

HB 365 - Permanent Fund Refundable Tax Credit

example calculation of Refundable Tax Credit based on 2015 PFD

Calculation	Current 2015 PFD	Refundable Tax Credit
Statutory Net Income (Earnings) from Permanent Fund for previous 5 years (2011-2015)	\$ 13,077,000,000	\$ 13,077,000,000
Multiply by statutory % of 5 yr earnings	21%	21%
<i>total</i>	\$ 2,746,170,000	\$ 2,746,170,000
Multiply by statutory % to determine earnings income available for distribution for dividend (or tax credit)	50%	25%
<i>total</i>	\$ 1,373,085,000	\$ 686,542,500
Add FY2013 PFD Fund beginning balance <i>(money set aside to pay dividends from prior years that is no longer needed)</i>	\$ 11,600,000	\$ 11,600,000
<i>total</i>	\$ 1,384,685,000	\$ 698,142,500
Subtract prior year obligations, expenses and cost of operating the PFD division	\$ 48,300,000	\$ 48,300,000
<i>total</i>	\$ 1,336,385,000	\$ 649,842,500
Subtract reserves for payment of prior year dividends <i>(such as dividends for people who received application extensions, 18 yr olds applying for past dividends when their parents failed to file for them, etc)</i>	\$ 900,000	\$ 900,000
<i>total</i>	\$ 1,335,485,000	\$ 648,942,500

Divide by the est. number of eligible dividend applicants	644,511	644,511
PFD / Tax Credit amount	\$ 2,072	\$ 1,007
<i>Total amount paid out for PFDs or Tax Credit</i>	\$ 1,335,485,000	\$ 648,942,500

*Difference between Tax Credit Calculation & \$1200 limit	\$ 0
**25% of Earnings Reserve Distributable Income to General Fund	\$ 686,542,500
***Revenue from Income Tax & Long Term Cap Gains Tax	\$ 655,000,000
Total Revenue going to General Fund	\$ 1,341,542,500

*HB 365 will limit the Refundable Tax Credit to \$1200; any excess over \$1200 will go to the General Fund

**Currently, 50% of distributable income stays in the Earnings Reserve and 50% goes to pay PFDs

HB 365 changes: 25% goes to pay Tax Credit, 25% goes to the General Fund, & remaining 50% still stays in Earnings Reserve

*** Based on 2015 Fiscal Note for HB 182

Prepared by Office of Rep. Seaton