

LEG. FINANCE - BILLS 1979 - 1980 1351

SB 394 thru CSSB 396 am



RECORDS CERTIFICATION



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James O. Smith
Signature of Camera Operator

3/23/90
Date

A M E N D M E N T

OFFERED IN THE SENATE:

By: Senate Finance Committee

To: _____ SENATE BILL No. CS SB 394

HOUSE BILL No. _____

PAGE: 1

LINE: 12

After "a" and before "commercial" insert "regularly scheduled".

MEMORANDUM

TO: Senate Finance Committee Members

FROM: Garrey Peska
Administrative Assistant

DATE: March 21, 1980

SUBJECT: Commercial Airline Flight Crew Exemption
from Alaska Net Income Tax

The attached bill, SB 394, is being used as a vehicle for language requested by the Finance Committee on March 17, 1980, to replace the provisions of SCR 55.

SB 394, as originally introduced, contained the provisions of HB 684 concerning required bank participation on housing loans. HB 684 was signed into law by the Governor February 27, 1980, Chapter 4, SLA 80. All provisions of the original SB 394 have, therefore, been accomplished.

Original sponsor: Rules/Governor

Offered: 3/24/80
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 394

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act exempting the income of commercial airline
7 flight crews from the Alaska net income tax; and
8 providing for an effective date."

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

10 * Section 1. AS 43.20.035 is amended by adding a new subsection to read:

11 (d) The income earned by a nonresident from personal services
12 provided in Alaska as a member of a flight crew on a ^{regularly scheduled} commercial aircraft
13 flying to, from, or in Alaska is exempt from taxation under this
14 chapter.

15 * Sec. 2. This Act is retroactive to January 1, 1976 and applies to tax
16 years beginning after December 31, 1975.

17 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
18 070(c).

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145 684

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 6, 1980

The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which makes a technical amendment to the state's investment authority to allow general fund surplus to be invested in insured mortgages without the requirement of participation by state financial institutions. This investment option is already available to the state pension funds under AS 39.35.110(a)(11) and AS 14.25.180(b)(11). This measure is intended to provide only an interim solution to the statewide shortage of home mortgage capital, by permitting the type of program suggested by the current HCR 33. The bill is made retroactive to November 1, 1979 as the simplest way to cure the technical defects in a loan program already implemented by the Department of Revenue.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jay S. Hammond".

Jay S. Hammond
Governor

Introduced: 2/6/80
Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 394

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act to allow certain investments of the general
7 fund in insured mortgages; and providing for an
8 effective date."

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

10 * Section 1. AS 37.10.070(a) is amended by adding a new paragraph to
11 read:

12 (14) notes secured by mortgages of commercial or residential
13 real estate or other security if the mortgages are insured by a private
14 mortgage insurance corporation which is authorized to do business in
15 Alaska and has combined capital, surplus, and reserves aggregating at
16 least \$20,000,000; however, (A) no mortgage insurance is necessary for
17 commercial loans having loan-to-value ratios of less than 50 percent
18 and the minimum required coverage of other commercial loans is 10
19 percent of those having a loan-to-value ratio of 50-60 percent and is
20 15 percent for those having a loan-to-value ratio greater than 60
21 percent but no more than 75 percent, and (B) no mortgage insurance is
22 necessary for residential loans having a loan-to-value ratio of less
23 than 70 percent and the minimum required coverage of other residential
24 loans is 10 percent for those having a loan-to-value ratio greater
25 than 70 percent but less than 90 percent and is 20 percent for those
26 having a loan-to-value ratio of 90 percent.

27 * Sec. 2. This Act is retroactive to November 1, 1979.

28 * Sec. 3. This Act takes effective immediately in accordance with AS 01.-
29 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 DivisionSUBJECT: Justification for Positions
Requested in FCCS for SB 394

To implement the provisions of the income tax exemption bill, we will need funds for FY 80 as well as FY 81 and subsequent years. I will deal with FY 80 requests separately from FY 81.

FISCAL YEAR 1980

We currently have seasonal staff members in Anchorage whose period of employment will expire approximately May 1st since the basic tax season will then be over. We have requested funds to extend those two seasonal positions from May 1st to June 30th so that we can continue to provide timely response to the large number of inquiries we expect to receive on both the exemption and permanent fund dividend bills. We have also requested funds for a seasonal position in Fairbanks for two months, to handle the high volume of inquiries which will result from the legislation. We feel it is very important that we provide a quick and accurate response to taxpayers with regard to these two new laws. These positions are needed to do that.

My division is responsible for printing a special W-2 form, a reconciliation form, and a new Alaska W-4 form, which will be needed to put into effect the reduced withholding provisions and the refund of withholding to date for 1980. It is anticipated that we will pay at least a 25 percent premium because we are going to require these forms on an extremely short time cycle. The funds requested for these forms is \$60,000. We anticipate printing 15,000 reconciliation forms, 500,000 Alaska W-4 forms, and 600,000 special W-2 forms.

All the forms printed will have to be mailed out first class to ensure timely delivery. We anticipate the cost of that to be \$15,000. The additional \$6,000 requested includes \$3,000 for travel and \$3,000 for an increase in long distance telephone calls which will occur before the end of the fiscal year. The travel expense is necessary for us to provide special instruction sessions for employers in all larger cities in the State prior to June 30th so that they know how to handle all the special requirements that will be placed on them as a result of the reduced withholding rates, preparation of the special W-2 forms, and the requirement to have their employees complete a new Alaska W-4 form. The long distance charges will be for responding to calls from

employers in the small communities where we are not able to provide direct instructions to employers.

FISCAL YEAR 1981

We have requested three permanent full-time positions to handle additional workload which will be generated by both the income tax exemption bill as well as the permanent fund dividend bill. These two acts will affect three of our units on an ongoing basis with new requirements which have not existed in the past. A Clerk position is requested for our Audit Control Unit because we expect a significant increase in the number of appeals which will result from people not understanding why the amount of tax was charged because of some kind of error in computing their tax when they are partially exempt and a significant number of individuals not understanding either their pro rata payment of the permanent fund dividends or why some years which they had claimed were not allowed. Our Audit Control Unit is the unit which processes all appeals and ensures they are properly scheduled and timely handled. In conjunction with the appeals which we are expecting, we have requested one Tax Examiner I who will work on our Conferee staff to process all the anticipated appeals in a timely manner.

The adoption of these two bills also will result in the Department of Revenue issuing approximately twice as many checks to taxpayers as we have in the past. We currently have one staff member who works full time, keeping track of warrants issued and which are undeliverable. Since we will be issuing at least twice as many checks on an ongoing basis and have no reason to believe that addresses will be any more correct in the future than they are now, we will need an additional permanent position to receipt, account for, and remail the returned checks.

We have requested two 6-month seasonal positions on an ongoing basis to work in our Error Correction Unit and to provide assistance to our Taxpayer Assistance Unit here in Juneau. We are anticipating that we will receive 60,000 returns from individuals who are partially or fully taxable under the new law. We are also expecting approximately 140,000 returns to be filed claiming the refundable credits for political contributions and child care. The end result is that we will have as many returns being filed with us in the future as have been filed in the past, and because of the additional complexity caused by the partial exemptions, we will experience a much higher error rate on these returns than we have on returns filed in the past. We also anticipate an ongoing requirement for the next several years whereby taxpayers will be requesting copies of their prior year returns. The number of these types of requests will be significantly greater than experienced in the past. This will result from the requirement in the statute

that anyone claiming the exemption for a tax year prior to 1974 will have to attach a copy of the Alaska return to the exemption certification form. We are expecting initially an extremely high volume of requests for returns, for which we are seeking additional temporary positions for this year only. However, we also anticipate that this will be an ongoing need because there will be many people who have left Alaska in recent years who will return in the future and will want to establish their exemption based on having filed returns in prior years.

To properly handle the additional number of returns which will have errors, as well as the substantial increase in requests for copies of prior returns, we have requested the two seasonal positions.

In addition to the direct cost necessary to support the requested permanent and seasonal positions, we have also requested \$20,000 for increased costs of forms, postage, and long distance calls to deal with the unique problems which will result from this new legislation.

For FY 81 only we have requested ten temporary positions to deal with the immediate problems inherent in the massive refund programs that have to take place in the next six months. We have requested the three seasonal positions in Taxpayer Assistance Units in Anchorage and Fairbanks beginning in FY 80 and they should be continued for three months in FY 81 to provide necessary assistance to taxpayers in preparing their claims for 1979 tax refunds, 1980 withholding refunds, and permanent fund dividend claims. We have requested two 6-month taxpayer assistance individuals in Juneau, one of whom will work assisting the counter personnel in preparation of the various claims for individuals and one person to handle local and long distance telephone calls and the large volume of one time only requests for copies of prior year tax returns.

To accomplish the required refund of excess withholding for FY 80 to date, each employer will be required to issue a short-year W-2 form to all their employees for this year. Each employee will then prepare a request for a refund of the tax, which will be sent to the Department of Revenue for processing. Once the employers have prepared their W-2 forms they will be required to send them to the Department as they will serve as our only check on the claims which will be filed by the employees. We anticipate receiving between 500,000 and 600,000 W-2 forms from employers and are requesting two temporary Clerk III positions to handle the processing of these forms when they are received by the Department. We cannot divert any of our present staff to this function as they will continue to be busy with all the normal withholding processing functions, all of which will continue.

All employers will be instructed to obtain a new W-4 form from each of their employees for payrolls to be paid after July 1, 1980. On the new Alaska W-4 form, each employee will be required to certify his/her status for withholding purposes, specifically whether he/she is partially or totally exempt from withholding so that the employer will have a basis of withholding Alaska tax from the wages. These forms prepared by the employees and given to the employers will not be verifiable by the employer. We have requested three temporary 4-month positions to provide direct assistance to employers if they have difficulty in understanding how the withholding system will work since there will be three different rates that they will have to apply, and to do spot checks of employers who are primarily in a seasonal business to ensure that we do not have a large number of nonresidents who are in Alaska for construction, fishing, or other seasonal employment and have claimed exempt status for which they are not eligible. We have requested \$3,000 travel for these three positions to provide the assistance to the employers and the spot checks of the W-4's filed with the employers. We have also requested an additional \$3,000 for long distance telephone call expense to deal with answering questions of employers and individuals in outlying areas who do not understand the provisions of these laws.

If I can provide you any additional information regarding the Fiscal Note, please feel free to contact me.

STATE
of ALASKA

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THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 684
 Title An act to allow certain investments of the general fund in insured
 Requested by Governor Date 2/5/80 morloages

II. FISCAL DETAIL

Agency Affected Department of 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		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

NO FISCAL IMPACT

IV. DATE 2/5/80 PREPARED BY Thomas K. Williams
 AGENCY Department of Revenue
 PHONE 465-2300
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

CATEGORY: GENERAL GOVERNMENT

AGENCY: REVENUE

PROGRAM: REVENUE COLLECTION AND MANAGEMENT

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

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

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

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

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

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

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
AUDIT	2461.5	2530.6	2513.1	2691.5			3223.6
PETROLEUM REVENUE	1279.6	1240.1	1187.3	1435.0			1447.2
ENFORCEMENT	1196.5	1335.4	1324.7	1217.0			1366.3
TREASURY MANAGEMENT	1232.3	1227.9	1120.3	1357.1			1436.9
OFFICE OF THE COMMISSIONER	877.3	1077.4	1054.4	757.6			964.5
ADMINISTRATIVE SERVICES	1630.0	1783.7	1746.5	1773.6			2361.4
FISH AND GAME LICENSING	572.1	580.6	531.6	259.0			298.0
** TOTAL	9249.3	9775.7	9477.9	9490.9			11097.9
** CHANGE VERSUS 80 AUTH							16.9%
OBJECT DESCRIPTION							
PERS. SERV.	6294.0	6685.5	6654.2	6784.4			7519.5
TRAVEL	336.8	333.8	316.3	315.7			419.6
CONTRACTUAL	2218.2	2320.1	2075.1	2031.5			2728.1
COMMODITIES	68.5	69.3	59.0	58.2			80.9
EQUIPMENT	23.5	58.7	65.3				37.0
LANDS/BLDGS	308.3	308.3	308.0	301.1			312.8
FUNDING SOURCE							
GENERAL FUND	8446.3	9040.7	8835.4	8956.9			10520.7
PGM RECEIPTS	308.0	240.0	217.5				
OTHER FUNDS	495.0	495.0	425.0	534.0			577.2
** GENERAL FUND CHANGE VS. 80 AUTH							17.4%
POSITIONS							
FULL-TIME	220.0	220.0	220.0	224.0			237.0
PART-TIME	8.0	8.0	8.0	8.0			21.0
TEMPORARY	14.0	14.0	14.0	13.0			
STAFF MONTHS	2715.1	2715.1	2715.1	2784.0			2944.2

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 -- JUNEAU 99811

April 14, 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

Gentlemen:

The Department of Revenue has reviewed the tentative agreement reached in your Committee last Saturday and has estimated the revenue effects of the amendments to the personal income tax for Fiscal Years 1980 and 1981. These are \$276.1 million total, which when combined with the \$128.5 million estimated for Permanent Fund Dividends, yields a grand total of \$404.6 million.

The estimate of the \$276.1 million for the income tax amendment is based on the following:

Tax returns were filed by March 1, 1980 for 1979 for a total of 91,966 taxpayers, of which 76,166 were residents. Of these residents, 7,389 claimed first year "Freeman credits" of \$100 and 68,777 claimed second year credits; 9.70 percent of the 76,166 resident filers were filing for the first time.

Assuming that the proportion of first-time filers has not materially changed since the end of TAPS construction, this means that the 9.7 percent who are now filing for the first time would get no refund, another 9.7 percent who filed for the first time last year would get a one-third refund, another 9.7 percent would get a two-thirds refund, and the remainder would get full refunds. Thus,

9.7% (1st-time filers)	x 0/3 refund =	0% refunded
9.7% (2nd-time filers)	x 1/3 refund =	3.23% refunded
9.7% (3rd-time filers)	x 2/3 refund =	6.47% refunded
70.9% (other filers)	x 3/3 refund =	70.90% refunded
100.0% TOTAL		80.60% refunded

During 1979 we collected approximately \$125 million in withholding and estimated tax payments. As people now file returns for that tax year, we expect refunds to exceed additional payments by \$15 million. Our current estimate of the net tax for 1979 after these adjustments is \$110.3 million. If 80.6 percent of this is refundable, the refund would be \$88.9 million.

In the first quarter of calendar year 1980, withholding and estimated tax payments were \$36,164,100. We estimate another \$35 million for the second quarter, making a total of \$71.2 million for the half year. The refundable and/or uncollected portion (80.6%) of this is \$57.4 million.

For FY 81, net income tax receipts will be \$161.0 million (12/79 forecast). The uncollected portion, at 80.6 percent, would be \$129.8 million.

The total revenue impact in refunded or uncollected income taxes is

\$88.9 million (refund of 1979)
57.4 million (refund of 1/1/80-6/30/80 receipts)
129.8 million (uncollected FY 81 tax estimate)
\$276.1 million Total

These figures will be incorporated in our Fiscal Note for the tax amendment bill, once it is clear which bill (SB 122 or SB 394) will serve as the vehicle.

Sincerely,



Thomas K. Williams
Commissioner

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. FCCS for SB 394
 Title An act relating to income tax exemptions and refundable credits
 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						

FUNDING (Thousands of Dollars)

GENERAL FUND		146.3				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
		(129.8)	(176.5)	(224.8)	(284.5)	(357)

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The methodology in deriving the aforementioned numbers is contained in the 4/14/80 letter of Commissioner Tom Williams to the Free Conference Committee on SB 122.

It is assumed refunds will commence sometime in FY 81.

IV. DATE 4/14/80 PREPARED BY Joseph K. Donoh
 AGENCY Dept of Revenue
 PHONE 465-2300
 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 394
 Title An act relating to income tax exemptions and refundable credits
 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						

FUNDING (Thousands of Dollars)

GENERAL FUND		537	1,042	1,242	1,912	2,303
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

This Note covers the cost of the political contribution credit and the child care credit portions of the above bill.

IV. DATE 4/14/80 PREPARED BY Joseph K. Donoh
 AGENCY Dept. of Revenue
 PHONE 465-2300
 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 394
 Title an act relating to income tax exemptions and refundable credits
 Requested by Free Conference Committee Date April 14, 1980

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection & 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		67.2	-0-	-0-	-0-	-0-
200 TRAVEL		3.0	-0-	-0-	-0-	-0-
300 CONTRACTUAL		20.7	-0-	-0-	-0-	-0-
400 COMMODITIES		.6	-0-	-0-	-0-	-0-
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		91.5	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND	91.5	-0-	-0-	-0-	-0-
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY	6/36mm	-0-/-0-	-0-/-0-	-0-/-0-	-0-/-0-

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

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

IV. DATE April 14, 1980

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

DATE: April 14, 1980

FILE NO:

TELEPHONE NO: #2366

FROM: Fred Boetsch, Director 
Enforcement Division

SUBJECT: Fiscal Note

The exemption of certain people from filing Alaska Individual Income Tax Returns and exempting them from the tax would appear to have a temporary impact on the Enforcement Division's budget. It would also change the nature of our activities.

The reduction in the number of people who would be liable for the income tax would reduce our overall accounts receivable. However, those individuals who would continue to be liable would represent a highly transient portion of our taxpayer population. This segment is the most difficult to enforce tax liabilities against because of its mobility. Therefore, the reduction in accounts receivable would not result in a corresponding reduction in workload since the remaining accounts would be more difficult to collect.

The bill imposes upon us an additional compliance task - that of ascertaining eligibility for exemption. At the present time, it is impossible to estimate what increase in workload this would entail over the long term. In the initial year, we would do a compliance program designed to establish the error rate on a statistical basis. Once that is established, we can design the compliance program necessary to enforce this bill.

Also, during the start up phase, it would be necessary to conduct a special compliance program to determine eligibility for the majority of taxpayers who would immediately qualify for total or partial exemption. This initial phase would involve the employment of 6 Tax Collection Specialists for a period of 6 months beginning July 1, 1980 and, the development of a computer program to match 1974 through 1979 income tax files with the exemption requests.

Although I have prepared the Fiscal Note on the basis of the start-up phase only, it is possible that additional staff would be necessary in FY 81 and future years if our experience indicates a high error rate in the exemption applications.

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 394 -- An Act relating to
income tax exemptions and refundable credits

Gentlemen:

Attached please find the following 5 fiscal notes
related to the estimated revenue impact and administrative
cost of the income tax exemption bill and refundable credits:

Revenue Impact	FY 80	FY 81
(1) Exemptions from income tax	0	\$146,300,000 appropriation 129,800,000 revenue foregone <u>\$276,100,000</u>
(2) Refundable Credits	<u>0</u>	<u>537,000</u>
TOTAL (1) and (2)	0	\$276,637,000

Administrative Costs

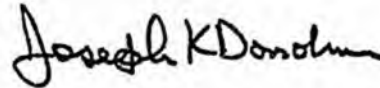
(3) Impact on Enforcement Division	0	91,500
(4) Impact on Audit Division	94,800	212,000

The Honorable Clem Tillion
Co-Chairman
The Honorable Joe McKinnon
Co-Chairman
Free Conference Committee on SB 122

April 15, 1980
Page Two

(5) Impact on Administrative Services Division -- including; 1979 Tax Rebate Claims Procedure; 1980 Withholding Claims Procedure; 1981 Payable Credit Procedure	<u>61,100</u>	<u>533,000</u>
TOTAL (3) (4) and (5)	\$155,900	\$836,500

Sincerely,



Joseph K. Donohue
Deputy Commissioner

JKD:m11
Attachments

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. FCCS for Senate Bill No. 394
 Title Income tax exemption and credit payments
 Requested by Free Conference Committee Date April 15, 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 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		11.1	151.0	85.0	85.0	85.0
200 TRAVEL		3.0	3.0			
300 CONTRACTUAL		80.7	51.4	31.9	31.9	31.9
400 COMMODITIES			1.8	1.8	1.8	1.8
500 EQUIPMENT			4.8			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		94.8	212.0	118.7	118.7	118.7

FUNDING (Thousands of Dollars)

GENERAL FUND		94.8	212.0	118.7	118.7	118.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME			3	3	3	3
PART TIME			2	2	2	2
TEMPORARY		3	10			

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

IV. DATE April 15, 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 394
 Title Providing for Tax Exemptions & Credit Payments
 Requested by _____ Date 4-13-80

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

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	16.1	203.4	42.9	45.9	49.1	52.6
200 TRAVEL						
300 CONTRACTUAL	45.0	324.1	71.0	76.0	81.3	87.0
400 COMMODITIES		4.5	.8	.9	.9	1.0
500 EQUIPMENT		1.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	61.1	533.0	114.7	122.8	131.3	140.6

FUNDING (Thousands of Dollars)

GENERAL FUND	61.1	533.0	114.7	122.8	131.3	140.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME	3/6mm	37/114mm	6/23mm	6/23mm	6/23mm	6/23mm
TEMPORARY						

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

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. Monies excess to this goal will be lapsed. Existing budget is assumed for processing school tax and applicable individual income tax returns and refunds. Existing staff will provide supervision and direction.

ANALYSIS:

Section 1 establishes an exemption for an individual from paying Alaska individual income tax. If the individual filed a return which reported adjusted gross income under AS 43.20 for three years preceding the tax year, then income is exempt from tax; if for two years, then two-thirds of the income is exempt from tax; if for one

IV. DATE 4-15-80 PREPARED BY P. A. Wall (continued on next page)
 AGENCY Revenue
 PHONE 65-2313
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

year, one-third of the income is exempt from the tax. A married individual who filed jointly is considered to have earned one-half the reported AGI.

An individual must claim the exemption by filing a form. If any of the exemption is based upon tax returns filed more than five tax years before the year for which the exemption is being claimed, a copy of the return must be attached to the form. The form must contain a signed, sworn statement of eligibility.

Section 3 requires that the rate of withholding must take into account the amount of any exemption to which an employee is entitled.

Section 4 entitles an individual to a refund of tax paid for tax year 1979 in accordance with any exemption to which the individual is entitled. The individual must claim the refund on a form (which is received in the mail). The initial mailing of the form must be made by July 1, 1980 based upon 1979 returns received as of that date.

Section 5 requires that withholding and estimated taxes received for tax year 1980 be refunded to individuals.

Supplemental funds for FY 80 will be required to support the processing and forms design, printing and postage costs for achieving the July 1, 1980 distribution goal.

Additional funds are required to achieve the processing in FY 81.

ASSUMPTIONS

Sections 1 & 4

About 275,000 individuals are expected to file exemption claims. Most will also claim refund of 1979 tax. A form which supports both claims is being considered.

Positions - FY 80:	1 PPT Supply Clerk, \$ 8, 2mm @ \$1,277mm	=	2.6
	Benefits - .4, FICA - .2, H.I. - .3	=	.9
	To assist existing staff in forms and instruction distribution		3.5
	2 PPT Systems Analyst, R 18, 4mm @ \$2,465mm	=	9.9
	Benefits - 1.5, FICA - .7, H.I. - .5	=	2.7
	One will design and write data capture programs, the other will assist existing staff in processing design		12.6
FY 81:	2 PPT Systems Analyst, R 18, 6mm @ \$2,465mm	=	14.8
	Benefits - 2.2, FICA - 1.0, H.I. - .8	=	4.0
	To complete exemption and 1979 refund processing design and programming	=	18.8

20 PPT Tax Scanners, R 8, 60mm @ \$1,277mm	=	76.6
Benefits - 11.4, FICA - 5.1, H.I. - 7.6	=	<u>24.1</u>
To data capture 275,000 claims		100.7

Sections 1 & 4

Other Expenditures - FY 80;	Claims forms, with instructions 400,000	=	<u>45.0</u>
FY 81:	Postage, 275,000 @ 15 cents	=	<u>41.3</u>
	Warrant Stock, 275,000 @ \$35M	=	<u>9.6</u>
	Envelopes, 275,000 @ \$11.54M	=	<u>3.2</u>
	Data Capture Machines, 10 @ \$350 mo., 3 mo. ea.	=	10.5
	Miscellaneous - Phone - 5.0, Electrical - 2.5, Insurance - 1.0, Transportation of Things - 3.0, Contractual Support - 50.0	=	61.5
	Commodities - Data Capture Disks	=	2.5
	Equipment - Chairs, Tables	=	1.0
	Modify PBA Warrant Processing	=	50.0
	DP Chargeback	=	25.0

Section 3 - About 275,000 tax exemption certificates will be issued.

Postions - FY 81:	1 PPT Supply Clerk, R 8, 1mm @ \$1,277	=	1.3
	Benefits - .2, FICA - .1, H.I. - .2	=	<u>.5</u>
	To assist in certificate mailout		1.8
	1 PPT Systems Analyst, R 18, 3mm @ \$2,465mm	=	7.4
	Benefits - 1.1, FICA - .5, H.I. - .4	=	<u>2.0</u>
	To modify withholding system for exemptions and produce exemption certificate		<u>9.4</u>

Other Expenditures - FY 81:	Exemption Certificate Forms 275,000	=	11.0
	Postage, 275,000 @ 15 cents	=	41.3
	Envelopes, 275,000 @ \$11.54	=	3.2

Section 5 - About 250,000 withholding and estimated tax refunds will be processed. A mid-year employer reconciliation will be data captured and processed after checking against the exemption file.

Postions - FY 81:	1 PPT Supply Clerk, R 8, 2mm @ \$1,277	=	2.6
	Benefits - .4, FICA - .2, H.I. .3	=	<u>.9</u>
	To assist in mail processing		3.5
	2 PPT Systems Analyst, R 18, 6mm @		
	\$2,465 mm	=	14.8
	Benefits - 2.2, FICA - 1.0, H.I. - .8	=	<u>4.0</u>
	To design & program employer		
	reconciliation data capture and		
	produce withholding refund		18.8
	10 PPT Tax Scanner, R 8, 30mm @ \$1,277mm=		38.3
	Benefits - 5.7, FICA - 2.6, H.I. - 3.8=		<u>12.1</u>
	Data capture 250,000 employer		
	reconciliation forms		50.4
Other Expenditures - FY 81:	Warrants, 250,000 @ \$35M	=	8.8
	Postage, 250,000 @ 15 cents	=	37.5
	Envelopes, 250,000 @ \$11.54	=	2.9
	Data Capture Machines, 5 @		
	\$350 mo. 3 mo. ea.	=	5.3
	Miscellaneous - Phone 2.0,		
	Electrical - 1.5,		
	Insurance - .5, Transportation		
	of Things - 2.0	=	6.0
	Commodities - Data Capture		
	Disks	=	2.0
	DP Chargeback	=	7.0



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

(11)

COMMITTEE REPORT

HOUSE

3/27/80

FURTHER:

Date: 4-9-80

Mr. Speaker:

The Committee on FINANCE has had CSSB 394am

"An Act exempting the income of commercial airline flight crews from the Alaska net income tax; 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 HCS for CSSB 394 same title
 new title
- and recommends reports it back with individual recommendation
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

McKinnon

Haugen

Freeman

Montgomery

Stump

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

Freeman - No Rec

McKinnon - " "

Rogers - No Rec

" "

Montgomery

CHAIRMAN

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

HOUSE CS FOR CS FOR SENATE BILL NO. 394

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

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

7

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

9

* Section 1. AS 24.20.201(a) is amended by adding a new paragraph to

10 read:

11

(12) determine, by October 15 of each year, an annual inflation

12

factor for the taxable year beginning after December 31 of that year for

13

use by the Department of Revenue in making the adjustments to the Alaska

14

net income tax required under AS 43.20.025. In making this determination

15

the committee shall use those statistics which in its judgment best

16

reflect the magnitude of inflation in Alaska, including but not limited

17

to the monthly consumer price index prepared by the Bureau of Labor

18

Statistics, United States Department of Labor, and the commodity indexes

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prepared by Dow Jones and Company and published in the Wall Street

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Journal.

21

* Sec. 2. AS 43.20.011 is amended by adding a new subsection to read:

22

(f) Notwithstanding (b) of this section, husband and wife may

23

compute and pay taxes on taxable income as individual taxpayers in

24

accordance with the tax table set out in (a) of this section if

25

(1) both of the taxpayers claim the minimum deduction (AS 43.-

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20.031(a)(4)) or both of the taxpayers itemize deductions; and

27

(2) deductions, exemptions or credits claimed by the tax-

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payers on their separate returns do not exceed the deductions, exemp-

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tions or tax credits which could be claimed by the taxpayers on a single

1 return filed jointly in accordance with (b) of this section.

2 * Sec. 3. AS 43.20 is amended by adding a new section to read:

3 Sec. 43.20.025. INCOME TAX INDEXING. (a) For each tax year the
4 department shall multiply the annual inflation factor determined by the
5 Legislative Budget and Audit Committee under AS 24.20.201(a)(12) for
6 that year, by the

- 7 (1) tax rate brackets set out in AS 43.20.011(a) - (c);
8 (2) the minimum deduction (AS 43.20.031(a)(4));
9 (3) the personal exemption; and
10 (4) the tax credits allowed in AS 43.20.036 - 43.20.039.

11 (b) The calculation made under (a) of this section shall be ad-
12 justed by multiplication by the annual inflation factor for previous
13 taxable years so that the application of the annual inflation factor is
14 cumulative.

15 (c) The resulting dollar amounts rounded to the nearest one dollar
16 are the tax rate brackets, minimum deduction, personal exemption, and
17 tax credits for the next tax year and shall be incorporated into the
18 income tax forms and instructions of the department.

19 (d) If the Legislative Budget and Audit Committee has not deter-
20 mined an annual inflation factor by October 15 of a tax year for purposes
21 of this section, the annual inflation factor for the next tax year is
22 110 percent.

23 * Sec. 4. AS 43.20.035 is amended by adding a new subsection to read:

24 (d) The income earned by a nonresident from personal services
25 provided in Alaska as a member of a flight crew on a regularly scheduled
26 commercial aircraft flying to, from, or in Alaska is exempt from taxa-
27 tion under this chapter.

28 * Sec. 5. AS 43.20.025 enacted by sec. 3 of this Act applies to all tax
29 years beginning after December 31, 1979.

1 * Sec. 6. The provisions of AS 43.20.011(f) enacted by sec. 2 of this Act
2 apply retroactively to tax returns for tax years beginning after December 31,
3 1978.

4 * Sec. 7. The provisions of sec. 4 of this Act are retroactive to
5 January 1, 1976, and apply to tax years beginning after December 31, 1975.

6 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-
7 070(c).

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Original sponsor: Rules/Governor

Offered: 3/24/80
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS FOR SENATE BILL NO. 394 am

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act exempting the income of commercial airline
7 flight crews from the Alaska net income tax; and
8 providing for an effective date."

9

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

10

* Section 1. AS 43.20.035 is amended by adding a new subsection to read:

11

(d) The income earned by a nonresident from personal services

12

provided in Alaska as a member of a flight crew on a regularly sched-
13 uled commercial aircraft flying to, from, or in Alaska is exempt from
14 taxation under this chapter.

15

* Sec. 2. This Act is retroactive to January 1, 1976 and applies to tax
16 years beginning after December 31, 1975.

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* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-

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070(c).

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Original sponsor: Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 394

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska net income tax; and pro-
7 viding for an effective date."

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

9 * Section 1. AS 24.20.201(a) is amended by adding a new paragraph to
10 read:

11 (12) determine, by October 15 of each year, an annual inflation
12 factor for the taxable year beginning after December 31 of that year for
13 use by the Department of Revenue in making the adjustments to the Alaska
14 net income tax required under AS 43.20.025. In making this determination
15 the committee shall use those statistics which in its judgment best
16 reflect the magnitude of inflation in Alaska, including but not limited
17 to the monthly consumer price index prepared by the Bureau of Labor
18 Statistics, United States Department of Labor, and the commodity indexes
19 prepared by Dow Jones and Company and published in the Wall Street
20 Journal.

21 * Sec. 2. AS 43.20.011 is amended by adding a new subsection to read:

22 (f) Notwithstanding (b) of this section, husband and wife may
23 compute and pay taxes on taxable income as individual taxpayers in
24 accordance with the tax table set out in (a) of this section if

25 (1) both of the taxpayers claim the minimum deduction (AS 43.-
5 20.031(a)(4)) or both of the taxpayers itemize deductions; and

(2) deductions, exemptions or credits claimed by the tax-
payers on their separate returns do not exceed the deductions, exemp-
tions or tax credits which could be claimed by the taxpayers on a single

1 return filed jointly in accordance with (b) of this section.

2 * Sec. 3. AS 43.20 is amended by adding a new section to read:

3 Sec. 43.20.025. INCOME TAX INDEXING. (a) For each tax year the
4 department shall multiply the annual inflation factor determined by the
5 Legislative Budget and Audit Committee under AS 24.20.201(a)(12) for
6 that year, by the

- 7 (1) tax rate brackets set out in AS 43.20.011(a) - (c);
8 (2) the minimum deduction (AS 43.20.031(a)(4));
9 (3) the personal exemption; and
10 (4) the tax credits allowed in AS 43.20.036 - 43.20.039.

11 (b) The calculation made under (a) of this section shall be ad-
12 justed by multiplication by the annual inflation factor for previous
13 taxable years so that the application of the annual inflation factor is
14 cumulative.

15 (c) The resulting dollar amounts rounded to the nearest one dollar
16 are the tax rate brackets, minimum deduction, personal exemption, and
17 tax credits for the next tax year and shall be incorporated into the
18 income tax forms and instructions of the department.

19 (d) If the Legislative Budget and Audit Committee has not deter-
20 mined an annual inflation factor by October 15 of a tax year for purposes
21 of this section, the annual inflation factor for the next tax year is
22 110 percent.

23 * Sec. 4. AS 43.20.035 is amended by adding a new subsection to read:

24 (d) The income earned by a nonresident from personal services
25 provided in Alaska as a member of a flight crew on a regularly scheduled
26 commercial aircraft flying to, from, or in Alaska is exempt from taxa-
27 tion under this chapter.

28 * Sec. 5. AS 43.20.025 enacted by sec. 3 of this Act applies to all tax
29 years beginning after December 31, 1979.

1 * Sec. 6. The provisions of AS 43.20.011(f) enacted by sec. 2 of this Act
2 apply retroactively to tax returns for tax years beginning after December 31,
3 1978.

4 * Sec. 7. The provisions of sec. 4 of this Act are retroactive to
5 January 1, 1976, and apply to tax years beginning after December 31, 1975.

6 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-
7 070(c).

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MEMORANDUM

State of Alaska

TO:

Legislative Affairs

DEPT. _____
 DIV. _____
 SEC. _____

DATE : April 10, 1980

FROM: Vicki Wilson
 House Finance Committee
 Cap Bldg Rm 519
 3795/3796

SUBJECT: MCS for CSSB 394

Please prepare House Finance Committee Substitute for CSSB 394 incorporating HB 436 and HB 464 with title change. Attached are copies of CSSB 394am, HB 436 and HB 464 and marked up copy of MCS for CSSB 394. Please return to me as soon as possible. Thanks.

Original sponsor: Rules/Governor

Offered: 3/24/80

Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

House CS FOR SENATE BILL NO. 394 am

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act ~~relating to the income of commercial airline~~ *relating to state income taxes*

7

~~flight crews from the Alaska net income tax, and~~

8

providing for an effective date."

9

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

9

* Section 1. AS 24.20.201(a) is amended by adding a new paragraph to

10 read:

11

(8) determine, before October 15 of each year, an annual

12

inflation factor for the taxable year beginning after December 31 of that

13

year for use by the Department of Revenue in making the adjustments to

14

the Alaska net income tax required under AS 43.20.025. In making this

15

determination the committee shall use those statistics which in its

16

judgment best reflect the magnitude of inflation in Alaska, including

17

but not limited to the monthly consumer price index prepared by the

18

Bureau of Labor Statistics, United States Department of Labor and the

19

commodity indexes prepared by Dow Jones and Company and published in the

20

Wall Street Journal.

11

* Section 2. AS 43.20.011 is amended by adding a new subsection to read:

12

(f) Notwithstanding (b) of this section, husband and wife may

13

compute and pay taxes on taxable income as individual taxpayers in

14

accordance with the tax table set out in (a) of this section if

15

(1) both of the taxpayers claim standard deductions or both

16

of the taxpayers itemize deductions; and

17

(2) deductions, exemptions or credits claimed by the tax-

18

payers on their separate returns do not exceed the deductions, exemp-

19

tions or tax credits which could be claimed by the taxpayers on a single

20

return filed jointly in accordance with (b) of this section.

HB 464

HB 436

H
HB 464

HB 464

SB 394am

HB 464

HB 436

SB 394am

SB 394am

21 * Sec. 3. AS 43.20 is amended by adding a new section to read:
 22 Sec. 43.20.025. INCOME TAX INDEXING. (a) For each tax year the
 23 department shall multiply the annual inflation factor determined by the
 24 Legislative Budget and Audit Committee under AS 24.20.201(a)(8) for that
 25 year, by the
 26 (1) tax rate brackets set out in AS 43.20.011(a) - (c);
 27 (2) the minimum deduction (AS 43.20.031(a)(4));
 28 (3) the personal exemption; and
 29 (4) the tax credits allowed in AS 43.20.036 - 43.20.039.

1 (b) The calculation made under (a) of this section shall be
 2 adjusted by multiplication by the annual inflation factor for the pre-
 3 vious taxable years so that the application of the annual inflation
 4 factor will be cumulative.

5 (c) The resulting dollar amounts rounded to the nearest one dollar
 6 are the tax rate brackets, minimum deduction, credits and personal
 7 exemption for the next tax year and shall be incorporated into the
 8 income tax forms and instructions of the department.

9 (d) If the Legislative Budget and Audit Committee has not
 10 determined an annual inflation factor before October 15 of a tax year,
 11 the annual inflation factor for that tax year is 110 per cent.

12 * Section 4 AS 43.20.035 is amended by adding a new subsection to read:
 13 (d) The income earned by a nonresident from personal services
 14 provided in Alaska as a member of a flight crew on a regularly sched-
 15 uled commercial aircraft flying to, from, or in Alaska is exempt from
 16 taxation under this chapter.

17 * Sec. 5. AS 43.20.025 enacted by sec. 3 of this Act applies to all tax
 18 years beginning after December 31, ~~1978~~ 1979.

19 * Sec. 6. The provisions of sec. 1 of this Act apply retroactively to tax
 20 returns for tax years beginning after December 31, 1978.

21 * Sec. 7. ~~This Act is retroactive to January 1, 1976 and applies to tax~~
 22 ~~years beginning after December 31, 1975.~~ The provisions of sec. 4 of this Act are apply
 23 retroactive to January 1, 1976 and apply to tax
 24 years beginning after December 31, 1975.

25 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-
 26 070(c).
 27
 28
 29

Original sponsor: Rules/Governor

Offered: 3/24/80
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 394 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act exempting the income of commercial airline
7 flight crews from the Alaska net income tax; and
8 providing for an effective date."

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

10 * Section 1. AS 43.20.035 is amended by adding a new subsection to read:

11 (d) The income earned by a nonresident from personal services
12 provided in Alaska as a member of a flight crew on a regularly sched-
13 uled commercial aircraft flying to, from, or in Alaska is exempt from
14 taxation under this chapter.

15 * Sec. 2. This Act is retroactive to January 1, 1976 and applies to tax
16 years beginning after December 31, 1975.

17 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
18 070(c).

Sec 4 {
Sec 7 {
Sec 8 {

19
20
21
22
23
24
25
26
27
28
29

Introduced: 4/3/79
Referred: Finance

BY PARR, BARNES, BUCHHOLDT,
HURLBERT, MARTIN, MUNSON AND
ZHAROFF

1 IN THE HOUSE

2 HOUSE BILL NO. 436

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing married taxpayers to compute and
7 pay state income taxes in accordance with rates applic-
8 able to the returns of individuals; and providing for
9 an effective date."

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

11 * Section 1. AS 43.20.011 is amended by adding a new subsection to read:

12 (f) Notwithstanding (b) of this section, husband and wife may
13 compute and pay taxes on taxable income as individual taxpayers in
14 accordance with the tax table set out in (a) of this section if

15 (1) both of the taxpayers claim standard deductions or both
16 of the taxpayers itemize deductions; and

17 (2) deductions, exemptions or credits claimed by the tax-
18 payers on their separate returns do not exceed the deductions, exemp-
19 tions or tax credits which could be claimed by the taxpayers on a single
20 return filed jointly in accordance with (b) of this section.

21 * Sec. 2. The provisions of sec. 1 of this Act apply retroactively to tax
22 returns for tax years beginning after December 31, 1978.

23 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).

Sec 2 {

Sec 6 {

Sec 8 {

25
26
27
28
29

Introduced: 4/17/79
Referred: Finance

BY ANDERSON, BARNES, COTTEN,
FREEMAN, HALFORD, HAUGEN, HAYES,
MCKINNON, MARTIN, MUNSON,
OSTERBACK, ROGERS, SCHAEFFER,
ZHAROFF AND GARDINER

1 IN THE HOUSE

2 HOUSE BILL NO. 464

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to indexing of the state income tax;
7 and providing for an effective date."

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

9 * Section 1. AS 24.20.201(a) is amended by adding a new paragraph to
10 read:

11 (8) determine, before October 15 of each year, an annual
12 inflation factor for the taxable year beginning after December 31 of that
13 year for use by the Department of Revenue in making the adjustments to
14 the Alaska net income tax required under AS 43.20.025. In making this
15 determination the committee shall use those statistics which in its
16 judgment best reflect the magnitude of inflation in Alaska, including
17 but not limited to the monthly consumer price index prepared by the
18 Bureau of Labor Statistics, United States Department of Labor and the
19 commodity indexes prepared by Dow Jones and Company and published in the
20 Wall Street Journal.

21 * Sec. 2. AS 43.20 is amended by adding a new section to read:

22 Sec. 43.20.025. INCOME TAX INDEXING. (a) For each tax year the
23 department shall multiply the annual inflation factor determined by the
24 Legislative Budget and Audit Committee under AS 24.20.201(a)(8) for that
25 year, by the

- 26 (1) tax rate brackets set out in AS 43.20.011(a) - (c);
27 (2) the minimum deduction (AS 43.20.031(a)(4));
28 (3) the personal exemption; and
29 (4) the tax credits allowed in AS 43.20.036 - 43.20.039.

1 (b) The calculation made under (a) of this section shall be
2 adjusted by multiplication by the annual inflation factor for the pre-
3 vious taxable years so that the application of the annual inflation
4 factor will be cumulative.

5 (c) The resulting dollar amounts rounded to the nearest one dollar
6 are the tax rate brackets, minimum deduction, credits and personal
7 exemption for the next tax year and shall be incorporated into the
8 income tax forms and instructions of the department.

9 (d) If the Legislative Budget and Audit Committee has not
10 determined an annual inflation factor before October 15 of a tax year,
11 the annual inflation factor for that tax year is 110 per cent.

12 * Sec. 3. AS 43.20.025 enacted by sec. 2 of this Act applies to all tax
13 years beginning after December 31, 1978.

14 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

CS SB 394 am

I. REQUEST

Bill/Resolution No. CS for Senate Bill No. 394 am
 Title An Act exempting the income of commercial airline flight crews from
 Requested by House Finance Committee (AK. net income tax) Date April 1, 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						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

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

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached memorandum to R. D. Stevenson dated 4/1/80.

IV. DATE April 1, 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

CS SB 394 am

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CS for Senate Bill No. 394 am
 Title An Act exempting the income of commercial airline flight crews from
 Requested by House Finance Committee (AK net income tax. Date April 1, 1980)

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

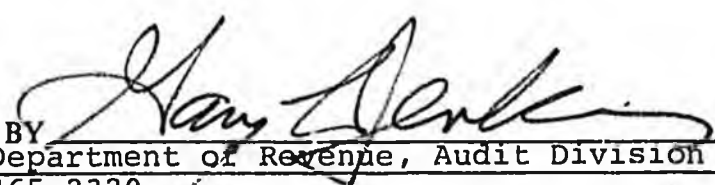
GENERAL FUND		(350.0)	(350.0)	(350.0)	(350.0)	(350.0)
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached memorandum to R. D. Stevenson dated 4/1/80.

IV. DATE April 1, 1980 PREPARED BY 
 AGENCY Department of Revenue, Audit Division
 PHONE 465-2320
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

STATE
of ALASKA

MEMORANDUM

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

DATE: April 1, 1980

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: CS for Senate Bill No. 394 am

This bill would provide a special exemption from the Alaska Individual Income Tax for nonresident flight crews of regularly scheduled commercial aircraft flying to, from, or within the State of Alaska. It is extremely difficult to understand why the Legislature would single out a single group of nonresidents and exempt their income from taxation while other nonresidents who may spend less time earning income in Alaska remain taxable.

It has been clearly established in the past that flight crew members are taxable by the State of Alaska, which the flight crews have known, and they also do have the actual flight records available to them so that they can easily determine the amount of time spent in Alaska.

The attached Fiscal Note which shows the loss of revenue to the State is our best estimate based on the limited audit work that we have done in this area. It is conservatively estimated that this will result in a loss of revenue of at least \$350,000 per year. With the retroactive provision, it would mean a total loss of tax revenue of \$1,050,000. This figure would be applicable to all flight crew members of all scheduled airlines which do business in Alaska.

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 394 -- An Act relating to
income tax exemptions and refundable credits

Gentlemen:

Attached please find the following 5 fiscal notes
related to the estimated revenue impact and administrative
cost of the income tax exemption bill and refundable credits:

Revenue Impact	FY 80	FY 81
(1) Exemptions from income tax	0	\$146,300,000 appropriation 129,800,000 revenue foregone <u>\$276,100,000</u>
(2) Refundable Credits	<u>0</u>	<u>537,000</u>
TOTAL (1) and (2)	0	\$276,637,000

Administrative Costs

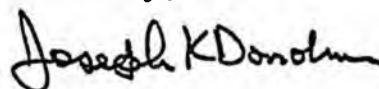
(3) Impact on Enforcement Division	0	91,500
(4) Impact on Audit Division	94,800	212,000

The Honorable Clem Tillion
Co-Chairman
The Honorable Joe McKinnon
Co-Chairman
Free Conference Committee on SB 122

April 15, 1980
Page Two

(5) Impact on Administrative Services Division -- including; 1979 Tax Rebate Claims Procedure; 1980 Withholding Claims Procedure; 1981 Payable Credit Procedure	<u>61,100</u>	<u>533,000</u>
TOTAL (3) (4) and (5)	\$155,900	\$836,500

Sincerely,



Joseph K. Donohue
Deputy Commissioner

JKD:m11
Attachments

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. FCCS for SB 394
 Title An act relating to income tax exemptions and refundable credits
 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						

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		146.3				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
		(129.8)	(176.5)	(224.8)	(284.5)	(357)

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 methodology in deriving the aforementioned numbers is contained in the 4/14/80 letter of Commissioner Tom Williams to the Free Conference Committee on SB 122.
 It is assumed refunds will commence sometime in FY 81.

IV. DATE 4/14/80 PREPARED BY Joseph K. Donoh
 AGENCY Dept of Revenue
 PHONE 465-2300
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

April 14, 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

Gentlemen:

The Department of Revenue has reviewed the tentative agreement reached in your Committee last Saturday and has estimated the revenue effects of the amendments to the personal income tax for Fiscal Years 1980 and 1981. These are \$276.1 million total, which when combined with the \$128.5 million estimated for Permanent Fund Dividends, yields a grand total of \$404.6 million.

The estimate of the \$276.1 million for the income tax amendment is based on the following:

Tax returns were filed by March 1, 1980 for 1979 for a total of 91,966 taxpayers, of which 76,166 were residents. Of these residents, 7,389 claimed first year "Freeman credits" of \$100 and 68,777 claimed second year credits; 9.70 percent of the 76,166 resident filers were filing for the first time.

Assuming that the proportion of first-time filers has not materially changed since the end of TAPS construction, this means that the 9.7 percent who are now filing for the first time would get no refund, another 9.7 percent who filed for the first time last year would get a one-third refund, another 9.7 percent would get a two-thirds refund, and the remainder would get full refunds. Thus,

9.7% (1st-time filers)	x 0/3 refund =	0% refunded
9.7% (2nd-time filers)	x 1/3 refund =	3.23% refunded
9.7% (3rd-time filers)	x 2/3 refund =	6.47% refunded
70.9% (other filers)	x 3/3 refund =	70.90% refunded
100.0% TOTAL		80.60% refunded

The Honorable Cl. Tillion, Co-Chairman
The Honorable Joe McKinnon, Co-Chairman
Free Conference Committee on SB 122

April 14, 1980
Page Two

During 1979 we collected approximately \$125 million in withholding and estimated tax payments. As people now file returns for that tax year, we expect refunds to exceed additional payments by \$15 million. Our current estimate of the net tax for 1979 after these adjustments is \$110.3 million. If 80.6 percent of this is refundable, the refund would be \$88.9 million.

In the first quarter of calendar year 1980, withholding and estimated tax payments were \$36,164,100. We estimate another \$35 million for the second quarter, making a total of \$71.2 million for the half year. The refundable and/or uncollected portion (80.6%) of this is \$57.4 million.

For FY 81, net income tax receipts will be \$161.0 million (12/79 forecast). The uncollected portion, at 80.6 percent, would be \$129.8 million.

The total revenue impact in refunded or uncollected income taxes is

\$88.9 million (refund of 1979)
57.4 million (refund of 1/1/80-6/30/80 receipts)
<u>129.8 million (uncollected FY 81 tax estimate)</u>
\$276.1 million Total

These figures will be incorporated in our Fiscal Note for the tax amendment bill, once it is clear which bill (SB 122 or SB 394) will serve as the vehicle.

Sincerely,



Thomas K. Williams
Commissioner

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. FCCS for SB 394
 Title An act relating to income tax exemptions and refundable credits
 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						

FUNDING (Thousands of Dollars)

GENERAL FUND		537	1,042	1,242	1,912	2,303
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

This Note covers the cost of the political contribution credit and the child care credit portions of the above bill.

IV. DATE 4/14/80 PREPARED BY Joseph K. Donohue
 AGENCY Dept. of Revenue
 PHONE 465-2300
 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 394
 Title An act relating to income tax exemptions and refundable credits
 Requested by Free Conference Committee Date April 14, 1980

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection & 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		67.2	-0-	-0-	-0-	-0-
200 TRAVEL		3.0	-0-	-0-	-0-	-0-
300 CONTRACTUAL		20.7	-0-	-0-	-0-	-0-
400 COMMODITIES		.6	-0-	-0-	-0-	-0-
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		91.5	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		91.5	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

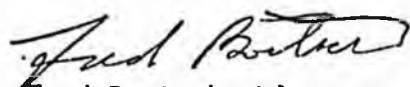
POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME						
TEMPORARY		6/36mm	-0-/-0-	-0-/-0-	-0-/-0-	-0-/-0-

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

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

IV. DATE April 14, 1980

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

DATE: April 14, 1980

FILE NO:

TELEPHONE NO: #2366

FROM: Fred Boetsch, Director 
Enforcement Division

SUBJECT: Fiscal Note

The exemption of certain people from filing Alaska Individual Income Tax Returns and exempting them from the tax would appear to have a temporary impact on the Enforcement Division's budget. It would also change the nature of our activities.

The reduction in the number of people who would be liable for the income tax would reduce our overall accounts receivable. However, those individuals who would continue to be liable would represent a highly transient portion of our taxpayer population. This segment is the most difficult to enforce tax liabilities against because of its mobility. Therefore, the reduction in accounts receivable would not result in a corresponding reduction in workload since the remaining accounts would be more difficult to collect.

The bill imposes upon us an additional compliance task - that of ascertaining eligibility for exemption. At the present time, it is impossible to estimate what increase in workload this would entail over the long term. In the initial year, we would do a compliance program designed to establish the error rate on a statistical basis. Once that is established, we can design the compliance program necessary to enforce this bill.

Also, during the start up phase, it would be necessary to conduct a special compliance program to determine eligibility for the majority of taxpayers who would immediately qualify for total or partial exemption. This initial phase would involve the employment of 6 Tax Collection Specialists for a period of 6 months beginning July 1, 1980 and, the development of a computer program to match 1974 through 1979 income tax files with the exemption requests.

Although I have prepared the Fiscal Note on the basis of the start-up phase only, it is possible that additional staff would be necessary in FY 81 and future years if our experience indicates a high error rate in the exemption applications.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. FCCS for Senate Bill No. 394
 Title Income tax exemption and credit payments
 Requested by Free Conference Committee Date April 15, 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 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		11.1	151.0	85.0	85.0	85.0
200 TRAVEL		3.0	3.0			
300 CONTRACTUAL		80.7	51.4	31.9	31.9	31.9
400 COMMODITIES			1.8	1.8	1.8	1.8
500 EQUIPMENT			4.8			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		94.8	212.0	118.7	118.7	118.7

FUNDING (Thousands of Dollars)

GENERAL FUND		94.8	212.0	118.7	118.7	118.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME			3	3	3	3
PART TIME			2	2	2	2
TEMPORARY		3	10			

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

IV. DATE April 15, 1980 PREPARED BY *Gay Clark*
 AGENCY Department of Revenue, Audit Division
 PHONE 465-2320
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. FCCS for Senate Bill No. 394
 Title Income tax exemption and credit payments
 Requested by Free Conference Committee Date April 15, 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 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		11.1	151.0	85.0	85.0	85.0
200 TRAVEL		3.0	3.0			
300 CONTRACTUAL		80.7	51.4	31.9	31.9	31.9
400 COMMODITIES			1.8	1.8	1.8	1.8
500 EQUIPMENT			4.8			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		94.8	212.0	118.7	118.7	118.7

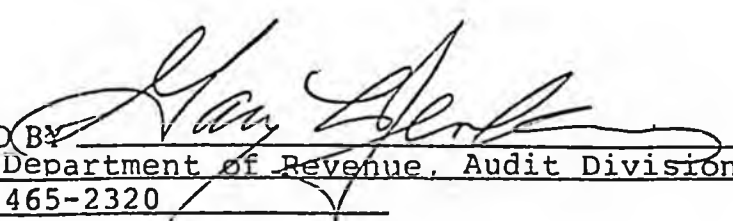
FUNDING (Thousands of Dollars)

GENERAL FUND		94.8	212.0	118.7	118.7	118.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME			3	3	3	3
PART TIME			2	2	2	2
TEMPORARY		3	10			

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

IV. DATE April 15, 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 394
 Title Providing for Tax Exemptions & Credit Payments
 Requested by _____ Date 4-13-80

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

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	16.1	203.4	42.9	45.9	49.1	52.6
200 TRAVEL						
300 CONTRACTUAL	45.0	324.1	71.0	76.0	81.3	87.0
400 COMMODITIES		4.5	.8	.9	.9	1.0
500 EQUIPMENT		1.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	61.1	533.0	114.7	122.8	131.3	140.6

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND	61.1	533.0	114.7	122.8	131.3	140.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME	3/6mm	37/1141mm	6/23mm	6/23mm	6/23mm	6/23mm
TEMPORARY						

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

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. Monies excess to this goal will be lapsed. Existing budget is assumed for processing school tax and applicable individual income tax returns and refunds. Existing staff will provide supervision and direction.

ANALYSIS:

Section 1 establishes an exemption for an individual from paying Alaska individual income tax. If the individual filed a return which reported adjusted gross income under AS 43.20 for three years preceding the tax year, then income is exempt from tax; if for two years, then two-thirds of the income is exempt from tax; if for one year, then one-third of the income is exempt from tax. (continued on next page)

IV. DATE 4-15-80 PREPARED BY P. A. Wall
 AGENCY Revenue
 PHONE 65-2313
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

year, one-third of the income is exempt from the tax. A married individual who filed jointly is considered to have earned one-half the reported AGI.

An individual must claim the exemption by filing a form. If any of the exemption is based upon tax returns filed more than five tax years before the year for which the exemption is being claimed, a copy of the return must be attached to the form. The form must contain a signed, sworn statement of eligibility.

Section 3 requires that the rate of withholding must take into account the amount of any exemption to which an employee is entitled.

Section 4 entitles an individual to a refund of tax paid for tax year 1979 in accordance with any exemption to which the individual is entitled. The individual must claim the refund on a form (which is received in the mail). The initial mailing of the form must be made by July 1, 1980 based upon 1979 returns received as of that date.

Section 5 requires that withholding and estimated taxes received for tax year 1980 be refunded to individuals.

Supplemental funds for FY 80 will be required to support the processing and forms design, printing and postage costs for achieving the July 1, 1980 distribution goal.

Additional funds are required to achieve the processing in FY 81.

ASSUMPTIONS

Sections 1 & 4

About 275,000 individuals are expected to file exemption claims. Most will also claim refund of 1979 tax. A form which supports both claims is being considered.

Positions - FY 80:	1 PPT Supply Clerk, \$ 8, 2mm @ \$1,277mm	=	2.6
	Benefits - .4, FICA - .2, H.I. - .3	=	<u>.9</u>
	To assist existing staff in forms and instruction distribution		
	2 PPT Systems Analyst, R 18, 4mm @ \$2,465mm	=	9.9
	Benefits - 1.5, FICA - .7, H.I. - .5	=	<u>2.7</u>
	One will design and write data capture programs, the other will assist existing staff in processing design		12.6
FY 81:	2 PPT Systems Analyst, R 18, 6mm @ \$2,465mm	=	14.8
	Benefits - 2.2, FICA - 1.0, H.I. - .8	=	<u>4.0</u>
	To complete exemption and 1979 refund processing design and programming	=	18.8

20 PPT Tax Scanners, R 8, 60mm @ \$1,277mm	=	76.6
Benefits - 11.4, FICA - 5.1, H.I. - 7.6	=	<u>24.1</u>
To data capture 275,000 claims		100.7

Sections 1 & 4

Other Expenditures - FY 80;	Claims forms, with instructions 400,000	=	45.0
FY 81:	Postage, 275,000 @ 15 cents	=	41.3
	Warrant Stock, 275,000 @ \$35M	=	9.6
	Envelopes, 275,000 @ \$11.54M	=	3.2
	Data Capture Machines, 10 @ \$350 mo., 3 mo. ea.	=	10.5
	Miscellaneous - Phone - 5.0, Electrical - 2.5, Insurance - 1.0, Transportation of Things - 3.0, Contractual Support - 50.0	=	61.5
	Commodities - Data Capture Disks	=	2.5
	Equipment - Chairs, Tables	=	1.0
	Modify PBA Warrant Processing	=	50.0
	DF Chargeback	=	25.0

Section 3 - About 275,000 tax exemption certificates will be issued.

Postions - FY 81:	1 PPT Supply Clerk, R 8, 1mm @ \$1,277	=	1.3
	Benefits - .2, FICA - .1, H.I. - .2	=	<u>.5</u>
	To assist in certificate mailout		1.8
	1 PPT Systems Analyst, R 18, 3mm @ \$2,465mm	=	7.4
	Benefits - 1.1, FICA - .5, H.I. - .4	=	<u>2.0</u>
	To modify withholding system for exemptions and produce exemption certificate		9.4

Other Expenditures - FY 81:	Exemption Certificate Forms 275,000	=	11.0
	Postage, 275,000 @ 15 cents	=	41.3
	Envelopes, 275,000 @ \$11.54	=	3.2

Section 5 - About 250,000 withholding and estimated tax refunds will be processed. A mid-year employer reconciliation will be data captured and processed after checking against the exemption file.

Postions - FY 81:	1 PPT Supply Clerk, R 8, 2mm @ \$1,277	=	2.6
	Benefits - .4, FICA - .2, H.I. .3	=	.9
	To assist in mail processing		<u>3.5</u>
	2 PPT Systems Analyst, R 18, 6mm @ \$2,465 mm	=	14.8
	Benefits - 2.2, FICA - 1.0, H.I. - .8	=	<u>4.0</u>
	To design & program employer reconciliation data capture and produce withholding refund		18.8
	10 PPT Tax Scanner, R 8, 30mm @ \$1,277mm	=	38.3
	Benefits - 5.7, FICA - 2.6, H.I. - 3.8	=	<u>12.1</u>
	Data capture 250,000 employer reconciliation forms		50.4
Other Expenditures - FY 81:	Warrants, 250,000 @ \$35M	=	8.8
	Postage, 250,000 @ 15 cents	=	37.5
	Envelopes, 250,000 @ \$11.54	=	2.9
	Data Capture Machines, 5 @ \$350 mo. 3 mo. ea.	=	5.3
	Miscellaneous - Phone 2.0, Electrical - 1.5, Insurance - .5, Transportation of Things - 2.0	=	6.0
	Commodities - Data Capture Disks	=	2.0
	DP Chargeback	=	7.0

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

(An act exempting the income of commercial airline flight crews from the Alaska net income tax, effective date.)

I. REQUEST

Bill/Resolution No. CS 58394
 Title Urging Department of Revenue to rescind its ruling relating to taxation of flight crew members Date 3/6/80
 Requested by: Senate State Affairs & Finance Committees

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected Fiscal Services
 BRU, Program, or Subprogram(s) Affected Audit Division

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

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

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

This resolution deals with the taxation of the employees of Alaska Airlines for the flight time they spend providing services in the State of Alaska. If we were to do what the resolution requests and not enforce our tax laws against the employees of Alaska Airlines, this would result in a revenue loss to the State in an estimated amount of \$250,000 to \$300,000 per year. Assuming the Legislature would intend us to apply it to all airline flight crews equally, the amount of total loss would approach an estimated \$500,000.

Federal legislation was recently passed which would limit our ability to tax airline crew members; however, we have not yet received a copy of the actual legislation to determine its exact effect on Alaska.

IV. DATE March 6, 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)

CATEGORY: GENERAL GOVERNMENT
PROGRAM: REVENUE COLLECTION AND MANAGEMENT

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

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

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

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

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

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

The Administration and Support BRU includes the Office of the Commissioner, Administrative Services, and Fish and Game Licensing. The Commissioner's Office oversees all functions of the Department of Revenue. The Research Section, under the Office of the Commissioner, performs special studies in analyzing and developing revenue sources, as well as projecting State cash flow through revenue estimating models and information provided by State agencies. The Administrative Services component provides centralized general services for the Department of Revenue, including personnel, budget, payroll, purchasing, mail, etc. This section also provides certain technical services such as administering business licenses, processing tax and license remittances, and initial processing of tax returns. The Fish and Game Licensing component is being transferred to this BRU from the Natural Resources category for FY 81. This component processes revenues received from the sales of fish and game licenses statewide. Most of the licenses are sold by contract vendors such as sporting goods stores.

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



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

COMMITTEE REPORT

(11)

HOUSE

3/7/80

FURTHER:

Date:

5/14/80

Mr. Speaker:

The Committee on FINANCE has had CSSB 396

"An Act making appropriations to the Department of Health and Social Services; 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 ^HCS for CSSB 396 same title
 new title
 and recommends individual rec.
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING

DO PASS:

Melkins

MEMBERS HAVING

OTHER RECOMMENDATIONS:

Smith - No Rec

Rogers - No Rec

Freesman - No Rec

Meekins

CHAIRMAN

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 396

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to operating or driving a motor vehicle
7 while under the influence of intoxicating liquor."

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

9 * Section 1. AS 28.35.030 is repealed and re-enacted to read:

10 Sec. 28.35.030. DRIVING WHILE INTOXICATED. (a) A person commits
11 the crime of driving while intoxicated if he operates or drives a motor
12 vehicle

13 (1) while under the influence of intoxicating liquor, de-
14 pressant, hallucinogenic, stimulant or narcotic drugs as defined in
15 AS 17.10.230(13) and AS 17.12.150(3);

16 (2) when there is 0.10 percent or more by weight of alcohol
17 in his blood or 100 milligrams or more of alcohol per 100 milliliters of
18 his blood, or when there is 0.10 grams or more of alcohol per 210 liters
19 of his breath; or

20 (3) while he is under the combined influence of intoxicating
21 liquor and another substance.

22 (b) Driving while intoxicated is a class A misdemeanor.

23 (c) Upon conviction under this section the court shall impose a
24 minimum sentence of imprisonment of not less than three consecutive
25 days. Upon a subsequent conviction within five years after a conviction
26 under this section, the court shall impose a minimum sentence of im-
27 prisonment of not less than 10 consecutive days. The execution of
28 sentence may not be suspended nor may probation be granted until the
29 minimum imprisonment provided in this section has been served. Im-

1 position of sentence may not be suspended, except upon the condition
2 that the defendant be imprisoned for no less than the minimum period
3 provided in this section. In addition, his operator's license shall be
4 revoked in accordance with AS 28.15.181. In addition, a person con-
5 victed under this statute shall undertake, for a term specified by the
6 court, that program of alcohol education or rehabilitation which the
7 court, after consideration of any information compiled under (d) of this
8 section, finds appropriate.

9 (d) Except as prohibited by federal law or regulation, every
10 provider of treatment programs to which persons are ordered under (c) of
11 this section shall supply the Alaska court system with the information
12 regarding the condition and treatment of those persons as the supreme
13 court may require by rule. Information compiled under this subsection
14 is confidential and may only be used by a court in sentencing a person
15 convicted under (c) of this section, or by an officer of the court in
16 preparing a presentence report for the use of the court in sentencing a
17 person convicted under (c) of this section.

18 * Sec. 2. AS 28.35.031 is amended to read:

19 Sec. 28.35.031. IMPLIED CONSENT. A person who operates or drives
20 a motor vehicle in this state shall be considered to have given consent
21 to a chemical test or tests of his breath for the purpose of determining
22 the alcoholic content of his blood or breath if lawfully arrested for an
23 offense arising out of acts alleged to have been committed while the
24 person was operating or driving a motor vehicle while intoxicated [UNDER
25 THE INFLUENCE OF INTOXICATING LIQUOR]. The test or tests shall be
26 administered at the direction of a law enforcement officer who has
27 reasonable grounds to believe that the person was operating or driving a
28 motor vehicle in this state while intoxicated [UNDER THE INFLUENCE OF
29 INTOXICATING LIQUOR].

1 * Sec. 3. AS 28.35.032 is amended to read:

2 Sec. 28.35.032. REFUSAL TO SUBMIT TO CHEMICAL TEST. (a) If a
3 person under arrest refuses the request of a law enforcement officer to
4 submit to a chemical test of his breath as provided in AS 28.35.031,
5 after being advised by the officer that his refusal will result in the
6 suspension, denial or revocation of his license and that the refusal may
7 be used against him in a civil or criminal action or proceeding arising
8 out of an act alleged to have been committed by him while operating or
9 driving a vehicle under the influence of intoxicating liquor, a chemical
10 test shall not be given.

11 (b) Upon receipt of a sworn report of a law enforcement officer
12 that a person has refused to submit to a chemical test authorized under
13 AS 28.35.031, containing a statement of the circumstances surrounding
14 the arrest and the grounds upon which his belief was based that the
15 person was operating or driving a motor vehicle in violation of AS 28.-
16 35.030, the Department of Public Safety shall notify the person that his
17 license or nonresident privilege to drive or operate a motor vehicle in
18 the state is revoked or suspended, or that no original license or permit
19 will be issued for three months. In the same notice the department
20 shall inform the person that he may initiate a proceeding in the district
21 court to rescind the department's action. The court proceeding shall be
22 without jury and shall be limited to the issues of whether

23 (1) the arresting officer had reasonable grounds to believe
24 the arrested person had been operating or driving a motor vehicle in the
25 state while under the influence of intoxicating liquor;

26 (2) the arrested person refused to submit to the breath test
27 upon request of the officer after being advised that his refusal would
28 result in the suspension, revocation, or denial of his license; and

29 (3) the accused defendant was informed fairly of the nature

1 of the tests, the accuracy of the methods, machines, equipment involved,
2 the expertise of the person administering the tests, or operator of the
3 machines, and the accused given such other reasonable information as may
4 be requested by him.

5 (c) If the issues set out in (b)(1), (2) and (3) of this section
6 are determined in the affirmative, the court shall sustain the action of
7 the department. If one or more of the issues are determined in the
8 negative, the department's action shall be rescinded. If the action of
9 the department in suspending or revoking a nonresident's privilege to
10 operate or drive a motor vehicle in this state is sustained by the
11 court, the department shall give information in writing of the action
12 taken to the motor vehicle administrator of the state of the person's
13 residence and to any state in which he has a license.

14 (d) If the person who refuses to submit to the chemical test
15 authorized by AS 28.35.031, within two years previous to his arrest, has
16 been convicted in this or any other state of operating or driving a
17 motor vehicle while intoxicated, the period of suspension for his
18 license, nonresident privilege to drive, or denial or original license
19 shall be one year.

20 (e) The refusal of a person to submit to a chemical test of his
21 breath under (a) of this section is admissible evidence in a civil or
22 criminal action or proceeding arising out of an act alleged to have been
23 committed by the person while operating or driving a vehicle under the
24 influence of intoxicating liquor.

25 * Sec. 4. AS 28.35.033(a) is amended to read:

26 (a) Upon the trial of a civil or criminal action or proceeding
27 arising out of acts alleged to have been committed by a person while
28 operating or driving a motor vehicle under the influence of intoxicating
29 liquor, the amount of alcohol in the person's blood or breath at the

1 time alleged [, AS SHOWN BY CHEMICAL ANALYSIS OF THE PERSON'S BREATH,]
2 shall give rise to the following presumptions:

3 (1) If there was 0.05 percent or less by weight of alcohol in
4 the person's blood, or 50 milligrams or less of alcohol per 100 milli-
5 liters of his blood, or 0.05 grams or less of alcohol per 210 liters of
6 his breath, it shall be presumed that the person was not under the
7 influence of intoxicating liquor.

8 (2) If there was in excess of 0.05 percent but less than 0.10
9 percent by weight of alcohol in the person's blood, or in excess of 50
10 but less than 100 milligrams of alcohol per 100 milliliters of his blood,
11 or in excess of 0.05 grams but less than 0.10 grams of alcohol per 210
12 liters of his breath, that fact does not give rise to any presumption
13 that the person was or was not under the influence of intoxicating
14 liquor, but that fact may be considered with other competent evidence in
15 determining whether the person was under the influence of intoxicating
16 liquor.

17 (3) [IF THERE WAS 0.10 PERCENT OR MORE BY WEIGHT OF ALCOHOL
18 IN THE PERSON'S BLOOD, IT SHALL BE PRESUMED THAT THE PERSON WAS UNDER
19 THE INFLUENCE OF INTOXICATING LIQUOR.]

20 * Sec. 5. AS 28.35.034 is amended to read:

21 Sec. 28.35.034. PERIOD OF REVOCATION. A person whose license or
22 permit to operate or drive a motor vehicle has been suspended or revoked
23 under the provisions of AS 28.35.032 shall surrender his license or
24 permit to the department on receipt of notice of the revocation. Such a
25 person is ineligible for an operator's license or permit for three
26 months following the date on which the license or permit was received by
27 the department, unless the district court finds that extenuating
28 circumstances exist which would cause extreme hardship, in which case
29 the suspension or revocation may be modified or nullified. After the

1 three months' period has expired the person may make application for a
2 new license as provided by law.
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Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 396
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to operating or driving a motor vehicle
7 while under the influence of intoxicating liquor."

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

9 * Section 1. AS 28.35.030 is repealed and re-enacted to read:

10 Sec. 28.35.030. DRIVING WHILE INTOXICATED. (a) A person commits
11 the crime of driving while intoxicated if he operates or drives a motor
12 vehicle

13 (1) while under the influence of intoxicating liquor, de-
14 pressant, hallucinogenic, stimulant or narcotic drugs as defined in
15 AS 17.10.230(13) and AS 17.12.150(3);

16 (2) when there is 0.10 percent or more by weight of alcohol
17 in his blood or 100 milligrams or more of alcohol per 100 milliliters of
18 his blood, or when there is 0.10 grams or more of alcohol per 210 liters
19 of his breath; or

20 (3) while he is under the combined influence of intoxicating
21 liquor and another substance.

22 (b) Driving while intoxicated is a class A misdemeanor.

23 (c) Upon conviction under this section the court shall impose a
24 minimum sentence of imprisonment of not less than three consecutive
25 days. Upon a subsequent conviction within five years after a conviction
26 under this section, the court shall impose a minimum sentence of im-
27 prisonment of not less than 10 consecutive days. The execution of
28 sentence may not be suspended nor may probation be granted until the
29 minimum imprisonment provided in this section has been served. Im-

1 position of sentence may not be suspended, except upon the condition
2 that the defendant be imprisoned for no less than the minimum period
3 provided in this section. In addition, his operator's license shall be
4 revoked in accordance with AS 28.15.181. In addition, a person con-
5 victed under this statute shall undertake, for a term specified by the
6 court, that program of alcohol education or rehabilitation which the
7 court, after consideration of any information compiled under (d) of this
8 section, finds appropriate.

9 (d) Except as prohibited by federal law or regulation, every
10 provider of treatment programs to which persons are ordered under (c) of
11 this section shall supply the Alaska court system with the information
12 regarding the condition and treatment of those persons as the supreme
13 court may require by rule. Information compiled under this subsection
14 is confidential and may only be used by a court in sentencing a person
15 convicted under (c) of this section, or by an officer of the court in
16 preparing a presentence report for the use of the court in sentencing a
17 person convicted under (c) of this section.

18 * Sec. 2. AS 28.35.031 is amended to read:

19 Sec. 28.35.031. IMPLIED CONSENT. A person who operates or drives
20 a motor vehicle in this state shall be considered to have given consent
21 to a chemical test or tests of his breath for the purpose of determining
22 the alcoholic content of his blood or breath if lawfully arrested for an
23 offense arising out of acts alleged to have been committed while the
24 person was operating or driving a motor vehicle while intoxicated [UNDER
25 THE INFLUENCE OF INTOXICATING LIQUOR]. The test or tests shall be
26 administered at the direction of a law enforcement officer who has
27 reasonable grounds to believe that the person was operating or driving a
28 motor vehicle in this state while intoxicated [UNDER THE INFLUENCE OF
29 INTOXICATING LIQUOR].

1 * Sec. 3. AS 28.35.032 is amended to read:

2 Sec. 28.35.032. REFUSAL TO SUBMIT TO CHEMICAL TEST. (a) If a
3 person under arrest refuses the request of a law enforcement officer to
4 submit to a chemical test of his breath as provided in AS 28.35.031,
5 after being advised by the officer that his refusal will result in the
6 suspension, denial or revocation of his license and that the refusal may
7 be used against him in a civil or criminal action or proceeding arising
8 out of an act alleged to have been committed by him while operating or
9 driving a vehicle under the influence of intoxicating liquor, a chemical
10 test shall not be given.

11 (b) Upon receipt of a sworn report of a law enforcement officer
12 that a person has refused to submit to a chemical test authorized under
13 AS 28.35.031, containing a statement of the circumstances surrounding
14 the arrest and the grounds upon which his belief was based that the
15 person was operating or driving a motor vehicle in violation of AS 28.-
16 35.030, the Department of Public Safety shall notify the person that his
17 license or nonresident privilege to drive or operate a motor vehicle in
18 the state is revoked or suspended, or that no original license or permit
19 will be issued for three months. In the same notice the department
20 shall inform the person that he may initiate a proceeding in the district
21 court to rescind the department's action. The court proceeding shall be
22 without jury and shall be limited to the issues of whether

23 (1) the arresting officer had reasonable grounds to believe
24 the arrested person had been operating or driving a motor vehicle in the
25 state while under the influence of intoxicating liquor;

26 (2) the arrested person refused to submit to the breath test
27 upon request of the officer after being advised that his refusal would
28 result in the suspension, revocation, or denial of his license; and

29 (3) the accused defendant was informed fairly of the nature

1 of the tests, the accuracy of the methods, machines, equipment involved,
2 the expertise of the person administering the tests, or operator of the
3 machines, and the accused given such other reasonable information as may
4 be requested by him.

5 (c) If the issues set out in (b)(1), (2) and (3) of this section
6 are determined in the affirmative, the court shall sustain the action of
7 the department. If one or more of the issues are determined in the
8 negative, the department's action shall be rescinded. If the action of
9 the department in suspending or revoking a nonresident's privilege to
10 operate or drive a motor vehicle in this state is sustained by the
11 court, the department shall give information in writing of the action
12 taken to the motor vehicle administrator of the state of the person's
13 residence and to any state in which he has a license.

14 (d) If the person who refuses to submit to the chemical test
15 authorized by AS 28.35.031, within two years previous to his arrest, has
16 been convicted in this or any other state of operating or driving a
17 motor vehicle while intoxicated, the period of suspension for his
18 license, nonresident privilege to drive, or denial or original license
19 shall be one year.

20 (e) The refusal of a person to submit to a chemical test of his
21 breath under (a) of this section is admissible evidence in a civil or
22 criminal action or proceeding arising out of an act alleged to have been
23 committed by the person while operating or driving a vehicle under the
24 influence of intoxicating liquor.

25 * Sec. 4. AS 28.35.033(a) is amended to read:

26 (a) Upon the trial of a civil or criminal action or proceeding
27 arising out of acts alleged to have been committed by a person while
28 operating or driving a motor vehicle under the influence of intoxicating
29 liquor, the amount of alcohol in the person's blood or breath at the

1 time alleged [, AS SHOWN BY CHEMICAL ANALYSIS OF THE PERSON'S BREATH,]
2 shall give rise to the following presumptions:

3 (1) If there was 0.05 percent or less by weight of alcohol in
4 the person's blood, or 50 milligrams or less of alcohol per 100 milli-
5 liters of his blood, or 0.05 grams or less of alcohol per 210 liters of
6 his breath, it shall be presumed that the person was not under the
7 influence of intoxicating liquor.

8 (2) If there was in excess of 0.05 percent but less than 0.10
9 percent by weight of alcohol in the person's blood, or in excess of 50
10 but less than 100 milligrams of alcohol per 100 milliliters of his blood,
11 or in excess of 0.05 grams but less than 0.10 grams of alcohol per 210
12 liters of his breath, that fact does not give rise to any presumption
13 that the person was or was not under the influence of intoxicating
14 liquor, but that fact may be considered with other competent evidence in
15 determining whether the person was under the influence of intoxicating
16 liquor.

17 (3) [IF THERE WAS 0.10 PERCENT OR MORE BY WEIGHT OF ALCOHOL
18 IN THE PERSON'S BLOOD, IT SHALL BE PRESUMED THAT THE PERSON WAS UNDER
19 THE INFLUENCE OF INTOXICATING LIQUOR.]

20 * Sec. 5. AS 28.35.034 is amended to read:

21 Sec. 28.35.034. PERIOD OF REVOCATION. A person whose license or
22 permit to operate or drive a motor vehicle has been suspended or revoked
23 under the provisions of AS 28.35.032 shall surrender his license or
24 permit to the department on receipt of notice of the revocation. Such a
25 person is ineligible for an operator's license or permit for three
26 months following the date on which the license or permit was received by
27 the department, unless the district court finds that extenuating
28 circumstances exist which would cause extreme hardship, in which case
29 the suspension or revocation may be modified or nullified. After the

1 three months' period has expired the person may make application for a
2 new license as provided by law.
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CS&B 396

An Act making appropriations to the
Department of Health and Social Services;
and providing for an effective date.

IN: 3/7/80

Inc. in CSHB 60-
~~CS&B~~ Sec. 84
to Sec. 92

Original sponsor: Rules/Governor

Offered: 3/4/80

Referred: Rules

Funding Information

General Fund \$3,881,581

Other Funds -0-

\$3,881,581

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS FOR SENATE BILL NO. 396

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act making appropriations to the Department of
7 Health and Social Services; and providing for an
8 effective date."

9

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

10

* Section 1. The sum of \$1,456,900 is appropriated from the general fund
11 to the Department of Health and Social Services, division of corrections, for
12 increases in cost of care and confinement of adults in state custody for the
13 fiscal year ending June 30, 1980, to be allocated as follows:

14

Palmer correctional center \$ 39,500

15

Anchorage state correctional center 65,000

16

Juneau correctional center 43,700

17

Fairbanks correctional center 154,700

18

Ketchikan correctional center 35,500

19

Anchorage annex correctional center 57,100

20

Eagle River correctional center 27,900

21

Ridgeview Manor 91,400

22

Nome correctional center 19,200

23

out-of-state contractual services 655,400

24

major medical expenses and guard hire 100,000

25

community-based programs 167,500

26

* Sec. 2. The sum of \$575,500 is appropriated from the general fund to
27 the Department of Health and Social Services, division of corrections, for
28 the increased cost of care and confinement of juveniles in state custody
29 (institutional care), for the fiscal year ending June 30, 1980.

30

1 * Sec. 3. The sum of \$70,271 is appropriated from the general fund to the
2 Department of Health and Social Services, division of corrections, for the
3 purpose of hiring additional correctional officers for the Juneau correctional
4 center for the fiscal year ending June 30, 1980.

5 * Sec. 4. The sum of \$12,735 is appropriated from the general fund to the
6 Department of Health and Social Services, division of corrections, for back
7 pay to five employees of the Anchorage annex correctional center for the
8 fiscal year ending June 30, 1980.

9 * Sec. 5. The sum of \$249,900 is appropriated from the general fund to
10 the Department of Health and Social Services, division of corrections, for
11 the fiscal year ending June 30, 1980, (1) for the purpose of preventing
12 further reduction of probation and parole staff, and (2) to pay unfunded
13 lease costs and court mandated travel. The appropriation made by this
14 section shall be allocated as follows:

15	First Judicial District	\$ 60,300
16	Second Judicial District	8,200
17	Third Judicial District	132,400
18	Fourth Judicial District	49,000

19 * Sec. 6. The sum of \$35,000 is appropriated from the general fund to the
20 Department of Health and Social Services, division of corrections for an
21 increase in contract jail services purchased from the City of Kodiak for the
22 fiscal year ending June 30, 1980.

23 * Sec. 7. The sum of \$40,000 is appropriated from the general fund to the
24 Department of Health and Social Services, to be paid as a grant to the Yukon,
25 Kuskokwim Health Corporation for audio-visual aids and for the development of
26 health education in villages.

27 * Sec. 8. The sum of \$23,000 is appropriated from the general fund to the
28 Department of Health and Social Services, division of corrections, for a new
29 refrigerator-freezer unit for the Fairbanks correctional center.

1 * Sec. 9. The sum of \$16,475 is appropriated from the general fund to the
2 Department of Health and Social Services, division of corrections, to provide
3 contract funds for psychological counseling and salary costs for a staff
4 teacher at the Ridgeview Manor for the fiscal year ending June 30, 1980.

5 * Sec. 10. The sum of \$380,000 is appropriated from the general fund to
6 the Department of Health and Social Services, division of corrections, to pay
7 outstanding bills for the fiscal year ending June 30, 1979.

8 * Sec. 11. The sum of \$256,700 is appropriated from the general fund to
9 the Department of Health and Social Services, division of corrections, for
10 roof replacement on the storage warehouse, relocation of the rear entrance
11 fence, re-roofing the main building, asphalt parking, air conditioning,
12 boiler repair, and heat duct work and a walk-around on the outer fence at the
13 Fairbanks correctional center.

14 * Sec. 12. The sum of \$698,500 is appropriated from the general fund to
15 the Department of Health and Social Services, division of corrections, for
16 additional project costs to complete construction of the gymnasium at the
17 Southeast regional correctional institution.

18 * Sec. 13. The sum of \$66,600 is appropriated from the general fund to
19 the Department of Health and Social Services to be paid as a grant to
20 Bartlett Memorial Hospital for medical equipment.

21 * Sec. 14. The unexpended and unobligated portions of the appropriations
22 made in secs. 1 - 6 and 8 - 10 of this Act lapse into the general fund
23 June 30, 1980.

24 * Sec. 15. The appropriations made in secs. 11 and 12 of this Act are for
25 capital projects and are subject to AS 37.25.020.

26 * Sec. 16. This Act takes effect immediately in accordance with AS 01.10.-
27 070(c).

28

29

FEB. 24, 1980

To: Phil Guy

Here are the cost estimates for hiring a full-time alcoholism counselor for the state jail at Lemon Creek.

From Matt Felix, Juneau Alcoholism and Drug Abuse Central Agency:

<u>salary</u>	<u>benefits</u>	<u>total cost</u>
21,000	27.5%	26,775/ yr.

From the Dept. of Administration's Personnel Section:

<u>salary</u>	<u>benefits</u>	<u>total cost</u>
22,200	27.5%	28,194/yr.

For a non-permanent employee:

<u>salary</u>	<u>benefits</u>	<u>total cost</u>
1850/mo.	9%	2016.50/ mo.

The City of Juneau actually has a job classification entitled "alcoholism counselor", but the State's Personnel Section does not. The educational requirements of a Social Worker II are equivalent to that of the City's alcoholism counselor.