

LEG. FINANCE - BILLS 1983 - 1984 1819

SSH 85 cont. - HB 103

1819

# Breakdown ON Reduction MADE TO GOVERNOR'S PROPOSED FY 84 BUDGET FOR REPEAL OF PFD PROGRAM

## Attachment D

### Reduction due to Dividend Repeal

<u>Division</u>	<u>\$</u>	<u>PFT Positions Deleted</u>	<u>PPT/Temp. Positions Deleted</u>
<u>Administrative Services</u>	654.8		
Personal Services	205.0		15
Contractual Commodities	447.7 2.1		
<u>Enforcement</u>	689.7		
Personal Services	568.5	7	
Travel	43.5		
Contractual Commodities	72.6 5.1		
<u>Public Services</u>	789.4		
Personal Services	356.8		14
Travel	68.9		
Contractual Commodities	360.5 3.2		
<u>Treasury</u>	160.6		
Personal Services	57.8	1	1
Travel	4.2		
Contractual Commodities	95.4 3.2		
<b>Total Impact</b>	<b>2294.5</b>	<b>8</b>	<b>30</b>

*Zerox and give to members*

*Adams*

MSG 83-00010492 PRTY 1 02/23/83 14:17:36 ORIG: LA08 IN= 0015 OUT= 0028  
FROM: CANDY/ANCHORAGE TO: GAIL  
TARGET: LJH4 SUBJ: PERM. FUND T/C

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PLEASE LET THE COMMITTEES KNOW THAT MICHAEL ROBINSON/AK RADIO NETWORK  
IS LISTENING IN TO THE T/C FROM THE RADIO BAY. (FOR THEIR INFORMATION)

Excerpt from Attorney General's Opinion Re: Appropriation Limit  
Questions, Pertinent to the Permanent Fund Dividend Program

dends;

- (2) an appropriation of revenue bond proceeds;
- (3) an appropriation to pay principal and interest on general obligation bonds;
- (4) an appropriation of money received from nonstate sources in trust for a specific purpose, including revenues of a public corporation that issues revenue bonds; and
- (5) an appropriation to meet a state of disaster declared by the governor.

You have requested our interpretation of exceptions (1) and (3) set out above.

A. Alaska Permanent Fund Dividend Exception

The appropriation limit provides: "Except for appropriations for Alaska permanent fund dividends ... appropriations from the state treasury made for a fiscal year shall not exceed \$2,500,000,000...." A question obviously arises as to whether "Alaska permanent fund dividends" means only those cash payments provided to individuals under AS 43.23 or if the word "dividend" encompasses other concepts for the distribution of income earned by the Alaska permanent fund.

We believe the answer to your question concerning appropriations for permanent fund dividends depends on whether the exceptions will be construed strictly or liberally. Usually,

provisions in a state constitution are construed liberally using the same rules of construction prescribed for other laws with regard given to the broader object and scope of the constitution as a charter of popular government. Eghert v. Dunseith, 24 N.W.2d 907 (N.D. 1946); 168 A.L.R. 621. Professor Sutherland explains the modern view for construing express exceptions as follows:

The older rule strictly interpreted both exceptions and provisos but today the prevailing view favors determining the effects of such provisions according to the usual criteria of decision applicable to other kinds of provisions as well without the use of any artificial presumptions to the effect that qualifying language should be strictly construed.

SUTHERLAND STATUTORY CONSTRUCTION § 47.11 (4th ed. 1974)(footnotes omitted). The FCC did not express an intent to limit this exception to only appropriations to finance cash payments to individuals under AS 43.23.

The appropriation limit must be interpreted consistently with the permanent fund amendment contained in article IX, section 15. Section 15 provides that the legislature may dispose of the income of the Alaska permanent fund "as provided by law." Each legislature may reexamine existing law and enact different laws providing for the use of income earned by the Alaska permanent fund. If section 16 were interpreted so that the exception to permanent fund dividends applied only to appropriations to finance cash dividends under AS 43.23, the legislature would essentially be denied the flexibility to adjust to changing philoso-

phies concerning the propriety of making cash payments directly to residents which section 15 expressly reserves to it. 2/ In interpreting and applying the constitution, it must be remembered that the constitution is not a lifeless or static instrument whose interpretation is confined to conditions and outlooks which prevailed at the time of its adoption. Yakus v. United States, 321 U.S. 414 (1944); Warwick v. State, 548 P.2d 384 (Alaska 1976).

The word "dividend" has no precise legal meaning. Trustees of University v. North Carolina R. Co., 13 WORDS AND PHRASES 107 (Permanent ed.); 22 Am. Rep. 671. Webster defines "dividend" as follows: "an individual share of something distributed among a number of recipients." We are not aware of any legal principle which would preclude the characterization of other distribution programs as "dividends." Rather, the words used

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2/ The Thirteenth Legislature may reject direct cash distribution in favor of a plan which it determines will promote public purposes more effectively. During the period of consideration and adoption of the appropriation limit, the permanent fund dividend law was undergoing considerable scrutiny and change by both the legislature and the courts. The legislature adopted the proposed appropriation limit amendment on July 15, 1981. At that time the question of the constitutionality of the permanent fund dividend program as it was then structured was on appeal to the United States Supreme Court. On June 14, 1982, the United States Supreme Court issued an opinion which found the method established for determining the amount of dividends under that program void because the method promoted discrimination based on length of residence in the state. On August 13, 1982, amendments to the dividend law took effect. The people were undoubtedly aware that the dividend law in effect on election day in 1982 was not chiseled in marble.

by the drafters of the amendment afford broad latitude to the legislature to enact new distribution programs which will not be impaired by the appropriation limit.

It is well-settled law that a provision of a state's constitution must receive a liberal, practical construction to meet changed conditions and growing needs of the people. County of Alameda v. Sweeney, 312 P.2d 419, 424 (Cal. 1957). Under the permanent fund amendment, the discretion granted to the legislature to enact, amend, or repeal the present dividend program under AS 43.23 to meet the growing needs of the people is unfettered. However, the operation of exceptions from the appropriation limit must be interpreted consistent with the intent of the framers of the organic law and of the people adopting it. State v. Lewis, 559 P.2d 630, 637 (Alaska 1977).

One important consideration should be carefully observed. The Alaska Supreme Court has found that the purpose of the existing dividend program is to force the legislature to consider the reimposition of taxes when the decline of oil revenue encourages resort to permanent fund income to finance state government. Williams v. Zobel, 619 P.2d 448, 454 (Alaska 1981), rev'd 451 U.S. 905 (1982). The people can be expected to vigilantly protect their dividends by forcing the legislature to seek sources other than the permanent fund to finance state government. If a substitute distribution program accomplishes the same

purpose, it will more likely qualify under the exception in section 16 than if it fails to achieve that purpose. If the constituency benefitted by a dividend is narrow, the dividend may not be a dividend in the sense intended by the drafters of section 16 and the people who adopted it. Proposals soon to be considered by the legislature include replacing the existing distribution to all residents with a distribution of part of the permanent fund income to municipalities and as a substitute for the existing longevity bonus, and use of a part of the income to finance large capital projects.

A vast majority of the population of the state resides in or is served by municipal governments. It is also a fact that we all seek security for our "golden years." The constituents of these proposals seem broad enough to satisfy the purpose of the current dividend law. The use of permanent fund income to finance large capital projects presents a closer question. The character of each project must be considered to determine if it serves a state public purpose, rather than a local special purpose. Additionally, if the project is viewed as merely an alternate way of financing state government operations, the basic intent of the dividend law might not be served.

We cannot advise with certainty whether the financing of large capital projects with permanent fund income would constitute a dividend of the Alaska permanent fund for purposes of

the appropriation limit. Some may argue that the benefits provided by "public works" projects are too localized to approximate the benefits provided by the existing dividend law. However, in State v. Lewis, 559 P.2d 630 (Alaska 1977), the Alaska Supreme Court decided that "[l]egislation need not operate evenly in all parts of the state to avoid being classified as local or special." Lewis at 643. A definite answer will come only when the courts interpret article IX, section 16 of the Alaska Constitution. However, we believe that if the legislature enacts a distribution program which is consistent with the intent of the permanent fund dividend law, any appropriation to implement that program will be exempt from the appropriation limit.

B. Appropriations Required to Pay the Principal and Interest on General Obligation Bonds

Under AS 43.18.100 -- 43.18.135 the state, subject to available appropriations, reimburses municipalities for the payment of a percentage of principal and interest to retire general obligation bonds issued by the municipality to finance school construction costs. Although they have been amended from time to time, these statutes have been in effect since 1971. You have asked whether appropriations to retire municipal general obligation debt are within the exception stated to the appropriation limit.

The exception reads as follows: "Except for ... appro-

# Alaska State Legislature



## Speaker of the House of Representatives

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99611  
(907) 465-3720

April 5, 1983  
For Immediate Release

Contact: Rep. Joe Hayes  
465-3720  
David Dittman  
274-0648

### STATEWIDE POLL SHOWS LESS THAN MAJORITY FAVOR DIVIDEND PLAN

A statewide poll shows 65% of Alaskan residents favor alternative uses for earnings of the permanent fund to a direct cash dividend distribution. The poll, conducted by Dittman research was commissioned by House Speaker Joe Hayes. The poll was conducted between March 18 and 27 and consisted of 486 interviews. The question provided 6 options for uses of the dividend earnings. (Detailed results are included on the following pages.)

Hayes noted that the House Finance Committee is to begin hearings this week on legislation that would eliminate the dividend plan in 1983. He added that the poll should provide some guidance to legislators.

"Because of the many conflicting letters, messages and testimony we have received on this issue, I felt it was necessary to obtain a professional sampling of Alaskans' preferences. While I voted against the plan last year, the amount of mail received on this issue led me to believe that there possibly was more support for the program than I perceived. However, the results indicate what I had supposed

from the beginning. While the cash dividend is the most preferred single option, the majority of Alaskans believe that there are greater long term benefits to be obtained from the earnings. The options that have the most support are major construction projects and reinvestment into the fund," Hayes said.

25% of those polled favored construction of major projects with the money and 17% favored reinvestment of the earnings into the fund.

"With declining revenues, I think more people realize that a portion of these earnings must return to the fund to keep it fiscally healthy and provide Alaska with a stable cash flow in the future, as the Permanent fund was originally intended to do. A significant number of people also realize a portion of those earnings could be used to provide better roads, cheaper power and necessary statewide improvements that will help to stimulate the economy in the future as well. Using the permanent fund earnings for such expenses as municipal assistance and cash dividends will not provide the long term benefits the fund should have." Hayes added.

"It's my hope that the Finance committee will act quickly on this measure. I think the most prudent course of action this year is elimination of the cash dividend program so the permanent fund will continue to grow. This poll finally provides me with the direction I need on the program, and it was my intention in commissioning the poll that the results would provide that same direction for legislators that have legitimate questions about the popularity of the dividend program," Hayes added. # # # #

# Alaska State Legislature



## Speaker of the House of Representatives

Official Business

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State Capitol  
Juneau, Alaska 99811  
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### Dittman Statewide Poll

486 persons interviewed apportioned to state population  
Interviews conducted March 18-27, 1983

QUESTION: When the money from the Permanent Fund is invested, the interest on the earnings from investments become available for use. Recently, there have been several different suggestions regarding how the earnings from the Permanent Fund should be used. Of the following suggestions, which do you support the most?

- (1) Providing cash grants to local governments
- (2) funding major projects including Susitna Hydro
- (3) pay off bonded indebtedness
- (4) distribute cash dividends to individual Alaska residents
- (5) reinvest back into the Permanent fund
- (6) funding major construction projects/not including Susitna
- (7) other

The poll areas were divided into Rural, Central, SouthCentral, Anchorage and Southeast. SouthCentral includes all of that region without including Anchorage. SouthCentral includes the Kenai Peninsula, Palmer, the Mat Valley, Seward, Homer, Cordova, Valdez and surrounding communities. Central includes the greater Fairbanks area.

The results are on the following pages.

	Grants/ Local Govt.	Major Projects & Susitna	Payoff Bonds	Dist. Cash Dividends	Reinvest in PF.	Major Projects no Susitna	Other
<u>in rounded percentages</u>							
RURAL	13	19	15	39	11	0	4
CENTRAL	6	24	9	27	23	8	2
SOUTHCENTRAL	3	19	9	53	13	1	1
ANCHORAGE	4	26	14	33	16	4	2
SOUTHEAST	23	4	11	31	23	3	3
<u>TOTAL</u>	8	21	12	35	17	4	2

SEX: Of the 486 persons interviewed, 53% were male and 47% were female.

MALE	7	20	14	37	16	3	2
FEMALE	9	22	10	34	18	4	2

POLITICAL AFFILIATION: Of the 486 persons interviewed, 24% were registered democrats, 23% were registered Republicans, 43% were registered non partisan and about 9 per cent were unregistered.

DEMOCRAT	10	19	11	32	24	3	1
REPUBLICAN	8	21	13	37	16	3	1
NON PARTISAN	7	20	11	37	16	5	2

Grants/ Local Govt.	Major Projects & Susitna	Payoff Bonds	Dist. Cash Dividends	Reinvest in PF.	Major Projects no Susitna	Other
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in rounded percentages

EMPLOYMENT: Of the 486 persons interviewed 9% worked for the federal government, 10% worked for the state government, 6% worked for local government, 54% were employed in the private sector and 20% were not part of the workforce.

FED. GOVT. EMPLOYEES	14	9	14	35	23	2	2
STATE GOVT. EMPLOYEES	14	12	16	16	29	8	2
LOCAL GOVT. EMPLOYEES	14	11	14	29	25	7	0
PRIVATE SECTOR	6	25	12	37	15	3	3
<u>ANNUAL INCOME</u>							
\$0-20,000	8	13	14	43	18	0	2
\$20-45,000	6	18	10	39	17	5	3
\$45-60,000	10	25	14	27	17	3	2
\$60,000 +	10	26	13	31	16	5	0

	Grants/ Local Govt.	Major Projects & Susitna	Payoff Bonds	Dist. Cash Dividends	Reinvest in PF.	Major Projects no Susitna	Other
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in rounded percentages

AGE

18-24	10	21	7	39	19	3	0
25-40	8	19	14	36	15	4	4
41-55	7	24	12	32	20	2	1
55+	8	25	13	32	17	6	0

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YEARS OF RESIDENCE IN ALASKA

0-4	7	21	14	35	15	5	2
5-7	6	14	13	40	23	1	1
8-13	6	27	13	33	16	4	2
14-19	8	19	11	37	19	2	3
20+	12	22	10	34	15	5	2

Alaska State Legislature  
House of Representatives

Al Adams  
Chairman  
Committee on Finance

WHILE IN SESSION  
Pouch V  
State Capitol  
Juneau, Alaska 99811  
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P.O. Box 333  
Kotzebue, Alaska 99752  
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1024 W. 6th  
Anchorage, Alaska 99501  
(907) 274-0615

Official Business

February 23, 1983

MEMORANDUM

TO: House Finance Committee Members  
FROM: Al Adams, Chair *APA*  
House Finance Committee  
SUBJ: Comparison of HB 11 and SS HB 85

Similarities

Both bills would repeal the permanent fund dividend program for 1983 and subsequent years.

Both bills contain a section regarding compilation of jury lists (section 4 of HB 11 and section 1 of SS HB 85). Each section would delete use of the Department of Revenue's list of individuals who filed for a permanent fund dividend in compiling names of individuals for jury duty.

Differences

The most significant difference in the two bills concerns the fate of the income from investment of the principal. Under current law, 50% of net income is transferred to the permanent fund dividend account to pay dividend checks. Additionally, an amount sufficient to offset inflation reverts back to the principal, and the remaining income goes to the undistributed income account for reinvestment.

HB 11 leaves the statute regarding computation of net income (AS 37.13.140) and disposition of income (AS 37.13.145) intact. Therefore, after "inflation proofing" the principal, all the rest of the net income would go to the undistributed income account.

SS HB 85, on the other hand, provides that, after a brief stopover in the undistributed income account, all the income would revert back to the principal "to be treated as principal of the permanent fund in all respects".

PLEASE REFER TO YOUR FILE ON HB 11 FOR MORE BACK UP  
REGARDING REPEAL OF THE PERMANENT FUND DIVIDEND  
PROGRAM.

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION  
POUCH WF—STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3795

January 20, 1983

COPY

### MEMORANDUM

TO: Hon. Mike Szymanski  
House of Representatives

FROM: Milt Barker <sup>MB</sup>  
Fiscal Analyst

SUBJECT: Permanent Fund Earnings Retention

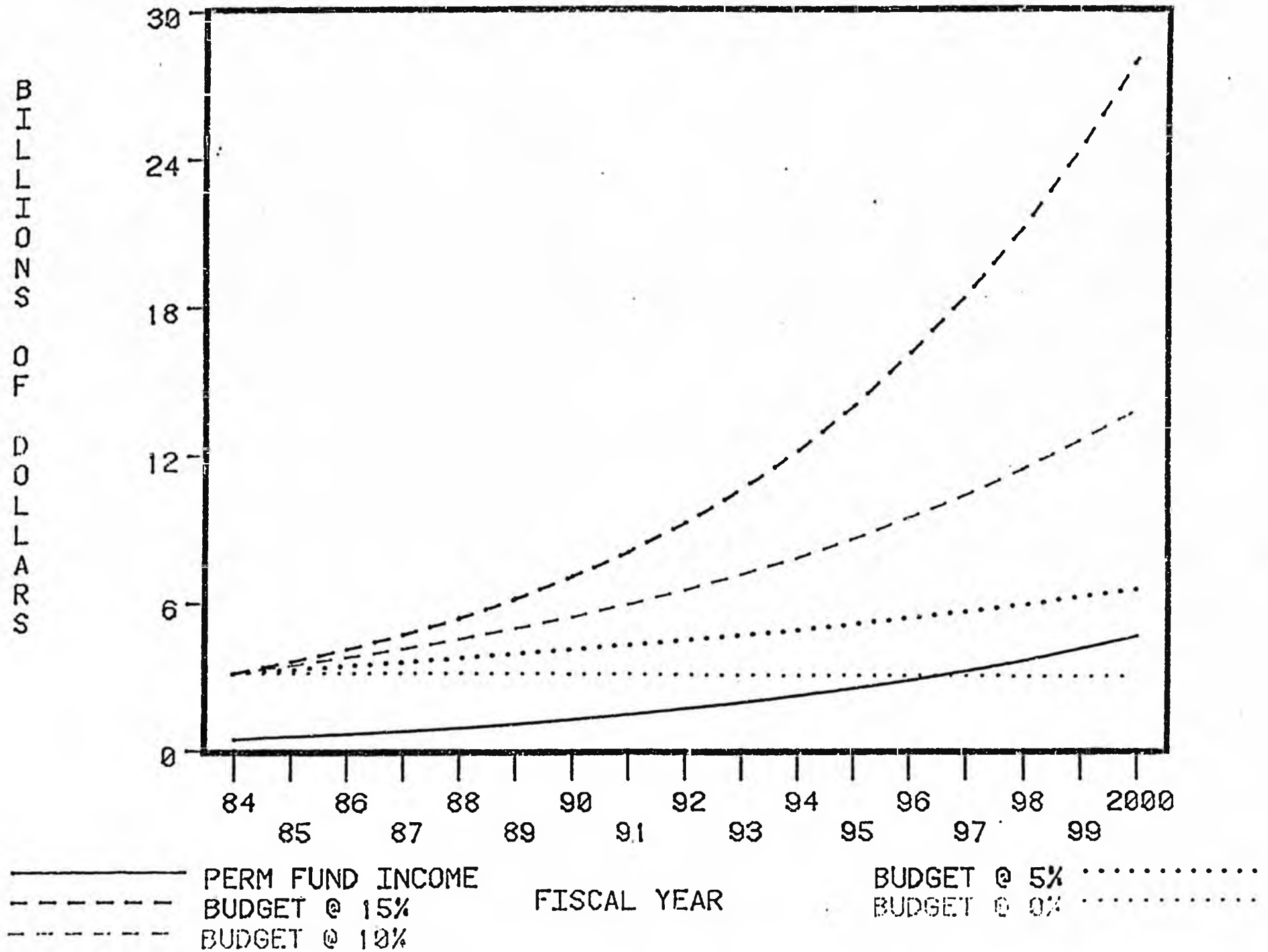
The attached graphs compare projected Permanent Fund earnings to projected operating and total general fund budgets. The budgets are projected assuming 0%, 5%, 10%, and 15% annual increase. The Permanent Fund is assumed to earn a 12% annual return in all cases. All earnings are retained in the fund.

The amounts for operating and total budgets and the Permanent Fund balance (as well as other items) are shown in the attached computer runs for each case.

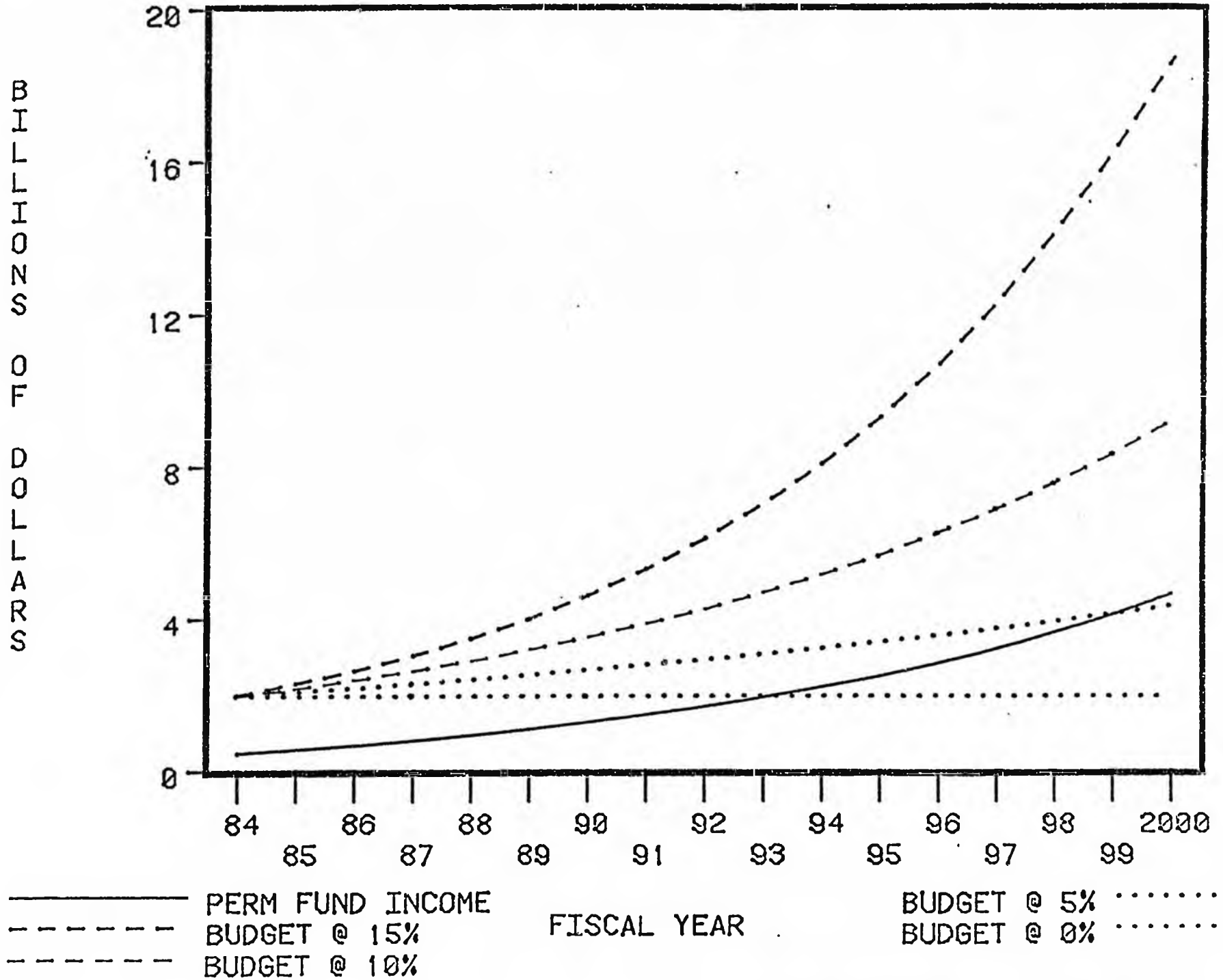
The amount of Permanent Fund earnings (not displayed in the runs) would be the same in all cases and was estimated as follows (\$ millions):

<u>Fiscal Year</u>		<u>Fiscal Year</u>	
1984	\$ 473	1993	\$1938
1985	565	1994	2209
1986	671	1995	2511
1987	792	1996	2847
1988	932	1997	3224
1989	1093	1998	3646
1990	1275	1999	4120
1991	1474	2000	4655
1992	1694		

# PERMANENT FUND INCOME VS. TOTAL BUDGET AT VARIOUS GROWTH RATES



# PERMANENT FUND INCOME VS. OPERATING BUDGET AT VARIOUS GROWTH RATES



JANUARY 20, 1983

STATE OF ALASKA  
 LEGISLATIVE FINANCE WORKING DOCUMENT  
 BUDGET FORECASTING MODEL

\*\*\* ACTUAL DOLLARS IN MILLIONS \*\*\*

JAN 83 DEPT OF REVENUE ESTIMATES  
 ALL PERMANENT FUND EARNINGS RETAINED IN FUND  
 NO PERMANENT FUND DIVIDENDS  
 NO BUDGET GROWTH

FISCAL YEAR	REVENUE	INTEREST	TOTAL REVENUE	OPERATING BUDGET	CAPITAL BUDGET	DEBT SERVICE	PERMANENT	TOTAL BUDGET	SURPLUS	PERM-	GENERAL	REVENUE REC
							FUND DIVIDENDS		OR DEFICIT	ANENT FUND	FUND END OF YEAR	FOR GF BAL OF \$ 0 MIL
1983										3790	282	
1984	2703	184	2887	2000	1000	167	0	3167	-281	4558	1	0
1985	2775	180	2955	2000	1000	165	0	3165	-210	5425	0	209
1986	3029	194	3223	2000	1000	164	0	3164	59	6433	59	0
1987	3112	207	3319	2000	1000	156	0	3156	163	7573	222	0
1988	3456	251	3706	2000	1000	150	0	3150	557	8896	778	0
1989	3540	330	3870	2000	1000	140	00	3140	730	10420	1506	00
1990	3300	410	3700	2000	1000	120	00	3120	580	12100	2084	00
1991	3000	460	3470	2000	1000	100	00	3100	370	13940	2452	00
1992	2890	500	3390	2000	1000	70	00	3070	320	15990	2772	00
1993	2700	530	3230	2000	1000	60	00	3060	160	18250	2936	00
1994	2610	550	3170	2000	1000	30	00	3030	140	20780	3076	00
1995	2520	560	3080	2000	1000	20	00	3020	50	23590	3131	00
1996	2380	560	2940	2000	1000	20	00	3020	-80	26720	3051	00
1997	2440	560	2990	2000	1000	20	00	3020	-20	30230	3027	00
1998	2510	560	3070	2000	1000	10	00	3010	50	34180	3079	00
1999	2660	570	3230	2000	1000	10	00	3010	220	38620	3302	00
2000	2800	610	3410	2000	1000	00	00	3000	410	43620	3714	00
TOTALS:	48410	7220	55640	34000	17000	1410	00	52410	3220			210

JANUARY 20, 1983

STATE OF ALASKA  
 LEGISLATIVE FINANCE WORKING DOCUMENT  
 BUDGET FORECASTING MODEL

\*\*\* ACTUAL DOLLARS IN MILLIONS \*\*\*

JAN 83 DEPT OF REVENUE ESTIMATES  
 ALL PERMANENT FUND EARNINGS RETAINED IN FUND  
 NO PERMANENT FUND DIVIDENDS  
 5% ANNUAL BUDGET GROWTH

ISCAL YEAR	REVENUE	INTEREST	TOTAL REVENUE	OPERATING BUDGET	CAPITAL BUDGET	DEBT SERVICE	PERMANENT FUND DIVIDENDS	TOTAL BUDGET	SURPLUS OR DEFICIT	PERMANENT FUND	GENERAL FUND END OF YEAR	REVENUE REQ FOR GF BAL OF \$	0 MIL.
1983										3790	282		
1984	2703	184	2887	2000	1000	167	0	3167	-281	4558	1	0	0
1985	2775	185	2960	2100	1050	165	0	3315	-355	5425	0	353	
1986	3029	204	3233	2205	1102	164	0	3471	-239	6433	0	239	
1987	3112	214	3326	2315	1158	156	0	3629	-303	7573	0	303	
1988	3456	225	3681	2431	1216	150	0	3796	-115	8896	0	115	
1989	3540	240	3770	2550	1280	140	00	3970	-190	10420	0	190	
1990	3300	250	3540	2680	1340	120	00	4140	-600	12100	0	600	
1991	3000	260	3270	2810	1410	100	00	4320	-1050	13940	0	1050	
1992	2890	270	3160	2950	1480	70	00	4500	-1340	15990	0	1340	
1993	2700	290	2980	3100	1550	60	00	4720	-1740	18250	0	1740	
1994	2610	300	2920	3260	1630	30	00	4910	-2000	20780	0	2000	
1995	2520	320	2830	3420	1710	20	00	5150	-2320	23590	0	2320	
1996	2380	330	2710	3590	1800	20	00	5410	-2700	26720	0	2700	
1997	2440	350	2790	3770	1890	20	00	5670	-2890	30230	0	2890	
1998	2510	370	2880	3960	1980	10	00	5950	-3080	34180	0	3080	
1999	2660	390	3040	4160	2080	10	00	6250	-3200	38620	0	3200	
2000	2800	400	3210	4370	2180	00	00	6550	-3340	43620	0	3340	
TOTALS:	48410	4770	53190	51680	25840	1410	00	78930	-25740			25460	

JANUARY 20, 1983

STATE OF ALASKA  
 LEGISLATIVE FINANCE WORKING DOCUMENT  
 BUDGET FORECASTING MODEL

\*\*\* ACTUAL DOLLARS IN MILLIONS \*\*\*

JAN 83 DEPT OF REVENUE ESTIMATES  
 ALL PERMANENT FUND EARNINGS RETAINED IN FUND  
 NO PERMANENT FUND DIVIDENDS  
 10% ANNUAL BUDGET GROWTH

ISCAL YEAR	REVENUE	INTEREST	TOTAL REVENUE	OPERATING BUDGET	CAPITAL BUDGET	DEBT SERVICE	PERMANENT FUND DIVIDENDS	TOTAL BUDGET	SURPLUS OR DEFICIT	PERMANENT FUND	GENERAL FUND END OF YEAR	REVENUE REC FOR GF OF \$	REVENUE REC BAL 0 MIL
1983										3790	282		
1984	2703	184	2887	2000	1000	167	0	3167	-281	4558	1	0	0
1985	2775	190	2965	2200	1100	165	0	3465	-500	5425	0	498	498
1986	3029	218	3247	2420	1210	164	0	3794	-547	6433	0	547	547
1987	3112	240	3352	2662	1331	156	0	4149	-797	7573	0	797	797
1988	3456	264	3720	2928	1464	150	0	4542	-822	8896	0	822	822
1989	3540	290	3830	3220	1610	140	00	4970	-1140	10420	0	1140	1140
1990	3300	320	3610	3540	1770	120	00	5440	-1820	12100	0	1820	1820
1991	3000	350	3360	3900	1950	100	00	5950	-2590	13940	0	2590	2590
1992	2890	390	3270	4290	2140	70	00	6500	-3230	15990	0	3230	3230
1993	2700	430	3120	4720	2360	60	00	7140	-4020	18250	0	4020	4020
1994	2610	470	3080	5190	2590	30	00	7810	-4720	20780	0	4720	4720
1995	2520	510	3030	5710	2850	20	00	8580	-5550	23590	0	5550	5550
1996	2380	570	2950	6280	3140	20	00	9440	-6490	26720	0	6490	6490
1997	2440	620	3060	6900	3450	20	00	10370	-7310	30230	0	7310	7310
1998	2510	690	3190	7590	3800	10	00	11410	-8210	34180	0	8210	8210
1999	2660	750	3410	8350	4180	10	00	12540	-9130	38620	0	9130	9130
2000	2800	830	3630	9190	4590	00	00	13790	-10160	43620	0	10160	10160

TOTALS: 48410 7310 55730 81090 40540 1410 00 123050 -67320 67040

JANUARY 20, 1983

STATE OF ALASKA  
 LEGISLATIVE FINANCE WORKING DOCUMENT  
 BUDGET FORECASTING MODEL

\*\*\* ACTUAL DOLLARS IN MILLIONS \*\*\*

JAN 83 DEPT OF REVENUE ESTIMATES  
 ALL PERMANENT FUND EARNINGS RETAINED IN FUND  
 NO PERMANENT FUND DIVIDENDS  
 15% ANNUAL BUDGET GROWTH

FISCAL YEAR	REVENUE	INTEREST	TOTAL REVENUE	OPERATING BUDGET	CAPITAL BUDGET	DEBT SERVICE	PERMANENT FUND DIVIDENDS	TOTAL BUDGET	SURPLUS OR DEFICIT	PERMANENT FUND	GENERAL FUND END OF YEAR	REVENUE REC FOR GF OF \$	REVENUE REC FOR BAL 0 MIL
1983										3790	282		
1984	2703	184	2887	2000	1000	167	0	3167	-281	4558	1	0	0
1985	2775	195	2970	2300	1150	165	0	3615	-645	5425	0	643	
1986	3029	233	3262	2645	1322	164	0	4131	-870	6433	0	870	
1987	3112	268	3380	3042	1521	156	0	4719	-1339	7573	0	1339	
1988	3456	308	3764	3498	1749	150	0	5397	-1633	8896	0	1633	
1989	3540	350	3890	4020	2010	140	00	6170	-2280	10420	0	2280	
1990	3300	410	3700	4630	2310	120	00	7060	-3360	12100	0	3360	
1991	3000	470	3470	5320	2660	100	00	8080	-4610	13940	0	4610	
1992	2890	540	3430	6120	3060	70	00	9250	-5820	15990	0	5820	
1993	2700	620	3320	7040	3520	60	00	10620	-7300	18250	0	7300	
1994	2610	710	3330	8090	4050	30	00	12160	-8840	20780	0	8840	
1995	2520	820	3330	9300	4650	20	00	13980	-10650	23590	0	10650	
1996	2380	940	3320	10700	5350	20	00	16070	-12750	26720	0	12750	
1997	2440	1080	3520	12310	6150	20	00	18480	-14950	30230	0	14950	
1998	2510	1250	3760	14150	7080	10	00	21240	-17490	34180	0	17490	
1999	2660	1430	4090	16270	8140	10	00	24420	-20330	38620	0	20330	
2000	2800	1650	4450	18720	9360	00	00	28080	-23620	43620	0	23620	

TOTALS: 48410 11470 59880 130150 65080 1410 00 196640 -136760 136470



Original sponsors: Bettisworth  
and Hayes

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 89 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act repealing the tax credit for political con-  
7 tributions; providing for the payment of credits on  
8 contributions made prior to the effective date of the  
9 repeal; and providing for an effective date."

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

11 \* Section 1. AS 43.20.013(a) is repealed.

12 \* Sec. 2. CLAIMS FOR POLITICAL CONTRIBUTION CREDITS FOR CONTRIBUTIONS  
13 MADE PRIOR TO THE REPEAL OF AS 43.20.013(a). Notwithstanding any other law  
14 or regulation, the commissioner of revenue shall pay the amount of a tax  
15 credit allowed by AS 43.20.013(a) only to a resident individual who makes a  
16 claim for payment of the credit on or before (1) April 15, 1983 for contri-  
17 butions made during calendar year 1979; (2) July 1, 1983 for contributions  
18 made during calendar years 1980, 1981 or 1982; or (3) July 2, 1984 for  
19 contributions made after December 31, 1982 and prior to the effective date  
20 of sec. 1 of this Act. A credit under this section shall be paid in the  
21 manner provided in AS 43.20.030(e) for the payment of refunds and payment  
22 may not be made without an appropriation for that purpose.

23 \* Sec. 3. Section 1 of this Act takes effect July 1, 1983.

24 \* Sec. 4. Sections 2 and 3 of this Act take effect immediately in  
25 accordance with AS 01.10.070(c).

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

I. REQUEST

Bill/Resolution No.: CS HB 89 (FIN)  
 Title: Repeal political contributions, tax cre  
 Sponsor: Bettisworth  
 Requestor: House Finance

II. FISCAL DETAIL

Agency Affected: Revenue  
 Program Category Affected: Rev. Coll & Mgt.  
 BRU, Program of Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING						
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		(250.0)	(2,500.0)			
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Mary Relford Phone: 465-2300  
 Division: Comptroller's Office Date: 3/16/83  
 Approved by Commissioner: Joseph D. ... Date: 3/15/83  
 Department: Revenue

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

#### IV. ANALYSIS:

HB 89 repealed the Political Campaign Contributions retro to January 1, 1983, showing a savings to the General Fund of \$1,000,000. CS HB 89 repeals the PCC's effective July 1, 1983, showing a savings to the General Fund of \$250,000 in FY 84, and \$2,500,000 in FY 85. The Department of Revenue will need \$750,000 to fund the PCC's for FY 84. We request that the \$750,000 appropriation for the PCC's include the following language:

If the amount of money appropriated falls short of the amount needed to pay 1983 Political Campaign Contributions, the amount of the shortfall shall be appropriated.

The following individuals are expected to testify on CS HB 89  
(State Affairs):

Representative Bob Bettisworth, prime sponsor

Robert Heath, Commissioner, Department of Revenue

Betty Breck, private citizen

# FISCAL NOTE FOR ORIGINAL BILL COPY

## STATE OF ALASKA PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 89 Date on Bill: 1/20/83  
 Title: An act repealing the tax credit for political contributions  
 Sponsor: Hayes/Bettisworth  
 Requestor: House State Affairs/House Finance

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital			-0-	1.0 mill.	2.5 mill.			
Operating								
Total			-0-	1.0 mill.	2.5 mill.			

b. Revenues:

Revenue								
---------	--	--	--	--	--	--	--	--

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

This bill repeals the Individual Net Income Tax credit for political contributions retroactively to 1/1/83. As these contributions will continue to be an allowable credit for federal tax purposes, there remains inducement for citizens of Alaska to continue contributing to qualified persons, organizations and groups.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Marcy Bedford Phone: 465-2300  
 Division: Commissioner's Office Date: 2/23/83  
 Approved by Commissioner: Ruth D. Heath Date: 2/23/83  
 Department: Revenue

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/15/83

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

I. REQUEST

Bill/Resolution No: CSHB 89 (Finance)  
 Title: Repeal pol. contrib. tax credit.  
 Sponsor: Bettisworth  
 Requestor: House Rules Committee

II. FISCAL DETAIL

Agency Affected: Revenue  
 Program Category Affected: Coll. & Mgmt.  
 BRU, Program of Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-

CAPITAL	-	-	-	-	-	-
---------	---	---	---	---	---	---

REVENUE	-	-	-	-	-	-
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	(250.0)	(2500.0)	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Marcy Rehfeld  
 Division: Revenue

Phone: 465-2300  
 Date: 3/31/83

Approved by Commissioner: *Robert D. ...*  
 Department: Revenue

Date: 4/22/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

#### IV. Analysis for CSHB 89 (Finance)

HB 89 repealed the Political Campaign Contributions retro to January 1 1983, showing a savings to the General Fund of \$1,000,000. CSHB 89 (Finance) repeals the PCC's effective July 1, 1983, showing a savings to the General Fund of \$250,000 in FY 84, and \$2,500,000 in FY 85. The Department of Revenue will need \$750,000 to fund the PCC's for FY 84. We request that the \$750,000 appropriation for the PCC's include the following language:

If the amount of money appropriated falls short of the amount needed to pay 1983 Political Campaign Contributions, the amount of the shortfall shall be appropriated.

# Alaska State Legislature

## House of Representatives

Al Adams

Chairman

Committee on Finance

WHILE IN SESSION  
Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3706

OUT OF SESSION  
P.O. Box 333  
Kotzebue, Alaska 99752  
(907) 442-3320  
1024 W. 6th  
Anchorage, Alaska 99501  
(907) 274-0615

Official Business

March 3, 1983

### MEMORANDUM

TO: All House Finance Committee Members

FROM: Representative Al Adams, Chairman  
House Finance Committee

SUBJECT: CSHB 89 (State Affairs)

Attached, for your information, is a letter which I received from Bob Manners regarding CSHB 89 (State Affairs).



# NEA - ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

**JUNEAU OFFICE**  
147 SOUTH FRANKLIN #207  
JUNEAU, ALASKA 99801  
PHONE: (907) 586-3090

**ANCHORAGE REGIONAL OFFICE**  
1411 WEST 33rd  
ANCHORAGE, ALASKA 99503  
PHONE: (907) 274-0536

**FAIRBANKS REGIONAL OFFICE**  
825 COLLEGE ROAD  
FAIRBANKS, ALASKA 99701  
PHONE: (907) 456-4435

**Robert C. Manners**  
Executive Secretary  
Juneau Office

**Robert C. Cooksey**  
Deputy Executive Secretary  
Juneau Office

**James D. Alter**  
Field Staff  
Juneau Office

**Charles L. O'Connell**  
Deputy Executive Secretary  
Anchorage Office

**Dianne Anderson**  
Field Staff  
Anchorage Office

**Steve Pulkkinen**  
Field Staff  
Anchorage Office

**Mary Ann Eininger**  
Deputy Executive Secretary  
Fairbanks Office

March 1, 1983

**TO: Representative Al Adams, Chair**  
**Members, House Finance Committee**

**FROM: NEA-Alaska**

**RE: CSHB 89 (State Affairs)**

Notwithstanding the obvious dilemma of the revenue decline, NEA-Alaska encourages that HB 89 not pass.

In our opinion, the financial incentive afforded the residents of Alaska through the tax credit (rebate) for voluntary political contributions is more than worthy of serious consideration to continue the program.

Not only does the program provide the broadest base of Alaska residents a meaningful opportunity for financial participation in political campaigns but it also has the effect of generating more citizen interest and involvement in the political process itself.

A person who has made a financial commitment to a candidate or an issue is more likely to vote on election day; is more likely to become actively involved in a political campaign and is certainly more likely to be consciously aware and have a greater interest in the issues/people attendant to a particular election.

Additionally, the incentive of the tax credit is more likely to foster a willingness to contribute beyond the minimum amounts necessary to qualify for the rebate.

No one disputes the seemingly uncontrollable and escalating costs of political campaigns. This circumstance tends to restrict potential political candidates to those persons who possess independent personal wealth or have direct access to substantial financial support.

The rather significant number of uncontested state races which we witnessed in the 1982 Election lends credibility to this concern.

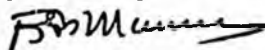
Using some of our wealth to foster the political process so that every Alaskan can have an opportunity for meaningful participation - either as a candidate or on behalf of a candidate or issue is worthy of our most serious consideration.

The political tax credit provides this meaningful opportunity for the broadest possible base of Alaskans to have meaningful involvement. It will act as a deterrent to the potential negative impact of larger PAC's on the process and our system.

We encourage that HB 89 not pass.

Thank you for your consideration of our statement.

Respectfully submitted:



Robert Manners  
Executive Secretary

RM:jc

# STATE OF ALASKA

Bill Sheffield, Governor

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

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

February 8, 1983

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



Dear Representative Ward:

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

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

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

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

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

to a person or organization for use exclusively

(A) for a political campaign for a candidate for . . . ; or

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

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

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

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

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

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

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

February 8, 1983  
Page 3

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

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

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

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


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

February 8, 1983  
Page 4

with you in greater detail.

Sincerely yours,

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By:   
Diane T. Colvin  
Assistant Attorney General

DTC:eja

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

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

The Honorable Terry Martin  
Representative  
Alaska State Legislature

Anchorage

CHAMBER of COMMERCE

Crossroads of the Air World

March 8, 1983

Representative Robert H. Bettisworth  
State Capitol, Room 500/502  
Interdepartmental Mail Stop: 3100  
Pouch V  
Juneau, Alaska 99811



Dear Representative Bettisworth,

The Anchorage Chamber of Commerce is in support of the passage of HB 7 requiring evidence of motor vehicle liability insurance.

We feel that this is certainly a start in the right direction. We urge your support on this matter of concern to all Alaskans.

The Chamber is also in support of HB 89 repealing the tax credit for political contributions.

I understand that there is a concern as to the effective date. July 1st rather than retroactive to January 1st, 1983 would be satisfactory to us.

The main priority should be to pass this much needed legislation. The State of Alaska has no business financing political campaigns and it would also save much needed revenue.

Thank you for your support on these issues.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kenneth E. Calhoon". The signature is fluid and cursive, written over a horizontal line.

Kenneth E. Calhoon  
Director  
Chairman, Legislative Committee

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

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

February 1, 1983

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

Re: Refundable Credits

Dear Representative Adams:

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

Sincerely,

*Joseph K. Donohue*

Joseph K. Donohue  
Deputy Commissioner, Taxation

JKD:jas

Enclosures

cc: Members of House Finance Committee

# MEMORANDUM

# State of Alaska

TO: Ronald W. Lorensen  
Deputy Attorney General

DATE: July 7, 1982

FILE NO:

TELEPHONE NO:

FROM: Joseph K. Donohue  
Deputy Commissioner, Taxation

SUBJECT: Political Contribution  
Credits

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

AS 43.20.013(c) states:

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

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

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

(See Attachment A)

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

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

Ronald W. Lorensen  
July 7, 1982  
Page 2

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

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

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

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

#### Attachments

cc: Ervin Jones, Director  
Administrative Services

Phil Wall, Director  
Public Services Division

Rebecca Engen  
Office of the Governor

Ron Lehr  
Budget & Management

Attachment #

	CODE	EXPENDITURE CLASSIFICATION	PRIOR YEAR FY 81 ACTUAL	CURRENT YEAR FY 82 AUTHORIZED	BUDGET YEAR - FY83			GOVERNOR'S BUDGET
					AGENCY			
					CONTINUATION	ADDITION	REQUEST	
1	2	3	4	5	6	7	8	
1.	600	LAND, BUILDING, NON-STRUCTURAL IMPROVEMENTS						
2.	600	LAND, BUILDING, ETC. (EXCLUDING ASIA PAY)						
3.	628	ASIA PAYMENT						
4.	980	INTER-AGENCY TRANSFERS (NON-ADD)						
5.	700	ASSISTANCE GRANTS AND BENEFITS	1,031.1	1,632.0	2,791.0		2,791.0	2,791.0
6.	720	LOCAL ASSISTANCE, STATE SOURCES						
7.	730	BENEFITS TO INDIVIDUALS						
8.	740	GRANTS AND AWARDS TO INDIVIDUALS	1,031.1	1,632.0	2,791.0		2,791.0	
9.	750	GRANTS, OTHER AGENCIES						
	870							
10.	970	INTER-AGENCY TRANSFERS (NON-ADD)						
11.	800	MISCELLANEOUS						
12.	810	DEBT SERVICE						
13.								
14.	EXPLANATION:				CONTINUATION \$	ADDITION \$		
	720 Refundable Credits				2,791.0			
	Political Contributions 1,758,000							
	Child Care Credit 1,033,000							
	The political contribution credit estimate is based on historical data supplied by the Governor's Office. The Department of Revenue projects on the basis of this historical data estimate. The child care credit estimate is calculated on the basis of historical information provided from the 1979 individual income tax return.							

AGENCY Department of Revenue

PROGRAM Revenue Collection & Management

DRU Administration & Support

COMPONENT Refundable Credits

**18** LANDS, GRANTS AND MISCELLANEOUS

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

STATE OF ALASKA -- COMPONENT BUDGET ANALYSIS

15:40

6/15/82

AGENCY: DEPARTMENT OF REVENUE  
CATEGORY: GENERAL GOVERNMENTPROGRAM: REFUNDABLE CREDITS  
SUB-PROGRAM:

## \* \* \* \* HOUSE ANALYSIS \* \* \* \*

GOVERNORS REC \$2,791.0

OBJECT GROUP	VARIATION	
07 GRANTS, CLMS	-1758.0	-63.0%
** TOTAL	-1758.0	-63.0%

DESCRIPTION: HOUSE VERSUS GOVERNOR  
-----  
DELETE POLITICAL CONTRIBUTION CREDIT (1,758.0).

HOUSE FIGURE \$1,033.0

## \* \* \* \* SENATE ANALYSIS \* \* \* \*

GOVERNORS REC \$2,791.0

OBJECT GROUP	VARIATION	
07 GRANTS, CLMS	-1758.0	-63.0%
** TOTAL	-1758.0	-63.0%

DESCRIPTION: SENATE VERSUS GOVERNOR  
-----  
DELETE POLITICAL CONTRIBUTION CREDIT (1758.0).

SENATE FIGURE \$1,033.0

# MEMORANDUM

# State of Alaska

TO: Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

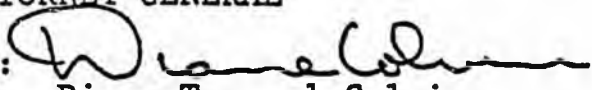
DATE: July 15, 1982

FILE NO: 366-034-83

TELEPHONE NO: 465-3600 ex. 56

FROM: WILSON L. CONDON  
ATTORNEY GENERAL

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

By:   
Diane Tremmel Colvin  
Assistant Attorney General

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

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

- (1) contributions made to certain candidates for public office and certain political organizations, and
- (2) expenses for child care.

Subsection (c) of AS 43.20.013 provides as follows:

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

~~without an appropriation for that~~

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

Joseph K. Donohue  
Deputy Commissioner

July 15, 1982  
Page -2-

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

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

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

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

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

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

Joseph K. Donohue  
Deputy Commissioner

July 15, 1982  
Page -3-

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

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

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

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

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

Representative Cotten noted that current law

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3/ 1982 House Journal, p. 1155.

4/ 1982 Senate Journal, p. 1503.

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

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

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

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

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

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

Joseph K. Donohue  
Deputy Commissioner

July 15, 1982  
Page -5-

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

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

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

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

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

WLC/DTC/pkh

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

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

February 24, 1983

The Honorable Robert H. Bettisworth  
Representative  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811



Re: Political Contribution Credits

Dear Representative Bettisworth:

In response to a telephone inquiry from your office enclosed you will find a fact sheet pertaining to Political Contribution Credits. This fact sheet offers a brief statistical history of the Political Contribution Credits over the last four fiscal years. If you require any further information, please let me know.

Sincerely,

Robert D. Heath  
Commissioner of Revenue

RDH:MCR:jas

Enclosure

State of Alaska  
Department of Revenue

Fact Sheet

February 24, 1983

<u>Fiscal Year</u>	<u>Number of Applications</u>	<u>Refund Amount</u>	<u>Average Refund Per Person</u>
FY 80	6,907	\$307,269	\$44.00
FY 81	15,503	\$692,390	\$44.00
* FY 82	13,913	1,233,575	\$88.00
FY 83	apprx. 60,000	**1,033,000	

Projected if PCC were not repealed.

FY 84	1,000,000
FY 85	2,500,000

\* In 1981 PCC refund maximum was raised from \$50.00 to \$100.00.

\*\* Amount received to cover both PCC and CCC - Department of Revenue has requested a \$6.0 million appropriation in the Governor's FY 83 Capital Supplemental to cover the projected number of PCC claims.

*Paternal Contribution Credit  
Child Care Credit*

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 25, 1983

SUBJECT: Tax credit for political contributions  
(CSHB 89)

TO: Representative Mitchell E. Abood, Jr.  
Chairman, House State Affairs Committee  
Attn: Carol Horos

FROM: Thomas A. Sofo *TAS*  
Legislative Counsel *TS*

At the request of the committee, I have changed the effective date of this bill to July 1, 1983. It is my understanding that the Department of Revenue requested that the effective date be changed from January 1, 1983, so that they may be able to process the applications of people taking the tax credit for the calendar year of 1982.

Since most tax laws are based on the calendar year, it is typically advisable to repeal them in full year increments. The goal of the Department of Revenue could be accomplished by a simple temporary law section which merely stated that the department shall process applications for tax credits for calendar year 1982 up to July 1, 1983. Instead, the committee has opened the door for people to claim tax credits for the first half of the calendar year 1983. There is nothing inherently wrong with this choice, but this memo has been prepared to point out that the mechanism which the committee has chosen unnecessarily extends the tax credits for an additional six months when we could address the problem another way.

I suspect the department has the inherent authority to wind up a program such as this without necessarily addressing the point by statute. However, if the committee feels that an explicit grant of authority is necessary, the method which was chosen seems unnecessarily broad.

TAS:ljb

Enclosure  
9/012

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

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

# COPY

March 3, 1983

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

Re: HB 89

Dear Representative Abood:

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

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

Sincerely,



Robert D. Heath  
Commissioner of Revenue

RDH:jas

- COMMENTARY

SUBSTITUTE FOR HB 89

The department of revenue has drafted a proposed substitute to HB 89. The difference between the proposed substitute and the current CSHB 89 (SA) is that the proposed substitute has added a section which requires claims for credits for political contributions in 1980, 1981 and 1982 to be filed on or before July 1, 1983, and 1983 claims (those arising before the July 1, 1983 repeal of AS 43.20.013(a)) be filed on or before July 2, 1984.

The current law allows for claims for political contribution credits to be filed within 3 years of the April 15th following the calendar year in which the contribution was made. Without the adoption of the second section of the proposed act, Alaska residents would have until April 15, 1984 to file for 1980 claims, April 15, 1985 for 1981 claims, April 15, 1986 for 1982 claims and April 15, 1987 for 1983 claims. The adoption of section 2 of the proposed substitute would shorten the period during which the state would be exposed to the trickling in of claims for the credit. This would result in a small favorable fiscal impact on the state.

The department does not believe the shortening of the filing period is adverse to the public interest. The requirements for a person to be eligible for the credit are very clear and the information necessary to be filed with the application is basic. Under the proposed filing dates, the shortest period of time in which the individual would be required to apply for a credit would be the six month period for applying for the 1982 credit. This period should be more than sufficient to obtain a form, attached <sup>✓</sup> the proof of contribution and submit the form to the department.

Of Withholding (04-774) provided by the Department of Revenue. A taxpayer who is not fully exempt under AS 43.20.017 from Alaska individual income taxes in 1980 must file a 1980 Alaska individual income tax return after December 31, 1980 in order to claim a refund.

(c) A claim for a refund or credit must be filed within three years from the time the return was filed or within two years from the date the tax was paid, whichever date is later. A taxpayer may file a claim for credit or refund after the ordinary period has expired where the taxpayer and the commissioner have by agreement extended the period for assessing the tax. If the claim relates to a net operating loss carryback the period ends upon the expiration of the 15th day of the 40th month following the end of the year of the net operating loss which results in the carryback. A taxpayer who wishes to claim a refund of 1979 net income taxes paid based on his individual tax exemption under AS 43.20.017 must file his claim with the Department of Revenue on the special claim form no later than June 30, 1981. A taxpayer who is fully exempt from 1980 Alaska individual income taxes must file his claim for 1980 withholding before December 31, 1980; otherwise he must file a 1980 Alaska individual income tax return to claim a refund of his withholding.

(d) An overpayment of tax may be credited against any taxes due from the taxpayer. (Eff. 1/12/64, Reg. 12; am 5/14/80, Reg. 74; am 8/30/80, Reg. 75)

Authority: AS 43.20.030(e)  
AS 43.20.017  
§ 6 Ch. 22 SLA 1980  
§ 7 Ch. 22 SLA 1980

**15 AAC 20.042. FILING REQUIREMENTS FOR PAYMENT OF AND DETERMINATION OF AMOUNT OF INDIVIDUAL TAX CREDITS.** (a) A resident individual qualifying for payment of tax credits under AS 43.20.012 and 43.20.013 must file a return claiming payment on the form prescribed by the Department of Revenue. A return claiming payment for 1979 must have been filed on or before April 15, 1980. A return claiming payment for 1980 must have been filed on or before April 15, 1981. For calendar years beginning after December 31, 1980, the return claiming

payment must be filed on or before April 15, following the end of the calendar year during which the contribution or expense payment is made.

(b) A taxpayer has three years from the date the return claiming payment, under this section, is due to file an amended return claiming payment or a late original return claiming payment.

(c) A person must be a resident individual on or before the day on which payment is made for qualifying political contributions or household and dependent care services.

(d) The amount of credit payable under AS 43.20.013(b) is limited to the lesser of (1) 16 percent of the amount of allowable credit actually claimed under section 44A of the Internal Revenue Code, or (2) 16 percent of that credit attributable to expenses paid while a resident individual for household and dependent care. In order to receive a payment for the credit provided in AS 43.20.013(b), an individual must attach a copy of pages one and two of his or her federal individual income tax return as filed with the Internal Revenue Service for that year.

(e) Political contribution credits allowable under this section are limited to those cash contributions which are legal under applicable state and federal law and regulations. For purposes of this section, a contribution to a group seeking to influence the outcome of a ballot proposition or question in Alaska is allowable under this section only if the contribution is required to be reported to the Alaska Public Offices Commission by that group.

(f) For purposes of this section, "resident individual" means a natural person who has physically resided in the State of Alaska for a period of not less than 30 days and who intends to remain permanently in the state. (Eff. 10/9/80, Reg. 76; am 2/1/81, Reg. 77; am 6/2/82, Reg. 82)

Authority: AS 43.05.080  
AS 43.20.012  
AS 43.20.013

**15 AAC 20.044. FILING REQUIREMENTS FOR REFUND OF 1979 INDIVIDUAL NET INCOME TAX.** (a) An individual or fiduciary

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 89 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act repealing the tax credit for political contributions; providing for the payment of credits on contributions made prior to the effective date of the repeal; and providing for an effective date."

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

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

\* Section 2. CLAIMS FOR POLITICAL CONTRIBUTION CREDITS FOR CONTRIBUTIONS MADE PRIOR TO THE REPEAL OF AS 43.20.013(a). Notwithstanding any prior provision of law or regulation, the commissioner of revenue shall pay the amount of a tax credit allowed by AS 43.20.013(a) only to a resident individual who makes a claim for payment of the credit on or before (1) April 15, 1983 for contributions made during calendar year 1979; or (2) July 1, 1983 for contributions made during calendar years 1980, 1981 or 1982; or (3) July 2, 1984 for contributions made after December 31, 1982 and prior to the effective date of Sec. 1 of this Act. A credit pursuant to this section shall be paid in the manner provided in AS 43.20.030(e) for the payment of refunds and payment may not be made without an appropriation for that purpose.

\* Section 3. Section 1 of this Act takes effect July 1, 1983.

\* Section 4. Sections 2 and 3 of this Act take effect immediately in accordance with AS 01.10.070(c).

## COMMENTARY

### SUBSTITUTE FOR HB 89

The department of revenue has drafted a proposed substitute to HB 89. The difference between the proposed substitute and the current CSHB 89 (SA) is that the proposed substitute has added a section which requires claims for credits for political contributions in 1980, 1981 and 1982 to be filed on or before July 1, 1983, and 1983 claims (those arising before the July 1, 1983 repeal of AS 43.20.013(a)) be filed on or before July 2, 1984.

The current law allows for claims for political contribution credits to be filed within 3 years of the April 15th following the calendar year in which the contribution was made. Without the adoption of the second section of the proposed act, Alaska residents would have until April 15, 1984 to file for 1980 claims, April 15, 1985 for 1981 claims, April 15, 1986 for 1982 claims and April 15, 1987 for 1983 claims. The adoption of section 2 of the proposed substitute would shorten the period during which the state would be exposed to the trickling in of claims for the credit. This would result in a small favorable fiscal impact on the state.

The department does not believe the shortening of the filing period is adverse to the public interest. The requirements for a person to be eligible for the credit are very clear and the information necessary to be filed with the application is basic. Under the proposed filing dates, the shortest period of time in which the individual would be required to apply for a credit would be the six month period for applying for the 1982 credit. This period should be more than sufficient to obtain a form, attached the proof of contribution and submit the form to the department.

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

1 IN THE HOUSE

BY BETTISWORTH AND HAYES

2

HOUSE BILL NO. 89

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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

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

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

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

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

Offered: 3/7/83  
Referred: Finance

Original sponsors: Bettisworth  
and Hayes

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR HOUSE BILL NO. 89 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act repealing the tax credit for political  
7 contributions; and providing for an effective date."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. AS 43.20.013(a) is repealed.  
10 \* Sec. 2. This Act takes effect July 1, 1983.

COMMITTEE REPORT  
SENATE

FURTHER:

5/27/83

Date: \_\_\_\_\_

Mr. President:

The Committee on FINANCE has had CSHB 89 (Fin)

Repealing the tax credit for political contributions; providing for the payment of credits on contributions made prior to the effective date of the repeal; eff. 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 CS for \_\_\_\_\_  same title
- new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:


*Waived*  
*6/9/83*

\_\_\_\_\_  
CHAIRMAN

Offered: 3/28/83  
Referred: Rules

Original sponsors: Bettisworth  
and Hayes

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 89 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act repealing the tax credit for political contributions; providing for the payment of credits on contributions made prior to the effective date of the repeal; and providing for an effective date."

7

8

9

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

11 \* Section 1. AS 43.20.013(a) is repealed.

12 \* Sec. 2. CLAIMS FOR POLITICAL CONTRIBUTION CREDITS FOR CONTRIBUTIONS  
13 MADE PRIOR TO THE REPEAL OF AS 43.20.013(a). Notwithstanding any other law  
14 or regulation, the commissioner of revenue shall pay the amount of a tax  
15 credit allowed by AS 43.20.013(a) only to a resident individual who makes a  
16 claim for payment of the credit on or before (1) April 15, 1983 for contri-  
17 butions made during calendar year 1979; (2) July 1, 1983 for contributions  
18 made during calendar years 1980, 1981 or 1982; or (3) July 2, 1984 for  
19 contributions made after December 31, 1982 and prior to the effective date  
20 of sec. 1 of this Act. A credit under this section shall be paid in the  
21 manner provided in AS 43.20.030(e) for the payment of refunds and payment  
22 may not be made without an appropriation for that purpose.

23 \* Sec. 3. Section 1 of this Act takes effect July 1, 1983.

24 \* Sec. 4. Sections 2 and 3 of this Act take effect immediately in  
25 accordance with AS 01.10.070(c).

**COMMITTEE REPORT**  
**HOUSE**

FURTHER:

(11)

3/18/63

Date: 3/21/63

Mr. Speaker:

The Committee on FINANCE has had HE 103

An Act establishing a Department of Corrections and transferring certain functions of the Department of Health and Social Services to the Department of Corrections; and providing for an effective date.

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 103 (judiciary)  same title  
 new title
- and recommends do pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation  Zero Fiscal Note Attached
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]

**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

[Signature]  
Duncan (Do Pass w/o  
transfer juveniles)  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]

**CHAIRMAN**

Offered: 3/18/83  
Referred: Finance

Original sponsors: Fritz, Koponen,  
Furnace, et al

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 103 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a Department of Corrections and  
7 transferring certain functions of the Department of  
8 Health and Social Services to the Department of  
9 Corrections; and providing for an effective date."

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

11 \* Section 1. AS 44 is amended by adding a new chapter to read:

12 CHAPTER 30. DEPARTMENT OF CORRECTIONS.

13 Sec. 44.30.010 COMMISSIONER OF CORRECTIONS. The principal execu-  
14 tive officer of the Department of Corrections is the commissioner of  
15 corrections.

16 Sec. 44.30.020. DUTIES OF DEPARTMENT. The Department of Correc-  
17 tions shall administer the state programs of corrections including

18 (1) state prisons and state prisoners;

19 (2) probation and parole;

20 (3) extraditions and detainers.

21 \* Sec. 2. AS 11.71.305 is amended to read:

22 Sec. 11.71.305. REHABILITATION. A person convicted of violating  
23 a provision of this chapter may, when the violation relates to that  
24 person's own personal use of a controlled substance, be committed to  
25 the custody of the Department of Corrections [HEALTH AND SOCIAL SER-  
26 VICES] for rehabilitative treatment for not to exceed one year. Such  
27 treatment may be imposed in place of a fine or imprisonment, but: only  
28 where the imprisonment would not have exceeded one year.

29 \* Sec. 3. AS 12.55.025(b) is amended to read:

1 (b) The sentencing report required under (a) of this section  
2 shall be furnished within 30 days after imposition of sentence to the  
3 Department of Law, the defendant, the Department of Corrections [DIVI-  
4 SION OF CORRECTIONS], the state Board of Parole if the defendant will  
5 be eligible for parole, and to the Alcoholic Beverage Control Board if  
6 the defendant is to be sentenced for a conviction of a violation of  
7 AS 04, a regulation adopted under AS 04, or an ordinance adopted under  
8 AS 04.21.010.

9 \* Sec. 4. AS 12.55.025(d) is amended to read:

10 (d) A sentence of imprisonment shall be stayed if an appeal is  
11 taken and the defendant is admitted to bail. If an appeal is taken  
12 and the defendant is not admitted to bail, the Department of Correc-  
13 tions [HEALTH AND SOCIAL SERVICES] shall designate the facility in  
14 which the defendant shall be detained pending appeal or admission to  
15 bail.

16 \* Sec. 5. AS 12.55.055(a) is amended to read:

17 (a) The court may order a defendant convicted of an offense to  
18 perform community work as a condition of a suspended sentence or  
19 suspended imposition of sentence, or in addition to any fine or re-  
20 stitution ordered. If the defendant is also sentenced to imprison-  
21 ment, the court may recommend to the Department of Corrections [HEALTH  
22 AND SOCIAL SERVICES] that the defendant perform community work.

23 \* Sec. 6. AS 12.70.220(b) is amended to read:

24 (b) When the return to this state is required of a person who  
25 has been convicted of a crime in this state and has escaped from  
26 confinement or broken the terms of [HIS] bail, probation, or parole,  
27 the prosecuting attorney of the judicial district in which the offense  
28 was committed, or the attorney general, the parole or probation au-  
29 thority having jurisdiction over the person [HIM], or the commissioner

1 of corrections [THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES] shall  
2 present to the governor a written application for a requisition for  
3 the return of that person. In the application there shall be stated  
4 the name of the person, the crime for which the person [HE] was con-  
5 victed, the circumstances of the person's [HIS] escape from confine-  
6 ment or of the breach of the terms of [HIS] bail, probation, or pa-  
7 role, and the state in which the person [HE] is believed to be, in-  
8 cluding the location of the person in that state [THEREIN] at the  
9 time the application is made.

10 \* Sec. 7. AS 12.70.220(c) is amended to read:

11 (c) The application shall be verified by affidavit, shall be  
12 executed in duplicate and shall be accompanied by two certified copies  
13 of the indictment returned, or information and affidavit filed, or the  
14 complaint made to the superior court judge or district judge, stating  
15 the offense with which the accused is charged, or of the judgment of  
16 conviction or of the sentence. The attorney general or the prosecut-  
17 ing attorney, the parole or probation authority, or the commissioner  
18 of corrections [THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES] may also  
19 attach further affidavits and other documents in duplicate considered  
20 [HE DEEMS] proper to be submitted with the application. One copy of  
21 the application, with the action of the governor indicated by endorse-  
22 ment on the application, and one of the certified copies of the in-  
23 dictment, complaint, information and affidavits, or judgment of con-  
24 viction or sentence shall be filed in the office of the governor to  
25 remain of record in that office. The other copies of all papers shall  
26 be forwarded with the governor's requisition.

27 \* Sec. 8. AS 33.05.080(2) is amended to read:

28 (2) "commissioner" means the commissioner of the Department  
29 of Corrections [HEALTH AND SOCIAL SERVICES] or the designee of the

1 commissioner.

2 \* Sec. 9. AS 33.15.010 is amended to read:

3 Sec. 33.15.010. STATE BOARD OF PAROLE. There is in the depart-  
4 ment a board of parole consisting of five members to be appointed by  
5 the governor, subject to confirmation by a majority of the members of  
6 the legislature in joint session. One of the members, who shall be  
7 chairman of the board, shall be a person with training or experience  
8 in the field of probation and parole, [AND THAT MEMBER MAY BE AN  
9 OFFICIAL OR EMPLOYEE OF THE DEPARTMENT] but that member may not be an  
10 official or employee of the department [DIVISION OF CORRECTIONS]. The  
11 term of each of the other four members of the board is four years and  
12 until a successor is appointed and qualifies. Successors are ap-  
13 pointed in the same manner as provided for the board members first  
14 appointed. A vacancy shall be filled for the unexpired term.

15 \* Sec. 10. AS 33.15.260(2) is amended to read:

16 (2) "commissioner" means the commissioner of the Department  
17 of Corrections [HEALTH AND SOCIAL SERVICES] or the designee of the  
18 commissioner;

19 \* Sec. 11. AS 33.15.260(4) is amended to read:

20 (4) "department" means the Department of Corrections  
21 [HEALTH AND SOCIAL SERVICES].

22 \* Sec. 12. AS 33.30.130(a) is amended to read:

23 (a) The commissioner of public safety shall provide for the  
24 subsistence, care and safekeeping in suitable quarters of a person  
25 arrested or held under the authority of state law pending arraignment  
26 or commitment by a court to the custody of the commissioner of correc-  
27 tions [HEALTH AND SOCIAL SERVICES] or to the custody of the keeper or  
28 person in charge of a prison facility designated in advance by the  
29 commissioner of corrections [HEALTH AND SOCIAL SERVICES].

1 \* Sec. 13. AS 33.30.900(1) is amended to read:

2 (1) "commissioner" means the commissioner of the Department  
3 of Corrections [HEALTH AND SOCIAL SERVICES] or the commissioner's  
4 designee;

5 \* Sec. 14. AS 33.30.900(3) is amended to read:

6 (3) "department" means the Department of Corrections  
7 [HEALTH AND SOCIAL SERVICES];

8 \* Sec. 15. AS 33.32.010(1) is amended to read:

9 (1) develop and operate agricultural, industrial, and ser-  
10 vice enterprises employing prisoners under the jurisdiction of the  
11 commissioner of corrections [HEALTH AND SOCIAL SERVICES];

12 \* Sec. 16. AS 33.32.015 is amended to read:

13 Sec. 33.32.015. POWERS AND DUTIES OF THE COMMISSIONER OF CORREC-  
14 TIONS [HEALTH AND SOCIAL SERVICES]. (a) The commissioner of correc-  
15 tions [HEALTH AND SOCIAL SERVICES] may establish and administer a  
16 correctional industries program that is based on voluntary prisoner  
17 participation.

18 (b) The commissioner of corrections [HEALTH AND SOCIAL SERVICES]  
19 may

20 (1) subject to the Fiscal Procedures Act (AS 37.05), use,  
21 purchase, lease, equip, and maintain buildings, machinery, and other  
22 equipment, and may purchase materials and enter into contracts, which  
23 may be necessary for the correctional industries program;

24 (2) provide for prisoners to be employed in rendering ser-  
25 vices and producing articles, materials, and supplies needed by a  
26 state agency, a political subdivision of the state, an agency of the  
27 federal government, other states or their political subdivisions, or  
28 for use by nonprofit organizations;

29 (3) if the Correctional Industries Commission established

1 in AS 33.32.070 approves, employ prisoners to provide services or  
2 products as needed by private industry if the services or products  
3 have potential for contributing to the economy of the state and will  
4 have minimal negative impact on an existing private industry or labor  
5 force in the state.

6 \* Sec. 17. AS 33.32.020(a) is amended to read:

7 (a) There is established in the Department of Corrections  
8 [HEALTH AND SOCIAL SERVICES] a fund to be known as the correctional  
9 industries fund. All expenses of the correctional industries program,  
10 except salaries and benefits of state employees, are to be financed  
11 from the correctional industries fund and budgeted in accordance with  
12 the Executive Budget Act (AS 37.07). The commissioner of corrections  
13 [HEALTH AND SOCIAL SERVICES TO] shall report annually to the legisla-  
14 ture all activities and balances of the fund.

15 \* Sec. 18. AS 33.32.030 is amended to read:

16 Sec. 33.32.030. MARKETING OF CORRECTIONAL INDUSTRIES PRODUCTS.  
17 (a) The commissioner of corrections [HEALTH AND SOCIAL SERVICES]  
18 shall market correctional industries products to appropriate entities  
19 as provided for in AS 33.32.015(b)(2). Because of the potential for  
20 contributing to the economy of the state, agricultural produce may be  
21 sold to commercial processors, wholesalers, or distributors, in addi-  
22 tion to the entities provided for in AS 33.32.015(b)(2).

23 (b) The commissioner of corrections [HEALTH AND SOCIAL SERVICES]  
24 may sell a product or service of a correctional industries program to  
25 a private industry, subject to the approval of the Correctional Indus-  
26 tries Commission established in AS 33.32.070. Before giving its ap-  
27 proval, the Correctional Industries Commission must determine that the  
28 product or service has potential for contributing to the economy of  
29 the state and will have minimal negative impact on an existing private

1 industry or labor force in the state.

2 (c) A product or service provided by correctional industries  
3 that meets marketable standards of quality and that meets the needs of  
4 state agencies at reasonable cost, as determined by the commissioner  
5 of administration, shall be purchased by state agencies through proce-  
6 dures established by the Department of Administration in such a manner  
7 as to facilitate the purchase. A product or service of the type and  
8 quality of that supplied by the correctional industries may not be ob-  
9 tained from a source outside correctional industries unless the com-  
10 missioner of corrections [HEALTH AND SOCIAL SERVICES] certifies to the  
11 Department of Administration that correctional industries is not able  
12 to provide the product or service on a basis that is competitive with  
13 other sources. State agencies shall make maximum use of the resources  
14 of the correctional industries program both in the purchase of exist-  
15 ing products and by assisting in the development of new products or  
16 adaptation of existing products to meet future needs.

17 (d) The commissioner of corrections [HEALTH AND SOCIAL SERVICES]  
18 shall periodically determine the prices at which products and services  
19 will be sold. Prices must approximate the fair market value of prod-  
20 ucts and services of comparable quality offered by commercial sources.

21 (e) The commissioner of administration shall establish suitable  
22 methods of accounting and purchasing to facilitate the production and  
23 marketing of correctional industries products and to assure accurate  
24 cost data.

25 \* Sec. 19. AS 33.32.040(a) is amended to read:

26 (a) In administering the correctional industries program, the  
27 Department of Corrections [HEALTH AND SOCIAL SERVICES] shall comply  
28 with federal and state health and safety regulations, except for the  
29 provision of workers' compensation under AS 23.30.

1 \* Sec. 20. AS 33.32.050 is amended to read:

2 Sec. 33.32.050. WAGES OF CORRECTIONAL INDUSTRIES WORKERS; FOR-  
3 FEITURE. (a) The commissioner of corrections [HEALTH AND SOCIAL  
4 SERVICES] shall establish a pay plan for prisoners working in correc-  
5 tional industries based on the quantity and quality of work performed  
6 and the skill required. A wage established under the pay plan may not  
7 exceed 50 percent of the minimum wage established under AS 23.10.065.  
8 Wage incentive plans to increase productivity may be included in the  
9 pay plan. The commissioner of corrections [HEALTH AND SOCIAL SER-  
10 VICES] shall determine the amount to be credited to the prisoner after  
11 disbursements made under (c) of this section.

12 (b) The commissioner of corrections [HEALTH AND SOCIAL SERVICES]  
13 may establish a wage for work performed in the production of a product  
14 that is higher than the maximum wage authorized under (a) of this sec-  
15 tion to comply with federal law or regulation if that compliance is  
16 required before the product may be sold to the federal government.

17 (c) The commissioner of corrections [HEALTH AND SOCIAL SERVICES]  
18 shall disburse prisoners' payments in amounts determined to be appro-  
19 priate under procedures adopted by the commissioner based on the fol-  
20 lowing order of priority:

21 (1) for support of the prisoner's dependents, if any;

22 (2) to reimburse the state for compensation awarded under  
23 AS 18.67 resulting from the prisoner's criminal conduct;

24 (3) to pay a civil judgment resulting from the prisoner's  
25 criminal conduct;

26 (4) for the purchase of clothing and commissary items for  
27 the prisoner's personal use;

28 (5) to pay a restitution or fine of the prisoner ordered by  
29 a sentencing court.

1 (d) Money credited to a prisoner must be retained by the commis-  
2 sioner of corrections [HEALTH AND SOCIAL SERVICES] for the primary  
3 purpose of being available to the prisoner at the time of release.  
4 The commissioner of corrections [HEALTH AND SOCIAL SERVICES] may, how-  
5 ever, permit the prisoner to draw upon a portion of the money for oth-  
6 er purposes that the commissioner of corrections [HEALTH AND SOCIAL  
7 SERVICES] considers appropriate.

8  
9 (e) If a prisoner escapes, a portion of the earnings of the pri-  
10 soner, as determined by the commissioner of corrections [HEALTH AND  
11 SOCIAL SERVICES], is to be forfeited. The commissioner of corrections  
12 [HEALTH AND SOCIAL SERVICES] shall deposit forfeited earnings in the  
13 general fund.

14 \* Sec. 21. AS 33.32.060 is amended to read:

15 Sec. 33.32.060. LIMITATION ON ATTACHMENT, ETC., OF WAGES. Only  
16 the prisoner payments retained by the commissioner of corrections  
17 [HEALTH AND SOCIAL SERVICES] under AS 33.32.050(d) are subject to  
18 lien, attachment, garnishment, execution, or similar procedures to  
19 encumber funds or property.

20 \* Sec. 22. AS 33.32.070(a) is amended to read:

21 (a) The Correctional Industries Commission is established to  
22 provide general policy direction to the correctional industries pro-  
23 gram through the commissioner of corrections [HEALTH AND SOCIAL SER-  
24 VICES]. The commission consists of seven members, five of whom are to  
25 be appointed by the governor to serve staggered terms of four years.  
26 The appointed members must include a representative of private indus-  
27 try, organized labor, agriculture, and the general public, and one  
28 ex-offender. The commissioner of administration is also a member, as  
29 is the commissioner of corrections [HEALTH AND SOCIAL SERVICES] who is

1 to serve as chairperson.

2 \* Sec. 23. AS 33.32.080(a` is amended to read:

3 (a) The Correctional Industries Commission shall monitor the  
4 correctional industries program, annually review the proposed budget  
5 of the program, and make appropriate recommendations to the commis-  
6 sioner of corrections [HEALTH AND SOCIAL SERVICES]. This budget must  
7 be transmitted in the normal budgetary process to the legislature as  
8 part of the governor's budget.

9 \* Sec. 24. AS 33.32.080(c) is amended to read:

10 (c) The Correctional Industries Commission shall recommend to  
11 the commissioner of corrections [HEALTH AND SOCIAL SERVICES] the ad-  
12 visability of establishing, expanding, diminishing, or discontinuing  
13 industrial, agricultural, or service activities to enable the program  
14 to operate as nearly as possible in a self-supporting manner, to pro-  
15 vide as much employment for prisoners as is feasible, to provide di-  
16 versified work activities with minimal negative impact on an existing  
17 private industry or labor force in the state, and contribute to the  
18 economy of the state. In making recommendations, the Correctional In-  
19 dustries Commission shall consider testimony received at public hear-  
20 ings.

21 \* Sec. 25. AS 33.32.090 is amended to read:

22 Sec. 33.32.090. COOPERATION WITH STATE AGENCIES. With the  
23 approval of the commissioner of corrections [HEALTH AND SOCIAL SER-  
24 VICES], a state agency may, without charge, transfer to the Department  
25 of Corrections [HEALTH AND SOCIAL SERVICES] for the correctional  
26 industries program any property or equipment suitable for the purposes  
27 of that program.

28 \* Sec. 26. AS 33.35.010 (Article III(b) of the Agreement on Detainers)  
29 is amended to read: