

ALASKA LEGISLATURE COMMITTEE FILES

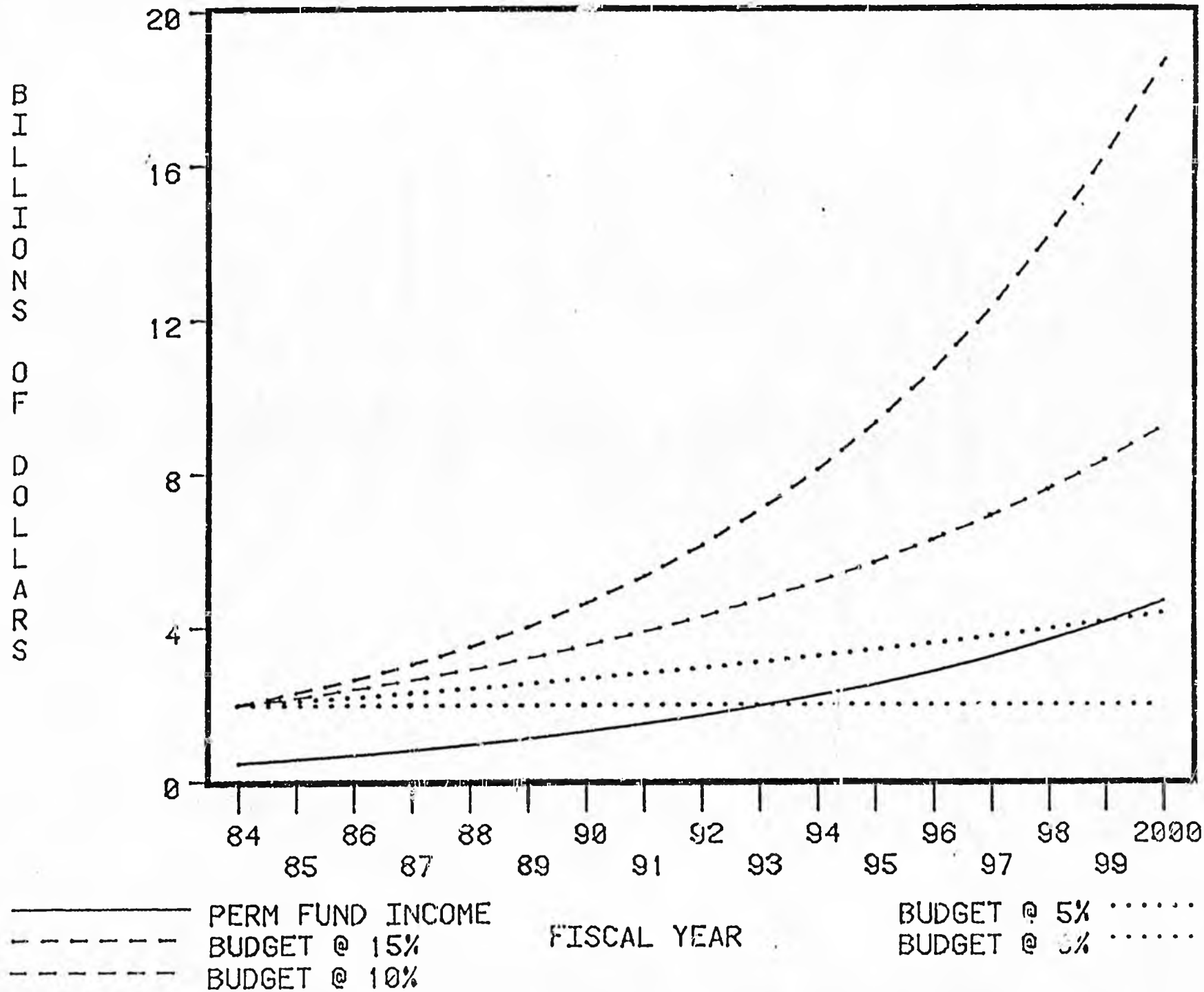
1983-1984

2939

HSA HB 85 - HB 97

2939

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

ISCAL YEAR	REVENUE	INTEREST	TOTAL REVENUE	OPERATING BUDGET	CAPITAL BUDGET	DEBT SERVICE	PERMANENT FUND DIVIDENDS	TOTAL BUDGET	SURPLUS OR DEFICIT	PERM-ANENT FUND	GENERAL FUND END OF YEAR	REVENUE REC FOR GF OF\$	REC BAL 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

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 REQ FOR GF OF \$	REVENUE REQ FOR BAL OF \$ 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	-2490	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:	45410	4770	53190	51680	25840	1410	00	78930	-25740			25460	

ANUARY 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 \$	REC BAL 0 MIL
1983										3790	282		
1984	2703	184	2887	2000	1000	167	0	3167	-281	4558	1		0
1985	2775	190	2965	2200	1100	165	0	3465	-500	5425	0		498
1986	3029	218	3247	2420	1210	164	0	3794	-547	6433	0		547
1987	3112	240	3352	2662	1331	156	0	4149	-797	7573	0		797
1988	3456	264	3720	2928	1464	150	0	4542	-822	8896	0		822
1989	3540	290	3830	3220	1610	140	00	4970	-1140	10420	0		1140
1990	3300	320	3610	3540	1770	120	00	5440	-1820	12100	0		1820
1991	3000	350	3360	3900	1950	100	00	5950	-2590	13940	0		2590
1992	2890	390	3270	4290	2140	70	00	6500	-3230	15990	0		3230
1993	2700	430	3120	4720	2360	60	00	7140	-4020	18250	0		4020
1994	2610	470	3080	5190	2590	30	00	7810	-4720	20780	0		4720
1995	2520	510	3030	5710	2850	20	00	8580	-5550	23590	0		5550
1996	2380	570	2950	6280	3140	20	00	9440	-6490	26720	0		6490
1997	2440	620	3060	6900	3450	20	00	10370	-7310	30230	0		7310
1998	2510	690	3190	7590	3800	10	00	11410	-8210	34180	0		8210
1999	2660	750	3410	8350	4180	10	00	12540	-9130	38620	0		9130
2000	2800	830	3630	9190	4590	00	00	13790	-10160	43620	0		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	PEFM-ANENT FUND	GENERAL FUND END OF YEAR	REVENUE REC FOR GF BAL OF \$ 0 MIL
1983										3790	282	
1984	2703	184	2887	2000	1000	167	0	3167	-281	4558	1	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	263	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 196140 -136760 136470

H B

89

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

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

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 1982~~ 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

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).

Amendments? CS July 1, 1982
Source made amendment June 30, 1983 →

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

RECEIVED
2-10-83

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

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

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

Bill Sheffield, Governor

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 H3 666 (Fin)), the 1982-Senate budget bill (SSS 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

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 A

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 ASHA PAY)					
3.	628	ASHA 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.	870	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 2,750,000						
	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

Date 1 at 1

REVISED DATE

FY 83

00552

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 GOVERNMENT

PROGRAM: REFUNDABLE CREDITS
SUB-PROGRAM:

HOUSE ANALYSIS

GOVERNORS REC \$2,791.0

OBJECT GROUP	VARIATION	DESCRIPTION:
07 GRANTS, CLMS	-1758.0 -63.0%	DELETE POLITICAL CONTRIBUTION CREDIT (1,758.0).
MM TOTAL	-1758.0 -63.0%	

HOUSE FIGURE \$1,033.0

SENATE ANALYSIS

GOVERNORS REC \$2,791.0

OBJECT GROUP	VARIATION	DESCRIPTION:
07 GRANTS, CLMS	-1758.0 -63.0%	DELETE POLITICAL CONTRIBUTION CREDIT (1758.0).
MM TOTAL	-1758.0 -63.0%	

SENATE FIGURE \$1,033.0

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

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

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 Sofu, Legislative Affairs Agency, questioning the intent of HB 89. Mr. Sofu 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

Alaska State Legislature



REPRESENTATIVE

POUCH V
JUNEAU, ALASKA 99811

ROBERT H. "BOB" BETTISWORTH

P.O. BOX 80288
COLLEGE, ALASKA 99708

February 23, 1983

TO: Rep. Mitch Abood, Chairman
House State Affairs Committee

FROM: Rep. Bob Bettisworth

RE: H.B. 89 "An Act repealing the tax credit for political
contributions; and providing for an effective date."

I respectfully request the House State Affairs Committee's
indulgence with this informal presentation of facts. How-
ever, due to the administration's current procedures, the
Dept. of Revenue has not been able to provide the Commit-
tee with the information requested by my office.

I was able to acquire the following information from Ms. —
Marcie Rehfield, Legislative Liaison for the Dept. of Rev-
enue, by phone.

In 1981, after the last major election, the Dept. of Revenue
had 13,780 applications for the political contribution cred-
it, or an expenditure of \$1,378,000. The Dept. of Revenue's
projections to fund this program for 1983 are based on the
fact that 1982 was a more prominent election year than '81,
with the gubernatorial race and the numerous ballot propos-
itions placed before the voters. The Department is antici-
pating at least three times as many applicants, or somewhere
between 50-60,000, or \$5-6,000,000 in expenditures.

The Dept. of Revenue anticipates requesting a supplemental
appropriation for \$6,000,000 to ensure that all applicants
will receive their political contribution credit, mandated by
statute.

RB Bettisworth

MEMORANDUM

State of Alaska

TO: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

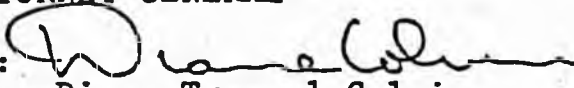
DATE: July 15, 1982

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). 1/ 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.~~

1/ 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.

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

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).

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

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 form 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

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.

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 SCSMB 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

Editor's notes. — As to legislative findings and intent, see § 1, ch. 110, SLA 1978, in the 1978 Temporary and Special Acts and Resolves.

Section 4, ch. 110, SLA 1978, provides: "This Act applies to taxable income earned or received after December 31, 1977."

Section 52, ch. 113, SLA 1980 makes sections 8—10 of the Act applicable to tax years beginning after December 31, 1979. Section 51 of the Act makes section 11 of the Act applicable to tax returns for tax years beginning after December 31, 1978.

For legislative findings and purpose of the second and third 1980 amendments, see § 1, ch. 1, SSSLA 1980, and § 1, ch. 2, SSSLA 1980, in the 1980 Temporary and Special Acts and Resolves.

Section 20, ch. 116, SLA 1981 provides that the amendment by § 2 of ch. 116 apply to tax years beginning after December 31, 1977 and ending by December 31, 1980.

Section 21 of ch. 116 provides that the amendment by § 3 of ch. 116 apply to tax years beginning after December 31, 1980 and ending by December 31, 1981.

Section 23 of ch. 116 provides that the amendment by § 4 of ch. 116 apply to tax years beginning after December 31, 1981.

The Alaska Native Claims Settlement Act may be found in 43 U.S.C. § 1601 et seq.

Sec. 43.20.012. Limitation on application of AS 43.20.011 — 43.20.350; credits. The tax imposed by AS 43.20.011 — 43.20.350 does not apply to individuals or to fiduciaries. However, an individual may file a return under AS 43.20.011 — 43.20.350 in order to receive tax credit under AS 43.20.013. (§ 2 ch 1 SSSLA 1980; § 2 ch 2 SSSLA 1980)

Effective dates. — Section 12 of ch. 1 provides that this section is retroactive to January 1, 1980, and § 10 of ch. 2, provides that this section is retroactive to January 1, 1979.

Editor's notes. — For legislative findings and purpose of the enacting legislation, see § 1, ch. 1, SSSLA 1980, and § 1, ch. 2, SSSLA 1980, in the 1980 Temporary and Special Acts and Resolves.

Sec. 43.20.013. Individual tax credits. (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

(i) President or Vice President of the United States, whether or not the candidate will be voted on in a primary election in Alaska;

(ii) United States senator from Alaska;

(iii) United States representative from Alaska;

(iv) governor or lieutenant governor of Alaska;

(v) the Alaska legislature;

(vi) delegate to an Alaska constitutional convention;

(vii) electoral confirmation as a judge or justice of a court in Alaska;

or

(viii) municipal office in Alaska; 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 nonprofit 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 the tax credit claimed by the individual on his federal income

The Anchorage Times

ROBERT B. ATWOOD
Editor and Publisher

WILLIAM J. TOBIN
Associate Editor
And General Manager

DREX HEIKES
Managing Editor

Page A-4

Monday, June 8, 1981

Runoff elections

IN NEW JERSEY last week, there were so many candidates for governor in primary election balloting that critics said the campaign produced mostly noise and confusion — and very little in the way of enlightenment for the public.

The reason most often heard for the cluttered field was that this was the first election in which candidates for governor were able to draw on public funds to finance their campaigns. This experiment in populist politics resulted in all kinds of people jumping into the race. And why not? For some, it was better than working for a living — and the public picked up the tab.

The result, however, was something of a mess. Which should be a warning to Alaska, where some politicians are trying to sell this bill of goods as a way to go in our political affairs.

WHILE such a move would be far from the state's best interests, there is a change that could be made to improve gubernatorial elections in the state.

This corrective action would require a runoff election if the winner in the general election failed to get a majority of the vote cast, or at least close to a majority.

The 1978 general election should be a warning to Alaskans. There were five candidates for governor — four of them officially on the ballot, and the fifth — former Gov. Walter J. Hickel — a popular write-in candidate.

As things turned out, Gov. Jay Hammond polled 49,580 votes and won re-election with only 38.2 percent of the total. Mr. Hickel's write-in effort drew 33,555 votes, 7,899 more than the Democratic nominee, Chancy Croft, who polled 25,656. The rest of the votes went to independent candidate Tom Kelly (15,656) and Alaska Party candidate Don Wright (2,463).

Even with fewer candidates in the field, it's possible that a future governor could be elected with a smaller percentage than posted last time by Mr. Hammond. That kind of outcome would be considerably short of a mandate.

IRONICALLY, it takes a bigger percentage to elect a mayor than a governor. Runoff elections for mayor are mandated in the Alaska general code when any candidate fails to muster at least 40 percent of the votes.

If it makes sense to demand that the mayor of a city go into office with at least 40 percent of the voters in his favor, it should be a thousand times more sensible to make certain that the governor does so with at least that much.

This is not a change that is likely to come about for the next gubernatorial race, which is practically upon us. A constitutional amendment would be necessary to bring it about. But it is a change that deserves consideration by the 1982 legislature and would appear to be a non-controversial item that could be placed before the voters for approval in 1984.

Contribution refunds under new attack

Associated Press

Juneau — The Hammond administration made another pitch Wednesday to stop state refunds for political contributions.

Joe Donohue, Department of Revenue deputy commissioner of taxation, said "there may be a place for public financing of political campaigns, but the current system is essentially cost-free for the contributor."

The House State Affairs Committee is considering legislation sponsored by House Speaker Joe Hayes, R-Anchorage, to end the refunds.

Political contribution and child-care credits are holdovers from when Alaska had a state income tax — taxpayers were allowed to deduct the credits from their tax payments.

The credits were not repealed when the state income tax was in 1980, and as a result the state has been stuck with refunding campaign donations and some child-care expenses.

Donohue said "before you had a choice of donating \$100 and paying less income tax. Now you pay \$100 and you get \$100 back. All you lose is the interest. It's not effective in involving the small contributor."

This year, the department has requested \$1.76 million for political contribution credits and \$1.03 million for child care credits — a total of \$2.8 million.

Donohue said the average child-care credit paid to Alaskans in 1980 was \$47.63.

He said the department "is not opposed to giving away this amount of money," but that another agency should be charged with the task. Donohue said the Department of Health and Social Services is better equipped than the Department of Revenue to make refunds for child-care expenses.

The State Affairs Committee did not take a final vote on the bill (HB137).

Rebate law pulls candidates out early

By Steve Rinehart
of The Times

Homert — A unique Alaska election law — rather than tough competition or statewide reapportionment — appears to be the reason for the sudden abundance of candidates filing for the 1982 elections, according to candidates and a state revenue official.

Gubernatorial candidate Tom Hink put it bluntly when campaigning in Homer last month: It's the money.

If not the major reason for filing early, one of the big ones is the state's campaign contribution rebate program, under which the state will now refund political contributions of up to \$100 (last year it was \$50). By stretching their campaigns over two calendar years, candidates or political action committees which have registered with the Alaska Public Offices Commission before the end of the year grant their supporters eligibility for two contribution rebates or one election.

And if filing early is a good investment for candidates, it can carry a reasonable return for contributors as well. Besides claiming up to \$100 in rebates from the state, a person can

claim the maximum \$25 credit from the federal government, too.

This opportunity to fill campaign chests has not been lost on candidates or PACs. According to the state Department of Revenue, politicians and PACs are clamoring for rebate forms to send to potential supporters. For example, the Alaska branch of the National Education Association requested 5,000 rebate forms, according to the department's "forms manager," Colleen Brcwin.

Despite the demands, the department won't issue the rebate forms until the end of the year, she said.

Reapportionment puts almost all 60 seats in the Legislature up for election in 1982. The governorship and the capital move will also be included on next fall's ballot, guaranteeing a high-interest election.

"We're expecting a big year (for rebate claims)," Brown said, predicting nearly \$1 million in contributions or some 50,000 claims.

Print made no bones about it. Running for governor is expensive, he said. It's smart to file early to take maximum advantage of the rebate program. Other candidates

have been less specific. They need the extra couple of months this year to put their organizations together, they have said, or to overcome voter confusion about reapportionment. Of course, as a recently announced candidate agreed reluctantly, "it would be foolish not to build as large a treasury as possible."

But that's being greedy, said an Anchorage representative who opposes state-financed elections. Republican Terry Martin has circulated a news release accusing candidates, among them his competitor, of taking undue advantage of the refund program, getting into the race early "for the sole purpose of double-dipping into the state treasury."

One of Martin's aides said the representative would not be filing for office until next year.

Revenue department figures show the rebate program is becoming ever more popular. In 1979, Brown said, 6,886 people filed for about \$306,000 in rebates. In 1980, 15,457 filed for about \$690,000 in rebates. Those years, the maximum refund was \$50 and the average rebate was about \$45. The department's estimate for the coming year is based on an expected average rebate of \$60.95, Brown said.

There is no age limit on the rebates, Brown said. However, applicants must be able to demonstrate that they acted of their own free will. Parents cannot contribute on behalf of their children and secure rebates, for example, unless the child makes a conscious decision to back a candidate or an issue, she said.

The rebates were handled on income tax forms back when there was a state income tax. Since the tax has been repealed there are special forms, said Brown, the forms manager. All who filed for rebates in 1979 and 1980 will get this year's form in the mail. Others will be available at revenue department field offices, legislative information offices, the governor's office and other state offices.

The federal government will grant tax credits up to a maximum of \$25 for the same contribution. So Alaskans can invest \$100 in the candidate or PAC of their choice and get \$125 back, for a 25 percent payoff on a "political investment" of a few months' duration.

The Hammond administration made another pitch to stop state refunds for political contributions.

The House State Affairs Committee is considering legislation sponsored by House Speaker Joe Hayes, R-Anchorage, to end the refunds.

The credits were not repealed when the state income tax was repealed in 1980, and as result the state has been stuck with refunding campaign donations and some child-care expenses.

Said Joe Donohue, Department of Revenue Deputy Commissioner of Taxation: "Before you had a choice of donating \$100 and paying less income tax. Now you pay \$100 and you get \$00 back. All you lose is the interest. It's not effective in involving the

Contribution refunds under new attack

Associated Press

Juneau — The Hammond administration made another pitch Wednesday to stop state refunds for political contributions.

Joe Donohue, Department of Revenue deputy commissioner of taxation, said "there may be a place for public financing of political campaigns, but the current system is essentially cost-free for the contributor."

The House State Affairs Committee is considering legislation sponsored by House Speaker Joe Hayes, R-Anchorage, to end the refunds.

Political contribution and child-care credits are holdovers from when Alaska had a state income tax — taxpayers were allowed to deduct the credits from their tax payments.

The credits were not repealed when the state income tax was in 1980, and as a result the state has been stuck with refunding campaign donations and some child-care expenses.

Donohue said "before you had a choice of donating \$100 and paying less income tax. Now you pay \$100 and you get \$100 back. All you lose is the interest. It's not effective in involving the small contributor."

This year, the department has requested \$1.76 million for political contribution credits and \$1.03 million for child care credits — a total of \$2.8 million.

Donohue said the average child-care credit paid to Alaskans in 1980 was \$47.63.

He said the department "is not opposed to giving away this amount of money," but that another agency should be charged with the task. Donohue said the Department of Health and Social Services is better equipped than the Department of Revenue to make refunds for child-care expenses.

The State Affairs Committee did not take a final vote on the bill (HB137).

Rebate law pulls candidates out early

by Steve Rinehart
for The Times

Homor — A unique Alaska election law rather than tough competition or statewide reapportionment appears to be the reason for the sudden abundance of candidates filing for the 1982 elections, according to candidates and a state revenue official.

Gubernatorial candidate Tom Fink put it bluntly when campaigning in Homer last month: It's the money.

If not the major reason for filing early, one of the big ones is the state's campaign contribution rebate program, under which the state will now refund political contributions of up to \$100 (last year it was \$50). By stretching their campaigns over two calendar years, candidates or political action committees which have registered with the Alaska Public Offices Commission before the end of the year grant their supporters eligibility for two contribution rebates for one election.

And if filing early is a good investment for candidates, it can carry a reasonable return for contributors as well. Besides claiming up to \$100 in rebates from the state, a person can

claim the maximum \$25 credit from the federal government, too.

This opportunity to fill campaign chests has not been lost on candidates or PACs. According to the state Department of Revenue, politicians and PACs are clamoring for rebate forms to send to potential supporters. For example, the Alaska branch of the National Education Association requested 5,000 rebate forms, according to the department's "forms manager," Colleen Brown.

Despite the demands, the department won't issue the rebate forms until the end of the year, she said.

Reapportionment puts almost all 60 seats in the Legislature up for election in 1982. The governorship and the capital move will also be included on next fall's ballot, guaranteeing a high-interest election.

"We're expecting a big year (for rebate claims)," Brown said, predicting nearly \$4 million in contributions or some 50,000 claims.

Fink made no bones about it. Running for governor is expensive, he said. It's smart to file early to take maximum advantage of the rebate program. Other candidates

have been less specific. They need the extra couple of months this year to put their organizations together, they have said, or to overcome voter confusion about reapportionment. Of course, as a recently announced candidate agreed reluctantly, "it would be foolish not to build as large a treasury as possible."

But that's being greedy, said an Anchorage representative who opposes state-financed elections. Republican Terry Martin has circulated a news release accusing candidates, among them his competitor, of taking undue advantage of the refund program, getting into the race early "for the sole purpose of double-dipping into the state treasury."

One of Martin's aides said the representative would not be filing for office until next year.

Revenue department figures show the rebate program is becoming ever more popular. In 1979, Brown said, 6,899 people filed for about \$300,000 in rebates. In 1980, 15,457 filed for about \$600,000 in rebates. Those years, the maximum refund was \$50 and the average rebate was about \$45. The depart-

ment's estimate for the coming year is based on an expected average rebate of \$90.95, Brown said.

There is no age limit on the rebates, Brown said. However, applicants must be able to demonstrate that they acted of their own free will. Parents cannot contribute on behalf of their children and secure rebates, for example, unless the child makes a conscious decision to back a candidate or an issue, she said.

The rebates were handed on income tax forms back when there was a state income tax. Since the tax has been repealed there are special forms, said Brown, the forms manager. All who filed for rebates in 1979 and 1980 will get this year's form in the mail. Others will be available at revenue department field offices, legislative information offices, the governor's office and other state offices.

The federal government will grant tax credits up to a maximum of \$25 for the same contribution. So Alaskans can invest \$100 in the candidate or PAC of their choice and get \$125 back, for a 25 percent payoff on a "political investment" of a few months' duration.

The Hammond administration made another pitch to stop state refunds for political contributions.

The House State Affairs Committee is considering legislation sponsored by House Speaker Joe Hayes, R-Anchorage, to end the refunds.

The credits were not repealed when the state income tax was repealed in 1980, and as result the state has been stuck with refunding campaign donations and some child-care expenses.

Said Joe Donahue, Department of Revenue Deputy Commissioner of Taxation: "Before you had a choice of donating \$100 and paying less income tax. Now you pay \$100 and you get \$00 back. All you lose is the interest. It's not effective in involving the

Contribution refunds under new attack

Associated Press

Juneau — The Hammond administration made another pitch Wednesday to stop state refunds for political contributions.

Joe Donohue, Department of Revenue deputy commissioner of taxation, said "there may be a place for public financing of political campaigns, but the current system is essentially cost-free for the contributor."

The House State Affairs Committee is considering legislation sponsored by House Speaker Joe Hayes, R-Anchorage, to end the refunds.

Political contribution and child-care credits are holdovers from when Alaska had a state income tax — taxpayers were allowed to deduct the credits from their tax payments.

The credits were not repealed when the state income tax was in 1980, and as a result the state has been stuck with refunding campaign donations and some child-care expenses.

Donohue said "before you had a choice of donating \$100 and paying less income tax. Now you pay \$100 and you get \$100 back. All you lose is the interest. It's not effective in involving the small contributor."

This year, the department has requested \$1.76 million for political contribution credits and \$1.03 million for child-care credits — a total of \$2.8 million.

Donohue said the average child-care credit paid to Alaskans in 1980 was \$47.63.

He said the department "is not opposed to giving away this amount of money," but that another agency should be charged with the task. Donohue said the Department of Health and Social Services is better equipped than the Department of Revenue to make refunds for child-care expenses.

The State Affairs Committee did not take a final vote on the bill (HB137).

Rebate law pulls candidates out early

Steve Rinehart

The Times

Homer — A unique Alaska election law rather than tough competition or statewide reapportionment appears to be the reason for the sudden abundance of candidates filing for the 1982 elections, according to candidates and a state revenue official.

Gubernatorial candidate Tom Hank put it bluntly when campaigning in Homer last month: It's the only one.

If not the major reason for filing early, one of the big ones is the state's campaign contribution rebate program, under which the state will refund political contributions of \$100 (last year it was \$50). By reaching their campaigns over two-lender years, candidates or political action committees which have registered with the Alaska Public Offices Commission before the end of a year grant their supporters eligibility for two contribution rebates for one election.

And if filing early is a good investment for candidates, it can carry a reasonable return for contributors as well. Besides claiming up to \$100 in rebates from the state, a person can

claim the maximum \$25 credit from the federal government, too.

This opportunity to fill campaign chests has not been lost on candidates or PACs. According to the state Department of Revenue, political clubs and PACs are clamoring for rebate forms to send to potential supporters. For example, the Alaska branch of the National Education Association requested 5,000 rebate forms, according to the department's "forms manager," Colleen Brown.

Despite the demands, the department won't issue the rebate forms until the end of the year, she said.

Reapportionment puts almost all 60 seats in the Legislature up for election in 1982. The governorship and the capital move will also be included on next fall's ballot, guaranteeing a high-interest election.

"We're expecting a big year (for rebate claims)," Brown said, predicting nearly \$1 million in contributions or some 50,000 claims.

Frank made no bones about it. Running for governor is expensive, he said. It's smart to file early to take maximum advantage of the rebate program. Other candidates

have been less specific. They need the extra couple of months this year to put their organizations together, they have said, or to overcome voter confusion about reapportionment. Of course, as a recently announced candidate agreed reluctantly, "it would be foolish not to build as large a treasury as possible."

But that's being greedy, said Anchorage representative who opposes state-financed elections. Republican Terry Martin has circulated a news release accusing candidates, among them his competitor, of taking undue advantage of the refund program, getting into the race early "for the sole purpose of double-dipping into the state treasury."

One of Martin's aides said the representative would not be filing for office until next year.

Revenue department figures show the rebate program is becoming ever more popular. In 1979 Brown said, 6,896 people filed for about \$306,000 in rebates. In 1980, 15,457 filed for about \$690,000 in rebates. Those years, the maximum refund was \$50 and the average rebate was about \$45. The department's estimate for the coming year is based on an expected average rebate of \$90.95, Brown said.

There is no age limit on the rebates, Brown said. However, applicants must be able to demonstrate that they acted of their own free will. Parents cannot contribute on behalf of their children and secure rebates, for example, unless the child makes a conscious decision to back a candidate or an issue, she said.

The rebates were handled on income tax forms back when there was a state income tax. Since the tax has been repealed there are special forms, said Brown, the forms manager. All will get this year's form in the mail. Others will be available at revenue department field offices, legislative information offices, the governor's office and other state offices.

The federal government will grant tax credits up to a maximum of \$25 for the same contribution. So Alaskans can invest \$100 in the candidate or PAC of their choice and get \$125 back, for a 25 percent payoff on a "political investment" of a few months' duration.

The Hammond administration made another pitch to stop state refunds for political contributions.

The House State Affairs Committee is considering legislation sponsored by House Speaker Joe Hayes, R-Anchorage, to end the refunds.

The credits were not repealed when the state income tax was repealed in 1980, and as a result the state has been stuck with refunding campaign donations and some child-care expenses.

Said Joe Donohue, Department of Revenue Deputy Commissioner of Taxation: "Before you had a choice of donating \$100 and paying less income tax. Now you pay \$100 and you get \$100 back. All you lose is the interest. It's not effective in involving the



LAWS OF ALASKA

1980

Second Special Session

Source

Chapter No.

CSHB 1042(Rules)

2

AN ACT

Relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 13

Approved by the Governor: September 24, 1980
Actual Effective Date: September 25, 1980 with sections
2 - 6 and 9 retroactive to January 1, 1979.

Chapter 2

AN ACT

Relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes; and providing for an effective date.

* Section 1. FINDINGS. The legislature finds:

(1) Section 1, ch. 22, SLA 1980 afforded complete tax relief to a majority of individual taxpayers under the Alaska Net Income Tax Act and substantial tax relief to most other taxpayers by means of exemptions based on the number of years an individual reported Alaska income. On September 4, 1980, the Alaska Supreme Court ruled that these exemptions violate the equal protection clause of art. I, sec. 1 of the state constitution. The effect of that decision is to reimpose the full income tax burden on all taxpayers.

(2) It is in the public interest to remedy the constitutional defect and provide tax relief to the public at least equal to that attempted by the exemptions in sec. 1, ch. 22, SLA 1980. This can best be accomplished by repealing the Alaska net income tax on individuals and fiduciaries.

(3) Because ch. 22, SLA 1980 applied to taxes due for the tax year 1979, many taxpayers expected a refund of part or all of their state income tax for 1979, and many of them made plans and commitments in anticipation of the refund. The state has a moral obligation to fulfill this widely held expectation, and this obligation is best discharged by repealing the Alaska

Chapter 2

net income tax on individuals and fiduciaries retroactive to January 1, 1979.

* Sec. 2. AS 43.20 is amended by adding new sections to read:

Sec. 43.20.012. LIMITATION ON APPLICATION OF CHAPTER; CREDITS.

The tax imposed by this chapter does not apply to individuals or to fiduciaries. However, an individual may file a return under this chapter in order to receive a tax credit under AS 43.20.013.

Sec. 43.20.013. INDIVIDUAL TAX CREDITS. (a) A resident individual is entitled to a tax credit not to exceed \$50 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

(i) President or Vice President of the United States, whether or not the candidate will be voted on in a primary election in Alaska;

(ii) United States Senator or Representative from Alaska;

(iii) United States Representative from Alaska;

(iv) governor or lieutenant governor of Alaska;

(v) the Alaska legislature;

(vi) delegate to an Alaska constitutional convention;

(vii) electoral confirmation as a judge or justice of

a court in Alaska; or

(viii) municipal office in Alaska; 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 nonprofit 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 the tax credit claimed by the individual on his federal income tax return for household and dependent care services necessary

Chapter 2

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.

* Sec. 3. AS 43.20.021(c) is amended to read:

(c) For purposes of calculating the alternative tax on capital gains provided for in the provisions of Internal Revenue Code sec. 1201, the rate is 4.5 percent for corporations [AND 4 PERCENT FOR INDIVIDUALS AND FIDUCIARIES].

* Sec. 4. AS 43.20.021(d) is amended to read:

(d) Where a credit allowed under the Internal Revenue Code is also allowed in computing Alaska income tax, it is limited to [16 PERCENT FOR INDIVIDUALS AND FIDUCIARIES AND] 18 percent for corporations of the amount of credit determined for federal income tax purposes which is attributable to Alaska.

* Sec. 5. AS 43.20.021(f) is amended to read:

(f) For the purpose of calculating the minimum tax on tax preferences provided for in secs. 56 - 58 of the Internal Revenue Code (26 U.S.C. secs. 56 - 58), the rate is [16 PERCENT FOR INDIVIDUALS AND] 18 percent for corporations of the applicable minimum federal tax rate.

* Sec. 6. AS 43.20.030(a) is amended to read:

(a) If a [EVERY INDIVIDUAL, FIDUCIARY,] partnership which has a corporation as a partner or a [AND] corporation is required to make a return under the provisions of the Internal Revenue Code, it shall at the same time file with the department a return setting out

(1) the amount of tax due under this chapter, less credits

Chapter 2

1 claimed against the tax; and

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

4 * Sec. 7. REFUND OF 1979 INCOME TAXES. (a) An individual or fiduciary
5 is entitled to a refund of his Alaska net income taxes paid or withheld under
6 AS 43.20 for all or part of a tax year occurring after December 31, 1978 and
7 before January 1, 1980.

8 (b) A refund under this section may be made only as provided in this
9 section. Refunds of Alaska net income taxes paid may not be made without an
10 appropriation for that purpose.

11 (c) The department shall establish procedures for determining the
12 amount of and for making the refunds described in (a) of this section.

13 (d) The commissioner may adopt regulations to implement this section,
14 and those regulations may be adopted as emergency regulations under AS 44.-
15 62.250 and 44.62.260.

16 (e) In this section,

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

18 (2) "department" means the Department of Revenue.

19 * Sec. 8. The provisions of AS 43.05.280 do not apply to refunds made
20 under sec. 7 of this Act.

21 * Sec. 9. The following laws are repealed: AS 43.20.011(a) - (d) and
22 (f), 43.20.015, 43.20.017, 43.20.021(a), 43.20.030(f) and (g), 43.20.031(a),
23 (b), and (f) - (h), 43.20.033, 43.20.035, 43.20.036(d) - (f), 43.20.038,
24 43.20.039, 43.20.040(b)(3) and (6), 43.20.045, 43.20.061, 43.20.160(e),
25 43.20.180, 43.20.215, and secs. 6 - 11 of ch. 22, S.L.A. 1980.

26 * Sec. 10. Sections 2 - 6 and 9 of this Act are retroactive to January 1,
27 1979.

28 * Sec. 11. This Act takes effect immediately in accordance with AS 01.10.-
29 070(c).

Original sponsor: . State Affairs Committee

Offered: 9/22/80
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 1042

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act providing for refunds of 1979 individual income
7 taxes; and providing for an effective date."

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

9 * Section 1. REFUND OF 1979 INCOME TAXES. (a) An individual is entitled
10 to a refund of his Alaska net income taxes paid or withheld under AS 43.20
11 for all or part of a tax year occurring after December 31, 1978 and before
12 January 1, 1980.

13 (b) A refund under this section may be made only as provided in this
14 section. Refunds of Alaska net income taxes paid may not be made without an
15 appropriation for that purpose.

16 (c) The department shall establish procedures for determining the
17 amount of and for making the refunds described in (a) of this section.

18 (d) The commissioner may adopt regulations to implement this section,
19 and those regulations may be adopted as emergency regulations under AS 44.-
20 52.04 - 44.62.290.

21 (e) In this section,

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

23 (2) "department" means the Department of Revenue.

24 * Sec. 2. The provisions of AS 43.05.280 do not apply to refunds made
25 under sec. 1 of this Act.

26 * Sec. 3. This Act takes effect on the effective date of the repeal of AS
27 43.20.011(a) - (d) and (f).

28
29

Introduced: 9/22/80
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 HOUSE BILL NO. 1042

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to taxes; repealing the Alaska net
7 income tax on individuals; providing for tax credits
8 for political contributions and household and dependent
9 care services; and providing for an effective date."

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

11 * Section 1. FINDINGS. The legislature finds

12 (1) Section 1, ch. 22, SLA 1980 afforded complete tax relief to a
13 majority of individual taxpayers under the Alaska Net Income Tax Act and
14 substantial tax relief to most other taxpayers by means of exemptions based
15 on the number of years an individual reported Alaska income. On September 4,
16 1980, the Alaska Supreme Court ruled that these exemptions violate the equal
17 protection clause of art. I, sec. 1 of the state constitution. The effect of
18 that decision is to reimpose the full income tax burden on all taxpayers.

19 (2) It is in the public interest to remedy the constitutional
20 defect and provide tax relief to the public at least equal to that attempted
21 by the exemptions in sec. 1, ch. 22, SLA 1980. This can best be accomplished
22 by repealing the Alaska net income tax on individuals.

23 (3) Because ch. 22, SLA 1980 applied to taxes due for the tax year
24 1979, many taxpayers expected a refund of part or all of their state income
25 tax for 1979, and many of them made plans and commitments in anticipation of
26 the refund. The state has a moral obligation to fulfill this widely held
27 expectation, and this obligation is best discharged by repealing the Alaska
28 net income tax on individuals retroactive to January 1, 1979.

29 * Sec. 2. AS 43.20 is amended by adding new sections to read:

1 Sec. 43.20.012. INDIVIDUALS; RETURNS FOR TAX CREDITS. The tax im-
2 posed by this chapter does not apply to individuals. However, an indi-
3 vidual may file a return under this chapter in order to receive a tax
4 credit under AS 43.20.013.

5 Sec. 43.20.013. INDIVIDUAL TAX CREDITS. (a) A resident individ-
6 ual is entitled to a tax credit not to exceed \$50 for

7 (1) a contribution made in a calendar year to a person or
8 organization for use exclusively

9 (A) for a political campaign for a candidate for

10 (i) President or Vice President of the United
11 States, whether or not the candidate will be voted on in a
12 primary election in Alaska;

13 (ii) United States senator from Alaska;

14 (iii) United States representative from Alaska;

15 (iv) governor or lieutenant governor of Alaska;

16 (v) the Alaska legislature;

17 (vi) delegate to an Alaska constitutional
18 convention;

19 (vii) electoral confirmation as a judge or justice of
20 a court in Alaska; or

21 (viii) municipal office in Alaska; or

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

24 (2) dues paid in a calendar year to a nonprofit organization
25 organized primarily for the purpose of influencing elections in Alaska.

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

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

7 * Sec. 3. AS 43.20.021(c) is amended to read:

8 (c) For purposes of calculating the alternative tax on capital
9 gains provided for in the provisions of Internal Revenue Code sec. 1201,
10 the rate is 4.5 percent for corporations [AND 4 PERCENT FOR INDIVIDUALS
11 AND FIDUCIARIES].

12 * Sec. 4. AS 43.20.021(d) is amended to read:

13 (d) Where a credit allowed under the Internal Revenue Code is also
14 allowed in computing Alaska income tax, it is limited to [16 PERCENT FOR
15 INDIVIDUALS AND FIDUCIARIES AND] 18 percent for corporations of the
16 amount of credit determined for federal income tax purposes which is
17 attributable to Alaska.

18 * Sec. 5. AS 43.20.021(f) is amended to read:

19 (f) For the purpose of calculating the minimum tax on tax prefer-
20 ences provided for in secs. 56 - 58 of the Internal Revenue Code (26
21 U.S.C. secs. 56 - 58), the rate is [16 PERCENT FOR INDIVIDUALS AND] 18
22 percent for corporations of the applicable minimum federal tax rate.

23 * Sec. 6. AS 43.20.030(a) is amended to read:

24 (a) If a [EVERY INDIVIDUAL, FIDUCIARY,] partnership which has a
25 corporation as a partner or a [AND] corporation is required to make a
26 return under the provisions of the Internal Revenue Code, it shall at
27 the same time file with the department a return setting out

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

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

3 * Sec. 7. REFUND OF 1979 AND 1980 INCOME TAXES. (a) An individual is
4 entitled to a refund of his Alaska net income taxes paid or withheld after
5 December 31, 1978 for all or part of a tax year occurring after December 31,
6 1978. An individual is also entitled to a refund of his estimated net income
7 tax payments made under AS 43.20 after December 31, 1978, for a tax year for
8 which he has not filed a year-end return under AS 43.20.030.

9 (b) A refund under this section may be made only as provided in this
10 section. Refunds of Alaska net income taxes paid may not be made without an
11 appropriation for that purpose.

12 (c) The department shall establish procedures for determining the
13 amount of and for making the refunds described in (a) of this section.

14 (d) The commissioner may adopt regulations to implement this section,
15 and those regulations may be adopted as emergency regulations under AS 44.-
16 62.040 - 44.62.290.

17 (e) In this section,

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

19 (2) "department" means the Department of Revenue.

20 * Sec. 8. The provisions of AS 43.05.280 do not apply to refunds made
21 under sec. 7 of this Act.

22 * Sec. 9. AS 43.20.013(a) is amended to read:

23 * (a) A resident individual is entitled to a tax credit not to
24 exceed \$100 [\$50] for

25 (1) a contribution made in a calendar year to a person or
26 organization for use exclusively

27 * (A) for a political campaign for a candidate for
28 (i). President or Vice President of the United
29 States, whether or not the candidate will be voted on in a

1 primary election in Alaska;

2 (ii) United States senator from Alaska;

3 (iii) United States representative from Alaska;

4 (iv) governor or lieutenant governor of Alaska;

5 (v) the Alaska legislature;

6 (vi) delegate to an Alaska constitutional conven-
7 tion;

8 (vii) electoral confirmation as a judge or justice of
9 a court in Alaska; or

10 (viii) municipal office in Alaska; or

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

13 * (2) dues paid in a calendar year to a nonprofit organization
14 organized primarily for the purpose of influencing elections in Alaska.

15 * Sec. 10. The following laws are repealed: AS 43.20.011(a) - (d) and
16 (f), 43.20.015, 43.20.017, 43.20.021(e), 43.20.030(f) and (g), 43.20.031(a),
17 (b), and (f) - (h), 43.20.033, 43.20.035, 43.20.036(d) - (i), 43.20.038,
18 43.20.039, 43.20.040(b)(3) and (6), 43.20.045, 43.20.061, 43.20.160(e),
19 43.20.215, 43.20.340(4), (7), (13), (14), (16), and (17), and secs. 6 - 11 of
20 ch. 22 SLA 1980.

21 * Sec. 11. AS 43.20.170 and 43.20.180 are repealed.

22 * Sec. 12. Sections 3 - 6 and 10 of this Act are retroactive to
23 January 1, 1979.

24 * Sec. 13. Sections 9 and 11 of this Act take effect January 1, 1981.
25 Sections 1, 5, 10, 12, and 13 of this Act take effect immediately in accor-
26 dance with AS 01.10.070(c).

CSHB The letter of intent on CSHB 1040, CSHB 1041 and CSHB
1040 1042 appears as follows:

CSHB
1041

CSHB
1042

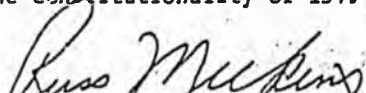
HOUSE FINANCE COMMITTEE

LETTER OF INTENT
FOR
CSHB 1040, CSHB 1041 and CSHB 1042

The House Finance Committee has reported out three bills (HB 1040, HB 1041 and HB 1042) as Finance Committee Substitutes relating to repealing the Alaska net income tax on individuals, providing for refund of 1979 Alaska state individual income taxes paid, providing for refundable tax credits, and appropriating funds for payment of refunds, withholding, tax credits and administrative costs.

The Finance Committee has separated into two bills the provisions contained in HB 1040 as introduced. The Finance Committee Substitute for HB 1040 contains the repeal of Alaska net income taxes on individuals and the provisions for refundable tax credits effective January 1, 1979. The legislation necessary to enable refund of 1979 taxes collected is contained in the Finance Committee Substitute for HB 1042. This was done to ensure that any question of the constitutionality of a 1979 tax refund not affect the immediate repeal of the Alaska individual income tax. Retaining both repeal of 1979 refunds in one bill with a severability clause was considered. However, it was rejected in favor of the two bill approach because severability is determined by the courts, and any challenge of 1979 tax refunds would tie up the income tax repeal provisions until such time as the court ruled on the constitutionality of the bill.

The Finance Committee Substitute for HB 1041 includes the appropriations necessary to pay 1979 tax refunds and 1979 and 1980 tax credits as section 1; 1980 withholding as section 2; the administrative costs of section 1 and section 2, as section 3; a repeal of appropriations made in Ch 120, SLA 1980 for the purpose of Ch 22, SLA 1980, ruled unconstitutional by the Alaska Supreme Court as section 4; and an effective date clause as section 5. The appropriations are made separately, again to avoid any problems of a challenge of the constitutionality of 1979 tax refunds.


Russ Meekins, Chairman
House Finance Committee

The Finance Committee has had HB 1041 (action to the Department of Revenue tax and withholding payment refunds effective date) under consideration and the committee recommends it be replaced by SUBSTITUTE FOR HOUSE BILL NO. 1041 (it do pass and attaches a letter of ring: Meekins (Chairman), Guy, McKinnon, Freeman, Duncan, Smith, Montgomery and

HB 1041 was referred to the Rules Committee on the calendar.

The letter of intent on CSHB 1041 appeared 10 of the House Journal.

The Finance Committee has had HB 1040 Alaska net income tax on individual tax credits for political contributions and dependent care services; effect consideration and a majority of the bills it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042:

"An Act providing for refund of individual income taxes; and for an effective date."

that it do pass, and attaches a letter of ring: Meekins (Chairman), Guy, Rogers, Freeman, Duncan, Smith, Montgomery and

HB 1042 was referred to the Rules Committee on the calendar.

The letter of intent on CSHB 1042 appeared 10 of the House Journal.

Representative Carney announced a Democratic recess.

Representative Anderson moved and announced that the House recess to a caucus for the purpose of party caucuses. There the House recessed at 6:12 p.m.

The Finance Committee has had HB 1041 (special appropriation to the Department of Revenue to provide income tax and withholding payment refunds to individuals; effective date) under consideration and a majority of the committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1041 (same title), that it do pass and attaches a letter of intent. Concurring: Meekins (Chairman), Guy, McKinnon, Moss, Rogers, Freeman, Duncan, Smith, Montgomery and Haugen.

HB
1041

HB 1041 was referred to the Rules Committee for placement on the calendar.

The letter of intent on CSHB 1041 appears above on page 10 of the House Journal.

The Finance Committee has had HB 1042 (repealing the Alaska net income tax on individuals; providing for tax credits for political contributions and household and dependent care services; effective date) under consideration and a majority of the committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042:

HB
1042

"An Act providing for refunds of 1979 individual income taxes; and providing for an effective date."

that it do pass, and attaches a letter of intent. Concurring: Meekins (Chairman), Guy, McKinnon, Moss, Rogers, Freeman, Duncan, Smith, Montgomery and Haugen.

HB 1042 was referred to the Rules Committee for placement on the calendar.

The letter of intent on CSHB 1042 appears above on page 10 of the House Journal.

Representative Carney announced a Democratic Caucus upon recess.

Representative Anderson moved and asked unanimous consent that the House recess to a call of the chair for the purpose of party caucuses. There being no objection, the House recessed at 6:12 p.m.

The Rules Committee has had HB 1042 (repealing the Alaska net income tax on individuals; providing for tax credits for political contributions and household and dependent care services; effective date) under consideration and a majority of the committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules):

HB
1042

"An Act relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes; and providing for an effective date."

and that it do pass. Concurring: Cotten (Chairman), Brown, Miller, Hayes, Anderson, Parr and Phillips.

HB 1042 appears on today's calendar.

CONSIDERATION OF THE DAILY CALENDAR

Representative Anderson moved and asked unanimous consent that HB 1041 be moved to the bottom of the calendar. There being no objection, it was so ordered.

HB
1041

SECOND READING OF HOUSE BILLS

HOUSE BILL NO. 1040 (repealing the Alaska net income tax on individuals; providing for tax credits for political contributions and household and dependent care services; effective date) was read the second time with the Finance Committee report (page 9 of the journal) and the Rules Committee report (page 14 of the journal).

HB
1040

Representative Anderson moved and asked unanimous consent that the Rules COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (page 14 of the journal) be adopted in lieu of the original bill. There being no objection, it was so ordered.

CSHB
1040
(Rls)

CSHB Representative Anderson moved that the effective date clauses be adopted.

(Rls)

am

The question being: "Shall the effective date clauses be adopted?" The roll was taken with the following result:

CSHB 1040(RULES)AM EFD

Yeas: 40 Anderson, Barnes, Beirne, Bettisworth, Branson, Brown, Buchholdt, Carney, Chatterton, Cotten, Duncan, Eliason, Freeman, Fuller, Gardiner, Guy, Halford, Haugen, Hayes, Hurlbert, McKinnon, Malone, Martin, Meekins, Metcalfe, Miles, Miller, Montgomery, Moss, Munson, O'Connell, Osterback, Parker, Parr, Phillips, Randolph, Rogers, Schaeffer, Smith, Zharoff

Nays: 0

Not Voting: 0

And so, the effective date clauses were adopted.

CSHB 1040 (Rules)am was referred to the Chief Clerk for grossment.

HB HOUSE BILL NO. 1042 (repealing the Alaska net income tax on individuals; providing for tax credits for political contributions and household and dependent care services; effective date) was read the second time with the Finance Committee report (page 11 of the journal) and the Rules Committee report (page 15 of the journal).

CSHB Representative Anderson moved and asked unanimous consent that the Rules COMMITTEE SUBSTITUTE FOR HOUSE BILL (Rls) NO. 1042 (page 15 of the journal) be adopted in lieu of the original bill. There being no objection, it was so ordered.

Amendment No. 1 by Randolph:

Page 2, lines 2 - 29 and
Page 3, lines 1 - 7:

Delete sec. 2.

Representative Randolph moved and asked that Amendment No. 1 be adopted.

Representative Rogers objected.

The question being: "Shall Amendment 1 be adopted?" The roll was taken with the following result:

CSHB 1042(RULES) AM1

Yeas: 11 Barnes, Beirne, Branson, Haugen, Hayes, Munson, Montgomery, Munson, Randolph

Nays: 29 Anderson, Branson, Buchholdt, Carney, Cotten, Duncan, Fuller, Gardiner, Hurlbert, McKinnon, Miles, Miller, Moss, Parker, Parr, Phillips, Schaeffer, Smith,

Not Voting: 0

And so, Amendment No. 1 was not adopted.

Amendment No. 2 by Hayes:

Page 1, line 28:

After "refund." insert the new language:

"There is abundant public money to be served by both 1978 and 1979 refunds, which is stimulating the economy of the state in a direct and expeditious fashion."

Amendment No. 1 by Randolph:

Page 2, lines 2 - 19 and
Page 3, lines 1 - 7:

CSHB
1042
(R1s)

Delete sec. 2.

Representative Randolph moved and asked unanimous consent that Amendment No. 1 be adopted.

Representative Rogers objected.

The question being: "Shall Amendment No. 1 be adopted?"
The roll was taken with the following result:

CSHB 1042(RULES) AM1

Yeas:	11	Barnes, Beirne, Bettisworth, Haugen, Hayes, Martin, Metcalfe, Montgomery, Munson, O'Connell, Randolph
Nays:	29	Anderson, Branson, Brown, Buchholdt, Carney, Chatterton, Cotten, Duncan, Eliason, Freeman, Fuller, Gardiner, Guy, Halford, Hurlbert, McKinnon, Malone, Meekins, Miles, Miller, Moss, Osterback, Parker, Parr, Phillips, Rogers, Schaeffer, Smith, Zharoff

Not
Voting: 0

And so, Amendment No. 1 was not adopted.

Amendment No. 2 by Hayes:

Page 1, line 28:

After "refund." insert the following
new language:

"There is abundant public purpose to be served by both 1978 and 1979 refunds, which is stimulation of the economy of the state in the most direct and expeditious fashion. The

CSHB
1042
(Rls)

intent of the Legislature was clear in the passage of the phased tax-relief measure and the Permanent Fund dividend distribution as well as the half-billion dollar supplemental appropriations bill for capital projects. All three were intended to spur the economy, however to date very little of that has been effected. The state has a moral obligation to fulfill this widely held expectation, and this obligation is best discharged by repealing the Alaska net income tax on individuals and fiduciaries retroactive to January 1, 1978.

Page 4, line 19:

Insert the following new material:-

"* Sec. 8. REFUND OF 1978 INCOME TAXES. (a) An individual is entitled to a refund of his Alaska net income taxes paid or withheld under AS 43.20 for all or part of a tax year occurring after December 31, 1977 and before January 1, 1979.

(b) A refund under this section may be made only as provided in this section. Refunds of Alaska net income taxes paid may not be made without an appropriation for that purpose.

(c) The department shall establish procedures for determining the amount of and for making the refunds described in (a) of this section.

(d) The commissioner may adopt regulations to implement this section, and those regulations may be adopted as emergency regulations under AS 44.62.040 - 44.62.044.

(e) In this section,

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

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

Page 1, lines 26 and 27:

Delete "January 1, 1979" and
with "January 1, 1978".

Renumber all sections accordingly.

Representative Hayes moved and asked that Amendment No. 2 be adopted.

Representative Rogers objected.

The question being: "Shall Amendment No. 2 be adopted?"
The roll was taken with the following result:

CSHB 1042(RULES) AM2

Yeas: 13 Barnes, Beirne,
Branson, Elias,
Hayes, Martin,
O'Connell, Phillips

Nays: 27 Anderson, Brown,
Chatterton, Cook,
Fuller, Gardiner,
McKinnon, Malcom,
Miller, Moss,
Parker, Parr, Schaeffer, Smith

Not
Voting: 0

and so, Amendment No. 2 was not adopted.

Representative Anderson moved and asked that CSHB 1042 (Rules) be advanced to third reading and placed on the calendar. There being no objection, it was so ordered.

CSHB 1042 (Rules) was read the third time.

The question being: "Shall CSHB 1042 be read the third time in the House?" The roll was taken with the following result:

Page 1, lines 26 and 27:

Delete "January 1, 1979" and replace
with "January 1, 1978".

CSHB
1042
(Rls)

Re-number all sections accordingly.

Representative Hayes moved and asked unanimous consent that Amendment No. 2 be adopted.

Representative Rogers objected.

The question being: "Shall Amendment No. 2 be adopted?"
The roll was taken with the following result:

CSHB 1042(RULES) AM2

Yeas: 13 Barnes, Beirne, Bettisworth,
Branson, Eliason, Halford, Haugen,
Hayes, Martin, Metcalfe, Montgomery,
O'Connell, Phillips

Nays: 27 Anderson, Brown, Buchholdt, Carney,
Chatterton, Cotten, Duncan, Freeman,
Fuller, Gardiner, Guy, Hurlbert,
McKinnon, Malone, Meekins, Miles,
Miller, Moss, Mulson, Osterback,
Parker, Parr, Randolph, Rogers,
Schaeffer, Smith, Zharoff

Not
Voting: 0

And so, Amendment No. 2 was not adopted.

Representative Anderson moved and asked unanimous consent that CSHB 1042 (Rules) be considered engrossed, advanced to third reading and placed on final passage. There being no objection, it was so ordered.

CSHB 1042 (Rules) was read the third time.

The question being: "Shall CSHB 1042 (Rules) pass the House?" The roll was taken with the following result:

CSHB CSHB 1042(RULES)
1042
(Rls)

Yeas: 40 Anderson, Barnes, Beirne,
Bettisworth, Branson, Brown,
Buchholdt, Carney, Chatterton,
Cotten, Duncan, Eliason, Freeman,
Fuller, Gardiner, Guy, Halford,
Haugen, Hayes, Hurlbert, McKinnon,
Malone, Martin, Meekins, Metcalfe,
Miles, Miller, Montgomery, Moss,
Munson, O'Connell, Osterback, Parker,
Parr, Phillips, Randolph, Rogers,
Schaeffer, Smith, Zharoff

Nays: 0

Not
Voting: 0

And so, CSHB 1042 (Rules) passed the House.

Representative Anderson moved that the effective date clause be adopted.

The question being: "Shall the effective date clause be adopted?" The roll was taken with the following result:

CSHB 1042(RULES) EFD

Yeas: 40 Anderson, Barnes, Beirne,
Bettisworth, Branson, Brown,
Buchholdt, Carney, Chatterton,
Cotten, Duncan, Eliason, Freeman,
Fuller, Gardiner, Guy, Halford,
Haugen, Hayes, Hurlbert, McKinnon,
Malone, Martin, Meekins, Metcalfe,
Miles, Miller, Montgomery, Moss,
Munson, O'Connell, Osterback, Parker,
Parr, Phillips, Randolph, Rogers,
Schaeffer, Smith, Zharoff

Nays: 0

Not
Voting: 0

And so, the effective date clause was adopted.

CSHB 1042 (Rules) was referred to the Chief Clerk for engrossment.

HOUSE BILL NO. 1041 (special appropriation of Revenue to provide income payment refunds to individuals; read the second time with the First Reading (page 11 of the journal) and the Third Reading (page 14 of the journal)).

Representative Anderson moved and seconded that the Rules COMMITTEE SUBCOMMITTEE REPORT ON HOUSE BILL NO. 1041 (page 14 of the journal) be read the second time with the original bill. There being no objection, it was so ordered.

Representative Anderson moved and seconded that CSHB 1041 (Rules) be advanced to third reading and placed on the calendar. There being no objection, it was so ordered.

CSHB 1041 (Rules) was read the third time.

The question being: "Shall CSHB 1041 (Rules) be adopted?" The roll was taken with the following result:

CSHB 1041 (RULES)

Yeas: 40 Anderson, Barnes, Beirne,
Bettisworth, Branson, Brown,
Buchholdt, Carney, Chatterton,
Cotten, Duncan, Eliason, Freeman,
Fuller, Gardiner, Guy, Halford,
Haugen, Hayes, Hurlbert, McKinnon,
Malone, Martin, Meekins, Metcalfe,
Miles, Miller, Montgomery, Moss,
Munson, O'Connell, Osterback, Parker,
Parr, Phillips, Randolph, Rogers,
Schaeffer, Smith, Zharoff

Nays: 0

Not
Voting: 0

And so, CSHB 1041 (Rules) passed the House.

Representative Anderson moved and seconded that the effective date clause be adopted.

CSHB
1042
(Rls)for refunds of 1979 individual and
fiduciary income taxes; and providing
for an effective date.ENROLLMENT

The following were enrolled, signed by the Speaker and Chief Clerk, President and Secretary of the Senate and the engrossed and enrolled copies were transmitted to the Office of the Governor at 12:05 p.m., September 24, 1980:

CSHB
1040
(Rls)
am
CSHB
1041
(Rls)
CSHB
1042
(Rls)

CSHB 1040(Rules)am

CSHB 1041(Rules)

CSHB 1042(Rules)

MESSAGES FROM THE GOVERNOR

Messages from the Governor, dated September 24, 1980, were received stating the Governor had signed the following and was transmitting the enrolled and engrossed copies to the Lieutenant Governor's Office for permanent filing:

CSHB
1040
(Rls)
am

CSHB 1040(Rules)am
An Act relating to taxes; repealing the
Alaska net income tax on individuals and
fiduciaries; providing for tax credits
for political contributions and household
and dependent care services; and providing
for an effective date

Chapter 1, SSSLA 1980

CSHB
1042
(Rls)

CSHB 1042(Rules)
An Act relating to taxes; repealing the
Alaska net income tax on individuals and
fiduciaries; providing for tax credits
for political contributions and household
and dependent care services; providing
for refunds of 1979 individual and fiduciary
income taxes; and providing for an effective
date

Chapter 2, SSSLA 1980

CSHB
1041
(Rls)

CSHB 1041(Rules)
An Act making an appropriation to the
Department of Revenue for income tax,
estimated income tax, and withholding

payment refunds to individual
and providing for an effective

Chapter 3, SSSLA 1980

This final supplemental journal contains
legislation for the Second Special
State Legislature.

Those portions of appropriations invalidly vetoed are valid law as originally enacted by the legislature. Therefore, no reconsideration, as authorized by Article II, section 16 of the Alaska Constitution, is necessary.

It is possible, however, even if expedited, that the lawsuit will not generate a definitive result within this fiscal year. Also, in the absence of a judicial mandate, the governor need not, and may not, disburse funds in a manner consistent with the intent of the legislature.

The legislature may determine that the public interest demands that some appropriations affected by the governor's vetoes be disbursed according to the legislature's intent prior to final judicial resolution of this dispute. If the legislature so finds, it may, without abandoning its position, reconsider such invalidly-vetoed portions of appropriations in the prescribed manner, and override the governor's purported vetoes. As to these appropriations, the governor would have choice but to disburse the appropriations in the manner originally intended by the legislature. The lawsuit will continue, however, to determine the validity of those appropriations improperly vetoed and the limitations on the governor's veto power.

STANDING COMMITTEE REPORTS

The Finance Committee considered COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) amended (relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries) and a majority of the committee recommends it do pass. The report was signed by Senator Sackett, Chairman and concurred in by Senators Kerttula, Bennett, Hackney and Sumner. Senators Hohman and Ray signed "no recommendation".

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) amended was referred to the Rules Committee.

The Finance Committee considered COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) (relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care service) and a majority of the committee recommends it do pass. The report was signed by Senator Sackett, Chairman and concurred in by Senators Kerttula, Bennett, Hackney and Sumner. Senators Hohman and Ray signed "no recommendation".

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) was referred to the Rules Committee.

The Finance Committee considered HO (special appropriation for a study tion law) and the committee recom SENATE COMMITTEE SUBSTITUTE FOR HOU entitled:

"An Act providing for resid to state residents; and pro effective date."

and do pass. The report was si Chairman and concurred in by Senat Hackney, Sumner and Bennett.

HOUSE BILL NO. 36 amended was refer

The Rules Committee considered HO (special appropriations to the Legis of Alaska's fisheries taxation law the following: Senator Colletta, C signed "do pass the Senate Commit September 23". Senators Tillion, "calendar September 23".

Senator Colletta moved and asked Rules be suspended and HOUSE BILL Special Order of Business at this it was so ordered.

SPECIAL ORDER OF

SECOND READING OF

HOUSE BILL NO. 36 amended (special of Alaska's fisheries taxation law)

Senator Ray moved and asked unanim Senate Committee Substitute offered objection, SENATE COMMITTEE SUBSTI (Finance) was adopted.

SENATE COMMITTEE SUBSTITUTE FOR H (providing for residency payments read the second time.

SENATE JOURNAL

ALASKA STATE LEGISLATURE

ELEVENTH LEGISLATURE - SECOND SPECIAL SESSION

JUNEAU, ALASKA

Wednesday

September 24, 1980

Third Day

Pursuant to adjournment, the Senate was called to order by President Tillion at 9:10 a.m.

The roll call showed nineteen members present. Senator Dankworth was absent.

The prayer was offered by the Chaplain, Lay Rabbi Danny Plotnick of the Juneau Jewish Community.

Senator Colletta moved and asked unanimous consent that the journal for the second legislative day be approved as certified. Without objection, it was so ordered.

STANDING COMMITTEE REPORTS

The Rules Committee considered the following bills and recommends they be placed on the September 24 calendar:

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO.
1040 (Rules) amended

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO.
1042 (Rules)

The reports were signed by Senator Colletta, Chairman and concurred in by Senators Summer, Hohman and Tillion.

The above bills appear on today's calendar.

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) (relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes) was read the second time.

Senator Colletta moved and asked unanimous consent that the Rules be suspended and COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) be advanced to third reading and placed on final passage. Without objection, it was so ordered.

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) was read the third time.

The question being: "Shall COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) (relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes) pass the Senate?" The roll was taken with the following result:

CSHB 1042 3RD

Yeas:	18	Bennett, Bradley, Colletta, Dankworth, Fahrenkamp, Ferguson, Hackney, Kelly, Kerttula, Meland, Mulcahy, Ray, Roddey, Sackett, Stimson, Sturgulewski, Summer, Ziegler
Nays:	1	Tillion
Excused:	0	
Absent:	1	Hohman

and so, COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) passed the Senate.

Senator Colletta moved and asked unanimous consent that the roll call on the passage of the above bill be considered the roll call on the effective date clause. Without objection, it was so ordered.

COMMITTEE SUBSTITUTE FOR HOUSE BILL signed by the President and Secretary of the House.

Senator Colletta gave notice of re COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. and moved and asked unanimous consent at this time. Without objection, it w

HOUSE BILLS IN THIRD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. was before the Senate on reconsideration.

The question to be reconsidered is: COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) (relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services; providing for refunds of 1979 individual and fiduciary income taxes) pass the Senate?" The roll was taken with the following result:

CSHB 1040 AM RECONSIDER

Yeas:	18	Bennett, Bradley, Dankworth, Fahrenkamp, Hackney, Kelly, Kerttula, Mulcahy, Ray, Roddey, Sackett, Stimson, Sturgulewski, Summer, Ziegler
Nays:	1	Tillion
Excused:	0	
Absent:	1	Hohman

and so, COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) amended passed the Senate on reconsideration.

Senator Colletta moved and asked unanimous consent that the roll call on the passage of the above bill be considered the roll call on the effective date clause. Without objection, it was so ordered.

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1042 (Rules) was signed by the President and Secretary and returned to the House.

Senator Colletta gave notice of reconsideration on COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) amended and moved and asked unanimous consent that it be taken up at this time. Without objection, it was so ordered.

HOUSE BILLS IN THIRD READING

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) amended was before the Senate on reconsideration.

The question to be reconsidered is: "Shall COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) amended (relating to taxes; repealing the Alaska net income tax on individuals and fiduciaries; providing for tax credits for political contributions and household and dependent care services) pass the Senate?" The roll was taken with the following result:

CSHB 1040 AM RECONSIDER

Yeas:	18	Bennett, Bradley, Colletta, Dankworth, Fahrenkamp, Ferguson, Hackney, Kelly, Kerttula, Meland, Mulcahy, Ray, Rodey, Sackett, Stimson, Sturgulewski, Summer, Ziegler
Nays:	1	Tillion
Excused:	0	
Absent:	1	Hohman

and so, COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1040 (Rules) amended passed the Senate on reconsideration.

Senator Colletta moved and asked unanimous consent that the roll call on the above bill be considered the roll call on the effective date clause. Without objection, it was so ordered.

H B

g B

	Fiscal 1983	Fiscal 1984
Executive Branch	13,545.4	13,551.0
Legislative Branch	406.9	411.5
Judicial Branch	572.0	593.3
sub total:	14,524.3	14,551.7
U of A	3,971.6	4,095.5
Grand total:	13,495.9 3,971.6 <u>14,524.3</u>	13,557.2 4,095.5 <u>14,561.7</u>
Population: 454,460*	or 3% = 13,933.3	

* As of March 1983 according to Community and Regional Affairs

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 93 Date on Bill: January 20, 1983
Title: An Act relating to limitation of the number of State employees
Sponsor: Bettisworth, Phillips & Tischer
Requestor: _____

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital				
Operating				
Total	-0-	-0-	-0-	-0-

b. Revenues:

Revenue	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----

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

N/A

3. Assumptions:

N/A

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor.

Prepared By: Guy Stringham Phone: 465-4403
Division: Labor Relations Date: 3-2-83

Approved by Commissioner: Lisa Rudd Date: 3/10/83
Department: Administration

5. Distribution:

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

2/8/83

POSITION PAPER
HOUSE BILL NO. 93
PREPARED BY: DIVISION OF LABOR RELATIONS
DEPARTMENT OF ADMINISTRATION

The proposed language amendment to AS 37.07.080(d) does not appear to materially disturb the mission or ongoing operational functions of the Division of Labor Relations. The rationale for the additional language inserted in Subsection (d) of this bill is a fine point that seems to use the power of legislative directives, in the form of an appropriation act, to control the size of State agencies by the time-honored method of controlling the purse strings. By leaving the options of Subsection (h) in place, there are still means to adjust in-house needs of an agency within the restrictive process afforded by this Section.

The net affect of this language change is nil of the Labor Relations Division.

Prepared by: Guy Stringham 3/16/83 Date:
Guy Stringham, Director, Labor Relations

Commissioner's Office Review by: Lisa Rudd Date: 3/10/83
Lisa Rudd, Commissioner

5/0302-02-3/LR3

OK
GAS
3/21/83

UNITED STATES DEPARTMENT OF
COMMERCE
NEWS

WASHINGTON, D.C. 20230

BUREAU OF
THE
CENSUS

Public Information Office
(301) 763-4040

For Release Wed., Sept. 22, 1982
CR82-134

STATE AND LOCAL GOVERNMENT EMPLOYMENT ROLLS SHRINK FIRST
TIME SINCE WORLD WAR II, CENSUS REPORTS

State and local government employment dropped in 1981 for the first time since World War II, according to a report issued today by the Commerce Department's Census Bureau.

The report says annual increases began in 1945 when state and local government workers totaled 3.2 million. Employment in 1980 reached 13.3 million, then dropped last year to 13.1 million.

The report attributes much of the decline to the ending of public service employment portions of the Comprehensive Employment and Training Act on Oct. 1, 1981.

Drops greater than 4 percent between October 1980 and October 1981 occurred in the District of Columbia (9.2), Georgia (6.3), Kentucky (5.9), Michigan (5.9), Massachusetts (5.8), Maryland (4.9), West Virginia (4.7), Washington (4.4), and Alabama (4.3).

Federal civilian employment also dropped in 1981, but not for the first time. It peaked at nearly 3.4 million during World War II, receded to 2.0 million in 1947, then rose to 2.5 million in 1951 and to 3.0 million by 1967. Since then it has remained near its present level of about 2.9 million.

(more)

Federal civilian employment decreased from 1980 to 1981 by 34,000, or 1.2 percent. State employment dropped by 27,000, or .7 percent, to a total of 3.7 million, and local governments lost 185,000, or 1.9 percent, down to 9.4 million. Total government employment dropped 1.5 percent between 1980 and 1981 to 16 million. In 1944, the total was 6.5 million.

Despite lower employment at all levels of government, October 1981 payrolls were 6.3 percent higher than the previous October, rising to \$21.2 billion.

October 1981 state government salaries and wages went up 8.9 percent to \$4.7 billion, while local government payrolls rose 8.1 percent to \$11.3 billion. The federal total was \$5.2 billion, up just 0.6 percent.

Monthly pay excluding fringe benefits for full-time state and local government employees averaged \$1,464 in October 1981, up 9.5 percent from October 1980.

More than 51 percent of the October 1981 state and local government employment was in education. About 58 percent of federal civilian employees worked in national defense, international relations, and the postal service.

Attached tables show employment and payroll data for each state by level of government.

Copies of the report, Public Employment in 1981, GE-81, No. 1, are available for \$3.50 each prepaid from the Data User Services Division, Customer Services (Publications), Bureau of the Census, Washington, D.C. 20233, or from Commerce Department district offices in major cities.

PUBLIC EMPLOYMENT IN 1981

Number of Public Employees, by Level of Government and by States: October 1981

State	All employees - full-time and part-time					Full-time equivalent employment in state and local governments					
	All governments	Federal civilian ¹	State and local governments			Number			Number per 10,000 population ²		
			Total	State	Local	Total	State	Local	Total	State	Local
UNITED STATES, TOTAL	15 862 393	2 750 472	13 102 921	3 726 085	9 376 836	10 917 166	3 086 679	7 830 487	476	135	341
ALABAMA	276 377	61 290	215 078	71 589	143 489	189 422	60 272	129 150	484	154	330
ALASKA	52 278	15 497	36 781	19 389	17 432	33 066	18 031	15 055	503	438	365
ARIZONA	190 353	36 148	163 205	46 093	117 152	137 062	38 782	98 350	491	139	352
ARKANSAS	142 187	19 770	122 417	42 812	79 605	103 753	35 837	67 416	452	156	296
CALIFORNIA	1 727 726	268 190	1 429 738	309 461	1 120 277	1 107 725	246 663	861 062	458	102	356
COLORADO	238 421	50 344	189 577	59 221	130 356	150 356	43 289	107 067	507	148	361
CONNECTICUT	185 278	20 051	165 227	57 527	107 700	140 880	49 535	91 245	457	158	291
DELAWARE	40 317	4 786	35 531	18 354	17 177	31 691	16 423	15 268	530	275	255
DISTRICT OF COLUMBIA	257 542	209 583	47 959	-	47 959	45 725	-	45 725	717	-	717
FLORIDA	603 951	82 656	521 295	122 070	399 225	461 614	106 410	355 204	453	104	344
GEORGIA	403 220	76 968	326 252	85 823	240 429	292 395	77 299	215 096	525	139	380
HAWAII	83 137	24 134	58 303	45 959	12 348	48 694	37 074	11 620	496	378	118
IDaho	68 410	11 239	57 171	18 908	38 263	46 010	15 351	30 659	480	160	320
ILLINOIS	730 205	102 164	628 036	151 916	476 120	503 506	121 822	381 684	439	106	333
INDIANA	342 533	41 695	300 838	91 819	209 019	243 627	65 601	177 826	446	120	325
IOWA	201 729	18 736	182 793	53 528	129 265	143 139	43 878	99 311	494	151	343
KANSAS	136 669	22 751	113 918	53 223	110 693	128 801	40 286	88 515	500	169	371
KENTUCKY	227 607	34 517	173 090	65 434	107 656	151 101	56 975	94 126	413	156	257
LOUISIANA	179 549	33 341	146 208	94 582	151 661	219 349	81 301	128 048	509	189	320
MAINE	77 346	7 013	70 333	22 780	47 553	51 110	17 751	33 359	451	157	294
MARYLAND	384 624	133 514	251 110	84 768	166 342	218 762	78 997	139 765	513	185	328
MASSACHUSETTS	375 803	57 016	318 787	85 479	233 308	271 769	74 691	197 078	471	129	341
MICHIGAN	579 047	54 063	524 982	133 063	371 917	406 961	118 222	286 739	442	128	314
MINNESOTA	294 791	30 335	264 456	73 273	191 183	199 930	54 422	145 508	488	133	355
MISSISSIPPI	174 302	28 206	146 096	44 577	101 519	127 026	38 729	88 297	502	153	349
MISSOURI	327 175	60 363	266 812	69 045	197 065	222 114	59 759	162 355	450	121	324
MONTANA	58 572	12 516	46 056	20 135	25 921	43 293	14 848	28 445	546	187	359
NEBRASKA	130 796	15 350	115 446	32 191	53 336	61 347	26 440	64 507	579	170	409
NEVADA	57 744	9 270	48 225	14 433	33 792	42 017	11 927	30 090	497	141	356
NEW HAMPSHIRE	60 648	15 071	45 577	18 225	27 352	40 573	14 026	26 547	433	150	284
NEW JERSEY	403 338	69 690	333 648	99 988	233 660	362 358	86 270	276 088	490	117	374
NEW MEXICO	117 309	27 622	89 687	41 197	48 490	76 725	32 801	43 925	578	247	331
NEW YORK	1 249 342	156 276	1 093 066	251 263	841 798	955 067	232 565	722 502	543	132	610
NORTH CAROLINA	370 175	41 723	328 452	102 350	226 102	291 463	58 685	202 778	490	140	341
NORTH DAKOTA	56 131	5 717	50 414	16 553	33 861	32 821	12 468	20 353	499	169	309
OHIO	670 190	88 395	581 795	151 388	430 407	487 974	114 893	353 081	434	107	328
OKLAHOMA	135 586	45 703	89 883	69 595	120 288	163 221	57 719	105 502	527	180	340
OREGON	198 886	28 791	170 095	52 839	117 256	133 568	40 897	92 671	504	154	350
PENNSYLVANIA	642 308	128 364	513 944	147 468	366 476	471 730	124 594	347 136	397	105	292
RHODE ISLAND	61 781	7 373	54 408	26 729	27 679	44 103	20 745	23 358	463	218	245
SOUTH CAROLINA	209 420	31 501	177 919	64 484	113 435	157 958	59 181	98 840	499	187	312
SOUTH DAKOTA	57 397	13 176	44 221	16 165	28 056	34 415	12 166	22 249	502	177	324
TENNESSEE	317 148	71 563	245 585	75 449	172 141	219 761	64 405	155 356	476	140	337
TEXAS	138 530	149 215	789 315	199 483	589 832	706 018	169 267	536 751	478	115	364
UTAH	114 651	34 528	80 123	30 566	49 557	66 559	25 918	40 741	439	172	266
VERMONT	30 655	4 584	26 071	12 717	13 354	24 511	10 937	13 574	475	212	263
VIRGINIA	462 369	144 586	317 783	116 733	201 050	270 217	96 494	173 723	498	176	320
WASHINGTON	302 424	62 761	239 663	90 687	148 976	196 589	68 880	127 709	466	163	303
WEST VIRGINIA	122 864	15 863	107 001	42 169	64 832	95 418	35 805	59 613	489	183	305
WISCONSIN	327 443	27 219	300 224	80 749	219 475	220 902	57 163	163 829	466	123	345
WYOMING	46 505	6 805	39 700	11 664	28 036	32 144	9 588	22 556	653	192	456

Note: Statistics for local governments are estimates subject to sampling variations; see text for statement of reliability. Because of rounding, totals may not add to totals.

¹ Represents 1980.

² Federal civilian employees within the United States as of December 31, 1980. Total accordingly differs from Federal civilian employees reported in table 1 which persons in October 1981. The data above exclude employees working outside the United States and certain other groups.

³ See table 12 for estimated State populations as of July 1, 1981.

GOVERNMENT EMPLOYMENT IN 1981

State and Local Government Payrolls and Average Earnings of Full-Time State and Local Government Employees, by States: October 1981

State	Amount of payroll (thousands of dollars)			Percent of October payroll		Average earnings of full-time State and local government employees (dollars)				
	Total	State government	Local governments	State government	Local governments	All employees	Education employees			Other than education employees
							All	Instruc- tional personnel, local schools	Instruc- tional personnel, institu- tions of higher education	
UNITED STATES, TOTAL	15 914 295	4 667 453	11 286 841	29.3	70.7	1 464	1 514	1 629	2 562	1 419
ALABAMA	223 754	85 249	138 504	38.1	61.9	1 185	1 262	1 244	2 532	1 122
ALASKA	79 147	40 078	39 069	50.6	49.4	2 394	2 372	2 624	2 223	2 409
ARIZONA	218 834	83 212	155 621	28.9	71.1	1 592	1 611	1 694	2 627	1 573
ARKANSAS	111 748	44 739	67 009	40.0	60.0	1 076	1 115	1 169	2 364	1 037
CALIFORNIA	2 062 099	501 714	1 560 385	24.3	75.7	1 869	1 866	2 020	2 802	1 672
COLORADO	231 557	77 079	154 477	33.3	66.7	1 542	1 543	1 559	2 243	1 541
CONNECTICUT	197 181	86 507	130 674	33.7	66.3	1 407	1 497	1 424	1 769	1 318
DELAWARE	43 670	22 376	21 294	51.2	48.8	1 360	1 501	1 582	2 270	1 253
DISTRICT OF COLUMBIA	88 520	-	88 520	-	100.0	1 948	2 070	2 438	2 712	1 904
FLORIDA	595 255	144 543	450 712	24.3	75.7	1 288	1 324	1 406	2 454	1 261
GEORGIA	337 019	100 460	236 559	29.8	70.2	1 157	1 175	1 259	2 309	1 182
HAWAII	74 746	56 534	18 212	75.6	24.4	1 531	1 666	1 845	2 306	1 474
IDAHO	58 248	21 456	36 792	36.8	63.2	1 271	1 278	1 335	1 769	1 264
ILLINOIS	799 870	192 978	606 893	24.1	75.9	1 597	1 644	1 768	2 598	1 553
INDIANA	318 202	102 457	215 746	32.2	67.8	1 301	1 444	1 548	2 565	1 138
IOWA	202 535	69 731	132 804	34.4	65.6	1 394	1 468	1 520	2 457	1 310
KANSAS	160 621	55 472	105 149	34.5	65.5	1 259	1 297	1 344	2 135	1 196
KENTUCKY	189 030	76 563	112 467	40.5	59.5	1 259	1 323	1 445	2 419	1 190
LOUISIANA	271 455	108 598	162 858	40.0	60.0	1 247	1 340	1 465	2 015	1 162
MAINE	61 218	23 363	37 855	38.2	61.8	1 200	1 192	1 247	1 920	1 210
MARYLAND	336 434	108 307	228 127	32.2	67.8	1 542	1 691	2 011	1 895	1 413
MASSACHUSETTS	369 558	98 628	290 930	25.4	74.6	1 440	1 551	1 686	2 056	1 352
MICHIGAN	724 305	217 444	511 861	29.3	70.7	1 790	1 835	2 100	2 534	1 741
MINNESOTA	298 509	91 646	206 862	30.7	69.3	1 498	1 448	1 407	2 544	1 552
MISSISSIPPI	131 019	45 256	85 764	34.5	65.5	1 035	1 110	1 138	2 126	962
MISSOURI	266 628	72 254	194 374	27.1	72.9	1 204	1 207	1 299	1 878	1 201
MONTANA	58 306	22 131	36 176	38.0	62.0	1 349	1 405	1 455	2 057	1 294
NEBRASKA	117 248	33 184	84 064	28.3	71.7	1 291	1 291	1 405	2 031	1 291
NEVADA	5 440	20 443	44 997	31.2	68.8	1 558	1 504	1 578	2 416	1 592
NEW HAMPSHIRE	694	17 208	34 886	33.3	66.7	1 202	1 208	1 247	1 623	1 195
NEW JERSEY	549 915	132 958	416 957	24.2	75.8	1 523	1 724	1 933	2 545	1 340
NEW MEXICO	98 854	44 702	54 152	45.2	54.8	1 266	1 369	1 442	2 291	1 196
NEW YORK	1 591 919	382 344	1 229 575	22.8	77.2	1 674	1 673	2 069	2 396	1 567
NORTH CAROLINA	357 837	119 088	238 749	33.3	66.7	1 232	1 276	1 361	2 013	1 186
NORTH DAKOTA	49 976	19 671	30 306	39.4	60.6	1 536	1 657	1 605	2 325	1 374
OHIO	645 663	159 462	486 201	24.7	75.3	1 322	1 477	1 608	2 274	1 269
OKLAHOMA	194 821	79 192	115 629	40.6	59.4	1 191	1 225	1 247	2 410	1 157
OREGON	205 899	64 746	141 152	31.4	68.6	1 545	1 542	1 619	1 068	1 548
PENNSYLVANIA	681 487	166 485	515 002	24.4	75.6	1 450	1 543	1 678	2 679	1 368
RHODE ISLAND	78 681	31 725	46 956	40.2	59.8	1 560	1 704	1 915	2 110	1 447
SOUTH CAROLINA	167 404	80 737	86 667	48.0	52.0	1 192	1 241	1 258	2 270	1 139
SOUTH DAKOTA	40 529	16 338	24 190	40.3	59.7	1 177	1 179	1 186	1 941	1 174
TENNESSEE	266 558	83 464	183 094	31.3	68.7	1 222	1 330	1 436	2 334	1 132
TEXAS	938 158	236 508	701 650	25.3	74.7	1 332	1 336	1 361	2 445	1 326
UTAH	90 682	35 067	55 615	38.7	61.3	1 373	1 318	1 431	1 661	1 445
VERMONT	30 391	14 857	15 534	48.9	51.1	1 237	1 229	1 192	2 200	1 247
VIRGINIA	354 233	133 606	220 627	37.7	62.3	1 323	1 383	1 426	2 427	1 261
WASHINGTON	336 847	117 148	219 699	34.8	65.2	1 725	1 758	2 019	2 465	1 698
WEST VIRGINIA	115 166	42 731	72 435	37.1	62.9	1 206	1 329	1 439	2 270	1 054
WISCONSIN	336 455	94 752	241 702	28.2	71.8	1 530	1 586	1 649	1 977	1 471
WYOMING	45 572	16 469	29 103	35.9	64.1	1 525	1 568	1 599	2 484	1 455

Notes: Statistics for local governments are estimates subject to sampling variations; see text for statement of reliability. Because of rounding, detail may not add to totals.

- Represents zero.

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 93 Date on Bill: January 20, 1983
 Title: An Act relating to limitation of the number of State employees
 Sponsor: Bettisworth, Phillips & Tischer
 Requestor: _____

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86	
Capital							
Operating							
Total			-0-	-0-	-0-	-0-	

b. Revenues:

Revenue			-0-	-0-	-0-	-0-	
---------	--	--	-----	-----	-----	-----	--

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

N/A

3. Assumptions:

N/A

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor.

Prepared By: Bruce Stingham Phone: 465-4403
 Division: Labor Relations Date: 3-2-83

Approved by Commissioner: Lisa Rudd Date: 3/10/83
 Department: Administration

5. Distribution:

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

2/8/83

POSITION PAPER
HOUSE BILL NO. 93
PREPARED BY: DIVISION OF LABOR RELATIONS
DEPARTMENT OF ADMINISTRATION

The proposed language amendment to AS 37.07.080(d) does not appear to materially disturb the mission or ongoing operational functions of the Division of Labor Relations. The rationale for the additional language inserted in Subsection (d) of this bill is a fine point that seems to use the power of legislative directives, in the form of an appropriation act, to control the size of State agencies by the time-honored method of controlling the purse strings. By leaving the options of Subsection (h) in place, there are still means to adjust in-house needs of an agency within the restrictive process afforded by this Section.

The net affect of this language change is nil of the Labor Relations Division.

Prepared by: Guy Stringham 3/16/83 Date:
Guy Stringham, Director, Labor Relations

Commissioner's Office Review by: Lisa Rudd Date: 3/10/83
Lisa Rudd, Commissioner

5/0302-02-3/LR3

OK
GBS
3/27/83

UNITED STATES DEPARTMENT OF
COMMERCE
NEWS
WASHINGTON, D.C. 20230

BUREAU OF
THE
CENSUS

Public Information Office
(301) 763-4040

For Release Wed., Sept. 22, 1982
CR82-134

STATE AND LOCAL GOVERNMENT EMPLOYMENT ROLLS SHRINK FIRST
TIME SINCE WORLD WAR II, CENSUS REPORTS

State and local government employment dropped in 1981 for the first time since World War II, according to a report issued today by the Commerce Department's Census Bureau.

The report says annual increases began in 1945 when state and local government workers totaled 3.2 million. Employment in 1980 reached 13.3 million, then dropped last year to 13.1 million.

The report attributes much of the decline to the ending of public service employment portions of the Comprehensive Employment and Training Act on Oct. 1, 1981.

Drops greater than 4 percent between October 1980 and October 1981 occurred in the District of Columbia (9.2), Georgia (6.3), Kentucky (5.9), Michigan (5.9), Massachusetts (5.8), Maryland (4.9), West Virginia (4.7), Washington (4.4), and Alabama (4.3).

Federal civilian employment also dropped in 1981, but not for the first time. It peaked at nearly 3.4 million during World War II, receded to 2.0 million in 1947, then rose to 2.5 million in 1951 and to 3.0 million by 1957. Since then it has remained near its present level of about 2.9 million.

(more)

Federal civilian employment decreased from 1980 to 1981 by 34,000, or 1.2 percent. State employment dropped by 27,000, or .7 percent, to a total of 3.7 million, and local governments lost 185,000, or 1.9 percent, down to 9.4 million. Total government employment dropped 1.5 percent between 1980 and 1981 to 16 million. In 1944, the total was 6.5 million.

Despite lower employment at all levels of government, October 1981 payrolls were 6.3 percent higher than the previous October, rising to \$21.2 billion.

October 1981 state government salaries and wages went up 8.9 percent to \$4.7 billion, while local government payrolls rose 8.1 percent to \$11.3 billion. The federal total was \$5.2 billion, up just 0.6 percent.

Monthly pay excluding fringe benefits for full-time state and local government employees averaged \$1,464 in October 1981, up 9.5 percent from October 1980.

More than 51 percent of the October 1981 state and local government employment was in education. About 58 percent of federal civilian employees worked in national defense, international relations, and the postal service.

Attached tables show employment and payroll data for each state by level of government.

Copies of the report, Public Employment in 1981, GE-81, No. 1, are available for \$3.50 each prepaid from the Data User Services Division, Customer Services (Publications), Bureau of the Census, Washington, D.C. 20233, or from Commerce Department district offices in major cities.

PUBLIC EMPLOYMENT IN 1981

Number of Public Employees, by Level of Government and by States: October 1981

State	All employees - full-time and part-time					Part-time equivalent employment in State and local governments						
	All governments	Federal (civilian)	State and local government			Total	State	Local	Number		Number per 10,000 population	
			Total	State	Local				Total	State	Local	Total
UNITED STATES, TOTAL	15 862 303	2 750 472	13 102 721	3 726 085	9 376 636	10 917 146	3 086 679	7 830 467	476	135	341	
ALABAMA	276 377	61 399	215 078	71 689	143 389	189 422	60 272	129 150	484	154	330	
ALASKA	52 278	15 407	36 871	19 349	17 432	33 086	18 031	15 055	403	438	365	
ARIZONA	199 363	36 148	163 215	46 093	117 122	137 092	38 742	98 350	491	139	352	
ARKANSAS	142 187	19 770	122 417	42 812	79 605	103 753	35 837	67 916	452	156	296	
CALIFORNIA	1 727 928	348 190	1 429 738	309 461	1 120 277	1 107 725	246 663	861 062	458	102	356	
COLORADO	230 921	50 344	189 577	59 221	130 356	150 356	43 289	107 067	507	146	361	
CONNECTICUT	185 278	20 051	165 227	57 527	107 700	140 880	49 635	91 245	450	158	291	
DELAWARE	40 317	4 786	35 531	18 354	17 177	31 691	16 423	15 268	530	275	255	
DISTRICT OF COLUMBIA	257 542	209 583	47 959	-	47 959	45 725	-	45 725	717	-	717	
FLORIDA	603 951	82 656	521 295	122 070	399 225	461 614	106 410	355 204	453	104	349	
GEORGIA	403 220	76 468	326 752	85 823	240 929	292 395	77 299	215 096	525	139	366	
HAWAII	83 137	24 834	58 303	45 959	12 344	46 694	37 074	11 620	496	378	118	
IDaho	48 410	11 234	37 176	18 908	18 268	46 010	15 351	30 659	460	160	320	
ILLINOIS	730 205	102 169	628 036	151 916	476 120	503 506	121 822	381 684	439	106	333	
INDIAN	342 533	41 695	300 838	91 819	209 019	243 627	65 801	177 826	446	120	325	
IOWA	201 729	18 736	182 993	53 528	129 465	143 189	43 878	99 311	494	151	343	
KANSAS	196 669	22 751	163 918	53 225	110 693	128 801	40 286	88 515	540	169	371	
KENTUCKY	77 607	34 517	43 090	65 434	107 656	151 101	56 975	94 126	413	156	257	
LOUISIANA	586	33 341	246 248	94 582	151 666	219 344	81 301	138 043	509	189	320	
MAINE	77 366	7 013	70 353	22 780	47 573	51 110	17 751	33 359	451	157	294	
MARYLAND	314 624	133 514	181 110	84 768	96 342	218 762	78 997	139 765	513	185	328	
MASSACHUSETTS	375 803	57 016	318 787	85 479	233 308	271 769	74 691	197 078	471	129	341	
MICHIGAN	579 047	54 065	524 982	153 065	371 917	406 961	118 222	288 739	442	128	314	
MINNESOTA	294 791	30 335	264 456	73 273	191 183	199 930	54 422	145 507	488	133	355	
MISSISSIPPI	174 302	28 206	146 096	44 577	101 519	127 026	38 729	88 297	502	153	349	
MISSOURI	327 175	66 365	261 110	69 045	192 065	222 114	59 759	162 355	450	121	329	
MONTANA	58 574	12 316	46 258	55 758	20 135	25 523	43 293	14 848	28 445	546	187	359
NEBRASKA	130 796	15 399	115 397	32 101	83 296	91 347	26 040	65 307	579	170	409	
NEVADA	57 744	9 519	48 225	14 433	33 792	42 017	11 927	30 090	497	141	356	
NEW HAMPSHIRE	66 948	15 044	51 904	18 225	33 679	40 573	14 026	26 547	433	150	284	
NEW JERSEY	493 338	69 699	423 639	99 988	323 651	362 858	86 270	276 588	490	117	374	
NEW MEXICO	117 309	27 622	89 687	41 197	48 490	76 725	32 801	43 924	578	247	331	
NEW YORK	1 249 542	156 276	1 093 266	251 265	841 998	955 067	232 565	722 502	543	132	410	
NORTH CAROLINA	379 175	41 725	337 450	102 350	235 100	291 483	58 685	202 798	490	144	341	
NORTH DAKOTA	36 131	8 717	27 414	16 553	10 861	32 821	12 468	20 353	499	169	309	
OHIO	670 130	88 395	581 735	151 388	430 347	467 974	114 693	353 081	434	167	326	
OKLAHOMA	235 566	45 703	189 863	59 595	130 268	163 221	57 719	105 502	527	186	340	
OREGON	178 886	28 741	150 145	52 539	97 606	133 568	40 897	92 671	504	154	350	
PENNSYLVANIA	642 308	128 264	514 044	147 466	366 578	471 730	124 544	347 186	397	165	292	
RHODE ISLAND	62 781	7 373	55 408	26 729	28 679	44 103	20 745	23 358	463	218	245	
SOUTH CAROLINA	209 420	31 381	178 039	64 484	113 555	157 958	59 116	98 842	499	187	312	
SOUTH DAKOTA	57 297	13 176	44 121	16 165	27 956	34 415	12 166	22 249	502	177	244	
TENNESSEE	312 148	71 563	240 585	75 444	165 141	219 761	64 405	155 356	476	140	337	
TEXAS	738 530	140 215	598 315	199 483	398 832	706 018	169 267	536 751	478	115	364	
UTAH	129 651	24 328	105 323	85 023	20 300	66 959	25 918	40 741	439	172	266	
VERMONT	34 554	4 384	30 170	12 717	17 453	24 511	10 937	13 574	475	212	263	
VIRGINIA	462 369	144 586	317 783	116 733	201 050	279 217	96 494	173 723	498	175	320	
WASHINGTON	302 424	62 761	239 663	90 887	148 776	196 589	68 880	127 709	466	163	303	
WEST VIRGINIA	122 864	15 863	107 001	42 169	64 832	95 416	35 805	59 611	469	183	305	
WISCONSIN	327 443	27 219	300 224	80 749	219 475	220 902	57 163	163 299	466	121	345	
WYOMING	46 505	6 802	39 703	11 664	28 039	32 144	9 580	22 564	653	195	450	

Note: Statistics for local governments are estimates subject to sampling variations; see text for statement of reliability. Because of rounding, totals may not add to totals.

- represents zero.

Federal civilian employees within the United States as of December 31, 1980. Total accordingly differs from Federal civilian employees reported in table 1 which pertains to October 1981. The data above exclude employees working outside the United States and certain other groups.

See table 12 for estimated State populations as of July 1, 1981.

GOVERNMENT EMPLOYMENT IN 1981

State and Local Government Payrolls and Average Earnings of Full-Time State and Local Government Employees, by States: October 1981

State	Amount of payroll (thousands of dollars)			Percent of October payroll		Average earnings of full-time State and local government employees (dollars)				
	Total	State government	Local governments	State government	Local governments	All employees	Education employees			Other than education employees
							All	Instruc- tional personnel, local schools	Instruc- tional personnel, institu- tions of higher education	
UNITED STATES, TOTAL	15 954 295	4 667 453	11 286 841	29.3	70.7	1 464	1 514	1 629	2 362	1 419
ALABAMA	223 754	83 249	138 504	38.1	61.9	1 185	1 262	1 244	2 332	1 122
ALASKA	79 147	40 078	39 069	50.6	49.4	2 394	2 372	2 624	2 223	2 409
ARIZONA	218 834	63 212	155 621	28.9	71.1	1 592	1 611	1 694	2 677	1 573
ARKANSAS	111 748	44 739	67 009	40.0	60.0	1 078	1 115	1 169	2 364	1 037
CALIFORNIA	2 062 099	501 714	1 560 385	24.3	75.7	1 869	1 866	2 070	2 802	1 872
COLORADO	231 557	77 079	154 477	33.3	66.7	1 542	1 543	1 559	2 243	1 541
CONNECTICUT	197 181	66 507	130 674	33.7	66.3	1 407	1 497	1 624	1 769	1 318
DELAWARE	43 670	22 376	21 294	51.2	48.8	1 360	1 501	1 562	2 270	1 235
DISTRICT OF COLUMBIA	88 520	-	88 520	-	100.0	1 946	2 070	2 436	2 712	1 904
FLORIDA	395 255	144 543	450 712	24.3	75.7	1 288	1 324	1 406	2 454	1 261
GEORGIA	337 019	100 460	236 559	29.8	70.2	1 157	1 175	1 259	2 309	1 142
MAINE	74 746	36 534	38 212	75.6	24.4	1 531	1 606	1 645	2 308	1 474
IDAHO	58 248	21 456	36 792	36.8	63.2	1 271	1 278	1 335	1 769	1 264
ILLINOIS	799 670	192 978	606 693	24.1	75.9	1 597	1 644	1 768	2 598	1 553
INDIANA	318 202	102 457	215 746	32.2	67.8	1 301	1 444	1 548	2 545	1 138
IOWA	202 535	69 731	132 804	34.4	65.6	1 354	1 469	1 520	2 457	1 310
KANSAS	160 621	55 472	105 149	34.5	65.5	1 249	1 297	1 344	2 135	1 198
KENTUCKY	189 030	76 383	112 647	40.5	59.5	1 259	1 323	1 445	2 419	1 190
LOUISIANA	271 456	108 548	162 908	40.0	60.0	1 247	1 340	1 465	2 015	1 162
MAINE	61 218	23 363	37 855	38.2	61.8	1 200	1 192	1 247	1 920	1 210
MARYLAND	336 434	108 307	228 127	32.2	67.8	1 542	1 691	2 011	1 895	1 413
MASSACHUSETTS	369 558	98 828	270 730	25.4	74.6	1 440	1 551	1 686	2 056	1 352
MICHIGAN	724 305	212 444	511 861	29.3	70.7	1 790	1 835	2 100	2 534	1 741
MINNESOTA	298 509	91 845	206 664	30.7	69.3	1 498	1 498	1 407	2 544	1 552
MISSISSIPPI	131 019	45 256	85 764	34.5	65.5	1 035	1 110	1 136	2 126	962
MISSOURI	266 628	72 254	194 374	27.1	72.9	1 204	1 207	1 299	1 878	1 201
MONTANA	58 306	22 131	36 176	38.0	62.0	1 349	1 405	1 455	2 057	1 294
NEBRASKA	117 248	33 184	84 064	28.3	71.7	1 291	1 291	1 405	2 031	1 291
NEVADA	65 440	20 443	44 997	31.2	68.8	1 558	1 504	1 578	2 418	1 592
NEW HAMPSHIRE	51 694	17 208	34 486	33.3	66.7	1 202	1 208	1 247	1 823	1 195
NEW JERSEY	549 915	132 958	416 957	24.2	75.8	1 523	1 724	1 953	2 545	1 340
NEW MEXICO	98 854	44 702	54 152	45.2	54.8	1 266	1 369	1 442	2 291	1 196
NEW YORK	1 591 919	382 344	1 209 575	22.8	77.2	1 674	1 873	2 089	2 396	1 567
NORTH CAROLINA	357 837	119 086	238 749	33.3	66.7	1 232	1 276	1 381	2 013	1 175
NORTH DAKOTA	49 976	19 671	30 306	39.4	60.6	1 530	1 657	1 805	2 325	1 374
OHIO	645 663	156 482	489 181	24.2	75.8	1 362	1 477	1 608	2 274	1 284
OKLAHOMA	194 421	79 192	115 229	40.6	59.4	1 191	1 225	1 247	2 410	1 157
OREGON	205 899	64 746	141 152	31.4	68.6	1 545	1 542	1 619	1 869	1 546
PENNSYLVANIA	681 487	168 905	512 582	27.4	72.6	1 450	1 543	1 678	2 679	1 368
RHODE ISLAND	66 681	31 725	34 956	46.2	53.8	1 560	1 704	1 915	2 110	1 447
SOUTH CAROLINA	187 604	60 737	126 867	43.0	57.0	1 192	1 243	1 258	2 270	1 139
SOUTH DAKOTA	40 529	16 338	24 191	40.3	59.7	1 177	1 179	1 186	1 984	1 174
TENNESSEE	266 558	83 464	183 094	31.3	68.7	1 222	1 330	1 436	2 334	1 132
TEXAS	938 156	256 568	681 588	27.3	72.7	1 332	1 336	1 381	2 445	1 326
UTAH	90 682	31 087	59 595	34.3	65.7	1 373	1 318	1 431	1 861	1 445
VERMONT	30 391	14 857	15 534	48.9	51.1	1 237	1 229	1 192	2 200	1 247
VIRGINIA	354 233	131 606	222 626	37.1	62.9	1 323	1 303	1 426	2 427	1 261
WASHINGTON	336 847	117 188	219 659	34.8	65.2	1 725	1 758	2 019	2 465	1 698
WEST VIRGINIA	115 166	42 731	72 436	37.1	62.9	1 208	1 329	1 439	2 270	1 054
WISCONSIN	336 455	91 752	244 703	27.2	72.8	1 550	1 586	1 649	1 977	1 471
WYOMING	48 572	16 469	32 103	33.9	66.1	1 525	1 568	1 599	2 484	1 111

Note: Statistics for local governments are estimates subject to sampling variations; see text for statement of reliability. Because of rounding, detail may not add to totals.

- Represents zero.

H

B

9

7

RE HB 87 - TOLL-FREE TELEPHONE CALLS TO STATE AGENCIES

The goal of this legislation appears to be to ~~xxx~~ guarantee direct access to government for all citizens of the States.

If it is practicable to expand and improve existing facilities to accomplish this goal at lower cost than instituting "toll-free" telephone service, then it makes sense to do so. After all, why spend more when you can spend less?

Special attention should be given to providing direct communication with the government for those citizens who do not presently have the facilities for communication.

For example, Rep. Vasca mentioned last time that some villages in his district do not even have a pay phone. If the villages have any telephone service, then certainly a special government access phone should be provided for free calls to Bethel or the closest existing facility. If no phone service exists in the villages, then perhaps each village could be provided wireless communication with the nearest existing facility and thence to Juneau, via teleconferencing or computer. Each village could be provided with a two-way radio in the custody of a trained operator who would assist citizens in making contact with government.

The ability of the people to communicate with the government and the ability of the government to be responsive to the people are essential to the effective functioning of our democracy. I definitely support legislation that will guarantee direct access to government for all citizens at lowest possible cost.

Belle Blue



*Sand copy to
Mr. Abbott*

ALASKA PUBLIC INTEREST RESEARCH GROUP
Post Office Box 1093/Anchorage, Alaska 99510/(907) 278-3661

April 4, 1983

*HB 97
filed
FYI
E G C*

The Honorable William Sheffield
Governor of Alaska
3rd Floor, State Capitol
Pouch A
Juneau, AK 99811

Dear Governor Sheffield:

I am writing in support of SB-27 and HB-97, relating to toll-free telephone calls to state agencies.

During our eight years of existence, the primary goal of the Alaska Public Interest Research Group has been to increase accountability and access to the government by its citizens. During your campaign for governor, you expressed a similar commitment. We believe that the bills mentioned above, when passed, will go far in addressing this important goal.

At present, doing business with the State can be like running a gauntlet for some residents. Assuming a resident has access to a phone, long distance charges can pile up quickly in pursuing a simple state-related matter. For example, an injured worker from Kodiak would pay almost \$10 for one fifteen-minute conversation with the Worker's Compensation office in Anchorage, provided s/he contacted the proper official on the first call. And, as many lawyers and social service workers can tell you, a phone call is often the only way to properly resolve a problem.

The Personal Opinion Message program does convey short messages to legislators, but the program cannot handle similar messages to your office, nor does it provide for longer, or two-way conversations between citizens and legislators. A 15-minute conversation from Anchorage to a legislator in Juneau costs over \$12.

Finally, there was widespread agreement last year that if the Capital Move effort failed, the State would intensify its efforts to increase citizen access to government. House Bill 27 and SB 97 are a key part of that effort.

Can we count on your support on this issue?

Sincerely,

Maureen K. Kenney
Maureen Kenney, Director



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

February 15, 1983

MEMORANDUM

TO: Representative Barbara Lacher

FROM: Deb Pomeroy, Research Aide *DP*

RE: Cost of Toll-Free Telephone Service
Research Request 83-10

Joan Mathews of your staff asked for information on the cost of having a State toll-free number to the Juneau Centrex operator who would then transfer these calls to the appropriate agency for handling.

On January 28, I sent a letter to the Division of Telecommunications, Department of Administration requesting this cost estimate as well as related costs which Ms. Mathews and I discussed. I have attached a copy of both the information request and the reply which was received yesterday.

According to the analysis done by Ted McIntire of the Division of Telecommunications, it would cost \$1,022,891 to have a toll-free number to the Centrex operator who would then transfer calls to the appropriate agency. This includes a monthly flat fee of \$211 (\$2,532 per year) for the Zenith line. There would also be a \$19,000 one-time start-up cost. This estimate is based on the assumptions described in the attached letter to Susan Brody from Sioux Plummer, Director of the Division of Telecommunications. Ted McIntire of Ms. Plummer's staff prepared these estimates.

If you have any questions regarding this information, please call.

DP

Attachments

DEPARTMENT OF ADMINISTRATION

POUCH C
JUNEAU, ALASKA 99811
PHONE: (907) 465-2041

DIVISION OF TELECOMMUNICATIONS SERVICES

February 14, 1983

Ms. Susan Brody, Acting Director
Alaska State Legislature
House Research Agency
Pouch Y
Juneau, Alaska 99811

This is in response to your January 28 memo requesting information and costs on certain aspects of a possible toll-free telephone service. Our responses to your specific questions are listed here:

- 1) Cost of toll-free access to Centrex attendant in Juneau for the purpose of transferring calls to appropriate agency: The cost of the toll-free (Zenith number) service would be directly proportional to the number of calls, and their duration and distance, (the basis on which toll calls are billed). In addition, there is a flat fee for Zenith service which is \$211.00 per month.

Since we have no way of knowing how much public need is being unmet by the lack of toll-free access, cost estimates have to be made on the basis of assumptions which cannot be supported by hard data. Some agencies now provide Zenith numbers for public access, but because there are so few of these, and their use varies so widely, (from over a thousand calls per month to the Permanent Fund information number, to 2 or 3 per month to the DEC oil-spill reporting number), they do not provide useful data for projections.

For this analysis we have assumed that there are 83 agencies in Juneau with significant public access requirements. If these agencies receive 10 calls per day at a cost of \$0.85 per minute (the rate for distances between 575 and 814 miles), the line and toll costs would be \$77,605.00 per month or \$931,260.00 annually.

- (a) The existing Centrex switch in Juneau would be capable of handling this amount of additional traffic.
- (b) It would be necessary to set up as many as 20 lines in rotary to handle possible levels of traffic. However, adding or deleting rotary lines is only a matter of switch programming, and can be accomplished for two one-time charges of \$50.00 per line. There are no recurring costs.

- (c) Additional equipment required would be attendant consoles and automatic call distribution (ACD) equipment. ACD equipment provides automatic answering and call queing when operators are busy (this is the type of equipment used by airlines reservations services).
- 2) The cost of expanding the present Centrex operator's space to accommodate two additional attendants is estimated to be \$8,000.00. This includes remodeling and furnishing.
 - 3) The cost of ACD equipment including attendant consoles and call detail recording equipment is estimated to be \$10,000.00.
 - 4) The cost of periodic audits of incoming traffic is estimated to be \$2,000.00 for an audit of one month's traffic. This audit would be performed by Alascom as they are the entity that handles all intrastate toll traffic and records the billing information. Calling number information cannot be automatically recorded at the customer (State) end of the call. The alternative to obtaining audits from the carrier is to "manually" review the monthly toll bills. However, this would be nearly as expensive because of added personnel costs and would have a greater potential for error.

Summary

The estimates of costs associated with establishing toll-free central attendant service in Juneau are as follows:

	<u>One-Time</u>	<u>Annual Recurring</u>
Zenith Service		\$ 931,260
Operators (2½ @ range 8)		83,099
Remodeling	\$ 8,000	
Call Directing Equipment	10,000	
Centrex Programing	1,000	
Periodic Audits (3)		6,000
TOTALS	\$ 19,000	\$ 1,020,359

A variation on the central attendant idea could involve assignment of direct Zenith numbers to agencies known to have high public-contact requirements and having a central attendant handle calls to all other agencies. This would not change the Zenith calling costs significantly, but it could reduce the operator requirements.

Sincerely,



Sioux Plummer
Director

SP/bb



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

January 28, 1983

MEMORANDUM

TO: Sioux Plummer, Director
Division of Telecommunications

FROM: Susan Brody, Acting Director *SCB*

RE: Cost Estimate of a State Toll-Free Number

We have been requested by one of the legislators to estimate the cost of a toll-free number for the state. When this request originated, we were asked to estimate the cost of a toll-free number to each individual agency. I spoke with Ted McIntire of your staff who explained to me the difficulty in estimating this cost due to various reasons. He gave me some information on general toll-free service costs as well as a report done by your division for the Commissioner of Administration entitled "Toll-Free Service."

I explained the difficulty of making this type of estimation to the staff person making this request and gave her a copy of your report. As a result of this conversation, our agency has been requested to obtain the following information from your division:

- 1) The cost of having one toll-free number to the Juneau Centrex office number. Instead of having an information officer man this number (as in Option 3 in your report), each incoming call would be transferred to the appropriate agency for handling.
 - (a) Would the existing equipment be adequate for handling the expected increase in the number of calls?
 - (b) Would it be necessary to install additional rotary lines to handle the increase?
 - (c) If additional equipment were necessary, what equipment would be required and what would be the cost.
- 2) The cost of expanding the existing Centrex Operator's space to accommodate up to two additional operators to handle the increase in incoming calls.

#

Saint Plummer - list of projects.

Alman

→ Dept

books.

* →

St. Brown - books.

specific projects.

Original Spenser - books

Call up at later date.

Call and then look at final note
2-15 mt. letter to Kater 1-22

get figures

Put numbers on 97

3

RECEIVED
APR 7 1983

April 1, 1983

Honorable Tony Vaska
Alaska State Legislature
Pouch V
Juneau, AK 99811

THRU: Julie Guy, Deputy Commissioner
for Telecommunications
Department of Administration

Dear Representative Vaska:

Over the past year the Division of Telecommunications Services has been examining various options for toll-free telephone access from the public to their State Government. These possibilities have ranged from a limited directory information service to virtually unlimited direct access to all state agencies. This is not to say we have examined every possibility; within each option there are feasible variations that affect cost and level of service.

We have a particular problem affecting our ability to determine even approximate costs and levels of service since there is no immediate way of knowing what latent demand for service now exists, or how much usage would develop after a system is implemented. As was done for the fiscal notes accompanying HB81 and HB97, we have to make assumptions, that we hope are reasonable, and base our cost estimates on them.

The basic types of toll-free service that we have examined are:

(1) Directory Operator. Under this option the State would provide toll-free access to a directory operator. This operator would provide directory type information (names and phone numbers) to callers wishing to contact State agencies. It is presumed that callers would then call or write to the agency identified at their own expense. The directory operator could be located any where in the State, and could be provided under contract by a private concern. Operators, however, would have to be knowledgeable about State Government operations and programs.

Like all options, the actual costs would depend on where the operator is located and the amount of traffic handled. If a very high level of traffic is anticipated and if the traffic generated, from any area, is in proportion to the population; Anchorage would be the logical choice for the operator location since most callers would be in the local calling area. If traffic is light or originates mostly from rural areas, the advantage of an Anchorage location would be lessened.

Honorable Tony Vaska

The cost estimates for this service are based on the assumptions that the operator is located in Juneau, that the operator will handle 150 calls per day with a 1-minute holding time.

	Annual	One-Time
Operator Costs	<u>44,513</u>	<u> </u>
Construction		8,000
Zenith Service Charge	2,532	
Toll Costs	100,000	
Equipment		10,000
TOTALS	<u>\$147,045</u>	<u>\$18,000</u>

2. Directory and Call Transfer Service. (Juneau only). This option would provide state-wide directory information as in Option (1) and, in addition, operators would transfer calls directly to agencies in Juneau. This option is available only in Juneau because this is the only location where most offices are on the same Centrex system. This would be considerably more expensive than directory-only service since it is expected that a considerable amount of routine traffic now coming into Juneau would shift to the toll-free number, thereby increasing operator requirements and toll costs.

	Annual	One-Time
Operator Costs	<u>59,350</u>	<u> </u>
Construction		8,000
Zenith Service Charge	2,532	
Toll Costs (400/day)	920,040	
Equipment		10,000
TOTALS	<u>\$981,922</u>	<u>\$18,000</u>

3. Information Operators. This service would be an expansion of straight directory service in that operators would provide more information directly to callers and would take requests for information and forward them to agencies for appropriate response. Operators could be centrally located or located regionally such as in Anchorage, Fairbanks and Juneau. This would be more expensive than a simple directory service because holding times would be longer, more operators would be required and operators would have to be highly trained and knowledgeable. Regionalizing the service would reduce toll costs but would increase personnel and facility costs. The Governor's Office in Anchorage is presently providing information service, but does not provide toll-free access.

The following cost estimates are based on the assumption that the service is located in Juneau.

	ANNUAL	ONE-TIME
Operator Costs	<u>59,350</u>	<u> </u>
Construction		8,000
Zenith Service Charge	2,532	
Toll Costs (200/day)	132,600	
TOTALS	<u>\$194,482</u>	

Honorable Tony Vaska

4. Toll-Free Service Directly to Agencies. This could be accomplished simply by directing all agencies to accept collect calls or establish Zenith service to the appropriate numbers. This would be the most expensive option, but it would provide full access to all agencies from citizens anywhere. One problem associated with immediate implementation of this service is that agencies will not have been able to budget for increased telephone costs. Zenith service is more convenient to the caller, but provides a potential for abuse since agencies have no way to screen inappropriate calls. If properly implemented and managed, this type of service could provide data on traffic levels and patterns that would be useful in designing a permanent system of toll-free access.

The estimated costs for this service are based on the assumptions that 227 agencies will receive 10 5-minute calls per day.

	ANNUALLY
Zenith Service	\$2,222,784
Collect Calls	1,648,020

5. Other Options. The options listed previously are only those which can be implemented fairly rapidly without large capital expenditures, long-term contracts, or other financial commitments. Other possibilities include:

An integrated State Telephone System connecting State agencies in Anchorage, Fairbanks and Juneau could provide direct telephone access to major State offices for most of the population through local calls. To implement such a system will require considerable expenditure, time and money for planning, design, procurement and construction. The Department's 5-year plan for telephone communications includes a 3-city telephone system. It is estimated that capital costs to complete this system will be in the 3-4 million dollar range.

Solicitation of Competitive Bids. The State could solicit private industry for proposals to set up and operate a system to provide toll-free access to State offices. The present difficulty with this, in the eyes of the Department, is that without better data than we now have, it would not be possible to specify parameters in terms of traffic handling requirements or to knowledgeably evaluate proposals.

A mini-network to handle public calls only could be constructed by the State. This would be similar in layout to the three-city network of the 5-year plan, but would be limited, in configuration and capacity, to handling calls from the public. This would require time, and money for engineering, implementation and operation. As with other system options, the difficulty lies in trying to design an effective system without clear knowledge of traffic handling requirements.

The fact that cost estimates for previously presented options were based on the use of tariffed long-distance toll rates, does not indicate that the Department considers this the only way to go. Regular long-distance telephone service is, however, the only available service for which costs are known.

Honorable Tony Vaska

If other telecommunications service vendors should offer comparative service on a per-call basis regardless of calling level or, once demand levels are known, on a basis competitive with regular toll telephone service, the Department would, under its procurement regulations and guidelines, consider all such proposals.

I hope this information will be helpful to you even though it shows that we don't have any clear cut, most-effective answers to the problem of citizen access.

Sincerely,

Sioux Plummer
Director

SP/bb
Enclosure: