

HJR

50

(7)

HOUSE COMMITTEE REPORT

Date Referred: May 15, 1991

FURTHER REFERRALS:

Date of Committee Action: 5-17-91

The STATE AFFAIRS Committee considered:

HJR 50

HOUSE JOINT RESOLUTION NO. 50

EXECUTIVE LIFE IRS PENALTIES

Requesting the President of the United States to urge moderation in the assessment of tax penalties against Executive Life Insurance Company.

- RECOMMENDATIONS: the same title
 be replaced with _____ a new title
- have attached amendments(s)
 do pass
 do not pass
 no recommendations
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note House State Affairs

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Gene Kubera</i>	<input checked="" type="checkbox"/>				
<i>Tom Meyer</i>	<input checked="" type="checkbox"/>	<i>E. O'Neil</i>		<input checked="" type="checkbox"/>	
		<i>X. J. [unclear]</i>		<input checked="" type="checkbox"/>	
		<i>David [unclear]</i>		<input checked="" type="checkbox"/>	

Gene Kubera
CHAIRMAN'S SIGNATURE

Alaska State Legislature
Representative Niilo Koponen

Pouch V
Juneau, Alaska 99811
(907) 465-4992

House District 21

119 N. Cushman, Suite 207
Fairbanks, Alaska 99701
(907) 456-8172

SPONSOR STATEMENT

House Joint Resolution 50

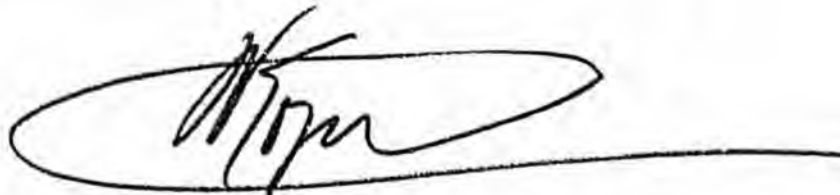
"Requesting the President of the United States to urge moderation
the assessment of tax penalties against the Executive Life
Insurance Company"

When the federal government created the 401(k) pension supplement plan, public employees throughout the nation opted out of the Social Security system. The advantages seemed clear, interest rates were at their highest since the 1920's, and the market eagerly blotted up the newly-available funds. Insurance companies became the prime repositories of pension funds nationwide.

Alaska joined other states and companies such as Honeywell Inc., Xerox Corporation and IBM in investing heavily in insurance company Guaranteed Investment Contract (GIC) loans. Today, 60-70% of all public and private 401(k) monies nationwide are invested in GICs. Ironically, the much denigrated Social security system may be more stable than its glamorous offspring, the SBS scheme.

For Alaskans, the immediate problem is the collapse of Executive Life, in which 20% of our SBS monies were invested. The Internal Revenue Service is compounding the problem by attempting to fine Executive Life, which would amount to seizing funds that belong to various states, including Alaska.

This Resolution urges President Bush to restrain the IRS from collecting oppressively large fines. If they cooperate, we could recover another one-quarter to one-half of the Executive Life investments. I urge your affirmative vote on HJR 50.



FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HJR 50

Revision Date: May 16, 1991 Department Affected: LAA

Title: Executive Life IRS Penalties BRU: _____

Component: _____

Sponsor: Rep. Koponen

Requestor: House State Affairs Committee COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS: N/A

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: House State Affairs Committee Phone: 465-4859

Division: _____ Date: May 16, 1991

Approved by Commissioner: Representative Gene Kubina, Chair *Gene Kubina*

Agency: House State Affairs Committee Date: May 16, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).