

HJR

14



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

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

M E M O R A N D U M

TO: Senate State Affairs Committee Members

FROM: Representative Georgianna Lincoln *glo*
House District 24

SUBJECT: House Joint Resolution No. 14

DATE: February 25, 1991

House Joint Resolution No. 14, introduced at the request of emergency firefighters in my district, urges the Secretary of the Interior to implement a policy of withholding federal income tax payments from their wages.

It is the policy of the Department of the Interior (DOI) to not withhold federal taxes from wages paid to emergency firefighters. They have been granted an exemption by the Internal Revenue Service which allows this action.

Emergency firefighting crews are employed by both the State of Alaska's Department of Natural Resources and the Bureau of Land Management (BLM). The State of Alaska withholds federal taxes from wages paid to emergency firefighters, a policy supported by the firefighters.

The attached two-page Emergency Firefighter (EFF) Payroll shows 55 communities with firefighting crews, all rural with the exception of Fairbanks. In 1990, \$6,558,772.85 was paid by the State of Alaska, and federal taxes were withheld. For the same year, \$5,745,417.38 was paid to firefighters, almost all rural, with no federal tax withholdings. That leaves a large bill due the federal government on this income.

As a result of hardships created by DOI's policy, emergency firefighters in Alaska have asked that federal taxes be withheld from the wages paid by BLM. Paychecks, especially for rural Alaskans, are few and far between. Consequently, saving money for Uncle Sam's bill due in April, versus meeting the basic needs of their families, becomes secondary. When April 15 arrives, these

firefighters are faced with a large tax bill that is difficult to pay. Additionally, unlike the more urban areas of the state, we do not have tax preparation services in the villages.

The Alaska Federation of Natives did adopt a resolution in support of HJR 14 at their board meeting last week by a unanimous vote. Letters of support and two other resolutions are attached.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HJR 14

Revision Date: _____ Department Affected: _____

Title: Emergency Firefighters' Income Tax BRU: _____

Sponsor: Representative Lincoln Component: _____

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: 1-31-91

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

Agency: House State Affairs Committee Date: _____

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

EFF Payroll

Village	Agency	Hours Worked	Gross Wages
Allakaket	AFS TAL	20,271.0	\$ 239,324.72
Ambler	AFS GAL	13,568.5	\$ 160,414.08
Aniak	DOF SWAF	5,115.5	\$ 60,446.32
Arctic Village	AFS UYK	3,028.0	\$ 35,872.30
Beaver	AFS UYK	11,048.5	\$ 126,955.08
Big Lake	DOF AMSF	6,635.5	\$ 81,405.52
Buckland	AFS GAL	10,467.0	\$ 124,942.00
Chalkyitsik	AFS UYK	2,818.5	\$ 33,363.78
Chevak	DOF SWAF	20,381.5	\$ 237,061.82
Copper Center	DOF VCRA	18,090.5	\$ 216,814.84
Delta	DOF DAF	45,956.0	\$ 540,106.38
Eagle	AFS UYK	11,819.0	\$ 139,791.98
Fairbanks	DOF FAF	203,872.0	\$ 2,453,619.71
Fairbanks ¹	AFS	52,585.0	\$ 616,692.97
Fort Yukon	AFS UYK	35,422.0	\$ 417,771.14
Galena	AFS GAL	22,810.0	\$ 264,851.89
Grayling	AFS GAL	7,933.0	\$ 93,831.74
Holy Cross	AFS GAL	8,955.5	\$ 105,928.92
Hooper Bay	DOF SWAF	28,762.5	\$ 338,523.04
Hughes	AFS TAL	11,820.0	\$ 139,185.20
Huslia	AFS GAL	20,400.0	\$ 240,426.32
Iliamna	DOF SWAF	N/A	\$ N/A
Juneau (Angoon)	USFS R-10	5,037.5	\$ 58,664.42
Kalskag ²	DOF SWAF	26,997.5	\$ 314,013.34
Katag	AFS GAL	25,810.0	\$ 303,446.71
Kiana	AFS GAL	11,405.5	\$ 134,242.09
Kotlik	AFS GAL	N/A	\$ N/A
Koyuk	AFS GAL	10,381.5	\$ 122,762.63
Koyukuk	AFS GAL	13,112.5	\$ 155,593.25
McGrah	DOF SWAF	17,541.5	\$ 206,579.97
Mentasta	DOF TAF	11,722.0	\$ 152,888.79
Minto	AFS TAL	18,258.5	\$ 215,588.45
Mt. Village	AFS GAL	5,386.5	\$ 63,846.79
Nenana	DOF FAF	15,531.5	\$ 185,988.28
Nikolai	DOF SWAF	9,085.0	\$ 107,884.47
Nondalton	DOF SWAF	10,376.5	\$ 124,922.96
Noorvik	AFS GAL	14,443.5	\$ 170,639.91
Northway	DOF TAF	30,091.5	\$ 356,051.69
Nulato	AFS GAL	23,263.0	\$ 275,833.16
Pilot Station	AFS GAL	9,444.0	\$ 111,256.18
Rampart	AFS TAL	13,029.5	\$ 154,264.79
Ruby	AFS GAL	7,678.5	\$ 90,883.15
St. Mary's	AFS GAL	9,876.0	\$ 117,050.21
St. Michael	AFS GAL	8,804.0	\$ 103,707.03
Selawik	AFS GAL	21,916.5	\$ 258,554.76
Shageluk	DOF SWAF	5,754.5	\$ 68,576.02
Shungnak	AFS GAL	3,113.0	\$ 36,776.26

¹ DOF hired all crews in Fairbanks; AFS totals reflect miscellaneous hire for AFS support
² Includes both Upper and Lower Kalskag

Village	Agency	Hours Worked	Gross Wages
Sleetmute	DOF SWAF	9,316.0	\$ 112,412.19
Stebbins	AFS GAL	13,594.0	\$ 160,875.85
Stevens Village	AFS UYK	3,690.5	\$ 43,096.35
Tanacross	DOF TAF	15,132.5	\$ 177,718.62
Tarana	AFS TAL	22,905.0	\$ 271,569.45
Tedlin	DOF TAF	7,713.0	\$ 99,698.53
Tok	DOF TAF	61,953.5	\$ 724,060.36
Venezic	AFS UYK	13,348.0	\$ 157,413.82
Sub-total USFS		5,037.5	\$ 58,664.42
Sub-total DOF		549,928.5	\$ 6,558,772.85
Sub-total AFS		482,406.0	\$ 5,686,752.96
Total		1,037,372.0	\$ 12,304,190.23

The above payroll figures represent wages paid to those villages which have designated crews. Other villages, (from which only miscellaneous EFF, and not crews, were hired), are listed below. The McGrath, Iliamna, and Kouluk crews were not hired as crews this summer. "N/A" indicates that the crew was unavailable during periods when crews were being hired. One "crew day" equals 16 people x 12 hours/day or 192 hours.

Miscellaneous wages paid in various communities that did not have crews:

Community	Agency	Hours worked	Gross Wages
Anchorage	DOF	26,104.0	\$ 289,488.14
Glennallen	DOF	16,423.5	\$ 195,034.33
Palmer	DOF	11,638.5	\$ 138,213.43
Miscellaneous	DOF	18,805.0	\$ 216,702.23
Miscellaneous	AFS	1,511.5	\$ 18,129.52
Sub-total DOF		72,971.0	\$ 839,438.13
Sub-total AFS		1,511.5	\$ 18,129.52
Total Miscellaneous		74,482.5	\$ 857,567.65
Grand total USFS		5,037.5	\$ 58,664.42
Grand total DOF		622,899.5	\$ 7,398,210.98
Grand total AFS		483,917.5	\$ 5,704,882.48
Grand Total Hours and Wages		1,111,854.5	\$ 13,161,757.88

Native Village of Tanana
TANANA IRA TRIBAL COUNCIL
P.O. Box 93
Tanana, Alaska 99777
(907) 366-7160

Georgianna Lincoln, Representative
Alaska State Legislature
Juneau, Alaska

Dear Georgianna:

I want to write a letter of heartfelt support for the legislation you have introduced to make BLM aware of the problem caused by their refusal to withhold federal income taxes from firefighter's checks.

Over the years living in Tanana I have often been asked to assist community members with preparation of the federal income taxes. During the past five years Patti Hyslop and I, working to provide services to Tanana tribal members, have assisted with the preparation of more than a hundred individual income tax returns. Many of those tax returns have been for men and women employed as emergency fire-fighters. Since BLM initiated the policy of not withholding federal income taxes from firefighting wages, we have seen many serious problems that work hardships on the people involved.

Essentially there are two areas of difficulty:

-People who understand the federal tax system and feel that they will be able to save the amount required to pay their federal taxes when they come due the following April; and

-Individuals, particularly young or elderly firefighters (Yes, we have elderly firefighters!) who do not understand the federal taxing system and are unaware that taxes are not being withheld or even that their firefighting income is taxable.

People who understand the taxing system, often initially put aside money to pay income tax in the spring, but faced with no income during winter months, end up using the "tax money" for basic necessities such as food or cold-weather clothing. Others underestimate how much taxes they will actually owe in the spring. When you are literally penniless, as many people are during the winter, the temptation to use any kind of savings is overwhelming.

People who do not understand the tax system often do not even know they have to file and so neglect to file. Eventually IRS catches up with them and once that happens they are faced with a double-whammy...not only the initial filing, but also penalties and interest.

For literally all fire-fighters, the withholding problem creates real hardships in their lives. When April comes the money to pay taxes simply is not there. This means that some have to go on a payment system with IRS which creates additional liabilities in the forms of penalties and interest...assuming they can find the money even to make payments.

I see no excuse for this policy by an agency of the federal government. All other employers paying over the base-line salary are required to withhold. It is my understanding that even IRS has a problem with the actions of BLM.

As you are undoubtedly aware, Tanana Tribal Council introduced a resolution at the Tanana Chiefs Conference

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annual meeting addressing this problem. The resolution passed overwhelmingly and became direction for Tanana Chiefs Conference administration. So we know this isn't just a localized problem but is without a doubt, a problem for rural people all over the State.

Anything that you can accomplish to alleviate this will be widely applauded.

Sincerely yours,

Carla K. Bonney, Director
Tribal Health and Social Services

SILAS HENRY
P.O. BOX 93
TANANA, ALASKA 99777
(907) 366-7183

February 8, 1991

Representative Georgianna Lincoln
Juneau, Alaska

Dear Representative Lincoln:

I am a married man with five dependents and have been a emergency fire fighter for the past twenty five years. Due to limited financial opportunities in the Village of Tanana, I am currently unemployed. Due to BLM's policy of not taking out taxes from our seasonal firefighting checks, it is causing an unneeded hardship on me and my family. I never know how much taxes I will have to pay and due to being unemployed during the winter months, I can never pay the taxes when it is time file a tax return. Every year I am behind on paying my taxes and the interests only build up to make matters worst.

Your efforts in eliviating this problem will be greatly appreciated by all of the emergency firefighters in the Village of Tanana.

Thank you for the opportunity to voice my concerns on this issue.

Sincerely,



Silas Henry
Seasonal Fire Fighter

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907 366 7195

TANANA NATIVE CO

P.02

TANANA CHIEFS CONFERENCE, INC.
Board of Directors
Resolution No. 90-108

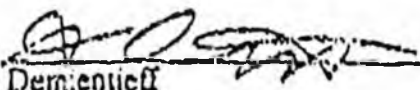
BLM FIREFIGHTING TAX WITHHOLDING

- WHEREAS, Alaskans fight fires for the federal government each summer and Alaskans earn thousands of dollars for wages, and;
- WHEREAS, all wages earned do not have federal taxes withheld, and;
- WHEREAS, this causes Alaskans a severe hardship in that they get in debt to IRS and cannot afford to pay the taxes owed;
- NOW THEREFORE BE IT RESOLVED that the Tanana Chiefs Conference Board of Directors petition Congress to provide income tax withholding from BLM firefighter pay.

CERTIFICATION

I hereby certify that this resolution was duly passed by the Tanana Chiefs Conference, Inc. Board of Directors on March 15, 1990 at Fairbanks, Alaska and a quorum was duly established.

Submitted by: Tanana/Allakaket



Mitch Demientieff
Secretary-Treasurer
Tanana Chiefs Conference, Inc.

