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Governor Bill Walker
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May 26, 2016

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 218
Juneau, AK 99801-1182

Dear Speaker Chenault:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill to establish an individual income tax.

This is a necessary measure to address our fiscal situation. The bill would establish a personal income tax of six percent of total federal tax liability. I have chosen a structure similar to our State's prior income tax, which was repealed in 1980. The bill would tax income earned by residents and nonresident individuals with income from a source in this state. Because the tax that would be established by the bill is calculated based on federal tax liability and not on income, the bill effectively incorporates federal brackets and exemptions and so permits this bill, and the Alaska personal income tax system it would create, to be as simple and transparent as possible and minimizes administrative burdens both for the State and for taxpayers. The bill would apply to income earned on or after January 1, 2018. In addition, the bill would repeal a set of orphaned individual tax credits from the former income tax.

The citizens of our state are ready to pitch in to solve our fiscal crisis. My measure is part of that solution. Together we can continue to assure Alaska's strong and stable financial future.

I appreciate your consideration of this issue, and urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink that reads "Bill Walker".

Bill Walker
Governor

Enclosure