



LAWS OF ALASKA

1980

Second Special Session

Source

Chapter No.

CSHB 1040 (Rules) am

1

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.

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

THE ACT FOLLOWS ON PAGE 1, LINE 12

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: September 24, 1980
Actual Effective Date: Sections 1 - 8, 10, 12 and 13 take effect September 25, 1980 with sections 2 - 6 and 10 retroactive to January 1, 1980; section 9 takes effect January 1, 1981; section 11 takes effect February 1, 1981.

Chapter 1

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.

* 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.

* 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 individ-

Chapter 1

1 ual is entitled to a tax credit not to exceed \$50 for

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

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

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

8 (ii) United States senator from Alaska;

9 (iii) United States representative from Alaska;

10 (iv) governor or lieutenant governor of Alaska;

11 (v) the Alaska legislature;

12 (vi) delegate to an Alaska constitutional convention;

13 (vii) electoral confirmation as a judge or justice of

14 a court in Alaska; or

15 (viii) municipal office in Alaska; or

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

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

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

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

Chapter 1

* 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 claimed against the tax; and

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

* Sec. 7. REFUND OF 1980 INCOME TAXES. (a) An individual or fiduciary is entitled to a refund of his Alaska net income taxes paid or withheld after December 31, 1979 for all or part of a tax year occurring after December 31, 1979. An individual or fiduciary is also entitled to a refund of his

Chapter 1

1 estimated net income tax payments made under AS 43.20 after December 31, 1979
2 for a tax year for which he has not filed a year-end return under AS 43.20.-
3 030.

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

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

9 (d) The commissioner may adopt regulations to implement this section,
10 and those regulations may be adopted as emergency regulations under AS 44.-
11 62.250 and 44.62.260.

12 (e) In this section,

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

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

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

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

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

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

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

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

26 (ii) United States senator from Alaska;

27 (iii) United States representative from Alaska;

28 (iv) governor or lieutenant governor of Alaska;

29 (v) the Alaska legislature;

Chapter 1

1 (vi) delegate to an Alaska constitutional conven-
2 tion;

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

5 (viii) municipal office in Alaska; or

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

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

10 * Sec. 10. The following laws are repealed: AS 43.20.011(a) - (d) and
11 (f), 43.20.015, 43.20.017, 43.20.021(e), 43.20.030(f) and (g), 43.20.031(a),
12 (b), and (f) - (h), 43.20.033, 43.20.035, 43.20.036(d) - (i), 43.20.038,
13 43.20.039, 43.20.040(b)(3) and (6), 43.20.045, 43.20.061, 43.20.160(e),
14 43.20.180, 43.20.215, and secs. 6 - 11 of ch. 22, SLA 1980.

15 * Sec. 11. AS 43.20.170 and 43.20.340(4), (7), (13), (14), (16), and (17)
16 are repealed.

17 * Sec. 12. Sections 2 - 6, and 10 of this Act are retroactive to
18 January 1, 1980.

19 * Sec. 13. Section 9 of this Act takes effect January 1, 1981. Section
20 11 of this Act takes effect February 1, 1981. Sections 1 - 8, 10, 12, and 13
21 of this Act take effect immediately in accordance with AS 01.10.070(c).