

HJR

14

REPRESENTATIVE PAUL SEATON

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ALASKA STATE LEGISLATURE
House District 35

MEMORANDUM

TO: Senator Charlie Huggins
Senate Resources Committee

FROM: Representative Paul Seaton

DATE: Friday March 7, 2008

RE: Request for a hearing, CSHJR 14

I respectfully request the consideration of CSHJR 14 before the Senate Resources Committee.

In summary, CSHJR 14 encourages Congress to pass sec. 12801 of H.R. 2419 (omnibus farm bill) that is now in conference committee. This legislation would give plaintiffs who receive money from the Exxon Valdez Oil Spill settlement the ability to income average, put some or all of the award into a tax deferred account.

Attached please find: CSHJR 14, sponsor statement, fiscal note, letters of support, signature page of the Fisheries Committee, federal legislation, and the teleconference order form,

Staff contact: Mary Jane Shows x2689
mary_jane_shows@legis.state.ak.us

Alaska State Legislature

State Capitol, Room 102
Juneau, AK 99802
Phone: 465-2689
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Toll Free (800) 665-2689
Representative_Paul_Seaton@legis.state.ak.us



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Homer, AK 99603
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REPRESENTATIVE Paul Seaton District 35

Sponsor Statement: Joint Resolution 14

House Joint Resolution supporting Senator Murkowski's congressional Legislation Sec. 12801 of H.R. 2419

Sponsored by Rep. Paul Seaton

"A resolution urging the United States Congress to enact the omnibus Farm bill H.R. 2419 sec. 12801 so that individuals receiving a damage award from the Exxon Valdez oil spill can benefit from the income averaging and retirement contribution provision of the bill."

HJR 14 would allow taxpayers who are plaintiffs in the civil action in the Exxon Valdez Oil spill, or their heirs or dependents to be able to the following:

Average the income received in settlement of the civil action for the period beginning on January 1, 1994, and the ending date of December 31st of the year in which the settlement income is received and/or
Make contributions of any amount of such settlement income to certain tax-exempt retirement plans in the year the income is received.

It has been documented that the Exxon Valdez Oil spill has adversely impacted the coastal regions of Alaska affecting the economic status of these communities for many years. Alaska Commercial Fishermen, who comprise 80% of the plaintiffs, have suffered a burden or loss of opportunity to establish retirement plans due to diminished fishery production. Senator Murkowski's and Stevens' bill would provide relief to those affected once the settlement is awarded.

H.R. 2419 sec. 12801 would increase the cap on deductions and income for traditional IRAs, Roth IRAs or any qualified retirement plan to the extent of the income the individual receives from the settlement or judgment. The recipient of this settlement may choose to place the money into one of these retirement funds and/or choose to income average between the year he or she receives the settlement and the original court decision date of 1994.

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHJR 14(RLS)
 () Publish Date: 2/26/2008

Identifier (file name): _____ Dept. Affected: Legislature
 Title Urging U.S. Congress to enact H.R. 2419, sec. 12801 RDU _____
Exxon Plaintiffs Component _____
 Sponsor Fisheries Committee Component Number _____
 Requester _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
-------------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Rynniva Moss, House Rules Committee Aide
 Division: House Rules Committee
 Approved by: Representative John Coghill, Chairman
House Rules Committee

Phone 465-3764
 Date/Time 02/26/08 10:00 a.m.
 Date 2/26/2008

**United Southeast Alaska Gillnetters**

P.O. Box 23378, Ketchikan, AK 99901 Phone & Fax (907) 247-2471 Email: usag@kpunet.net

March 16, 2007

Representative Paul Seaton, Chair
House Special Committee on Fisheries
Alaska State Legislature
Juneau, AK 99801

Send Via Fax to: 907-465-3472

Dear Chairman Seaton,

The United Southeast Alaska Gillnetters (USAG) supports HJR 14 which calls for the passage of federal legislation to provide income averaging and increased limits on deposits to IRA's for fishermen receiving compensation for the Exxon Valdez oil spill. This is not some special break for fishermen but a long overdue adjustment that would help impacted fishermen to better deal with the economic situation that is not of their making. In our view the delay in compensating the fishermen of Prince William Sound who were the most severely impacted and others in Alaska who suffered reduced markets is close to criminal. The small measures that are supported by this Resolution will assist these fishermen by reducing the impact of taxes on this oil spill compensation, if Exxon ever exhausts its legal gyrations and lives up to its moral obligations. Many fishing businesses have been ruined by the action of Exxon in this situation and any compensation that fishermen receive will represent a special situation that our regular tax code did not envision when it was legislated. We hope the House Fisheries Committee will forward this resolution and that it will pass the Legislature. Thank you for considering our position on HJR 14.

Yours Truly,

Kenneth Duckett
Executive Director



Since 1935

Cordova District Fishermen United

P.O. Box 939 | Cordova AK 99574

Ph: (907) 424 3447 Fax: (907) 424 3430

Email: cdfu@ak.net

March 16, 2007

Representative Paul Seaton
Chairman House Special Committee on Fisheries
Alaska State Legislature
State Capitol (Mail stop 3100)
Juneau AK 99801

RE: HJR 14 A Resolution urging the United States Congress to enact Senate Bill 552.

Dear Representative Seaton, and Members of the House Special Committee on Fisheries:

The Cordova District Fishermen United (CDFU) have represented the interests of Copper River / Prince William Sound commercial fishermen and their families for the past seventy-two years. CDFU supports HJR 14.

The Exxon Valdez oil spill in Prince William Sound 18 years ago, devastated the livelihoods of tens of thousands of men and women associated with both commercial and subsistence fisheries, and damaged coastal community economies around the Sound. Eighteen years later Alaskans are still dealing with those losses.

Eighty percent of the plaintiffs who would benefit from The Exxon Valdez Oil Spill Tax Treatment Act (S 552) introduced by Senators Murkowski and Stevens, are fishermen.

In Cordova, we lost the herring fishery because of the spill. Families sustained losses they could not recover from. Permits and equipment became worthless. Boats and business debts had to be paid, but the resources to do so had been

destroyed due to the spill. Some families faced bankruptcy; all lost their investment in the future.

The Alaska Legislature must support Senate bill 552, which provides some tax relief for the injured fishermen to ease their retirement.

The damages settlement will give those fisherman a one time opportunity to make retirement account payments, and averaging income will go a long way in assuring that herring fishermen and others, damaged from lingering impacts from the spill, are not injured further with an unjust tax burden.

Thank you for your consideration,

Catherine Crawford.

Catherine Crawford
Executive Director

Cc. Senator Albert Kookesh
Representative Bill Thomas

**United Southeast Alaska Gillnetters**

P.O. Box 23378, Ketchikan, AK 99901 Phone & Fax (907) 247-2471 Email: usag@kpunet.net

March 16, 2007

Representative Paul Seaton, Chair
House Special Committee on Fisheries
Alaska State Legislature
Juneau, AK 99801

Send Via Fax to: 907-465-3472

Dear Chairman Seaton,

The United Southeast Alaska Gillnetters (USAG) supports HJR 14 which calls for the passage of federal legislation to provide income averaging and increased limits on deposits to IRA's for fishermen receiving compensation for the Exxon Valdez oil spill. This is not some special break for fishermen but a long overdue adjustment that would help impacted fishermen to better deal with the economic situation that is not of their making. In our view the delay in compensating the fishermen of Prince William Sound who were the most severely impacted and others in Alaska who suffered reduced markets is close to criminal. The small measures that are supported by this Resolution will assist these fishermen by reducing the impact of taxes on this oil spill compensation, if Exxon ever exhausts its legal gyrations and lives up to its moral obligations. Many fishing businesses have been ruined by the action of Exxon in this situation and any compensation that fishermen receive will represent a special situation that our regular tax code did not envision when it was legislated. We hope the House Fisheries Committee will forward this resolution and that it will pass the Legislature. Thank you for considering our position on HJR 14.

Yours Truly,

Kenneth Duckett
Executive Director

Federal language as referenced in HJR 14(RLS)

H.R.2419

Food and Energy Security Act of 2007 (Engrossed Amendment as Agreed to by Senate)

SEC. 12801. INCOME AVERAGING FOR AMOUNTS RECEIVED IN CONNECTION WITH THE EXXON VALDEZ LITIGATION.

- (a) *Income Averaging of Amounts Received From the Exxon Valdez Litigation- For purposes of section 1301 of the Internal Revenue Code of 1986--*
- (1) *any qualified taxpayer who receives any qualified settlement income in any taxable year shall be treated as engaged in a fishing business (determined without regard to the commercial nature of the business), and*
 - (2) *such qualified settlement income shall be treated as income attributable to such a fishing business for such taxable year.*
- (b) *Contributions of Amounts Received to Retirement Accounts-*
- (1) *IN GENERAL- Any qualified taxpayer who receives qualified settlement income during the taxable year may, at any time before the end of the taxable year in which such income was received, make one or more contributions to an eligible retirement plan of which such qualified taxpayer is a beneficiary in an aggregate amount not to exceed the lesser of--*
 - (A) *\$100,000 (reduced by the amount of qualified settlement income contributed to an eligible retirement plan in prior taxable years pursuant to this subsection), or*
 - (B) *the amount of qualified settlement income received by the individual during the taxable year.*
 - (2) *TIME WHEN CONTRIBUTIONS DEEMED MADE- For purposes of paragraph (1), a qualified taxpayer shall be deemed to have made a contribution to an eligible retirement plan on the last day of the taxable year in which such income is received if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).*
 - (3) *TREATMENT OF CONTRIBUTIONS TO ELIGIBLE RETIREMENT PLANS- For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to paragraph (1) with respect to qualified settlement income, then--*
 - (A) *except as provided in paragraph (4)--*
 - (i) *to the extent of such contribution, the qualified settlement income shall not be included in gross income, and*
 - (ii) *for purposes of section 72 of such Code, such contribution shall not be considered to be investment in the contract,*
 - (B) *the qualified taxpayer shall, to the extent of the amount of the contribution, be treated--*
 - (i) *as having received the qualified settlement income--*
 - (I) *in the case of a contribution to an individual retirement plan (as defined under section 7701(a)(37) of such Code), in a distribution described in section 408(d)(3) of such Code, and*

(ii) in the case of any other eligible retirement plan, in an eligible rollover distribution (as defined under section 402(f)(2) of such Code), and

(ii) as having transferred the amount to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution,

(C) section 408(d)(3)(B) of the Internal Revenue Code of 1986 shall not apply with respect to amounts treated as a rollover under this paragraph, and

(D) section 408A(c)(3)(B) of the Internal Revenue Code of 1986 shall not apply with respect to amounts contributed to a Roth IRA (as defined under section 408A(b) of such Code) or a designated Roth contribution to an applicable retirement plan (within the meaning of section 402A of such Code) under this paragraph.

(4) SPECIAL RULE FOR ROTH IRAS AND ROTH 401(k)S- For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to paragraph (1) with respect to qualified settlement income to a Roth IRA (as defined under section 408A(b) of such Code) or as a designated Roth contribution to an applicable retirement plan (within the meaning of section 402A of such Code), then--

(A) the qualified settlement income shall be includible in gross income, and

(B) for purposes of section 72 of such Code, such contribution shall be considered to be investment in the contract.

(5) ELIGIBLE RETIREMENT PLAN- For purpose of this subsection, the term 'eligible retirement plan' has the meaning given such term under section 402(c)(8)(B) of the Internal Revenue Code of 1986.

(c) Treatment of Qualified Settlement Income Under Employment Taxes-

(1) SECA- For purposes of chapter 2 of the Internal Revenue Code of 1986 and section 211 of the Social Security Act, no portion of qualified settlement income received by a qualified taxpayer shall be treated as self-employment income.

(2) FICA- For purposes of chapter 21 of the Internal Revenue Code of 1986 and section 209 of the Social Security Act, no portion of qualified settlement income received by a qualified taxpayer shall be treated as wages.

(d) Qualified Taxpayer- For purposes of this section, the term 'qualified taxpayer' means--

(1) any individual who is a plaintiff in the civil action *In re Exxon Valdez*, No. 89-095-CV (HRH) (Consolidated) (D. Alaska); or

(2) any individual who is a beneficiary of the estate of such a plaintiff who--

(A) acquired the right to receive qualified settlement income from that plaintiff; and

(B) was the spouse or an immediate relative of that plaintiff.

(e) Qualified Settlement Income- For purposes of this section, the term 'qualified settlement income' means any interest and punitive damage awards which are--

(1) otherwise includible in gross income (determined without regard to subsection (b)), and

(2) received (whether as lump sums or periodic payments) in connection with the civil action *In re Exxon Valdez*, No. 89-095-CV (HRH) (Consolidated) (D. Alaska) (whether pre- or post-judgment and whether related to a settlement or judgment).

SENATE COMMITTEE REPORT

DATE: 3/4/08

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Resources Committee considered CS FOR HOUSE JOINT RESOLUTION NO. 14(RLS)

HJR 14 EXXON PLAINTIFFS; H.R. 2419, SEC. 12801

Urging the United States Congress to enact H.R. 2419, sec. 12801, so that individuals receiving a damage award from the Exxon Valdez oil spill can benefit from the income averaging and retirement contribution provisions of the bill.

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

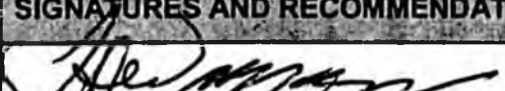
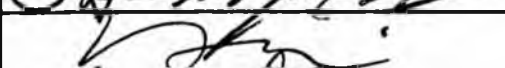
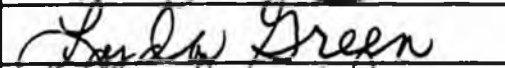
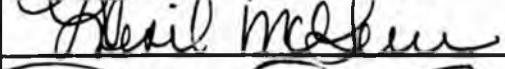


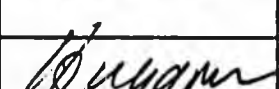
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	WAGNER				
	Wielechowski				
	Green				
	McBure				
	Street				
CHAIR: 					

ALASKA STATE LEGISLATURE

Sen. Charlie Huggins, Chair
Sen. Bert Stedman, Vice Chair
Sen. Lyda Green
Sen. Gary Stevens
Sen. Lesil McGuire
Sen. Bill Wielechowski
Sen. Thomas Wagoner



State Capitol, Room 119
Juneau AK 99801-1182
907-465-3878
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Senate Resources Committee
Butrovich Room 205
Wednesday, March 19 2008
3:30-5:30 p.m.

AGENDA

- **HJR 14 Exxon Plaintiffs; H. R. 2419, Sec 12801**

- **Governor's Appointments, Confirmation Hearings**
Alaska Commercial Fisheries Entry Commission
Frank M. Homan

- **SB 284 – Board of Fisheries: Membership**
Testimony: Time Limit May Be Set

Teleconference

HJR 14 Exxon Plaintiffs; H.R. 2419, Sec. H
12801

March 19, 2008

HJR 14 & H. R. 2419

1. Fiscal Note
2. Sponsor Statement
3. Support/ Resolutions/ Letters/ Emails

HJR 14 Exxon Plaintiffs; H.R. 2419, Sec.
12801

March 19, 2008

HJR 14 & H. R. 2419

1. Fiscal Note
2. Sponsor Statement
3. Support/ Resolutions/ Letters/ Emails

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHJR 14(RLS)
 () Publish Date: 2/26/2008

Identifier (file name): _____ Dept. Affected: Legislature
 Title: Urging U.S. Congress to enact H.R. 2419, sec. 12801 RDU _____
Exxon Plaintiffs Component _____
 Sponsor: Fisheries Committee
 Requester: _____ Component Number _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Rynniva Moss, House Rules Committee Aide Phone 465-3764
 Division: House Rules Committee Date/Time 02/26/08 10:00 a.m.
 Approved by: Representative John Coghill, Chairman Date 2/26/2008
House Rules Committee

**CS FOR HOUSE JOINT RESOLUTION NO. 14(RLS)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - SECOND SESSION**

BY THE HOUSE RULES COMMITTEE

Offered: 2/29/08

Referred: Rules

Sponsor(s): HOUSE SPECIAL COMMITTEE ON FISHERIES

A RESOLUTION

1 **Urging the United States Congress to enact H.R. 2419, sec. 12801, so that individuals**
2 **receiving a damage award from the Exxon Valdez oil spill can benefit from the income**
3 **averaging and retirement contribution provisions of the bill.**

4 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 **WHEREAS** it is well documented that the Exxon Valdez oil spill has adversely
6 affected the coastal region of the state and affected the economic status of communities in this
7 region for many years; and

8 **WHEREAS** the state's commercial fishermen, who make up 80 percent of the
9 plaintiffs seeking to recover damages from the Exxon Valdez oil spill, suffered economically
10 as a result of the oil spill, and as a result lost the opportunity to establish retirement plans or
11 were limited in their ability to save for retirement; and

12 **WHEREAS** these Alaskans would benefit from the contributions to retirement
13 accounts they could make by using money received from the award of damages; and

14 **WHEREAS** H.R. 2419, sec. 12801, would benefit these commercial fishermen by
15 authorizing increases in the deductions and income caps applicable to traditional individual

1 retirement accounts, Roth IRAs, and other qualified retirement plans to the extent of the
2 amount of the damage award; and

3 **WHEREAS** the bill would authorize individual plaintiffs to average income from the
4 award for tax purposes over the period January 1, 1994, through the end of the year in which
5 the award is made;

6 **BE IT RESOLVED** that the Alaska State Legislature urges the United States
7 Congress to enact H.R. 2419, sec. 12801, to provide relief to those individuals who suffered
8 economic damages as a result of the Exxon Valdez oil spill.

9 **COPIES** of this resolution shall be sent to the Honorable Ted Stevens and the
10 Honorable Lisa Murkowski, U.S. Senators, and the Honorable Don Young, U.S.
11 Representative, members of the Alaska delegation in Congress; the Honorable Dave Reichert,
12 U.S. Representative for the 8th District of Washington; and to all members of the 110th
13 United States Congress.

**CS FOR HOUSE JOINT RESOLUTION NO. 14(FSH)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - FIRST SESSION**

BY THE HOUSE SPECIAL COMMITTEE ON FISHERIES

**Offered: 3/19/07
Referred: Resources**

Sponsor(s): HOUSE SPECIAL COMMITTEE ON FISHERIES

A RESOLUTION

1 **Urging the United States Congress to enact S. 552 and H.R. 1334 so that individuals**
2 **receiving a damage award from the Exxon Valdez oil spill can benefit from the income**
3 **averaging and retirement contribution provisions of the bill.**

4 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 **WHEREAS** it is well documented that the Exxon Valdez oil spill has adversely
6 affected the coastal region of the state and affected the economic status of communities in this
7 region for many years; and

8 **WHEREAS** the state's commercial fishermen, who make up 80 percent of the
9 plaintiffs seeking to recover damages from the Exxon Valdez oil spill, suffered economically
10 as a result of the oil spill, and as a result lost the opportunity to establish retirement plans or
11 were limited in their ability to save for retirement; and

12 **WHEREAS** these Alaskans would benefit from the contributions to retirement
13 accounts they could make by using money received from the award of damages; and

14 **WHEREAS** S. 552 and H.R. 1334 would benefit these commercial fishermen by
15 authorizing increases in the deductions and income caps applicable to traditional individual

1 retirement accounts, Roth IRAs, and other qualified retirement plans to the extent of the
2 amount of the damage award; and

3 **WHEREAS** the bill would authorize individual plaintiffs to average income from the
4 award for tax purposes over the period January 1, 1994, through the end of the year in which
5 the award is made;

6 **BE IT RESOLVED** that the Alaska State Legislature urges the United States
7 Congress to enact S. 552 as introduced by Senator Murkowski and Senator Stevens and H.R.
8 1334 as introduced by Representative Young and Representative Reichert to provide relief to
9 those individuals who suffered economic damages as a result of the Exxon Valdez oil spill.

10 **COPIES** of this resolution shall be sent by electronic transmission and by mail to the
11 Honorable Ted Stevens and the Honorable Lisa Murkowski, U.S. Senators, and the Honorable
12 Don Young, U.S. Representative, members of the Alaska delegation in Congress; the
13 Honorable Dave Reichert, U.S. Representative for the 8th District of Washington; and to all
14 members of the 110th United States Congress by electronic transmission.

HOUSE JOINT RESOLUTION NO. 14

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON FISHERIES

Introduced: 3/14/07

Referred: House Special Committee on Fisheries, Resources

A RESOLUTION

1 **Urging the United States Congress to enact Senate Bill 552 so that individuals receiving**
2 **a damage award from the Exxon Valdez oil spill can benefit from the income averaging**
3 **and retirement contribution provisions of the bill.**

4 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 **WHEREAS** it is well documented that the Exxon Valdez oil spill has adversely
6 affected the coastal region of the state and affected the economic status of communities in this
7 region for many years; and

8 **WHEREAS** the state's commercial fishermen, who make up 80 percent of the
9 plaintiffs seeking to recover damages from the Exxon Valdez oil spill, suffered economically
10 as a result of the oil spill, and as a result lost the opportunity to establish retirement plans or
11 were limited in their ability to save for retirement; and

12 **WHEREAS** these Alaskans would benefit from the contributions to retirement
13 accounts they could make by using money received from the award of damages; and

14 **WHEREAS** Senate Bill 552 would benefit these commercial fishermen by
15 authorizing increases in the deductions and income caps applicable to traditional individual

1 retirement accounts, Roth IRAs, and other qualified retirement plans to the extent of the
2 amount of the damage award; and

3 **WHEREAS** the bill would authorize individual plaintiffs to average income from the
4 award for tax purposes over the period January 1, 1994, through the end of the year in which
5 the award is made;

6 **BE IT RESOLVED** that the Alaska State Legislature urges the United States
7 Congress to enact Senate Bill 552 as introduced by Senator Murkowski and Senator Stevens
8 to provide relief to those individuals who suffered economic damages as a result of the Exxon
9 Valdez oil spill.

10 **COPIES** of this resolution shall be sent by electronic transmission and by mail to the
11 Honorable Ted Stevens and the Honorable Lisa Murkowski, U.S. Senators, and the Honorable
12 Don Young, U.S. Representative, members of the Alaska delegation in Congress; and to all
13 members of the 110th United States Congress by electronic transmission.

Federal language as referenced in HJR 14(RLS)

H.R.2419

Food and Energy Security Act of 2007 (Engrossed Amendment as Agreed to by Senate)

SEC. 12801. INCOME AVERAGING FOR AMOUNTS RECEIVED IN CONNECTION WITH THE EXXON VALDEZ LITIGATION.

(a) Income Averaging of Amounts Received From the Exxon Valdez Litigation- For purposes of section 1301 of the Internal Revenue Code of 1986--

- (1) any qualified taxpayer who receives any qualified settlement income in any taxable year shall be treated as engaged in a fishing business (determined without regard to the commercial nature of the business), and*
- (2) such qualified settlement income shall be treated as income attributable to such a fishing business for such taxable year.*

(b) Contributions of Amounts Received to Retirement Accounts-

(1) IN GENERAL- Any qualified taxpayer who receives qualified settlement income during the taxable year may, at any time before the end of the taxable year in which such income was received, make one or more contributions to an eligible retirement plan of which such qualified taxpayer is a beneficiary in an aggregate amount not to exceed the lesser of--

- (A) \$100,000 (reduced by the amount of qualified settlement income contributed to an eligible retirement plan in prior taxable years pursuant to this subsection), or*
- (B) the amount of qualified settlement income received by the individual during the taxable year.*

(2) TIME WHEN CONTRIBUTIONS DEEMED MADE- For purposes of paragraph (1), a qualified taxpayer shall be deemed to have made a contribution to an eligible retirement plan on the last day of the taxable year in which such income is received if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).

(3) TREATMENT OF CONTRIBUTIONS TO ELIGIBLE RETIREMENT PLANS- For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to paragraph (1) with respect to qualified settlement income, then--

- (A) except as provided in paragraph (4)--*
 - (i) to the extent of such contribution, the qualified settlement income shall not be included in gross income, and*
 - (ii) for purposes of section 72 of such Code, such contribution shall not be considered to be investment in the contract,*
- (B) the qualified taxpayer shall, to the extent of the amount of the contribution, be treated--*

(i) as having received the qualified settlement income--

- (I) in the case of a contribution to an individual retirement plan (as defined under section 7701(a)(37) of such Code), in a distribution described in section 408(d)(3) of such Code, and*

(ii) in the case of any other eligible retirement plan, in an eligible rollover distribution (as defined under section 402(f)(2) of such Code), and

(ii) as having transferred the amount to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution,

(C) section 408(d)(3)(B) of the Internal Revenue Code of 1986 shall not apply with respect to amounts treated as a rollover under this paragraph, and

(D) section 408A(c)(3)(B) of the Internal Revenue Code of 1986 shall not apply with respect to amounts contributed to a Roth IRA (as defined under section 408A(b) of such Code) or a designated Roth contribution to an applicable retirement plan (within the meaning of section 402A of such Code) under this paragraph.

(4) SPECIAL RULE FOR ROTH IRAS AND ROTH 401(k)S- For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to paragraph (1) with respect to qualified settlement income to a Roth IRA (as defined under section 408A(b) of such Code) or as a designated Roth contribution to an applicable retirement plan (within the meaning of section 402A of such Code), then--

(A) the qualified settlement income shall be includible in gross income, and

(B) for purposes of section 72 of such Code, such contribution shall be considered to be investment in the contract.

(5) ELIGIBLE RETIREMENT PLAN- For purpose of this subsection, the term 'eligible retirement plan' has the meaning given such term under section 402(c)(8)(B) of the Internal Revenue Code of 1986.

(c) Treatment of Qualified Settlement Income Under Employment Taxes-

(1) SECA- For purposes of chapter 2 of the Internal Revenue Code of 1986 and section 211 of the Social Security Act, no portion of qualified settlement income received by a qualified taxpayer shall be treated as self-employment income.

(2) FICA- For purposes of chapter 21 of the Internal Revenue Code of 1986 and section 209 of the Social Security Act, no portion of qualified settlement income received by a qualified taxpayer shall be treated as wages.

(d) Qualified Taxpayer- For purposes of this section, the term 'qualified taxpayer' means--

(1) any individual who is a plaintiff in the civil action *In re Exxon Valdez*, No. 89-095-CV (HRH) (Consolidated) (D. Alaska); or

(2) any individual who is a beneficiary of the estate of such a plaintiff who--

(A) acquired the right to receive qualified settlement income from that plaintiff; and

(B) was the spouse or an immediate relative of that plaintiff.

(e) Qualified Settlement Income- For purposes of this section, the term 'qualified settlement income' means any interest and punitive damage awards which are--

(1) otherwise includible in gross income (determined without regard to subsection (b)), and

(2) received (whether as lump sums or periodic payments) in connection with the civil action *In re Exxon Valdez*, No. 89-095-CV (HRH) (Consolidated) (D. Alaska) (whether pre- or post-judgment and whether related to a settlement or judgment).

