Every employer making a
29 deduction and a withholding shall furnish to the employee no later

1 than January 31 of the succeeding year, or within 30 days after ter-
2 mination of employment, whichever is earlier, a written statement on a
3 form prescribed by the department showing

4 (1) the name and taxpayer identification number of the
5 employer;

6 (2) the name and social security number of the employee;

7 (3) the total amount of wages and other compensation; and

8 (4) the total amount deducted and withheld as tax.

9 (b) Every employer making payments of wages or salaries earned
10 in the state, regardless of the place where the payment is made,

11 (1) is liable for the payment of the tax required to be
12 deducted and withheld under this section and is not liable to an
13 individual for the amount of the payment; and

14 (2) shall make return of and pay to the department the
15 amount of tax levied that the employer is required to deduct and
16 withhold under this chapter.

17 (c) An employer who fails to comply with this section is subject
18 to the penalties set out in AS 43.05.220(d).

19 (d) If the employer is the United States or the state or a
20 political subdivision of the state, or an agency or instrumentality of
21 one or more of those entities, the return of the amount deducted and
22 withheld on wages or salaries may be made by an officer of the employ-
23 er having control of the payment of the wages or salaries or who is
24 appropriately designated for that purpose.

25 (e) In this section, "wages," "employee," and "employer" have
26 the meanings attributed to them under 26 U.S.C. 1 - 9602 (Internal
27 Revenue Code).

28 * Sec. 11. AS 43.20.340 is amended by adding new paragraphs to read:

29 (12) "fiduciary" means an estate, a trust, a guardian,

1 trustee, executor, administrator, receiver, conservator, or a person
2 acting in a fiduciary capacity for another or for the estate of a
3 deceased person;

4 (13) "individual" means a natural person, married or un-
5 married, adult or minor, subject to payment of an income tax under 26
6 U.S.C. 1 - 9602 (Internal Revenue Code);

7 (14) "domicile" means the location of an individual's true,
8 fixed, permanent home and principal establishment, to which the indi-
9 vidual intends to return from a temporary or transitory absence;

10 (15) "nonresident" means an individual who is not a resident
11 or part-year resident;

12 (16) "residence" means actual physical presence in the state
13 and is determined without regard to a person's domicile;

14 (17) "resident" means an individual who, during the taxable
15 year, was domiciled in the state or resided in the state for the
16 entire taxable year; an individual does not lose resident status
17 simply by reason of attending an educational institution or by serving
18 in the armed forces.

19 * Sec. 12. AS 43.05.085, AS 43.20.012 and 43.20.013 are repealed.

20 * Sec. 13. Sections 1 - 12 of this Act apply to income received after
21 December 31, 1987.

22 * Sec. 14. This Act takes effect January 1, 1988.
23
24
25
26
27
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29



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

COMMITTEE ON STATE AFFAIRS

TO: Representative Al Adams, Chair
House Finance

FROM: Representative Fran Ulmer, Chair
House State Affairs

DATE: April 1, 1987

RE: HB 154

The House State Affairs passed CS HB 154 (SA) with a amendment exempting Permanent Fund Dividends and Longevity Bonus payments from taxable income. During the discussion of this bill, Representative Donley suggested that the two tax rates in HB 154 was not progressive enough and requested that a four tier alternative be devised. The Dept. of Revenue has already completed some work on this proposal; however, the figures are not current and reflect changes that are not appropriate to the CS passed out.

I understand that John Hanson from the Department of Revenue has worked with Representative Donley and understands the tax structure he proposes -- namely what the percentages would be at each of the four tax levels. Both Representative Donley and Representative Hoffman expressed interest in some method to distribute more of the tax burden to upper income levels. Perhaps another approach would be to simply add one more tax rate to HB 154, for example, 6 percent for \$75,000 and above.

Please let me know if I can be of any additional assistance on this bill.

STATE OF ALASKA
THE LEGISLATURE

POUCHY STATE CAPITOL
UNIFORM ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 8, 1987

SUBJECT: Contents of committee substitute for HB 154

TO: Representative Fran Ulmer
Chair, State Affairs Committee

FROM: Theresa L. Bannister *TB*
Legislative Counsel

This memo accompanies the final of CSHB 154 (State Affairs) that was requested for the State Affairs Committee.

The CS incorporates the amendments that the committee requested dealing with the treatment of permanent fund dividends and longevity bonuses. In addition to making some minor technical changes, I felt that certain additional changes were necessary for the bill, and was given permission to include them in this final CS. These changes are the following:

1. change of wording of title; title expanded to "taxation of income" because some of the changes in the bill apply to corporate income taxation as well as individual income taxation; addition of reference to individual tax credits because they are a unique entity, not technically connected in the past to income taxation;
2. added "and fiduciaries" to catchline of sec. 43.20.032 in sec. 5 of the CS (page 5), because the subsection (a) discusses fiduciaries;
3. added "for a nonresident or part-year resident individual or fiduciary" in sec. 43.20.032(b) in sec. 5 of the CS (page 5), because although the section catchline indicated that subsection (b) did not apply to corporate taxpayers, subsection (b) was not clear on the point.
4. added "With regard to the tax under AS 43.20.011-(g)-(j)," to the beginning of sec. 43.20.040(d)

Representative Ulmer
April 8, 1987
Page 2

(sec. 7 on page 6), to distinguish the section's coverage from that of AS 43.20.065 that covers corporate taxpayers now;

5. added a new bill section (sec 9.) amending AS 43.20.065 to clarify that it still applies only to corporate taxpayers;

6. deleted the repealer of AS 47.45.120(a) (page 9); that section prohibits income taxation of longevity bonuses; with the deletion, the section is still operative;

7. added repealer of AS 43.05.085 (page 9); the repealed section covers the transmittal of information on individual tax credits, and is no longer needed since individual tax credits are repealed in the CS.

In addition to the above changes, there are some other drafting considerations that I believe should be considered at some point in the progress of the bill. These concern the definitions used in the bill. One example is the effect of the bill's definition of "nonresident" on AS 43.20.051. The definition changes the current application of the section. Although a partner may now be a natural person, corporation, or other entity, the new definition would limit the section to natural persons, a result that may not be desired.

If you wish to discuss an item in this memo further, or if I may be of further assistance, please advise.

TLB:mkr
m10/112

Enclosure

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 6, 1987

SUBJECT: Exclusion of longevity bonuses from gross
income in HB 154

TO: Representative Fran Ulmer
Chair, State Affairs Committee

FROM: Theresa L. Bannister *TLB*
Legislative Counsel

This memo accompanies the amendment that you requested relating to the treatment of longevity bonuses and permanent fund dividends under HB 154. AS 47.45.120 prohibits longevity bonuses from being taxable for income tax purposes. Therefore, the bonuses should not be considered income under the bill. The language of HB 154, however, incorporates the federal definition of gross income. Even with the express language of AS 47.45.120, the use of the federal definition arguably would include longevity bonuses in gross income. Therefore, it is necessary to specifically exclude the bonuses from gross income under the bill.

If I may be of further assistance, please advise.

TLB:mkr
m10/105

Enclosure

A M E N D M E N T

Offered in the HOUSE

By the State Affairs Committee

TO: HB 154

Page 4, line 14:

Delete "."

Insert ";"

Page 4, following line 14:

Insert a new paragraph to read:

"(3) gross income does not include longevity bonuses received under AS 47.45."

Page 4, line 29:

Delete "."

Insert ";"

Page 4, following line 29:

Insert a new paragraph to read:

"(4) permanent fund dividends paid under AS 43.23.055."

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/27/87

FURTHER REFERRALS: Finance

DATE: 4-6-87

The State Affairs Committee has considered HB 154

"An Act relating to the taxation of income derived by individuals; relating to amended tax returns filed by taxpayers; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 154 (SA) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Cliff Davidson

John Ulmer

SIGNING OTHER RECOMMENDATIONS:

W.C. Boush DO NOT PASS

Sam Mendenhall DO NOT PASS

Laura Hoffman DO NOT PASS UNLESS AMENDED

David Smiley DO NOT PASS

Terry Martin Do not Pass

John Ulmer

Chairman's signature

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEA ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 8, 1987

SUBJECT: Contents of committee substitute for HB 154

TO: Representative Fran Ulmer
Chair, State Affairs Committee

FROM: Theresa L. Bannister *TB*
Legislative Counsel

This memo accompanies the final of CSHB 154 (State Affairs) that was requested for the State Affairs Committee.

The CS incorporates the amendments that the committee requested dealing with the treatment of permanent fund dividends and longevity bonuses. In addition to making some minor technical changes, I felt that certain additional changes were necessary for the bill, and was given permission to include them in this final CS. These changes are the following:

1. change of wording of title; title expanded to "taxation of income" because some of the changes in the bill apply to corporate income taxation as well as individual income taxation; addition of reference to individual tax credits because they are a unique entity, not technically connected in the past to income taxation;
2. added "and fiduciaries" to catchline of sec. 43.20.032 in sec. 5 of the CS (page 5), because the subsection (a) discusses fiduciaries;
3. added "for a nonresident or part-year resident individual or fiduciary" in sec. 43.20.032(b) in sec. 5 of the CS (page 5), because although the section catchline indicated that subsection (b) did not apply to corporate taxpayers, subsection (b) was not clear on the point.
4. added "With regard to the tax under AS 43.20.011-(g)-(j)," to the beginning of sec. 43.20.040(d)

Representative Ulmer
April 8, 1987
Page 2

(sec. 7 on page 6), to distinguish the section's coverage from that of AS 43.20.065 that covers corporate taxpayers now;

5. added a new bill section (sec 9.) amending AS 43.20.065 to clarify that it still applies only to corporate taxpayers;

6. deleted the repealer of AS 47.45.120(a) (page 9); that section prohibits income taxation of longevity bonuses; with the deletion, the section is still operative;

7. added repealer of AS 43.05.085 (page 9); the repealed section covers the transmittal of information on individual tax credits, and is no longer needed since individual tax credits are repealed in the CS.

In addition to the above changes, there are some other drafting considerations that I believe should be considered at some point in the progress of the bill. These concern the definitions used in the bill. One example is the effect of the bill's definition of "nonresident" on AS 43.20.051. The definition changes the current application of the section. Although a partner may now be a natural person, corporation, or other entity, the new definition would limit the section to natural persons, a result that may not be desired.

If you wish to discuss an item in this memo further, or if I may be of further assistance, please advise.

TLB:mkr
m10/112

Enclosure



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

STATE AFFAIRS COMMITTEE

HOUSE BILL 154

FILE CONTENTS

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3. ALASKA INDIVIDUAL INCOME TAX BRIEFING PAPER, PREPARED BY JOINT INCOME TAX WORKING GROUP, DEPARTMENT OF REVENUE, OFFICE OF MANAGEMENT AND BUDGET, DATED 2/24/87
4. GRAPHS ON SPENDING AND REVENUES PREPARED BY OFFICE OF MANAGEMENT AND BUDGET
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6. PUBLIC RESPONSE
 - A. PRO
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7. TELEGRAM FROM ALAN STEIN TO REPRESENTATIVE ULMER, DATED MARCH 1, 1987, AND RESPONSE, DATED MARCH 13, 1987
8. "OPPOSED? THEN PROPOSE!" FAIRBANKS DAILY NEWS-MINER EDITORIAL, DATED MARCH 10, 1987

FISCAL NOTES

- A. DEPARTMENT OF REVENUE: \$1,817,100 EXPENSES; \$83,000,000 REVENUES (TOTAL ALL DIVISIONS)



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 26, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box 7
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 13, of the Alaska Constitution, I am transmitting a bill relating to the taxation of individuals and fiduciaries, and to amended tax returns filed by taxpayers. The bill reinforces an individual income tax.

I know that an income tax is not an instantly popular idea. However, I believe Alaskans want to be in control of our own destiny. I believe we have reached the time when we must reduce our dependence on the price of oil, a price that is not within our control.

I also believe Alaskans want state government to provide a decent and consistent level of public services. An individual income tax is one of the fairest ways of meeting this goal. Those who are most able to pay bear a greater proportion of the burden.

This bill also ensures that nonresidents who take jobs in Alaska make their fair contribution to our state. As explained below, this bill is more effective than our earlier law in making sure that this happens.

I believe that Alaskans are willing to help pay for government if that government is responsive and accountable. I think that an income tax will help make sure that our government listens to its people.

The bill embodies a tax structure that is simple, fair, and relatively easy to administer. The taxpayer need only complete a one-page return. Basically, the taxpayer begins with "total income" as set out on the federal return, and may make only limited adjustments to that figure. The personal exemptions are then deducted, and the remainder is taxable income.

The income is taxed in two brackets: 3.2 percent and 5.7 percent. By not providing for the full array of familiar deductions historically available in a personal income tax, this bill will tax a comparatively broad tax base. As a result, the tax rate is lower than it would be if deductions were permitted. The tax rates have been established to generate \$250,000,000 over a full year; collections for FY 88 are estimated to be approximately \$85,000,000. Receipts in FY 88 will be from "withholding" only, since returns for calendar year 1988 will not be due until the spring of 1989. FY 88 receipts will not reach one-half of a full year's receipts because of the lag between wages paid and withholding remitted to the state.

An individual's filing status will be the same as on the federal return. The filing status determines how much income is taxed in the lower bracket of 3.2 percent. For individual taxpayers (and fiduciaries), that amount is income of less than \$30,000. For married couples filing a joint return, and for surviving spouses, the amount is income of less than \$50,000; for married individuals filing separate returns, it is income of less than \$25,000. For heads of household, the amount is income of less than \$40,000. Income in excess of these levels is taxed at the higher 5.7 percent rate. Section 1 of the bill sets out the rates for each filing status.

The individual income tax law, before its repeal in 1980, favored nonresidents over residents by taxing nonresident income in the lowest possible tax brackets. This bill remedies that inequity by placing nonresidents on an equal footing with residents. This is accomplished by computing a tax on the entire taxable income of nonresidents from all sources and then determining the fraction of that tax that is attributable to income earned in Alaska. This approach results in apportioning the nonresident's income between the tax brackets rather than lumping it all in the lower bracket. Under the bill, part-year residents will be taxed in the same manner as nonresidents. Section 1 of the bill sets out the method for determining nonresident and part-year resident tax liability, and secs. 5, 6, and 7 of the bill add provisions relating to tax calculation for nonresidents as well as part-year residents.

Section 4 of the bill adds three subsections to AS 43.20.-031, delineating gross income, adjusted gross income, and taxable income. A taxpayer's gross income will correspond with gross income under federal law, with certain modifica-

tions. First, cost-of-living allowances that are exempt from federal income taxation will be added to the state tax base. Second, interest on state and municipal obligations that is tax exempt at the federal level will be added to the tax base. A taxpayer's "total income" on the federal return automatically will incorporate the income from and expenses attributable to a trade or business, the sale of capital assets, and rental and royalty property. Since federal "gross income" already includes the income from these activities, the bill allows the costs of producing that income as deductions to the same extent as provided under federal law.

Adjustments to gross income are greatly limited. Federal law prohibits states from imposing an income tax on interest from United States obligations; therefore, that income is deducted from the tax base. State income tax refunds are excluded from the base to eliminate artificial state income. Alimony paid and the penalty for the early withdrawal of funds from savings accounts are permitted as deductions since they cannot realistically be regarded as income. No other deductions of any nature are allowed.

Taxable income is calculated by deducting allowable personal exemptions from adjusted gross income. The bill uses the federal rules for qualification for personal exemptions; that is, a taxpayer will qualify for the number of personal exemptions for which the taxpayer qualified under federal law. The exemption amount is \$3000. Since the federal exemption is adjusted for inflation, the bill makes it clear that Alaska does not adjust its exemption for inflation. Estates and trusts will not receive any exemption.

Under sec. 4 of the bill, proposed AS 43.20.031(j), (k), and (l), relating to gross income, adjusted gross income, and taxable income, will appear in an existing statute entitled "Taxable income of residents; deductions; exemptions." AS 43.20.031. Because those proposed subsections are intended to apply to all taxpayers, resident or not, proposed AS 43.20.031(w) defines "individual" and "fiduciary" to mean resident, nonresident, or part-year resident individuals and fiduciaries. If this bill is enacted, the revisor of statutes should change the title of AS 43.20.031 to reflect that the section no longer applies only to residents.

Residents will receive a credit for taxes paid to other states on income earned in the other states. Nonresidents do not receive this credit since the income earned outside the state is not taxed. Those taxpayers qualifying for the permanent fund dividend can elect to have the dividend ap-

plied directly against their tax liability. The Department of Revenue will adopt regulations specifying the procedure for requesting the PFD offset. These provisions appear in proposed AS 43.20.062, in sec. 8 of the bill.

Employers will be required to withhold taxes from their employees' wages, remit the taxes, and file withholding returns and reports with the department. The department will establish the rate of withholding. Employers will be required to furnish employees with wage and tax statements by January 31 of each year or within 30 days after the termination of employment, whichever is earlier. The withholding provisions are in sec. 9 of the bill.

Section 8 of the bill amends AS 43.20.030(6) to require that every taxpayer, whether individual, fiduciary, or corporate, is required to file an amended state tax return within 60 days after filing an amended federal return or within 60 days after a federal assessment. Any additional tax due, together with accrued interest, must also be paid within the 60-day period. The existing language of that subsection requires that a "notice" be filed within the 60 days, and leaves unclear the due date of any additional tax or penalty.

Sections 2 and 10 make conforming changes. Section 11 repeals the provisions relating to tax credits for political contributions and child care (AS 43.20.013), as well as the provision in the longevity bonus program dealing with the taxability of the longevity bonus (AS 47.45.120(a)). The effect of this last repeal is to make taxability of the bonus track federal treatment. If the bonus remains taxable by the United States, the state will also tax it. If it is not taxed by the United States, the state will not tax it. AS 43.20.012 is repealed because it states that AS 43.20 does not apply to individuals or fiduciaries. In addition, that section contains a reference to AS 43.20.013, which is also being repealed in sec. 11 of the bill.

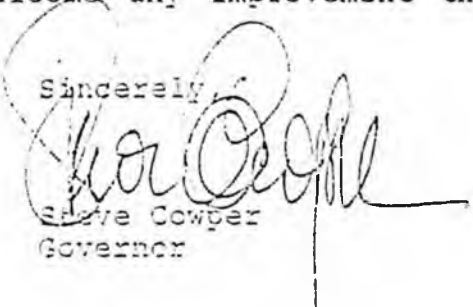
In summary, a taxpayer under this bill would begin with "total federal income," that is, line 23 on the 1986 federal 1040 form. Cost-of-living allowance income and tax exempt interest income would be added, and interest on U.S. obligations, state income tax refunds, alimony paid, and the penalty on early withdrawal of savings from time deposits would be deducted. Personal exemptions would be applied against the result, to produce "taxable income." Withholding, the credit for taxes paid other states, and the PFD offset, would then be applied against the tax liability.

Hon. Ben Grussendorf

Page 5

I believe that an income tax is an essential step in providing secure revenues for public services. I urge your prompt and favorable consideration of this proposal during this legislative session, and welcome any improvement that you may have to offer.

Sincerely,



Steve Cowper
Governor

ALASKA INDIVIDUAL INCOME TAX

BRIEFING PAPER

FEBRUARY 24, 1987

Joint Income Tax Working Group

Department of Revenue

Office of Management and Budget

ALASKA INDIVIDUAL INCOME TAX
BRIEFING PAPER

The Bill embodies a tax structure that is simple, fair and will be relatively easy to administer. The taxpayer need only complete a one page return. Basically, the taxpayer begins with "total income" as set out on the Federal return, and may make only limited adjustments to that figure. The personal exemption or exemptions are then allowed, and the remainder is taxable income. The income is taxed in two brackets, 3.2% and 5.2%. By not providing for the full array of familiar deductions historically available in a personal income tax, this bill will tax a comparatively broad tax base. As a result, the tax rate is lower than it would be if deductions were permitted. The tax rates have been established to generate approximately \$85 million in revenue for FY 88 and \$250 million in subsequent years.

An individual's filing status will be the same as on the Federal return. The filing status determines how much income is taxed in the lower bracket of 3.2%. For individual taxpayers (and fiduciaries), that amount is \$30,000. For married couples filing a joint return and surviving spouses, the amount is \$50,000, for married individuals filing separate returns, it is \$25,000. For heads of household, the amount is \$10,000. Section 4 of the bill sets out the rates for each filing status.

The individual income tax law prior to repeal in 1980 favored nonresidents over residents by taxing nonresident income in the lowest possible tax brackets. This bill would remedy that inequity by placing non-residents on an equal footing with residents. This is accomplished by computing a tax on the taxable income of nonresidents from all sources and then determining the fraction of that tax that is attributable to income earned in Alaska. This approach results in apportioning the nonresident's income among the tax brackets rather than lumping it all in the lowest bracket.

The bill adds three subsections to AS 43.20.031, delineating gross income, adjusted gross income and taxable income. A taxpayer's gross income will correspond with gross income under Federal law with certain modifications. First, most of living allowances that are exempt from Federal income taxation will be added to the state tax base. Second, interest on state and municipal obligations that is tax exempt at the Federal level will be taxable additions to the tax base. A taxpayer's "total income" on the Federal return automatically will incorporate the income from and expenses attributable to a trade or business, the sale of capital assets, and rental and

royalty property. Since federal "gross income" already includes the income from these activities, the bill allows the costs of producing that income as deductions to the same extent as provided under federal law.

Adjustments to gross income are greatly limited. Federal law prohibits states from imposing an income tax on interest from United States obligations; therefore, that income is deducted from the tax base. State income tax refunds are excluded from the base to eliminate artificial state income. Alimony paid and the penalty for the early withdrawal of funds from savings accounts are permitted as deductions since they cannot realistically be regarded as income. No other deductions of any nature are allowed.

Taxable income is calculated by deducting allowable personal exemptions from adjusted gross income. The bill uses the federal rules for qualification for personal exemptions, that is, a taxpayer will qualify for the number of personal exemptions for which the taxpayer qualified under federal law. The exemption amount is \$3,000.00. Since the federal exemption is adjusted for inflation, the bill makes it clear that Alaska does not adjust its exemption for inflation. Estates and trusts will not receive exemptions.

Residents will receive a credit for taxes paid to other states on the income earned in the other states. The credit is limited to a percentage based on the out of state taxable income divided by total taxable income. Nonresidents do not receive this credit since the income earned outside the state is not taxed. Those taxpayers qualifying for the Permanent Fund Dividend can elect to have the dividend applied directly against their tax liability. The Department of Revenue will promulgate regulations specifying appropriate conditions for the PFD offset.

Employers will be required to withhold taxes from their employees and remit the taxes and file withholding returns and reports with the department. The department will establish the rate of withholding. Employers will be required to furnish employees with wage and tax statements by January 31 of each year or within 30 days of the termination of employment.

In summary, a taxpayer under this bill would begin with "total federal income," that is, line 23 on the 1986 Federal 1040 form. Cost of living allowances and tax exempt interest would be added, and interest on U.S. obligations, state income tax refunds, alimony paid, and the penalty on early withdrawal of savings from time deposits would be deducted. Personal exemptions would be applied against the result to produce taxable income. Withholding and estimated tax payments and credits for taxes paid to other states and the PFD offset would then be applied against the tax liability. A flow chart which summarizes the provisions of the bill and how they work is attached along with a draft of an Alaska Resident Individual Income Tax Return.

STATE OF ALASKA
INDIVIDUAL INCOME TAX
WORKING DRAFT

Total Federal Income
1040 Line #23

Add
Federal C.O.L.A.

Add
Tax Exempt
Interest

Less
Interest on
U.S. Obligations

Less
Alimony Paid

Less
Alaska Tax
Refunds

Less
Penalty for Early
Withdrawal of Sav.

Alaska Adjusted Gross Income

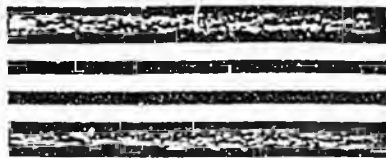
Personal
Exemptions

Alaska Taxable Income

Tax
2 Bracket
Rates 3.2/5.7

Credit
Taxes Paid
in Other
States

Payments
Withholding
Est. Tax
PFD Credit



RESIDENT

DRAFT

R

Your Social Security Number: _____ Exemptions: _____
(from federal form)

Spouse's Social Security Number: _____

THIS SPACE FOR OFFICE USE ONLY

Please type or print

First Name and Initial (if joint return, use both first names and initials): _____ Last Name (or names): _____

Mailing Address: _____

City, State, Zip Code: _____

Filing Status:
 A Single
 B Married filing jointly
 C Married filing separately
 D Head of household
 E Surviving spouse

NOTE
 Attach to your federal return and supporting schedules copies of this attached form.

ATTACH COPY OF ALL WAGE STATEMENTS HERE

Please attach check or money order here

1. Total income (line 11, Federal Form 1040 or line 13, Form 1040A).....	1
2. Federal cost of living allowance (C.C.L.A.).....	2
3. Interest exempt from federal tax.....	3
4. Add lines 1, 2, and 3.....	4
Adjustments to Income	
5. Penalty for early withdrawal of savings.....	5
6. Alimony paid.....	6
7. Interest on U.S. government securities.....	7
8. Alaska tax refunds.....	8
9. Add lines 5 through 8; enter here.....	9
10. Subtract line 9 from line 4. This is your Alaska adjusted gross income.....	10
11. Multiply number of exemptions by 33,000.....	11
12. Subtract line 11 from line 10. This is your Alaska taxable income.....	12
13. Take figure on line 12 and determine your tax from the Tax Computation Schedule on the back. Enter amount here.....	13
14. Credit for taxes paid in other states (attach proof of taxes paid).....	14
15. Subtract line 14 from line 13. If less than zero, enter zero.....	15
16. Total Alaska income tax withheld.....	16
17. 1988 estimated Alaska income tax prepayments.....	17
18. Alaska permanent fund dividends credit.....	18
19. Add lines 15, 17, and 18. These are your total payments.....	19
20. If line 15 is less than line 19, we owe you. Enter amount OVERPAID.....	20
21. Amount of line 20 to be REFUNDED TO YOU..... ☺	21
22. Amount of line 20 to be applied to your 1989 estimated tax.....	22
23. If line 15 is more than line 19, you owe us. Enter AMOUNT YOU OWE and send check payable to "Alaska Department of Revenue" with your return. Write your social security number on the check. ☹	23

CAUTION. Do not include employment security contributions (ESC or EUI) withheld.

YOUR SIGNATURE IS REQUIRED

Under penalty of perjury, I/we attest tax return is true and complete.

Signature of the Preparer: _____ Identifying number: _____

If you have a refund coming send return to: ☺ Alaska Department of Revenue, P.O. Box SR, Juneau, Alaska 99811-0400

If having additional taxes send return to: ☹ Alaska Department of Revenue, P.O. Box SA, Juneau, Alaska 99811-0400

X _____ your signature _____ Date _____

X _____ Spouse's signature (if filing jointly, BOTH must sign even if only one had income)

OFFICE USE ONLY

Individual Income Tax Draft
 Taxpayer Revenue Goal--\$150 Billion
 Effective tax rates
 1955

DRAFT*

AGI RANGE	ALL	ALL	ALL	MARRIED	MARRIED	HEAD OF	SINGLE
	RETURNS	RETURNS	RETURNS	JOINT	SEPARATE	HOUSEHOLD	
	PERCENT OF	PERCENT OF	EFFECTIVE	EFFECTIVE	EFFECTIVE	EFFECTIVE	EFFECTIVE
	RETURNS	AGI	TAX RATE	TAX RATE	TAX RATE	TAX RATE	TAX RATE
LOSS	1.33%	-0.10%		0.00%	0.00%	0.00%	0.00%
0 TO 10000	21.15%	17.35%		0.80%	0.10%	0.74%	1.00%
10001 TO 20000	19.72%	8.61%		1.95%	1.05%	1.87%	2.40%
20001 TO 30000	14.45%	10.83%		2.85%	1.81%	2.40%	2.71%
30001 TO 40000	11.47%	11.75%		3.85%	2.17%	2.86%	3.37%
40001 TO 50000	9.48%	12.85%		4.95%	2.40%	3.87%	3.85%
50001 TO 60000	6.87%	10.80%		5.75%	2.55%	3.25%	3.87%
60001 TO 70000	4.88%	9.74%		5.95%	2.81%	3.75%	4.15%
70001 TO 80000	3.80%	7.78%		5.85%	3.17%	3.95%	4.34%
80001 TO 90000	2.71%	5.81%		5.80%	3.45%	4.05%	4.45%
90001 TO 100000	1.85%	4.40%		5.75%	3.65%	4.25%	4.55%
100001 TO 150000	0.81%	3.11%		4.95%	3.97%	4.51%	4.75%
150001 TO 200000	0.51%	2.54%		4.55%	4.35%	4.51%	4.95%
200001 TO 300000	0.30%	1.87%		4.55%	4.55%	4.75%	5.05%
300001 TO 400000	0.15%	0.90%		5.05%	5.05%	5.05%	5.15%
OVER 400000	0.08%	1.77%		5.24%	5.35%	5.30%	5.45%
TOTAL	100.00%	100.00%					

* Two brackets 3.0%-- 0 to 30000 (single) ; 0 to 40000 (head of household) ;
 0 to 50000 (married-joint) ; 0 to 25000 (married-separate)

5.7%-- over 30000 (single) ; over 40000 (head of household) ;
 over 50000 (married-joint) ; over 25000 (married-separate)

- Additions Non-residents tax
 * 15000 personal exemption

<i>State or other jurisdiction</i>	<i>Rate range(s) (percent)</i>	<i>1</i>
Alabama.....	2.0 - 5.0(3)	
Arizona(b).....	2.0 - 3.0(7)	
Arkansas.....	1.0 - 7.0(6)	
California(b).....	1.0 - 11.0(11)	
Colorado.....	3.0 - 3.0(11)(7)	
Delaware.....	1.2 - 9.7(14)	
Georgia.....	1.0 - 6.0(6)	
Hawaii.....	2.25 - 11.0(11)	
Idaho.....	2.0 - 7.5(6)(i)	
Illinois.....	2.5	
Indiana.....	3.0	
Iowa(b).....	0.5 - 13.0(13)(k)	
Kansas.....	2.0 - 9.0(3)	
Kentucky.....	2.0 - 6.0(5)	
Louisiana.....	2.0 - 6.0(3)	
Maine(b).....	1.0 - 10.0(3)	
Maryland.....	2.0 - 5.0(4)	
Massachusetts.....	5.1375(m)	
Michigan.....	5.1	
Minnesota(b).....	1.0 - 9.9(11)(c)	
Mississippi.....	3.0 - 5.0(3)	
Missouri.....	1.5 - 5.0(10)	
Montana(b).....	2.0 - 11.0(10)	
Nebraska.....	19% of U.S. tax	
New Jersey.....	2.0 - 3.5(3)	
New Mexico.....	1.3 - 3.5(7)	
New York.....	2.0 - 13.5(13)(a)	
North Carolina.....	3.0 - 7.0(5)	
North Dakota.....	2.0 - 9.0(8)(r)	
Ohio.....	0.355 - 3.55(3)	
Oklahoma.....	0.5 - 6.0(7)(i)	
Oregon(b).....	4.0 - 10.0(7)	
Pennsylvania.....	2.2	
Rhode Island.....	22.21% of U.S. tax	
South Carolina(b).....	2.0 - 7.0(6)	
Utah.....	2.75 - 7.75(6)	
Vermont.....	25% of U.S. tax(u)	
Virginia.....	2.0 - 5.75(4)	
West Virginia.....	2.1 - 13.0(13)	
Wisconsin(b).....	5.0 - 7.9(4)	
Dist. of Col.	2.0 - 11.0(10)	

ANALYSIS

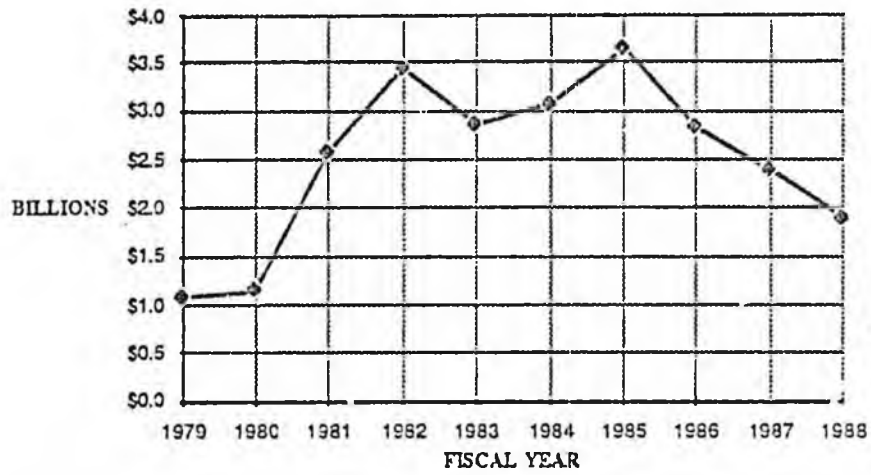
_____BILL NO.

RELATING TO AN INDIVIDUAL INCOME TAX

- A. Section 1 imposes a tax of 3.2% and 5.7% on the taxable income of residents, nonresidents, part-year residents and fiduciaries. Married individuals filing a joint return and surviving spouses, heads of household, unmarried individuals and fiduciaries, and marrieds filing separate returns will pay the 5.7% tax on the taxable income in excess of \$50,000, \$40,000, \$30,000, and \$25,000, respectively. The tax on nonresidents and part-year residents is based on total taxable income and the tax is then apportioned to the state based the percentage of adjusted gross income attributable to an Alaska source. A taxpayer is required to use the same filing status as claimed on the federal tax return.
- B. Section 2 provides that a taxpayer must file a state tax return if required to file a federal tax return.
- C. Section 3 requires that a taxpayer file a copy of the federal return with the state return. It also provides that a taxpayer filing an amended federal return or receiving a federal assessment is required within 60 days to file an amended state tax return and to pay any tax and interest due.
- D. Section 4 defines gross income, adjusted gross income, and taxable income for individuals and fiduciaries. Federal law is adopted to define gross income except that cost of living allowances and tax exempt interest is added to federal gross income to arrive at state gross income. Adjusted gross income is gross income less alimony paid, interest on United States obligations, state income tax refunds included in gross income, the penalty for premature withdrawal of funds from time savings deposits, and certain business and investment expenses, i.e. cost of goods sold, that must be netted against gross income from the activity to arrive at the profit. A fixed personal exemption of \$3,000 per dependent is subtracted from adjusted gross income to arrive at taxable income.
- E. Section 5 describes the method of determining the adjusted gross income of nonresidents and part-year residents that is attributable to sources in the state.
- F. Section 6 identifies income derived from sources in the state.
- G. Section 7 provides when the allocation and apportionment provisions of AS 43.19 must be used to determine income derived from sources in the state.

- H. Section 9 provides credits against the tax for income taxes paid by residents to other states, tax withholdings, and estimated tax payments. A taxpayer will be allowed to apply the Permanent Fund Dividend as an offset against the tax.
- I. Section 9 requires employers to withhold tax from employee wages and to remit the tax with returns and reports required by the department.
- J. Section 10 provides definitions.
- K. Section 11 repeals the exemption from state income tax for individuals and fiduciaries, the refundable political contribution and child care credits, and the exemption from state tax for the longevity bonus.
- L. Section 12 provides the income tax is to apply to income received after December 31, 1987.

STATE SPENDING



FY 79-86 are actual values. The FY 87 estimate reflects operating restrictions. The FY 88 projection reflects Governor's budget proposal.

State of Alaska Financial Plan
Unrestricted General Funds
(Millions of \$)

	FY87	FY88	FY89	FY90	FY91
Revenues		\$1325.0	\$1373.9	\$1398.0	\$1359.0
Adjustment		(36.2) ¹	(17.3) ¹		
		<u>\$1288.8</u>	<u>\$1356.6</u>		
Total GF Outlay	2391.1	1895.5	1817.4	1800.1	1771.8
Deficit/Shortfall	(882.6)	(606.7)	(460.8)	(402.1)	(412.8)
Budget Reserve Fund	425.6				-
Loans Closeouts		25.0			
Funding Source Change, Bradley Lake	50.0				
Individual Income Tax		83.0	255.0	269.0	282.0
ELF Postponement		75.0	91.7	99.7	97.7
License and Fee Increases		50.4	48.8	57.7	52.2
Permanent Fund Earnings	182.0 to 407.0 ²	123.3 to 373.3 ^{2,3}	0 to 65.3 ^{2,3}		
Balance	0	0	0	0	0

...sing oil prices will reduce draws on Permanent Fund Earnings. Budget Reserve Fund will be replenished either through windfalls or draw on Permanent Fund earnings, until cash reserve equals \$600.0.

¹ Decrease in projected revenues is primarily due to full use of Budget Reserve Fund in FY87, causing a decrease in expected interest earnings.

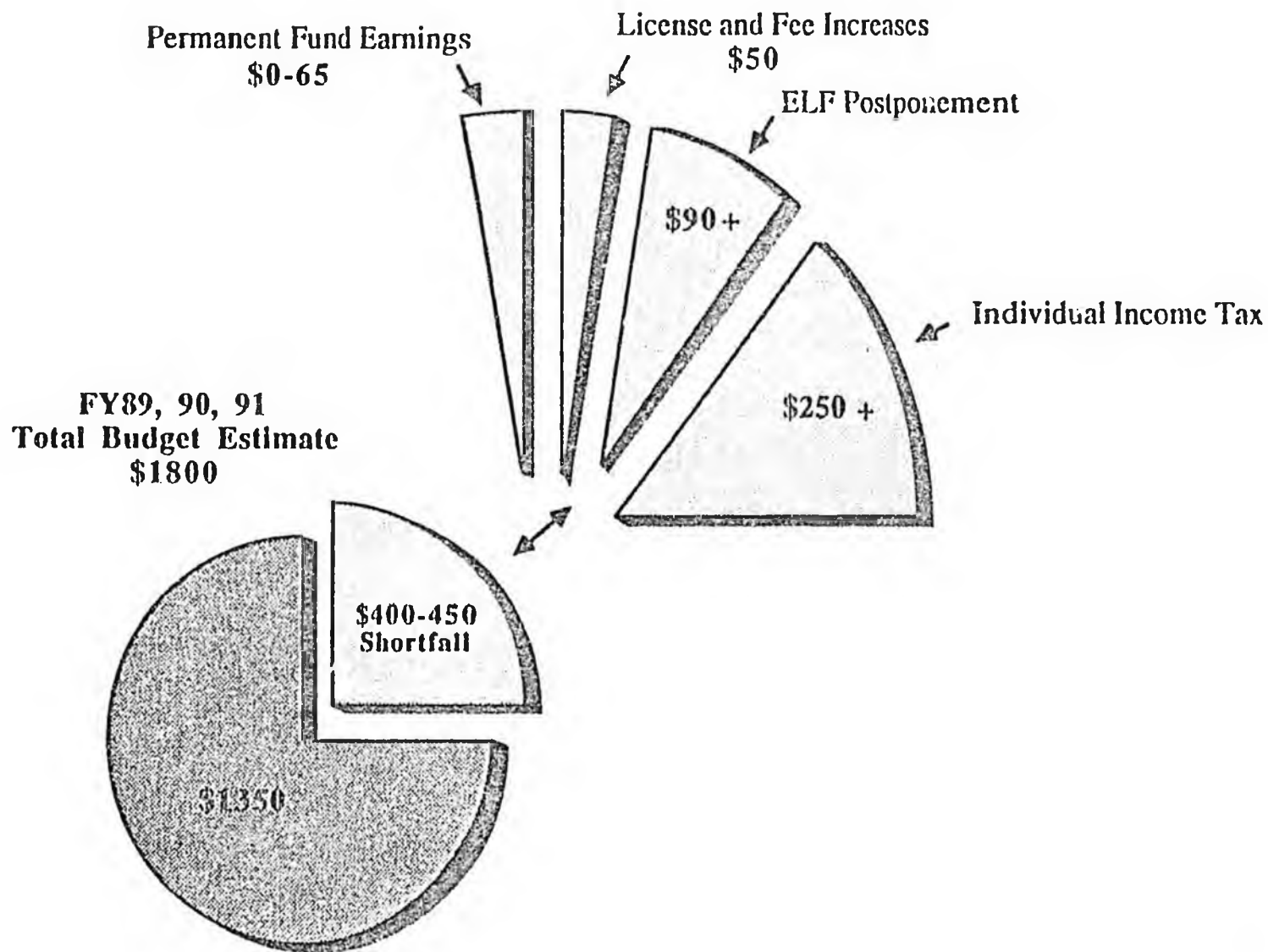
² The amount taken from the Permanent Fund earnings will decrease if oil prices rise.

³ The draw could impact dividends and/or inflation proofing.

Revised: 3/2/87

FY89, 90, 91 Budget Shortfall Problem and Solutions

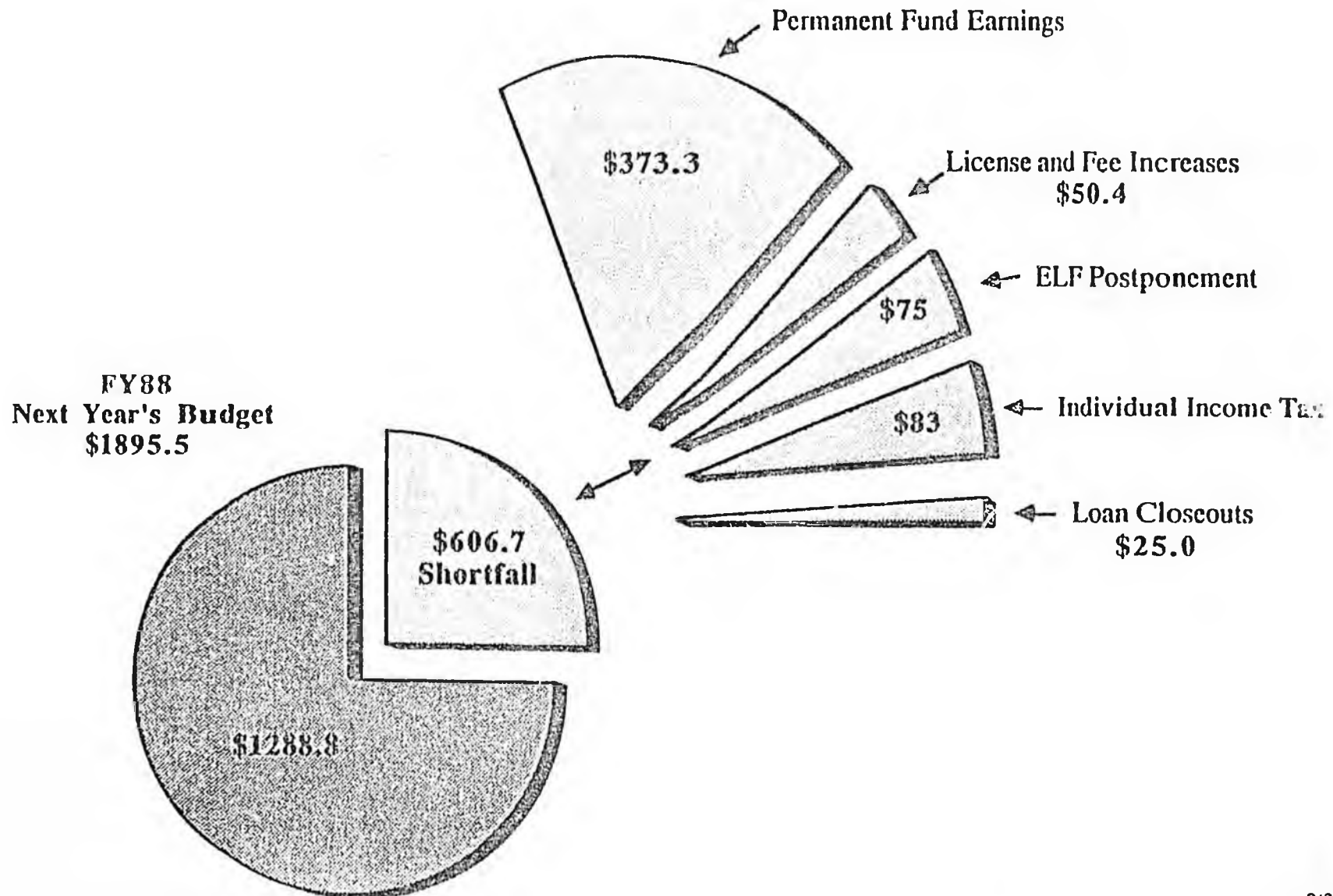
(Unrestricted General Funds)
(\$Millions)



FY88 Budget Shortfall Problem and Solutions

(Unrestricted General Funds)

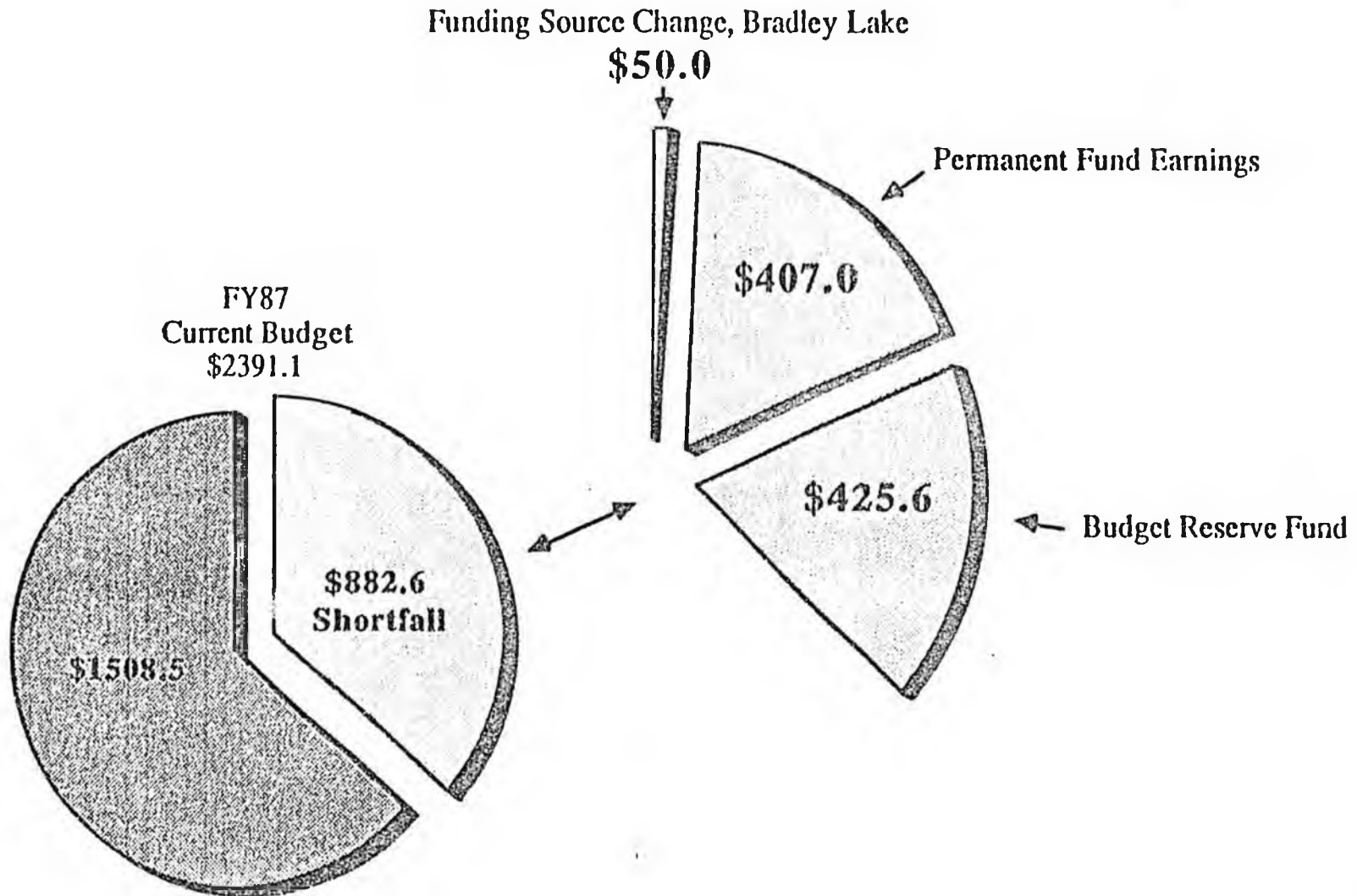
(\$Millions)



FY87 Budget Shortfall Problem and Solutions

(Unrestricted General Funds)

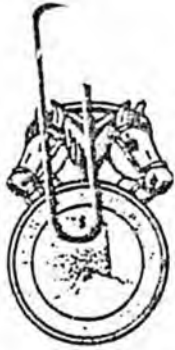
(\$Millions)



6A

PUBLIC RESPONSE

PRO INCOME TAX



General Teamsters Local 959 State of Alaska

Affiliated with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America

ANCHORAGE, ALASKA 99510, P.O. Box 102092 (907) 333-2311 ROBERT J. SINNETT (Secretary/Treasurer)

FAIRBANKS, ALASKA 99707, P.O. Box 609, (907) 452-8221
JUNEAU, ALASKA 99801, 306 Willoughby, (907) 586-3225
KENAI, ALASKA 99811, P.O. Box 619, (907) 233-4493

RECEIVED FEB 17 1987

February 13, 1987

Representative Fran Ulmer
Alaska State Legislature
Pouch V (MS 3100)
Juneau, AK 99811

Dear Representative Ulmer:

Enclosed please find a copy of a letter I sent to Governor Cowper on the subject of education spending.

I encourage you to vote against any proposed cuts in education funding.

If we must raise taxes to maintain adequate funding for education, you can count on my support and, I believe, the support of all Alaskans. As I mentioned in the letter to Governor Cowper, education is not a frill. We must do whatever we have to in order to maintain funding at an adequate level.

Sincerely,

TEAMSTERS LOCAL 959


Robert J. Sinnett
Secretary-Treasurer

/wj/7B12c/S

Enclosure

MARCH 1, 1987

Senator James Duncan
P.O. Box P.O. Box V
Juneau, AK 99802

RECEIVED MAR 5 1987

Dear Senator Duncan,

I believe that some form of income tax should be enacted before any consideration is given to spending earnings from the Permanent Fund. With an income tax in place the public will be much more critical and vocal about projects that are funded by the legislature.

The tax should be more simple than proposed by the administration and be based simply on a percentage of the federal income tax due. The permanent fund dividend should be contingent on the filing of a tax return, even if no tax is due. If there is no filing the individual should not be eligible for the dividend. Any tax owed would be offset by the dividend.

The permanent fund dividend should eventually be capped at something under \$1,000.


The above proposals would in the short term cost me money, but are necessary to put a cap on the legislature's spending.

As a small contribution to cutting state expenses no response to this letter is necessary.

Sincerely,

Ed Watkins
Edward C. Watkins
1220 Glacier, #307
Juneau, AK 99801

cc: Governor Steve Cowper
Rep. William Hudson
Rep. Fran Ulmer



James E. Fisher
6645 No. Douglas Hwy
Juneau, Ak 99801

2/25/87

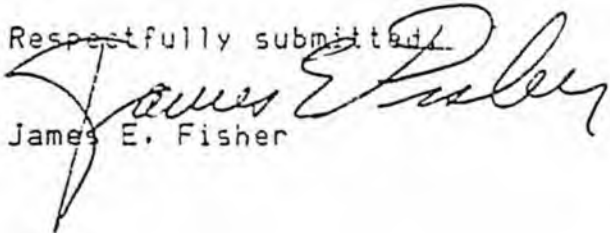
Representative Fran Ulmer
Box V
Juneau, Ak 99811

Dear Representative Ulmer:

To provide some tangible constituent comment about the great need(not want) to stabilize both state services and revenues, I favor:

- 1) reinstatement of the personal income tax; and
- 2) maintenance of such safety services as the funding for shelters providing refuge and counselling for abused women and children. Although I encounter such problems on a frequent basis, I continue to be surprised at the apparent pervasiveness of the problems. I consider such a service to be among the most basic in the state.

Respectfully submitted,



James E. Fisher

Copy for your information.

ROBERT M. ARVIDSON
Box 253
Cordova, Alaska 99574
Feb. 21, 1977

Legislative Finance Committees
Alaska State Legislature
P.O. Box 7
Juneau, Alaska 99811

RECEIVED

Dear Legislators,

This letter is in response to the proposed plan to use \$147 million of Permanent Fund earnings to help erase the deficit. Based on an estimated population of 520,000, this would be an immediate cost of \$282 to each Alaskan.

Another way of using the earnings would be to issue a Supplemental Dividend/Tax Credit of \$720 and impose a combination of taxes on residents and non-residents to increase state revenues and to stimulate the economy.

According to the attached work sheet which is based in part on past Alaska tax precedents (e.g., see the enclosed 1978 \$100 tax credit legislation reference for residents), and in part on the enclosed New York City schedule, a 1% tax on residents and a 3% tax on non-residents (plus a school tax) would yield \$95,570,000 for the General Fund. The Supplemental Dividend/Tax Credit would cost \$166.4 million, but this would still leave \$113.6 million in the Permanent Fund Undistributed Income account.

The plan would pump \$102.4 million into the economy (\$720 Dividends to an estimated 120,000 Alaskans who usually do not have enough income to be liable for taxes—people who need money, like senior citizens, the unemployed, and minimum wage earners). This, in combination with the \$163 million the Senate leadership wants Governor Cowper to release for capital projects, could have a significant impact on the Alaskan economy.

Non-residents would contribute \$71.53 million through a combination of income, school, and earnings taxes. This would be equivalent to the state receiving matched funds for part of our Permanent Fund Earnings.

Proposed taxes for residents are based on 1% of unadjusted average gross earnings of \$70,000 for convenience in illustrating the tax scheme. As a comparison, a single (non-married) Alaskan resident was liable for \$301 on taxable income of \$2800 in 1978 as shown in the enclosed tax table.

The revenue forecast is based on estimated Alaska Personal Income of \$6.993 billion. Average taxes are based on a ceiling of \$99,500 unadjusted income to equal the proposed Dividend of \$720 for the given year (projected \$675 Dividend plus \$720 Dividend/Credit).

Taxes are inevitable if the state is to maintain services and provide for capital improvements. The Supplemental Dividend could be released immediately, based upon last year's residency lists and voluntary submission of Federal tax returns. The plan need not interfere with current annuity proposals.

Sincerely,

Robert M. Arvidson

Encs: as stated.

cc: Senate President, Speaker of the House, Governor Cowper, and Others.

Ⓢ Note: Unvalidation by AK Supreme Court based on number of years a taxpayer reported AK income as violation of

Work sheet for Proposed Tax Plans

NON-RESIDENTS

- Income tax - 1% of Unadjusted Average gross income (UAGI) of \$7,000 for 77,000 wage earners ... \$ 6,930,000
- Income tax - 1% of UAGI of \$30,000 for 10,000 Self-employed ... 3,000,000
- Earnings tax - 2% of \$993 million ... 19,860,000
- School tax @ \$20 ... 1,740,000
- \$ 31,530,000 → \$ 31,530,000

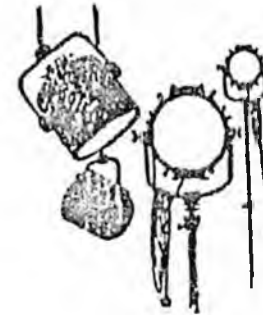
Residents

- 1% of UAGI of \$30,000 for 200,000 taxpayers ... 6,000,000
- School tax @ \$20 ... 4,000,000
- \$ 64,000,000 → \$ 64,000,000

(Note: average estimated resident tax of \$320 equals proposed Supplemental Dividend tax credit)

Total \$ 95,530,000

Feb. 24, 1987



BUSINESS REPRESENTATIVE
HEADQUARTERS
 2510 Arctic Blvd.
 Anchorage, Alaska 99503 2510
 208 Wendell
 Room 205
 Fairbanks, Alaska 99701

710 W. 5th Street
 Fairbanks, AK 99701

March 5, 1987

BUSINESS MANAGER'S REPORT

I just spent eight days in Juneau with the State Executive Board of the AFL-CIO in a legislative conference. It was a very healthy meeting. We had the opportunity to talk to a great many representatives of the House and Senate. The conference was well attended by many other groups. State Federation endorsed a concept of a State income tax which would be similar in nature to what we had in prior years based on those who are able to pay. This would add income to the State of Alaska (if anyone is left) of approximately \$300 million per year. But at the rate the unemployment rolls are increasing and people are leaving the State, that figure may drop dramatically.

A major bill that will affect public employees is House Bill 128. This bill was originally sponsored by Senators Binkley, Faiks, Fischer and Mensley. It boils down to almost destroying the collective bargaining process. Our legislative representatives (we have many good ones who work very hard) have enough problems to take care of without getting into the intricacies of the collective bargaining system. The State has the Department of Administration to negotiate all of these items. The bill would remove from bargaining: (1) Subcontracting, (2) Work week, (3) Geographic differential wage, and (4) Merit increases.



February 14, 1987

Dear Frank Ulmer:

As residents of rural Alaska we are very concerned about the economic future of Alaska. We are supportive of many of Governor Cowper's budget recommendations.

We feel that we can not longer rely solely on the oil revenue. After having had several years of growth funded by oil revenues we are now facing the prospects of numerous cuts in very basic operating expenses such as school support, fish and game management, law enforcement, etc. It is time that Alaskans start paying for the basic services. We urge the legislature to support the reestablishment of state income tax, require communities with a tax base to assume more of the burden of education and that other sources of revenue be explored, such as a "one cent a fish tax" collected for all fish caught in the commercial salmon industry with the revenues to be used solely for management of the industry.

The Anchorage paper has column after column of real estate default notices, the news reports of banking institutions suffering financial problems, and yet the most common solution we have heard from the legislature and from many local governments and school boards is to cut, cut, cut. Many cuts may be necessary but relying on cuts as the only way of balancing the budget will result in mass exodus from the State. Those leaving take not only their skills and talents but also the business they provided to the local stores, theatres, restaurants, etc not to mention the unpaid utility bills and defaulted mortgages. Alaska may become a ghost state.

Some of the cuts that have been recommended such as not funding the State Arts Council, the Public Radio, and RATNET would result in totally isolating rural Alaska from the rest of the state and would all have a very negative impact on the morale and economic future of rural Alaskans. The Public Radio is essential to rural Alaska and should be fully funded.

The legislators have an obligation to be farsighted and creative in finding solutions to the current economic woes other than making drastic cuts. We need solutions that will keep people employed in the state, not solutions that will save money this year but result in more disasterous economic ruin in future years.

We join Governor Cowper in his mandate to the legislature to find some solutions to the problems this year rather than "patching" through this year with fingers crossed hoping that all will be better next year.

Sincerely
Wesley and Janie Hill
Wesley and Janie Hill

RECEIVED FEB 20 1987

Dear Fran,

I approve of your stand
on State Inheritance
As a Senior citizen ^{in need}
paying for my car ¹⁹⁸⁷
this year will pay ^{for}
house taxes, would be
willing to give up the
longevity (some people need
it) if legislators and
state employees were
willing to lop off an equal
sum in their paychecks.

Most important to all
of us is for legislators
to leave permanent,
fund and into earnings
alone - discretionary to the state
511 Kennebec, ME 04743
Jennison, AK 99801



TO Rep. Fran Ulmer
C/O Pouch V

Jennison, AK
99801

RECEIVED MAR 5 1982

170 Davis Ave.
3. 2. 87

Dear Representative Ulmer,

A recent article in the local paper ascited to you the view that a reimpertion of the state income tax was an unfortunate but necessary step.

It seems that your legislative position has so far generated the degree of enthusiasm one usually reserves for laryngitis. Therefore, hopefully not to offend, I would like to offer you two observations: first, from several points of view the proposal makes eminent sense; second, the proposer demonstrates a considerable degree of political courage. And even though your own natural constituency may lead you to a degree of comfort (though not much) there are several senior legislators of the same persuasion who are comfortably, sadly silent.

Constituent acceptance of an income tax is not all variant, nearly as difficult as comads claims,

good luck.

Richard L. Liden

057850

RECEIVED FEB 17 1997

Dear REPRESENTATIVE FRANK LUYER,

Hello. We are appalled at the lack of insight expressed by those who say the individual permanent fund dividend should be capped, or done away with, before an income tax is re-instated. It makes all the sense in the world to distribute the individual dividend and then recollect in income tax.

If the average tax is about a 1000 dollars, with a 575 dollar dividend, after the federal tax reduction, most working Alaskans will come close to breaking even. The advantage to the state is that out-of-state workers will have to leave something here to pay for the services they use, and we will be keeping many more of our federal taxes in Alaska.


Many legislators are saying they are opposed to a tax, when what they really intend is taxing young people and the lower middle class a huge amount of their legitimate income. If a 3% income tax is going to hurt people at a bad time, think how much the working poor will be hurt if the dividend is capped, taxing them 5 to 10% of their legitimate income. Teenagers are watching their politicians talk about taxing them at about 20%, rather than everybody at 3%!

The success of America has been caused by our realizing that power comes from the people (and, in God we Trust). Our great natural resources belong first to the free people, not the government. It is a basic question of Sovereignty and personal legitimacy. It is socialism which believes that resources belong first to the state. The individual dividend is not socialism, capping the individual dividend to fund the government is socialism. (besides for being a grossly unfair tax). The dividend is not free money; how many of us consider the profits from our investments to be free money?

If you want to use the Permanent Fund to peck up the state economy, promote business, advance equal opportunity and an independent economy, respect individual choice; increase the size of the dividend.

If the size of state government can not be cut, we believe an income tax or sales tax is the only responsible way to go.

Mr. - Mrs. Donald Kelly



RECEIVED JAN 28 1987

January 27, 1987

Honorable Fran Ulmer
Representative
P.O. Box V
Juneau, AK 99811

Dear Representative Ulmer:

I'm writing to you to express the opinion shared by myself and many others who I have talked to.

Two of the major revenue raising proposals being looked at by the legislature involve a sales tax and/or an income tax.

SALES TAX:

- 1) is discriminatory to the poor who will have no way to get around paying it;
- 2) carries an unequal burden in areas that already have a local sales tax, such as Juneau, and a lesser burden on places that don't, such as Anchorage;
- 3) works against the "Buy Alaskan" and "Buy Locally" campaigns since it would inflate prices and make it more attractive to purchase items outside of Alaska. This would create a major detriment to Alaskan businesses and many of the goals this state has been working toward;
- 4) is NOT tax deductible under the new federal income tax laws.

INCOME TAX:

- 1) IS tax deductible under the new federal income tax laws, whether you itemize or not. It therefore takes no additional money out of the pockets of Alaskans, but rather diverts money that would go to the federal government back to Alaska;
- 2) carries less or no burden among those who cannot afford such a tax;
- 3) distributes the "burden" evenly among the whole state and imposes no great burden on Alaskan businesses.

It is very clear that the only logical choice between these two is an income tax and that a state sales tax should be strongly rejected as damaging to Alaska's economy. The problem with getting the income tax approved is the "fear" that uninformed Alaskans seem to have. Many

State of Alaska
Steve Cowper, Governor
P.O. Box A
Juneau, AK 99811

Dear Governor Cowper,

Representative Springer came to Nome this week and held several meetings with different groups to try and let the people in this area know what is going on in Juneau.

One of the things he talked about that I thought was very important was the attitude of most of the population, about the State. They seem to think that the State of Alaska is a charity organization. There are a lot of people here who have come up to the State for the easy money. They are going to have to be re-educated now that it is time to come back into the real world, where you are expected to pay for the services that you get and there are no handouts.

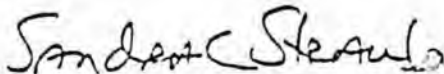
The State income tax should be brought back. That seems to be the fairest way to start things off. The people who are most able to pay would pay the most, and the unemployed, etc., would pay the least. My husband and I both work and since we get regular paychecks we would be paying the taxes regularly. Depending on how much a percentage the tax was, we would have that much less take home pay, but we would still be working which is the most important thing of all. One of the arguments that could be made is that by not having a State income tax, we are simply paying more Federal taxes (because State taxes are deductible) and why not pay the money to the State instead of the Federal government?

Then, if the State still does not have enough money to operate, the permanent fund dividend distribution checks should be stopped. A lot of people will scream about that but they must be made to understand that:

- 1) Probably half of that check is going to the Federal government for Federal taxes anyway. So why not operate the State Government with that money instead of the Federal government?
- 2) If you want police and fire protection, roads to drive on, airports (especially in the bush), sanitation, home mortgage programs, schools, revenue sharing with the municipalities, etc. etc., you will have to give up the permanent fund check. It is that simple.

People must be made to understand that the State touches every one of their lives. Every one receives some benefits from the State Government every day. From the schools that their children go to, to the roads they drive on, to the airports the planes use, to their housing and mortgage programs and so on. And these services must be paid for. In the old days we paid for them, and those of us that make this State their home will pay for them again.

Sincerely,



Sandra C. Straub
Box 986
Nome, AK 99762

cc: EVERYONE

LOU KNICKERBOCKER
9456 La Perouse
Juneau, AK 99801

9456 La Perouse
Juneau, AK 99801
February 28, 1987

Representative Frank Underwood
Pouch V
Juneau, AK 99801

Dear Mr. Underwood:

May I begin by saying I'm pleased to see you supporting income tax. So long as it doesn't cut under the level of those who must pay Federal Income Tax, I think it an excellent idea.

As one who has always used and valued libraries, I want to urge all the help you can give for state library which coordinates cost effective cooperation and sharing of resources of all libraries large and small.

More cuts for state library threaten Federal funds for regional services library services for blind and physically handicapped, the Alaska Library Network Catalog - numerous efforts which get some Federal grants.

I have a great concern for school funding in general. Among my fears is that with lowered budgets school libraries and libraries may

I have the most vivid memories of
my own children and now grandchildren's
exuberant joy in using "their" Library!

Let's protect that joy and our children's
literacy as much as we can.

Sincerely,

Mary Lou Knickerbocker

2/25/87

RECEIVED

Hon. Fran Ulmer
House of Representatives
Pouch V
JUNEAU, AK 99811

Dear Fran,

BRavo for your remarks before the Bill Egan Forum. Like several others in attendance, I was delighted with the clarity and forcefulness of your presentation. As a citizen of Juneau (and, more importantly, a life-long citizen of Alaska), I am pleased to be so well-represented.

If you're keeping score, feel free to count this letter as a vote:

- A- In favor of a state income tax;
- B- In favor of at least modifying the ELF;
- C- Opposed to release of capital funds (FY '87), except on an item-by-item basis; and,
- D- of confidence in your ability to make the right decisions when the occasions arise.

MY NAME IS PAT SHAW; I LIVE IN JUNEAU. I AM HERE TO TESTIFY ON THE PERSONAL INCOME TAX PROPOSAL.

IT IS MY OPINION THAT WE SHOULD REINSTITUTE A PERSONAL STATE INCOME TAX FOR THE FOLLOWING REASONS:

- ADDITIONAL REVENUES ARE NEEDED TO FUND AN ADEQUATE LEVEL OF SERVICES
- AN INCOME TAX WOULD BE MORE FAIR THAN A STATE SALES TAX, WHICH SHOULD REMAIN THE PREROGATIVE OF LOCAL UNITS OF GOVERNMENT, OR ENDING THE PERMANENT FUND DIVIDEND PROGRAM
- IT WOULD CAPTURE A LITTLE MONEY FROM OUT-OF-STATE WORKERS
- IT IS A STEP TOWARD BUILDING A RECURRING INCOME BASE ON WHICH A BUDGET COULD BE BUILT RESPONSIBLY

YOU MAY WANT TO KNOW THAT I DO NOT WORK FOR THE STATE OF ALASKA NOR DOES ANY MEMBER OF MY FAMILY. I SUPPORT MYSELF ON A MODEST ~~XXXXXX~~ (BY ALASKA STANDARDS) SALARY AND I DO NOT ENJOY PAYING TAXES ANY MORE THAN THE NEXT PERSON. I DO BELIEVE IN THE FUTURE OF THE STATE OF ALASKA; I WANT TO SEE IMPORTANT SERVICES PROVIDED FOR OUR CITIZENS AND COMMUNITIES AND I KNOW IT IS EXPENSIVE TO PROVIDE SERVICES HERE.

IN SUMMARY, I AM WILLING AND ABLE TO HELP PAY FOR NEEDED SERVICES AND I BELIEVE OTHER FOLKS WHO EARN MONEY HERE SHOULD HELP PAY TOO. IT SEEMS ONLY FAIR AND REASONABLE TO ME.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY BEFORE THE COMMITTEE TODAY.

Pat Shaw
Box 023036
Juneau AK 99802
work 586-1712 586-1457 home



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

COMMITTEE ON STATE AFFAIRS

April 3, 1987

Pat Shaw
Box 022036
Juneau, AK 99802

Dear Pat:

Thank you for leaving a copy of your testimony in support of the personal income tax. I am sorry that you did not get a chance to personally present it to the committee on Wednesday. I will see that it gets into the folders of each committee member.

I believe that one of our top priorities this session must be to secure recurring sources of revenue, both by reinstating the personal income tax and by protecting the Permanent Fund. I appreciate the support I am receiving from you and others around the state. Keep up the good work.

Thank you, Pat!

Sincerely,

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

Fran Ulmer, Chair
State Affairs Committee

HB 154

My apologies that we took so much time on 3157.



UNIVERSITY OF ALASKA, ANCHORAGE

3211 Providence Drive
Anchorage, Alaska 99508
(907) 786-7710

30 March 1987

INSTITUTE OF SOCIAL AND
ECONOMIC RESEARCH

Representative Fran Ulmer
Chairman, House State Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Representative Ulmer,

Thank you for the opportunity to testify before your committee on the question of the economic effects of various measures to close the gap between the current levels of state revenues and expenditures. During the hearing, Representative Martin raised a question about two of the numbers used in the analysis I presented, and I want to respond to his concerns in this letter.

The first part of the question was what is the likely number of Alaskan residents who would pay tax if the income tax were reimposed. I used a rough estimate of 250 thousand residents. I can cite two figures in support of my estimate. The first is the Department of Revenue study entitled Revenue Alternatives prepared in December 1986. They use a range of 242 to 265 thousand for the number of returns in 1988 for a reimposed tax. This includes non-resident returns but counts joint returns, which combine the incomes of two separate individuals, as one. Since the number of nonresident returns would probably be less than the number of Alaskans appearing as the second income earner on joint returns, the number of Alaska residents directly impacted by the tax, based on the DOR study, exceeds 250 thousand. The second source is the total federal filings from Alaska in 1982 (residents by definition) which was 206 thousand, again counting joint returns as one. Since the number of joint returns was 89 thousand, the number of income earners directly paying Federal taxes in 1982, when the economy was smaller than it now is, was 295 thousand. This information is contained in another DOR report entitled Federal Income Taxpayer Profile 1978, 1981, 1982.

The second part of the question had to do with the use of the figure of \$27,419 as the average income lost by a government employee as the result of his job being eliminated. In 1984 the



1961 - 1986 • 25 YEARS OF SERVICE

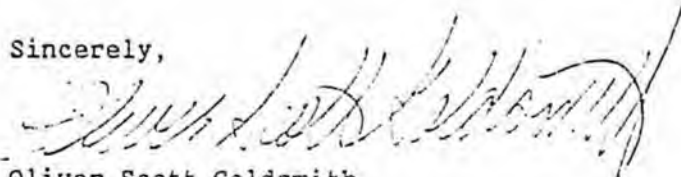
A DIVISION OF THE UNIVERSITY OF ALASKA STATEWIDE SYSTEM OF HIGHER EDUCATION

Representative Fran Ulmer
30 March 1987
Page Two

average annual earnings per employee in state and local government in Alaska was \$30,744. Assuming an average tax rate of 10 percent results in an estimate of disposable personal income loss of \$27,670, which is a bit higher than the figure I used. The average annual earnings for all employees in 1984 was \$28,586, which is somewhat less than either state government at \$32,381 or local government at \$29,578. This is not an accurate comparison, however, because these averages are based upon average monthly employment which gives equal weight to jobs of all lengths within the month. That is, both part- and full-time jobs get the same weight. By way of contrast, the average per capita personal income in Alaska in 1984 was \$17,996.

I hope this clarifies my choice of the estimates presented for residents directly impacted by an income tax and average income loss for government employees.

Sincerely,



Oliver Scott Goldsmith
Professor of Economics

cc: Representatives H.A. Boucher, Lyman Hoffman
Cliff Davidson, Dave Donley, Terry Martin,
and Curt Menard
Gregg Erickson, OMB

6B

PUBLIC RESPONSE

CON INCOME TAX

James B. Mullins
Rt1 Box 1603-3
Kenai, Ak. 99611
January 25, 1987

Fran Ulmer
Pouch V
Juneau, Alaska

RECEIVED JAN 29 1987

Dear Representative Ulmer,

I disagree with Governor Cowper, we do not need a state income tax at this time. This state spends six times the national average per person, a fact I'm sure you are aware of, and this figure needs to be cut down to size. There is no reason it should be so high. I repeat, cut the size of state government!

Here are some ideas I would like to see implemented this session:

- Sell all state owned businesses.
- Due away with tax breaks for the oil companies.
- Stop the pipeline settlement. The transportation costs are absurd.
- End the longevity bonus program.
- Make REA's pay part of the load. Support education throughout the state.
- Cut all state subsidized broadcasting to radio and television.
- Cut state salaries to a reasonable level(no more than the governor).
- Close Mt. Edgecumbe-we built schools in the bush to eliminate this.
- Pass legislation allowing teachers salaries to be reduced.
- Increase tenure requirements for teachers from 2 years to 5 years.
- Stop any binding arbitration bill dealing with any state group.
- Consolidate the school districts into larger districts(rural districts).
- Stop all capital spending except for roads/sewer/water(enough grain and coal terminals).
- Cut travel budgets for all departments in half and enforce it.
- Require accurate accounting of all projects and departments.
- Charge realistic user fees for all campgrounds and recreation areas. Enough to cover operating costs.
- Cut all funding to arts groups.
- Stop Braley Lake Dam.

P.O. Box 020994
Juneau, AK 99802
26 January 1987

Representative Fran Ulmer
Pouch V, Capital Building
Juneau, Alaska 99811

Dear Representative Ulmer:

I am writing to let you know I am not in favor of reinstating a State income tax. I am very willing to forgo a Permanent-fund dividend check, and I am all for cutting capital expenditures (including those for Juneau!). But I feel that reinstating a State income tax is a too-simple solution to our long-term problem of overspending. It will simply lead to continued overspending supported by an income tax.

Also, please note that for those with too few deductions for itemizing deductions on their Federal income tax, a State income tax would not be deductible. What kind of sense does it make to pay me a State dividend (on which I have to pay Federal income tax) and then turn around and impose a State tax on my income? Please, keep the dividend check and curb State spending (especially for capital projects), but don't reinstate the income tax -- ~~and~~ certainly not without a public vote!

I realize these are difficult problems, and I wish you the best. But an income tax won't stop the pork barrel politics; it will only support them.

Sincerely,

Thomas A. Hanley

Thomas A. Hanley

RECEIVED JAN 27 1987

RECEIVED FEB 23 1987

February 19, 1987

Ladies and Gentleman:

The majority of leaders in our state government are not new to the political arena, but you would think it were so from the rumbling we the voters are hearing from the session this year.

The cry of you, our political leaders is: "We are coming to you, the people of this state to get more money so we can continue on the same as we have in the past".

The voters know you are mostly the same people who have been in control of the finances of this state for quite sometime, and have not paid attention to the warning signs of lessening income, or so it would seem. If this is not the case you have not been in agreement about what you should do about it, and it is time you began to listen to what the people in the state are saying to you.

The people of Alaska are saying "NO" loud and clear to State Income Tax, or to touching the Permanent Fund in any way. "We the people", is still a voice in this country, and should be heard by our representatives in government. You are to speak for us not for what your personal desires are, or what you think might be right. Our voices will be heard at the polls if we are not heard and adnored to in these matters.

One area to look at is the amount of people in the states employ. We cannot afford as many as we could when money was plentiful. I am not referring to transferring positions from one area to another, but in cutting down on the amount of bodies working for the state.

Your jobs are not easy, but by listening to the majority of people you will have done what you have been elected to do. If not, the voters have no alternative but to put those decisions on the ballot to be decided by majority vote.

My prayer is you will have the courage to listen to people and act accordingly.

Respectfully,

John W. Harper

John W. Harper
914 Calhoun #1
Unalaska, Alaska, 99801

STATE OF ALASKA



REPRESENTATIVE
FRAN ULMER

P.O. Box V
JUNEAU, ALASKA 99811
(907) 465-4347

HOUSE OF REPRESENTATIVES

March 13, 1987

Gerald W. Foster
8171 Fairwood Cir.
Anchorage, AK 99518

Dear Gerald:

Your letter regarding the income tax contains several misconceptions which I would like to address briefly. I have paraphrased your points.

"The private sector is shrinking but the government sector is fat."

In the Governor's proposed FY 88 budget, state government has been reduced to the FY 79 level. If you remove all the pass-through grant programs which were added (to individuals and to municipalities), it is at the FY 72 level. These are rather drastic reductions in services, which have yet to be felt by Alaskan residents, but will be soon.

"If we just cut government, the private sector will grow."

Alaska's private sector is heavily dependent on state spending, both capital and operating. We may not like it, but it's true. So the more we reduce state spending, the more private business will hurt due to less money circulating in the economy and fewer people with jobs who can afford to buy what the private sector is offering.

"Citizens don't need to pay taxes because resource extraction taxes are high."

That is the root of our problem today: over-reliance on one source of revenue, oil, which is highly unreliable (both price and production). Without recurring, predictable, broad based citizen taxes, government will be very unstable and, as a result, so will our economy. The oil companies may pay \$2,600 per person, but not one cent goes to the state treasury for the services each person receives from the state. Do you really think that's fair?

Gerald W. Foster

-2-


March 13, 1987

"State employees are overpaid and until they take a cut, I don't want to pay taxes."

I sympathize with the sentiment that everyone should give a little; employees, contractors, citizens, cities, all of us should share some of the burden of tighter budgets.

No, Juneau doesn't have more state employees than other cities: Anchorage has the most state employees as any city (although they do represent a larger proportion of the jobs in Juneau). I don't believe this is a regional issue at all. I believe it is a statewide problem that will only be solved when people realize how dramatic the cuts are already and how few alternatives there are that will fairly ask everyone to help pay for the services they receive free.

Sincerely,


Fran Ulmer
Representative District 4B

/Re

RECEIVED MAR 5 1987

Rep. Fran Ulmer
Chairwoman State Affairs Comm.

Feb. 28, 1987

Governor Cowper has introduced legislation (SB-148 & HB-154) which calls for a personal income tax. So that there is no doubt in your mind how I feel, I am dead-set against such a tax. There are several reasons why I'm against any new taxes; I'll highlight a few.

An income tax will take more of people's shrinking disposable income. That's right Fran, we've been losing wages and benefits for the last year and a half, and I'm sick of it. While state government needs to cut the fat, the private sector has been eating its young in order to survive. I've enclosed a graph which points out the sad disparity between the private and public sector in terms of recent job losses.

As far as how the people of Southcentral feel; in a recent call for letters from the Anchorage Daily News, over 80% of the respondents demanded that state government be severely cut before the imposition of an income tax. The constituent poll from my part of town not only had a record number of responses, but people overwhelmingly asked that government be cut as the primary means of dealing with our current economic woes. Please ask for a copy of this poll from Representatives Pearce or Hanley.

Yet another reason that we don't need an income tax is that Alaskans already pay resource extraction taxes to the tune of \$ 2600/year per person....that's plenty!

The wages and benefits of state workers (a major component of the budget) is far in excess of what the private sector gets, due mostly to over-unionization and fiscal irresponsibility during the petro-dollar years. Do you expect me to pay more taxes so that an equivalent state worker can work less hours, get more vacation, get more pay, and receive better benefits.....FORGIVE ME! Show some wisdom Fran, we all know that our current government is not efficient enough, and it is time for people like you to change that.

I am disturbed (but not surprised) that you are supporting an income tax. Juneau obviously has more state employees (on a percentage basis) than the other major cities of the state. What I'm saying is that your support of such a measure smacks of regionalism, and everyone agrees that we will not make it through this mess if we resort to those kinds of politics.

Let's demand higher efficiency from government, privatize the parts of government which cannot deliver, and quit asking for more money from those of us who have less money all the time.

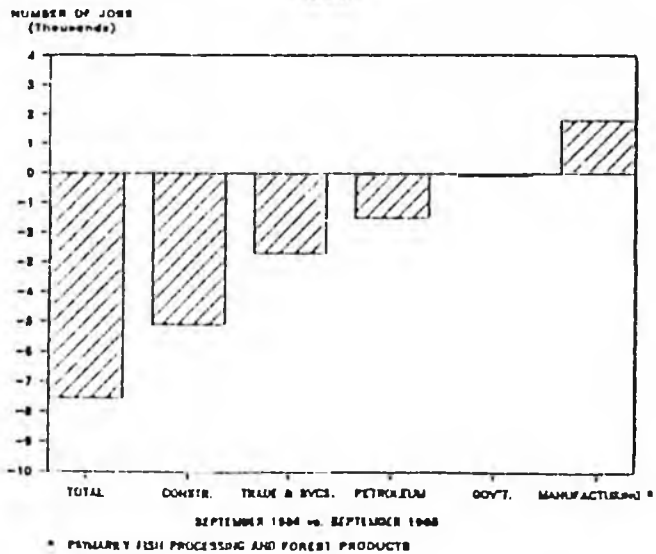
Gerald W. Foster

Gerald W. Foster
6171 Fairwood Dr.
Anch, AK 99518

cc: Sen. Abood
Rep. Hanley
Rep. Pearce
Sen. Rodey
Gov. Jowper
Furks
Grussendorf
Adams

CHANGE IN EMPLOYMENT BY MAJOR SECTOR

ALASKA



Alaska Business Monthly
Jun '87



Official Business

Alaska State Legislature

House

HB 1154
7
P.O. BOX V
State Capitol
Juneau, Alaska 99811

March 13, 1987

Alan Stein
Box 241
Juneau, AK 99801

Dear Alan:

Thank you for your telegram in opposition to the state income tax. I'd like to explain to you why I support it.

- * The income tax is deductible for those who itemize, whereas a sales tax is not.
- * The Department of Revenue estimates that 25% of the revenues generated from a state income tax would come from non-residents; thus, we would be able to "export" a quarter of the tax.
- * The income tax will raise approximately \$350 million which is not enough to "continue pork barrel politics"; it will only help to provide a portion of recurring revenues to supplant other sources.
- * Not everyone will pay income tax, only those who can afford to do so, assuming the floor is set high. Whereas, everyone receives the Dividend, old, young, poor, rural, urban, unemployed, and retired. The Dividend helps many who are right at the margin keep afloat. The Dividend is fairly distributed to all Alaskans.
- * Finally, the public policy reasons for each are very different. Citizens should pay a tax so that we at least pay, in part, for some of the government services we receive. We will pay more attention to how the government spends money when it is our money. The Dividend, on the other hand, is a way of giving to Alaskans a small return on the investments of the Permanent Fund. By so doing, an interest is created in the wise management of the corpus of the Fund . . . to maximize its future earnings potential. I believe both of these public purposes supporting an income tax and supporting the Dividend are good reasons for me to vote yes on both.

Alan Stein

-2-

March 13, 1987

I hope this explains my position and that you might agree. Please call if you'd like to discuss this further.

Sincerely,

Fran Ulmer, Chair
State Affairs Committee

cc: State Affairs Committee

/Re-



Telegram

09014

1987 FEB 30 09 56

PCM TDA JUNEAU ALASKA 15 03-01 1121P AST
FMS

REP FRAN ULMER

JUNEAU AK

002

STRONGLY DISAGREE INCOME TAX PROPOSAL. DRASTIC CUTS IN
STATE WAGES, PROGRAMS ARE WAY TO GO.

ALAN STEIN

BOX 241

JUNEAU AK

A

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 148/HB 154
Publish Date: _____

REQUEST _____

Revision Date: 3/13/87
Title: An act relating to the taxation of income derived by individuals
Sponsor: Governor
Requestor: _____

Agency Affected: Revenue
BRU: Audit, Enforcement, Pub. Svcs., Admn Svcs., Commissioner, Treasury, Research
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	892.1	2265.3	2662.9	2673.7	2685.0
TRAVEL	-	46.4	73.5	84.2	84.5	84.9
CONTRACTUAL	-	645.8	1415.4	1538.9	1544.0	1547.9
SUPPLIES	-	11.7	37.5	39.9	40.4	40.9
EQUIPMENT	-	221.1	289.1	78.3	52.0	52.0
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	1817.1	4080.8	4404.2	4394.6	4410.7
CAPITAL						
	-	-	-	-	-	-
REVENUE						
	-	83,000	255,000	269,000	232,000	290,000

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	1817.1	4080.8	4304.2	4294.6	4310.7
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	100.0	100.0	100.0
TOTAL	-	1817.1	4080.8	4404.2	4304.6	4410.7

POSITIONS:

FULL-TIME	-	23	64	67	67	67
PART-TIME	-	1	4	4	4	4
TEMPORARY	-	0	27	27	27	27

ANALYSIS: Attach a separate page if necessary

Prepared By: Steven E. Kettel
Division: Audit

Phone: 465-2320
Date: 3/13/87

Approved by Commissioner: [Signature]
Agency: _____

Date: 3/16/87

Distribution (by Agency preparing fiscal note):

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST _____ Bill Version: _____
 _____ Publish Date: _____
 Revision Date: _____ Agency Affected: Revenue
 Title: State Individual Income Tax BRU: Audit

 Sponsor: _____ Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	171.2	560.7	560.7	560.7	560.7
TRAVEL	-	6.5	14.0	14.0	14.0	14.0
CONTRACTUAL	-	54.0	113.6	113.6	113.6	113.6
SUPPLIES	-	4.5	11.0	11.0	11.0	11.0
EQUIPMENT	-	17.2	52.0	52.0	52.0	52.0
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	253.4	751.3	751.3	751.3	751.3
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	253.4	751.3	751.3	751.3	751.3
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	253.4	751.3	751.3	751.3	751.3

POSITIONS:

FULL-TIME	-	7	16	16	16	16
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: See attached

Prepared By: Alan E. Kellert
 Division: Audit

Phone: 465-2320
 Date: 3/13/87

Approved by Commissioner: [Signature]
 Agency: _____

Date: 3/16/87

Distribution (by Agency preparing fiscal note):

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

INDIVIDUAL INCOME TAX
FISCAL NOTE ANALYSIS

Assumptions

The Audit Division will administer the individual income tax laws to insure compliance with Alaska Statutes. Although calendar year tax returns will not be due until 1989, a withholding tax system must be in place and operative by January 1, 1983. Additional staff must be hired and fully trained to accomplish the following:

1. Compliance. This function will be accomplished by utilizing both tax examiner and auditor staff. Tax examiners, more typically, will handle desk review and less complex issues. Auditors will complete field audits and deal with more sophisticated and complex tax issues.
2. Appeals Coordination. These positions will be staffed by both tax examiners and auditors depending on the complexity and issues involved.
3. Payroll Withholding. This function will be accomplished by staffing of tax examiners to reconcile employers quarterly withholding, returns, monthly deposits and annual statements. They will maintain and reconcile the employees W-2's to the employers returns.
4. Return Examination and Processing. This function will be completed by clerks and tax examiners. The filed returns will be checked for accuracy and completeness. Payments will be posted to the appropriate returns, and desk reviews will be completed to process the returns. Selected returns will be forwarded to an auditor for examination.
5. Public Education and Staff Training. This function will be performed by audit level staff members. Public education of the individual income tax laws and filing requirements will be accomplished through seminars conducted in various locations throughout the state and by training staff members dealing with the public. Staff training is necessary to maintain a competent level of employee and educate staff to the new and changing tax laws.

A schedule of estimated costs to operate the Audit Division programs are as follows. These costs are based on 1987 dollars and do not attempt to factor in inflation. These estimates are preliminary and presented solely to present to the reader a basic idea of the areas within this division which will be impacted by passage of this legislation.

	<u>FY 88</u>	<u>FY 89</u>
<u>Personal Services</u>		
1 Revenue Auditor IV	41.4	55.2
1 Tax Examiner III	27.3	36.4
1 Tax Examiner II	24.1	32.2
1 Tax Examiner I	21.3	28.4
1 Clerk IV	20.1	25.3
1 Clerk Typist III	19.1	25.4
1 Clerk Typist II	17.9	23.9
2 Revenue Auditor III		96.4
2 Tax Examiner II		64.1
2 Clerk Typist III		60.9
2 Revenue Auditor I		72.3
1 Appeals Officer III		<u>48.2</u>
	<u>\$171.0</u>	<u>\$560.7</u>
<u>Travel and Per Diem</u>		
	<u>\$ 6.5</u>	<u>\$ 14.0</u>
	<u>\$ 6.5*</u>	<u>\$ 14.0</u>
<u>Contractual</u>		
Training	4.0	14.5
Wang Terminals & Software	<u>50.0</u>	<u>99.1</u>
	<u>\$ 54.0</u>	<u>\$113.6</u>

*This figure reflects a one time travel cost for employer training to be conducted in various locations throughout the State in conjunction with the Public Services Division.

Individual Income Tax
Fiscal Impact

II. System Requirements

- | | |
|--|--|
| 1. Technical Analysis | No expenditures |
| 2. Generate Forms | No expenditures |
| 3. Educate and Assist Public | Expenditures covered by regular audit functions |
| 4. Receive Returns | No expenditures |
| 5. Process Cash for Deposit | No expenditures |
| 6. Microfilm Returns | No expenditures |
| 7. Establish Edit Selection Criteria | Expenditures covered by regular audit functions |
| 8. Perform Visual Edit | No expenditures |
| 9. Data Capture Return Information | No expenditures |
| 10. Perform Computer Edit | No expenditures |
| 11. Ensure Compliance with Filing Requirements | No expenditures |
| 12. Establish Refund/Credit to Next Program | No expenditures; Expenditures covered by regular audit functions |
| 13. Document Filing or Destruction | No expenditures |
| 14. Perform Office Audit | 7 positions |
| a) Personal Service Costs | |

<u>POSITIONS</u>	<u>RANGE</u>	<u>MONTHLY SALARY</u>	<u>ANNUAL SALARY WITH BENEFITS</u>
Revenue Auditor IV	20	3,564	55,170
Tax Examiner III	14	2,353	36,424
Tax Examiner II	12	2,072	32,075
Tax Examiner I	10	1,835	23,405
Clerk IV	9	1,731	26,796
Clerk Typist III	8	1,631	25,448
Clerk Typist II	7	1,545	<u>23,917</u>

TOTAL PERSONAL SERVICE EXPENDITURES

\$223,235

b) Contractual: 5 terminals, IOP, Memory upgrade, Communications	\$ 50,000
c) Supplies: miscellaneous	4,500
d) Training	4,000
e) Equipment: microfilm r/p, printer, desks, chairs, etc.	<u>23,000</u>

TOTAL EXPENDITURES \$309,735

15. Perform Field Audit

a) Personal Service Costs

JUNEAU - 3 POSITIONS

<u>POSITIONS</u>	<u>RANGE</u>	<u>MONTHLY SALARY</u>	<u>ANNUAL SALARY WITH BENEFITS</u>
Revenue Auditor III	18	3,113	\$ 48,139
Tax Examiner II	12	2,072	32,075
Clerk Typist III	8	1,631	<u>25,448</u>
TOTAL PERSONAL SERVICE EXPENDITURES			<u>\$105,712</u>

b) Contractual: 3 terminals, Communications	\$ 13,000
c) Supplies: miscellaneous	2,000
d) Training	3,000
e) Equipment: desks, chairs, etc.	11,000
f) Travel	<u>5,000</u>

TOTAL EXPENDITURES \$144,712

ANCHORAGE - 4 POSITIONS

a) Personal Service Costs

<u>POSITIONS</u>	<u>RANGE</u>	<u>MONTHLY SALARY</u>	<u>ANNUAL SALARY WITH BENEFITS</u>
Revenue Auditor I	14	2,353	\$ 36,424
Revenue Auditor I	14	2,353	36,424
Revenue Auditor III	18	3,113	48,139
Clerk Typist III	8	1,531	<u>25,448</u>
TOTAL PERSONAL SERVICE EXPENDITURES			<u>\$146,485</u>

b) Contractual: 4 terminals, Communications	\$ 20,500
c) Supplies: miscellaneous	3,500
d) Training	5,000
e) Equipment: desks, chairs, etc.	13,000
f) Travel	<u>6,000</u>
TOTAL EXPENDITURES	<u>\$194,485</u>

APPEALS - 2 POSITIONS

a) Personal Service Costs

<u>POSITIONS</u>	<u>RANGE</u>	<u>MONTHLY SALARY</u>	<u>ANNUAL SALARY WITH BENEFITS</u>
Appeals Officer III	18	3,113	\$ 48,199
Tax Examiner II	12	2,072	32,075
TOTAL PERSONAL SERVICE EXPENDITURES			<u>\$80,264</u>

b) Contractual: 2 terminals, Communications	\$ 10,625
c) Supplies: miscellaneous	1,000
d) Training	2,500
e) Equipment: desks, chairs, etc.	5,000
f) Travel	<u>3,000</u>
TOTAL EXPENDITURES	<u>\$102,389</u>

GRAND TOTAL EXPENDITURES \$751,321

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST _____

Bill Version: HB 154

Publish Date: _____

Revision Date: March 13, 1987

Agency Affected: Revenue

Title: An Act for the taxation of
income derived by individuals,
partnerships and fiduciaries

BRU: Enforcement

Sponsor: House Rules Committee

Components: Enforcement--Operating

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	65.0	256.2	559.6	559.6	559.6
TRAVEL	-	11.9	28.0	52.3	52.3	52.3
CONTRACTUAL	-	6.4	19.5	137.0	137.0	137.0
SUPPLIES	-	.3	1.6	3.5	3.5	3.5
EQUIPMENT	-	28.9	47.7	26.3	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	112.5	353.0	778.7	752.4	752.4
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	112.5	353.0	678.7	652.4	652.4
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Program Receipts)	-	-	-	100.0	100.0	100.0
TOTAL	-	112.5	353.0	778.7	752.4	752.4

POSITIONS:

FULL-TIME	-	5	10	14	14	14
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Please see the attached analysis.

Prepared By: Thomas C. Williams

Phone: 465-2366

Division: Enforcement Division

Date: March 13, 1987

Approved by Commissioner: [Signature]

Date: 3/16/87

Agency: _____

Distribution (by Agency preparing fiscal note):

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

ALASKA DEPARTMENT OF REVENUE
ENFORCEMENT DIVISION
FISCAL NOTE ANALYSIS FOR HB 154
March 13, 1987

ASSUMPTIONS

1. There are approximately 15,000 employers and 100,000 families which will be required to file under an income tax bill.
2. Withholding will begin January 1, 1988. A significant number of delinquencies on first quarter returns will not appear until June 1, 1988.
3. Individual returns will begin January 15, 1989. A significant number of delinquencies will not appear until July 1, 1989.
4. The Audit Division estimates they will generate 5,000 billings per year. Approximately 10% will be appealed; 30% will be paid; and the remaining 60% (or 3,000 billings) will become delinquent.
5. The average taxpayer case consists of 2.5 billings resulting in 1,200 additional taxpayer cases. Old case work levels will decrease by approximately 100 cases by July 1, 1989.

Current Number of Taxpayer Cases	785
Projected Inventory Decline	<u>(100)</u>
Subtotal	685
Additional Inventory	<u>1,200</u>
Expected Inventory at July 1, 1989	<u>1,885</u>

6. The maximum workable inventory for Tax Collection Specialist and Revenue Enforcement Officer II positions is 120 taxpayer cases. The maximum workable inventory for a Revenue Enforcement Officer III is 70 taxpayer cases. (Please see the attached workload analysis.)
7. The necessary travel by each field Revenue Enforcement Officer will be one week long trip per quarter. Accordingly, travel for each current Revenue Enforcement Officer will increase by one week long trip per quarter.
8. Workstations are currently available for the new position in Juneau and for two of the new positions in Anchorage.

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
FISCAL NOTE ANALYSIS FOR HB 154
 March 13, 1987

COMPUTATIONS--FY '88

Personal Services

1	Revenue Enforcement Officer III (range 18, @ 49.0/year)	16.9
1	Revenue Enforcement Officer II (range 16, @ 42.8/year)	14.8
2	Tax Collection Specialist II (range 12, @ 33.6/year)	23.0
1	Accounting Clerk III (range 10, @ 30.0/year)	10.3

Total FY '88 Personal Services 65.0

Travel

2	Revenue Enforcement Officers to IRS Phase I training	
	Transportation (2 trips @ \$500)	1.0
	Per Diem (2 trips x 42 days @ \$80/day)	6.7
3	Revenue Enforcement Officers x 1 trip @ quarter	
	Transportation (5 trips @ \$1,000)	3.0
	Per Diem (3 trips x 5 days @ \$80/day)	1.2

Total FY '88 Travel 11.9

Contractual Services

	Increased toll costs (5 employees @ \$150/mo)	3.0
	Printing for forms, letterhead, etc.	3.0
	Increased postage costs (estimated @ \$100/mo)	.4

Total FY '88 Contractual Services 6.4

Commodities

	Paper, pens, etc. (5 employees x 1/4 year @ \$250/year)	.3
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Total FY '88 Commodities .3

Equipment

2	Workstations for Support Personnel	@ \$5,273.73	10.6
2	Swivel-Tilt Chairs with arms	@ \$640.81	1.3
1	File cabinets (5 drawer legal w/lock)	@ \$341.35	.3
2	12 digit Desk Calculators (printing)	@ \$135.03	.3
3	Wang Computer Terminals	@ \$4,900.00	14.7
3	Okidata u82a Microline Printers	@ \$330.00	1.0
2	Telephones	@ \$343.00	.7

Total FY '88 Equipment Costs 28.9

Total FY '88 Costs 112.5

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
FISCAL NOTE ANALYSIS FOR HB 154
 March 13, 1987

Computations--FY '89

Personal Services

1	Revenue Enforcement Officer IV	(range 20, @ 58.8/year)	29.4
2	Tax Collection Specialist II	(range 12, @ 34.4/year)	17.2
1	Accounting Clerk III	(range 10, @ 30.8/year)	7.7
1	Clerk Typist III	(range 8, @ 27.6/year)	6.9
	Positions hired during FY '88		<u>195.0</u>

Total FY '89 Personal Services 256.2

Travel

5	Revenue Enforcement Officers x 1 trip @ quarter		
	Transportation (20 trips @ \$1,000)		20.0
	Per Diem (20 trips x 5 days @ \$80/day)		<u>8.0</u>

Total FY '89 Travel 28.0

Contractual Services

	Increased toll costs (10 employees @ \$150.00/month)	11.3
	Printing for forms, letterhead, etc.	4.0
	Increased postage costs (estimated @ \$350.00/month)	<u>4.2</u>

Total FY '89 Contractual Services 19.5

Commodities Paper, pens, etc. (10 employees @ \$250/year) 1.6

Equipment

5	Workstations for Support Personnel	@ \$5,273.73	26.4
5	Swivel-Tilt Chairs with arms	@ \$640.81	3.2
2	File cabinets (5 drawer legal w/lock)	@ \$341.35	.7
5	12 digit Desk Calculators (printing)	@ \$135.03	.7
3	Wang Computer Terminals	@ \$4,900.00	14.7
1	Okidata u82 Microline Printers	@ \$330.00	.3
5	Telephones	@ \$343.00	<u>1.7</u>

Total FY '89 Equipment Costs 47.7

Total FY '89 Costs \$ 353.0

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
FISCAL NOTE ANALYSIS FOR HB 154
 March 13, 1987

Computations--FY '90

Personal Services

1	Revenue Enforcement Officer III (range 18, @ 50.4/year)	50.4
2	Revenue Enforcement Officer II (range 16, @ 42.8/year)	85.6
1	Tax Collection Specialist II (range 12, @ 33.6/year)	33.6
	Positions hired during FY '88 and FY '89	390.0

Total FY '90 Personal Services 559.6

Travel

3	Revenue Enforcement Officers to IRS Phase I training Transportation (3 trips @ \$500)	1.5
	Per Diem (3 trips x 42 days @ \$80/day)	10.2
9	Revenue Enforcement Officers x 1 trip @ quarter Transportation (29 trips @ \$1,000)	29.0
	Per Diem (29 trips x 5 days @ \$80/day)	11.6

Total FY '90 Travel 52.3

Contractual Services

Out-of-state collection agency contract	100.0
Increased toll costs (14 employees @ \$150.00/month)	25.2
Printing for forms, letterhead, etc.	7.0
Increased postage costs (estimated @ \$400.00/month)	4.8

Total FY '90 Contractual Services 137.0

Commodities

Paper, pens, etc.	(14 employees @ \$250/year)	3.5
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Total FY '90 Commodities 3.5

Equipment

4	Workstations for Support Personnel @ \$5,273.73	21.1
4	Swivel-Tilt Chairs with arms @ \$640.81	2.6
2	File cabinets (5 drawer legal w/lock) @ \$341.35	.7
4	12 digit Desk Calculators (printing) @ \$135.03	.5
4	Telephones @ \$343.00	1.4

Total FY '90 Equipment Costs 26.3

Total FY '90 \$ 778.7

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
STATE INCOME TAX POSITION IMPLEMENTATION SCHEDULE
 As of March 13, 1987

	<u>Total</u>	<u>JNU</u>	<u>ANC1</u>	<u>ANC2</u>
<u>Staffing as of July 1, 1987</u>	2 REO IV 1 REO III 2 REO II 4 TCS II 1 AC III 2 CT III	1 REO IV 1 REO III 3 TCS II 1 AC III 1 CT III	1 REO IV 2 REO II 1 TCS II 1 CT III	
<u>Total Positions 07/01/87</u>	<u>12</u>	<u>7</u>	<u>5</u>	<u>-0-</u>
<u>FY '88</u>				
Hire positions by 03/01/88 and have employees fully functional by 06/01/88	1 REO III 1 REO II 2 TCS II 1 AC III	1 REO II	1 REO III 2 TCS II 1 AC III	
<u>Positions Added in FY '88</u>	<u>5</u>	<u>1</u>	<u>4</u>	<u>-0-</u>
<u>FY '89</u>				
Hire positions by 01/01/89 and have employee fully functional by 04/01/89	1 REO IV			1 REO IV
Hire positions by 04/01/89 and have employees fully functional by 07/01/89	2 TCS II 1 AC III 1 CT III			2 TCS II 1 AC III 1 CT III
<u>Positions Added in FY '89</u>	<u>5</u>	<u>-0-</u>	<u>-0-</u>	<u>5</u>
<u>FY '90 (if workload warrants)</u>				
Hire position by 07/01/89 and have employee fully functional by 10/01/89	1 REO III 2 REO II 1 TCS II			1 REO III 2 REO II 1 TCS II
<u>Positions Added in FY '90</u>	<u>4</u>	<u>-0-</u>	<u>-0-</u>	<u>4</u>
<u>FY '91</u>				
Evaluate potential needs during the Fall of 1989 while preparing the FY '91 budget.				
<u>Total Positions Added</u>	<u>14</u>	<u>1</u>	<u>4</u>	<u>9</u>
<u>TOTAL POSITIONS REQUIRED</u>	<u>26</u>	<u>8</u>	<u>9</u>	<u>9</u>

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
 WORKLOAD LEVELS UNDER HB 154
 As of March 13, 1987

	Staffing Levels					=	As of 07/01/89
	As of 07/01/87	+	FY 88 Add	+	FY 89 Add		
<u>Collectors</u>							
Tax Collection Specialists	4		2		2		9
Revenue Enforcement Officer IIs	2		1		-0-		5
Revenue Enforcement Officer IIIs	1		1		-0-		3
<u>Total Collectors</u>	<u>7</u>		<u>4</u>		<u>2</u>		<u>17</u>
<u>Support Staff</u>							
Supervisors/Technical Advisors	2		-0-		1		3
Accounting Clerks	1		1		1		3
Clerk Typists	2		-0-		1		3
<u>Total Support Staff</u>	<u>5</u>		<u>1</u>		<u>3</u>		<u>9</u>
<u>Total Staffing</u>	<u>12</u>		<u>5</u>		<u>5</u>		<u>26</u>

Taxpayer Case Load Levels					
Tax Collection Specialists	480	240	240	120	1,080
Revenue Enforcement Officer IIs	240	120	-0-	240	600
Revenue Enforcement Officer IIIs	70	70	-0-	70	210
<u>Total Taxpayer Case Load</u>	<u>790</u>	<u>430</u>	<u>240</u>	<u>430</u>	<u>1,890</u>
<u>Taxpayer Cases as of 03/09/87</u>	<u>785</u>				

Billing Case Load Levels					
Tax Collection Specialists	1,200	600	600	300	2,700
Revenue Enforcement Officer IIs	600	300	-0-	600	1,500
Revenue Enforcement Officer IIIs	175	175	-0-	175	525
<u>Total Billing Case Load</u>	<u>1,975</u>	<u>1,075</u>	<u>600</u>	<u>1,075</u>	<u>4,725</u>
<u>Billings as of 03/09/87</u>	<u>1,963</u>				

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SD 148
Publish Date: _____

REQUEST

Revision Date: March 13, 1987
Title: An Act for the taxation of
income derived by individuals,
partnerships and fiduciaries
Sponsor: Senate Rules Committee
Requestor: _____

Agency Affected: Revenue
BRU: Enforcement

Components: Enforcement--Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
<u>OPERATING</u>						
PERSONAL SERVICES	-	65.0	256.2	559.6	559.6	559.6
TRAVEL	-	11.9	28.0	52.3	52.3	52.3
CONTRACTUAL	-	6.4	19.5	137.0	137.0	137.0
SUPPLIES	-	.3	1.6	3.5	3.5	3.5
EQUIPMENT	-	23.9	47.7	26.3	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	112.5	353.0	778.7	752.4	752.4
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	112.5	353.0	678.7	652.4	652.4
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Program Receipts)	-	-	-	100.0	100.0	100.0
<u>TOTAL</u>	-	112.5	353.0	778.7	752.4	752.4

POSITIONS:

FULL-TIME	-	5	10	14	14	14
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Please see the attached analysis.

Prepared By: Thomas C. Williams
Division: Enforcement Division

Phone: 465-2366
Date: March 13, 1987

Approved by Commissioner: [Signature]
Agency: _____

Date: 3/16/87

Distribution (by Agency preparing fiscal note):

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

ALASKA DEPARTMENT OF REVENUE
ENFORCEMENT DIVISION
FISCAL NOTE ANALYSIS FOR SB 148
March 13, 1987

ASSUMPTIONS

1. There are approximately 15,000 employers and 100,000 families which will be required to file under an income tax bill.
2. Withholding will begin January 1, 1988. A significant number of delinquencies on first quarter returns will not appear until June 1, 1988.
3. Individual returns will begin January 15, 1989. A significant number of delinquencies will not appear until July 1, 1989.
4. The Audit Division estimates they will generate 5,000 billings per year. Approximately 10% will be appealed; 30% will be paid; and the remaining 60% (or 3,000 billings) will become delinquent.
5. The average taxpayer case consists of 2.5 billings resulting in 1,200 additional taxpayer cases. Old case work levels will decrease by approximately 100 cases by July 1, 1989.

Current Number of Taxpayer Cases	785
Projected Inventory Decline	<u>(100)</u>
Subtotal	685
Additional Inventory	<u>1,200</u>
Expected Inventory at July 1, 1989	<u>1,885</u>

6. The maximum workable inventory for Tax Collection Specialist and Revenue Enforcement Officer II positions is 120 taxpayer cases. The maximum workable inventory for a Revenue Enforcement Officer III is 70 taxpayer cases. (Please see the attached workload analysis.)
7. The necessary travel by each field Revenue Enforcement Officer will be one week long trip per quarter. Accordingly, travel for each current Revenue Enforcement Officer will increase by one week long trip per quarter.
8. Workstations are currently available for the new position in Juneau and for two of the new positions in Anchorage.

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
FISCAL NOTE ANALYSIS FOR SB 148
 March 13, 1987

COMPUTATIONS--FY '88

Personal Services

1	Revenue Enforcement Officer III (range 18, @ 49.0/year)	16.9
1	Revenue Enforcement Officer II (range 16, @ 42.8/year)	14.8
2	Tax Collection Specialist II (range 12, @ 33.6/year)	23.0
1	Accounting Clerk III (range 10, @ 30.0/year)	<u>10.3</u>

Total FY '88 Personal Services 65.0

Travel

2	Revenue Enforcement Officers to IRS Phase I training	
	Transportation (2 trips @ \$500)	1.0
	Per Diem (2 trips x 42 days @ \$30/day)	6.7
3	Revenue Enforcement Officers x 1 trip @ quarter	
	Transportation (5 trips @ \$1,000)	3.0
	Per Diem (3 trips x 5 days @ \$30/day)	<u>1.2</u>

Total FY '88 Travel 11.9

Contractual Services

	Increased toll costs (5 employees @ \$150/mo)	3.0
	Printing for forms, letterhead, etc.	3.0
	Increased postage costs (estimated @ \$100/mo)	<u>.4</u>

Total FY '88 Contractual Services 6.4

Commodities

	Paper, pens, etc. (5 employees x 1/4 year @ \$250/year)	<u>.3</u>
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Total FY '88 Commodities .3

Equipment

2	Workstations for Support Personnel	@ \$5,273.73	10.6
2	Swivel-Tilt Chairs with arms	@ \$640.81	1.3
1	File cabinets (5 drawer legal w/lock)	@ \$341.35	.3
2	12 digit Desk Calculators (printing)	@ \$135.03	.3
3	Wang Computer Terminals	@ \$4,900.00	14.7
3	Okidata u82a Microline Printers	@ \$330.00	1.0
2	Telephones	@ \$343.00	<u>.7</u>

Total FY '88 Equipment Costs 28.9

Total FY '88 Costs 112.5

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
FISCAL NOTE ANALYSIS FOR SB 148
 March 13, 1987

Computations--FY '89

Personal Services

1	Revenue Enforcement Officer IV (range 20, @ 58.3/year)	29.4
2	Tax Collection Specialist II (range 12, @ 34.4/year)	17.2
1	Accounting Clerk III (range 10, @ 30.3/year)	7.7
1	Clerk Typist III (range 8, @ 27.6/year)	6.9
	Positions hired during FY '88	195.0

Total FY '89 Personal Services 256.2

Travel

5	Revenue Enforcement Officers x 1 trip @ quarter Transportation (20 trips @ \$1,000)	20.0
	Per Diem (20 trips x 5 days @ \$30/day)	8.0

Total FY '89 Travel 28.0

Contractual Services

	Increased toll costs (10 employees @ \$150.00/month)	11.3
	Printing for forms, letterhead, etc.	4.0
	Increased postage costs (estimated @ \$350.00/month)	4.2

Total FY '89 Contractual Services 19.5

Commodities Paper, pens, etc. (10 employees @ \$250/year) 1.6

Equipment

5	Workstations for Support Personnel @ \$5,273.73	26.4
5	Swivel-Tilt Chairs with arms @ \$640.81	3.2
2	File cabinets (5 drawer legal w/lock) @ \$341.35	.7
5	12 digit Desk Calculators (printing) @ \$135.03	.7
3	Wang Computer Terminals @ \$4,900.00	14.7
1	Okidata u82 Microline Printers @ \$330.00	.3
5	Telephones @ \$343.00	1.7

Total FY '89 Equipment Costs 47.7

Total FY '89 Costs \$ 353.0

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
FISCAL NOTE ANALYSIS FOR SB 148
 March 13, 1987

Computations--FY '90

Personal Services

1	Revenue Enforcement Officer III (range 18, @ 50.4/year)	50.4
2	Revenue Enforcement Officer II (range 16, @ 42.8/year)	85.6
1	Tax Col' on Specialist II (range 12, @ 33.6/year)	33.6
	Positions hired during FY '88 and FY '89	390.0

Total FY '90 Personal Services 559.6

Travel

3	Revenue Enforcement Officers to IRS Phase I training Transportation (3 trips @ \$500)	1.5
	Per Diem (3 trips x 42 days @ \$80/day)	10.2
9	Revenue Enforcement Officers x 1 trip @ quarter Transportation (29 trips @ \$1,000)	29.0
	Per Diem (29 trips x 5 days @ \$30/day)	11.6

Total FY '90 Travel 52.3

Contractual Services

Out-of-state collection agency contract	100.0
Increased toll costs (14 employees @ \$150.00/month)	25.2
Printing for forms, letterhead, etc.	7.0
Increased postage costs (estimated @ \$400.00/month)	4.8

Total FY '90 Contractual Services 137.0

Commodities

Paper, pens, etc.	(14 employees @ \$250/year)	3.5
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Total FY '90 Commodities 3.5

Equipment

4	Workstations for Support Personnel	@ \$5,273.73	21.1
4	Swivel-Tilt Chairs with arms	@ \$640.81	2.6
2	File cabinets (5 drawer legal w/lock)	@ \$341.35	.7
4	12 digit Desk Calculators (printing)	@ \$135.03	.5
4	Telephones	@ \$343.00	1.4

Total FY '90 Equipment Costs 26.3

Total FY '90 \$ 778.7

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
STATE INCOME TAX POSITION IMPLEMENTATION SCHEDULE
 As of March 13, 1987

	<u>Total</u>	<u>JNU</u>	<u>ANC1</u>	<u>ANC2</u>
<u>Staffing as of July 1, 1987</u>	2 REO IV 1 REO III 2 REO II 4 TCS II 1 AC III 2 CT III	1 REO IV 1 REO III 3 TCS II 1 AC III 1 CT III	1 REO IV 2 REO II 1 TCS II 1 CT III	-0-
<u>Total Positions 07/01/87</u>	12	7	5	-0-
<u>FY '88</u>				
Hire positions by 03/01/88 and have employees fully functional by 06/01/88	1 REO III 1 REO II 2 TCS II 1 AC III	1 REO II	1 REO III 2 TCS II 1 AC III	
<u>Positions Added in FY '88</u>	5	1	4	-0-
<u>FY '89</u>				
Hire positions by 01/01/89 and have employee fully functional by 04/01/89	1 REO IV			1 REO IV
Hire positions by 04/01/89 and have employees fully functional by 07/01/89	2 TCS II 1 AC III 1 CT III			2 TCS II 1 AC III 1 CT III
<u>Positions Added in FY '89</u>	5	-0-	-0-	5
<u>FY '90 (if workload warrants)</u>				
Hire position by 07/01/89 and have employee fully functional by 10/01/89	1 REO III 2 REO II 1 TCS II			1 REO III 2 REO II 1 TCS II
<u>Positions Added in FY '90</u>	4	-0-	-0-	4
<u>FY '91</u>				
Evaluate potential needs during the Fall of 1989 while preparing the FY '91 budget.				
<u>Total Positions Added</u>	14	1	4	9
<u>TOTAL POSITIONS REQUIRED</u>	26	8	9	9

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
 WORKLOAD LEVELS UNDER SB 148
 As of March 13, 1987

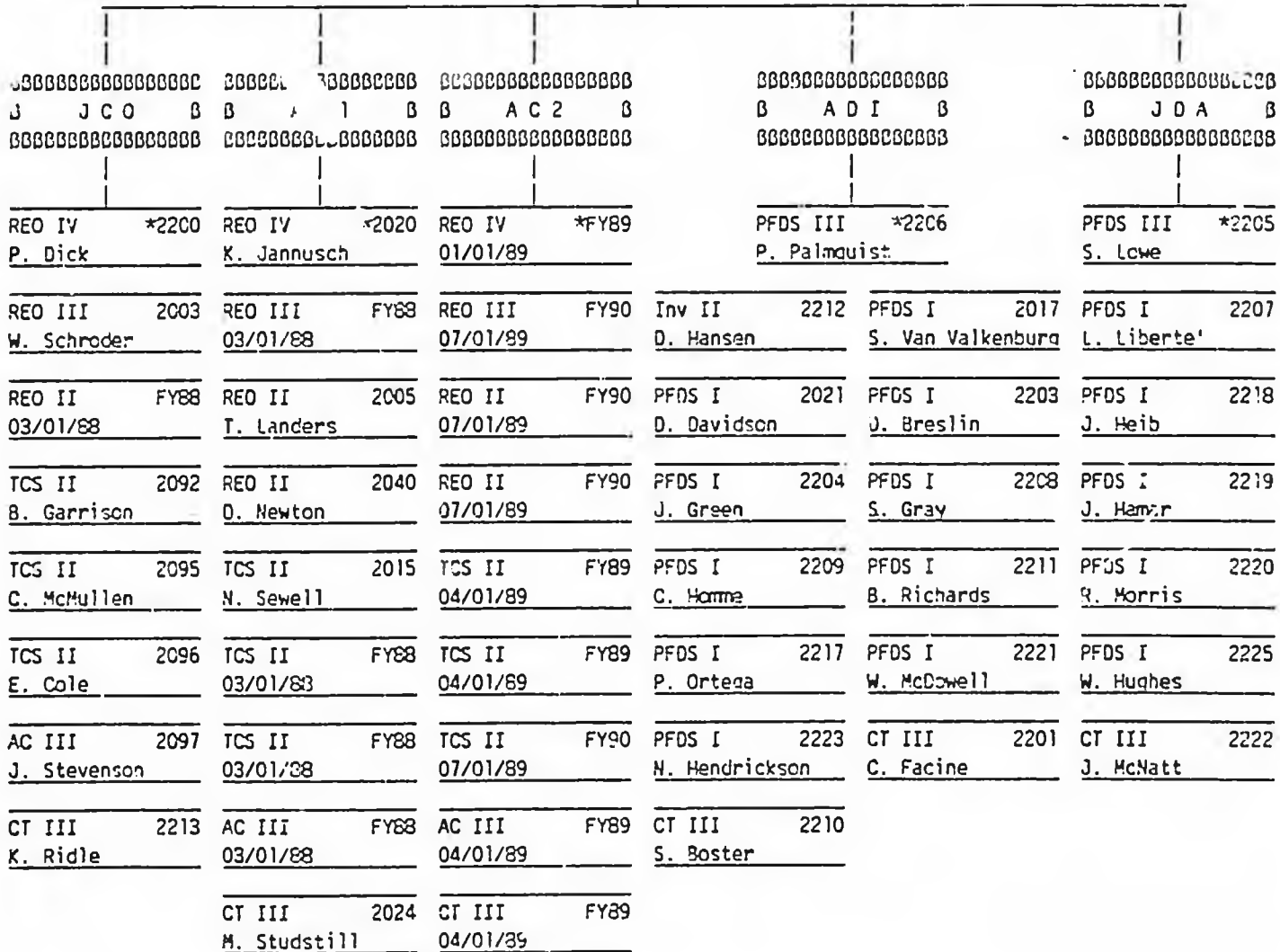
	Staffing Levels					As of 07/01/89			
	As of 07/01/87	+	FY 88 Add	+	FY 89 Add		+	FY 90 Add	=
<u>Collectors</u>									
Tax Collection Specialists	4		2		2		1		9
Revenue Enforcement Officer IIs	2		1		-0-		2		5
Revenue Enforcement Officer IIIs	1		1		-0-		1		3
<u>Total Collectors</u>	<u>7</u>		<u>4</u>		<u>2</u>		<u>4</u>		<u>17</u>
<u>Support Staff</u>									
Supervisors/Technical Advisors	2		-0-		1		-0-		3
Accounting Clerks	1		1		1		-0-		3
Clerk Typists	2		-0-		1		-0-		3
<u>Total Support Staff</u>	<u>5</u>		<u>1</u>		<u>3</u>		<u>-0-</u>		<u>9</u>
<u>Total Staffing</u>	<u>12</u>		<u>5</u>		<u>5</u>		<u>4</u>		<u>26</u>

Taxpayer Case Load Levels					
Tax Collection Specialists	480	240	240	120	1,080
Revenue Enforcement Officer IIs	240	120	-0-	240	600
Revenue Enforcement Officer IIIs	70	70	-0-	70	210
<u>Total Taxpayer Case Load</u>	<u>790</u>	<u>430</u>	<u>240</u>	<u>430</u>	<u>1,390</u>
<u>Taxpayer Cases as of 03/09/87</u>	<u>785</u>				

Billing Case Load Levels					
Tax Collection Specialists	1,200	600	600	300	2,700
Revenue Enforcement Officer IIs	600	300	-0-	600	1,500
Revenue Enforcement Officer IIIs	175	175	-0-	175	525
<u>Total Billing Case Load</u>	<u>1,975</u>	<u>1,075</u>	<u>600</u>	<u>1,075</u>	<u>4,725</u>
<u>Billings as of 03/09/87</u>	<u>1,963</u>				

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
 FY 90 ORGANIZATION UNDER SB 148
 With March 13, 1987 Incumbents

Director	*2001
T. Williams	AA I 2002
	D. Robinson
	A/P IV 2026
	J. Jefferson



Legend _____

- AC1: Anchorage Collections Office #1
- AC2: Anchorage Collections Office #2
- ADI: Anchorage Dividend Investigations
- JCO: Juneau Collections Office
- JDA: Juneau Dividend Appeals

*: Supervisory Responsibilities

Positions Added _____

- FY 88 Additions: 4 in AC1, 1 in JCO
- FY 89 Additions: 5 in AC2
- FY 90 Additions: 4 in AC2

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB154

REQUEST _____

Publish Date: _____

Revision Date: 3/13/87

Agency Affected: Revenue

Title: State Individual Income Tax

BRU: Administrative Services

Sponsor: _____

Components: _____

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	529.0	1097.1	1171.0	1171.0	1171.0
TRAVEL	-	10.0	8.0	8.0	8.0	8.0
CONTRACTUAL	-	402.9	1028.1	1068.6	1068.6	1068.6
SUPPLIES	-	5.5	18.0	18.0	18.0	18.0
EQUIPMENT	-	163.2	158.2	-0-	-0-	-0-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	1110.6	2309.4	2265.6	2265.6	2265.6
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	1110.6	2309.4	2265.6	2265.6	2265.6
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	1110.6	2309.4	2265.6	2265.6	2265.6

POSITIONS:

FULL-TIME	-	19	28	27	27	27
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	27	27	27	27

ANALYSIS: Attach a separate page if necessary

(See attached)

Prepared By: Ervin B. Jones

Phone: 465-2313

Division: Administrative Services

Date: 3/13/87

Approved by Commissioner: [Signature]

Date: 3/16/87

Agency: Revenue

Distribution (by Agency preparing fiscal note):

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

Department of Revenue
Administrative Services Division
Fiscal Note Analysis
Individual Income Tax Bill
3/13/87

Assumptions:

1. The Administrative Services Division will be responsible for the following functions relative to the Alaska Individual Income Tax withholding System and the Alaska Individual Income Tax Return Processing System.
 - a) Design, purchase and distribute all necessary tax returns and related forms.
 - b) Process all tax returns, including mail handling, microfilming, document review, data capture and filing.
 - c) Process all remittances of tax due which is received with tax returns.
 - d) Design, program, test, document, and maintain the automated Alaska Individual Income Tax Withholding System and Alaska Individual Income Tax Return Processing System.
 - e) Process and account for all individual income tax refunds to individuals.
 - f) Establish an automated billing subsystem for routine tax deficiencies, penalty and interest.
 - g) Acquire and maintain computer capacity to accommodate the two systems and the access required by the department's users.
2. The Department of Revenue will contract with a bank to provide a "lock-box" function, with employees depositing all individual income taxes withheld on a monthly basis.
3. The Department of Administration's data processing chargeback system will require that the Department of Revenue budget for the cost of data processing resources used by the withholding system and returns processing system. The total chargeback is budgeted in Administrative Services.
4. The Permanent Fund Dividend program will stay intact through FY92, in its current form.
5. The processing of Withholding and Individual Income Tax returns will be automated as much as possible.
6. The Alaska Individual Income Tax Withholding System must be in place before January 1, 1989.
7. The Alaska Individual Income Tax Return Processing System must be in place before January 1, 1989.
8. The fiscal note includes the incremental cost of providing space for the employees and equipment required by the department.

9. After reviewing the fiscal analyses of all divisions, an estimate of the additional computer resources needed has been made. This cost assumes:
- a) The withholding and income tax processing systems will reside on BOA's mainframe computer and will be programmed in command-level CICS.
 - b) To gain the tremendous advantages in programming development offered by the Wang VS, Revenue will purchase a software package which allows an analyst/programmer to write programs on the Wang VS and have them translated to command level CICS to run on the mainframe, which offers economical storage and processing for large files.
10. Given the existing federal tax law, this bill requires all persons receiving a permanent fund dividend to file an Alaska Individual Income Tax return. However, for purposes of this fiscal analysis, it is assumed that the final version would not require filing by a person whose only source of income is the Alaska Permanent Fund Dividend. Thus, most of Alaska's children would not have to file. If this proves not to be the case, there will be an incremental cost of processing the additional 130,000 tax returns.

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 70,000 withholding forms and 270,000 Alaska Individual Income Tax returns annually. Refund warrants will be issued on approximately 213,750 of the returns filed. In addition, approximately 25,000 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.

The Administrative Services Division will require staffing as early as FY88 in order to design and establish the computerized processing systems envisioned, and to produce the forms required. In late FY88, staffing will come on board to process the Withholding reports and returns. In FY89, additional staff will be needed to support the Alaska Individual Income Tax Return Processing System. The analysis below shows the estimated expenditures for FY88 - FY92.

FY88

i. Positions:

A. Data Processing:

1 PFT Analyst/Programmer V, R21,
 @ \$4,856/Mo including salary and
 benefits for 12 months = \$58,272

2 PFT Analyst/Programmer IV, R19,
@ \$4,281/Mo each including salary
and benefits for 12 months = 102,744

2 PFT Analyst/Programmer III, R17,
@ \$3,730/Mo each including salary
and benefits for 6 months = 44,760

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 Individual Income Tax Withholding System

- * Online system comparable to the federal system with monthly deposits, quarterly returns, and an annual reconciliation.
- * Direct deposit system at a "lock-box" bank by employers.
- * Automatic generation of:
 - quarterly packets of:
 - * monthly deposit coupons
 - * quarterly tax returns
 - notices of tax deficiencies, penalty and interest
 - standard correspondence
 - management reporting data.
- * Interface with accounts receivable system and Alaska Individual Income Tax Return Processing System.

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
 - generation of automated billings for deficiencies, penalty and interest with appeal rights
- * interface with accounts receivable system (A/R)
- * interface with AIITWHS to verify claimed withholding
- * history file
- * possibility of multi-year file for easy access to information on prior year activity, etc.
- * check writing for refunds
- * management reporting data

B. Document Processing:

1. Mailroom

1 PFT Clerk IV, R9, @ \$2,343/Mo
including salary and benefits for
3 months = \$7,029

This position will augment the existing mailroom staff to perform the task of receiving, opening, sorting, and distributing an additional:

- * approximately 70,000 pieces of mail due to the Alaska Individual Income Tax Withholding System (17,500 employers times four quarterly returns.
- * handling, sorting and posting of additional outgoing/incoming mail as follows:
 - approximately 7,000 missing information letters, billing notices, and correspondence with employers.

2. Manual Review

1 PFT Tax Examiner III, R14, @
\$3,124/Mo including salary and
benefits for 5 months = \$15,620

2 PFT Document Processor I, R7, @
\$2,118/Mo including salary and
benefits for 3 months = 12,708

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

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

3. Microfilming

1 PFT Document Processor I, R7 @
\$2,118/Mo including salary and
benefits for 3 months = \$6,354

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

4. Data Capture

2 PFT Data Processing Clerk I, R8,
@ \$2,222/Mo including salary and
benefits for 3 months = \$13,332

These positions will augment the existing Data Entry staff to data capture and verify captured data of 100% of returns filed.

C. General Departmental Support Services

1 PFT Chief, Income Tax Operations, R23, @ \$5,558/Mo including salary and benefits for 12 months	=	\$66,695
1 PFT Personnel Assistant II, R14, @ \$3,115/Mo including salary and benefits for 12 months	=	37,380
1 PFT Clerk Typist III, R8, @ \$2,222/Mo including salary and benefits for 12 months	=	26,664
1 PFT Supply Officer II, R16 @ \$3,515/Mo including salary and benefits for 12 months	=	43,180
2 PFT Accounting Clerk III, R10, @ \$2,463/Mo including salary and benefits for 12 months	=	59,232
1 PFT Publications Specialist I, R13, @ \$2,915/ including salary and benefits for 12 months		34,980

These positions will augment the existing general administration support staff for the additional programs and related 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

\$529.0

2. Other Expenditures:

a) Travel:

on-site review of selected tax return processing systems in other states \$4.0

training for analyst/programmers in command level CICS and Wang VS Cobol. \$6.0

TOTAL TRAVEL

\$10.0

b) Contractual:

Terminals

1.	3 Wang 4250 workstations	\$18,216
2.	3 Wang emulator boards	2,415
3.	2 Wang 4230 key-punch terminals, 2 months	1,800
4.	Microfilmer, with maintenance, 3 months	3,792
5.	4 phones, centrex costs, local and long distance	5,390
6.	printing: Withholding Returns, Deposit Coupons, envelopes, calendars, w-'s, etc.	42,000
7.	postage	22,000
8.	chargeback for computer time from DDA	91,600
9.	Wang/IBM development package (NETRON-CAP) with maintenance	123,500
10.	Wang/IBM remote access software with maintenance	5,240
11.	Wang Disk Pack cleaning	700
12.	IBM Control Unit maintenance	600

13. Wang VS-100 I.O.P. maintenance	350
14. Wang VS-100 Memory maintenance	720
15. Wang VS-100 Disk Drive maintenance	2,256
16. OGR's additional office space requirements	<u>102,354</u>

TOTAL CONTRACTUAL \$402.9

c) Supplies:

Computer, microfilming, duplicating, general consumption \$5.5

d) Equipment:

1) Kodak film cabinet	\$1,025
2) Kodak film carousel	225
3) Wang VS-100 IOP (2)	7,200
4) Wang VS-100 Memory (5 MB)	32,400
5) Wang VS-100 disk drive (528 MB)	27,000
6) Wang Disk Packs (8)	4,800
7) IBM Control Unit	8,000
8) Additional systems furniture	72,827
9) Operational seating	4,750
10) File cabinets, calculators, etc.	<u>5,000</u>

TOTAL Equipment \$163.2

TOTAL EXPENDITURES \$1,110.6

3. Funding - General funds

4. Section Cost Analysis - N/A

Computations - N/A

Economic Impact - N/A

Impact on Local Government - N/A

FY89

1. Positions:

A. Data Processing:

1 PFT Analyst/Programmer V, R21,
@ \$4,856/Mo including salary and
benefits for 12 months = 58,272

2 PFT Analyst/Programmer IV, R13,
@ \$4,291/Mo each including salary
and benefits for 12 months = 102,744

2 PFT Analyst/Programmer III, R17,
@ \$3,730/Mo each including salary
and benefits for 12 months = 99,520

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 Individual Income Tax Withholding System

- * Online system comparable to the federal system with monthly deposits, quarterly returns, and an annual reconciliation.
- * Direct deposit system at a "lock-box" bank by employers.
- * Automatic generation of:
 - quarterly packets of:
 - * monthly deposit coupons
 - * quarterly tax returns
 - notices of tax deficiencies, penalty and interest
 - standard correspondence
 - management reporting data.
- * Interface with accounts receivable system and Alaska Individual Income Tax Return Processing System.

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
 - generation of automated billings for deficiencies, penalty and interest with appeal rights

- * interface with accounts receivable system (A/R)
- * interface with AIITWHS to verify claimed withholding history file
- * possibility of multi-year file for easy access to information on prior year activity, etc.
- * check writing for refunds
- * management reporting data

8. Document Processing:

1. Mailroom

1 PFT Clerk IV, R9, @ \$2,343/Mo
including salary and benefits for
12 months = \$29,116

1 PFT Clerk II, R7, @ \$2,118/Mo
including salary and benefits
for 6 months = 12,708

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

- * approximately 275,000 Individual Income tax returns filed per year.
- * approximately 70,000 pieces of mail due to the Individual Income Tax Withholding System.
- * posting, handling and sorting of additional outgoing mail as follows:
 - approximately 7,000 missing information letters, billing notices, etc.

2. Validation

1 PFT Data Processing Clerk I,
R8, @ \$2,222/Mo including
salary and benefits for 6 months = \$13,332

This position will manually validate all the Alaska Withholding and Individual Income Tax Returns accompanied with a payment.

- * separate checks and returns
- * validate checks and returns
- * forward checks to Treasury
- * forward returns to microfilming

3. Manual Review

1 PFT Tax Examiner III, R14, @
\$3,124/Mo including salary and
benefits for 12 months = \$37,488

2 PFT Document Processor I, R7, @
\$2,118/Mo each including salary and
benefits for 12 months = 50,932

4 PFT Document Processor I, R7, @
\$2,118/Mo each including salary
and benefits for 6 months = 50,932

20 TEMP Document Processor I, R7, @
\$1,569/Mo each including salary and
benefits for 6 months = 188,290

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

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

4. Microfilming

1 PFT Document Processor I, R7 @
\$2,118/Mo including salary and
benefits for 6 months = \$12,708

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

5. Data Capture

1 PFT Data Processing Clerk III, R11
@ \$2,613/Mo including salary and
benefits for 6 months = \$15,678

2 PFT Data Processing Clerk I, R8,
@ \$2,222/Mo each including salary
and benefits for 12 months = 53,328

1 PFT Data Processing Clerk I, R8
@ \$2,222/Mo including salary and
benefits for 6 months = 13,332

7 TEMP Data Processing Clerk I,
R8 @ \$1,557/Mo each including
salary and benefits for 6 months = 69,594

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

C. General Departmental Support Services

1 PFT Chief, Income Tax Operations,
R23, @ \$5,558/Mo including salary
and benefits for 12 months = \$66,696

1 PFT Personnel Assistant II, R14,
@ \$3,115/Mo including salary and
benefits for 12 months = 37,380

1 PFT Personnel Assistant I, R12,
@ \$2,773/Mo including salary and
benefits for 12 months = 33,270

2 PFT Accounting Clerk III, R10,
@ \$2,468/Mo each including salary
and benefits for 12 months = 59,232

1 PFT Clerk Typist III, R8, @
\$2,222/Mo including salary and
benefits for 12 months = 26,564

1 PFT Publications Specialist I,
R13, @ \$2,915/Mo including salary
and benefits for 12 months = 34,980

1 PFT Supply Officer II, R16,
@ \$3,515/Mo including salary and
benefits for 12 months = 42,180

These positions will augment the existing general administration support staff for the additional programs and related 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 \$1,097.1

2. Other Expenditures:

a) Travel:

training, increased EEO 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. Printing - tax booklets, "L" letters, W/H forms, check stock, envelopes, etc.	202,000
6. Postage - booklets, letters, W/H forms, etc.	95,475
7. 2 Kodak Microfilers with maintenance	30,336
8. 2 Kodak Reader/Printers	13,704
9. IBM Copier with maintenance	10,308
10. 20 phones, centrex costs, local and long distance	26,960
11. Risk management	600
12. Pitney Bowes 6500 System with maintenance	7,284
13. Chargeback for computer time from DOA	286,000
14. Wang Disk Pack cleaning	700
15. IBM Control Unit maintenance	600
16. Wang VS-100 I.O.P maintenance	360
17. Wang VS-100 Memory maintenance	720
18. Wang VS-100 Disk Drive maintenance	2,256
19. Wang/IBM remote access maintenance	240
20. Wang/IBM development package (NCTRON-CAP) with maintenance	15,000

21. 2 Borroughs EP 301 with maintenance	3,000	
22. DOR's additional office space requirements	<u>204,708</u>	
TOTAL CONTRACTUAL		\$1,023.1

c) Supplies:

Computer, microfilm, duplicating, general consumption		\$18.0
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d) Equipment:

1. Kodak film carrousel	\$ 225	
2. Additional systems furniture	137,988	
3. Operational seating	9,000	
4. File cabinets, calculators, etc.	<u>11,000</u>	
TOTAL Equipment		\$158.2

TOTAL EXPENDITURES		<u>\$2,309.4</u>
--------------------	--	------------------

- 3. Funding - General funds
- 4. Section Cost Analysis - N/A
- Computations - N/A
- Economic Impact - N/A
- Impact on Local Government - N/A

FY90 - FY92

1. Positions:

A. Data Processing:

1 PFT Analyst/Programmer V, R21,
@ \$4,356/Mo including salary and
benefits for 12 months = \$58,272

2 PFT Analyst/Programmer IV, R19,
@ \$4,281/Mo each including salary
and benefits for 12 months = 102,744

1 PFT Analyst/Programmer III, R17,
@ \$3,730/Mo each including salary
and benefits for 12 months = 44,760

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 Individual Income Tax Withholding System

- * Online system comparable to the federal system with monthly deposits, quarterly returns, and an annual reconciliation.
- * Direct deposit system at a "lock-box" bank by employers.
- * Automatic generation of:
 - quarterly packets of:
 - * monthly deposit coupons
 - * quarterly tax returns
 - notices of tax deficiencies, penalty and interest
 - standard correspondence
 - management reporting data.
- * Interface with accounts receivable system and Alaska Individual Income Tax Return Processing System.

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
 - generation of automated billings for deficiencies, penalty and interest with appeal rights

- * interface with accounts receivable system (A/R)
- * interface with AIITWHS to verify claimed withholding history file
- * possibility of multi-year file for easy access to information on prior year activity, etc.
- * check writing for refunds
- * management reporting data

3. Document Processing:

1. Mailroom

1 PFT Clerk IV, R9, @ \$2,343/Mo
including salary and benefits for
12 months = \$28,116

1 PFT Clerk II, R7, @ \$2,118/Mo
including salary and benefits
for 12 months = 25,416

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

- * approximately 275,000 Individual Income tax returns filed per year.
- * approximately 70,000 pieces of mail due to the Individual Income Tax Withholding System.
- * posting, handling and sorting of additional outgoing mail as follows:
 - approximately 7,000 missing information letters, billing notices, etc.

2. Validation

1 PFT Data Processing Clerk I,
@ \$2,222/Mo including salary
and benefits for 12 months = \$26,564

This position will manually validate all the Alaska Withholding and Individual Income Tax Returns accompanied with a payment.

- * separate checks and returns
- * validate checks and returns
- * forward checks to Treasury
- * forward returns to microfilming

3. Manual Review

1 PFT Tax Examiner III, R14, @
\$3,124/Mo including salary and
benefits for 12 months = \$37,488

6 PFT Document Processor I, R7, @
\$2,118/Mo each including salary and
benefits for 12 months = 152,496

20 TEMP Document Processor I, R7, @
\$1,569/Mo each including salary and
benefits for 6 months = 188,280

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

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

4. Microfilming

1 PFT Document Processor I, R7 @
\$2,118/Mo including salary and
benefits for 12 months = \$25,416

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

5. Data Capture

1 PFT Data Processing Clerk III, R11
@ \$2,613/Mo including salary and
benefits for 12 months = \$31,356

3 PFT Data Processing Clerk I, R8,
@ \$2,222/Mo each including salary
and benefits for 12 months = 79,992

7 TEMP Data Processing Clerk I,
R8 @ \$1,557/Mo each including
salary and benefits for 6 months = 69,594

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

C. General Departmental Support Services

1 PFT Chief, Income Tax Operations,
R23, @ \$5,558/Mo including salary
and benefits for 12 months = \$66,696

1 PFT Personnel Assistant II, R14,
@ \$3,115/Mo including salary and
benefits for 12 months = 37,380

1 PFT Personnel Assistant I, R12,
@ \$2,773/Mo including salary and
benefits for 12 months = 33,270

2 PFT Accounting Clerk III, R10,
@ \$2,468/Mo each including salary
and benefits for 12 months = 59,232

1 PFT Clerk Typist III, R8, @
\$2,222/Mo including salary and
benefits for 12 months = 25,664

1 PFT Publications Specialist I,
R13, @ \$2,915/Mo including salary
and benefits for 12 months = 34,980

1 PFT Supply Officer II, R16,
@ \$3,515/Mo including salary and
benefits for 12 months = 42,180

These positions will augment the existing general administration support staff for the additional programs and related 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 \$1,171.0

2. Other Expenditures:

a) Travel:

training, increased EEO 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.	Printing - tax booklets, "L" letters, W/H forms, check stock, envelopes, etc.	186,000
6.	Postage - booklets, letters, W/H forms, etc.	80,475
7.	2 Kodak Microfilers with maintenance	30,336
8.	2 Kodak Reader/Printers	13,704
9.	IBM Copier with maintenance	10,308
10.	20 phones, centrex costs, local and long distance	26,960
11.	Risk management	600
12.	Pitney Bowes 6500 system with maintenance	7,284
13.	Chargeback for computer time from DOA	357,500
14.	Wang Disk Pack cleaning	700
15.	IBM Control Unit maintenance	600
16.	Wang VS-100 I.O.P maintenance	360
17.	Wang VS-100 Memory maintenance	720
18.	Wang VS-100 Disk Drive maintenance	2,256
19.	Wang/IBM development package (NETRON-CAP) with maintenance	15,000
20.	Wang/IBM remote access maintenance	240
21.	2 Borroughs EP 301 with maintenance	3,000
22.	DOR's additional office space requirements	<u>204,708</u>

TOTAL CONTRACTUAL \$1,068.5

c) Supplies:

Computer, microfilm, duplicating,
general consumption \$18.0

d) Equipment: None.

TOTAL EXPENDITURES \$2,265.6

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 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: _____
Publish Date: _____

REQUEST: _____

Revision Date: _____
Title: State Income Tax

Agency Affected: Department of Revenue
BRU: Treasury

Sponsor: _____
Requestor: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	32.3	46.4	46.4	46.4	46.4
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	44.5	89.1	89.1	89.1	89.1
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	77.4	135.5	135.5	135.5	135.5
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	77.4	135.5	135.5	135.5	135.5
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	77.4	135.5	135.5	135.5	135.5

POSITIONS:

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

ANALYSIS: see attached analysis.

Prepared By: Milt Barker MB
Division: Treasury

Phone: 465-2350
Date: February 25, 1987

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

Date: 2/26/87
3/16/87

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

DEPARTMENT OF REVENUE
TREASURY DIVISION

FISCAL NOTE ANALYSIS

ASSUMPTIONS:

1. Cash Management Section will develop the RFP and the contract to lockbox the monthly employers' withholding tax deposits. 17,800 payments per month.
2. Cash Management Section will perform the depository functions of the remittances attached to individual tax returns. 100,000 per year.
3. Cash Management Section will process all returned items (NSF checks, etc.). 1,500 per year.
4. Processing and deposit of penalty and interest payments.
5. Cash Management Section will provide the accounting to AKSAS and reconciliation between the bank, AKSAS, and the Department of Revenue's system for the tax payments on a consolidated basis.

COSTS:

<u>Personal Services</u>	<u>FY 1988</u>	<u>FY 1989</u>
Accounting Technician I \$2,718 X 12 mo	19.0*	32.5
Accounting Clerk II \$2,310 X 6 mo	13.3	13.3
Lockbox contract	<u>44.5</u>	<u>39.1</u>
 TOTAL	 <u>\$77.4</u>	 <u>\$135.5</u>

* 7 months in FY 1988

DEVELOPMENT TIME:

		<u>Completion Date</u>
Technical Analysis of the required system	4 months	10/87
Lockbox Contract	3 months	12/87
In-house training of depository procedures	2 weeks	12/87
In-house training of accounting procedures	2 weeks	12/87

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST _____ Bill Version: _____
 _____ Publish Date: _____
 Revision Date: _____ Agency Affected: Revenue
 Title: Individual Income Tax BRU: Commissioner's Office (Research)

 Sponsor: _____ Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	24.6	24.6	24.6	24.6	24.6
TRAVEL	-	1.5	1.5	1.5	1.5	1.5
CONTRACTUAL	-	39.0	28.6	28.6	28.6	28.6
SUPPLIES	-	.9	.9	.9	.9	.9
EQUIPMENT	-	6.8	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	103.7	85.6	85.6	85.6	85.6
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	103.7	85.6	85.6	85.6	85.6
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

See Attached.

Prepared By: David Tonkovich ^{DRT} Phone: 465-2173
 Division: Revenue/Research Date: 2/25/87
 Approved by Commissioner: Hugh Malone Date: 7/24/87
 Agency: Department of Revenue 3/18/87

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

Continuation of Fiscal Note/Bill Analysis

Individual Income Tax

Assumptions:

1. The Research Section will be responsible for economic and statistical reports on the Individual Income Tax.
2. The Research Section will forecast tax revenues and respond to requests from the Governor's Office, the Legislature and the Public for current and historical statistical information.
3. The Research Section will prepare fiscal notes on revenue impacts of any proposed changes to income tax law.
4. Assumes that duties begin at the start of FY88. Items with a asterisk (*) are costs for the first year only.

1. Positions

Research

1 PFT Economist II, R 20 at \$4,550/mo.
including salary and benefits for
12 months

Total Personal Services

\$54.6

The above position will do all analysis, program development and coordination of research on the individual income tax. These duties include forecasting economic conditions and tax revenues. Other duties will include development and maintenance of data bases to support the research and forecasting efforts, the preparation of fiscal notes, policy analyses, and coordination of research needs with those of tax administrators.

This work will provide the following information:

1. Income and tax information by income class.
2. The ability to estimate revenue impacts of any significant change in tax structure - rates, income classes, exemptions and deductions.
3. If zip code information is available it should be possible to present such data on a geographic basis.

2. Other Expenditures

a. Travel

Assume 3 trips in-state per year for
coordination, public information, testimony \$1.5

b. Contractual

1. Economic Consulting during model development
15 days at \$750/day 11.3*
2. Phone, centrex, local and long
distance charges .5
3. Chargeback for computer time from DCA 29.0

c. Supplies

Duplication, general consumption, mailing .7
Books, technical journals .2

d. Equipment

1. Wang APC, VS Communication Board and
30mb Hard Disk 6.5*
2. Desk Calculator .3*

Total Expenditure First Year \$103.7

Total Expenditure Subsequent Years \$85.6

3. Funding - General Funds

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 148/HB 154

Publish Date: _____

REQUEST

Revision Date: _____
Title: "...taxation of income derived by individuals, partnerships, & fiduciaries..."
Sponsor: Rules Committee by the Governor
Requestor: _____

Agency Affected: Revenue
BRU: Public Services - Operating
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

<u>OPERATING</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>
PERSONAL SERVICES	0	39.5	250.3	270.6	281.4	292.7
TRAVEL	0	16.5	22.0	3.4	3.7	3.1
CONTRACTUAL	0	98.0	136.5	102.0	107.1	111.0
SUPPLIES	0	.5	6.0	6.5	7.0	7.5
EQUIPMENT	0	5.0	31.2	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS/CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<u>TOTAL OPERATING</u>	<u>0</u>	<u>159.5</u>	<u>446.0</u>	<u>387.5</u>	<u>404.2</u>	<u>420.3</u>

<u>CAPITAL</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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<u>REVENUE</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	159.5	446.0	387.5	404.2	420.3
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<u>TOTAL</u>	<u>0</u>	<u>159.5</u>	<u>446.0</u>	<u>387.5</u>	<u>404.2</u>	<u>420.3</u>

POSITIONS:

FULL-TIME	0	1	9	9	9	9
PART-TIME	0	0	3	3	3	3
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

See attached

Prepared by: Sally Smith *Sally Smith*
Division: Public Services

Phone: 465-2392
Date: February 25, 1987

Approved by: *A. Malone*
Commissioner: _____
Agency: Revenue

Date: 3/16/87

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management & Budget
- Imoacted Agency(ies)
- Senate Secretary

Assumptions

1. Regulations will be promulgated requiring monthly or quarterly reporting of taxes withheld on wages.
2. Approximately 17,500 withholding reports and 275,000 annual individual income tax returns will need processing.
3. Public Services Division will provide individual income tax assistance to both businesses and individuals.
4. Public Services Division, in close association with the Audit Division, will develop employee training for the division and employer training for the public.

Public Services Operating BRU

Expenditures

<u>100 Personal Services</u>		<u>FY 88</u>	<u>FY 89</u>	
1-	Revenue Office Manager	3,293 @ 12 mos.	39.5	39.5
2-	Document Processing Clerk III	2,468 @ 10 mos.		49.4
3-	Document Processing Clerk II	2,221 @ 10 mos.		66.6
1-	Document Processing Clerk II	2,468 @ 10 mos.		24.7
2-	Clerk Typist II	2,118 @ 10 mos.		42.4
2-	Document Processor II	2,221 @ 4 mos.		17.8
1	Document Processor II	2,468 @ 4 mos.		<u>9.9</u>
Total Annual Wages and Benefits			39.5	250.3

The Revenue Office Manager's position will be activated in July of 1987 to develop employee training for the division and employer training for the public on the withholding requirements which will begin in the first quarter of 1988. The remaining positions will be activated in September 1988 to allow for training of individual income tax issues. Filing of individual income taxes will start January 1, 1989 and be required on April 15, 1989.

200 Travel

Employer Training

One Employee to Anchorage, Fairbanks, Nome, Kotzebue, Barrow, Kodiak, Kenai Peninsula, Sitka, Ketchikan Bethel, Petersburg, and Wrangell	6.5	-0-
--	-----	-----

Administrative Travel

Anchorage and Fairbanks	10.0	12.0
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Employee Training

		<u>10.0</u>
Total Travel	16.5	22.0

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

<u>300 Contractual</u>	<u>FY89</u>	<u>FY90</u>
Advertising campaign		
Withholding requirements	45.0	
Income Tax Filing		30.0
Postage	30.0	3.5
Printing	5.0	5.0
Telephone Charges	15.0	30.0
Messenger Service	2.0	5.0
Computer Terminal Maintenance (7)	.5	3.5
Publications	.5	2.0
Reconfiguration of Office Space	<u>-0-</u>	<u>2.5</u>
Total Contractual	98.0	136.5

Enactment of the individual income tax with the requirement for employer withholding from wages will be brought to the attention of the public. Funds are requested for production of a television and radio advertising campaign plus two mailouts to all businesses informing them of the requirement to withhold an employee's wages. Funds are also requested in FY 89 for a general newspaper, radio and television campaign to notify the general public to file, where to file, and where to get help in completing their returns.

400 Supplies

Office Supplies	.5	6.0
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Office supplies are estimated at \$5.5 per employee.

500 Equipment

Office Equipment	5.0	31.2
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Office equipment and furniture includes desks, chairs, calculators, file cabinets, and computer terminals.

3/10/87

FAIRBANKS

Daily News - Miner

"Independent in All Things. Neutral in None"

Other opinions expressed on this page do not necessarily reflect those of the Daily News-Miner.

Opposed? Then propose!

Since Gov. Steve Cowper introduced his income tax bill a few days ago, our state's politicians have begun lining up on one side or the other of the question.

The position of those who favor the tax is difficult. No one not even its supporters, wants an income tax, not the way you want a glass of ice water on a hot day. It's more a matter of having concluded the income tax is the least unpleasant of the options before us.

What the backers are saying is, even after making every conceivable cut to the state budget, they can't see how to run state government without more money.

The position of the other side is simple enough: No.

Legislators opposed to the income tax say the folks back home don't want it, and that's that.

It's traditional and natural for people to resist new taxes, of course, and that tradition is particularly strong here in Alaska. Perhaps that's because, for much of our history, someone else has supported Alaska government.

In territorial days, it was the federal government. For the first 20 years of statehood, we did not have much of our own way, but then the oil began to flow and the oil companies began to pay it.

We don't like the idea of an income tax any more than anyone else, but we're inclined to agree with the governor that there seems no good way out of it.

We respect the views of the idea's opponents, who generally argue that we can escape the income tax by making deeper cuts to the state budget and by using various pools of money the state has tucked away, and we hope they're right.

But we think it's time they got specific. What exactly would they cut out of the budget to balance it? Let's remember that Gov. Cowper, even with the income tax, wants to eliminate local road maintenance and to cut education support to the bone. Let the income tax's opponents say what cuts they would make, above and beyond all the ones that Gov. Cowper has proposed.

And let them say where, exactly, they would find other revenues. Do they propose to open up the Alaska Permanent Fund, to end the dividend program, what?

It's all very well to say the governor's budget proposals won't fly, but those who say it have an obligation to offer some of their own, and show that they're better.

A friend in need

If you consider yourself a friend of public broad-

get longer and the sun... turn to... you... the Placer Mining... This will be the Ninth Annual Alaskan Conference on Placer Mining. If you live in or near the Fairbanks area, don't miss it!

The conference will begin on Tuesday, March 24, at 9 a.m. at the Travelers Inn. The first morning will be devoted to a discussion of flocculents by Dr. Bernie Scheiner with the U.S. Bureau of Mines, from Tuscaloosa, Ala. Dr. Scheiner was involved with the PEO studies conducted in Alaska last summer.

On Tuesday afternoon the Environmental Protection Agency will be giving a workshop on the newly proposed National Effluent Guidelines for placer mining. These guidelines are scheduled to go into effect in the fall, and will be the basis for issuing permits to placer miners in the future.

Wednesday morning, March 25, the conference will kick off at 10 a.m. at the Travelers Inn with an update on the Placer Mining Demonstration Grant program. This will be the final public exposure of results from the innovative grant program.

Wednesday afternoon at 1:30 p.m., Charlie Green, with the De-

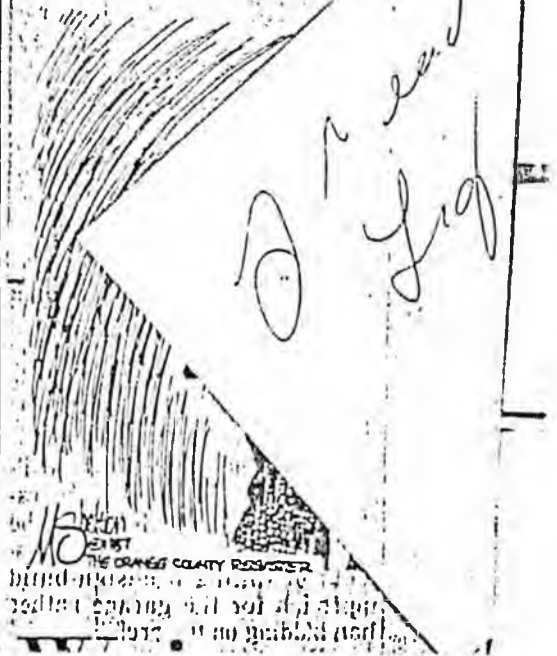
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Views expressed represent

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The con nest on member munity w come. T 9 a.m. un Walsh, include: a

... SO THERE WE WUZ... ON THE GREAT ONE GUY SE? HE'S A CONGRESSMAN THE OTHER I MIN' HE'S A MOVIE S SO! WHY DON'T WE THE NUC... YOUR BIG HO ONE O' YOUSE CAN USE CONNECTIONS TO G



THE ORANGE COUNTY REGISTER



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

Volume 31, Number 3

March 6, 1987

Uncertain Funding Levels Pose Serious Risk

Nothing definitive or even predictable has yet developed to give any real signal as to the level of funding which will be available in 1987-88. Further, it is not likely that such a decision will be known until near the close of the legislative session on May 18.

Recent discussions have focused on SB-119 or HB 126, identical bills proposed by the Governor as modification to the current funding formula. They continue the instructional unit count technique while using a different variation on the computation than is in the current formula.

They also change the area differentials by bringing them into line with those used in state employee compensation plans. It is interesting to note that these new area differentials are the result of a GRIEVANCE ARBITRATION award which was decided by an arbitrator in October, 1986. (Arbitration may be gaining some credibility with DOE officials).

The bottom line on both SB 119 and HB 126 is that the funds available for distribution are capped at \$428 million, the figure which is in the Governor's proposed operating budget for foundation funding.

Because the \$428 million figure is intended to include the STATE'S SHARE of the TRS contribution, estimated to be approximately \$25 million, along with a reduction in the pupil transportation amount of nearly \$6 million, elimination of the secondary formula account of \$6 million, and elimination of the community schools support of \$2+ million, the actual amount available for aid to schools figures to be closer to \$395 million.

The result is that many school districts are going to be building budgets for 1987-88 anticipating funding levels 15 percent or more lower than the original appropriation for 1986-87.

Data now coming into the Juneau office from members and locals around the state shows that services to students will be far from adequate and that the very quality of the programs in our schools is at serious risk.

SB 115 - Supplemental Funding

SB 115, a bill which provides supplemental funding in the current fiscal year for pupil transportation, tuition students, the Juneau multi-handicapped program, Kotzebue Technical Center, and for holding harmless those districts that otherwise lose in excess of 10 percent of their funding level in the current school year (15 districts).

This bill passed the Senate with no dissenting votes and has been assigned to the House HESS and Finance Committees. Hearings have been tentatively scheduled for the week of March 16th in House HESS. However, prognosis for early passage is not bright.

Volume 31, Number 3

March 6, 1987

ALONG THE LINES OF FUNDING.....REVENUE SOURCES

This past week Gov. Cowper introduced legislation to restore the Alaska income tax (HB 154 & SB 148). In the Senate it has been assigned to five (5) committees of referral (SB40, arbitration only has 4 committees of referral) and in the House it has been assigned to the State Affairs and Finance Committees.

At the January Delegate Assembly, NEA-Alaska delegates supported the restoration of the state income tax, utilization of part of the earnings from the Permanent Fund, and other alternative revenue sources, as means to provide recurring revenue sources for the operating budget and to insure adequate support for public education.

PUBLIC SCHOOL FUNDING.....A REAL PRIORITY

Representatives from NEA-Alaska, the Alaska Council of School Administrators, the Alaska PTA, Student Government Association and the Department of Education will meet in Anchorage on March 14 to discuss the crisis which is facing public education if current funding levels are not significantly increased for 1987-88.

The recent reductions in programs and services, combined with the possibility that further reductions may be the only option under the impact of the current funding plan, brings this group together for a crucial strategy session.

OTHER LEGISLATION

SB 135 (Josephson and Kelly) limits school districts from recruiting teachers from outside Alaska until they have exhausted various recruiting options within the state; including but not limited to newspaper advertising in each judicial district. It has been assigned to the Senate HESS and Judiciary Committees.

FLY-IN

A number of education bills will be scheduled for hearing during the Fly-In week. Your presence in speaking to these issues which are important to teachers and to public education will be extremely helpful.

It is anticipated that the March revenue projections will also be available during the Fly-In week, which means that the focus on budgets and the levels of funding will have more clarity than exists presently.

Legislators need to hear from us relative to the effect that the level of school funding has on the program in each district in the state.

BE THERE

MARCH 20 & 21

TOGETHER WE CAN

STATE OF ALASKA



REPRESENTATIVE
FRAN ULMER

HOUSE OF REPRESENTATIVES

PO. Box V
JUNEAU, ALASKA 99811
(907) 465-4947

March 17, 1987

The Honorable Steve Cowper
Governor
State of Alaska
P.O. Box A
Juneau, AK 99811

Dear Governor Cowper:

I would like to congratulate you on several recent actions by you and your administration.

First, congratulations and thank you for creating the Governor's Commission on Children and Youth. It is one of the most important things we can do in 1987 to reverse the deterioration of care and protection for Alaska's children. I have indicated to Speaker Grussendorf my interest in serving on the Commission.

Second, thank you for the meeting you hosted at the Mansion last week. I believe it represents a giant step in the right direction toward accomplishing some of your principal priorities. It greatly increases the level of understanding and mutual trust. Please consider doing this regularly -- weekly, if possible.

Third, yesterday was the first State Affairs Committee hearing on the personal income tax. Your team did an excellent job explaining the need for action this year on revenue measures. Commissioner Malone, Gregg Erickson, John Hansen and Deborah Vogt presented the information in a clear, concise and persuasive manner. I only wish there was a way to get them and their presentation on television to help educate the general public on the situation. If an opportunity presents itself to utilize the media, I hope you will take advantage of your team's excellence. I know you have worked hard at getting the message out, but you can't do it alone. They can help, I will help, and a few wise newspaper editors are helping.

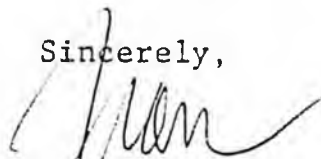
The Hon. Steve Cowper

-2-

March 17, 1987

Thank you for your efforts to make us all face the future more responsibly.

Sincerely,

A handwritten signature in cursive script, appearing to read "Fran Ulmer". The signature is written in dark ink and is positioned above the typed name.

Fran Ulmer