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89

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

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

March 3, 1983

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

Re: HB 89

Dear Representative Abood:

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being that in order to properly notify Alaskans who gave political contributions in 1982 that the PCC program was being repealed, the July 1, 1983 effective date was needed with the understanding that anyone who contributed money to a political campaign ~~in 1982~~ before July 1 would be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

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

Sincerely,



Robert D. Heath
Commissioner of Revenue

RDH:jas

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

1 IN THE HOUSE

BY BETTISWORTH AND HAYES

2

HOUSE BILL NO. 89

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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

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

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 AS 43.20.013(a) is repealed.

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

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

Amendment? CS July 1, 1982
Source made amendment → June 30, 1983

STATE OF ALASKA

Bill Sheffield, Governor

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

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

February 8, 1983

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

RECEIVED
2-10-83

Dear Representative Ward:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

February 8, 1983
Page 4

with you in greater detail.

Sincerely yours,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By: 
Diane T. Colvin
Assistant Attorney General

DTC:eja

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

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

The Honorable Terry Martin
Representative
Alaska State Legislature

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

Bill Sheffield, Governor

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

February 8, 1983

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Representative
File No. 366-034-83

February 8, 1983
Page 3

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

February 8, 1983
Page 4

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Sincerely yours,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By: 
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cc: The Honorable Albert P. Adams
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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

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

February 1, 1983

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

Re: refundable Credits

Dear Representative Adams:

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

Sincerely,

Joseph K. Donohue

Joseph K. Donohue
Deputy Commissioner, Taxation

JKD:jas

Enclosures

cc: Members of House Finance Committee

MEMORANDUM

State of Alaska

TO: Ronald W. Lorensen
Deputy Attorney General

DATE: July 7, 1982

FILE NO:

TELEPHONE NO:

FROM: Joseph K. Donohue
Deputy Commissioner, Taxation

SUBJECT: Political Contribution
Credits

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

AS 43.20.013(c) states:

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

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

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

(See Attachment A)

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

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

Ronald W. Lorensen
July 7, 1982
Page 2

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

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

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

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

Attachments

cc: Ervin Jones, Director
Administrative Services

Phil Wall, Director
Public Services Division

Rebecca Engen
Office of the Governor

Ron Lehr
Budget & Management

Attachment A

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

AGENCY Department of Revenue

PROGRAM Revenue Collection & Management

DRU Administration & Support

COMPONENT Refundable Credits

18 LANDS, GRANTS AND MISCELLANEOUS

Date 1 at 1

REVISED DATE

FY 83

00552

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

STATE OF ALASKA -- COMPONENT BUDGET ANALYSIS

15:40

6/15/82

AGENCY: DEPARTMENT OF REVENUE
CATEGORY: GENERAL GOVERNMENT

PROGRAM: REFUNDABLE CREDITS
SUB-PROGRAM:

HOUSE ANALYSIS

GOVERNORS REC \$2,791.0

OBJECT GROUP	VARIATION	DESCRIPTION:
07 GRANTS, CLMS	-1758.0 -63.0%	DELETE POLITICAL CONTRIBUTION CREDIT (1,758.0).
MM TOTAL	-1758.0 -63.0%	

HOUSE FIGURE \$1,033.0

SENATE ANALYSIS

GOVERNORS REC \$2,791.0

OBJECT GROUP	VARIATION	DESCRIPTION:
07 GRANTS, CLMS	-1758.0 -63.0%	DELETE POLITICAL CONTRIBUTION CREDIT (1758.0).
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SENATE FIGURE \$1,033.0

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

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

March 3, 1983

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Re: HB 89

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Sincerely,



Robert D. Heath
Commissioner of Revenue

RDH:jas

Alaska State Legislature



REPRESENTATIVE

POUCH V
JUNEAU, ALASKA 99811

ROBERT H. "BOB" BETTISWORTH

P.O. BOX 80288
COLLEGE, ALASKA 99708

February 23, 1983

TO: Rep. Mitch Abood, Chairman
House State Affairs Committee

FROM: Rep. Bob Bettisworth

RE: H.B. 89 "An Act repealing the tax credit for political
contributions; and providing for an effective date."

I respectfully request the House State Affairs Committee's
indulgence with this informal presentation of facts. How-
ever, due to the administration's current procedures, the
Dept. of Revenue has not been able to provide the Commit-
tee with the information requested by my office.

I was able to acquire the following information from Ms. —
Marcie Rehfield, Legislative Liaison for the Dept. of Rev-
enue, by phone.

In 1981, after the last major election, the Dept. of Revenue
had 13,780 applications for the political contribution cred-
it, or an expenditure of \$1,378,000. The Dept. of Revenue's
projections to fund this program for 1983 are based on the
fact that 1982 was a more prominent election year than '81,
with the gubernatorial race and the numerous ballot propos-
itions placed before the voters. The Department is antici-
pating at least three times as many applicants, or somewhere
between 50-60,000, or \$5-6,000,000 in expenditures.

The Dept. of Revenue anticipates requesting a supplemental
appropriation for \$6,000,000 to ensure that all applicants
will receive their political contribution credit, mandated by
statute.

RB Bettisworth

MEMORANDUM

State of Alaska

TO: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

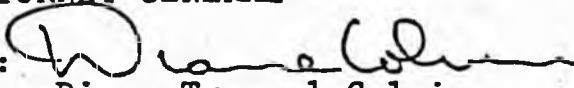
DATE: July 15, 1982

FILE NO: 366-034-83

TELEPHONE NO: 465-3600 ex. 56

FROM: WILSON L. CONDON
ATTORNEY GENERAL

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

By: 
Diane Tremmel Colvin
Assistant Attorney General

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

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

(1) contributions made to certain candidates for public office and certain political organizations, and

(2) expenses for child care.

Subsection (c) of AS 43.20.013 provides as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

Representative Cotten noted that current law

3/ 1982 House Journal, p. 1155.

4/ 1982 Senate Journal, p. 1503.

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

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

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

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

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

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

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

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

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

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

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

WLC/DTC/pkh

Editor's notes. — As to legislative findings and intent, see § 1, ch. 110, SLA 1978, in the 1978 Temporary and Special Acts and Resolves.

Section 4, ch. 110, SLA 1978, provides: "This Act applies to taxable income earned or received after December 31, 1977."

Section 52, ch. 113, SLA 1980 makes sections 8—10 of the Act applicable to tax years beginning after December 31, 1979. Section 51 of the Act makes section 11 of the Act applicable to tax returns for tax years beginning after December 31, 1978.

For legislative findings and purpose of the second and third 1980 amendments, see § 1, ch. 1, SSSLA 1980, and § 1, ch. 2, SSSLA 1980, in the 1980 Temporary and Special Acts and Resolves.

Section 20, ch. 116, SLA 1981 provides that the amendment by § 2 of ch. 116 apply to tax years beginning after December 31, 1977 and ending by December 31, 1980.

Section 21 of ch. 116 provides that the amendment by § 3 of ch. 116 apply to tax years beginning after December 31, 1980 and ending by December 31, 1981.

Section 23 of ch. 116 provides that the amendment by § 4 of ch. 116 apply to tax years beginning after December 31, 1981.

The Alaska Native Claims Settlement Act may be found in 43 U.S.C. § 1601 et seq.

Sec. 43.20.012. Limitation on application of AS 43.20.011 — 43.20.350; credits. The tax imposed by AS 43.20.011 — 43.20.350 does not apply to individuals or to fiduciaries. However, an individual may file a return under AS 43.20.011 — 43.20.350 in order to receive tax credit under AS 43.20.013. (§ 2 ch 1 SSSLA 1980; § 2 ch 2 SSSLA 1980)

Effective dates. — Section 12 of ch. 1 provides that this section is retroactive to January 1, 1980, and § 10 of ch. 2, provides that this section is retroactive to January 1, 1979.

Editor's notes. — For legislative findings and purpose of the enacting legislation, see § 1, ch. 1, SSSLA 1980, and § 1, ch. 2, SSSLA 1980, in the 1980 Temporary and Special Acts and Resolves.

Sec. 43.20.013. Individual tax credits. (a) A resident individual is entitled to a tax credit not to exceed \$100 for

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(i) President or Vice President of the United States, whether or not the candidate will be voted on in a primary election in Alaska;

(ii) United States senator from Alaska;

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(iv) governor or lieutenant governor of Alaska;

(v) the Alaska legislature;

(vi) delegate to an Alaska constitutional convention;

(vii) electoral confirmation as a judge or justice of a court in Alaska;

or

(viii) municipal office in Alaska; or

(B) by a group seeking to influence the outcome of a ballot proposition or question in Alaska; and

(2) dues paid in a calendar year to a nonprofit organization organized primarily for the purpose of influencing elections in Alaska.

(b) A resident individual is entitled to a tax credit equal to 16 percent of the tax credit claimed by the individual on his federal income

The Anchorage Times

ROBERT B. ATWOOD
Editor and Publisher

WILLIAM J. TOBIN
Associate Editor
And General Manager

DREX HEIKES
Managing Editor

Page A-4

Monday, June 8, 1981

Runoff elections

IN NEW JERSEY last week, there were so many candidates for governor in primary election balloting that critics said the campaign produced mostly noise and confusion — and very little in the way of enlightenment for the public.

The reason most often heard for the cluttered field was that this was the first election in which candidates for governor were able to draw on public funds to finance their campaigns. This experiment in populist politics resulted in all kinds of people jumping into the race. And why not? For some, it was better than working for a living — and the public picked up the tab.

The result, however, was something of a mess. Which should be a warning to Alaska, where some politicians are trying to sell this bill of goods as a way to go in our political affairs.

WHILE such a move would be far from the state's best interests, there is a change that could be made to improve gubernatorial elections in the state.

This corrective action would require a runoff election if the winner in the general election failed to get a majority of the vote cast, or at least close to a majority.

The 1978 general election should be a warning to Alaskans. There were five candidates for governor — four of them officially on the ballot, and the fifth — former Gov. Walter J. Hickel — a popular write-in candidate.

As things turned out, Gov. Jay Hammond polled 49,580 votes and won re-election with only 38.2 percent of the total. Mr. Hickel's write-in effort drew 33,555 votes, 7,899 more than the Democratic nominee, Chancy Croft, who polled 25,656. The rest of the votes went to independent candidate Tom Kelly (15,656) and Alaska Party candidate Don Wright (2,463).

Even with fewer candidates in the field, it's possible that a future governor could be elected with a smaller percentage than posted last time by Mr. Hammond. That kind of outcome would be considerably short of a mandate.

IRONICALLY, it takes a bigger percentage to elect a mayor than a governor. Runoff elections for mayor are mandated in the Alaska general code when any candidate fails to muster at least 40 percent of the votes.

If it makes sense to demand that the mayor of a city go into office with at least 40 percent of the voters in his favor, it should be a thousand times more sensible to make certain that the governor does so with at least that much.

This is not a change that is likely to come about for the next gubernatorial race, which is practically upon us. A constitutional amendment would be necessary to bring it about. But it is a change that deserves consideration by the 1982 legislature and would appear to be a non-controversial item that could be placed before the voters for approval in 1984.

Contribution refunds under new attack

Associated Press

Juneau — The Hammond administration made another pitch Wednesday to stop state refunds for political contributions.

Joe Donohue, Department of Revenue deputy commissioner of taxation, said "there may be a place for public financing of political campaigns, but the current system is essentially cost-free for the contributor."

The House State Affairs Committee is considering legislation sponsored by House Speaker Joe Hayes, R-Anchorage, to end the refunds.

Political contribution and child-care credits are holdovers from when Alaska had a state income tax — taxpayers were allowed to deduct the credits from their tax payments.

The credits were not repealed when the state income tax was in 1980, and as a result the state has been stuck with refunding campaign donations and some child-care expenses.

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The State Affairs Committee did not take a final vote on the bill (HB137).

Rebate law pulls candidates out early

By Steve Rinehart
of The Times

Homert — A unique Alaska election law — rather than tough competition or statewide reapportionment — appears to be the reason for the sudden abundance of candidates filing for the 1982 elections, according to candidates and a state revenue official.

Gubernatorial candidate Tom Hink put it bluntly when campaigning in Homer last month: It's the money.

If not the major reason for filing early, one of the big ones is the state's campaign contribution rebate program, under which the state will now refund political contributions of up to \$100 (last year it was \$50). By stretching their campaigns over two calendar years, candidates or political action committees which have registered with the Alaska Public Offices Commission before the end of the year grant their supporters eligibility for two contribution rebates or one election.

And if filing early is a good investment for candidates, it can carry a reasonable return for contributors as well. Besides claiming up to \$100 in rebates from the state, a person can

claim the maximum \$25 credit from the federal government, too.

This opportunity to fill campaign chests has not been lost on candidates or PACs. According to the state Department of Revenue, political action committees and PACs are clamoring for rebate forms to send to potential supporters. For example, the Alaska branch of the National Education Association requested 5,000 rebate forms, according to the department's "forms manager," Colleen Brcwin.

Despite the demands, the department won't issue the rebate forms until the end of the year, she said.

Reapportionment puts almost all 60 seats in the Legislature up for election in 1982. The governorship and the capital move will also be included on next fall's ballot, guaranteeing a high-interest election.

"We're expecting a big year (for rebate claims)," Brown said, predicting nearly \$1 million in contributions or some 50,000 claims.

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But that's being greedy, said an Anchorage representative who opposes state-financed elections. Republican Terry Martin has circulated a news release accusing candidates, among them his competitor, of taking undue advantage of the refund program, getting into the race early "for the sole purpose of double-dipping into the state treasury."

One of Martin's aides said the representative would not be filing for office until next year.

Revenue department figures show the rebate program is becoming ever more popular. In 1979, Brown said, 6,886 people filed for about \$306,000 in rebates. In 1980, 15,457 filed for about \$690,000 in rebates. Those years, the maximum refund was \$50 and the average rebate was about \$45. The department's estimate for the coming year is based on an expected average rebate of \$60.95, Brown said.

There is no age limit on the rebates, Brown said. However, applicants must be able to demonstrate that they acted of their own free will. Parents cannot contribute on behalf of their children and secure rebates, for example, unless the child makes a conscious decision to back a candidate or an issue, she said.

The rebates were handled on income tax forms back when there was a state income tax. Since the tax has been repealed there are special forms, said Brown, the forms manager. All who filed for rebates in 1979 and 1980 will get this year's form in the mail. Others will be available at revenue department field offices, legislative information offices, the governor's office and other state offices.

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LAWS OF ALASKA

1980

Second Special Session

Source

Chapter No.

CSHB 1042(Rules)

2

AN ACT

Relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 13

Approved by the Governor: September 24, 1980
Actual Effective Date: September 25, 1980 with sections
2 - 6 and 9 retroactive to January 1, 1979.

Chapter 2

AN ACT

Relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes; and providing for an effective date.

* Section 1. FINDINGS. The legislature finds:

(1) Section 1, ch. 22, SLA 1980 afforded complete tax relief to a majority of individual taxpayers under the Alaska Net Income Tax Act and substantial tax relief to most other taxpayers by means of exemptions based on the number of years an individual reported Alaska income. On September 4, 1980, the Alaska Supreme Court ruled that these exemptions violate the equal protection clause of art. I, sec. 1 of the state constitution. The effect of that decision is to reimpose the full income tax burden on all taxpayers.

(2) It is in the public interest to remedy the constitutional defect and provide tax relief to the public at least equal to that attempted by the exemptions in sec. 1, ch. 22, SLA 1980. This can best be accomplished by repealing the Alaska net income tax on individuals and fiduciaries.

(3) Because ch. 22, SLA 1980 applied to taxes due for the tax year 1979, many taxpayers expected a refund of part or all of their state income tax for 1979, and many of them made plans and commitments in anticipation of the refund. The state has a moral obligation to fulfill this widely held expectation, and this obligation is best discharged by repealing the Alaska

Chapter 2

net income tax on individuals and fiduciaries retroactive to January 1, 1979.

* Sec. 2. AS 43.20 is amended by adding new sections to read:

Sec. 43.20.012. LIMITATION ON APPLICATION OF CHAPTER; CREDITS.

The tax imposed by this chapter does not apply to individuals or to fiduciaries. However, an individual may file a return under this chapter in order to receive a tax credit under AS 43.20.013.

Sec. 43.20.013. INDIVIDUAL TAX CREDITS. (a) A resident individual is entitled to a tax credit not to exceed \$50 for

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(i) President or Vice President of the United States, whether or not the candidate will be voted on in a primary election in Alaska;

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(B) by a group seeking to influence the outcome of a ballot proposition or question in Alaska; and

(2) dues paid in a calendar year to a nonprofit organization organized primarily for the purpose of influencing elections in Alaska.

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

Chapter 2

for his gainful employment.

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

* Sec. 3. AS 43.20.021(c) is amended to read:

(c) For purposes of calculating the alternative tax on capital gains provided for in the provisions of Internal Revenue Code sec. 1201, the rate is 4.5 percent for corporations [AND 4 PERCENT FOR INDIVIDUALS AND FIDUCIARIES].

* Sec. 4. AS 43.20.021(d) is amended to read:

(d) Where a credit allowed under the Internal Revenue Code is also allowed in computing Alaska income tax, it is limited to [16 PERCENT FOR INDIVIDUALS AND FIDUCIARIES AND] 18 percent for corporations of the amount of credit determined for federal income tax purposes which is attributable to Alaska.

* Sec. 5. AS 43.20.021(f) is amended to read:

(f) For the purpose of calculating the minimum tax on tax preferences provided for in secs. 56 - 58 of the Internal Revenue Code (26 U.S.C. secs. 56 - 58), the rate is [16 PERCENT FOR INDIVIDUALS AND] 18 percent for corporations of the applicable minimum federal tax rate.

* Sec. 6. AS 43.20.030(a) is amended to read:

(a) If a [EVERY INDIVIDUAL, FIDUCIARY,] partnership which has a corporation as a partner or a [AND] corporation is required to make a return under the provisions of the Internal Revenue Code, it shall at the same time file with the department a return setting out

(1) the amount of tax due under this chapter, less credits

Chapter 2

1 claimed against the tax; and

2 (2) other information for the purpose of carrying out the
3 provisions of this chapter which the department requires.

4 * Sec. 7. REFUND OF 1979 INCOME TAXES. (a) An individual or fiduciary
5 is entitled to a refund of his Alaska net income taxes paid or withheld under
6 AS 43.20 for all or part of a tax year occurring after December 31, 1978 and
7 before January 1, 1980.

8 (b) A refund under this section may be made only as provided in this
9 section. Refunds of Alaska net income taxes paid may not be made without an
10 appropriation for that purpose.

11 (c) The department shall establish procedures for determining the
12 amount of and for making the refunds described in (a) of this section.

13 (d) The commissioner may adopt regulations to implement this section,
14 and those regulations may be adopted as emergency regulations under AS 44.-
15 62.250 and 44.62.260.

16 (e) In this section,

17 (1) "commissioner" means the commissioner of revenue;

18 (2) "department" means the Department of Revenue.

19 * Sec. 8. The provisions of AS 43.05.280 do not apply to refunds made
20 under sec. 7 of this Act.

21 * Sec. 9. The following laws are repealed: AS 43.20.011(a) - (d) and
22 (f), 43.20.015, 43.20.017, 43.20.021(a), 43.20.030(f) and (g), 43.20.031(a),
23 (b), and (f) - (h), 43.20.033, 43.20.035, 43.20.036(d) - (i), 43.20.038,
24 43.20.039, 43.20.040(b)(3) and (6), 43.20.045, 43.20.061, 43.20.160(e),
25 43.20.180, 43.20.215, and secs. 6 - 11 of ch. 22, S.L.A. 1980.

26 * Sec. 10. Sections 2 - 6 and 9 of this Act are retroactive to January 1,
27 1979.

28 * Sec. 11. This Act takes effect immediately in accordance with AS 01.10.-
29 070(c).

Original sponsor: . State Affairs Committee

Offered: 9/22/80
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 1042

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act providing for refunds of 1979 individual income
7 taxes; and providing for an effective date."

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

9 * Section 1. REFUND OF 1979 INCOME TAXES. (a) An individual is entitled
10 to a refund of his Alaska net income taxes paid or withheld under AS 43.20
11 for all or part of a tax year occurring after December 31, 1978 and before
12 January 1, 1980.

13 (b) A refund under this section may be made only as provided in this
14 section. Refunds of Alaska net income taxes paid may not be made without an
15 appropriation for that purpose.

16 (c) The department shall establish procedures for determining the
17 amount of and for making the refunds described in (a) of this section.

18 (d) The commissioner may adopt regulations to implement this section,
19 and those regulations may be adopted as emergency regulations under AS 44.-
20 52.04 - 44.62.290.

21 (e) In this section,

22 (1) "commissioner" means the commissioner of revenue;

23 (2) "department" means the Department of Revenue.

24 * Sec. 2. The provisions of AS 43.05.280 do not apply to refunds made
25 under sec. 1 of this Act.

26 * Sec. 3. This Act takes effect on the effective date of the repeal of AS
27 43.20.011(a) - (d) and (f).

28
29

Introduced: 9/22/80
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 HOUSE BILL NO. 1042

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to taxes; repealing the Alaska net
7 income tax on individuals; providing for tax credits
8 for political contributions and household and dependent
9 care services; and providing for an effective date."

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

11 * Section 1. FINDINGS. The legislature finds

12 (1) Section 1, ch. 22, SLA 1980 afforded complete tax relief to a
13 majority of individual taxpayers under the Alaska Net Income Tax Act and
14 substantial tax relief to most other taxpayers by means of exemptions based
15 on the number of years an individual reported Alaska income. On September 4,
16 1980, the Alaska Supreme Court ruled that these exemptions violate the equal
17 protection clause of art. I, sec. 1 of the state constitution. The effect of
18 that decision is to reimpose the full income tax burden on all taxpayers.

19 (2) It is in the public interest to remedy the constitutional
20 defect and provide tax relief to the public at least equal to that attempted
21 by the exemptions in sec. 1, ch. 22, SLA 1980. This can best be accomplished
22 by repealing the Alaska net income tax on individuals.

23 (3) Because ch. 22, SLA 1980 applied to taxes due for the tax year
24 1979, many taxpayers expected a refund of part or all of their state income
25 tax for 1979, and many of them made plans and commitments in anticipation of
26 the refund. The state has a moral obligation to fulfill this widely held
27 expectation, and this obligation is best discharged by repealing the Alaska
28 net income tax on individuals retroactive to January 1, 1979.

29 * Sec. 2. AS 43.20 is amended by adding new sections to read:

1 Sec. 43.20.012. INDIVIDUALS; RETURNS FOR TAX CREDITS. The tax im-
2 posed by this chapter does not apply to individuals. However, an indi-
3 vidual may file a return under this chapter in order to receive a tax
4 credit under AS 43.20.013.

5 Sec. 43.20.013. INDIVIDUAL TAX CREDITS. (a) A resident individ-
6 ual is entitled to a tax credit not to exceed \$50 for

7 (1) a contribution made in a calendar year to a person or
8 organization for use exclusively

9 (A) for a political campaign for a candidate for

10 (i) President or Vice President of the United
11 States, whether or not the candidate will be voted on in a
12 primary election in Alaska;

13 (ii) United States senator from Alaska;

14 (iii) United States representative from Alaska;

15 (iv) governor or lieutenant governor of Alaska;

16 (v) the Alaska legislature;

17 (vi) delegate to an Alaska constitutional
18 convention;

19 (vii) electoral confirmation as a judge or justice of
20 a court in Alaska; or

21 (viii) municipal office in Alaska; or

22 (B) by a group seeking to influence the outcome of a
23 ballot proposition or question in Alaska; and

24 (2) dues paid in a calendar year to a nonprofit organization
25 organized primarily for the purpose of influencing elections in Alaska.

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

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

7 * Sec. 3. AS 43.20.021(c) is amended to read:

8 (c) For purposes of calculating the alternative tax on capital
9 gains provided for in the provisions of Internal Revenue Code sec. 1201,
10 the rate is 4.5 percent for corporations [AND 4 PERCENT FOR INDIVIDUALS
11 AND FIDUCIARIES].

12 * Sec. 4. AS 43.20.021(d) is amended to read:

13 (d) Where a credit allowed under the Internal Revenue Code is also
14 allowed in computing Alaska income tax, it is limited to [16 PERCENT FOR
15 INDIVIDUALS AND FIDUCIARIES AND] 18 percent for corporations of the
16 amount of credit determined for federal income tax purposes which is
17 attributable to Alaska.

18 * Sec. 5. AS 43.20.021(f) is amended to read:

19 (f) For the purpose of calculating the minimum tax on tax prefer-
20 ences provided for in secs. 56 - 58 of the Internal Revenue Code (26
21 U.S.C. secs. 56 - 58), the rate is [16 PERCENT FOR INDIVIDUALS AND] 18
22 percent for corporations of the applicable minimum federal tax rate.

23 * Sec. 6. AS 43.20.030(a) is amended to read:

24 (a) If a [EVERY INDIVIDUAL, FIDUCIARY,] partnership which has a
25 corporation as a partner or a [AND] corporation is required to make a
26 return under the provisions of the Internal Revenue Code, it shall at
27 the same time file with the department a return setting out

28 (1) the amount of tax due under this chapter, less credits
29 claimed against the tax; and

1 (2) other information for the purpose of carrying out the
2 provisions of this chapter which the department requires.

3 * Sec. 7. REFUND OF 1979 AND 1980 INCOME TAXES. (a) An individual is
4 entitled to a refund of his Alaska net income taxes paid or withheld after
5 December 31, 1978 for all or part of a tax year occurring after December 31,
6 1978. An individual is also entitled to a refund of his estimated net income
7 tax payments made under AS 43.20 after December 31, 1978, for a tax year for
8 which he has not filed a year-end return under AS 43.20.030.

9 (b) A refund under this section may be made only as provided in this
10 section. Refunds of Alaska net income taxes paid may not be made without an
11 appropriation for that purpose.

12 (c) The department shall establish procedures for determining the
13 amount of and for making the refunds described in (a) of this section.

14 (d) The commissioner may adopt regulations to implement this section,
15 and those regulations may be adopted as emergency regulations under AS 44.-
16 62.040 - 44.62.290.

17 (e) In this section,

18 (1) "commissioner" means the commissioner of revenue;

19 (2) "department" means the Department of Revenue.

20 * Sec. 8. The provisions of AS 43.05.280 do not apply to refunds made
21 under sec. 7 of this Act.

22 * Sec. 9. AS 43.20.013(a) is amended to read:

23 * (a) A resident individual is entitled to a tax credit not to
24 exceed \$100 [\$50] for

25 (1) a contribution made in a calendar year to a person or
26 organization for use exclusively

27 * (A) for a political campaign for a candidate for
28 (i). President or Vice President of the United
29 States, whether or not the candidate will be voted on in a

1 primary election in Alaska;

2 (ii) United States senator from Alaska;

3 (iii) United States representative from Alaska;

4 (iv) governor or lieutenant governor of Alaska;

5 (v) the Alaska legislature;

6 (vi) delegate to an Alaska constitutional conven-
7 tion;

8 (vii) electoral confirmation as a judge or justice of
9 a court in Alaska; or

10 (viii) municipal office in Alaska; or

11 * (B) by a group seeking to influence the outcome of a
12 ballot proposition or question in Alaska; and

13 * (2) dues paid in a calendar year to a nonprofit organization
14 organized primarily for the purpose of influencing elections in Alaska.

15 * Sec. 10. The following laws are repealed: AS 43.20.011(a) - (d) and
16 (f), 43.20.015, 43.20.017, 43.20.021(e), 43.20.030(f) and (g), 43.20.031(a),
17 (b), and (f) - (h), 43.20.033, 43.20.035, 43.20.036(d) - (i), 43.20.038,
18 43.20.039, 43.20.040(b)(3) and (6), 43.20.045, 43.20.061, 43.20.160(e),
19 43.20.215, 43.20.340(4), (7), (13), (14), (16), and (17), and secs. 6 - 11 of
20 ch. 22 SLA 1980.

21 * Sec. 11. AS 43.20.170 and 43.20.180 are repealed.

22 * Sec. 12. Sections 3 - 6 and 10 of this Act are retroactive to
23 January 1, 1979.

24 * Sec. 13. Sections 9 and 11 of this Act take effect January 1, 1981.
25 Sections 1, 5, 10, 12, and 13 of this Act take effect immediately in accor-
26 dance with AS 01.10.070(c).

CSHB The letter of intent on CSHB 1040, CSHB 1041 and CSHB
1040 1042 appears as follows:

CSHB
1041

CSHB
1042

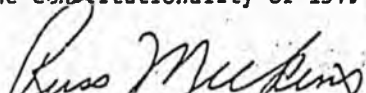
HOUSE FINANCE COMMITTEE

LETTER OF INTENT
FOR
CSHB 1040, CSHB 1041 and CSHB 1042

The House Finance Committee has reported out three bills (HB 1040, HB 1041 and HB 1042) as Finance Committee Substitutes relating to repealing the Alaska net income tax on individuals, providing for refund of 1979 Alaska state individual income taxes paid, providing for refundable tax credits, and appropriating funds for payment of refunds, withholding, tax credits and administrative costs.

The Finance Committee has separated into two bills the provisions contained in HB 1040 as introduced. The Finance Committee Substitute for HB 1040 contains the repeal of Alaska net income taxes on individuals and the provisions for refundable tax credits effective January 1, 1979. The legislation necessary to enable refund of 1979 taxes collected is contained in the Finance Committee Substitute for HB 1042. This was done to ensure that any question of the constitutionality of a 1979 tax refund not affect the immediate repeal of the Alaska individual income tax. Retaining both repeal of 1979 refunds in one bill with a severability clause was considered. However, it was rejected in favor of the two bill approach because severability is determined by the courts, and any challenge of 1979 tax refunds would tie up the income tax repeal provisions until such time as the court ruled on the constitutionality of the bill.

The Finance Committee Substitute for HB 1041 includes the appropriations necessary to pay 1979 tax refunds and 1979 and 1980 tax credits as section 1; 1980 withholding as section 2; the administrative costs of section 1 and section 2, as section 3; a repeal of appropriations made in Ch 120, SLA 1980 for the purpose of Ch 22, SLA 1980, ruled unconstitutional by the Alaska Supreme Court as section 4; and an effective date clause as section 5. The appropriations are made separately, again to avoid any problems of a challenge of the constitutionality of 1979 tax refunds.


Russ Meekins, Chairman
House Finance Committee

The Finance Committee has had HB 1041 (action to the Department of Revenue tax and withholding payment refunds effective date) under consideration and the committee recommends it be replaced by SUBSTITUTE FOR HOUSE BILL NO. 1041 (it do pass and attaches a letter of ring: Meekins (Chairman), Guy, McKinnon, Freeman, Duncan, Smith, Montgomery and

HB 1041 was referred to the Rules Committee on the calendar.

The letter of intent on CSHB 1041 appeared 10 of the House Journal.

The Finance Committee has had HB 1040 Alaska net income tax on individuals tax credits for political contributions and dependent care services; effect consideration and a majority of the bills it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042:

"An Act providing for refund of individual income taxes; and for an effective date."

that it do pass, and attaches a letter of ring: Meekins (Chairman), Guy, Rogers, Freeman, Duncan, Smith, Montgomery and

HB 1042 was referred to the Rules Committee on the calendar.

The letter of intent on CSHB 1042 appeared 10 of the House Journal.

Representative Carney announced a Democratic recess.

Representative Anderson moved and announced that the House recess to a caucus for the purpose of party caucuses. There the House recessed at 6:12 p.m.

The Finance Committee has had HB 1041 (special appropriation to the Department of Revenue to provide income tax and withholding payment refunds to individuals; effective date) under consideration and a majority of the committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1041 (same title), that it do pass and attaches a letter of intent. Concurring: Meekins (Chairman), Guy, McKinnon, Moss, Rogers, Freeman, Duncan, Smith, Montgomery and Haugen.

HB
1041

HB 1041 was referred to the Rules Committee for placement on the calendar.

The letter of intent on CSHB 1041 appears above on page 10 of the House Journal.

The Finance Committee has had HB 1042 (repealing the Alaska net income tax on individuals; providing for tax credits for political contributions and household and dependent care services; effective date) under consideration and a majority of the committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042:

HB
1042

"An Act providing for refunds of 1979 individual income taxes; and providing for an effective date."

that it do pass, and attaches a letter of intent. Concurring: Meekins (Chairman), Guy, McKinnon, Moss, Rogers, Freeman, Duncan, Smith, Montgomery and Haugen.

HB 1042 was referred to the Rules Committee for placement on the calendar.

The letter of intent on CSHB 1042 appears above on page 10 of the House Journal.

Representative Carney announced a Democratic Caucus upon recess.

Representative Anderson moved and asked unanimous consent that the House recess to a call of the chair for the purpose of party caucuses. There being no objection, the House recessed at 6:12 p.m.

The Rules Committee has had HB 1042 (repealing the Alaska net income tax on individuals; providing for tax credits for political contributions and household and dependent care services; effective date) under consideration and a majority of the committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules):

HB
1042

"An Act relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes; and providing for an effective date."

and that it do pass. Concurring: Cotten (Chairman), Brown, Miller, Hayes, Anderson, Parr and Phillips.

HB 1042 appears on today's calendar.

CONSIDERATION OF THE DAILY CALENDAR

Representative Anderson moved and asked unanimous consent that HB 1041 be moved to the bottom of the calendar. There being no objection, it was so ordered.

HB
1041

SECOND READING OF HOUSE BILLS

HOUSE BILL NO. 1040 (repealing the Alaska net income tax on individuals; providing for tax credits for political contributions and household and dependent care services; effective date) was read the second time with the Finance Committee report (page 9 of the journal) and the Rules Committee report (page 14 of the journal).

HB
1040

Representative Anderson moved and asked unanimous consent that the Rules COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (page 14 of the journal) be adopted in lieu of the original bill. There being no objection, it was so ordered.

CSHB
1040
(Rls)

CSHB Representative Anderson moved that the effective date 1040 clauses be adopted.

(Rls)
am

The question being: "Shall the effective date clauses be adopted?" The roll was taken with the following result:

CSHB 1040(RULES)AM EFD

Yeas: 40 Anderson, Barnes, Beirne,
Bettisworth, Branson, Brown,
Buchholdt, Carney, Chatterton,
Cotten, Duncan, Eliason, Freeman,
Fuller, Gardiner, Guy, Halford,
Haugen, Hayes, Hurlbert, McKinnon,
Malone, Martin, Meekins, Metcalfe,
Miles, Miller, Montgomery, Moss,
Munson, O'Connell, Osterback, Parker,
Parr, Phillips, Randolph, Rogers,
Schaeffer, Smith, Zharoff

Nays: 0

Not
Voting: 0

And so, the effective date clauses were adopted.

CSHB 1040 (Rules)am was referred to the Chief Clerk for grossment.

HB HOUSE BILL NO. 1042 (repealing the Alaska net income tax on individuals; providing for tax credits for political contributions and household and dependent care services; effective date) was read the second time with the Finance Committee report (page 11 of the journal) and the Rules Committee report (page 15 of the journal).

CSHB Representative Anderson moved and asked unanimous consent that the Rules COMMITTEE SUBSTITUTE FOR HOUSE BILL (Rls) NO. 1042 (page 15 of the journal) be adopted in lieu of the original bill. There being no objection, it was so ordered.

Amendment No. 1 by Randolph:

Page 2, lines 2 - 29 and
Page 3, lines 1 - 7:

Delete sec. 2.

Representative Randolph moved and asked that Amendment No. 1 be adopted.

Representative Rogers objected.

The question being: "Shall Amendment 1 be adopted?" The roll was taken with the following result:

CSHB 1042(RULES) AM1

Yeas: 11 Barnes, Beirne, Branson,
Haugen, Hayes, McKinnon,
Montgomery, Munson,
Randolph

Nays: 29 Anderson, Branson,
Buchholdt, Carney,
Cotten, Duncan,
Fuller, Gardiner,
Hurlbert, McKinnon,
Miles, Miller, Moss,
Parker, Parr, Phillips,
Schaeffer, Smith,

Not
Voting: 0

And so, Amendment No. 1 was not adopted.

Amendment No. 2 by Hayes:

Page 1, line 28:

After "refund." insert the new language:

"There is abundant public money to be served by both 1978 and 1979 refunds, which is stimulating the economy of the state in a direct and expeditious fashion."

Amendment No. 1 by Randolph:

Page 2, lines 2 - 19 and
Page 3, lines 1 - 7:

CSHB
1042
(R1s)

Delete sec. 2.

Representative Randolph moved and asked unanimous consent that Amendment No. 1 be adopted.

Representative Rogers objected.

The question being: "Shall Amendment No. 1 be adopted?"
The roll was taken with the following result:

CSHB 1042(RULES) AM1

Yeas:	11	Barnes, Beirne, Bettisworth, Haugen, Hayes, Martin, Metcalfe, Montgomery, Munson, O'Connell, Randolph
Nays:	29	Anderson, Branson, Brown, Buchholdt, Carney, Chatterton, Cotten, Duncan, Eliason, Freeman, Fuller, Gardiner, Guy, Halford, Hurlbert, McKinnon, Malone, Meekins, Miles, Miller, Moss, Osterback, Parker, Parr, Phillips, Rogers, Schaeffer, Smith, Zharoff

Not
Voting: 0

And so, Amendment No. 1 was not adopted.

Amendment No. 2 by Hayes:

Page 1, line 28:

After "refund." insert the following
new language:

"There is abundant public purpose to
be served by both 1978 and 1979
refunds, which is stimulation of the
economy of the state in the most
direct and expeditious fashion. The

CSHB
1042
(Rls)

intent of the Legislature was clear in the passage of the phased tax-relief measure and the Permanent Fund dividend distribution as well as the half-billion dollar supplemental appropriations bill for capital projects. All three were intended to spur the economy, however to date very little of that has been effected. The state has a moral obligation to fulfill this widely held expectation, and this obligation is best discharged by repealing the Alaska net income tax on individuals and fiduciaries retroactive to January 1, 1978.

Page 4, line 19:

Insert the following new material:-

"* Sec. 8. REFUND OF 1978 INCOME TAXES. (a) An individual is entitled to a refund of his Alaska net income taxes paid or withheld under AS 43.20 for all or part of a tax year occurring after December 31, 1977 and before January 1, 1979.

(b) A refund under this section may be made only as provided in this section. Refunds of Alaska net income taxes paid may not be made without an appropriation for that purpose.

(c) The department shall establish procedures for determining the amount of and for making the refunds described in (a) of this section.

(d) The commissioner may adopt regulations to implement this section, and those regulations may be adopted as emergency regulations under AS 44.62.040 - 44.62.040.

(e) In this section,

(1) "commissioner" means the commissioner or revenue;

(2) "department" means the Department of Revenue.

Page 1, lines 26 and 27:

Delete "January 1, 1979" and
with "January 1, 1978".

Renumber all sections accordingly.

Representative Hayes moved and asked that Amendment No. 2 be adopted.

Representative Rogers objected.

The question being: "Shall Amendment No. 2 be adopted?"
The roll was taken with the following result:

CSHB 1042(RULES) AM2

Yeas: 13 Barnes, Beirne,
Branson, Elias,
Hayes, Martin,
O'Connell, Phillips

Nays: 27 Anderson, Brown,
Chatterton, Cook,
Fuller, Gardiner,
McKinnon, Malcom,
Miller, Moss,
Parker, Parr, Schaeffer, Smith

Not
Voting: 0

and so, Amendment No. 2 was not adopted.

Representative Anderson moved and asked that CSHB 1042 (Rules) be advanced to third reading and placed on the calendar. There being no objection, it was so ordered.

CSHB 1042 (Rules) was read the third time.

The question being: "Shall CSHB 1042 be read the third time in the House?" The roll was taken with the following result:

Page 1, lines 26 and 27:

Delete "January 1, 1979" and replace
with "January 1, 1978".

CSHB
1042
(Rls)

Re-number all sections accordingly.

Representative Hayes moved and asked unanimous consent that Amendment No. 2 be adopted.

Representative Rogers objected.

The question being: "Shall Amendment No. 2 be adopted?"
The roll was taken with the following result:

CSHB 1042(RULES) AM2

Yeas: 13 Barnes, Beirne, Bettisworth,
Branson, Eliason, Halford, Haugen,
Hayes, Martin, Metcalfe, Montgomery,
O'Connell, Phillips

Nays: 27 Anderson, Brown, Buchholdt, Carney,
Chatterton, Cotten, Duncan, Freeman,
Fuller, Gardiner, Guy, Hurlbert,
McKinnon, Malone, Meekins, Miles,
Miller, Moss, Murrison, Osterback,
Parker, Parr, Randolph, Rogers,
Schaeffer, Smith, Zharoff

Not
Voting: 0

And so, Amendment No. 2 was not adopted.

Representative Anderson moved and asked unanimous consent that CSHB 1042 (Rules) be considered engrossed, advanced to third reading and placed on final passage. There being no objection, it was so ordered.

CSHB 1042 (Rules) was read the third time.

The question being: "Shall CSHB 1042 (Rules) pass the House?" The roll was taken with the following result:

CSHB CSHB 1042(RULES)
1042
(Rls)

Yeas: 40 Anderson, Barnes, Beirne,
Bettisworth, Branson, Brown,
Buchholdt, Carney, Chatterton,
Cotten, Duncan, Eliason, Freeman,
Fuller, Gardiner, Guy, Halford,
Haugen, Hayes, Hurlbert, McKinnon,
Malone, Martin, Meekins, Metcalfe,
Miles, Miller, Montgomery, Moss,
Munson, O'Connell, Osterback, Parker,
Parr, Phillips, Randolph, Rogers,
Schaeffer, Smith, Zharoff

Nays: 0

Not
Voting: 0

And so, CSHB 1042 (Rules) passed the House.

Representative Anderson moved that the effective date clause be adopted.

The question being: "Shall the effective date clause be adopted?" The roll was taken with the following result:

CSHB 1042(RULES) EFD

Yeas: 40 Anderson, Barnes, Beirne,
Bettisworth, Branson, Brown,
Buchholdt, Carney, Chatterton,
Cotten, Duncan, Eliason, Freeman,
Fuller, Gardiner, Guy, Halford,
Haugen, Hayes, Hurlbert, McKinnon,
Malone, Martin, Meekins, Metcalfe,
Miles, Miller, Montgomery, Moss,
Munson, O'Connell, Osterback, Parker,
Parr, Phillips, Randolph, Rogers,
Schaeffer, Smith, Zharoff

Nays: 0

Not
Voting: 0

And so, the effective date clause was adopted.

CSHB 1042 (Rules) was referred to the Chief Clerk for engrossment.

HOUSE BILL NO. 1041 (special appropriation of Revenue to provide income payment refunds to individuals; read the second time with the First Reading (page 11 of the journal) and the Third Reading (page 14 of the journal)).

Representative Anderson moved and seconded that the Rules COMMITTEE SUBCOMMITTEE REPORT ON HOUSE BILL NO. 1041 (page 14 of the journal) be read the second time with the original bill. There being no objection, it was so ordered.

Representative Anderson moved and seconded that CSHB 1041 (Rules) be advanced to third reading and placed on the calendar. There being no objection, it was so ordered.

CSHB 1041 (Rules) was read the third time.

The question being: "Shall CSHB 1041 (Rules) be adopted?" The roll was taken with the following result:

CSHB 1041 (RULES)

Yeas: 40 Anderson, Barnes, Beirne,
Bettisworth, Branson, Brown,
Buchholdt, Carney, Chatterton,
Cotten, Duncan, Eliason, Freeman,
Fuller, Gardiner, Guy, Halford,
Haugen, Hayes, Hurlbert, McKinnon,
Malone, Martin, Meekins, Metcalfe,
Miles, Miller, Montgomery, Moss,
Munson, O'Connell, Osterback, Parker,
Parr, Phillips, Randolph, Rogers,
Schaeffer, Smith, Zharoff

Nays: 0

Not
Voting: 0

And so, CSHB 1041 (Rules) passed the House.

Representative Anderson moved and seconded that the effective date clause be adopted.

CSHB
1042
(Rls)for refunds of 1979 individual and
fiduciary income taxes; and providing
for an effective date.ENROLLMENT

The following were enrolled, signed by the Speaker and Chief Clerk, President and Secretary of the Senate and the engrossed and enrolled copies were transmitted to the Office of the Governor at 12:05 p.m., September 24, 1980:

CSHB
1040
(Rls)
am
CSHB
1041
(Rls)
CSHB
1042
(Rls)

CSHB 1040(Rules)am

CSHB 1041(Rules)

CSHB 1042(Rules)

MESSAGES FROM THE GOVERNOR

Messages from the Governor, dated September 24, 1980, were received stating the Governor had signed the following and was transmitting the enrolled and engrossed copies to the Lieutenant Governor's Office for permanent filing:

CSHB
1040
(Rls)
am

CSHB 1040(Rules)am
An Act relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; and providing for an effective date

Chapter 1, SSSLA 1980

CSHB
1042
(Rls)

CSHB 1042(Rules)
An Act relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes; and providing for an effective date

Chapter 2, SSSLA 1980

CSHB
1041
(Rls)

CSHB 1041(Rules)
An Act making an appropriation to the Department of Revenue for income tax, estimated income tax, and withholding

payment refunds to individual
and providing for an effective

Chapter 3, SSSLA 1980

This final supplemental journal contains
legislation for the Second Special
State Legislature.

Those portions of appropriations invalidly vetoed are valid law as originally enacted by the legislature. Therefore, no reconsideration, as authorized by Article II, section 16 of the Alaska Constitution, is necessary.

It is possible, however, even if expedited, that the lawsuit will not generate a definitive result within this fiscal year. Also, in the absence of a judicial mandate, the governor need not, and may not, disburse funds in a manner consistent with the intent of the legislature.

The legislature may determine that the public interest demands that some appropriations affected by the governor's vetoes be disbursed according to the legislature's intent prior to final judicial resolution of this dispute. If the legislature so finds, it may, without abandoning its position, reconsider such invalidly-vetoed portions of appropriations in the prescribed manner, and override the governor's purported vetoes. As to these appropriations, the governor would have choice but to disburse the appropriations in the manner originally intended by the legislature. The lawsuit will continue, however, to determine the validity of those appropriations improperly vetoed and the limitations on the governor's veto power.

STANDING COMMITTEE REPORTS

The Finance Committee considered COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) amended (relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries) and a majority of the committee recommends it do pass. The report was signed by Senator Sackett, Chairman and concurred in by Senators Kerttula, Bennett, Hackney and Sumner. Senators Hohman and Ray signed "no recommendation".

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) amended was referred to the Rules Committee.

The Finance Committee considered COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) (relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care service) and a majority of the committee recommends it do pass. The report was signed by Senator Sackett, Chairman and concurred in by Senators Kerttula, Bennett, Hackney and Sumner. Senators Hohman and Ray signed "no recommendation".

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) was referred to the Rules Committee.

The Finance Committee considered HO (special appropriation for a study tion law) and the committee recom SENATE COMMITTEE SUBSTITUTE FOR HOU entitled:

"An Act providing for resid to state residents; and pro effective date."

and do pass. The report was si Chairman and concurred in by Senat Hackney, Sumner and Bennett.

HOUSE BILL NO. 36 amended was refer

The Rules Committee considered HO (special appropriations to the Legis of Alaska's fisheries taxation law the following: Senator Colletta, C signed "do pass the Senate Commit September 23". Senators Tillion, "calendar September 23".

Senator Colletta moved and asked Rules be suspended and HOUSE BILL Special Order of Business at this it was so ordered.

SPECIAL ORDER OF

SECOND READING OF

HOUSE BILL NO. 36 amended (special of Alaska's fisheries taxation law)

Senator Ray moved and asked unanim Senate Committee Substitute offered objection, SENATE COMMITTEE SUBSTI (Finance) was adopted.

SENATE COMMITTEE SUBSTITUTE FOR H (providing for residency payments read the second time.

SENATE JOURNAL

ALASKA STATE LEGISLATURE

ELEVENTH LEGISLATURE - SECOND SPECIAL SESSION

JUNEAU, ALASKA

Wednesday

September 24, 1980

Third Day

Pursuant to adjournment, the Senate was called to order by President Tillion at 9:10 a.m.

The roll call showed nineteen members present. Senator Dankworth was absent.

The prayer was offered by the Chaplain, Lay Rabbi Danny Plotnick of the Juneau Jewish Community.

Senator Colletta moved and asked unanimous consent that the journal for the second legislative day be approved as certified. Without objection, it was so ordered.

STANDING COMMITTEE REPORTS

The Rules Committee considered the following bills and recommends they be placed on the September 24 calendar:

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO.
1040 (Rules) amended

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO.
1042 (Rules)

The reports were signed by Senator Colletta, Chairman and concurred in by Senators Summer, Hohman and Tillion.

The above bills appear on today's calendar.

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) (relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes) was read the second time.

Senator Colletta moved and asked unanimous consent that the Rules be suspended and COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) be advanced to third reading and placed on final passage. Without objection, it was so ordered.

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) was read the third time.

The question being: "Shall COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) (relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes) pass the Senate?" The roll was taken with the following result:

CSHB 1042 3RD

Yeas:	18	Bennett, Bradley, Colletta, Dankworth, Fahrenkamp, Ferguson, Hackney, Kelly, Kerttula, Meland, Mulcahy, Ray, Roddey, Sackett, Stimson, Sturgulewski, Summer, Ziegler
Nays:	1	Tillion
Excused:	0	
Absent:	1	Hohman

and so, COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) passed the Senate.

Senator Colletta moved and asked unanimous consent that the roll call on the passage of the above bill be considered the roll call on the effective date clause. Without objection, it was so ordered.

COMMITTEE SUBSTITUTE FOR HOUSE BILL signed by the President and Secretary of the House.

Senator Colletta gave notice of re COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. and moved and asked unanimous consent at this time. Without objection, it w

HOUSE BILLS IN THIRD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. was before the Senate on reconsideration.

The question to be reconsidered is: COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) (relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes) pass the Senate?" The roll was taken with the following result:

CSHB 1040 AM RECONSIDER

Yeas:	18	Bennett, Bradley, Dankworth, Fahrenkamp, Hackney, Kelly, Kerttula, Mulcahy, Ray, Roddey, Sackett, Stimson, Sturgulewski, Summer, Ziegler
Nays:	1	Tillion
Excused:	0	
Absent:	1	Hohman

and so, COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) amended passed the Senate on reconsideration.

Senator Colletta moved and asked unanimous consent that the roll call on the passage of the above bill be considered the roll call on the effective date clause. Without objection, it was so ordered.

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) was signed by the President and Secretary and returned to the House.

Senator Colletta gave notice of reconsideration on COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) amended and moved and asked unanimous consent that it be taken up at this time. Without objection, it was so ordered.

HOUSE BILLS IN THIRD READING

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) amended was before the Senate on reconsideration.

The question to be reconsidered is: "Shall COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) amended (relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services) pass the Senate?" The roll was taken with the following result:

CSHB 1040 AM RECONSIDER

Yeas:	18	Bennett, Bradley, Colletta, Dankworth, Fahrenkamp, Ferguson, Hackney, Kelly, Kerttula, Meland, Mulcahy, Ray, Rodey, Sackett, Stimson, Sturgulewski, Summer, Ziegler
Nays:	1	Tillion
Excused:	0	
Absent:	1	Hohman

and so, COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) amended passed the Senate on reconsideration.

Senator Colletta moved and asked unanimous consent that the roll call on the above bill be considered the roll call on the effective date clause. Without objection, it was so ordered.