LEG. FINANCE - BILLS 1979 - 1980 1156

HB 696 cont.,

1156

Contractual	$ 41,000
Commodities	8,500
Equipment	17,000
Buildings	12,000
TOTAL, Sec. 2 budget, FY 81	$632,100

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CSHB 696
Title
Requested by Date

II. FISCAL DETAIL
Agency Affected Department of Revenue
Program Category Affected Revenue Collection and Management
BRU, Program, or Subprogram(s) Affected Enforcement
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		-0-	(554.0)	(554.0)	554.0	
200 TRAVEL			(20.0)	20.0)	20.0	
300 CONTRACTUAL			(95.7)	(95.7)	95.7	
400 COMMODITIES			(4.1)	(4.1)	4.1	
500 EQUIPMENT						
600 LAND & STRUCTURES			(12.9)	(12.9)	12.9	
700 GRANTS, CLAIMS, ETC.						
TOTAL			(686.7)	(686.7)	686.7	

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		-0-	(686.7)	(686.7)	686.7	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME			(20)	(20)	20	
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See memorandum from Fred Boetsch, Director of Enforcement to Joe Donohue, Deputy Commissioner, dated March 5, 1980

Fred Boetsch

IV. DATE March 5, 1980 PREPARED BY Fred Boetsch, Director of Enforcement
AGENCY Revenue
PHONE 465-2366

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

02-5018 (Rev. 10/76)

STATE
of ALASKA

MEMORANDUM

TO: Joe Donohue
Deputy Commissioner
Department of Revenue

DATE: March 5, 1980

FILE NO.

TELEPHONE NO.

FROM: Fred Boetsch, Director
Enforcement Division

SUBJECT: Fiscal Note CSHB 696

There are two duties imposed on the Enforcement Division by this bill. They are so distinct and different that I am preparing separate fiscal notes, each discussing the impact of different provisions of the bill.

Section 7 of the bill suspends the individual income tax act beginning January 1, 1980. The impact on the Enforcement Division would to cause a reduction in workload and a subsequent reduction in staff. Since taxes would still be due for 1979 and previous years, it is estimated that a substantial reduction in staff would not be possible until fiscal year 1982. By that time the warrant workload should be down to the point where, for all practical purposes, we could say that individual income tax accounts receivable no longer required an enforcement effort. We would then be able to concentrate more efforts on excise taxes, fish processors tax and others.

In addition, we would take the opportunity of the hiatus to analyze our data processing and manual procedures, develop a comprehensive procedures' manual, and revise the tax statutes and regulations. This would be an excellent opportunity to renovate the law and our administration of it.

We would eliminate 20 positions for FY 82 and FY 83 for a total savings of about $686,700 in FY 81 Budget terms. The Fairbanks and Ketchikan Field Offices would be closed, and their workload would be transferred to Anchorage and Juneau respectively. We would eliminate 2 Field Office Manager positions, 5 Revenue Enforcement Officers, 9 Tax Collection Specialists, 2 Clerk Typists, and 2 Accounting Clerks. The breakdown in FY 81 Budget terms is as follows:

Personal Services	$554,000
Travel	20,000
Contractual Services	95,700
Commodities	4,100
ASHA Payments	12,900
	$686,700

This reduction would prevail for FY 82 and FY 83. In FY 84, we would begin building up of the staff in anticipation of reinstating the individual income tax. At present, we estimate that a return to our current staff level would be necessary.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CSHB 696 -- State Affairs
Title An Act suspending the individual net income tax; providing for payments ~~Requested by~~ to state residents. Date 3/6/80

II. FISCAL DETAIL
Agency Affected
Program Category Affected
BRU, Program, or Subprogram(s) Affected
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Millions ~~Thousands~~ of Dollars) calendar year

GENERAL FUND	(140)	(174.2)	(232.2)	(297.8)		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This revenue impact reflects the suspension of the tax laws listed in section 7 of the bill. The aformentioned figures were generated by the Department's econometric forecasting model. The figures reflect anticipated employment, wages, and price changes in the economy on a tax year basis.

IV. DATE 3/6/80 PREPARED BY Vincent Wright VW
AGENCY Revenue
PHONE 465-2391

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CSHB 696 -- State Affairs
Title An Act suspending the individual net income tax providng for XXXXXXXXX payments to state residents. Date 3/6/80

II. FISCAL DETAIL
Agency Affected Revenue
Program Category Affected
BRU, Program, or Subprogram(s) Affected
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (~~Thousands~~ Millions of Dollars)

GENERAL FUND	(213.4)	(217.7)	(222.1)	(226.5)		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
The aforemention figures are based on a Ditman survey of individuals in Alaska regarding their length of residency. The numbers in later years are increased at 2% to reflect population growth.

IV. DATE 3/6/80 PREPARED BY Vincent Wright
AGENCY Revenue
PHONE 465-2391

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CSHB 696 -- State Affairs
Title An Act suspending the individual net income tax; providing for payments to state
~~Requestor~~ residents. Date 3/6/80

II. FISCAL DETAIL
Agency Affected
Program Category Affected
BRU, Program, or Subprogram(s) Affected
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Millions ~~Thousands~~ of Dollars) calendar year

GENERAL FUND	(9.14)	(10.13)	(11.51)	(12.7)		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The aforementioned figures are comprised of the elements indicated below

Year	Residential Fuel Expense	Conservation Capital Improvements	Political Contribution Credits	Child Care Credits
1980	7.2	.9	.676	.366
1981	7.9	.99	.390	.852
1982	8.6	1.0	.879	1.033
1983	9.3	1.1	.507	1.796

The 10% fuel credit incorporates an anticipated increase in fuel prices.

IV. DATE 3/6/80 PREPARED BY Vincent Wright VW
AGENCY Revenue
PHONE 465-2391

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

(continued Analysis)

The conservation credit is projected on the basis of existing law. The historical growth rate is, of course, reflected in these figures.

The policital contribution credits are based on historical rates but vacillate from one year to the next because of the nature of the differing type elections.

The child care credits are estimated to be 60% of the category. of Other Credits as indicated by line 15C of the State DR 600 Tax forms.

Original sponsors: Miles, Freeman, Malone, et al

Offered: 3/4/80
Referred: Finance

IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE

CS FOR HOUSE BILL NO.696

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act suspending the individual net income tax; providing for payments to state residents; and providing for an effective date."

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

* Section 1. POLICY, PURPOSES AND FINDINGS. (a) It is the duty and policy of the state with respect to the natural resources belonging to it and the income derived from those natural resources to provide for their use development, and conservation for the maximum benefit of the people of the state.

(b) The purposes of this Act are

(1) to provide a mechanism for equitable distribution to the people of Alaska of at least a portion of the state's energy wealth derived from the development and production of the natural resources belonging to them as Alaskans;

(2) to encourage persons to maintain their residence in Alaska and to reduce population turnover in the state; and

(3) to encourage increased awareness and involvement by the residents of the state in the management and expenditure of state revenues derived from natural resources development and production.

(c) The legislature finds that the demands on and cost of state government have increased over the past few years at an excessive rate and that this increase has been permitted to occur, at least in part, by a feeling on the part of many residents of the state that because such a high proportion of the state's revenue comes from royalties and bonuses under mineral leases

of state land, those demands and costs do not have a significant economic impact upon them personally. It is in the public interest to distribute a portion of Alaska's energy wealth to the people of the state.

(d) The legislature also finds that state residents have been paying increasingly high prices for fossil fuels, while few have received direct monetary benefits from the production and development of fossil fuels belonging to them as Alaskans. It is in the public interest to return to state residents a portion of the state's income from oil, gas, and other mineral production to help offset rising fuel costs.

(e) The legislature also finds that state residents who have played a role in the history and development of this state constitute an irreplaceable resource and have made valuable contributions to the political, economic and social fabric of the state not only in the form of taxes but also in the form of participation in the state's development. The legislature finds that these contributions cannot be measured accurately in monetary terms and that the contributions have been made during years since statehood in which relatively small amounts of revenue were generated from the development of the state's natural resources. These same Alaskans have borne the burdens of a high cost of living during their years of residence here. In order to achieve a fair distribution of the present and future income from the development of the state's natural resources, it is necessary to establish a distribution mechanism that takes into account the years during which these individuals were owners of the state's valuable natural resources but did not receive direct benefits from that ownership. It is also in the public interest to provide special incentives to ensure that long-time Alaskans will remain in the state and to provide financial assistance to those who may not otherwise be able to do so.

(f) The legislature also finds that there exists in the state a serious problem of population turnover. A substantial portion of the state's popu-

lat'on is comprised of individuals who reside in Alaska for only a relatively short time. This is especially true in the state's larger cities. This constant turnover in population leads to political, economic, and social instability and is harmful to the state. It is in the public interest for the state to promote a stable resident population by providing incentives to encourage Alaskans to maintain their residency in the state.

* Sec. 2. AS 43 is amended by adding a new chapter to read:

CHAPTER 23. DISTRIBUTION OF REVENUE TO STATE RESIDENTS.

Sec. 43.23.010. RESIDENCY PAYMENT. (a) An individual who is eligible under (b) of this section is entitled to an annual residency payment determined as follows:

(1) $115 for each full year that the individual is a state resident from January 1, 1975, through December 31 of the year for which the residency payment is claimed;

(2) the amount of political campaign contributions made by the individual during the year not to exceed $50;

(3) 10 percent of the residential fuel expenses paid by the individual during the year or $10, whichever is greater;

(4) 10 percent of the expenses for residential fuel conservation capital improvements paid by the individual during the year not to exceed $200; and

(5) 16 percent of the tax credit claimed by the individual on his federal income tax return for household and dependent care services necessary for his gainful employment.

(b) An individual is eligible to receive a residency payment under (a) of this section if he

(1) applies to the department for the payment; and

(2) he is a state resident on the date of the application.

(c) If an individual is a state resident for less than 12 months

during a year, the portion of the residency payment determined under (a)(3) - (5) of this section shall be prorated according to the number of months during the year that the individual was a state resident.

(d) If an individual is married and files a joint federal income tax return, the portion of the residency payment determined under (a)(5) of this section may not exceed 50 percent of tax credit claimed for household and dependent care services on the joint federal income tax return.

(e) A parent or guardian may claim a residency payment on behalf of a minor or incompetent who is eligible to receive a residency payment under AS 43.23.010.

Sec. 43.23.020. PROOF OF ELIGIBILITY. (a) An individual who applies for a residency payment shall make and submit a statement of eligibility which must be verified by him under penalty of perjury. The commissioner may require an individual to provide additional proof of eligibility including one or more affidavits from persons having personal knowledge concerning the individual's eligibility.

(b) The department shall prescribe and furnish an application form for claiming the residency payment which shall contain a statement of eligibility and a certification of residency in the following form:

> Under penalty of perjury, I certify that I am a state resident on the date of this application and I have been a state resident for _________ full years and that I understand that my claim for a residency payment is partly determined by the number of years that I have been a state resident after January 1, 1975. I also understand that if I am convicted of falsely claiming a residency payment I will forfeit all residency payments and that I must repay all residency payments which have been paid to me. I understand that this penalty is in addition to any criminal penalties imposed.

____

(signature of individual)

Sec. 43.23.030. PENALTIES AND ENFORCEMENT. (a) In addition to any criminal penalties imposed by state law, if an individual is convicted of perjury or unsworn falsification for a statement made in a certification of residency, and the conviction is not reversed, that individual is not, and may never become, eligible for a residency payment, and he forfeits all residency payments paid to him.

(b) If the commissioner determines that a residency payment should not have been claimed by or paid to an individual, he may use any collection procedures or remedies available under this title to recover a residency payment which was improperly made.

Sec. 43.23.040. DUTIES OF THE DEPARTMENT. The department shall

(1) by the 10th day of each regular legislative session, present a request to the legislature for an appropriation for the residency payments required by AS 43.23.010;

(2) make the residency payments required by AS 43.23.010 from an annual appropriation from the general fund for that purpose;

(3) adopt regulations under the Administrative Procedure Act (AS 44.62) which establish procedures and time limitations for claiming a residency payment. The department shall set the time limitation for applications for a residency payment so that all residency payments for a year are paid before October 15 of the following year; and

(4) assist residents of rural areas who because of language, illness, old age or inaccessibility to public transportation need assistance to establish eligibility and to apply for the residency payment provided by this chapter.

Sec. 43.23.050. DEFINITIONS. In this chapter,

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

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

(3) "expenses for fuel conservation improvements" means

(A) the cost of additional insulation or insulating material installed in the principal residence of the individual if the residence was in existence on June 5, 1977;

(B) the cost of insulating windows of the principal residence of the individual;

(C) the cost of labor for the installation of the materials set out in (A) and (B) of this subsection; and

(D) the cost of installation of alternate sources of power generation not dependent on fossil fuels for energy supply, including but not limited to wind, tidal, solar or geothermal sources;

(4) "individual" means a natural person;

(5) "political campaign contribution" includes a contribution or gift to a person or organization for use exclusively

(A) for political campaigns for candidates for President or Vice President of the United States, whether or not they will be voted on in a primary election in the state; United States senator from Alaska; United States representative from Alaska; governor or lieutenant governor of Alaska; the Alaska legislature; delegate to an Alaska constitutional convention; electoral confirmation as a judge or justice of a court in the state; and municipal office in the state; and

(B) for groups seeking to influence the outcome of a ballot proposition or question; or dues to a nonprofit organization organized primarily to influence an election;

(6) "residential fuel expenses" means the payments made by an individual for wood, coal, heating oil, gas, electricity or other fuel

consumed in the state for the principal residence of the individual;

(7) "state resident" means an individual who is physically present in the state with the intent to remain permanently in the state or, if he is not physically present in the state, intends to return to the state and he is absent for the following reasons:

(A) vocational, professional or other special education for which a comparable program was not reasonably available in the state,

(B) postsecondary education,

(C) military service,

(D) medical treatment, or

(E) service in Congress;

(8) "year" means a calendar year.

* 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 OF THE AMOUNT OF THE CREDIT DETERMINED FOR FEDERAL INCOME TAX PURPOSES FOR INDIVIDUALS AND] 18 percent <u>of the amount of the credit determined for federal income tax purposes</u> for corporations.

* 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) Every [INDIVIDUAL, FIDUCIARY, PARTNERSHIP AND] corporation required to make a return under the provisions of the Internal Revenue Code shall at the same time file with the department a return setting out

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

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

* Sec. 7. The following laws are suspended as of the tax year beginning January 1, 1980: AS 43.20.011(a) - (d), 43.20.015, 43.20.021(e), 43.20.031-(a) - (c) and (f) - (h), 43.20.035, 43.20.036(d) - (h), 43.20.038, 43.20.039, 43.20.051, 43.20.061, 43.20.160(e), 43.20.170, and 43.20.180.

* Sec. 8. 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. 9. 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 of the amount of the credit determined for federal income tax purposes for individuals and 18 percent of the amount of the credit determined for federal income tax purposes for corporations.

* Sec. 10. 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. 11. AS 43.20.030(a) is amended to read:

(a) Every individual, fiduciary, partnership and corporation required to make a return under the provisions of the Internal Revenue Code shall at the same time file with the department a return setting out

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

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

* Sec. 12. As of January 1, 1984

(1) AS 43.23 enacted in sec. 2 of this Act and secs. 1 and 7 of this Act are repealed;

(2) the tax levied in AS 43.20.011(a) - (d) is reinstated and imposed; and

(3) AS 43.20.015, 43.20.021(e), 43.20.031(a) - (c) and (f) - (h), 43.20.035, 43.20.036(d) - (h), 43.20.038, 43.20.039, 43.20.051, 43.20.061, 43.20.160(e), 43.20.170, and 43.20.180 are reinstated.

* Sec. 13. Before April 15, 1981, the Department of Revenue shall refund to the employee or other taxpayer all money received by the department which was withheld during tax year 1980 from the wages or salaries of the employee by an employer or which was received by the department as estimated income tax payments under AS 43.20 for tax year 1980.

* Sec. 14. AS 43.23.010(a)(2) - (5) enacted in sec. 2 of this Act do not apply to claims for a residency payment for the year ending December 31, 1979. For that year only, an eligible state resident may receive a residency payment equal to $115 for each full year that the individual was a state resident from January 1, 1975, through December 31, 1979. The Department of Revenue shall prescribe and distribute forms to the public so that the residency payment for 1979 will be paid before October 15, 1980.

* Sec. 15. If any provision enacted in sec. 2 of this Act is held to be invalid by the final judgment, decision or order of a court of competent jurisdiction, then that provision is nonseverable, and all provisions enacted in sec. 2 of this Act are invalid and of no force or effect.

* Sec. 16. This Act terminates on the effective date of an Act which repeals AS 43.20.011(a) - (d).

* Sec. 17. Sections 1 and 2 of this Act are retroactive to January 1, 1979.

* Sec. 18. Sections 3 - 7 and 13 of this Act are retroactive to January 1, 1980.

* Sec. 19. Sections 3 - 7 of this Act apply to tax years beginning after December 31, 1979.

* Sec. 20. Sections 1 - 7 and 13 - 18 of this Act take effect immediately in accordance with AS 01.10.070(c).

* Sec. 21. Sections 8 - 12 of this Act take effect January 1, 1984.

WO 7388 (#2)
Baldwin

Original sponsors: Miles, Freeman,
Malone, et al

IN THE HOUSE BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 696 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act suspending the Alaska net income tax on individuals for four tax years; and providing for an effective date."

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

* Section 1. It is the intention of the legislature to suspend the levy and collection of the net income tax on individuals for a four-year period beginning January 1, 1980.

* Sec. 2. AS 43.20.011(a) - (d) and 43.20.170 are suspended.

* Sec. 3. Before April 15, 1981, the Department of Revenue shall refund to the employee or other taxpayer all money received by the department which was withheld during tax year 1980 from the wages or salaries of the employee by an employer or which was received by the department as estimated income tax payments under AS 43.20 for tax year 1980.

* Sec. 4. This Act is retroactive to January 1, 1980 and applies to tax years beginning after December 31, 1979.

* Sec. 5. AS 43.20.011(a) and 43.20.170 are reinstated and the net income tax on individuals levied in AS 43.20.011(a) - (d) is imposed as of January 1 1984.

* Sec. 6. Sections 1 - 4 of this Act are repealed on January 1, 1984.

* Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-070(c).

WO 7388
Baldwin

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the individual net income tax; providing for payments to state residents; and providing for an effective date."

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

* Section 1. POLICY, PURPOSES AND FINDINGS. (a) It is the duty and policy of the state with respect to the natural resources belonging to it and the income derived from those natural resources to provide for their use development, and conservation for the maximum benefit of the people of the state.

(b) The purposes of this Act are

(1) to provide a mechanism for equitable distribution to the people of Alaska of at least a portion of the state's energy wealth derived from the development and production of the natural resources belonging to them as Alaskans;

(2) to encourage persons to maintain their residence in Alaska and to reduce population turnover in the state; and

(3) to encourage increased awareness and involvement by the residents of the state in the management and expenditure of state revenues derived from natural resources development and production.

(c) The legislature finds that the demands on and cost of state government have increased over the past few years at an excessive rate and that this increase has been permitted to occur, at least in part, by a feeling on the part of many residents of the state that because such a high proportion of the state's revenue comes from royalties and bonuses under mineral leases

of state land, those demands and costs do not have a significant economic impact upon them personally. It is in the public interest to distribute a portion of Alaska's energy wealth to the people of the state.

(d) The legislature also finds that state residents have been paying increasingly high prices for fossil fuels, while few have received direct monetary benefits from the production and development of fossil fuels belonging to them as Alaskans. It is in the public interest to return to state residents a portion of the state's income from oil, gas, and other mineral production to help offset rising fuel costs.

(e) The legislature also finds that state residents who have played a role in the history and development of this state constitute an irreplaceable resource and have made valuable contributions to the political, economic and social fabric of the state not only in the form of taxes but also in the form of participation in the state's development. The legislature finds that these contributions cannot be measured accurately in monetary terms and that the contributions have been made during years since statehood in which relatively small amounts of revenue were generated from the development of the state's natural resources. These same Alaskans have borne the burdens of a high cost of living during their years of residence here. In order to achieve a fair distribution of the present and future income from the development of the state's natural resources, it is necessary to establish a distribution mechanism that takes into account the years during which these individuals were owners of the state's valuable natural resources but did not receive direct benefits from that ownership. It is also in the public interest to provide special incentives to ensure that long-time Alaskans will remain in the state and to provide financial assistance to those who may not otherwise be able to do so.

(f) The legislature also finds that there exists in the state a serious problem of population turnover. A substantial portion of the state's popu-

lation is comprised of individuals who reside in Alaska for only a relatively short time. This is especially true in the state's larger cities. This constant turnover in population leads to political, economic, and social instability and is harmful to the state. It is in the public interest for the state to promote a stable resident population by providing incentives to encourage Alaskans to maintain their residency in the state.

* Sec. 2. AS 43 is amended by adding a new chapter to read:

CHAPTER 23. DISTRIBUTION OF REVENUE TO STATE RESIDENTS.

Sec. 43.23.010. RESIDENCY PAYMENT. (a) An individual who is eligible under (b) of this section is entitled to an annual residency payment determined as follows:

(1) $115 for each full year that the individual is a state resident from January 1, 1975, through December 31 of the year for which the residency payment is claimed;

(2) the amount of political campaign contributions made by the individual during the year not to exceed $50;

(3) 10 percent of the residential fuel expenses paid by the individual during the year or $10, whichever is greater;

(4) 10 percent of the expenses for residential fuel conservation capital improvements paid by the individual during the year not to exceed $200; and

(5) 16 percent of the tax credit claimed by the individual on his federal income tax return for household and dependent care services necessary for his gainful employment.

(b) An individual is eligible to receive a residency payment under (a) of this section if he

(1) applies to the department for the payment; and

(2) he is a state resident on the date of the application.

(c) If an individual is a state resident for less than 12 months

during a year, the portion of the residency payment determined under (a)(3) - (5) of this section shall be prorated according to the number of months during the year that the individual was a state resident.

(d) If an individual is married and files a joint federal income tax return, the portion of the residency payment determined under (a)(5) of this section may not exceed 50 percent of tax credit claimed for household and dependent care services on the joint federal income tax return.

(e) A parent or guardian may claim a residency payment on behalf of a minor or incompetent who is eligible to receive a residency payment under AS 43.23.010.

Sec. 43.23.020. PROOF OF ELIGIBILITY. (a) An individual who applies for a residency payment shall make and submit a statement of eligibility which must be verified by him under penalty of perjury. The commissioner may require an individual to provide additional proof of eligibility including one or more affidavits from persons having personal knowledge concerning the individual's eligibility.

(b) The department shall prescribe and furnish an application form for claiming the residency payment which shall contain a statement of eligibility and a certification of residency in the following form:

Under penalty of perjury, I certify that I am a state resident on the date of this application and I have been a state resident for _________ full years and that I understand that my claim for a residency payment is partly determined by the number of years that I have been a state resident after January 1, 1975. I also understand that if I am convicted of falsely claiming a residency payment I will forfeit all residency payments and that I must repay all residency payments which have been paid to me. I understand that this penalty is in addition to any criminal penalties imposed.

____

(signature of individual)

Sec. 43.23.030. PENALTIES AND ENFORCEMENT. (a) In addition to any criminal penalties imposed by state law, if an individual is convicted of perjury or unsworn falsification for a statement made in a certification of residency, and the conviction is not reversed, that individual is not, and may never become, eligible for a residency payment, and he forfeits all residency payments paid to him.

(b) If the commissioner determines that a residency payment should not have been claimed by or paid to an individual, he may use any collection procedures or remedies available under this title to recover a residency payment which was improperly made.

Sec. 43.23.040. APPROPRIATIONS OF PERMANENT FUND INCOME. (a) The legislature shall appropriate 50 percent of the annual income of the Alaska permanent fund for residency payments under AS 43.23.010. If 50 percent of the annual income of the Alaska permanent fund is not sufficient to pay all residency payments due in a year, the legislature shall appropriate the additional amount needed from the general fund.

(b) If 50 percent of the annual income of the Alaska permanent fund is more than the amount needed to pay the residency payments due during that year, the amount not needed to pay residency payments shall be deposited in the general fund.

Sec. 43.23.050. DUTIES OF THE DEPARTMENT. The department shall

(1) by the 10th day of each regular legislative session, present a request to the legislature for an appropriation for the residency payments required by AS 43.23.010;

(2) make the residency payments required by AS 43.23.010 from an annual appropriation for that purpose;

(3) adopt regulations under the Administrative Procedure Act

(AS 44.62) which establish procedures and time limitations for claiming a residency payment. The department shall set the time limitation for applications for a residency payment so that all residency payments for a year are paid before October 15 of the following year; and

(4) assist residents of rural areas who because of language, illness, old age or inaccessibility to public transportation need assistance to establish eligibility and to apply for the residency payment provided by this chapter.

Sec. 43.23.060. DEFINITIONS. In this chapter,

(1) "Alaska permanent fund" means the fund established by art IX, sec. 15, of the state constitution;

(2) "commissioner" means the commissioner of revenue;

(3) "department" means the Department of Revenue;

(4) "expenses for fuel conservation improvements" means

(A) the cost of additional insulation or insulating material installed in the principal residence of the individual if the residence was in existence on June 5, 1977;

(B) the cost of insulating windows of the principal residence of the individual;

(C) the cost of labor for the installation of the materials set out in (A) and (B) of this subsection; and

(D) the cost of installation of alternate sources of power generation not dependent on fossil fuels for energy supply, including but not limited to wind, tidal, solar or geothermal sources;

(5) "individual" means a natural person;

(6) "political campaign contribution" includes a contribution or gift to a person or organization for use exclusively

(A) for political campaigns for candidates for President or Vice President of the United States, whether or not they will be voted on in a primary election in the state; United States senator from Alaska; United States representative from Alaska; governor or lieutenant governor of Alaska; the Alaska legislature; delegate to an Alaska constitutional convention; electoral confirmation as a judge or justice of a court in the state; and municipal office in the state; and

(B) for groups seeking to influence the outcome of a ballot proposition or question; or dues to a nonprofit organization organized primarily to influence an election;

(7) "residential fuel expenses" means the payments made by an individual for wood, coal, heating oil, gas, electricity or other fuel consumed in the state for the principal residence of the individual;

(8) "state resident" means an individual who is physically present in the state with the intent to remain permanently in the state or, if he is not physically present in the state, intends to return to the state and he is absent for the following reasons:

(A) vocational, professional or other special education for which a comparable program was not reasonably available in the state,

(B) postsecondary education,

(C) military service,

(D) medical treatment, or

(E) service in Congress;

(9) "year" means a calendar year.

* Sec. 3. AS 43.20.011(a) is amended to read:

(a) There is imposed for each taxable year upon the taxable income of every resident, nonresident and part-year resident individual and fiduciary of the state, except those qualifying for the rates in (b) or

(c) of this section, taxes computed according to the following table.

If the taxable income is:	Then the tax is:
[NOT OVER $2,000	3 PER CENT OF THE TAXABLE INCOME
OVER $2,000 BUT NOT OVER $4,000	$60 PLUS 3.5 PER CENT OF EXCESS OVER $2,000
OVER $4,000 BUT NOT OVER $6,000	$130 PLUS 4.0 PER CENT OF EXCESS OVER $4,000
OVER $6,000 BUT NOT OVER $8,000	$210 PLUS 5.0 PER CENT OF EXCESS OVER $6,000
OVER $8,000 BUT NOT OVER $10,000	$310 PLUS 5.5 PER CENT OF EXCESS OVER $8,000
OVER $10,000 BUT NOT OVER $12,000	$420 PLUS 6.0 PER CENT OF EXCESS OVER $10,000
OVER $12,000 BUT NOT OVER $14,000	$540 PLUS 7.0 PER CENT OF EXCESS OVER $12,000
OVER $14,000 BUT NOT OVER $16,000	$680 PLUS 7.5 PER CENT OF EXCESS OVER $14,000
OVER $16,000 BUT NOT OVER $18,000	$830 PLUS 8.0 PER CENT OF EXCESS OVER $16,000
OVER $18,000 BUT NOT OVER $20,000	$990 PLUS 8.5 PER CENT OF EXCESS OVER $18,000
OVER $20,000 BUT NOT OVER $22,000	$1,160 PLUS 9.0 PER CENT OF EXCESS OVER $20,000
OVER $22,000 BUT NOT OVER $26,000	$1,340 PLUS 9.5 PER CENT OF EXCESS OVER $22,000
OVER $26,000 BUT NOT OVER $32,000	$1,720 PLUS 10.0 PER CENT OF EXCESS OVER $26,000]
Over $32,000 but not over $38,000	[$2,320 PLUS] 10.5 percent of excess over $32,000

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Over $38,000 but not over $44,000	$630 [$2,950] plus 11.0 percent of excess over $38,000
Over $44,000 but not over $50,000	$1,290 [$3,610] plus 11.5 percent of excess over $44,000
Over $50,000 but not over $60,000	$1,980 [$4,300] plus 12.0 percent of excess over $50,000
Over $60,000 but not over $70,000	$3,180 [$5,500] plus 12.5 percent of excess over $60,000
Over $70,000 but not over $80,000	$4,430 [$6,750] plus 13.0 percent of excess over $70,000
Over $80,000 but not over $90,000	$5,730 [$8,050] plus 13.5 percent of excess over $80,000
Over $90,000 but not over $100,000	$7,080 [$9,400] plus 14.0 percent of excess over $90,000
Over $100,000 but not over $150,000	$8,480 [$10,800] plus 14.0 percent of excess over $100,000
Over $150,000 but not over $200,000	$15,480 [$17,800] plus 14.5 percent of excess over $150,000
Over $200,000	$22,730 [$25,050] plus 14.5 percent of excess over $200,000

* Sec. 4. AS 45.20.011(b) is amended to read:

(b) There is imposed for each taxable year upon the taxable income of every resident, nonresident and part-year resident married individual who makes a single return jointly with his spouse (as provided in section 6013 of the Internal Revenue Code) and upon every resident, nonresident and part-year resident surviving spouse (as defined in section 2(a) of the Internal Revenue Code) taxes computed according to the following table.

If the taxable income is:	Then the tax is:

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[NOT OVER $4,000	3 PER CENT OF THE TAXABLE INCOME
OVER $4,000 BUT NOT OVER $8,000	$120 PLUS 3.5 PER CENT OF EXCESS OVER $4,000
OVER $8,000 BUT NOT OVER $12,000	$260 PLUS 4.0 PER CENT OF EXCESS OVER $8,000
OVER $12,000 BUT NOT OVER $16,000	$420 PLUS 5.0 PER CENT OF EXCESS OVER $12,000
OVER $16,000 BUT NOT OVER $20,000	$620 PLUS 5.5 PER CENT OF EXCESS OVER $16,000
OVER $20,000 BUT NOT OVER $24,000	$840 PLUS 6.0 PER CENT OF EXCESS OVER $20,000
OVER $24,000 BUT NOT OVER $28,000	$1,080 PLUS 7.0 PER CENT OF EXCESS OVER $24,000
OVER $28,000 BUT NOT OVER $32,000	$1,360 PLUS 7.5 PER CENT OF EXCESS OVER $28,000
OVER $32,000 BUT NOT OVER $36,000	$1,660 PLUS 8.0 PER CENT OF EXCESS OVER $32,000
OVER $36,000 BUT NOT OVER $40,000	$1,980 PLUS 8.5 PER CENT OF EXCESS OVER $36,000
OVER $40,000 BUT NOT OVER $44,000	$2,320 PLUS 9.0 PER CENT OF EXCESS OVER $40,000
OVER $44,000 BUT NOT OVER $52,000	$2,680 PLUS 9.5 PER CENT OF EXCESS OVER $44,000
OVER $52,000 BUT NOT OVER $64,000	$3,440 PLUS 10.0 PER CENT OF EXCESS OVER $52,000]
Over $64,000 but not over $76,000	[$4,640 PLUS] 10.5 percent of excess over $64,000
Over $76,000 but not over $88,000	<u>$1,260</u> [$5,900] plus 11.0 percent of excess over $76,000

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Over $88,000 but not over $100,000	$2,580 [$7,220] plus 11.5 per-cent of excess over $88,000
Over $100,000 but not over $120,000	$3,960 [$8,600] plus 12.0 per-cent of excess over $100,000
Over $120,000 but not over $140,000	$6,360 [$11,000] plus 12.5 per-cent of excess over $120,000
Over $140,000 but not over $160,000	$8,860 [$13,500] plus 13.0 per-cent of excess over $140,000
Over $160,000 but not over $180,000	$11,460 [$16,100] plus 13.5 per-cent of excess over $160,000
Over $180,000 but not over $200,000	$14,160 [$18,800] plus 14.0 per-cent of excess over $180,000
Over $200,000 but not over $300,000	$16,960 [$21,600] plus 14.0 per-cent of excess over $200,000
Over $300,000 but not over $400,000	$30,960 [$35,600] plus 14.5 per-cent of excess over $300,000
Over $400,000	$45,460 [$50,100] plus 14.5 per-cent of excess over $400,000

* Sec. 5. AS 43.20.011(c) is amended to read:

(c) There is imposed for each taxable year upon the taxable income of every resident, nonresident and part-year resident head of a household (as defined in section 2(b) of the Internal Revenue Code), taxes computed according to the following table.

If the taxable income is:	Then the tax is:
[NOT OVER $2,000	3 PER CENT OF THE TAXABLE INCOME
OVER $2,000 BUT NOT OVER $4,000	$60 PLUS 3.5 PER CENT OF EXCESS OVER $2,000
OVER $4,000 BUT NOT OVER $6,000	$130 PLUS 4.0 PER CENT OF EXCESS OVER $4,000

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OVER $6,000 BUT NOT OVER $8,000	$210 PLUS 4.5 PER CENT OF EXCESS OVER $6,000
OVER $8,000 BUT NOT OVER $10,000	$300 PLUS 5.0 PER CENT OF EXCESS OVER $8,000
OVER $10,000 BUT NOT OVER $12,000	$400 PLUS 5.5 PER CENT OF EXCESS OVER $10,000
OVER $12,000 BUT NOT OVER $14,000	$510 PLUS 6.0 PER CENT OF EXCESS OVER $12,000
OVER $14,000 BUT NOT OVER $16,000	$630 PLUS 6.5 PER CENT OF EXCESS OVER $14,000
OVER $16,000 BUT NOT OVER $18,000	$760 PLUS 7.0 PER CENT OF EXCESS OVER $16,000
OVER $18,000 BUT NOT OVER $20,000	$900 PLUS 7.0 PER CENT OF EXCESS OVER $18,000
OVER $20,000 BUT NOT OVER $22,000	$1,040 PLUS 7.5 PER CENT OF EXCESS OVER $20,000
OVER $22,000 BUT NOT OVER $24,000	$1,190 PLUS 8.0 PER CENT OF EXCESS OVER $22,000
OVER $24,000 BUT NOT OVER $28,000	$1,350 PLUS 8.5 PER CENT OF EXCESS OVER $24,000
OVER $28,000 BUT NOT OVER $32,000	$1,690 PLUS 9.0 PER CENT OF EXCESS OVER $28,000]
Over $32,000 but not over $38,000	[$2,050 PLUS] 9.5 percent of excess over $32,000
Over $38,000 but not over $44,000	$570 [$2,430] plus 10.0 percent of excess over $38,000
Over $44,000 but not over $50,000	$1,170 [$3,030] plus 10.5 percent of excess over $44,000
Over $50,000 but not over $60,000	$1,800 [$3,660] plus 11.0 per-

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	cent of excess over $50,000
Over $60,000 but not over $70,000	$2,900 [$4,760] plus 11.5 percent of excess over $60,000
Over $70,000 but not over $80,000	$4,050 [$5,910] plus 12.0 percent of excess over $70,000
Over $80,000 but not over $90,000	$5,250 [$7,110] plus 12.5 percent of excess over $80,000
Over $90,000 but not over $100,000	$6,500 [$8,360] plus 13.0 percent of excess over $90,000
Over $100,000 but not over $150,000	$7,800 [$9,660] plus 13.5 percent of excess over $100,000
Over $150,000 but not over $200,000	$14,550 [$16,410] plus 14.0 percent of excess over $150,000
Over $200,000 but not over $300,000	$21,550 [$23,410] plus 14.5 percent of excess over $200.000
Over $300,000	$36,050 [$37,910] plus 14.5 percent of excess over $300,000

* Sec. 6. AS 43.20.015(a) is amended to read:

(a) For tax years beginning after December 31, 1979 [1977], each individual filing an Alaska net income tax return is entitled to the credit provided for in this section. For married taxpayers filing a joint return, the return may claim the credit for each spouse.

* Sec. 7. AS 43.20.015(b) is repealed and re-enacted to read:

(b) The amount of the annual individual tax credit is $250 for each tax year beginning after December 31, 1974, for which the individual filed an individual income tax return but the annual individual tax credit may not exceed (1) $1,250; or (2) the net income tax liability of the individual for the year for which the credit is claimed, whichever is less.

* Sec. 8. AS 43.20.011(d) is repealed.

* Sec. 9. AS 43.23.010(a)(2) - (5) enacted in sec. 2 of this Act do not apply to claims for a residency payment for the year ending December 31, 1979. For that year only, an eligible state resident may receive a residency payment equal to $115 for each full year that the individual was a state resident from January 1, 1975, through December 31, 1979. The Department of Revenue shall prescribe and distribute forms to the public so that the residency payment for 1979 will be paid before October 15, 1980.

* Sec. 10. If any provision enacted in sec. 2 of this Act is held to be invalid by the final judgment, decision or order of a court of competent jurisdiction, then that provision is nonseverable, and all provisions enacted in sec. 2 of this Act are invalid and of no force or effect.

* Sec. 11. This Act terminates on the effective date of an Act which repeals AS 43.20.011(a) - (d).

* Sec. 12. Sections 1 and 2 of this Act are retroactive to January 1, 1979.

* Sec. 13. Sections 3 - 8 of this Act apply to tax years beginning after December 31, 1979.

* Sec. 14. Sections 3 - 8 of this Act are retroactive to January 1, 1980.

* Sec. 15. This Act takes effect immediately in accordance with AS 01.10.070(c).

Original sponsors: Miles, Freeman, Malone, et al

Offered: 3/4/80
Referred: Finance

IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE

CS FOR HOUSE BILL NO.696

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act suspending the individual net income tax; providing for payments to state residents; and providing for an effective date."

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

* Section 1. POLICY, PURPOSES AND FINDINGS. (a) It is the duty and policy of the state with respect to the natural resources belonging to it and the income derived from those natural resources to provide for their use development, and conservation for the maximum benefit of the people of the state.

(b) The purposes of this Act are

(1) to provide a mechanism for equitable distribution to the people of Alaska of at least a portion of the state's energy wealth derived from the development and production of the natural resources belonging to them as Alaskans;

(2) to encourage persons to maintain their residence in Alaska and to reduce population turnover in the state; and

(3) to encourage increased awareness and involvement by the residents of the state in the management and expenditure of state revenues derived from natural resources development and production.

(c) The legislature finds that the demands on and cost of state government have increased over the past few years at an excessive rate and that this increase has been permitted to occur, at least in part, by a feeling on the part of many residents of the state that because such a high proportion of the state's revenue comes from royalties and bonuses under mineral leases

of state land, those demands and costs do not have a significant economic impact upon them personally. It is in the public interest to distribute a portion of Alaska's energy wealth to the people of the state.

(d) The legislature also finds that state residents have been paying increasingly high prices for fossil fuels, while few have received direct monetary benefits from the production and development of fossil fuels belonging to them as Alaskans. It is in the public interest to return to state residents a portion of the state's income from oil, gas, and other mineral production to help offset rising fuel costs.

(e) The legislature also finds that state residents who have played a role in the history and development of this state constitute an irreplaceable resource and have made valuable contributions to the political, economic and social fabric of the state not only in the form of taxes but also in the form of participation in the state's development. The legislature finds that these contributions cannot be measured accurately in monetary terms and that the contributions have been made during years since statehood in which relatively small amounts of revenue were generated from the development of the state's natural resources. These same Alaskans have borne the burdens of a high cost of living during their years of residence here. In order to achieve a fair distribution of the present and future income from the development of the state's natural resources, it is necessary to establish a distribution mechanism that takes into account the years during which these individuals were owners of the state's valuable natural resources but did not receive direct benefits from that ownership. It is also in the public interest to provide special incentives to ensure that long-time Alaskans will remain in the state and to provide financial assistance to those who may not otherwise be able to do so.

(f) The legislature also finds that there exists in the state a serious problem of population turnover. A substantial portion of the state's popu-

lation is comprised of individuals who reside in Alaska for only a relatively short time. This is especially true in the state's larger cities. This constant turnover in population leads to political, economic, and social instability and is harmful to the state. It is in the public interest for the state to promote a stable resident population by providing incentives to encourage Alaskans to maintain their residency in the state.

* Sec. 2. AS 43 is amended by adding a new chapter to read:

CHAPTER 23. DISTRIBUTION OF REVENUE TO STATE RESIDENTS.

Sec. 43.23.010. RESIDENCY PAYMENT. (a) An individual who is eligible under (b) of this section is entitled to an annual residency payment determined as follows:

(1) $115 for each full year that the individual is a state resident from January 1, 1975, through December 31 of the year for which the residency payment is claimed;

(2) the amount of political campaign contributions made by the individual during the year not to exceed $50;

(3) 10 percent of the residential fuel expenses paid by the individual during the year or $10, whichever is greater;

(4) 10 percent of the expenses for residential fuel conservation capital improvements paid by the individual during the year not to exceed $200; and

(5) 16 percent of the tax credit claimed by the individual on his federal income tax return for household and dependent care services necessary for his gainful employment.

(b) An individual is eligible to receive a residency payment under (a) of this section if he

(1) applies to the department for the payment; and

(2) he is a state resident on the date of the application.

(c) If an individual is a state resident for less than 12 months

during a year, the portion of the residency payment determined under (a)(3) - (5) of this section shall be prorated according to the number of months during the year that the individual was a state resident.

(d) If an individual is married and files a joint federal income tax return, the portion of the residency payment determined under (a)(5) of this section may not exceed 50 percent of tax credit claimed for household and dependent care services on the joint federal income tax return.

(e) A parent or guardian may claim a residency payment on behalf of a minor or incompetent who is eligible to receive a residency payment under AS 43.23.010.

Sec. 43.23.020. PROOF OF ELIGIBILITY. (a) An individual who applies for a residency payment shall make and submit a statement of eligibility which must be verified by him under penalty of perjury. The commissioner may require an individual to provide additional proof of eligibility including one or more affidavits from persons having personal knowledge concerning the individual's eligibility.

(b) The department shall prescribe and furnish an application form for claiming the residency payment which shall contain a statement of eligibility and a certification of residency in the following form:

> Under penalty of perjury, I certify that I am a state resident on the date of this application and I have been a state resident for __________ full years and that I understand that my claim for a residency payment is partly determined by the number of years that I have been a state resident after January 1, 1975. I also understand that if I am convicted of falsely claiming a residency payment I will forfeit all residency payments and that I must repay all residency payments which have been paid to me. I understand that this penalty is in addition to any criminal penalties imposed.

____

(signature of individual)

Sec. 43.23.030. PENALTIES AND ENFORCEMENT. (a) In addition to any criminal penalties imposed by state law, if an individual is convicted of perjury or unsworn falsification for a statement made in a certification of residency, and the conviction is not reversed, that individual is not, and may never become, eligible for a residency payment, and he forfeits all residency payments paid to him.

(b) If the commissioner determines that a residency payment should not have been claimed by or paid to an individual, he may use any collection procedures or remedies available under this title to recover a residency payment which was improperly made.

Sec. 43.23.040. DUTIES OF THE DEPARTMENT. The department shall

(1) by the 10th day of each regular legislative session, present a request to the legislature for an appropriation for the residency payments required by AS 43.23.010;

(2) make the residency payments required by AS 43.23.010 from an annual appropriation from the general fund for that purpose;

(3) adopt regulations under the Administrative Procedure Act (AS 44.62) which establish procedures and time limitations for claiming a residency payment. The department shall set the time limitation for applications for a residency payment so that all residency payments for a year are paid before October 15 of the following year; and

(4) assist residents of rural areas who because of language, illness, old age or inaccessibility to public transportation need assistance to establish eligibility and to apply for the residency payment provided by this chapter.

Sec. 43.23.050. DEFINITIONS. In this chapter,

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

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

(3) "expenses for fuel conservation improvements" means

(A) the cost of additional insulation or insulating material installed in the principal residence of the individual if the residence was in existence on June 5, 1977;

(B) the cost of insulating windows of the principal residence of the individual;

(C) the cost of labor for the installation of the materials set out in (A) and (B) of this subsection; and

(D) the cost of installation of alternate sources of power generation not dependent on fossil fuels for energy supply, including but not limited to wind, tidal, solar or geothermal sources;

(4) "individual" means a natural person;

(5) "political campaign contribution" includes a contribution or gift to a person or organization for use exclusively

(A) for political campaigns for candidates for President or Vice President of the United States, whether or not they will be voted on in a primary election in the state; United States senator from Alaska; United States representative from Alaska; governor or lieutenant governor of Alaska; the Alaska legislature; delegate to an Alaska constitutional convention; electoral confirmation as a judge or justice of a court in the state; and municipal office in the state; and

(B) for groups seeking to influence the outcome of a ballot proposition or question; or dues to a nonprofit organization organized primarily to influence an election;

(6) "residential fuel expenses" means the payments made by an individual for wood, coal, heating oil, gas, electricity or other fuel

consumed in the state for the principal residence of the individual;

(7) "state resident" means an individual who is physically present in the state with the intent to remain permanently in the state or, if he is not physically present in the state, intends to return to the state and he is absent for the following reasons:

(A) vocational, professional or other special education for which a comparable program was not reasonably available in the state,

(B) postsecondary education,

(C) military service,

(D) medical treatment, or

(E) service in Congress;

(8) "year" means a calendar year.

* 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 OF THE AMOUNT OF THE CREDIT DETERMINED FOR FEDERAL INCOME TAX PURPOSES FOR INDIVIDUALS AND] 18 percent <u>of the amount of the credit determined for federal income tax purposes</u> for corporations.

* 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) Every [INDIVIDUAL, FIDUCIARY, PARTNERSHIP AND] corporation required to make a return under the provisions of the Internal Revenue Code shall at the same time file with the department a return setting out

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

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

* Sec. 7. The following laws are suspended as of the tax year beginning January 1, 1980: AS 43.20.011(a) - (d), 43.20.015, 43.20.021(e), 43.20.031-(a) - (c) and (f) - (h), 43.20.035, 43.20.036(d) - (h), 43.20.038, 43.20.039, 43.20.051, 43.20.061, 43.20.160(e), 43.20.170, and 43.20.180.

* Sec. 8. 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. 9. 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 of the amount of the credit determined for federal income tax purposes for individuals and 18 percent of the amount of the credit determined for federal income tax purposes for corporations.

* Sec. 10. 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. 11. AS 43.20.030(a) is amended to read:

(a) Every individual, fiduciary, partnership and corporation required to make a return under the provisions of the Internal Revenue Code shall at the same time file with the department a return setting out:

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

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

* Sec. 12. As of January 1, 1984

(1) AS 43.23 enacted in sec. 2 of this Act and secs. 1 and 7 of this Act are repealed;

(2) the tax levied in AS 43.20.011(a) - (d) is reinstated and imposed; and

(3) AS 43.20.015, 43.20.021(e), 43.20.031(a) - (c) and (f) - (h), 43.20.035, 43.20.036(d) - (h), 43.20.038, 43.20.039, 43.20.051, 43.20.061, 43.20.160(e), 43.20.170, and 43.20.180 are reinstated.

* Sec. 13. Before April 15, 1981, the Department of Revenue shall refund to the employee or other taxpayer all money received by the department which was withheld during tax year 1980 from the wages or salaries of the employee by an employer or which was received by the department as estimated income tax payments under AS 43.20 for tax year 1980.

* Sec. 14. AS 43.23.010(a)(2) - (5) enacted in sec. 2 of this Act do not apply to claims for a residency payment for the year ending December 31, 1979. For that year only, an eligible state resident may receive a residency payment equal to $115 for each full year that the individual was a state resident from January 1, 1975, through December 31, 1979. The Department of Revenue shall prescribe and distribute forms to the public so that the residency payment for 1979 will be paid before October 15, 1980.

* Sec. 15. If any provision enacted in sec. 2 of this Act is held to be invalid by the final judgment, decision or order of a court of competent jurisdiction, then that provision is nonseverable, and all provisions enacted in sec. 2 of this Act are invalid and of no force or effect.

* Sec. 16. This Act terminates on the effective date of an Act which repeals AS 43.20.011(a) - (d).

* Sec. 17. Sections 1 and 2 of this Act are retroactive to January 1, 1979.

* Sec. 18. Sections 3 - 7 and 13 of this Act are retroactive to January 1, 1980.

* Sec. 19. Sections 3 - 7 of this Act apply to tax years beginning after December 31, 1979.

* Sec. 20. Sections 1 - 7 and 13 - 18 of this Act take effect immediately in accordance with AS 01.10.070(c).

* Sec. 21. Sections 8 - 12 of this Act take effect January 1, 1984.

March 4, 1980

TO: Rep. Russ Meekins

FROM: Mike Doogan

SUBJECT: CS HB696

This bill does two things: first, it provides for payments to state residents; second, it suspends individual income taxes.

Payments to residents: Section 1 gives a series of findings and purposes for making payments to residents, including defraying energy costs and preventing population turnover. Section 2 adds residency payments to Title 43 (Revenue and Taxation). These are: $115 a year, beginning with 1975, for being a resident; a maximum of $50 a year for political contributions; a maximum of $10 a year for home heating; a maximum of $300 a year for home improvements resulting in energy conservation; 16 per cent of the federal tax credit for household and dependent care services. A person is eligible for these payments if: he applies, is a state resident (those resident less than a year get a prorated share). To prove residency a person must make a signed statement and is liable for repayment if the statement is proved false. He may also be liable for criminal penalties. The Department of Revenue is charged with administering the program. Residency is defined as intent to reside.

Tax Suspension: Beginning with Section 3, the bill suspends individual income taxes for the 1980, 81, 82, and 83 tax years. Sections 3 - 7 do the suspending. Sections 8 - 12 re-enact the current tax law as of January 1, 1984. Section 13 requires a refund of all 1980 withholding. Section 14 limits the $115 credit to actual state residents form 1975 through 1979. Section 15 is a non severability clause. Section 15 to end click in the suspension.

Introduced: 2/8/80
Referred: State Affairs and Finance

BY MILES, FREEMAN, MALONE, BEIRNE, BUCHHOLDT, MILLER AND ROGERS

IN THE HOUSE

HOUSE BILL NO. 696

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the individual tax credit allowed under the Alaska Net Income Tax Act; and providing for an effective date."

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

* Section 1. AS 43.20.015(b) is amended to read:

(b) The amount of the annual individual tax credit shall be as follows [, BUT NOT EXCEEDING THE NET TAX LIABILITY OF THE TAXPAYER AFTER DEDUCTION OF ALL OTHER APPLICABLE CREDITS]:

(1) for the first tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $100;

(2) for the second tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $200;

(3) for the third tax year beginning after December 31, 1977 that a taxpayer files an ncome tax return [AND EACH TAX YEAR THERE-AFTER] -- $300;

(4) for the fourth tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $400;

(5) for the fifth tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $500;

(6) for the sixth tax year beginning after December 31, 1977 that a taxpayer files an income tax return and for each tax year thereafter -- $600.

* Sec. 2. AS 43.20.015(c) is amended to read:

(c) For part-year residents and nonresident individual taxpayers

the credit provided in this section shall be prorated according to the number of months of residency in the state <u>and may not exceed the net income tax liability of the part-year or nonresident taxpayer after deduction of all other applicable credits</u>.

* Sec. 3. AS 43.20.015 is amended by adding a new subsection to read:

(e) If the annual credit provided by this section exceeds the net income tax liability of a resident taxpayer after the deduction of all applicable credits, the commissioner shall pay the taxpayer the amount of the credit which exceeds the net income tax liability of the taxpayer, or $200, whichever is less. To the extent allowed under federal law, a payment required by this subsection may be deferred or otherwise set aside for payment of future income taxes of the taxpayer. If a payment required by this subsection is due a taxpayer who is incarcerated for committing a crime, the payment shall be made to the Department of Health and Social Services to offset the cost of incarceration.

* Sec. 4. AS 43.20.030 is amended by adding a new subsection to read:

(f) An individual resident taxpayer who is 18 years of age or older may claim the annual credit allowed by AS 43.20.015 by filing a return even if he

(1) had no income during the tax year;

(2) does not owe income tax to the state; or

(3) is not required to file a federal income tax return.

* Sec. 5. AS 43.20.340(11) is amended to read:

(11) "taxpayer" means a person subject to a tax imposed by this chapter<u>, or an individual who is qualified to file a return under AS 43.20.030(f) to claim the annual credit granted in AS 43.20.015</u>;

* Sec. 6. AS 43.20.015(b) is amended to read:

(b) The amount of the annual individual tax credit shall be as

follows, but not exceeding the net income tax liability of the taxpayer after deduction of all other applicable credits:

(1) for the first tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $100;

(2) for the second tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $200;

(3) for the third tax year beginning after December 31, 1977 that a taxpayer files an income tax return and each tax year thereafter -- $300[;

(4) FOR THE FOURTH TAX YEAR BEGINNING AFTER DECEMBER 31, 1977 THAT A TAXPAYER FILES AN INCOME TAX RETURN -- $400;

(5) FOR THE FIFTH TAX YEAR BEGINNING AFTER DECEMBER 31, 1977 THAT A TAXPAYER FILES AN INCOME TAX RETURN -- $500;

(6) FOR THE SIXTH TAX YEAR BEGINNING AFTER DECEMBER 31, 1977 THAT A TAXPAYER FILES AN INCOME TAX RETURN AND FOR EACH TAX YEAR THEREAFTER -- $600].

* Sec. 7. AS 43.20.340(11) is amended to read:

(11) "taxpayer" means a person subject to a tax imposed by this chapter [, OR AN INDIVIDUAL WHO IS QUALIFIED TO FILE A RETURN UNDER AS 43.20.030(f) TO CLAIM THE ANNUAL CREDIT GRANTED IN AS 43.20.015];

* Sec. 8. AS 43.20.015(e) and 43.20.030(f) are repealed.

* Sec. 9. Sections 1 - 5 of this Act are retroactive to January 1, 1980, and apply to tax years beginning after December 31, 1979.

* Sec. 10. Sections 1 - 5 and 9 of this Act take effect immediately in accordance with AS 01.10.070(c).

* Sec. 11. Sections 6 - 8 of this Act take effect on January 1 of the tax year which begins after the fiscal year for which the commissioner of administration and the commissioner of revenue jointly certify that the state general fund balance available for appropriation and expenditure has fallen

below the amount estimated as sufficient to finance six months of state government operations.

Introduced: 2/8/80
Referred: State Affairs and Finance

BY MILES, FREEMAN, MALONE, BEIRNE, BUCHHOLDT, MILLER AND ROGERS

IN THE HOUSE

HOUSE BILL NO. 696

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the individual tax credit allowed under the Alaska Net Income Tax Act; and providing for an effective date."

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

* Section 1. AS 43.20.015(b) is amended to read:

(b) The amount of the annual individual tax credit shall be as follows [, BUT NOT EXCEEDING THE NET TAX LIABILITY OF THE TAXPAYER AFTER DEDUCTION OF ALL OTHER APPLICABLE CREDITS]:

(1) for the first tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $100;

(2) for the second tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $200;

(3) for the third <u>tax</u> year beginning after December 31, 1977 that a taxpayer files an income tax return [AND EACH TAX YEAR THEREAFTER] -- $300<u>;</u>

<u>(4) for the fourth tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $400;</u>

<u>(5) for the fifth tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $500;</u>

<u>(6) for the sixth tax year beginning after December 31, 1977 that a taxpayer files an income tax return and for each tax year thereafter -- $600</u>.

* Sec. 2. AS 43.20.015(c) is amended to read:

(c) For part-year residents and nonresident individual taxpayers

the credit provided in this section shall be prorated according to the number of months of residency in the state <u>and may not exceed the net income tax liability of the part-year or nonresident taxpayer after deduction of all other applicable credits</u>.

* Sec. 3. AS 43.20.015 is amended by adding a new subsection to read:

(e) If the annual credit provided by this section exceeds the net income tax liability of a resident taxpayer after the deduction of all applicable credits, the commissioner shall pay the taxpayer the amount of the credit which exceeds the net income tax liability of the taxpayer, or $200, whichever is less. To the extent allowed under federal law, a payment required by this subsection may be deferred or otherwise set aside for payment of future income taxes of the taxpayer. If a payment required by this subsection is due a taxpayer who is incarcerated for committing a crime, the payment shall be made to the Department of Health and Social Services to offset the cost of incarceration.

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(f) An individual resident taxpayer who is 18 years of age or older may claim the annual credit allowed by AS 43.20.015 by filing a return even if he

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(2) does not owe income tax to the state; or

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(11) "taxpayer" means a person subject to a tax imposed by this chapter<u>, or an individual who is qualified to file a return under AS 43.20.030(f) to claim the annual credit granted in AS 43.20.015</u>;

* Sec. 6. AS 43.20.015(b) is amended to read:

(b) The amount of the annual individual tax credit shall be as

follows, but not exceeding the net income tax liability of the taxpayer after deduction of all other applicable credits:

(1) for the first tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $100;

(2) for the second tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $200;

(3) for the third tax year beginning after December 31, 1977 that a taxpayer files an income tax return and each tax year thereafter -- $300[;

(4) FOR THE FOURTH TAX YEAR BEGINNING AFTER DECEMBER 31, 1977 THAT A TAXPAYER FILES AN INCOME TAX RETURN -- $400;

(5) FOR THE FIFTH TAX YEAR BEGINNING AFTER DECEMBER 31, 1977 THAT A TAXPAYER FILES AN INCOME TAX RETURN -- $500;

(6) FOR THE SIXTH TAX YEAR BEGINNING AFTER DECEMBER 31, 1977 THAT A TAXPAYER FILES AN INCOME TAX RETURN AND FOR EACH TAX YEAR THEREAFTER -- $600].

* Sec. 7. AS 43.20.340(11) is amended to read:

(11) "taxpayer" means a person subject to a tax imposed by this chapter [, OR AN INDIVIDUAL WHO IS QUALIFIED TO FILE A RETURN UNDER AS 43.20.030(f) TO CLAIM THE ANNUAL CREDIT GRANTED IN AS 43.20.015];

* Sec. 8. AS 43.20.015(e) and 43.20.030(f) are repealed.

* Sec. 9. Sections 1 - 5 of this Act are retroactive to January 1, 1980, and apply to tax years beginning after December 31, 1979.

* Sec. 10. Sections 1 - 5 and 9 of this Act take effect immediately in accordance with AS 01.10.070(c).

* Sec. 11. Sections 6 - 8 of this Act take effect on January 1 of the tax year which begins after the fiscal year for which the commissioner of administration and the commissioner of revenue jointly certify that the state general fund balance available for appropriation and expenditure has fallen

below the amount estimated as sufficient to finance six months of state government operations.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 696

Title An Act relating to the individual tax credit allowed under Alaska

Requested by House State Affairs & Finance Comm. ~~xx~~Date (Net Income Tax Act.

Date: 2/11/80

II. FISCAL DETAIL

Agency Affected Revenue

Program Category Affected Fiscal Services

BRU, Program, or Subprogram(s) Affected Audit Division

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached memorandum to R. D. Stevenson dated 2/11/80.

IV. DATE February 11, 1980 PREPARED BY [signature]

AGENCY Department of Revenue, Audit Division

PHONE 465-2320

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

3_ -001 (Rev. 12/79)

02-001B (Rev. 10/76)

STATE of ALASKA

MEMORANDUM

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: February 11, 1980

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: House Bill No. 696

This bill would modify the current law providing for an annual individual tax credit by adding three additional years with an increasing amount of credit of $100 per year. This credit would be partially refundable up to a maximum of $200 for residents.

It appears that there may be a constitutional problem with this bill in that a part-year or nonresident taxpayer may take the credit only up to the amount of their tax liability while a resident may claim the credit and receive a refund up to $200 in excess of their actual tax liability.

The sentence which begins in the middle of line 10, page 2 of the bill provides for a deferral of the credit payment, allowing the amount which might be refunded to be applied to future income taxes. The initial phrase of this provision states, "to the extent allowed under federal law". In light of the fact that there is no similar credit permitted under federal law, I would suggest that the phrase be eliminated and replaced with language such as, "a payment required by this subsection may be applied to the estimated tax liability of the taxpayer for the following tax year".

The potential loss of revenue which would result from enactment of this proposed legislation will be provided by the Research Section of the Department of Revenue.

The Administrative Services Division will prepare a Fiscal Note showing the administrative costs that they will incur if this legislation passed.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HB 696
Title Releating to the individual tax cretit allowed under the Alaska Net Income Tax
Requested by ______ Date 2/11/80

II. FISCAL DETAIL
Agency Affected Revenue
Program Category Affected General Government
BRU, Program, or Subprogram(s) Affected Administration & Support, Management Services
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		34.3	36.9	42.1	45.0	48.2
200 TRAVEL						
300 CONTRACTUAL		15.5	17.0	23.2	24.8	26.6
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		49.8	53.9	65.3	69.8	74.8

Data Processing Chargeback increase above continuation in FY 83.

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		49.8	53.9	65.3	69.8	74.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME		5/19mm	5/19mm	7/29mm	7/29mm	7/29mm
TEMPORARY						

2 PPT Tax Scanner positions (10mm) added in FY 83.

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The administrative complexities of Chapter 144, SLA 1978 are compounded by HB 696. This occurs because the tax years claimed for the credit are not required to be consecutive, there is no time limit on the interval between tax years when the credit is claimed and there is substantial change in taxpayer names and addresses, and in Social Security Numbers. As a result, the computer programs which compare the total years claimed on this years return to the previous years in which earlier tax credits were claimed, produce many non-matching situations. These non-matching claims must be checked out manually before final disposition of the credit can be decided. Further, each additional year adds another income tax file to the computer cross-checking routines which increases the computer systems and supporting staff costs.

ASSUMPTIONS: Over 225,000 returns are extimated to be processed for the tax year 1980. 25,000 of these are expected to be in response to the credit payment provided for in HB 696. The expanding of the credit and

IV. DATE 2/16/80 PREPARED BY P. A. WALL
AGENCY Revenue
PHONE 465-2313

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

ASSUMPTIONS (Con't):

resulting credit payments will be incorporated into the existing process. Additional data capture will occur and will be added to the existing routines.

Program Summary: A Systems Analyst is required to design the cross-checking and payment system for HB 696. It will data capture returns filed for the credit payment only and will compare all returns against prior year tax files to verify the credit and reject for manual checking those not verified. Manually verified returns must then be data captured and processed. Additional staff will process the 25,000 returns expected from those filing for the credit as well as the additional work in manual verification.

Positions: 1 PPT Systems Analyst/Programer, Range 18, 3mm at $2,361 per mo = 7.1
Position Cost: Benefits 1.1, FICA .4, Health Ins. .4 = 1.9

4 PPT Tax Scanners, Range 8, 16mm at $1,197 per mo, Shift Work = 19.2
Position Cost: Benefits 2.8, FICA 1.3, Health Ins. 2.0 = 6.1

Other Costs: 2 Data Capture Machines, 4 mos ea at 350 mo = 2.8
Warrant Stock: 25,000 at $24M .6
Postage: 25,000 at .15 cents ea 3.8
Envelopes: 25,000 at $11.54M .3
Miscellaneous: Toll Calls, Insurance, Date Processing Chargeback, (5.5), Electrical Installation = 8.0

1	POSITION TITLE Systems Analyst I	RANGE/STEP 18/A	BARG. UNIT. GG	LOCATION Juneau	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PPT / STAFF MONTHS 3 / RP No. / PCN No.	PRIORITY HB 696		FORM 12 PAGE/LINE	LEG.		

	TYPE OF EXPENDITURE		AMOUNT
3	1	2	3
4	PERSONAL SERVICES: SALARY	7.1	
5	BENEFITS	1.1	
6	FICA	.4	
7	HEALTH INS.	.4	
8	TOTAL PERSONAL SERVICES		9.0
9	TRAVEL		
10	CONTRACTUAL DP Chargeback		5.5
11	COMMODITIES		
12	EQUIPMENT		
13	OTHER		
14	TOTAL COST		14.5

	CODE	FUNDING SOURCE	
15		FED RCPTS.	
16		GF MATCH.	
17		GEN. FUND	14.5
18		I--A RCPTS.	
19		PGM RCPTS	
20		OTHER	
21	CONTINUATION		
22	ADDITION		

FOR B&M USE ONLY

4A KEY NUMBER ________ COLUMN NO. ____

JUSTIFICATION:

Required to design the computer cross-checking and credit payment system. Data required for the process will be captured and compared against prior year tax files to verify the credit and reject for manual checking those not verified. Manually verified returns must be data captured and processed. The required controls and routines for batching, warrant release and warrant redemption must be provided. Appropriate documentation of the computer processes must be prepared.

AGENCY Revenue

PROGRAM AREA General Government

BRU Administration and Support

COMPONENT Management Services

FY 81

13 REQUEST FOR NEW POSITION

Page 1 of 2

REVISED DATE ________

02-1013 (Rev. 7/79)

1	POSITION TITLE: Tax Scanners	RANGE/STEP: 8/A	BARG. UNIT.: GG	LOCATION: Juneau	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION: PPT; STAFF MONTHS: ;6; RP No.: ; PCN No.:	PRIORITY: HB 696		FORM 12 PAGE/LINE	LEG.		

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES: SALARY	19.2	
5	BENEFITS	2.8	
6	FICA	1.3	
7	HEALTH INS.	2.0	
8	TOTAL PERSONAL SERVICES		25.3
9	TRAVEL		
10	CONTRACTUAL		10.0
11	COMMODITIES		
12	EQUIPMENT		
13	OTHER		
14	TOTAL COST		35.3

	CODE	FUNDING SOURCE	
15		FED RCPTS.	
16		GF MATCH.	
17		GEN. FUND	35.3
18		I-A RCPTS.	
19		PGM RCPTS	
20		OTHER	
21	CONTINUATION		
22	ADDITION		

FOR B&M USE ONLY

4A KEY NUMBER ____________ COLUMN NO. ______

JUSTIFICATION:

Required to data capture 25,000 additional returns filed for the credit payment and to assist in the processing of the additional manually verified credit claims so that the normal tax refund process will not be slowed down. Work involves using the terminal and manual records in checking and verifying claims, batching, batch editing and correction, warrant release and control, and redeemed warrant processing.

AGENCY Revenue

PROGRAM AREA General Government

BRU Administration and Support

COMPONENT Management Services

FY 81

13 REQUEST FOR NEW POSITION.

REVISED DATE ______

02-1013 (Rev. 7/79)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HB 696
Title An Act Relating to the Individual Tax Credit
Requested by House State Affairs Committee Date

II. FISCAL DETAIL
Agency Affected
Program Category Affected
BRU, Program, or Subprogram(s) Affected
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (~~Thousands~~ Millions of Dollars)

GENERAL FUND	-0-	($25)	($27)	($46)	($66)	($68)
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The above revenue loss for FY 81 is attributable to the three tax years 1978, 1979, and 1980 combined. Since each of these years are subject to the existing Income Credits, the only fiscal impact under this bill is due to the additional credit beyond tax liability (up to $200 per taxpayer.) It is estimated that this impact will amount to $5, $9, and $11 million for the three tax years respectively and sum to the $25 million FY 1981 value.

For each of the FY 82-85 values, the previous tax year was used to calculate the impact. Starting with tax year 1981, the estimated revenue loss accounts for both the credit over and above tax liability (up to $200) and the additional $100 credit per taxpayer per year through tax year 1983. The FY 85 value is a reflection of growth over FY 84.

IV. DATE 2/13/80 PREPARED BY Bill Yankee
AGENCY Research Section
PHONE 465-2390

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

Introduced: 2/8/80
Referred: State Affairs and Finance

BY MILES, FREEMAN, MALONE, BEIRNE, BUCHHOLDT, MILLER AND ROGERS

IN THE HOUSE

HOUSE BILL NO. 696

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the individual tax credit allowed under the Alaska Net Income Tax Act; and providing for an effective date."

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

* Section 1. AS 43.20.015(b) is amended to read:

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(4) for the fourth tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $400;

(5) for the fifth tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $500;

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* Sec. 2. AS 43.20.015(c) is amended to read:

(c) For part-year residents and nonresident individual taxpayers

the credit provided in this section shall be prorated according to the number of months of residency in the state and may not exceed the net income tax liability of the part-year or nonresident taxpayer after deduction of all other applicable credits.

* Sec. 3. AS 43.20.015 is amended by adding a new subsection to read:

(e) If the annual credit provided by this section exceeds the net income tax liability of a resident taxpayer after the deduction of all applicable credits, the commissioner shall pay the taxpayer the amount of the credit which exceeds the net income tax liability of the taxpayer, or $200, whichever is less. To the extent allowed under federal law, a payment required by this subsection may be deferred or otherwise set aside for payment of future income taxes of the taxpayer. If a payment required by this subsection is due a taxpayer who is incarcerated for committing a crime, the payment shall be made to the Department of Health and Social Services to offset the cost of incarceration.

* Sec. 4. AS 43.20.030 is amended by adding a new subsection to read:

(f) An individual resident taxpayer who is 18 years of age or older may claim the annual credit allowed by AS 43.20.015 by filing a return even if he

(1) had no income during the tax year;

(2) does not owe income tax to the state; or

(3) is not required to file a federal income tax return.

* Sec. 5. AS 43.20.340(11) is amended to read:

(11) "taxpayer" means a person subject to a tax imposed by this chapter, or an individual who is qualified to file a return under AS 43.20.030(f) to claim the annual credit granted in AS 43.20.015;

* Sec. 6. AS 43.20.015(b) is amended to read:

(b) The amount of the annual individual tax credit shall be as

follows, but not exceeding the net income tax liability of the taxpayer after deduction of all other applicable credits:

(1) for the first tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $100;

(2) for the second tax year beginning after December 31, 1977 that a taxpayer files an income tax return -- $200;

(3) for the third tax year beginning after December 31, 1977 that a taxpayer files an income tax return and each tax year thereafter -- $300[;

(4) FOR THE FOURTH TAX YEAR BEGINNING AFTER DECEMBER 31, 1977 THAT A TAXPAYER FILES AN INCOME TAX RETURN -- $400;

(5) FOR THE FIFTH TAX YEAR BEGINNING AFTER DECEMBER 31, 1977 THAT A TAXPAYER FILES AN INCOME TAX RETURN -- $500;

(6) FOR THE SIXTH TAX YEAR BEGINNING AFTER DECEMBER 31, 1977 THAT A TAXPAYER FILES AN INCOME TAX RETURN AND FOR EACH TAX YEAR THEREAFTER -- $600].

* Sec. 7. AS 43.20.340(11) is amended to read:

(11) "taxpayer" means a person subject to a tax imposed by this chapter [, OR AN INDIVIDUAL WHO IS QUALIFIED TO FILE A RETURN UNDER AS 43.20.030(f) TO CLAIM THE ANNUAL CREDIT GRANTED IN AS 43.20.015];

* Sec. 8. AS 43.20.015(e) and 43.20.030(f) are repealed.

* Sec. 9. Sections 1 - 5 of this Act are retroactive to January 1, 1980, and apply to tax years beginning after December 31, 1979.

* Sec. 10. Sections 1 - 5 and 9 of this Act take effect immediately in accordance with AS 01.10.070(c).

* Sec. 11. Sections 6 - 8 of this Act take effect on January 1 of the tax year which begins after the fiscal year for which the commissioner of administration and the commissioner of revenue jointly certify that the state general fund balance available for appropriation and expenditure has fallen

below the amount estimated as sufficient to finance six months of state government operations.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CSHB 696 -- State Affairs
Title An Act suspending the individual net income tax; providing for payments to state
~~Requested by~~ residents. Date 3/6/80

II. FISCAL DETAIL
Agency Affected
Program Category Affected
BRU, Program, or Subprogram(s) Affected
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (~~Thousands~~ Millions of Dollars) calendar year

GENERAL FUND	(9.14)	(10.13)	(11.51)	(12.7)		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
The aforementioned figures are comprised of the elements indicated below

Year	Residential Fuel Expense	Conservation Capital Improvements	Political Contribution Credits	Child Care Credits
1980	7.2	.9	.676	.366
1981	7.9	.99	.390	.852
1982	8.6	1.0	.879	1.033
1983	9.3	1.1	.507	1.796

The 10% fuel credit incorporates an anticipated increase in fuel prices.

IV. DATE 3/6/80 PREPARED BY Vincent Wright VW
AGENCY Revenue
PHONE 465-2391

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

CATEGORY: GENERAL GOVERNMENT

AGENCY: REVENUE

PROGRAM: REVENUE COLLECTION AND MANAGEMENT

BRU (s): AUDIT; PETROLEUM REVENUE; ENFORCEMENT; TREASURY MANAGEMENT; ADMINISTRATION AND SUPPORT

All Department of Revenue BRU's in the Revenue Collection and Management cover program are included herein. A major emphasis on identifying the "invisible taxpayer" is planned in the FY 81 budget, primarily in the BRUs of Audit, Enforcement, and Administration and Support.

The goals of the Audit BRU are to achieve effec. /e compliance by taxpayers with the tax laws of Alaska, and to raise revenues through an effective audit program. The Revenue Audit sta.. concentrates on corporate and individual income tax, estate taxes, excise taxes, business license tax, fisheries tax, mining license tax, and the issuance of permits for games or skill or chance.

The goals of the Petroleum Revenue BRU are to administer state taxes on oil and gas production, which includes the State oil and gas property tax, oil and gas production tax and the oil and gas corporate income tax, and also to coordinate with local governments also taxing that property. The Division of Petroleum Revenue also generates revenue estimates for the State of projected oil and gas related revenues.

The goal of the Enforcement BRU is to enforce the collection of taxes from all taxpayers in a fair and equitable manner. The Division is responsible for billing and collecting all delinquent tax accounts.

The goals of the Treasury Management BRU are to manage available funds for a maximum return consistent with statutory limitations; to place general bonded debt as needed for capital projects at minimum cost to the State; and to report the management of funds in accordance with current reporting standards. The Treasury Management Division works closely with the State Bond Committee in performing these functions. Fund management is centralized for the Public Employees Retirement Fund, the Teachers Retirement Fund, and the General Fund, as well as other special funds.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
AUDIT	2461.5	2530.6	2513.1	2691.6			3223.6
PETROLEUM REVENUE	1279.6	1240.1	1187.3	1435.0			1447.2
ENFORCEMENT	1196.5	1335.4	1324.7	1217.0			1366.3
TREASURY MANAGEMENT	1232.3	1227.9	1120.3	1357.1			1436.9
OFFICE OF THE COMMISSIONER	877.3	1077.4	1054.4	757.6			964.5
ADMINISTRATIVE SERVICES	1630.0	1783.7	1746.5	1773.6			2361.4
FISH AND GAME LICENSING	572.1	580.6	531.6	259.0			298.0
** TOTAL	9249.3	9775.7	9477.9	9491.9			11097.9
** CHANGE VERSUS 80 AUTH							16.9%
OBJECT DESCRIPTION							
PERS. SERV.	6294.0	6685.5	6654.2	6784.4			7519.5
TRAVEL	336.8	333.8	316.3	315.7			419.6
CONTRACTUAL	2218.2	2320.1	2075.1	2031.5			2728.1
COMMODITIES	68.5	69.3	59.0	58.2			80.9
EQUIPMENT	23.5	58.7	65.3				37.0
LANDS/BLDGS	308.3	308.3	308.0	301.1			312.8
FUNDING SOURCE							
GENERAL FUND	8446.3	9040.7	8835.4	8956.9			10520.7
PGM RECEIPTS	308.0	240.0	217.5				
OTHER FUNDS	495.0	495.0	425.0	534.0			577.2
** GENERAL FUND CHANGE VS. 80 AUTH							17.4%
POSITIONS							
FULL-TIME	220.0	220.0	220.0	224.0			237.0
PART-TIME	8.0	8.0	8.0	8.0			21.0
TEMPORARY	14.0	14.0	14.0	13.0			
STAFF MONTHS	2715.1	2715.1	2715.1	2784.0			2944.2

(continued Analysis)

The conservation credit is projected on the basis of existing law. The historical growth rate is, of course, reflected in these figures.

The policital contribution credits are based on historical rates but vacillate from one year to the next because of the nature of the differing type elections.

The child care credits are estimated to be 60% of the category. of Other Credits as indicated by line 15C of the State DR 600 Tax forms.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CSHB 696
Title
Requested by Date

II. FISCAL DETAIL
Agency Affected Department of Revenue
Program Category Affected Revenue Collection and Management
BRU, Program, or Subprogram(s) Affected Enforcement
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		-0-	(554.0)	(554.0)	554.0	
200 TRAVEL			(20.0)	(20.0)	20.0	
300 CONTRACTUAL			(95.7)	(95.7)	95.7	
400 COMMODITIES			(4.1)	(4.1)	4.1	
500 EQUIPMENT						
600 LAND & STRUCTURES			(12.9)	(12.9)	12.9	
700 GRANTS, CLAIMS, ETC.						
TOTAL			(686.7)	(686.7)	686.7	

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		-0-	(686.7)	(686.7)	686.7	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME			(20)	(20)	20	
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See memorandum from Fred Boetsch, Director of Enforcement to Joe Donohue, Deputy Commissioner, dated March 5, 1980

Fred Boetsch

IV. DATE March 5, 1980 PREPARED BY Fred Boetsch Director of Enforcement
AGENCY Revenue
PHONE 465-2366

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

CATEGORY: GENERAL GOVERNMENT

AGENCY: REVENUE

PROGRAM: REVENUE COLLECTION AND MANAGEMENT

BRU (s): AUDIT; PETROLEUM REVENUE; ENFORCEMENT; TREASURY MANAGEMENT; ADMINISTRATION AND SUPPORT

All Department of Revenue BRU's in the Revenue Collection and Management cover program are included herein. A major emphasis on identifying the "invisible taxpayer" is planned in the FY 81 budget, primarily in the BRUs of Audit, Enforcement, and Administration and Support.

The goals of the Audit BRU are to achieve effective compliance by taxpayers with the tax laws of Alaska, and to raise revenues through an effective audit program. The Revenue Audit staff concentrates on corporate and individual income tax, estate taxes, excise taxes, business license tax, fisheries tax, mining license tax, and the issuance of permits for games or skill or chance.

The goals of the Petroleum Revenue BRU are to administer state taxes on oil and gas production, which includes the State oil and gas property tax, oil and gas production tax and the oil and gas corporate income tax, and also to coordinate with local governments also taxing that property. The Division of Petroleum Revenue also generates revenue estimates for the State of projected oil and gas related revenues.

The goal of the Enforcement BRU is to enforce the collection of taxes from all taxpayers in a fair and equitable manner. The Division is responsible for billing and collecting all delinquent tax accounts.

The goals of the Treasury Management BRU are to manage available funds for a maximum return consistent with statutory limitations; to place general bonded debt as needed for capital projects at minimum cost to the State; and to report the management of funds in accordance with current reporting standards. The Treasury Management Division works closely with the State Bond Committee in performing these functions. Fund management is centralized for the Public Employees Retirement Fund, the Teachers Retirement Fund, and the General Fund, as well as other special funds.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
AUDIT	2461.5	2530.6	2513.1	2691.6			3223.6
PETROLEUM REVENUE	1279.6	1240.1	1187.3	1435.0			1447.2
ENFORCEMENT	1196.5	1335.4	1324.7	1217.0			1366.3
TREASURY MANAGEMENT	1232.3	1227.9	1120.3	1357.1			1436.9
OFFICE OF THE COMMISSIONER	877.3	1077.4	1054.4	757.6			964.5
ADMINISTRATIVE SERVICES	1630.0	1783.7	1746.5	1773.6			2361.4
FISH AND GAME LICENSING	572.1	580.6	531.6	259.0			298.0
** TOTAL	9249.3	9775.7	9477.9	9490.9			11097.9
** CHANGE VERSUS 80 AUTH							16.9%
OBJECT DESCRIPTION							
PERS. SERV.	6294.0	6685.5	6654.2	6784.4			7519.5
TRAVEL	336.8	333.8	316.3	315.7			419.6
CONTRACTUAL	2218.2	2320.1	2075.1	2031.5			2728.1
COMMODITIES	68.5	69.3	59.0	58.2			80.9
EQUIPMENT	23.5	58.7	65.3				37.0
LANDS/BLDGS	308.3	308.3	308.0	301.1			312.8
FUNDING SOURCE							
GENERAL FUND	8446.3	9040.7	8835.4	8956.9			10520.7
PGM RECEIPTS	308.0	240.0	217.5				
OTHER FUNDS	495.0	495.0	425.0	534.0			577.2
** GENERAL FUND CHANGE VS. 80 AUTH							17.4%
POSITION							
FULL-TIME	220.0	220.0	220.0	224.0			237.0
PART-TIME	8.0	8.0	8.0	8.0			21.0
TEMPORARY	14.0	14.0	14.0	13.0			
STAFF MONTHS	2715.1	2715.1	2715.1	2784.0			2944.2

02-001B (Rev. 10/76)

STATE
of ALASKA

MEMORANDUM

TO: Joe Donohue
Deputy Commissioner
Department of Revenue

DATE: March 5, 1980

FILE NO:

TELEPHONE NO:

FROM: Fred Boetsch, Director
Enforcement Division

SUBJECT: Fiscal Note CSHB 696

There are two duties imposed on the Enforcement Division by this bill. They are so distinct and different that I am preparing separate fiscal notes, each discussing the impact of different provisions of the bill.

Section 7 of the bill suspends the individual income tax act beginning January 1, 1980. The impact on the Enforcement Division would to cause a reduction in workload and a subsequent reduction in staff. Since taxes would still be due for 1979 and previous years, it is estimated that a substantial reduction in staff would not be possible until fiscal year 1982. By that time the warrant workload should be down to the point where, for all practical purposes, we could say that individual income tax accounts receivable no longer required an enforcement effort. We would then be able to concentrate more efforts on excise taxes, fish processors tax and others.

In addition, we would take the opportunity of the hiatus to analyze our data processing and manual procedures, develop a comprehensive procedures' manual, and revise the tax statutes and regulations. This would be an excellent oppor unity to renovate the law and our administration of it.

We would eliminate 20 positions for FY 82 and FY 83 for a total savings of about $686,700 in FY 81 Budget terms. The Fairbanks and Ketchikan Field Offices would be closed, and their workload would be transferred to Anchorage and Juneau respectively. We would eliminate 2 Field Office Manager positions, 5 Revenue Enforcement Officers, 9 Tax Collection Specialists, 2 Clerk Typists, and 2 Accounting Clerks. The breakdown in FY 81 Budget terms is as follows:

Personal Services	$554,000
Travel	20,000
Contractual Services	95,700
Commodities	4,100
ASHA Payments	12,900
	$686,700

This reduction would prevail for FY 82 and FY 83. In FY 84, we would begin building up of the staff in anticipation of reinstating the individual income tax. At present, we estimate that a return to our current staff level would be necessary.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CSHB 696
Title
Requested by ______ Date ______

II. FISCAL DETAIL
Agency Affected Department of Revenue
Program Category Affected Revenue Collection and Management
BRU, Program, or Subprogram(s) Affected Enforcement Division
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		415.6	444.7	475.8	509.1	544.8
200 TRAVEL		138.0	147.7	158.0	169.1	180.9
300 CONTRACTUAL		41.0	43.9	46.9	50.2	53.7
400 COMMODITIES		8.5	9.1	9.7	10.4	11.1
500 EQUIPMENT		17.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		12.0	12.8	13.7	14.7	15.7
700 GRANTS, CLAIMS, ETC.						
TOTAL		632.1	658.2	704.1	753.5	806.2

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		632.1	658.2	704.1	753.5	806.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		17	17	17	17	17
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See memorandum from Fred Boetsch, Director, Enforcement Division, to Joe Donohue, Deputy Commissioner dated March 5, 1980.

Fred Boetsch

IV. DATE 3/5/80 PREPARED BY Fred Boetsch, Director of Enforcement
AGENCY Revenue
PHONE 465-2366

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

CATEGORY: GENERAL GOVERNMENT **AGENCY:** REVENUE

PROGRAM: REVENUE COLLECTION AND MANAGEMENT **BRU(s):** AUDIT; PETROLEUM REVENUE; ENFORCEMENT; TREASURY MANAGEMENT; ADMINISTRATION AND SUPPORT

All Department of Revenue BRU's in the Revenue Collection and Management cover program are included herein. A major emphasis on identifying the "invisible taxpayer" is planned in the FY 81 budget, primarily in the BRUs of Audit, Enforcement, and Administration and Support.

The goals of the Audit BRU are to achieve effective compliance by taxpayers with the tax laws of Alaska, and to raise revenues through an effective audit program. The Revenue Audit staff concentrates on corporate and individual income tax, estate taxes, excise taxes, business license tax, fisheries tax, mining license tax, and the issuance of permits for games or skill or chance.

The goals of the Petroleum Revenue BRU are to administer state taxes on oil and gas production, which includes the State oil and gas property tax, oil and gas production tax and the oil and gas corporate income tax, and also to coordinate with local governments also taxing that property. The Division of Petroleum Revenue also generates revenue estimates for the State of projected oil and gas related revenues.

The goal of the Enforcement BRU is to enforce the collection of taxes from all taxpayers in a fair and equitable manner. The Division is responsible for billing and collecting all delinquent tax accounts.

The goals of the Treasury Management BRU are to manage available funds for a maximum return consistent with statutory limitations; to place general bonded debt as needed for capital projects at minimum cost to the State; and to report the management of funds in accordance with current reporting standards. The Treasury Management Division works closely with the State Bond Committee in performing these functions. Fund management is centralized for the Public Employees Retirement Fund, the Teachers Retirement Fund, and the General Fund, as well as other special funds.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
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ADMINISTRATIVE SERVICES	1630.0	1783.7	1746.5	1773.6			2361.4
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** TOTAL	9249.3	9775.7	9477.9	9490.9			11097.9
** CHANGE VERSUS 80 AUTH							16.9%
OBJECT DESCRIPTION							
PERS. SERV.	6294.0	6685.5	6654.2	6784.4			7519.5
TRAVEL	336.8	333.8	316.3	315.7			419.6
CONTRACTUAL	2218.2	2320.1	2075.1	2031.5			2728.1
COMMODITIES	68.5	69.3	59.0	58.2			80.9
EQUIPMENT	23.5	58.7	65.3				37.0
LANDS/BLDGS	308.3	308.3	308.0	301.1			312.8
FUNDING SOURCE							
GENERAL FUND	8446.3	9040.7	8835.4	8956.9			10520.7
PGM RECEIPTS	308.0	240.0	217.5				
OTHER FUNDS	495.0	495.0	425.0	534.0			577.2
** GENERAL FUND CHANGE VS. 80 AUTH							17.4%
POSITIONS							
FULL-TIME	220.0	220.0	220.0	224.0			237.0
PART-TIME	8.0	8.0	8.0	8.0			21.0
TEMPORARY	14.0	14.0	14.0	13.0			
STAFF MONTHS	2715.1	2715.1	2715.1	2784.0			2944.2

MEMORANDUM State of Alaska

TO: Joe Donohue
Deputy Commissioner
Department of Revenue

DATE: March 5, 1980

FILE NO:

TELEPHONE NO:

FROM: Fred Boetsch, Director
Enforcement Division

SUBJECT: Fiscal Note CSHB 696

There are two duties imposed on the Enforcement Division by this bill. They are so distinct and different that I am preparing separate fiscal notes, each discussing the impact of different provisions of the bill.

The first impact on Enforcement comes in Section 2 which amends AS 43 by adding Chapter 23, titled, "distribution of revenue to state residents." The Enforcement Division will become involved in administration of this section under 43.23.020 and 43.23.040. The duties imposed on us under 43.23.020 to verify eligibility and to collect an erroneous payment made to an individual under 43.23.020 involve the employment of two Revenue Enforcement Officers, three Tax Collection Specialists, and two Clerk Typist III's. They will need two additional CRT units for file look-up and about $6,000 in travel.

A duty is also imposed on us under 43.23.040(4) to assist rural residents to make application for the payment provided under this chapter. Our required effort would depend to a large extent on the effectiveness of a media campaign to notify people of the program and on the cooperation of the various native corporations to identify for us their constituencies living in rural areas. It appears that four teams, each consisting of a two Tax Collection Specialists supervised by a Revenue Enforcement Officer, could cover a sufficient territory in the State to make contact with 1/3 of the villages each year. This program would involve extensive travel of these teams and would also include the chartering of private aircraft. The travel budget assumes that these people will be on the road 150 days a year with an average per diem of $60/day plus their travel. Estimated travel expense would be $60,000 plus per diem expenses of $72,000 for total travel budget of $132,000.

A summary of the staff required follows:

Personal Services:

3	Revenue Enforcement Officer	$ 94,400
11	Tax Collection Specialists	246,400
4	Clerk-Typist III's	74,800
17	TOTAL PERSONAL SERVICES	$415,600

Travel:

Village Assistance	$132,000
Eligibility Enforcement	6,000
TOTAL TRAVEL	$138,000

Contractual	$ 41,000
Commodities	8,500
Equipment	17,000
Buildings	12,000
TOTAL, Sec. 2 budget, FY 81	$632,100

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CSHB 696
Title Suspending the Individual Net Income Tax; Prviding for Payments to State Residents
Requested by House State Affairs Date 3-4-80

II. FISCAL DETAIL
Agency Affected Revenue
Program Category Affected General Government
BRU, Program, or Subprogram(s) Affected Administration & Support, Management Services
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		314.2	319.0	341.3	122.0	
200 TRAVEL						
300 CONTRACTUAL		393.9	215.0	230.0	123.1	
400 COMMODITIES		5.0	2.7	2.9	1.6	
500 EQUIPMENT						
600 LAND & STRUCTURES		45.0	48.1	51.5	27.5	
700 GRANTS, CLAIMS, ETC.						
TOTAL		758.1	584.0	625.7	274.2	

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		758.1	584.0	625.7	274.2	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		11/66mm	11/132mm	11/132mm	11/66mm	
PART TIME		27/92mm	5/25mm	5/25mm	5/25mm	
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Three separate procedures will operate in FY 81: (1) FY 80 withheld tax will be refunded and the cost of doing it is contained in our FY 81 Budget Request; (2) the first residency payments for the period 1/1/75 - 12/31/79 must be made by 10/15/80; and (3) the system to make residency payments for the period 1/1/75 - 12/31/80 must be in place with payments being made.

This fiscal note contains a one-time cost of $341.0, including 22 PPT positions and 67 man months to process the estimated 300,000 payments for the period 1/1/75 - 12/31/79.

This fiscal note also contains the on-going costs of producing payments each year. The FY 81 personnel costs are for six months.

IV. DATE March 6, 1980 PREPARED BY P. A. Wall
AGENCY Revenue
PHONE 465-2313

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

CATEGORY: GENERAL GOVERNMENT **AGENCY:** REVENUE

PROGRAM: REVENUE COLLECTION AND MANAGEMENT **BRU (s):** AUDIT; PETROLEUM REVENUE; ENFORCEMENT; TREASURY MANAGEMENT; ADMINISTRATION AND SUPPORT

All Department of Revenue BRU's in the Revenue Collection and Management cover program are included herein. A major emphasis on identifying the "invisible taxpayer" is planned in the FY 81 budget, primarily in the BRUs of Audit, Enforcement, and Administration and Support.

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The goals of the Petroleum Revenue BRU are to administer state taxes on oil and gas production, which includes the State oil and gas property tax, oil and gas production tax and the oil and gas corporate income tax, and also to coordinate with local governments also taxing that property. The Division of Petroleum Revenue also generates revenue estimates for the State of projected oil and gas related revenues.

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The goals of the Treasury Management BRU are to manage available funds for a maximum return consistent with statutory limitations; to place general bonded debt as needed for capital projects at minimum cost to the State; and to report the management of funds in accordance with current reporting standards. The Treasury Management Division works closely with the State Bond Committee in performing these functions. Fund management is centralized for the Public Employees Retirement Fund, the Teachers Retirement Fund, and the General Fund, as well as other special funds.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
AUDIT	2461.5	2530.6	2513.1	2691.6			3223.6
PETROLEUM REVENUE	1279.6	1240.1	1187.3	1435.0			1447.2
ENFORCEMENT	1196.5	1335.4	1324.7	1217.0			1366.3
TREASURY MANAGEMENT	1232.3	1227.9	1120.3	1357.1			1436.9
OFFICE OF THE COMMISSIONER	877.3	1077.4	1054.4	757.6			964.5
ADMINISTRATIVE SERVICES	1630.0	1783.7	1746.5	1773.6			2361.4
FISH AND GAME LICENSING	572.1	580.6	531.6	259.0			298.0
** TOTAL	9249.3	9775.7	9477.9	9490.9			11097.9
** CHANGE VERSUS 80 AUTH							16.9%
OBJECT DESCRIPTION							
PERS. SERV.	6294.0	6685.5	6654.2	6784.4			7519.5
TRAVEL	336.8	333.8	316.3	315.7			419.6
CONTRACTUAL	2218.2	2320.1	2075.1	2031.5			2728.1
COMMODITIES	68.5	69.3	59.0	58.2			80.9
EQUIPMENT	23.5	58.7	65.3				37.0
LANDS/BLDGS	308.3	308.3	308.0	301.1			312.8
FUNDING SOURCE							
GENERAL FUND	8446.3	9040.7	8835.4	8956.9			10520.7
PGM RECEIPTS	308.0	240.0	217.5				
OTHER FUNDS	495.0	495.0	425.0	534.0			577.2
** GENERAL FUND CHANGE VS. 80 AUTH							17.4%
POSITIONS							
FULL-TIME	220.0	220.0	220.0	224.0			237.0
PART-TIME	8.0	8.0	8.0	8.0			21.0
TEMPORARY	14.0	14.0	14.0	13.0			
STAFF MONTHS	2715.1	2715.1	2715.1	2784.0			2944.2

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CSHB 696
Title Suspending the Individual Net Income Tax; Providing for Payments to State Residents
Requested by House State Affairs Date 3-4-80

II. FISCAL DETAIL
Agency Affected Revenue
Program Category Affected General Government
BRU, Program, or Subprogram(s) Affected Administration & Support, Management Services
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		(112.2)	(448.9)	(448.9)	(448.9)	
200 TRAVEL						
300 CONTRACTUAL		(155.0)	(225.0)	(225.0)	(225.0)	
400 COMMODITIES		(2.0)	(2.0)	(2.0)	(2.0)	
500 EQUIPMENT						
600 LAND & STRUCTURES		(59.0)	(59.0)	(59.0)	(59.0)	
700 GRANTS, CLAIMS, ETC.						
TOTAL		(288.2)	(734.0)	(734.0)	(734.0)	Ø

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		(288.2)	(734.0)	(734.0)	(734.0)	Ø
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		14/42mm	14/168mm	14/168mm	14/168mm	Ø
PART TIME		9/10mm	9/38mm	9/38mm	9/38mm	Ø
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Suspension of the Alaska Net Income Tax would reduce the number of Administrative Services' positions from 63 to 37. The PFT positions would reduce from 46 to 32. The 14 PPT positions would reduce to 5 and the three CETA positions would be deleted. Administrative Services would continue to serve about 290 employees. Processing work would include individual returns and receipts to tax years 1979 and prior, and other on-going tax and license programs. The audit and compliance effort continued by the Department on individual tax obligations prior to 1980 would be supported.

Suspension of school tax (AS 43.45) must also occur to realize this savings.

IV. DATE March 6, 1980 PREPARED BY P. A. Wall
AGENCY Revenue
PHONE 465-2313

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

CATEGORY: GENERAL GOVERNMENT

AGENCY: REVENUE

PROGRAM: REVENUE COLLECTION AND MANAGEMENT

BRU (s): AUDIT; PETROLEUM REVENUE; ENFORCEMENT; TREASURY MANAGEMENT; ADMINISTRATION AND SUPPORT

All Department of Revenue BRU's in the Revenue Collection and Management cover program are included herein. A major emphasis on identifying the "invisible taxpayer" is planned in the FY 81 budget, primarily in the BRUs of Audit, Enforcement, and Administration and Support.

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The goals of the Treasury Management BRU are to manage available funds for a maximum return consistent with statutory limitations; to place general bonded debt as needed for capital projects at minimum cost to the State; and to report the management of funds in accordance with current reporting standards. The Treas ry Management Division works closely with the State Bond Committee in performing these functions. Fund management is centralized for the Public Employees Retirement Fund, the Teachers Retirement Fund, and the General Fund, as well as other special funds.

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TRAVEL	336.8	333.8	316.3	315.7			419.6
CONTRACTUAL	2218.2	2320.1	2075.1	2031.5			2728.1
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FUNDING SOURCE							
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POSITIONS							
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TEMPORARY	14.0	14.0	14.0	13.0			
STAFF MONTHS	2715.1	2715.1	2715.1	2784.0			2944.2

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CSHB 696 -- State Affairs
Title An Act suspending the individual net income tax; providing for payment
~~Requested by~~ to state residents. Date 3/6/80

II. FISCAL DETAIL
Agency Affected
Program Category Affected
BRU, Program, or Subprogram(s) Affected
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (~~Thousands~~ Millions of Dollars) calendar year

GENERAL FUND	(140)	(174.2)	(232.2)	(297.8)		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This revenue impact reflects the suspension of the tax laws listed in section 7 of the bill. The aforementioned figures were generated by the Department's econometric forecasting model. The figures reflect anticipated employment, wages, and price changes in the economy on a tax year basis.

IV. DATE 3/6/80 PREPARED BY Vincent Wright VW
AGENCY Revenue
PHONE 465-2391

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

CATEGORY: GENERAL GOVERNMENT **AGENCY:** REVENUE

PROGRAM: REVENUE COLLECTION AND MANAGEMENT **BRU (s):** AUDIT; PETROLEUM REVENUE; ENFORCEMENT; TREASURY MANAGEMENT; ADMINISTRATION AND SUPPORT

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ELEVENTH LEGISLATURE

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Title An Act suspending the individual net income tax providng for ~~XXXXXXXX~~ payments to state residents. Date 3/6/80

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BRU, Program. or Subprogram(s) Affected

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100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (~~Thousands~~ Millions of Dollars)

GENERAL FUND	(213.4)	(217.7)	(222.1)	(226.5)		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The aforemention figures are based on a Ditman survey of individuals in Alaska regarding their length of residency. The numbers in later years are increased at 2% to reflect population growth.

IV. DATE 3/6/80

PREPARED BY Vincent Wright

AGENCY Revenue

PHONE 465-2391

Original: Legislative Finance

cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)