

LEG. FINANCE - BILLS 1979 - 1980 1274

CSSB 122 thru SB 122 1274



# RECORDS CERTIFICATION



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James O. Smith  
Signature of Camera Operator

3/23/90  
Date

(11)

# COMMITTEE REPORT

## HOUSE

2/27/80

FURTHER:

Date: March 17, 1980

Mr. Speaker:

The Committee on FINANCE has had CSSB 122(Rules)

"An Act providing for a general tax refund under the Alaska Net Income Tax Act and relating to the use of income from the Alaska permanent fund for the general tax refund and permanent fund dividend; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with <sup>House</sup> CS for SB 122  same title  
 new title
- and recommends that it do pass
- AND attaches a "Letter of Intent"  New Fiscal Note  
To Follow
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Murphy  
Green  
Smith  
Rogers  
Greenman  
(Signature)  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

A Smith No Rec  
Zaugen no Rec  
Montgomery No Rec  
McKusick No Rec  
 \_\_\_\_\_  
 \_\_\_\_\_

Murphy  
 \_\_\_\_\_  
 CHAIRMAN

Original sponsor: Sumner

1 IN THE SENATE

BY THE FINANCE COMMITTEE

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HOUSE CS FOR CS FOR SENATE BILL NO. 122

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act suspending the Alaska net income tax on indi-

7

viduals for four tax years; providing for payments to

8

state residents; and providing for an effective date."

9

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

10

\* Section 1. POLICY, PURPOSES AND FINDINGS. (a) It is the duty and

11

policy of the state with respect to the natural resources belonging to it and

12

the income derived from those natural resources to provide for their use

13

development, and conservation for the maximum benefit of the people of the

14

state.

15

(b) The purposes of this Act are

16

(1) to provide a mechanism for equitable distribution to the

17

people of Alaska of at least a portion of the state's energy wealth derived

18

from the development and production of the natural resources belonging to

19

them as Alaskans;

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(2) to encourage persons to maintain their residence in Alaska and

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to reduce population turnover in the state; and

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(3) to encourage increased awareness and involvement by the resi-

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dents of the state in the management and expenditure of state revenues de-

24

rived from natural resources development and production.

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(c) The legislature finds that the demands on and cost of state govern-

26

ment have increased over the past few years at an excessive rate and that

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this increase has been permitted to occur, at least in part, by a feeling on

28

the part of many residents of the state that because such a high proportion

29

of the state's revenue comes from royalties and bonuses under mineral leases

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

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

10 (e) The legislature also finds that there exists in the state a serious  
11 problem of population turnover. A substantial portion of the state's popu-  
12 lation is comprised of individuals who reside in Alaska for only a relatively  
13 short time. This constant turnover in population leads to political, eco-  
14 nomic, and social instability and is harmful to the state. It is in the  
15 public interest for the state to promote a stable resident population by  
16 providing an incentive to encourage Alaskans to maintain their residency in  
17 the state.

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

19 CHAPTER 23. DISTRIBUTION OF REVENUE TO STATE RESIDENTS.

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

23 (1) \$500 if the individual is a state resident during the  
24 entire year for which a residency payment is claimed;

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

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

29 (4) 10 percent of the expenses for residential fuel con-

1        servation capital improvements paid by the individual during the year  
2        not to exceed \$200; and

3                (5) 16 percent of the tax credit claimed by the individual on  
4        his federal income tax return for household and dependent care services  
5        necessary for his gainful employment.

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

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

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

10                (c) If an individual is a state resident for less than 12 months  
11        during a year, the portion of the residency payment determined under  
12        (a)(3) - (5) of this section shall be prorated according to the number  
13        of months during the year that the individual was a state resident.

14                (d) If two individuals share the same residence, only one of those  
15        individuals may claim that portion of the residency payment determined  
16        under (a)(3) and (4) of this section.

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

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

25                Sec. 43.23.020. PROOF OF ELIGIBILITY. (a) An individual who  
26        applies for a residency payment shall make and submit a statement of  
27        eligibility which must be verified by him under penalty of perjury. The  
28        commissioner may require an individual to provide additional proof of  
29        eligibility including one or more affidavits from persons having per-

1 sonal knowledge concerning the individual's eligibility.

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

5 Under penalty of perjury, I certify that I am a state resident on  
6 the date of this application and I have been a state resident for  
7 at least one year and that I understand that my claim for a resi-  
8 dency payment is determined by the length of my residence in the  
9 state. I also understand that if I am convicted of falsely claim-  
10 ing a residency payment I will forfeit all residency payments and  
11 that I must repay all residency payments which have been paid to  
12 me. I understand that this penalty is in addition to any criminal  
13 penalties imposed.

14  
15 \_\_\_\_\_  
(signature of individual)

16 Sec. 43.23.030. PENALTIES AND ENFORCEMENT. (a) In addition to  
17 any criminal penalties imposed by state law, if an individual is con-  
18 victed of perjury or unsworn falsification for a statement made in a  
19 certification of residency, and the conviction is not reversed, that  
20 individual is not, and may never become, eligible for a residency pay-  
21 ment, and he forfeits all residency payments paid to him.

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

26 Sec. 43.23.040. APPROPRIATIONS FOR RESIDENCY PAYMENTS. The legis-  
27 lature shall appropriate at least 50 percent of the annual income of the  
28 Alaska permanent fund for residency payments under AS 43.23.010. If 50  
29 percent of the annual income of the Alaska permanent fund is not suffi-

1       cient to pay all residency payments due in a year, the legislature shall  
2 appropriate the additional amount needed from the general fund.

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

4               (1) by the 10th day of each regular legislative session,  
5 present a request to the legislature for appropriations for the resi-  
6 dency payments required by AS 43.23.010;

7               (2) make the residency payments required by AS 43.23.010 from  
8 the annual appropriations for that purpose;

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

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

18           Sec. 43.23.060. DEFINITIONS. In this chapter,

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

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

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

23               (4) "expenses for fuel conservation improvements" means

24                   (A) the cost of additional insulation or insulating  
25 material installed in the principal residence of the individual if  
26 the residence was in existence on June 5, 1980;

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

29                   (C) the cost of labor for the installation of the ma-

1 materials set out in (A) and (B) of this subsection; and

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

6 (5) "individual" means a natural person;

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

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

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

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

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

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

1 (B) postsecondary education,

2 (C) military service,

3 (D) medical treatment,

4 (E) service in Congress, or

5 (F) other reasons which the commissioner may establish

6 by regulation under the Administrative Procedure Act (AS 44.62);

7 (9) "year" means a calendar year.

8 \* Sec. 3. It is the intention of the legislature to suspend the levy and  
9 collection of the net income tax on individuals for a four-year period be-  
10 ginning January 1, 1980.

11 \* Sec. 4. AS 43.20.011(a) - (d) and 43.20.170 are suspended.

12 \* Sec. 5. Before April 15, 1981, the Department of Revenue shall refund  
13 to the employee or other taxpayer all money received by the department which  
14 was withheld during tax year 1980 from the wages or salaries of the employee  
15 by an employer or which was received by the department as estimated income  
16 tax payments under AS 43.20 for tax year 1980.

17 \* Sec. 6. Sections 3 - 5 of this Act are retroactive to January 1, 1980  
18 and apply to tax years beginning after December 31, 1979.

19 \* Sec. 7. AS 43.20.011(a) and 43.20.170 are reinstated and the net income  
20 tax on individuals levied in AS 43.20.011(a) - (d) is imposed as of January 1,  
21 1984.

22 \* Sec. 8. Sections 3 - 6 of this Act are repealed on January 1, 1984.

23 \* Sec. 9. The Department of Revenue shall refund all money received from  
24 individuals in payment of the 1979 Alaska net income tax levied under AS 43.-  
25 20.011(a) - (d).

26 \* Sec. 10. The Department of Revenue shall prescribe and distribute forms  
27 to the public so that the residency payment for 1979 will be paid before  
28 October 15, 1980.

29 \* Sec. 11. If any provision enacted in sec. 2 of this Act is held to be

1 invalid by the final judgment, decision or order of a court of competent  
2 jurisdiction, then that provision is nonseverable, and all provisions enacted  
3 in sec. 2 of this Act are invalid and of no force or effect.

4 \* Sec. 12. This Act terminates on the effective date of an Act which  
5 repeals AS 43.20.011(a) - (d).

6 \* Sec. 13. Sections 1 and 2 of this Act are retroactive to January 1,  
7 1979.

8 \* Sec. 14. This Act takes effect immediately in accordance with AS 01.10.-  
9 070(c).

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WO 7388 (#3)  
Baldwin

Original sponsors: Miles, Freeman,  
Malone, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 *H* *SB 122* CS FOR ~~HOUSE BILL NO. 696 (Finance)~~

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act suspending the Alaska net income tax on indi-  
7 viduals for four tax years; providing for payments to  
8 state residents; and providing for an effective date."

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

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

15 (b) The purposes of this Act are

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

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

22 (3) to encourage increased awareness and involvement by the resi-  
23 dents of the state in the management and expenditure of state revenues de-  
24 rived from natural resources development and production.

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

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

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

10 (e) The legislature also finds that there exists in the state a serious  
11 problem of population turnover. A substantial portion of the state's popu-  
12 lation is comprised of individuals who reside in Alaska for only a relatively  
13 short time. This constant turnover in population leads to political, eco-  
14 nomic, and social instability and is harmful to the state. It is in the  
15 public interest for the state to promote a stable resident population by  
16 providing an incentive to encourage Alaskans to maintain their residency in  
17 the state.

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

19 CHAPTER 23. DISTRIBUTION OF REVENUE TO STATE RESIDENTS.

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

23 (1) \$500 if the individual has been a state resident during  
24 the entire year for which a residency payment is claimed;

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

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

29 (4) 10 percent of the expenses for residential fuel con-

1        servation capital improvements paid by the individual during the year  
2        not to exceed \$200; and

3                (5) 16 percent of the tax credit claimed by the individual on  
4        his federal income tax return for household and dependent care services  
5        necessary for his gainful employment.

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

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

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

10                (c) If an individual is a state resident for less than 12 months  
11        during a year, the portion of the residency payment determined under  
12        (a)(3) - (5) of this section shall be prorated according to the number  
13        of months during the year that the individual was a state resident.

14                (d) If two individuals share the same residence, only one of those  
15        individuals may claim that portion of the residency payment determined  
16        under (a)(3) and (4) of this section.

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

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

25                Sec. 43.23.020. PROOF OF ELIGIBILITY. (a) An individual who  
26        applies for a residency payment shall make and submit a statement of  
27        eligibility which must be verified by him under penalty of perjury. The  
28        commissioner may require an individual to provide additional proof of  
29        eligibility including one or more affidavits from persons having per-

1 sonal knowledge concerning the individual's eligibility.

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

5 Under penalty of perjury, I certify that I am a state resident on  
6 the date of this application and I have been a state resident for  
7 at least one year and that I understand that my claim for a resi-  
8 dency payment is determined by the length of my residence in the  
9 state. I also understand that if I am convicted of falsely  
10 claiming a residency payment I will forfeit all residency payments  
11 and that I must repay all residency payments which have been paid  
12 to me. I understand that this penalty is in addition to any cri-  
13 minal penalties imposed.

14 \_\_\_\_\_  
15 (signature of individual)

16 Sec. 43.23.030. PENALTIES AND ENFORCEMENT. (a) In addition to  
17 any criminal penalties imposed by state law, if an individual is con-  
18 victed of perjury or unsworn falsification for a statement made in a  
19 certification of residency, and the conviction is not reversed, that  
20 individual is not, and may never become, eligible for a residency pay-  
21 ment, and he forfeits all residency payments paid to him.

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

26 Sec. 43.23.040. APPROPRIATIONS OF PERMANENT FUND INCOME. The  
27 legislature shall appropriate at least 50 percent of the annual income  
28 of the Alaska permanent fund for residency payments under AS 43.23.010.  
29 If 50 percent of the annual income of the Alaska permanent fund is not

1 sufficient to pay all residency payments due in a year, the legislature  
2 shall appropriate the additional amount needed from the general fund.

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

4 (1) by the 10th day of each regular legislative session,  
5 present a request to the legislature for an appropriation for the resi-  
6 dency payments required by AS 43.23.010;

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

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

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

18 Sec. 43.23.060. DEFINITIONS. In this chapter,

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

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

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

23 (4) "expenses for fuel conservation improvements" means

24 (A) the cost of additional insulation or insulating  
25 material installed in the principal residence of the individual if  
26 the residence was in existence on June 5, <sup>1980</sup>1977;

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

29 (C) the cost of labor for the installation of the ma-

1 materials set out in (A) and (B) of this subsection; and

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

6 (5) "individual" means a natural person;

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

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

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

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

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

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

1 (B) postsecondary education,

2 (C) military service,

3 (D) medical treatment,

4 (E) service in Congress, or

5 (F) other reasons which the commissioner may establish

6 by regulation under the Administrative Procedure Act (AS 44.62);

7 (9) "year" means a calendar year.

8 \* Sec. 3. It is the intention of the legislature to suspend the levy and  
9 collection of the net income tax on individuals for a four-year period be-  
10 ginning January 1, 1980.

11 \* Sec. 4. AS 43.20.011(a) - (d) and 43.20.170 are suspended.

12 \* Sec. 5. Before April 15, 1981, the Department of Revenue shall refund  
13 to the employee or other taxpayer all money received by the department which  
14 was withheld during tax year 1980 from the wages or salaries of the employee  
15 by an employer or which was received by the department as estimated income  
16 tax payments under AS 43.20 for tax year 1980.

17 \* Sec. 6. Sections 3 - 5 of this Act are retroactive to January 1, 1980  
18 and apply to tax years beginning after December 31, 1979.

19 \* Sec. 7. AS 43.20.011(a) and 43.20.170 are reinstated and the net income  
20 tax on individuals levied in AS 43.20.011(a) - (d) is imposed as of  
21 January 1, 1984.

22 \* Sec. 8. Sections 3 - 6 of this Act are repealed on January 1, 1984.

23 \* Sec. 9. The Department of Revenue shall refund all money received from  
24 individuals in payment of the 1979 Alaska net income tax levied under  
25 AS 43.20.011(a) - (d).

26 \* Sec. 10. (AS 43.23.010(a)(2) - (5) enacted in sec. 2 of this Act do not  
27 apply to claims for a residency payment for the year ending December 31,  
28 1979. For that year only, an eligible state resident may receive a residency  
29 payment equal to \$500.) The Department of Revenue shall prescribe and dis-

1 tribute forms to the public so that the residency payment for 1979 will be  
2 paid before October 15, 1980.

3 \* Sec. 11. If any provision enacted in sec. 2 of this Act is held to be  
4 invalid by the final judgment, decision or order of a court of competent  
5 jurisdiction, then that provision is nonseverable, and all provisions enacted  
6 in sec. 2 of this Act are invalid and of no force or effect.

7 \* Sec. 12. This Act terminates on the effective date of an Act which  
8 repeals AS 43.20.011(a) - (d).

9 \* Sec. 13. Sections 1 and 2 of this Act are retroactive to January 1,  
10 1979.

11 \* Sec. 14. This Act takes effect immediately in accordance with AS 01.10.  
12 070(c).

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# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

April 15, 1980

The Honorable Clem Tillion, Co-Chairman  
The Honorable Joe McKinnon, Co-Chairman  
Free Conference Committee on SB 122  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

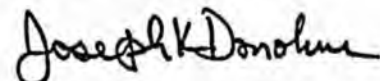
Re: Fiscal Notes for FCCS for SB 122  
(Permanent Fund Dividend Bill)

Gentlemen:

Attached please find the following four fiscal notes related to the estimated revenue impact and administrative cost of the permanent fund dividend proposal:

Revenue Impact	FY 80	FY 81
(1) Appropriation for dividend itself	0	\$128,500,000
Administrative Costs		
(2) Impact on Enforcement Division	0	378,000
(3) Impact on Audit Division	0	12,100
(4) Impact on Administrative Services Division, (including Permanent Fund Dividend Claims Procedure and Deferred Comp. Option)	<u>126,900</u>	<u>440,100</u>
TOTAL of (2)(3)(4)	126,900	830,200

Sincerely,



Joseph K. Donohue  
Deputy Commissioner

JKD:m11

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. FCCS SB 122

Title An act relating to permanent fund dividends

Requested by Free Conference Committee

Date April 14, 1980

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.						
<b>TOTAL</b>						

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		128.5	131	133.7	136.4	139
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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

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

The first figure for FY 81 is based on ISER's utilization of SIE data. The result is the adoption of the figure 270,000 residents (age 18 or over) who are entitled to 9.52 shares on average. If one assumes \$50 per share, then the first year dividend impact is \$128.5 million. The projections subsequent to this period are based on an assumed population growth of 2% compounded annually.

The additional assumption is made that the entire first year figure is payable in FY 81 but no specific dates within this time frame have been designated for cash flow purposes.

IV. DATE April 14, 1980

PREPARED BY Joseph K. Donoh  
AGENCY Dept of Revenue  
PHONE 2300

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

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. FCCS for SB 122

Title An act relating to permanent fund dividends

Requested by Free Conference Committee

Date April 14, 1980

II. FISCAL DETAIL

Department of Revenue

Agency Affected

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		262.6	280.9	300.6	321.6	344.2
200 TRAVEL		55.5	59.4	63.6	68.1	72.8
300 CONTRACTUAL		35.0	37.5	40.1	42.9	45.9
400 COMMODITIES		6.0	6.4	6.8	7.3	7.8
500 EQUIPMENT		11.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		8.0	8.6	9.2	9.8	10.5
700 GRANTS, CLAIMS, ETC.						
TOTAL		378.1	392.8	420.3	449.7	481.2

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		378.1	392.8	420.3	449.7	481.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	11/132mm	11/132mm	11/132mm	11/132mm	11/132mm
FULL TIME					
PART TIME					
TEMPORARY					

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

See memorandum from Fred Boetsch, Director, Enforcement Division, to Joseph K. Donohue, Deputy Commissioner dated April 14, 1980.

IV. DATE

PREPARED BY Fred Boetsch, Director, Enforcement Division

AGENCY Revenue

PHONE 465-2366

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

# MEMORANDUM

# State of Alaska

TO: Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

DATE: April 14, 1980

FILE NO:

TELEPHONE NO: #2366

FROM: Fred Boetsch, Director   
Enforcement Division

SUBJECT: Fiscal Note

The 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 the administration of this section under 43.23.020, 43.23.040 and 43.23.060. 43.23.020 imposes the duty to verify eligibility and 43.23.040 to collect an erroneous payment made to an individual under 43.23.020, and involves the employment of two Revenue Enforcement Officers, 3 Tax Collection Specialists and two Clerk Typists III. They will need two additional CRT units for file look-up and approximately \$6,000 in travel.

A duty is also imposed on us under 43.23.060(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 one team consisting of two Tax Collection Specialists supervised by a Revenue Enforcement Officer, could cover a sufficient territory in the State to make contact with 1/2 of the villages each year. This program would involve extensive travel by this team 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 \$65/per day plus their travel. Estimated travel would be \$30,000 plus per diem expenses of \$19,500 for a total travel budget of \$55,500.

A summary of the staff required follows:

#### Personal Services:

3	Revenue Enforcement Officer	\$ 94,500
5	Tax Collection Specialists	112,000
3	Clerk-Typists III	<u>56,100</u>
11	TOTAL PERSONAL SERVICES	\$262,600

#### Travel:

Village Assistance	\$ 49,500
Eligibility Enforcement	<u>6,000</u>
TOTAL TRAVEL	\$ 55,500

Contractual	\$ 35,000
Commodities	6,000
Equipment	11,000
Buildings	<u>8,000</u>
TOTAL Sec. 2 budget FY 81	<u>\$378,100</u>

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. FCCS for SB 122  
 Title Permanent Fund Dividends  
 Requested by Free Conference Committee Date April 14, 1980

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		11.1	11.1	11.1	11.1	11.1
200 TRAVEL						
300 CONTRACTUAL		1.2	1.2	1.2	1.2	1.2
400 COMMODITIES		.2	.2	.2	.2	.2
500 EQUIPMENT		.6				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		13.1	12.5	12.5	12.5	12.5

FUNDING (Thousands of Dollars)

GENERAL FUND		12.1	12.5	12.5	12.5	12.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		1	1	1	1	1
TEMPORARY						

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

IV. DATE April 14, 1980 PREPARED BY   
 AGENCY Department of Revenue, Audit Division  
 PHONE 465-2320  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. FCCSSB 122  
 Title Providing for the payment of Alaska permanent fund income to State residents  
 Requested by \_\_\_\_\_ Date 4/14/80

II. FISCAL DETAIL  
 Agency Affected Revenue  
 Program Category Affected General Government  
 BRU, Program, or Subprogram(s) Affected Administration and 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	11.9	124.6	75.5	80.8	86.5	92.5
200 TRAVEL	2.5	7.5				
300 CONTRACTUAL	112.5	304.5	103.2	110.4	118.2	126.4
400 COMMODITIES		2.5	2.7	2.9	3.1	3.3
500 EQUIPMENT		1.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>126.9</b>	<b>440.1</b>	<b>181.4</b>	<b>194.1</b>	<b>207.8</b>	<b>222.2</b>

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND	126.9	440.1	181.4	194.1	207.8	222.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME	3/5mm	19/64mm	15/45mm	15/45mm	15/45mm	15/45mm
TEMPORARY						

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

Design and detail work must be started in FY 80 in order for application to be available by July 1, 1980. This note includes costs for the Divisions of Supply and Finance, Department of Administration. Costs are computed on the basis of individual processes. It is our intent to economize wherever possible in the actual doing of the work so that funds not needed will lapse. Contractual help will be required to produce the 1979 dividend payment. Existing staff will provide supervision and direction.

Continued on next page.

IV. DATE April 14, 1980 PREPARED BY Philip A. Wall  
 AGENCY Revenue  
 PHONE 465-2313  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

ASSUMPTIONS

An estimated 325,000 individuals will submit dividend applications. The processing system and application form must be designed in FY 80. The application form and instructions must be printed in FY 80. A base file will be maintained from year-to-year.

PROGRAM SUMMARY

Existing staff will prepare the processing design including forms and instructions. Some additional help will be needed in computer programming and procedures during FY 80. Additional help will be required to process the application mailout in FY 80.

An estimated 325,000 applications must be processed between July and October 15, 1980. The application deadline is September 1. The product of processing is permanent fund dividend payments.

FY 80 EXPENDITURES

Positions: 1 System Analyst, R 18, 2mm @ \$2,465 mo.	=	4.9
Benefits - .4, FICA - .3, H.I. - .3	=	<u>1.0</u>
Assist in programming mailout, data capture and file processing		5.9
1 Administrative Assistant, R 12, 2mm @ \$1,628 mo.	=	3.3
Benefits - .5, FICA - .2, H.I. - .3	=	<u>1.0</u>
Assist in forms design and procedures		4.3
1 Supply Clerk, R 8, 1mm @ \$1,277 mo.	=	1.3
Benefits - .2, FICA - .1, H.I. - .1		<u>.4</u>
Assit in mailout		1.7
Other Expenditures: Forms and Insturctions, 450,000	=	50.0
Postage, 250,000 @ 15 cents	=	37.5
DP Chargeback	=	5.0
Contingency Contractual	=	20.0
Travel to coordinate data capture in field offices	=	2.5

FY 81 EXPENDITURES

Positions: 2 PPT Systems Analysts, R 18, 10mm @ \$2,465 mo.	=	24.7
Benefits - 3.7, FICA - 1.6, H.I. - 1.3	=	<u>6.6</u>
One Analyst, 4mm to support 1979 processing		31.3
One Analyst, 6mm to support 1980 processing		31.3
1 PPT Administrative Assistant, R 12, 6mm @ \$1,628 mo	=	9.8
Benefits - 1.5, FICA - .6, H.I. - .8	=	<u>2.9</u>
Finish documentation, assist in solving complaints	=	12.7
1 Supply Clerk, R 8, 3mm @ \$1,277 mo.	=	3.8
Benefits - .6, FICA - .3, H.I. - .4	=	<u>1.3</u>
Assist in forms and mailout		5.1

15 PPT Tax Scanners, R 8, 45mm @ \$1,277 mo.	-	57.5
Benefits - 8.5, FICA - 3.8, H.I. - 5.7	=	<u>18.0</u>
To data capture 325,000 applications		75.5
Other Expenditures:		
Warrants, 325,000 @ \$35M	=	11.4
1979 Dividend Envelopes, 325,000 @ \$11.54M	=	3.8
Postage, 325,000 @ 15 cents	=	48.8
Data Capture Machines, 8 @ \$350 mo. 4 mo. ea	=	11.2
Miscellaneous - Phone - 5.0, Electrical - 2.0, Insurance - 1.0, Transportation of Things - 2.5, Contractual Support - 35.0, DP Chargeback - 20.0, Deferred Compensation Plan Design - 50.0	=	115.5
Monthly Installments, 80,000 in FY 81	=	15.0
Commodities	=	2.5
Equipment - Chairs, Tables	=	1.0
Forms for 1980 Application, 450,000	=	50.0
Postage, 325,000 @ 15 cents	=	48.8
Travel to coordinate data capture in field offices	=	7.5

SUMMARY OF FISCAL NOTES  
for  
HCS CSSB 122 (Rules) am H  
(\$ millions)

	FY 81	FY 82	FY 83	FY 84	FY 85
<u>Benefits to Individuals</u>					
\$350 Residency Payment	134.5	137.2	139.9	142.7	145.6
Individual Income Tax Suspension	200.0	174.2	232.2	297.8	
Tax Credits	<u>4.7</u>	<u>5.5</u>	<u>6.2</u>	<u>7.2</u>	<u>8.1</u>
TOTAL	339.2	316.9	378.3	447.7	153.7
<u>Administration (Department of Revenue)</u>					
Admin & Support					
Residency Payment	.9	.5	.5	.2	
Income Tax (& School Tax) Suspension	(.2)	(.7)	(.7)	(.7)	
Audit					
Residency Payment		.5	.5	.5	.5
Income Tax Suspension		(.5)	(.5)	(.5)	(.5)
Enforcement					
Residency Payment	.4	.4	.4	.2	
Income Tax Suspension	<u>      </u>	<u>(.7)</u>	<u>(.7)</u>	<u>      </u>	<u>      </u>
TOTAL	1.1	(.5)	(.5)	(.3)	0
GRAND TOTAL	340.3	316.4	377.8	447.4	153.7

PREPARED BY:

Legislative Finance Division  
March 25, 1980

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 122  
Title Permanent Fund Dividends expenditures  
Requested by \_\_\_\_\_ Date February 25, 1980

II. FISCAL DETAIL Department of Revenue

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.						
<b>TOTAL</b>						

FUNDING <sup>millions</sup> (Thousands of Dollars)

	(26)	(26.5)	(27.0)	(27.6)	(28.1)
GENERAL FUND					
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

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

IV. DATE 2/25/80 PREPARED BY Joseph K. Donohue  
AGENCY Department of Revenue  
PHONE 465-2302  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

*Operating*

I. REQUEST  
 Bill/Resolution No. CSSB 122  
 Title An Act providing for permanent fund dividends  
 Requested by Governor Date January 15 1980

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected Revenue Collection & Management  
 BRU, Program, or Subprogram(s) Affected Administration & Support Enforcement & Aud  
 (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-	285.7	305.7	328.0	351.0	375.0
200 TRAVEL		2.0	2.1	2.3	2.5	2.5
300 CONTRACTUAL		32.7	35.0	37.5	40.1	43.0
400 COMMODITIES		3.3	3.6	3.8	4.1	4.3
500 EQUIPMENT		7.6	8.1	8.7	9.3	10.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>330.6</b>	<b>354.5</b>	<b>380.3</b>	<b>407.0</b>	<b>434.9</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	330.6	354.5	380.3	407.0	434.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		8	8	8	8	8
PART TIME		5	5	5	5	5
TEMPORARY						

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

This analysis is based on the assumption that 25,000 additional returns would be filed by retired and young persons not presently filing. Three 6 month tax scanner positions would be needed for processing; a 9 month Systems Analyst and a full-time Programmer would be needed for both design and development of the processing system and to maintain the historical record of energy credit information. A Tax Examiner I (seasonal) would be needed in the Error Correction Unit. Ascertaining compliance with eligibility requirements on a statistical sampling basis would employ two Revenue Enforcement Officers, three Tax Collection Specialists and two Clerk Typists. New position request forms are attached.

IV. DATE \_\_\_\_\_ PREPARED BY Thomas R. Hillman

AGENCY \_\_\_\_\_

Original: Legislative Finance PHONE \_\_\_\_\_

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 122  
 Title Providing for a general tax refund under the Alaska Net Income Tax  
 Requested by and relating to the use of income from Date 2/21/80  
the Alaska Permanent Fund for the general tax refund

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	16.9	307.6	251.5	269.1	288.0	308.1
200 TRAVEL						
300 CONTRACTUAL	5.0	151.8	159.6	163.0	177.0	186.6
400 COMMODITIES	.5	2.5	2.7	2.9	3.1	3.3
500 EQUIPMENT	1.0	9.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	23.4	464.9	413.8	440.0	468.1	498.0

FUNDING (Thousands of Dollars)

GENERAL FUND	23.4	464.9	413.8	440.0	468.1	498.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	1/2mm	5/60mm	5/60mm	5/60mm	5/60mm	5/60mm
PART TIME	2/4mm	12/62mm	6/31mm	6/31mm	6/31mm	6/31mm
TEMPORARY						

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

The computer will be used to match the most recent taxpayer records against the prior four years to determine the number of years a taxpayer has filed returns. About 12% of the taxpayers will require additional manual checking due to changes in identification data. Additional programming is necessary because the computer file for each tax year has a different format.

The use of the most recent tax file will result in names and addresses which are over one year old. The special handling of returned payments will be required. A number of appeals, internal conferences and grievances are expected.

IV. DATE 2/21/80

PREPARED BY P.A. Wall  
 AGENCY Revenue  
 PHONE 465-2313

Original: Legislative Finance

### Assumptions

A total of 275,300 taxpayer records are assumed for tax year 1978. 90,000 returns were joint filed. About 12% additional manual checks are assumed to verify the number of years taxes were filed.

One mail-out of refund payments is assumed. An additional 22,700 (5%) are assumed to have address or name change considerations which will involve re mailing.

### Program Summary

Computer programs will be written to process the most recent Alaska Individual Income tax file and compare the records to the four previous tax year files. A tax refund file will be developed showing the five year tax status. Unmatched records on the most recent file will be manually checked, corrected and added to the tax refund file. The required share values will be calculated, the payments and associated reports prepared, the payments mailed, redeemed payments processed and returned, undeliverable payments filed and processed as corrective information such as new address and name changes are received. The computer system must interface with the Department of Administration General Accounting System, the Treasury Warrant Redemption System and the Alaska Individual Income Tax System.

### Positions

2PPT	Systems Analyst/Programmers Range 18 - \$2465 mo for 6 months each	= 29.6
	Benefits, 4.4, FICA 2.0, H.I. 1.5	= 7.9
10 PPT	Tax Scanners, Range 8 \$1277 mo for 5 months each	= 63.9
	Benefits 9.5 FICA 4.2, H.I. 614	= 20.1
	Shift work and overtime	= 12.0
3 PFT	Tax Examiners, Range 12, \$1628	= 58.6
	Benefits 8.7, FICA 3.9, H.I. 4.6	= 17.2
1 PFT	Hearing Officer, Range 25 \$4066	= 48.8
	Benefits 7.3, FICA 3.2, H.I. 1.5	= 12.0
1 PFT	Revenue Auditor, Range 18 \$2465	= 29.6
	Benefits 4.4, FICA 2.0, H.I. 1.5	= 7.9

Other Expenditures

4 Data Capture Machines, 5 mos at \$350/mo x 4	=	7.0
Warrant stock, 278,000 at \$24 m	=	6.7
Postage, 278,000 at 15 cents each	=	41.7
Envelopes, 278,000 at \$11.54 m	=	3.2
DP Chargeback	=	12.0
Professional Services	=	76.7
Miscellaneous:		
Toll Calls	=	2.5
Electrical Installation	=	1.0
Commodities	=	2.5
Insurance	=	1.0
Equipment (Chairs, desks, microfiche viewers, tables, calculators)	=	9.0

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CSSE 122  
 Title Relating to a general tax refund  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

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 <sup>Millions</sup> (Thousands of Dollars)

GENERAL FUND	(104.9)	(120)	(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)

IV. DATE Feb 21, 1980 PREPARED BY *Janet King*  
 AGENCY Revenue  
 PHONE 465-2313  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

3/10/80

FINANCE

Becky, these fiscal notes which  
were just received by us from Senate  
should accompany CSSB 122 (Rules)

edith

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
Bill/Resolution No. CSSB 122  
Title Permanent Fund Dividends expenditures  
Requested by \_\_\_\_\_ Date February 25, 1980

II. FISCAL DETAIL Department of Revenue  
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 of Dollars)

	(26)	(26.5)	(27.0)	(27.6)	(28.1)
GENERAL FUND					
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

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

IV. DATE 2/25/80 PREPARED BY Joseph K. Donohue  
AGENCY Department of Revenue  
PHONE 465-2302  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

## ANALYSIS OF PROPOSED CSSB 122

### 1. General Tax Refund.

Alaska resident taxpayers who filed returns each year for five years get back 100% of their previous year's state income tax, beginning with 1978 taxes. Those filing for four years get 80%, three years 60%, two years 40%, and for one year 20%. The remainder of the income tax will be distributed among taxpayers on the basis of one share for each tax year in the five year period for which they filed.

### 2. Funding.

Ten percent of the income from the Permanent Fund would be allocated to pay the refunds. If that is insufficient, the difference will be paid from the general fund. If ten percent of the Permanent Fund income is more than enough to fund the refunds, the excess goes into the Permanent Fund Dividend pool.

### 3. Permanent Fund Dividends.

The Permanent Fund dividend pool would be funded by a second ten percent of Permanent Fund income plus the excess, if any, from the general tax refund program. The Permanent Fund dividend pool would be distributed on the basis of residency since statehood, with each year of residency counting as one dividend. The minimum value of each dividend is \$10.

### 4. Part-year Resident Taxpayers.

Part-year resident taxpayers will be treated the same as first year taxpayers, except that the refunds and dividends will be prorated based on time spent in Alaska. Part-year residency would not count toward accrual of dividends or of shares in the general tax refund distribution.

53 Journal Supplement No 10 page 1

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 122  
 Title Providing for a general tax refund under the Alaska Net Income Tax  
 Requested by and relating to the use of income from Date 2/21/80  
the Alaska Permanent Fund for the general tax refund

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	16.9	307.6	251.5	269.1	288.0	308.1
200 TRAVEL						
300 CONTRACTUAL	5.0	151.8	159.6	163.0	177.0	186.6
400 COMMODITIES	.5	2.5	2.7	2.9	3.1	3.3
500 EQUIPMENT	1.0	9.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>23.4</b>	<b>464.9</b>	<b>413.8</b>	<b>440.0</b>	<b>468.1</b>	<b>493.0</b>

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND	23.4	464.9	413.8	440.0	468.1	493.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						


POSITIONS

	1/2mm	5/60mm	5/60mm	5/60mm	5/60mm	5/60mm
FULL TIME						
PART TIME	2/4mm	12/62mm	6/31mm	6/31mm	6/31mm	6/31mm
TEMPORARY						

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

The computer will be used to match the most recent taxpayer records against the prior four years to determine the number of years a taxpayer has filed returns. About 12% of the taxpayers will require additional manual checking due to changes in identification data. Additional programming is necessary because the computer file for each tax year has a different format.

The use of the most recent tax file will result in names and addresses which are over one year old. The special handling of returned payments will be required. A number of appeals, internal conferences and grievances are expected.

IV. DATE 2/21/80 PREPARED BY  P.A. Wall  
 AGENCY Revenue  
 PHONE 465-2313  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

## Assumptions

A total of 275,300 taxpayer records are assumed for tax year 1978. 90,000 returns were joint filed. About 12% additional manual checks are assumed to verify the number of years taxes were filed.

One mail-out of refund payments is assumed. An additional 22,700 (5%) are assumed to have address or name change considerations which will involve remailing.

## Program Summary

Computer programs will be written to process the most recent Alaska Individual Income tax file and compare the records to the four previous tax year files. A tax refund file will be developed showing the five year tax status. Unmatched records on the most recent file will be manually checked, corrected and added to the tax refund file. The required share values will be calculated, the payments and associated reports prepared, the payments mailed, redeemed payments processed and returned, undeliverable payments filed and processed as corrective information such as new address and name changes are received. The computer system must interface with the Department of Administration General Accounting System, the Treasury Warrant Redemption System and the Alaska Individual Income Tax System.

## Positions

2PPT	Systems Analyst/Programmers Range 18 - \$2465 mo for 6 months each	= 29.6
	Benefits, 4.4, FICA 2.0, H.I. 1.5	= 7.9
10 PPT	Tax Scanners, Range 8 \$1277 mo for 5 months each	= 63.9
	Benefits 9.5 FICA 4.2, H.I. 614	= 20.1
	Shift work and overtime	= 12.0
3 PFT	Tax Examiners, Range 12, \$1628	= 58.6
	Benefits 8.7, FICA 3.9, H.I. 4.6	= 17.2
1 PFT	Hearing Officer, Range 25 \$4066	= 48.8
	Benefits 7.3, FICA 3.2, H.I. 1.5	= 12.0
1 PFT	Revenue Auditor, Range 18 \$2465	= 29.6
	Benefits 4.4, FICA 2.0, H.I. 1.5	= 7.9

Other Expenditures

4 Data Capture Machines, 5 mos at \$350/mo x 4	=	7.0
Warrant stock, 278,000 at \$24 m	=	6.7
Postage, 278,000 at 15 cents each	=	41.7
Envelopes, 278,000 at \$11.54 m	=	3.2
DP Chargeback	=	12.0
Professional Services	=	76.7
Miscellaneous:		
Toll Calls	=	2.5
Electrical Installation	=	1.0
Commodities	=	2.5
Insurance	=	1.0
Equipment (Chairs, desks, microfiche viewers, tables, calculators)	=	9.0

LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

Submitted  
September 10  
P. 2

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSE 122

Title Relating to a general tax refund

Requested by \_\_\_\_\_ Date \_\_\_\_\_

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 (Millions of Dollars)

	(104.9)	(120)	(140)	(174.2)	(232.2)	(297.8)
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE Feb 21, 1980

PREPARED BY *Vernice Wright*

AGENCY Revenue

PHONE 465-2313

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

LEGISLATURE OF THE STATE ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 122 (Rules)  
 Title An Act providing for permanent fund dividends  
 Requested by Governor Date January 15, 1980

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected Revenue Collection & Management  
 BRU, Program, or Subprogram(s) Affected Administration & Support, Enforcement & Aud.  
 (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-	285.7	305.7	328.0	351.0	375.0
200 TRAVEL		2.0	2.1	2.3	2.5	2.5
300 CONTRACTUAL		32.7	35.0	37.5	40.1	43.0
400 COMMODITIES		3.3	3.6	3.8	4.1	4.3
500 EQUIPMENT		7.6	8.1	8.7	9.3	10.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>330.6</b>	<b>354.5</b>	<b>380.3</b>	<b>407.0</b>	<b>434.9</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	330.6	354.5	380.3	407.0	434.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		8	8	8	8	8
PART TIME		5	5	5	5	5
TEMPORARY						

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

This analysis is based on the assumption that 25,000 additional returns would be filed by retired and young persons not presently filing. Three 6 month tax scanner positions would be needed for processing; a 9 month Systems Analyst and a full-time Programmer would be needed for both design and development of the processing system and to maintain the historical record of energy credit information. A Tax Examiner I (seasonal) would be needed in the Error Correction Unit. Ascertaining compliance with eligibility requirements on a statistical sampling basis would employ two Revenue Enforcement Officers, three Tax Collection Specialists and two Clerk Typists. New position request forms are attached.

DATE \_\_\_\_\_ PREPARED BY Thomas R. Williams  
 AGENCY \_\_\_\_\_  
 PHONE \_\_\_\_\_  
 Original: Legislative Finance  
 Budget and Management  
 Prime Sponsor (First Legislator Named)

Original sponsor: Sumner

Offered: 2/21/80

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS FOR SENATE BILL NO. 122

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act providing for a general tax refund under the  
7 Alaska Net Income Tax Act and relating to the use of  
8 income from the Alaska permanent fund for the general  
9 tax refund; and providing for an effective date."

10

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

11

\* Section 1. AS 43.20 is amended by adding a new section to read:

12

Sec. 43.20.017. GENERAL TAX REFUND. (a) For each tax year after  
13 December 31, 1977, each person filing an Alaska net income tax return on  
14 or before June 30 of the succeeding year is entitled to a share of the  
15 general tax refund as provided in this section.

16

(b) The total amount of the general tax refund is the amount  
17 collected during each calendar year under AS 43.20.011(a) - (d) for the  
18 previous tax year. The total amount of the general tax refund shall be  
19 calculated without regard to refunds paid under this section.

20

(c) To be eligible for a share of the general tax refund an indi-  
21 vidual must file an Alaska net income tax return for the tax year on  
22 which the refund is based, even if the person had no net tax liability  
23 under AS 43.20 for that year.

24

(d) Eligible individuals are divided into five classes as follows:

25

(1) class A taxpayers: individuals who filed income tax  
26 returns for each of the four preceding tax years;

27

(2) class B taxpayers: individuals who filed net income tax  
28 returns for three of the four preceding tax years;

29

(3) class C taxpayers: individuals who filed net income tax

1 returns for two of the four preceding tax years;

2 (4) class D taxpayers: individuals who filed net income tax  
3 returns for one of the four preceding tax years;

4 (5) class E taxpayers: individuals who filed an Alaska  
5 income tax return for the tax year on which the refund is based and who  
6 did not file a return for any of the four preceding tax years.

7 (e) One-half of the total amount of the general tax refund shall  
8 be shared on the basis of the number of years during the relevant five-  
9 year period that a taxpayer filed a return. The following classes of  
10 taxpayers shall be granted the following number of shares:

11 class A - 5 shares

12 class B - 4 shares

13 class C - 3 shares

14 class D - 2 shares

15 class E - 1 share or a pro rata fraction of the share.

16 An individual in class E who files a part-year net individual income tax  
17 return may receive a share prorated on the basis of the number of full  
18 months of residency in the state during the tax year for which the share  
19 is granted. Part-year residency status may not be counted towards the  
20 accrual of shares under this section. The value of each share shall  
21 equal one-half of the total amount of the general tax refund divided by  
22 the total number of shares in all classes of taxpayers.

23 (f) Each individual taxpayer shall receive a refund equal to the  
24 dollar value of each share as determined in (e) of this section times  
25 the number of shares held by that taxpayer.

26 (g) One-half of the total amount of the general tax refund shall  
27 be shared on the basis of the constructive tax paid by that taxpayer  
28 during the relevant five-year period. The constructive amount of tax  
29 paid by a taxpayer equals the tax paid by the taxpayer for the year on

1 which the refund is based times the number of years during the five-year  
2 period that the taxpayer filed a return. The following classes of  
3 taxpayers shall be granted the following multiplier of the tax paid  
4 during the year on which the refund is based:

5 class A = 5 times the tax paid for the refund year

6 class B = 4 times the tax paid for the refund year

7 class C = 3 times the tax paid for the refund year

8 class D = 2 times the tax paid for the refund year

9 class E = 1 times the tax paid for the refund year

10 Each dollar of constructive tax paid constitutes a share. The value of  
11 each share shall equal one-half of the total amount of the general tax  
12 refund divided by the total number of shares in all classes of tax-  
13 payers.

14 (h) Each individual taxpayer shall receive a refund equal to the  
15 dollar value of each share as determined in (g) of this section times  
16 the number of shares held by that taxpayer.

17 (i) For purposes of this section, married individuals who file a  
18 joint return are subject to a separate refund determined on the basis of  
19 the number of years that each individual taxpayer filed either a joint  
20 or a separate return. Married individuals are considered to have paid  
21 one-half of the tax paid jointly and the refund defined in (g) and (h)  
22 of this section shall be calculated on that basis.

23 (j) The refund allowed by this section does not reduce the income  
24 tax liability of the taxpayer for the year in which the refund is paid  
25 but no refund may be made to a person with an outstanding tax liability  
26 due and owing the state. Taxpayers may protest a determination under  
27 this section in accordance with AS 43.05.240.

28 (k) If the commissioner of revenue determines that a share should  
29 not have been paid to an individual, he may use collection procedures or

1 remedies available under this title to recover a payment improperly  
2 made.

3 (l) Ten percent of the income from the Alaska permanent fund is  
4 allocated for the general tax refund provided under this section.

5 (m) Payment of refunds under this section is subject to annual  
6 appropriation. The appropriation for payment of refunds may include the  
7 amount of money from the general fund needed to provide for refunds  
8 under this section and the amount available from the permanent fund  
9 income allocated in (l) of this section.

10 (n) A refund issued under this section is exempt from taxation  
11 under this chapter.

12 (o) The department shall issue the refunds provided in this sec-  
13 tion to all eligible taxpayers within the first six months of the second  
14 tax year following the tax year on which the refund is based. For the  
15 first year of the general tax refund (the 1978 tax year) the refunds  
16 shall be issued by the department within six months of the effective  
17 date of this provision.

18 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
19 070(c).



# RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

3/23/90  
Date

Date passed to Senate \_\_\_\_\_

Bill # SB 122

SENATE FINANCE COMMITTEE  
BILL CHECKLIST

- 1. Committee Copy-Current Bill
- 2. History Cover Form
- 3. Printed Copies:
  - Original Bill \_\_\_\_\_
  - Committee Substitutes or Amendments \_\_\_\_\_
- 4. SFC Committee Report Form
- 5. Fiscal Information:
  - Note in File \_\_\_\_\_
  - Note Requested \_\_\_\_\_ Date \_\_\_\_\_
  - Other Financial Backup \_\_\_\_\_  
(See Below)
- Backup:
  - Handouts
  - Letter from Governor \_\_\_\_\_
  - Letter from Sponsor \_\_\_\_\_
  - Completed Committee Reports \_\_\_\_\_
  - Committee Subcommittee
  - Other \_\_\_\_\_

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH S - JUNEAU 99811

April 15, 1980

The Honorable Clem Tillion, Co-Chairman  
The Honorable Joe McKinnon, Co-Chairman  
Free Conference Committee on SB 122  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

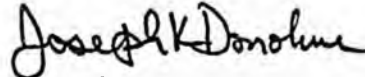
Re: Fiscal Notes for FCCS for SB 122  
(Permanent Fund Dividend Bill)

Gentlemen:

Attached please find the following four fiscal notes related to the estimated revenue impact and administrative cost of the permanent fund dividend proposal:

Revenue Impact	FY 80	FY 81
(1) Appropriation for dividend itself	0	\$128,500,000
Administrative Costs		
(2) Impact on Enforcement Division	0	378,000
(3) Impact on Audit Division	0	12,100
(4) Impact on Administrative Services Division, (including Permanent Fund Dividend Claims Procedure and Deferred Comp. Option)	<u>126,900</u>	<u>440,100</u>
TOTAL of (2)(3)(4)	126,900	830,200

Sincerely,

  
Joseph K. Donohue  
Deputy Commissioner

JKD:m11

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. FCCS SB 122  
 Title An act relating to permanent fund dividends  
 Requested by Free Conference Committee Date April 14, 1980

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

	Millions (Thousands of Dollars)					
<u>FUNDING</u>						
GENERAL FUND		128.5	131	133.7	136.4	139
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

*Appropriation*

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)  
 The first figure for FY 81 is based on ISER's utilization of SIE data. The result is the adoption of the figure 270,000 residents (age 18 or over) who are entitled to 9.52 shares on average. If one assumes \$50 per share, then the first year dividend impact is \$128.5 million. The projections subsequent to this period are based on an assumed population growth of 2% compounded annually.

The additional assumption is made that the entire first year figure is payable in FY 81 but no specific dates within this time frame have been designated for cash flow purposes.

IV. DATE April 14, 1980 PREPARED BY Joseph K. Donohue  
 AGENCY Dept of Revenue  
 Original: Legislative Finance PHONE 2300  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. FCCS for SB 122

Title An act relating to permanent fund dividends

Requested by Free Conference Committee

Date April 14, 1980

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		262.6	280.9	300.6	321.6	344.2
200 TRAVEL		55.5	59.4	63.6	68.1	72.8
300 CONTRACTUAL		35.0	37.5	40.1	42.9	45.9
400 COMMODITIES		6.0	6.4	6.8	7.3	7.8
500 EQUIPMENT		11.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		8.0	8.6	9.2	9.8	10.5
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>378.1</b>	<b>392.8</b>	<b>420.3</b>	<b>449.7</b>	<b>481.2</b>

FUNDING (Thousands of Dollars)

GENERAL FUND		378.1	392.8	420.3	449.7	481.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		11/132mm	11/132mm	11/132mm	11/132mm	11/132mm
PART TIME						
TEMPORARY						

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

See memorandum from Fred Boetsch, Director, Enforcement Division, to Joseph K. Donohue, Deputy Commissioner dated April 14, 1980.

IV. DATE \_\_\_\_\_

PREPARED BY Fred Boetsch, Director, Enforcement Division

AGENCY Revenue

PHONE 465-2366

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

# MEMORANDUM

# State of Alaska

TO: Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

DATE: April 14, 1980

FILE NO:

TELEPHONE NO: #2366

FROM: Fred Boetsch, Director  
Enforcement Division

SUBJECT: Fiscal Note

The 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 the administration of this section under 43.23.020, 43.23.040 and 43.23.060. 43.23.020 imposes the duty to verify eligibility and 43.23.040 to collect an erroneous payment made to an individual under 43.23.020, and involves the employment of two Revenue Enforcement Officers, 3 Tax Collection Specialists and two Clerk Typists III. They will need two additional CRT units for file look-up and approximately \$6,000 in travel.

A duty is also imposed on us under 43.23.060(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 one team consisting of two Tax Collection Specialists supervised by a Revenue Enforcement Officer, could cover a sufficient territory in the State to make contact with 1/2 of the villages each year. This program would involve extensive travel by this team 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 \$65/per day plus their travel. Estimated travel would be \$30,000 plus per diem expenses of \$19,500 for a total travel budget of \$55,500.

A summary of the staff required follows:

### Personal Services:

2	3	Revenue Enforcement Officer	\$ 94,500
5	5	Tax Collection Specialists	112,000
2	3	Clerk-Typists III	<u>56,100</u>
7	11	TOTAL PERSONAL SERVICES	\$262,600

### Travel:

4	Village Assistance	\$ 49,500
	Eligibility Enforcement	<u>6,000</u>
	TOTAL TRAVEL	\$ 55,500

Contractual	\$ 35,000
Commodities	6,000
Equipment	11,000
Buildings	<u>8,000</u>
TOTAL Sec. 2 budget FY 81	<u>\$378,100</u>

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. FCCS for SB 122  
 Title Permanent Fund Dividends  
 Requested by Free Conference Committee Date April 14, 1980

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		11.1	11.1	11.1	11.1	11.1
200 TRAVEL						
300 CONTRACTUAL		1.2	1.2	1.2	1.2	1.2
400 COMMODITIES		.2	.2	.2	.2	.2
500 EQUIPMENT		.6				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		13.1	12.5	12.5	12.5	12.5

FUNDING (Thousands of Dollars)

GENERAL FUND		12.1 <sup>OK</sup>	12.5	12.5	12.5	12.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		1	1	1	1	1
TEMPORARY						

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

IV. DATE April 14, 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)

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
Bill/Resolution No. FCCSSB 122  
Title Providing for the payment of Alaska permanent fund income to State residents  
Requested by \_\_\_\_\_ Date 4/14/80

II. FISCAL DETAIL  
Agency Affected Revenue  
Program Category Affected General Government  
BRU, Program, or Subprogram(s) Affected Administration and 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	11.9	124.6	75.5	80.8	86.5	92.5
200 TRAVEL	2.5	7.5				
300 CONTRACTUAL	112.5	304.5	103.2	110.4	118.2	126.4
400 COMMODITIES		2.5	2.7	2.9	3.1	3.3
500 EQUIPMENT		1.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>126.9</b>	<b>440.1</b>	<b>181.4</b>	<b>194.1</b>	<b>207.8</b>	<b>222.2</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	126.9	440.1	181.4	194.1	207.8	222.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME	3/5mm	19/64mm	15/45mm	15/45mm	15/45mm	15/45mm
TEMPORARY						

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

Design and detail work must be started in FY 80 in order for application to be available by July 1, 1980. This note includes costs for the Divisions of Supply and Finance, Department of Administration. Costs are computed on the basis of individual processes. It is our intent to economize wherever possible in the actual doing of the work so that funds not needed will lapse. Contractual help will be required to produce the 1979 dividend payment. Existing staff will provide supervision and direction.

Continued on next page.

IV. DATE April 14, 1980 PREPARED BY Philip A. Wall  
AGENCY Revenue  
PHONE 465-2313  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

ASSUMPTIONS

An estimated 325,000 individuals will submit dividend applications. The processing system and application form must be designed in FY 80. The application form and instructions must be printed in FY 80. A base file will be maintained from year-to-year.

PROGRAM SUMMARY

Existing staff will prepare the processing design including forms and instructions. Some additional help will be needed in computer programming and procedures during FY 80. Additional help will be required to process the application mailout in FY 80.

An estimated 325,000 applications must be processed between July and October 15, 1980. The application deadline is September 1. The product of processing is permanent fund dividend payments.

FY 80 EXPENDITURES

Positions: 1 System Analyst, R 18, 2mm @ \$2,465 mo.	=	4.9
Benefits - .4, FICA - .3, H.I. - .3	=	<u>1.0</u>
Assist in programming mailout, data capture and file processing		5.9
1 Administrative Assistant, R 12, 2mm @ \$1,628 mo.	=	3.3
Benefits - .5, FICA - .2, H.I. - .3	=	<u>1.0</u>
Assist in forms design and procedures		4.3
1 Supply Clerk, R 8, 1mm @ \$1,277 mo.	=	1.3
Benefits - .2, FICA - .1, H.I. - .1		<u>.4</u>
Assist in mailout		1.7
Other Expenditures: Forms and Instructions, 450,000	=	50.0
Postage, 250,000 @ 15 cents	=	37.5
DP Chargeback	=	5.0
Contingency Contractual	=	20.0
Travel to coordinate data capture in field offices	=	2.5

FY 81 EXPENDITURES

Positions: 2 PPT Systems Analysts, R 18, 10mm @ \$2,465 mo.	=	24.7
Benefits - 3.7, FICA - 1.6, H.I. - 1.3	=	<u>6.6</u>
One Analyst, 4mm to support 1979 processing		31.3
One Analyst, 6mm to support 1980 processing		31.3
1 PPT Administrative Assistant, R 12, 6mm @ \$1,628 mo	=	9.8
Benefits - 1.5, FICA - .6, H.I. - .8	=	<u>2.9</u>
Finish documentation, assist in solving complaints	=	12.7
1 Supply Clerk, R 8, 3mm @ \$1,277 mo.	=	3.8
Benefits - .6, FICA - .3, H.I. - .4	=	<u>1.3</u>
Assist in forms and mailout		5.1

## FCCSSB 122

15 PPT Tax Scanners, R 8, 45mm @ \$1,277 mo.	-	57.5
Benefits - 8.5, FICA - 3.8, H.I. - 5.7	=	<u>18.0</u>
To data capture 325,000 applications		<u>75.5</u>
Other Expenditures:		
1979 Dividend		
Warrants, 325,000 @ \$35M	=	11.4
Envelopes, 325,000 @ \$11.54M	=	3.8
Postage, 325,000 @ 15 cents	=	48.8
Data Capture Machines, 8 @ \$350 mo. 4 mo. ea	=	11.2
Miscellaneous - Phone - 5.0, Electrical - 2.0, Insurance - 1.0, Transportation of Things - 2.5, Contractual Support - 35.0, DP Chargeback - 20.0, Deferred Compensation Plan Design - 50.0	=	115.5
Monthly Installments, 80,000 in FY 81	=	15.0
Commodities	=	2.5
Equipment - Chairs, Tables	=	1.0
Forms for 1980 Application, 450,000	=	50.0
Postage, 325,000 @ 15 cents	=	48.8
Travel to coordinate data capture in field offices	=	7.5

SUMMARY OF FISCAL NOTES  
for  
HCS CSSB 122 (Rules) am H  
(\$ millions)

	FY 81	FY 82	FY 83	FY 84	FY 85
<u>Benefits to Individuals</u>					
\$350 Residency Payment	134.5	137.2	139.9	142.7	145.6
Individual Income Tax Suspension	200.0	174.2	232.2	297.8	
Tax Credits	<u>4.7</u>	<u>5.5</u>	<u>6.2</u>	<u>7.2</u>	<u>8.1</u>
TOTAL	339.2	316.9	378.3	447.7	153.7
<u>Administration (Department of Revenue)</u>					
Admin & Support					
Residency Payment	.9	.5	.5	.2	
Income Tax (& School Tax) Suspension	(.2)	(.7)	(.7)	(.7)	
Audit					
Residency Payment		.5	.5	.5	.5
Income Tax Suspension		(.5)	(.5)	(.5)	(.5)
Enforcement					
Residency Payment	.4	.4	.4	.2	
Income Tax Suspension	—	(.7)	(.7)	—	—
TOTAL	1.1	(.5)	(.5)	(.3)	0
 GRAND TOTAL	 340.3	 316.4	 377.8	 447.4	 153.7

PREPARED BY:

Legislative Finance Division  
March 25, 1980

**COMMITTEE REPORT**  
**SENATE**

FURTHER: None

4/6/79

Date: February 21, 1980

Mr. President:

The Committee on FINANCE has had SB 122  
relating to permanent fund; amending Appellate Rule 45, Alaska Rules of  
Court Procedure

under consideration and (a majority of the committee) (the committee)  
reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]  
[Signature]  
[Signature] NO REC  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
CHAIRMAN

## ANALYSIS OF PROPOSED CSSB 122

### 1. General Tax Refund.

Alaska resident taxpayers who filed returns each year for five years get back 100% of their previous year's state income tax, beginning with 1978 taxes. Those filing for four years get 80%, three years 60%, two years 40%, and for one year 20%. The remainder of the income tax will be distributed among taxpayers on the basis of one share for each tax year in the five year period for which they filed.

### 2. Funding.

Ten percent of the income from the Permanent Fund would be allocated to pay the refunds. If that is insufficient, the difference will be paid from the general fund. If ten percent of the Permanent Fund income is more than enough to fund the refunds, the excess goes into the Permanent Fund Dividend pool.

### 3. Permanent Fund Dividends.

The Permanent Fund dividend pool would be funded by a second ten percent of Permanent Fund income plus the excess, if any, from the general tax refund program. The Permanent Fund dividend pool would be distributed on the basis of residency since statehood, with each year of residency counting as one dividend. The minimum value of each dividend is \$10.

### 4. Part-year Resident Taxpayers.

Part-year resident taxpayers will be treated the same as first year taxpayers, except that the refunds and dividends will be prorated based on time spent in Alaska. Part-year residency would not count toward accrual of dividends or of shares in the general tax refund distribution.

## Assumptions

A total of 275,300 taxpayer records are assumed for tax year 1978. 90,000 returns were joint filed. About 12% additional manual checks are assumed to verify the number of years taxes were filed.

One mail-out of refund payments is assumed. An additional 22,700 (5%) are assumed to have address or name change considerations which will involve remailing.

## Program Summary

Computer programs will be written to process the most recent Alaska Individual Income tax file and compare the records to the four previous tax year files. A tax refund file will be developed showing the five year tax status. Unmatched records on the most recent file will be manually checked, corrected and added to the tax refund file. The required share values will be calculated, the payments and associated reports prepared, the payments mailed, redeemed payments processed and returned, undeliverable payments filed and processed as corrective information such as new address and name changes are received. The computer system must interface with the Department of Administration General Accounting System, the Treasury Warrant Redemption System and the Alaska Individual Income Tax System.

## Positions

2PPT	Systems Analyst/Programmers Range 18 - \$2465 mo for 6 months each	= 29.6
	Benefits, 4.4, FICA 2.0, H.I. 1.5	= 7.9
10 PPT	Tax Scanners, Range 8 \$1277 mo for 5 months each	= 63.9
	Benefits 9.5 FICA 4.2, H.I. 6.14	= 20.1
	Shift work and overtime	= 12.0
3 PPT	Tax Examiners, Range 12, \$1628	= 58.6
	Benefits 8.7, FICA 3.9, H.I. 4.6	= 17.2
1 PPT	Hearing Officer, Range 25 \$4066	= 48.8
	Benefits 7.3, FICA 3.2, H.I. 1.5	= 12.0
1 PPT	Revenue Auditor, Range 18 \$2465	= 29.6
	Benefits 4.4, FICA 2.0, H.I. 1.5	= 7.9

Other Expenditures

4 Data Capture Machines, 5 mos at \$350/mo x 4	=	7.0
Warrant stock, 278,000 at \$24 m	=	6.7
Postage, 278,000 at 15 cents each	=	41.7
Envelopes, 278,000 at \$11.54 m	=	3.2
DP Chargeback	=	12.0
Professional Services	=	76.7
Miscellaneous:		
Toll Calls	=	2.5
Electrical Installation	=	1.0
Commodities	=	2.5
Insurance	=	1.0
Equipment (Chairs, desks, microfiche viewers, tables, calculators)	=	9.0

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

*operating*

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 122  
Title Providing for a general tax refund under the Alaska Net Income Tax  
Requested by and relating to the use of income from Date 2/21/80  
the Alaska Permanent Fund for the general tax refund

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	16.9	307.6	251.5	269.1	288.0	308.1
200 TRAVEL						
300 CONTRACTUAL	5.0	151.8	159.6	163.0	177.0	186.6
400 COMMODITIES	.5	2.5	2.7	2.9	3.1	3.3
500 EQUIPMENT	1.0	9.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>23.4</b>	<b>464.9</b>	<b>413.8</b>	<b>440.0</b>	<b>468.1</b>	<b>493.0</b>

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND	23.4	464.9	413.8	440.0	468.1	493.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	1/2mm	5/60mm	5/60mm	5/60mm	5/60mm	5/60mm
FULL TIME						
PART TIME	2/4mm	12/62mm	6/31mm	6/31mm	6/31mm	6/31mm
TEMPORARY						

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

The computer will be used to match the most recent taxpayer records against the prior four years to determine the number of years a taxpayer has filed returns. About 12% of the taxpayers will require additional manual checking due to changes in identification data. Additional programming is necessary because the computer file for each tax year has a different format.

The use of the most recent tax file will result in names and addresses which are over one year old. The special handling of returned payments will be required. A number of appeals, internal conferences and grievances are expected.

IV. DATE 2/21/80

PREPARED BY P.A. Wall  
AGENCY Revenue  
PHONE 465-2313

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

THE LEGISLATURE OF THE STATE ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

*Operating*

I. REQUEST  
 Bill/Resolution No. CSSB 122  
 Title An Act providing for permanent fund dividends  
 Requested by Governor Date January 15, 1980

II. FISCAL DETAIL  
 Agency Affected Department of Revenue  
 Program Category Affected Revenue Collection & Management  
 BRU, Program, or Subprogram(s) Affected Administration & Support, Enforcement & Aud.  
 (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-	285.7	305.7	328.0	351.0	375.0
200 TRAVEL		2.0	2.1	2.3	2.5	2.6
300 CONTRACTUAL		32.7	35.0	37.5	40.1	43.0
400 COMMODITIES		3.3	3.6	3.8	4.1	4.3
500 EQUIPMENT		7.6	8.1	8.7	9.3	10.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>330.6</b>	<b>354.5</b>	<b>380.3</b>	<b>407.0</b>	<b>434.9</b>

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND	-0-	330.6	354.5	380.3	407.0	434.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		8	8	8	8	8
PART TIME		5	5	5	5	5
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)  
 This analysis is based on the assumption that 25,000 additional returns would be filed by retired and young persons not presently filing. Three 6 month tax scanner positions would be needed for processing; a 9 month Systems Analyst and a full-time Programmer would be needed for both design and development of the processing system and to maintain the historical record of energy credit information. A Tax Examiner I (seasonal) would be needed in the Error Correction Unit. Ascertaining compliance with eligibility requirements on a statistical sampling basis would employ two Revenue Enforcement Officers, three Tax Collection Specialists and two Clerk Typists. New position request forms are attached.

IV. DATE \_\_\_\_\_ PREPARED BY Thomas R. Williams  
 AGENCY \_\_\_\_\_  
 PHONE \_\_\_\_\_  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CSSB 122  
 Title Permanent Fund Dividends expenditures  
 Requested by \_\_\_\_\_ Date February 25, 1980

II. FISCAL DETAIL Department of Revenue  
 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 <sup>millions</sup> (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		(26)	(26.5)	(27.0)	(27.6)	(28.1)
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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

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

IV. DATE 2/25/80 PREPARED BY Joseph K. Donohue  
 AGENCY Department of Revenue  
 PHONE 465-2302  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

REPAYMENT  
OF TAX  
ITSELF  
JMK

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSE 122  
Title Relating to a general tax refund  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

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 (Millions of Dollars)

	(104.9)	(120)	(140)	(174.2)	(232.2)	(297.8)
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE Feb 21, 1980 PREPARED BY [Signature]  
AGENCY Revenue  
PHONE 465-2313  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 122

Title Providing for a general tax refund under the Alaska Net Income Tax

Requested by and relating to the use of income from Date 2/21/80  
the Alaska Permanent Fund for the general tax refund

II. FISCAL DETAIL

Agency Affected Revenue

Program Category Affected General Government

BRU, Program, or Subprogram(s) Affected Administration & Support, Management Service

(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	16.9	307.6	251.5	269.1	288.0	308.1
200 TRAVEL						
300 CONTRACTUAL	5.0	151.8	159.6	162.0	177.0	186.6
400 COMMODITIES	.5	2.5	2.7	2.9	3.1	3.3
500 EQUIPMENT	1.0	9.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>23.4</b>	<b>464.9</b>	<b>413.8</b>	<b>440.0</b>	<b>468.1</b>	<b>498.0</b>

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND	23.4	464.9	413.8	440.0	468.1	498.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	1/2mm	5/60mm	5/60mm	5/60mm	5/60mm	5/60mm
FULL TIME						
PART TIME	2/4mm	12/62mm	6/31mm	6/31mm	6/31mm	6/31mm
TEMPORARY						

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

The computer will be used to match the most recent taxpayer records against the prior four years to determine the number of years a taxpayer has filed returns. About 12% of the taxpayers will require additional manual checking due to changes in identification data. Additional programming is necessary because the computer file for each tax year has a different format.

The use of the most recent tax file will result in names and addresses which are over one year old. The special handling of returned payments will be required. A number of appeals, internal conferences and grievances are expected.

IV. DATE 2/21/80

PREPARED BY P.A. Wall

AGENCY Revenue

PHONE 465-2313

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

### Assumptions

A total of 275,300 taxpayer records are assumed for tax year 1978. 90,000 returns were joint filed. About 12% additional manual checks are assumed to verify the number of years taxes were filed.

One mail-out of refund payments is assumed. An additional 22,700 (5%) are assumed to have address or name change considerations which will involve remailing.

### Program Summary

Computer programs will be written to process the most recent Alaska Individual Income tax file and compare the records to the four previous tax year files. A tax refund file will be developed showing the five year tax status. Unmatched records on the most recent file will be manually checked, corrected and added to the tax refund file. The required share values will be calculated, the payments and associated reports prepared, the payments mailed, redeemed payments processed and returned, undeliverable payments filed and processed as corrective information such as new address and name changes are received. The computer system must interface with the Department of Administration General Accounting System, the Treasury Warrant Redemption System and the Alaska Individual Income Tax System.

### Positions

2PPT	Systems Analyst/Programmers Range 18 - \$2465 mo for 6 months each	= 29.6
	Benefits, 4.4, FICA 2.0, H.I. 1.5	= 7.9
10 PPT	Tax Scanners, Range 8 \$1277 mo for 5 months each	= 63.9
	Benefits 9.5 FICA 4.2, H.I. 614	= 20.1
	Shift work and overtime	= 12.0
3 PFT	Tax Examiners, Range 12, \$1628	= 58.6
	Benefits 8.7, FICA 3.9, H.I. 4.6	= 17.2
1 PFT	Hearing Officer, Range 25 \$4066	= 48.8
	Benefits 7.3, FICA 3.2, H.I. 1.5	= 12.0
1 PFT	Revenue Auditor, Range 18 \$2465	= 29.6
	Benefits 4.4, FICA 2.0, H.I. 1.5	= 7.9

Other Expenditures

4 Data Capture Machines, 5 mos at \$350/mo x 4	=	7.0
Warrant stock, 278,000 at \$24 m	=	6.7
Postage, 278,000 at 15 cents each	=	41.7
Envelopes, 278,000 at \$11.54 m	=	3.2
DP Chargeback	=	12.0
Professional Services	=	76.7
Miscellaneous:		
Toll Calls	=	2.5
Electrical Installation	=	1.0
Commodities	=	2.5
Insurance	=	1.0
Equipment (Chairs, desks, microfiche viewers, tables, calculators)	=	9.0

Rules : Fiscal notes.

464.9 — income tax  
330.6 — Perm.  
195.5

/ Not more than \$50.0

Enforcement Officers:

①. Still require 78 with 4 base yrs.

& separate. 100-80-60-40 % reductions.

①. Kept on filed return / opportunity  
must : 1979 return & claim return.

↓  
claims how long de

Burden of proof on individual :

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSE 122  
 Title Relating to a general tax refund  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

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 <sup>Millions</sup> (Thousands of Dollars)

GENERAL FUND	(104.9)	(120)	(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)

IV. DATE Feb 21, 1980 PREPARED BY *Yousif H. ...*  
 AGENCY Revenue  
 PHONE 465-2313  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

SENATE  
JOURNAL SUPPLEMENT

2/25/80

Monday

No. 11

CS  
SB  
122

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CS88 122  
 Title Permanent Fund Dividends expenditures  
 Requested by \_\_\_\_\_ Date February 25, 1980

II. FISCAL DETAIL Department of Revenue  
 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.						
<b>TOTAL</b>						

FUNDING (~~THOUSANDS~~ <sup>MILLIONS</sup> of Dollars)

	(26)	(26.5)	(27.0)	(27.1)	(28.1)
GENERAL FUND					
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

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

IV. DATE 2/25/80 PREPARED BY Joseph K. Donohue  
 AGENCY Department of Revenue  
 PHONE 465-2302

SENATE AMENDMENT #1

By Rodey

To: CS SENATE BILL No. 122

To: \_\_\_\_\_ HOUSE BILL No. \_\_\_\_\_

PAGE: 4 LINE: 11

\*Section 8. This Act takes effect immediately in accordance with AS 01.10.070(c).

STATE  
of ALASKA

# MEMORANDUM

TO:  Thomas K. Williams  
Commissioner  
Department of Revenue

DATE: April 17, 1980

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins  
Director  
Audit Division

SUBJECT: Justification for Position  
Requested in Fiscal Note  
for FCCS for SB 122

This Fiscal Note requests one 6-month seasonal position to work primarily in our Taxpayer Assistance Unit in Juneau to deal with the large volume of correspondence which will be generated when people do not receive the permanent fund dividend in the amount that they expect. These problems will primarily be generated because of the proration provisions provided in 43.23.010(f). However, there will also be problems where people have claimed a year in which they spent the majority of the year in Alaska but it was not allowed because it was not the total period of January 1st through December 31st.

As I mentioned above, this will be one 6-month seasonal position at the Tax Examiner I level.

AMENDMENT # /

OFFERED IN THE SENATE:

By: Rodey

To: CS SENATE BILL No. 122

HOUSE BILL No. \_\_\_\_\_

PAGE: 4

LINE: 11

INSERT:

\*Section 2 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 per cent for corporations [AND ~~4~~ PER CENT FOR INDIVIDUALS AND FIDUCIARIES].

\*Section 3. 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 PER CENT OF THE AMOUNT OF THE CREDIT DETERMINED FOR FEDERAL INCOME TAX PURPOSES FOR INDIVIDUALS AND] 18 per cent of the amount of credit determined for federal income tax purposes for corporations.

\*Section 4. 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 PER CENT FOR INDIVIDUALS AND] 18 per cent for corporations of the applicable minimum federal tax rate.

\*Section 5. 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.

\*Section 6. The following laws are repealed: 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, 43.20.040 (b)(3), (4), and (6), 43.20.051, 43.20.061, 43.20.160(e), 43.20.170, and 43.20.215.

\*Section 7. This Act applies to tax years beginning after December 31 of the year in which it takes effect.

(Continued)

Original sponsor: Sumner

Offered: 2/21/80

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 122

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for a general tax refund under the  
7 Alaska Net Income Tax Act and relating to the use of  
8 income from the Alaska permanent fund for the general  
9 tax refund; and providing for an effective date."

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

11 \* Section 1. AS 43.20 is amended by adding a new section to read:

12 Sec. 43.20.017. GENERAL TAX REFUND. (a) For each tax year after  
13 December 31, 1977, each person filing an Alaska net income tax return on  
14 or before June 30 of the succeeding year is entitled to a share of the  
15 general tax refund as provided in this section.

16 (b) The total amount of the general tax refund is the amount  
17 collected during each calendar year under AS 43.20.011(a) - (d) for the  
18 previous tax year. The total amount of the general tax refund shall be  
19 calculated without regard to refunds paid under this section.

20 (c) To be eligible for a share of the general tax refund an indi-  
21 vidual must file an Alaska net income tax return for the tax year on  
22 which the refund is based, even if the person had no net tax liability  
23 under AS 43.20 for that year.

24 (d) Eligible individuals are divided into five classes as follows:

25 (1) class A taxpayers: individuals who filed income tax  
26 returns for each of the four preceding tax years;

27 (2) class B taxpayers: individuals who filed net income tax  
28 returns for three of the four preceding tax years;

29 (3) class C taxpayers: individuals who filed net income tax

1 returns for two of the four preceding tax years;

2 (4) class D taxpayers: individuals who filed net income tax  
3 returns for one of the four preceding tax years;

4 (5) class E taxpayers: individuals who filed an Alaska  
5 income tax return for the tax year on which the refund is based and who  
6 did not file a return for any of the four preceding tax years.

7 (e) One-half of the total amount of the general tax refund shall  
8 be shared on the basis of the number of years during the relevant five-  
9 year period that a taxpayer filed a return. The following classes of  
10 taxpayers shall be granted the following number of shares:

11 class A - 5 shares

12 class B - 4 shares

13 class C - 3 shares

14 class D - 2 shares

15 class E - 1 share or a pro rata fraction of the share.

16 An individual in class E who files a part-year net individual income tax  
17 return may receive a share prorated on the basis of the number of full  
18 months of residency in the state during the tax year for which the share  
19 is granted. Part-year residency status may not be counted towards the  
20 accrual of shares under this section. The value of each share shall  
21 equal one-half of the total amount of the general tax refund divided by  
22 the total number of shares in all classes of taxpayers.

23 (f) Each individual taxpayer shall receive a refund equal to the  
24 dollar value of each share as determined in (e) of this section times  
25 the number of shares held by that taxpayer.

26 (g) One-half of the total amount of the general tax refund shall  
27 be shared on the basis of the constructive tax paid by that taxpayer  
28 during the relevant five-year period. The constructive amount of tax  
29 paid by a taxpayer equals the tax paid by the taxpayer for the year on

1 which the refund is based times the number of years during the five-year  
2 period that the taxpayer filed a return. The following classes of  
3 taxpayers shall be granted the following multiplier of the tax paid  
4 during the year on which the refund is based:

5 class A = 5 times the tax paid for the refund year

6 class B = 4 times the tax paid for the refund year

7 class C = 3 times the tax paid for the refund year

8 class D = 2 times the tax paid for the refund year

9 class E = 1 times the tax paid for the refund year

10 Each dollar of constructive tax paid constitutes a share. The value of  
11 each share shall equal one-half of the total amount of the general tax  
12 refund divided by the total number of shares in all classes of tax-  
13 payers.

14 (h) Each individual taxpayer shall receive a refund equal to the  
15 dollar value of each share as determined in (g) of this section times  
16 the number of shares held by that taxpayer.

17 (i) For purposes of this section, married individuals who file a  
18 joint return are subject to a separate refund determined on the basis of  
19 the number of years that each individual taxpayer filed either a joint  
20 or a separate return. Married individuals are considered to have paid  
21 one-half of the tax paid jointly and the refund defined in (g) and (h)  
22 of this section shall be calculated on that basis.

23 (j) The refund allowed by this section does not reduce the income  
24 tax liability of the taxpayer for the year in which the refund is paid  
25 but no refund may be made to a person with an outstanding tax liability  
26 due and owing the state. Taxpayers may protest a determination under  
27 this section in accordance with AS 43.05.240.

28 (k) If the commissioner of revenue determines that a share should  
29 not have been paid to an individual, he may use collection procedures or

1 remedies available under this title to recover a payment improperly  
2 made.

3 (l) Ten percent of the income from the Alaska permanent fund is  
4 allocated for the general tax refund provided under this section.

5 (m) Payment of refunds under this section is subject to annual  
6 appropriation. The appropriation for payment of refunds may include the  
7 amount of money from the general fund needed to provide for refunds  
8 under this section and the amount available from the permanent fund  
9 income allocated in (l) of this section.

10 (n) A refund issued under this section is exempt from taxation  
11 under this chapter.

12 (o) The department shall issue the refunds provided in this sec-  
13 tion to all eligible taxpayers within the first six months of the second  
14 tax year following the tax year on which the refund is based. For the  
15 first year of the general tax refund (the 1978 tax year) the refunds  
16 shall be issued by the department within six months of the effective  
17 date of this provision.

18 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
19 070(c).

Original sponsor: Sumner

Offered: 2/21/80

IN THE SENATE

BY THE RULES COMMITTEE

CS FOR SENATE BILL NO. 122

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act providing for a general tax refund under the Alaska Net Income Tax Act and relating to the use of income from the Alaska permanent fund for the general tax refund and permanent fund dividend ; and providing for an effective date."

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

\* Section 1. AS 43.20 is amended by adding a new section to read:

Sec. 43.20.017. GENERAL TAX REFUND. (a) For each tax year after December 31, 1977, each person filing an Alaska net income tax return on or before June 30 of the succeeding year is entitled to a share of the general tax refund as provided in this section.

(b) The total amount of the general tax refund is the amount collected during each calendar year under AS 43.20.011(a) - (d) for the previous tax year. The total amount of the general tax refund shall be calculated without regard to refunds paid under this section.

(c) To be eligible for a share of the general tax refund an individual must file an Alaska net income tax return for the tax year on which the refund is based, even if the person had no net tax liability under AS 43.20 for that year.

(d) Eligible individuals are divided into five classes as follows:

- (1) class 5 taxpayers: individuals who filed income tax returns for each of the four preceding tax years;
- (2) class 4 taxpayers: individuals who filed net income tax returns for three of the four preceding tax years;
- (3) class 3 taxpayers: individuals who filed net income tax

returns for two of the four preceding tax years;

(4) class 2 taxpayers: individuals who filed net income tax returns for one of the four preceding tax years;

(5) class 1 taxpayers: individuals who filed an Alaska income tax return for the tax year on which the refund is based and who did not file a return for any of the four preceding tax years.

(e) The general tax refund shall be issued first on the basis of a fraction of the tax paid by the individual taxpayer for the tax year upon which the refund is based. The following classes of taxpayers shall be granted the following fractional refund:

- class 5 - 100% of base year tax paid
- class 4 - 80% of base year tax paid
- class 3 - 60% of base year tax paid
- class 2 - 40% of base year tax paid
- class 1 - 20% or a pro rata amount thereof

An individual in class 1 who files a part-year net individual income tax return may receive a refund prorated on the basis of the number of full months of residency in the state during the tax year for which the refund is granted. Part-year residency status may not be counted towards the accrual of fractional shares under this section.

(f) The total amount of the general tax refund less the amount of the general tax refund distributed pursuant to (e) of this section equals the amount available for distribution under (g) of this section and this amount shall be referred to as the remaining balance.

(g) The remaining balance of the total amount of the general tax refund as determined in (f) shall be shared on the basis of the number of years during during the relevant five year base period that a taxpayer filed a return. The following classes of taxpayers shall be granted the following number of shares:

class 5 - 5 shares

class 4 - 4 shares

class 3 - 3 shares

class 2 - 2 shares

class 1 - 1 share or a pro rata fraction of a share.

An individual in Class 1 who files a part-year net individual income tax return may receive a refund prorated on the basis of the number of full months of residency in the state during the tax year for which the refund is based. Filing part-year resident returns may not be counted towards the accrual of shares under this section.

(h) The value of each share shall equal the remaining balance of the total amount of the general tax refund divided by the total number of shares in all classes of taxpayers. Each individual taxpayer shall receive a refund equal to the dollar value of each share times the number of shares to which the taxpayer is entitled.

(i) For purposes of this section, married individuals who file a joint return are subject to a separate refund determined on the basis of the number of years that each individual taxpayer filed either a joint or a separate return. Married individuals are considered to have paid one-half of the tax paid jointly and the refund defined in (e) of this section shall be calculated on that basis.

(j) The refund allowed by this section does not reduce the income tax liability of the taxpayer for the year in which the refund is paid but no refund may be made to a person with an outstanding tax liability due and owing the state. Taxpayers may protest a determination under this section in accordance with AS 43.05.240. Any person convicted of a criminal violation under AS 43.20 or AS 43.23 forfeits all past, present and future general tax refunds to which he would have otherwise have been entitled to under this section.

(k) If the commissioner of revenue determines that a share should not have been paid to an individual, he may use collection procedures or remedies available under this title to recover a payment improperly made.

(l) Ten percent of the income from the Alaska permanent fund is allocated for the general tax refund provided under this section. For any year that this amount should exceed the total amount of the general tax refund the excess shall be distributed pursuant to AS 43.23 and each share shall be increased pro rata.

(m) Payment of refunds under this section is subject to annual appropriation. The appropriation for payment of refunds may include the amount of money from the general fund needed to provide for refunds under this section and the amount available from the permanent fund income allocated in (l) of this section.

(n) A refund issued under this section is exempt from taxation under this chapter.

(o) The department shall issue the refunds provided in this section to all eligible taxpayers within the first six months of the second tax year following the tax year on which the refund is based. For the first year of the general tax refund (the 1978 tax year) the refunds shall be issued by the department within six months of the effective date of this provision.

(p) For purposes of receiving a refund under this section, "resident" and "part-year resident" shall be defined as stated in AS 43.20.340(17) and (15) respectively except as modified by AS 43.23.020(c).

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

CHAPTER 23. PERMANENT FUND DIVIDENDS.

Sec. 43.23.020. ELIGIBILITY FOR PERMANENT DIVIDENDS. (a) An individual, eighteen years or older, is entitled to one Permanent Fund