State Tax Laws & Financial Relief

JUNEAU— Gov. Walter J. Hickel issued a directive to state personnel in Fairbanks this week to begin a public information program to make sure persons who suffered losses in the Tanana Valley's August flood are aware some financial relief is available through the state tax laws.

Hickel's directive went out as the Fifth Alaska Legislature entered its fifth day of deliberations in special session to consider Fairbanks area flood relief measures.

The Governor said many Fairbanksans apparently are unaware that losses from natural disaster may be deducted from state income taxes.

Hickel said, "These flood losses, whether from a business or investments, or from property used for personal purposes, can be deducted from the gross income tax statements filed for both corporate and individual returns to the federal government. And, consequently, from the state income tax returns which are based on an individual's federal income tax."

Tax reports for 1967—due next April 15—should include a detailed report on these loss figures.

Losses on business property, or property held for the production of rents or royalties, are deductible for adjusted gross income, the Governor noted. In addition, personal losses are deductible as itemized deductions.

If a loss exceeds the income of the year, the unused portion or the loss—the excess over income—may be used to reduce the income of certain other years.

Revenue Department officials reported to the Governor that these losses may be carried back to each of the three preceeding years, and carried forward to each of the five following years until used up.

"Our objective," Hickel said, "is to make sure the people of the Fairbanks area do not fail tc take advantage of this source of flood relief."