ALASKA DEPARTMENT OF REVENUE
TAX DIVISION



2015
Annual Report

prepared on 2/17/2016

Key Contacts

This annual report covers fiscal year 2015, which ended June 30, 2015.
The purpose of this report is to provide an overview of programs administered by the Tax Division (Division) and statistics of revenue collections and other information related to those programs.

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Mission Statement

The mission of the Tax Division is to collect taxes, inform stakeholders, and regulate charitable gaming. The programs administered by the Tax Division generate a significant portion of General Fund revenue used for funding state government and programs throughout Alaska. These programs include:

Corporate Income Tax

Excise Taxes
Alcoholic Beverages
Commercial Passenger Vessel
Motor Fuel
Tire Fee
Tobacco
Vehicle Rental

Fisheries Taxes
Common Property Fishery
Dive Fishery Management
Fisheries Business
Fishery Resource Landing
Salmon Enhancement
Seafood Development
Seafood Marketing

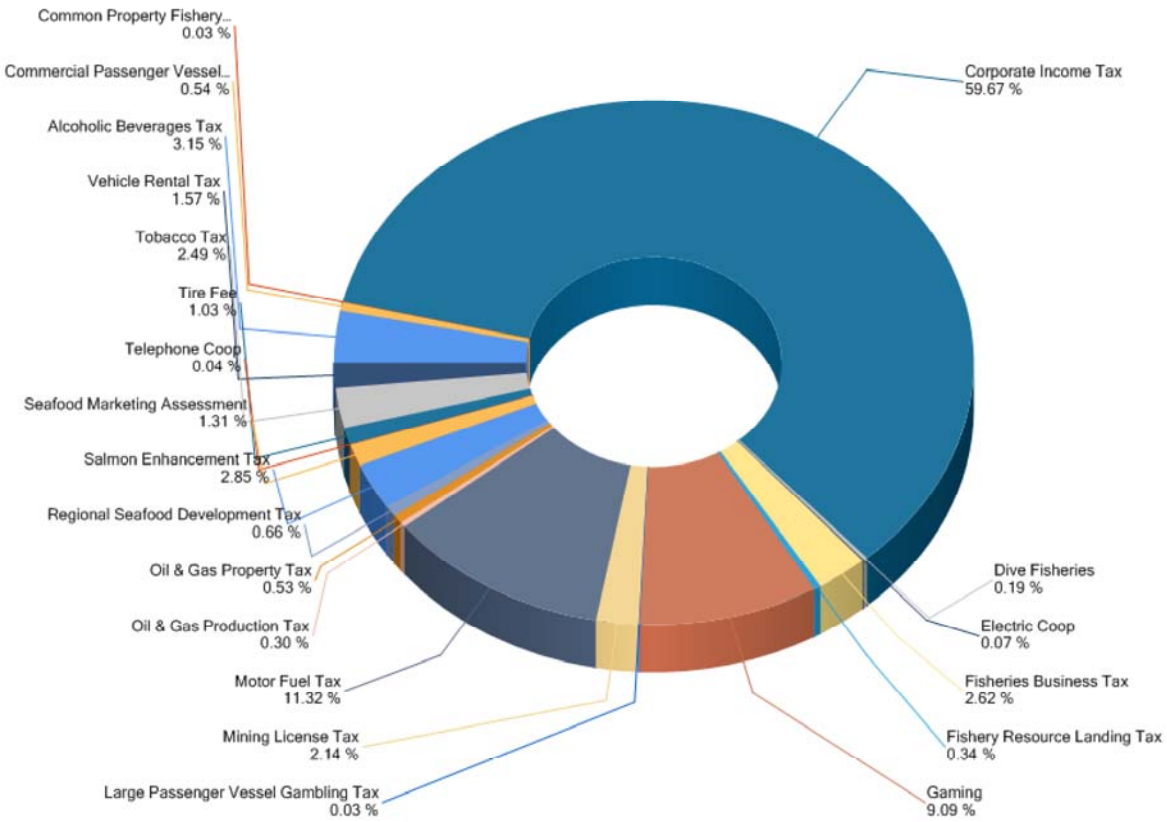
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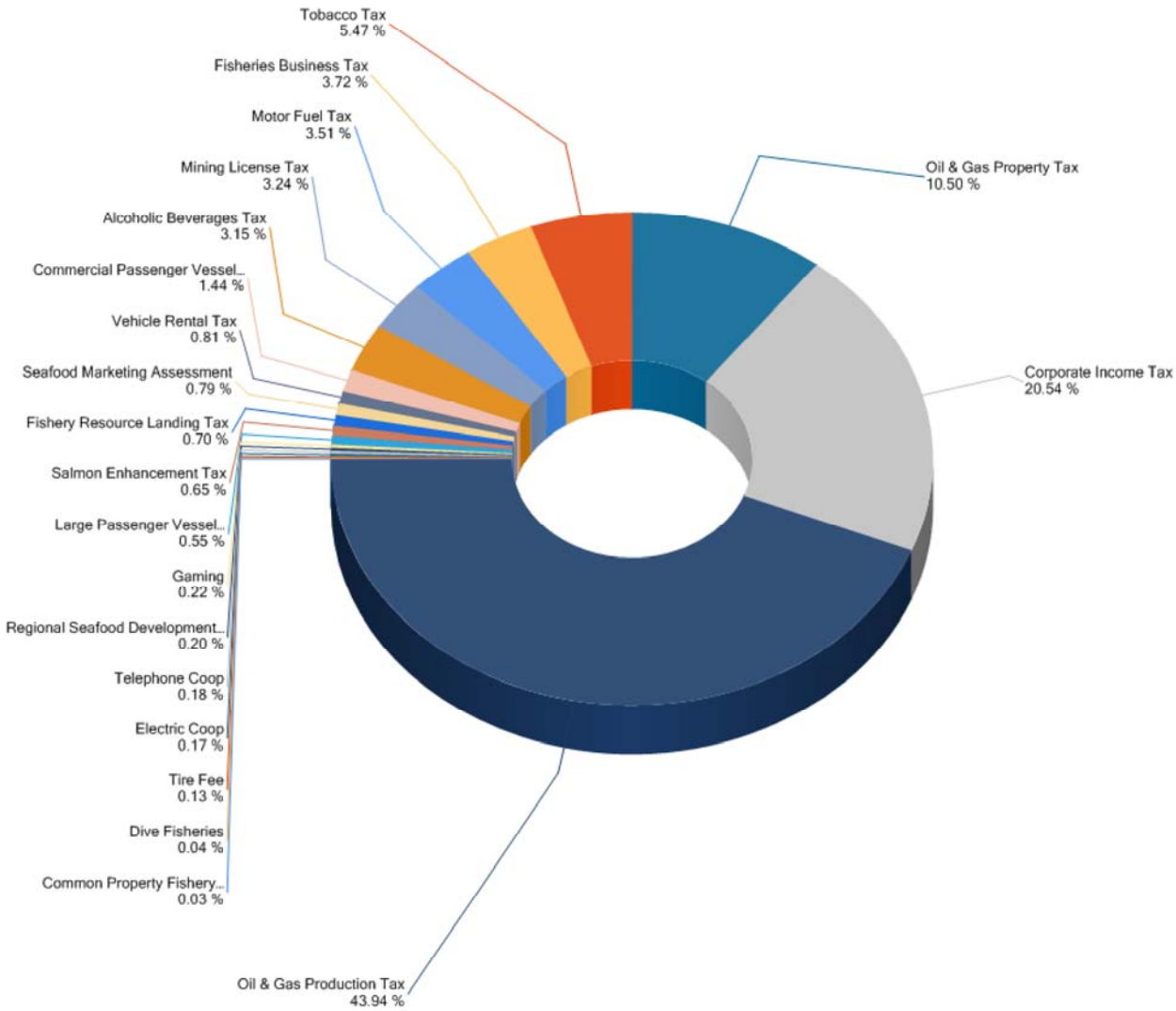
Tax Returns Filed

TAX RETURNS FILED
By Tax Program during Fiscal Year 2015



Alcoholic Beverages Tax 3.15 % 906	Electric Coop 0.07 % 21	Mining License Tax 2.14 % 616	Salmon Enhancement Tax 2.85 % 820
Commercial Passenger Vessel Excise Tax 0.54 % 154	Fisheries Business Tax 2.62 % 753	Motor Fuel Tax 11.32 % 3,253	Seafood Marketing Assessment 1.31 % 377
Common Property Fishery Assessment 0.03 % 8	Fishery Resource Landing Tax 0.34 % 99	Oil & Gas Production Tax 0.30 % 86	Telephone Coop 0.04 % 11
Corporate Income Tax 59.67 % 17,142	Gaming 9.09 % 2,611	Oil & Gas Property Tax 0.53 % 151	Tire Fee 1.03 % 297
Dive Fisheries 0.19 % 56	Large Passenger Vessel Gambling Tax 0.03 % 10	Regional Seafood Development Tax 0.66 % 189	Tobacco Tax 2.49 % 714
			Vehicle Rental Tax 1.57 % 452

STATEMENT OF REVENUES
Listed in order of total amount Fiscal Year 2015



Common Property Fishery Assessment 0.03 % $320,656	Gaming 0.22 % $2,588,660	Vehicle Rental Tax 0.81 % $9,698,755	Fisheries Business Tax 3.72 % $44,407,109
Dive Fisheries 0.04 % $472,791	Large Passenger Vessel Gambling Tax 0.55 % $6,611,786	Commercial Passenger Vessel Excise Tax 1.44 % $17,201,836	Tobacco Tax 5.47 % $65,241,432
Tire Fee 0.13 % $1,515,805	Salmon Enhancement Tax 0.65 % $7,742,177	Alcoholic Beverages Tax 3.15 % $37,606,388	Oil & Gas Property Tax 10.50 % $125,194,434
Electric Coop 0.17 % $2,008,278	Fishery Resource Landing Tax 0.70 % $8,376,628	Mining License Tax 3.24 % $38,655,209	Corporate Income Tax 20.54 % $244,912,470
Telephone Coop 0.18 % $2,191,258	Seafood Marketing Assessment 0.79 % $9,474,112	Motor Fuel Tax 3.51 % $41,877,783	Oil & Gas Production Tax 43.94 % $524,009,352
Regional Seafood Development Tax 0.20 % $2,361,561			

Program Detail

Alaska Salmon Price Reports

Date Range: 2012 to 2015

AS 43.80
DESCRIPTION
Alaska requires large processors that sell salmon products at wholesale to provide production and price information to the Fish Tax unit. This information is used to publish average wholesale price information for the legislature and public.

REPORTS
Processors selling salmon products at wholesale are required to file price reports on salmon for the periods January–April, May–August, and September–December. The tri-annual reports are due by the end of the month following the tri-annual period.

Processors must also file annual reconciliation reports by January 31 of the following year.

EXEMPTIONS
Processors excluded from the tax under AS 43.75.017, and processors that sell 1,000,000 pounds or less of salmon products annually are exempt from the report filing requirements.

HISTORY

1980 - The legislature enacted salmon price reporting requirements for salmon canneries. Effective September 10, 1980, the Department of Revenue was required to compute and report to the legislature the average wholesale prices obtained for canned salmon reported by Alaska salmon canneries during the months of August, September, October, November and December for the previous five years.

1983 - The legislature imposed a semi-annual report filing requirement on salmon canneries. Effective July 9, 1983, salmon canneries were required to report prices received for canned salmon for the periods October–March and April–September. Reports were due by the end of the month following the semi-annual reporting period and were required to list products by case and specified can sizes. The legislation required the Department of Revenue to calculate monthly and annual wholesale price averages for each species of salmon in each unit category and to report to the legislature by the 15th day of each legislative session.

1998 - The legislature expanded the reporting requirement to thermally processed salmon products and limited the reporting requirement to processors selling more than 240,000 pounds of thermally processed salmon products at wholesale during the calendar year.

The legislation replaced the semi-annual filing with a tri-annual filing, and required processors to report all container sizes of thermally processed salmon. Effective September 1, 1998, all salmon canneries were required to report prices received for thermally processed salmon for the periods January–April, May–August and September–December. The reports were due by the end of the month following the tri-annual reporting period and were required to list thermally processed salmon products by whatever sizes sold.

2000 - The legislature broadened the reporting requirement to include all processed salmon products and increased the reporting requirement to include only those processors selling more than 1,000,000 pounds of salmon products at wholesale. Effective September 1, 2000, large processors were required to provide areas of production for each salmon product sold at wholesale. The legislation requires salmon processors to file an annual report summarizing yearly activity, and requires the Department of Revenue to provide average wholesale prices paid for salmon products by March 15 of each year.

Overview and Historical Overview
Annual Report Data

Alcoholic Beverages Tax

Date Range: 2012 to 2015

AS 43.60

DESCRIPTION
Alaska levies a tax on alcoholic beverages sold in Alaska. The tax is collected primarily from wholesalers and distributors of alcoholic beverages.

RETURNS
Taxpayers file returns and pay tax monthly. The returns and payment are due by the last day of the month following the month of sale.

EXEMPTIONS
Sales to facilities operated by one of the uniformed services of the United States are exempt if they fall within the guidelines of 4 USC 107.

DISPOSITION OF REVENUE
The Division deposits all alcoholic beverage tax revenue into the General Fund. The Department of Administration separately accounts for 50% of the tax collected and deposits it into the Alcohol and Other Drug Abuse Treatment and Prevention Fund.

HISTORY
The alcoholic beverage tax dates back to 1933 when the Legislature enacted a tax on beer and wine at a rate of five cents per gallon. Taxpayers filed alcoholic beverage tax returns monthly.

1937 - The territorial legislature enacted a tax on liquor at a rate of fifty cents per gallon. At the same time, the rate for wine increased to fifteen cents per gallon.

Since 1937, the legislature has made minor changes to the alcoholic beverage tax statutes. In addition, between 1937 and 1983, the legislature increased Alaska's tax rates to correspond with rate changes made by other states.

2002 - The legislature significantly increased the tax rates on all three alcoholic beverages effective October 1, 2002. However, this legislation allows breweriesmeeting the qualifications of 26 USC. 5051(a)(2) (small breweries) to pay tax at the lower rate of thirty five cents per gallon on the first 60,000 barrels of beer (malt beverages) sold in Alaska. At the same time, the legislature created the Alcohol and Other Drug Abuse Treatment and Prevention Fund and directed that 50% of the alcoholic beverage tax be deposited into this fund for alcohol and drug abuse treatment programs.

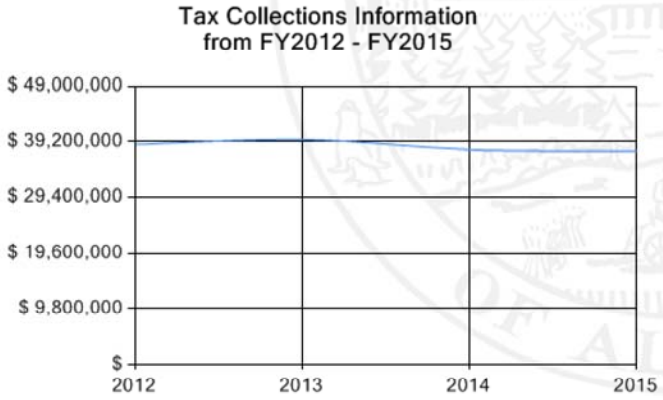
Between 1937 and 2002, alcoholic beverage tax rates have changed as follows:

			Per Gallon	
Year	Liquor	Wine	Beer (Malt Beverages)	Beer (Small Breweries)

1933	-	$0.05	$0.05	-
1937	$0.50	$0.15	-	-
1941	$1.00	-	-	-
1945	$1.60	-	-	-
1946	$2.00	-	-	-
1947	$3.00	$0.25	$0.10	-
1957	$3.50	$0.50	$0.25	-
1961	$4.00	$0.60	-	-
1983	$5.60	$0.85	$0.35	-
2002	$12.80	$2.50	$1.07	$0.35

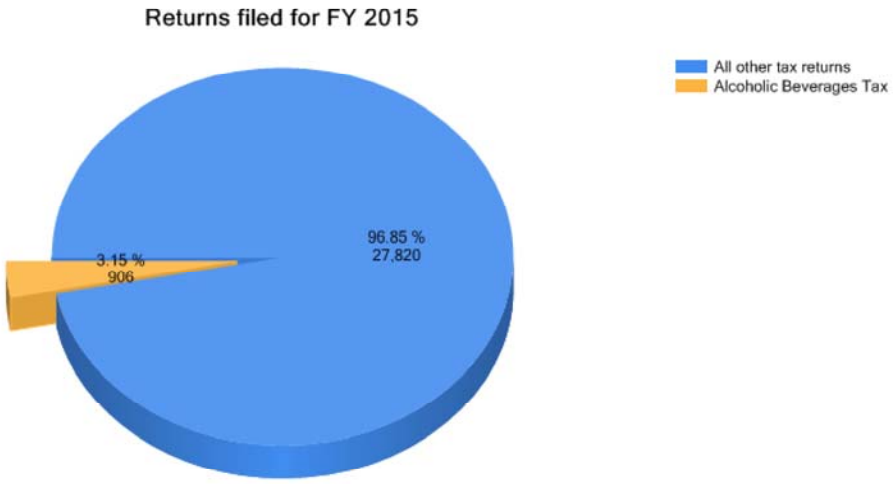
Overview and Historical Overview
Annual Report Data

Gallons	FY 2015	FY 2014	FY 2013	FY 2012
Liquor	1,676,579	1,640,739	1,640,194	1,572,282
Beer, Malt Beverage & Cider	10,184,405	10,364,001	10,632,745	10,687,432
Wine	2,376,214	2,310,985	2,382,470	2,314,903
Beer, Small Brewery	3,947,554	3,856,606	3,615,276	3,405,102





Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Liquor	$19,385,983.62	$20,120,677.00	$21,001,209.00	$20,139,046.00
Beer, Malt Beverage & Cider	$10,902,805.33	$10,837,519.00	$11,373,704.00	$11,562,357.00
Wine	$5,971,367.42	$5,594,883.00	$5,874,936.00	$5,788,517.00
Beer, Small Brewery	$1,399,147.76	$1,277,276.00	$1,287,948.00	$1,193,074.00
Penalties, interest & refunds	(52,915.90)	$3,121.00	$53,293.00	$9,804.00
Total Tax	**$37,606,388.00**	**$37,833,475.00**	**$39,591,090.00**	**$38,692,797.00**
Treatment & Prevention Fund	(19,935,847.81)	$19,529,322.00	$19,772,471.00	$19,330,107.00
General Fund	$17,670,540.00	$18,304,153.00	$19,818,619.00	$19,362,690.00



Filing Information	FY 2015	FY 2014	FY 2013	FY 2012

Number of returns	906	922	870	815
Number of taxpayers	61	61	61	55

Commercial Passenger Vessel Excise Tax

Date Range: 2012 to 2015

AS 43.52.200 – 295
DESCRIPTION
Alaska imposes an excise tax on travel on commercial passenger vessels, typically cruise ships that have 250 or more berths and provide overnight accommodations in the state's marine waters. Passengers traveling on qualified commercial passenger vessels are liable for the tax.

RATE
The commercial passenger vessel excise tax rate is $34.50 per passenger, per voyage.

RETURNS
Cruise ship companies and commercial passenger vessel owners file returns and pay taxes monthly. The due date is the last day of the month following the month in which the voyages ended.

EXCEPTIONS
The CPV excise tax does not apply to passengers onboard a commercial passenger vessel that does not anchor or moor in state marine waters with the intent to allow passengers to disembark.

DISPOSITION OF REVENUE
The Division deposits all proceeds from the CPV excise tax into the Commercial Vessel Passenger (CVP) Tax Account in the general fund. Subject to appropriation by the legislature from this account, the Division distributes

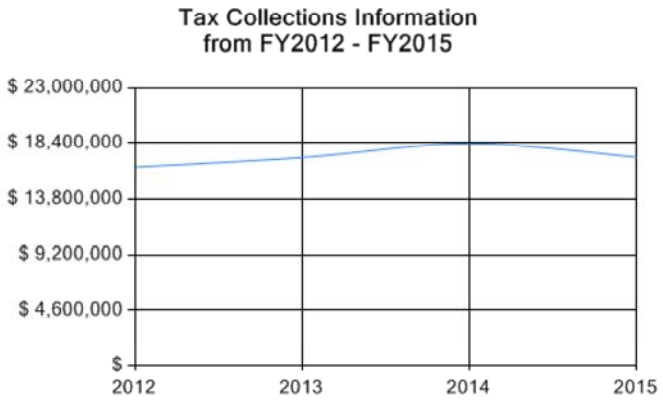
$5 per passenger to each of the first seven ports of call in Alaska. The tax is further reduced by any municipal taxes, imposed on a passenger, that were in effect prior to December 17, 2007.

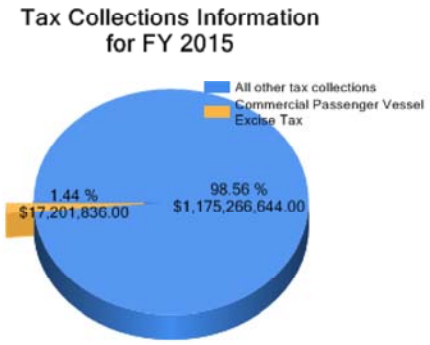
HISTORY
2006 - The CPV excise tax was enacted by 2006 Primary Election Ballot Measure No. 2. The measure was approved by voters at the primary election of August 26, 2006. The results of the election were certified September 18, 2006 and the initiative's provisions became effective December 17, 2006.

2010 - During the 2010 legislative session, the CPV tax was reduced from $46 to $34.50 per passenger. The tax was further reduced by any municipal taxes imposed on a passenger that were in effect prior to December 17, 2007 - This legislation increased the number of ports of call which may receive $5 per passenger from 5 to 7 and removed the provision that prohibited a port of call from sharing in the CPV revenue if it imposed its own tax. The legislation also repealed the regional cruise ship impact fund. In addition, the 2010 amendment changed the definition of a voyage by adding "on the state's marine water" following "more than 72 hours". These changes are effective for the 2011 cruise season.

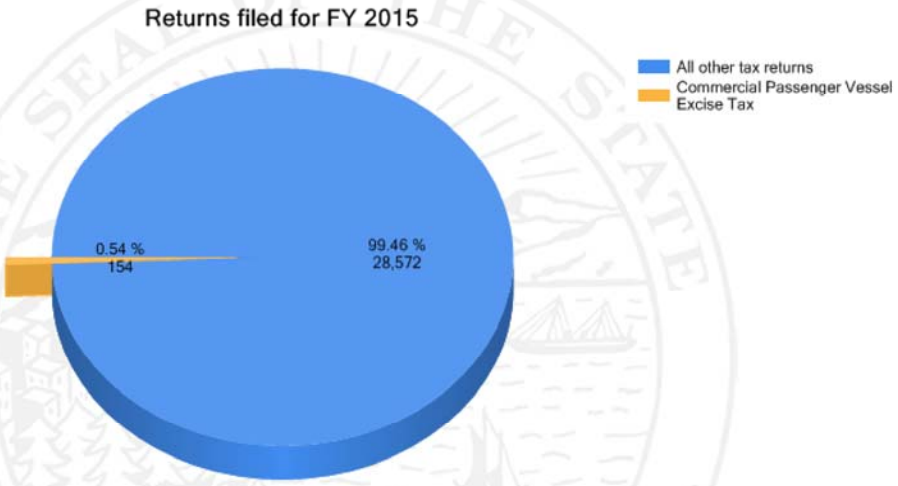
Overview and Historical Overview
Annual Report Data

Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Tax collections	$17,201,835.66	$18,350,089.00	$17,174,502.00	$16,372,480.00
Shared with municipalities	(15,051,450.00)	(15,858,558.00)	(14,394,385.00)	(14,165,215.00)
Regional Cruise Ship Impact Fund (state)	$0.00	$0.00	$0.00	$0.00
Retained in General Fund	$2,150,385.66	$2,491,531.00	$2,780,117.00	$2,207,265.00





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	154	132	132	133
Number of taxpayers	12	10	12	11



Common Property Fishery Assessment

Date Range: 2012 to 2015

AS 16.10.455
DESCRIPTION
The Common Property Fishery Assessment is a cost recovery fisheries assessment, a program authorized in 2006 and allows hatcheries to establish a common property fishery and recoup costs through an assessment on fishery resources taken in the terminal harvest area. This program was first used in 2012 for the Hidden Falls hatchery in Southeast Alaska.

RATE
A person subject to the Common Property Fishery Assessment under AS 16.10.455 shall pay an assessment at a rate determined by the department annually, on the value of the salmon taken in a terminal harvest area that is subject to a Common Property Fishery Assessment.

RETURNS
Buyers are responsible for the collection of the Common Property Fishery Assessment and file an annual return for each business location. The due date is October 31 of the year in which the common property fishery was conducted.

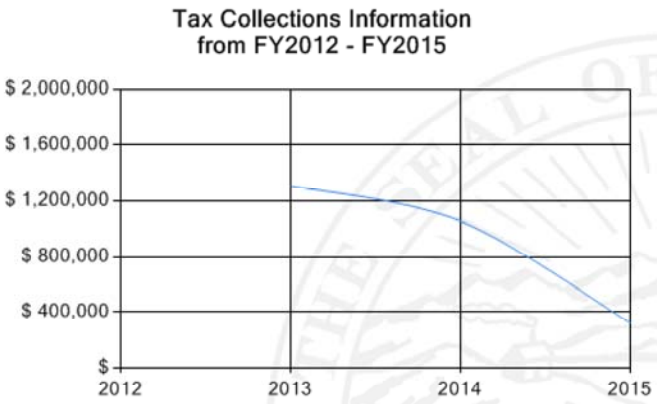
A buyer making a bonus or other additional payment to a person after October 31 for salmon purchased in the previous reporting period shall collect the assessment and file a return of the bonus or additional payment made. The buyer shall file the return no later than the last day of the month following the month in which a bonus or additional payment was made.

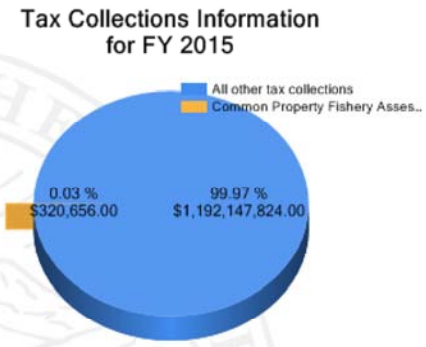
HISTORY
2006 - The legislature adopted the Common Property Fishery Assessment. This program was first used in 2012 for the Hidden Falls hatchery in Southeast Alaska.

2014 - The legislature passed SB 71 (CH 69 SLA 14) that changed the methodology for determining the value of salmon for Common Product Development Assessment. The legislation also renamed the Salmon Product Development Tax Credit to Product Development Credit and amended it to include herring products.

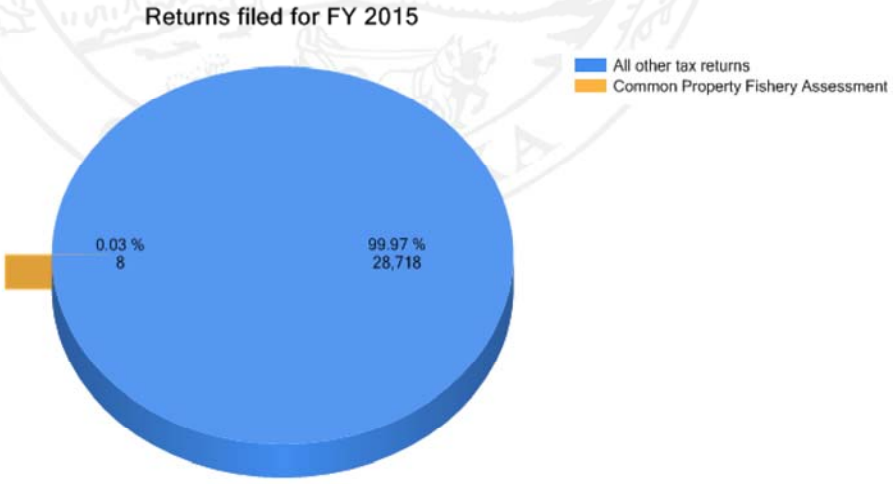
Overview and Historical Overview
Annual Report Data

Collections Summary	FY 2015	FY 2014	FY 2013
Total Tax	**$320,656.00**	**$1,055,835.00**	**$1,309,148.00**





Filing Information	FY 2015	FY 2014	FY 2013
Number of returns	8	8	8
Number of taxpayers	7	7	7



Corporate Income Tax

Date Range: 2012 to 2015

AS 43.20
DESCRIPTION
Alaska levies a corporate income tax on Alaska taxable income.

For purposes of computing taxable income, Alaska, like many states, adopts the federal Internal Revenue Code (IRC) by reference, unless excluded or modified by specific Alaska statutes.

For a corporation doing business only in Alaska, its taxable income is federal taxable income with certain Alaska modifications.

A corporation that does business both inside and outside Alaska apportions a percentage of the corporation's total income to Alaska using a formula. The Alaska percentage or "apportionment factor" is an average of three factors: property, payroll, and sales, inside and outside the state.

When a corporation is part of a group of corporations that operates as a unit to conduct a business, the taxpayer must apportion to Alaska a percentage of the combined incomes of all of the corporations in the "unitary" or "combined" group.

For unitary groups that are not oil and gas companies, Alaska adopts "water's edge combination." The combined group generally includes only those corporations with significant U.S. activity.

Oil and gas companies combine on a worldwide basis. Also, oil companies use a "modified" apportionment formula of property, sales, and extraction. The extraction factor is the production of oil and gas in Alaska divided by production everywhere.

RATE
Alaska taxes corporate income at graduated rates ranging from 0% to 9.4% divided over ten tax brackets.

RETURNS AND PAYMENTS
Corporations file returns annually, with the return due three and one-half months after the close of the tax year, one month after the federal tax return is due. Alaska

honors the federal filing extensions.

Corporations must make quarterly estimated payments and the total tax is due two and one-half months from the end of the tax year. There are no extensions to pay the tax. Estimated payments of more than $100,000 and payments accompanying a return greater than $150,000 must be made online or by wire transfer.

EXEMPTIONS
Generally, Alaska follows the IRC when determining an entity's taxable status.

Alaska adopts the flow-through federal provisions that exempt S-Corporations from tax. Federally, S-Corporations are treated as partnerships and S-Corporation shareholders report their proportionate share of the corporation's earnings.

Certain small corporations are exempt from corporate income tax. These are corporations that have less than $50,000,000 in assets and that meet certain industry.

REQUIREMENTS
Alaska treats Limited Liability Companies (LLCs) as partnerships if they file as partnerships federally.

Electric and telephone cooperatives pay tax under AS 10.25 and are exempt from the corporate income tax.

CREDITS
Under Alaska's blanket adoption of the IRC, taxpayers can claim all federal incentive credits. Federal credits that refund other federal taxes are not allowed. Multistate taxpayers apportion their total federal incentive credits.

Alaska specific credits include education, minerals exploration incentive, gas storage facility, LNG storage facility, veteran employment tax credit, and film production tax credits.

For specific information concerning these credits, see the Description of Credits section.

DESPOSITION OF REVENUE
The Division deposits most corporate net income tax collections into the General Fund. For oil and gas corporations only, the Division deposits collections from audit assessments into the Constitutional Budget Reserve Fund.

HISTORY
1949 - The territorial legislature enacts the Alaska Net Income Tax Act. It is 10% of the federal income tax liability on income earned in Alaska. The tax applies to individuals and corporations.

1959 - Alaska adopts the Uniform Division of Income for Tax Purposes Act (UDITPA) within AS 43.20. This is a model statute that was developed by the states to address concerns of the U.S. Congress that states were collectively taxing more than 100% of the earnings of multistate corporations. UDITPA requires multistate corporations to apportion a percentage of their total income to the state by the apportionment formula of property payroll and sales. The standard UDITPA formula apportions 100% of the corporation's income among the states where the taxpayer does business.

1970 - Alaska enacts the Multistate Tax Compact in AS 43.19, and becomes one of the early members of the Multistate Tax Commission. The Compact incorporates the standard three-factor apportionment formula of UDITPA. A main purpose of the Compact and the Commission is to promote the enactment of UDITPA, and the uniform application of UDITPA apportionment formula by the states. Uniform application of UDITPA promotes the full reporting of income by taxpayers and avoids the taxation of the same income by more than one state.

1975 - The legislature repeals the original tax and makes major revisions. Alaska enacts its own tax rates rather than basing the tax on the federal tax liability. Alaska adopts the federal Internal Revenue Code ("IRC") by reference, unless excluded, or modified by other Alaska statutes. The tax rate was 5.4% of Alaska taxable income with a surtax of 4% based on federal surtax exemptions. For 1975, the surtax exemption was $50,000.

1978 - The legislature finds that the standard three- factor apportionment formula does not fairly reflect Alaska income for oil and gas corporations. Alaska enacts AS 43.21, and requires oil and gas companies to calculate Alaska taxable income using separate accounting. The oil and gas companies challenge AS 43.21.

1980 - The legislature repeals the parts of AS 43.20 that impose the individual income tax and retains the exemption for S-Corporations.

1981 - In an effort to stem the growing amount of disputed oil and gas income taxes and related litigation, the legislature seeks a compromise tax method. The legislature repeals separate accounting under AS43.21, and enacts AS 43.20.072 (later renumbered AS 43.20.144) the current "modified" apportionment formula for oil and gas corporations. The modified formula drops the payroll factor and adds the "extraction factor." The legislature also enacts the current graduated tax rate structure with a maximum rate of 9.4%.

1987 - The legislature enacts the Alaska Education Credit.

1991 - The legislature enacts "water's edge combination" with AS 43.20.073. Water's edge apportionment does not apply to oil and gas taxpayers, who continue to report on a worldwide combined basis.

1998 - The Department of Revenue wins the OSG Bulkships case. The Alaska Supreme Court holds that AS 43.20 does not adopt the IRC Section 883 by reference. Federally, Section 883 exempts from tax foreign corporations that operate ships and aircraft, and avoids double taxation. The Court says that formulary apportionment in AS 43.19 also avoids double taxation and therefore AS 43.19 is an exception to Section 883. During the next session, the legislature specifically adopts Section 883 and grants explicit tax exemption to the foreign corporations operating cargo ships, cruise ships, and aircraft in Alaska.

2006 - A voter initiative that subjects cruise ship operators to Alaska corporate income tax passes in August 2006. Prior to the initiative, cruise ship operators were exempt from taxation through the Department's adoption of IRC Section 883.

2008 - The legislature amends the education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska, and by a state-operated vocational technical education and training school.

- The legislature authorizes tax credits for qualified film production expenditures incurred in Alaska. Tax credits may be sold, transferred, exchanged, or conveyed, and must be used within three years after being granted by DCCED. The maximum of credits claimed by all taxpayers over the life of the credit program may not exceed $100 million.

2010 - The legislature amends the education credit by increasing the maximum credit allowed from $150,000 to $5 million effective January 1, 2011. In addition, the legislature expands contributions eligible for the credit to include contributions made for construction and maintenance of facilities by state operated vocational education schools and two or four-year colleges. The increase in the credit from $150,000 to $5 million expires December 31, 2013. On January 1, 2014, the maximum credit allowed will revert to $150,000.

- The legislature expands the Gas Exploration and Development Credit, increasing it from 10% to 25% effective January 1, 2010. The utilization limit was raised from 50% to 75% of the tax liability.

- The legislature authorizes tax credits for expenditures to establish gas storage in Alaska. The available credit is $1.50 per 1,000 cubic feet of gas storage capacity, with a maximum credit available of $15,000,000 or 25% of costs incurred to establish the facility. This is a refundable tax credit.

2011 - The legislature enacted legislation extending the date that the $5 million annual education credit limit expires from December 31, 2013 to December 31, 2020. It is then scheduled to return to $150,000. In addition, the legislature expanded contributions eligible for the credit to include contributions made after June 30, 2011 to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

- The legislature enacted the veteran employment tax credit, providing a credit of $3,000 for hiring a disabled veteran, or $2,000 for hiring a veteran who is not disabled.

- The legislature enacted the LNG (Liquefied Natural Gas) Storage Facility Tax Credit, granting a credit for costs incurred to establish an LNG storage facility in Alaska. The available credit is equal to 50% of the costs incurred, not to exceed $15,000,000. This is a refundable tax credit.

- The legislature passed legislation exempting certain small corporations from the corporate income tax. For tax years beginning after 12/31/11, corporations that have assets less than $50,000,000 and that meet certain other requirements are exempt from paying corporate income tax. Certain industries are excluded from the exemption.

2013 – The legislative passed SB 7 that related to the taxable corporate income and the ability of certain film productions to receive tax credits. In addition, tax brackets for corporations under AS 43.20.011 were amended.

- The legislature enacted SB 83 that retroactively exempts income received by regional aquaculture associations, and income received by salmon hatchery permit holders from the sale of salmon, salmon eggs or from a cost recovery fishery from corporate income tax beginning June 30, 2007 by amending AS 43.20.012.

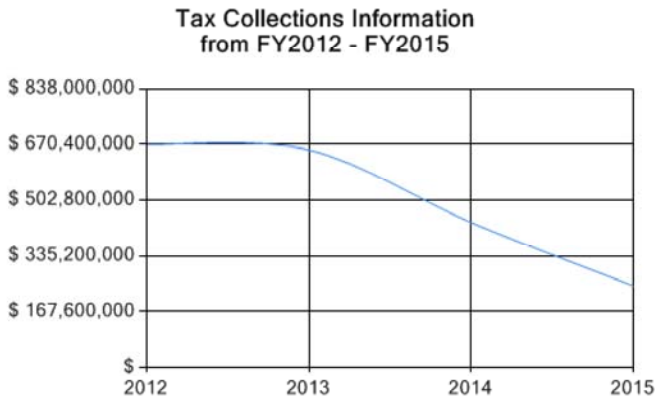
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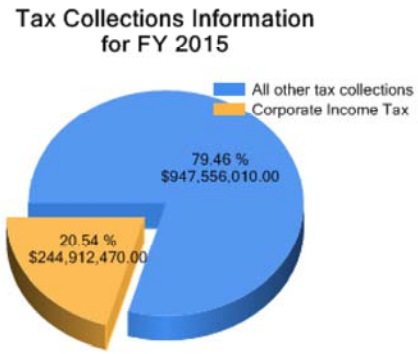
2014 - The legislature passed HB 278 (CH 15 SLA 14) further expanding qualifying Education Tax Credits to include cash contributions to a public or private nonprofit elementary or secondary school in the state, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, or an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 – 50b for direct instruction, research, and educational support purposes. In addition, tax credits are available for cash contributions accepted for a facility by a public or private nonprofit elementary or secondary school in the state, funding for a scholarship awarded by a nonprofit organization to a dual-credit student for certain educational expenses, for a residential school in the state approved by the Department of Education and Early Development, or certain qualified childhood early learning and development programs. Tax credits are also available for cash contributions for science, technology, engineering and math (STEM) programs by a nonprofit agency or school district for school staff and for students in grades kindergarten through 12 in the state and for the operation of a nonprofit organization dedicated to providing educational opportunities that foster public service leadership for future generations of residents of the state.

- The legislature passed HB 287 enacting the Qualified In-state Oil Refinery Infrastructure ExpendituresTax Credit that grants a credit of the lesser of 40% of qualified infrastructure expenditures incurred in the state during the year, or $10,000,000 for each in-state refinery incurring qualified expenditures.

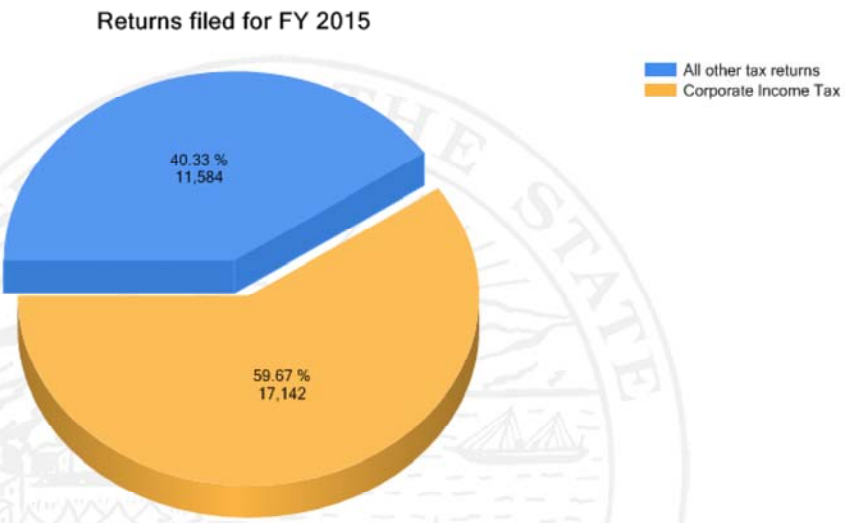
Overview and Historical Overview
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Oil & Gas Tax (General Fund)	$86,539,119.32	$313,757,578.00	$433,729,976.00	$542,237,061.00
Oil & Gas Penalties & interest (General Fund)	$8,227,905.46	(6,134,956.00)	$833,672.00	$26,578,144.00
Oil & Gas General Fund total	$94,767,024.78	$307,622,622.00	$434,563,648.00	$568,815,205.00
Oil & Gas Constitutional Budget Reserve total	$13,922,196.63	$28,943,370.00	$106,805,732.00	$2,956,805.00
Oil & Gas Total collections	$108,689,221.40	$336,565,992.00	$541,369,380.00	$571,772,010.00
Non-Oil & Gas Tax	$134,839,358.60	$102,386,908.00	$109,509,223.00	$96,583,641.00
Non-Oil & Gas Penalties & Interest	$1,383,890.33	(2,517,717.00)	$2,976,911.00	$1,908,541.00
Non-Oil & Gas Total Collections	$136,223,248.90	$99,869,191.00	$112,486,134.00	$98,492,182.00
Total Tax	**$244,912,470.30**	**$436,435,183.00**	**$653,855,514.00**	**$670,264,192.00**





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	17,142	12,938	16,502	14,035
Number of taxpayers	15,089	11,792	12,104	11,916



Corporate Income Tax Credits

Education - AS 43.55.019 - Taxpayers are allowed a non-transferrable, non-refundable credit for cash contributions to Alaska universities and accredited nonprofit Alaska two-year or four-year colleges for facilities, direct instruction, research, and educational support purposes. The tax credit can also be taken for donations to a school district or state-operated vocational technical education and training school for vocational education courses, programs, and facilities. Donations for Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership also qualify. Contributions to the Alaska Higher Education Investment Fund established in 2012 qualify. The credit is 50% of the first $100,000, 100% of the contribution over $100,000 and up to $300,000 and 50% of the remaining amount over $300,000. The total allowable credit per year for all affiliated taxpayers may not exceed $5 million.

Qualifying education tax credits to include cash contributions by taxpayers to a public or private nonprofit elementary or secondary school in the state, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, or an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 – 50b for direct instruction, research, and educational support purposes. In addition, tax credits for certain taxpayers are available for cash contributions accepted for a facility by a public or private nonprofit elementary or secondary school in the state, funding for a scholarship awarded by a nonprofit organization to a dual-credit student for certain educational expenses, for a residential school in the state approved by the Department of Education and Early Development, or certain qualified childhood early learning and development programs. Tax credits are also available for cash contributions by certain taxpayers for science, technology, engineering and math (STEM) programs by a nonprofit agency or school district for school staff and for students in grades kindergarten through 12 in the state and for the operation of a nonprofit organization dedicated to providing educational opportunities that foster public service leadership for future generations of residents of the state.

Film Production - Taxpayers may take a credit for certain expenses incurred in producing films in Alaska. The credit is administered by the Department of Revenue. This credit may be transferred.

Gas Exploration and Development - Taxpayers may take a corporate income tax credit for 25% of qualifying expenditures incurred in exploration and development of natural gas reserves in Alaska, except for the North Slope. The credit may be applied against 75% of the tax liability.

Gas Storage Facility Tax Credit - A person may claim a credit for costs incurred to establish a gas storage facility in Alaska. The available credit is $1.50 per 1,000 cubic feet of gas storage capacity, with a maximum credit available of $15,000,000 or 25% of costs incurred to establish the facility. This is a refundable tax credit, subject to AS 43.55.028.

LNG Storage Facility Tax Credit - A person may claim a credit for costs incurred to establish a LNG (Liquefied Natural Gas) storage facility in Alaska. The available credit is equal to 50% of the costs incurred, not to exceed $15,000,000. This is a refundable tax credit, subect to AS 43.55.028.

Minerals Exploration Incentive - Taxpayers may claim a credit for eligible costs of exploration activities related to determining existence, location, extent, or quality of a locatable mineral or coal deposit. An approved exploration incentive credit may not exceed $20 million and must be applied within fifteen tax years after the credit is approved. Application of the credit is limited to the lesser of 50% of the taxpayer's mining license tax liability or 50% of its corporate tax liability.

Veteran Employment Tax Credit - Taxpayers may take a credit for the employment of a veteran. The available credit is $3,000 for hiring a disabled veteran or $2,000 for a veteran who is not disabled.

Dive Fisheries

Date Range: 2012 to 2015

AS 43.76.150
DESCRIPTION
The dive fishery management assessment is an elective assessment on the value of fisheries resources taken using dive gear. The assessment only applies to designated management areas and species, and is assessed at a rate elected by a vote of permit holders.

RATE
Southeast Alaska region commercial dive fishermen elected the following rates for the Southeast Alaska administrative area (Management Area A):
Geoduck 7%
Sea Cucumber 5%
Sea Urchin 7%

RETURNS
Buyers file returns and pay tax quarterly. The due date is the last day of the month following the calendar quarter of purchase.Buyers file returns for bonus payments made to fishermen after the close of the fishing season. Returns for these payments are due with additional taxes by the last day of the month following the bonus payment.

Fishermen selling to unlicensed buyers, or exporting from the region file returns and pay taxes annually. The due date is March 31, following the year of sale or export.

DISPOSITION OF REVENUE
The Division deposits all revenue derived from the dive fishery management assessment into the General Fund. Under AS 43.76.200, the legislature may appropriate dive fishery management assessment revenue to the Department of Fish and Game for the purpose of funding the regional dive fishery development association.

HISTORY

1997 - The legislature enacted the dive fishery management assessment statute effective June 1997.

1999 - The Southeast Regional Dive Fishery Association elected a dive fishery management assessment on geoducks, sea cucumbers and sea urchins harvested in the Southeast Alaska administrative area (Management Area A). The assessment, effective April 1999, set rates of 5% for geoduck and sea cucumber and 7% for sea urchin.

2004 - The legislature authorized three additional rates: 2%, 4%, and 6%. Geoduck fishermen subsequently elected to increase the geoduck assessment to 7% from November 1, 2004 through October 31, 2006.

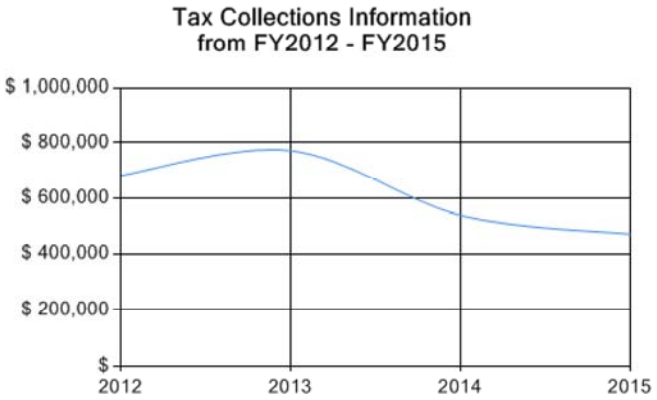
2005 - The legislature authorized an annual filing due date of March 31 for dive fishermen who export or sell to unlicensed buyers, effective January 1, 2005.

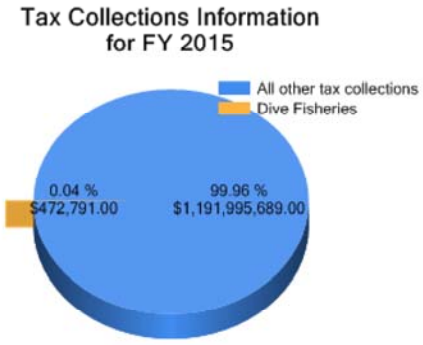
2006 - Geoduck fishermen elected to continue the 7% assessment on geoducks after October 31, 2006.Area A). The assessment, effective April 1999, set rates of 5% for geoduck and sea cucumber and 7% for sea urchin.

2014 – The legislature passed HB 278 (CH 15 SLA 14) that further expanded qualifying Education Tax Credits to include cash contributions to a public or private nonprofit elementary or secondary school in the state, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, or an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 –50b for direct instruction, research, and educational support purposes. In addition, tax credits are available for cash contributions accepted for a facility by a public or private nonprofit elementary or secondary school in the state, funding for a scholarship awarded by a nonprofit organization to a dual-credit student for certain educational expenses, for a residential school in the state approved by the Department of Education and Early Development, or certain qualified childhood early learning and development programs. Tax credits are also available for cash contributions for science, technology, engineering and math (STEM) programs by a nonprofit agency or school district for school staff and for students in grades kindergarten through 12 in the state and for the operation of a nonprofit organization dedicated to providing educational opportunities that foster public service leadership for future generations of residents of the state.

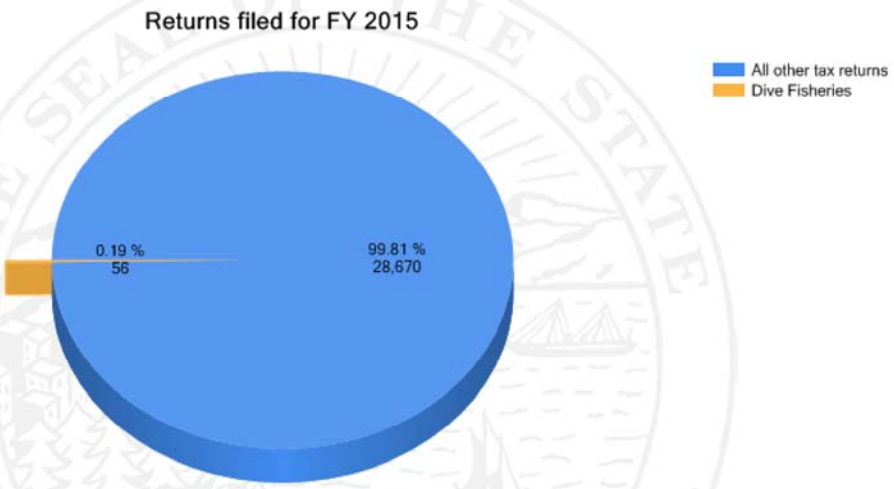
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Tax collections	$472,791.00	$539,638.00	$772,526.00	$682,534.00





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	56	52	52	60
Number of taxpayers	17	19	16	19



Electric Coop

Date Range: 2012 to 2015

ELECTRIC COOPERATIVE TAX
AS 10.25.540
DESCRIPTION
Alaska levies an electric cooperative tax on kilowatt hours furnished by qualified electric cooperatives recognized under AS 10.25.

RATE
The electric cooperative tax is based on a rate per kilowatt hour (kWh), and on the length of time the cooperative has furnished electricity to consumers as follows: $0.00025 per kWh for cooperatives that have furnished electric energy and power to consumers for less than five years as of December 31 of the preceding calendar year or $0.0005 per kWh for cooperatives that have furnished electric energy and poser to consumers for five years or longer as of the preceding calendar year.

RETURNS
Electric cooperatives file calendar year returns that are due with payment before March 1 of the following year.

EXEMPTIONS
All qualified electric cooperatives are subject to the cooperative tax. Cooperatives pay the electric cooperative tax in lieu of corporate net income and excise taxes.

DISPOSITION OF REVENUE
The Division deposits all revenue derived from electric cooperative taxes into the General Fund.

Electric cooperative taxes sourced from within municipalities are shared 100% to respective municipalities, less the amount expended by the state in their collection.

The state retains electric cooperative taxes sourced from outside of municipalities.

HISTORY

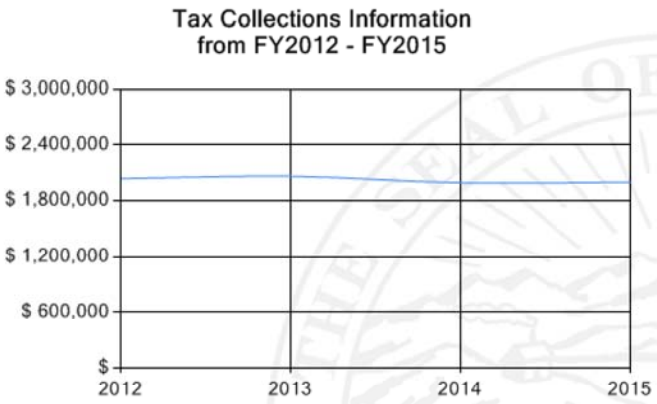
1959 - The legislature enacted the electric cooperative tax as part of the “Electric and Telephone Cooperative Act” which was adopted to promote cooperatives around the state. The due date for filing electric cooperative tax returns was April 1 of the following year.

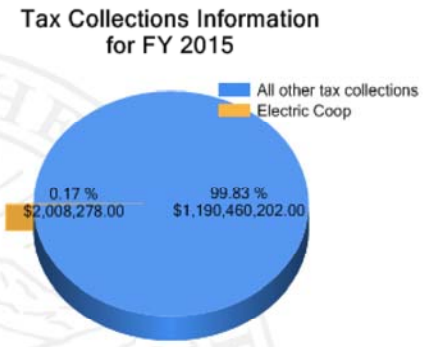
1960 - The legislature changed the due date for paying taxes to March 1.

1980 - The legislature changed the tax base for calculating the electric cooperative tax from gross revenue to kWh. The legislature adopted the current mill rates.

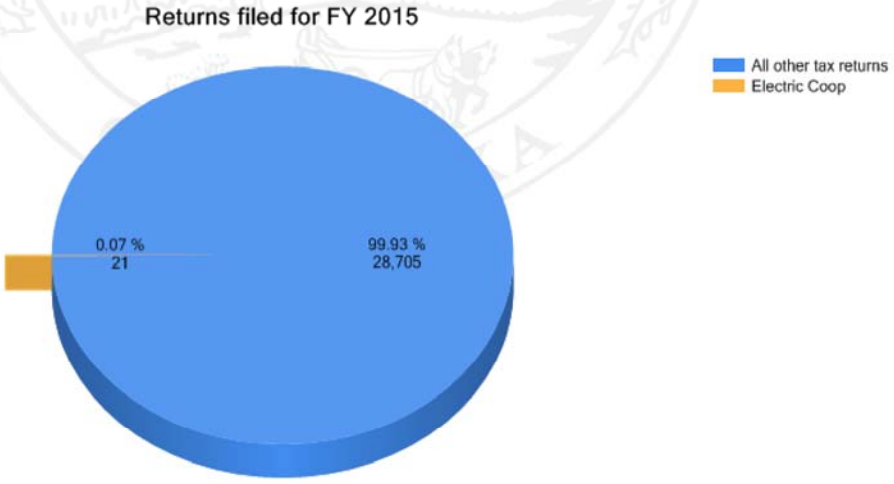
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Tax collections	$2,008,278.31	$2,001,497.00	$2,072,147.00	$2,046,510.00
Taxes shared	(2,001,304.02)	(1,964,614.00)	(2,037,896.00)	(2,016,815.00)
Tax retained by state	$6,974.00	$36,883.00	$34,251.00	$29,696.00





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	21	16	21	17
Number of taxpayers	17	15	21	17



Fisheries Business Tax

Date Range: 2012 to 2015

AS 43.75

DESCRIPTION

Alaska levies a fisheries business tax (also known as the “raw fish tax”) on fisheries businesses and persons who process fishery resources in, or export unprocessed fi resources from Alaska. The tax is based on the price paid to commercial fishermen for the raw resource, or fair market value when there is no arms-length transaction prior to processing or export. The Division collects fisheries business taxes from processors and persons who export unprocessed fishery resources from Alaska.

RATE

Fisheries business tax rates are based on the location and type of processing activity and whether a fishery resource is classified as “established” or “developing” by the Alaska Department of Fish and Game. Rates are as follows:

PROCESSING ACTIVITY	
Established	Rate
Floating	5.0%
Salmon Cannery	4.5%
Shore Based	3.0%
Developing	Rate
Floating	3.0%
Shore Based	1.0%

RETURNS

Fisheries businesses file calendar year returns that are due with payment on March 31 of the following year. After filing the calendar year return, taxpayers file returns to report post-season bonus payments made to fishermen. Returns for these payments are due with additional taxes by the last day of the month following the month of bonus payments.

EXCLUSION
Commercial fishermen who process fish on board their vessels are excluded from the tax if they sell to a licensed processor.

CREDITS
Various credits are available for use against the liability of this specific tax education, scholarship contributions, scholarship contributions, and salmon product development tax credits. For specific information concerning these credits, see the Description of Credits section.

DISPOSITION OF REVENUE
The Division deposits all revenue derived from the fisheries business tax into the General Fund. The legislature may appropriate revenue from the tax for revenue sharing described below:

PROCESSING ACTIVITY INSIDE MUNICIPALITY
The Division shares 50% of tax collected with the incorporated city or organized borough in which the processing took place. If an incorporated city is within an organized borough, the Division divides the 50% shareable amount equally between the incorporated city and the organized borough equally.

PROCESSING ACTIVITY OUTSIDE MUNICIPALITY
The Division shares 50% of tax collected from processing activities outside an incorporated city or an organized borough through an allocation program administered by the Department of Commerce, Community and Economic Development.

HISTORY

1899 - The U.S. Congress adopted a “salmon case" tax to fund fisheries related activities in pre-territorial Alaska. The Organic Act passed in 1912 established an organized territorial government in Alaska. In 1913, the First Territorial Legislature adopted the “salmon pack” tax which applied to salmon canneries based on canned salmon ($0.07 per case); and the “cold storage” tax which applied to other fisheries and was based on business receipts. Between 1913 and 1949, the legislature amended the tax several times by changing tax rates and expanding the tax base to include different fisheries.

1949 - The territorial legislature restructured the fisheries business tax to be based on value of the fisheries rather than volumes (case or business receipts). The new “raw fish” tax applied to salmon (4%), crab and clams (2%), and other fishery products (1%) processed in canneries.

1951 - The territorial legislature enacted a fishery business license requirement with a $25 license fee, a tax on floating processors at 4% of value and increased the tax rate for salmon canneries to 6%.

1962 - The legislature adopted provisions for sharing taxes (10%) and requiring calendar year returns for all businesses.

1967 - The tax rate on salmon canneries was amended to 3% and provisions were adopted requiring security for a fishery business license under certain conditions.

1979 - The legislature adopted the modern tax structure with different tax rates for established and developing species, as well as increasing the shared tax percentage to 20%.

1981 - The shared tax percentage was increased to 50%.

1986 - The legislature authorized a fisheries business tax credit of up to 50% of fisheries business taxes for capital expenditures associated with constructing and improving shore-side processing operations. The tax credit program was effective for 1987 through 1989 with a carryforward provision through 1991. Taxpayers claimed approximately $47.5 million of credits under this program. The legislature also enacted the A.W. “Winn” Brindle scholarship credit allowing a credit of up to 5% of fisheries business taxes due.

1987 - The legislature enacted the Alaska education tax credit program allowing a tax credit on educational contributions of up to $100,000 against fisheries business taxes due.

1990 - The legislature enacted provisions for a civil penalty for processing without a license. The Division may progressively assess penalties in increments of up to $5,000 for each infraction to a maximum of $25,000 for the fifth and subsequent assessments. The legislature also enacted a provision that authorized sharing of 50% of taxes sourced from processing activities in the unorganized borough, effective July 1992.

1991 - The legislature restructured the Alaska education credit and increased the maximum amount to $150,000.

1993 - The Department of Labor surety bond program transferred to the Department of Revenue under Executive Order 85, effective July 1, 1994.

1995 - The legislature reduced the amount of surety bonding for small processors from $10,000 to $2,000.

2001 - The legislature modified the tax payment security requirements necessary to obtain a fisheries business tax license. The legislature expanded the existing requirement for a whole-salmon exporter to include any exporter of any unprocessed fisheries resource. Under the legislation, exporters of unprocessed fish can obtain a fisheries business license by posting a $50,000 surety bond and paying their taxes monthly.

2002 - The legislature authorized credits of up to 50% for contributions of not more than $100,000 and 75% of the next $100,000 in contributions made to the Alaska Veterans’ Memorial Endowment Fund. The tax credit expired July 1, 2003.

2003 - The legislature authorized a Salmon Product Development/Utilization (SPDU) Credit that allows tax credits against fisheries business taxes for expenditures promoting the value added processing of salmon products and the utilization of salmon waste in Alaska. The amount of the tax credit cannot exceed 50% of the taxpayer’s fisheries business liability for processing of salmon during the tax year.

- Effective June 11, 2003, and retroactive to January 1, 2003, the SPDU legislation sunset on December 31, 2005. Unused credits earned may be carried forward for three years.

- The legislature authorized monthly payment of the fisheries taxes in lieu of existing forms of security or prepayment as a prerequisite to being licensed. Fisheries businesses that elect the monthly payment option must post a $50,000 bond or have $100,000 equity in real property in the state. The provisions of this legislation took effect September 8, 2003.

2004 - Legislation authorized a new Direct Marketing Fisheries Business License and tax structure set at the shore based rate of 1% of the value of developing fish species and 3% of the value of established fish species. The provisions of this legislation took effect January 1, 2005.

2005 - Effective May 18, 2005, the legislature modified the surety and tax payment requirements for obtaining a fisheries business license. The legislature reduced the amount of surety bonding for small primary fish buyers from $10,000 to $2,000. The legislation also added requisites for obtaining a fisheries business license.

Before being issued a license, a fisheries business must have fully paid (including penalties and interest) taxes administered by the Division, seafood marketing assessments, employment security contributions, OSHA penalties, and municipal fishery taxes.

2006 - The legislature extended the Salmon Product Development Credit for expenditures made through December 31, 2008. The Salmon Utilization Credit established in 2003, was not extended beyond the sunset date of December 31, 2005.

2008 - The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

- The legislature extended the salmon product development tax credit program by three years. The legislation extended the ending date for placing specified property in service to qualify for the credit from December 31, 2008 to December 31, 2011. This legislation expanded the list of qualified property to include conveyors used for producing value-added salmon products and requires that the Department of Revenue develop and implement procedures for pre-determining if investments qualify for the salmon product development tax credit.

2010 - The legislature amended the education credit by increasing the maximum credit allowed from $150,000 to $5 million effective January 1, 2011. In addition the legislature expanded contributions eligible for the credit to include contributions made for construction and maintenance of facilities by state operated vocational education schools and two or four-year colleges. The increase in the credit from $150,000 to $5 million expires December 31, 2013. The maximum credit allowed was to revert to $150,000 on January 1, 2014.That date was extended in 2011 (see below).

The legislature extended the salmon product development tax credit program by four years. The legislation extended the last date for placing qualified property in service from December 31, 2011 to December 31, 2015. The legislation expanded the list of qualified property to include ice making machines.

- The legislature authorized the Department to withhold or suspend a fisheries business license if a fisheries business fails to pay the permit buyback fee imposed by the National Marine Fisheries Service under 16 U.S.C. 1861a.

2011 - The legislature extended the date that the $5 million annual education credit limit expires from January 1, 2014 to January 1, 2021. It is then scheduled to return to $150,000. In addition, the legislature expanded contributions eligible for the credit to include contributions made after June 30, 2011 to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

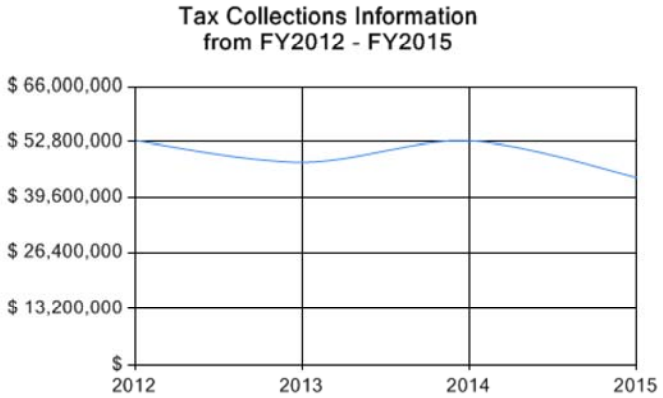
2014 - The legislature passed HB 278 (CH 15 SLA 14) and changed AS 43.75 to further expand qualifying Education Tax Credits to include cash contributions to a public or private nonprofit elementary or secondary school in the state, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, or an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 –50b for direct instruction, research, and educational support purposes. In addition, tax credits are available for cash contributions accepted for a facility by a public or private nonprofit elementary or secondary school in the state, funding for a scholarship awarded by a nonprofit organization to a dual-credit student for certain educational expenses, for a residential school in the state approved by the Department of Education and Early Development, or certain qualified childhood early learning and development programs. Tax credits are also available for cash contributions for science, technology, engineering and math (STEM) programs by a nonprofit agency or school district for school staff and for students in grades kindergarten through 12 in the state and for the operation of a nonprofit organization dedicated to providing educational opportunities that foster public service leadership for future generations of residents of the state.

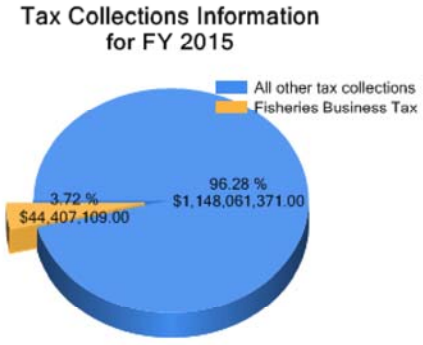
- HB 306 (CH 69 SLA 14) amended AS 43.75 and repealed certain existing tax credits (Winn Brindle scholarship credit, education credit, salmon development credit and film production credit) over the next 5 – 6 years if the legislature does not reauthorize the credits before their sunset dates.

- The legislature passed SB 71 (CH 69 SLA 14) that renamed the Salmon Product Development Credit to the Product Development Credit. The revised statute included herring products as well as salmon products for credit. The credit on salmon and herring expenditures are for promoting the development of salmon and herring products and was extendrd to December 31, 2020.

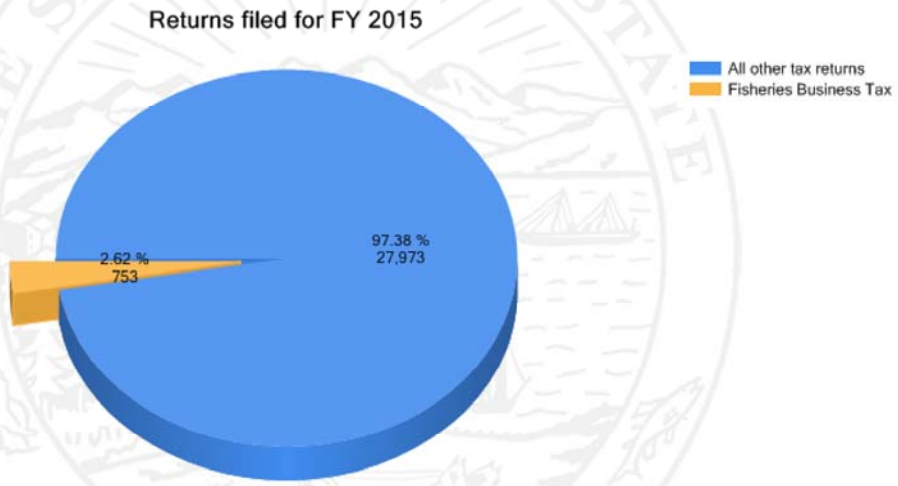
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Established shore-based	$33,859,642.04	$34,375,661.00	$34,797,124.00	$36,627,375.00
Established floating	$4,412,960.37	$6,498,425.00	$5,578,323.00	$7,053,585.00
Established cannery	$5,117,768.17	$10,295,427.00	$6,478,824.00	$5,939,305.00
Developing shore-based	$9,731.81	$37,743.00	$50,442.00	$63,557.00
Developing floating	$28.15	$525.00	$493.00	$725.00
Prepayments	$502,939.44	$1,392,697.00	$521,526.00	$2,405,470.00
Penalties and Interest	$491,989.36	$418,060.00	$566,989.00	$995,246.00
License Fees	$12,050.00	$11,000.00	$11,575.00	$12,250.00
Total Tax	**$44,407,109.34**	**$53,029,538.00**	**$48,005,296.00**	**$53,097,514.00**
Shared with municipalities	(21,479,070.45)	(24,912,169.00)	(23,165,321.00)	(24,576,578.00)
DCCED municipal allocation	(1,611,355.44)	(1,581,457.00)	(1,898,248.00)	(2,075,432.00)
Total retained by state	$21,316,683.00	$26,535,912.00	$22,941,727.00	$26,445,504.00





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	753	915	923	913
Number of taxpayers	347	420	393	433



Fishery Resource Landing Tax

Date Range: 2012 to 2015

AS 43.75

DESCRIPTION

Alaska levies a fisheries business tax (also known as the “raw fish tax”) on fisheries businesses and persons who process fishery resources in, or export unprocessed fi resources from Alaska. The tax is based on the price paid to commercial fishermen for the raw resource, or fair market value when there is no arms-length transaction prior to processing or export. The Division collects fisheries business taxes from processors and persons who export unprocessed fishery resources from Alaska.

RATE

Fisheries business tax rates are based on the location and type of processing activity and whether a fishery resource is classified as “established” or “developing” by the Alaska Department of Fish and Game. Rates are as follows:

PROCESSING ACTIVITY

Established	Rate
Floating	5.0%
Salmon Cannery	4.5%
Shore Based	3.0%

Developing	Rate
Floating	3.0%
Shore Based	1.0%

RETURNS

Fisheries businesses file calendar year returns that are due with payment on March 31 of the following year. After filing the calendar year return, taxpayers file returns to report post-season bonus payments made to fishermen. Returns for these payments are due with additional taxes by the last day of the month following the month of bonus payments.

EXCLUSION

Commercial fishermen who process fish on board their vessels are excluded from the tax if they sell to a licensed processor.

CREDITS

Various credits are available for use against the liability of this specific tax education, scholarship contributions, scholarship contributions, and salmon product development tax credits. For specific information concerning these credits, see the Description of Credits section.

DISPOSITION OF REVENUE

The Division deposits all revenue derived from the fisheries business tax into the General Fund. The legislature may appropriate revenue from the tax for revenue sharing described below:

PROCESSING ACTIVITY INSIDE MUNICIPALITY

The Division shares 50% of tax collected with the incorporated city or organized borough in which the processing took place. If an incorporated city is within an organized borough, the Division divides the 50% shareable amount equally between the incorporated city and the organized borough equally.

PROCESSING ACTIVITY OUTSIDE MUNICIPALITY

The Division shares 50% of tax collected from processing activities outside an incorporated city or an organized borough through an allocation program administered by the Department of Commerce, Community and Economic Development.

HISTORY

1899 - The U.S. Congress adopted a “salmon case" tax to fund fisheries related activities in pre-territorial Alaska. The Organic Act passed in 1912 established an organized territorial government in Alaska. In 1913, the First Territorial Legislature adopted the “salmon pack” tax which applied to salmon canneries based on canned salmon ($0.07 per case); and the “cold storage” tax which applied to other fisheries and was based on business receipts. Between 1913 and 1949, the legislature amended the tax several times by changing tax rates and expanding the tax base to include different fisheries.

1949 - The territorial legislature restructured the fisheries business tax to be based on value of the fisheries rather than volumes (case or business receipts). The new “raw fish” tax applied to salmon (4%), crab and clams (2%), and other fishery products (1%) processed in canneries.

1951 - The territorial legislature enacted a fishery business license requirement with a $25 license fee, a tax on floating processors at 4% of value and increased the tax rate for salmon canneries to 6%.

1962 - The legislature adopted provisions for sharing taxes (10%) and requiring calendar year returns for all businesses.

1967 - The tax rate on salmon canneries was amended to 3% and provisions were adopted requiring security for a fishery business license under certain conditions.

1979 - The legislature adopted the modern tax structure with different tax rates for established and developing species, as well as increasing the shared tax percentage to 20%.

1981 - The shared tax percentage was increased to 50%.

1986 - The legislature authorized a fisheries business tax credit of up to 50% of fisheries business taxes for capital expenditures associated with constructing and improving shore-side processing operations. The tax credit program was effective for 1987 through 1989 with a carryforward provision through 1991. Taxpayers claimed approximately $47.5 million of credits under this program. The legislature also enacted the A.W. “Winn” Brindle scholarship credit allowing a credit of up to 5% of fisheries business taxes due.

1987 - The legislature enacted the Alaska education tax credit program allowing a tax credit on educational contributions of up to $100,000 against fisheries business taxes due.

1990 - The legislature enacted provisions for a civil penalty for processing without a license. The Division may progressively assess penalties in increments of up to $5,000 for each infraction to a maximum of $25,000 for the fifth and subsequent assessments. The legislature also enacted a provision that authorized sharing of 50% of taxes sourced from processing activities in the unorganized borough, effective July 1992.

1991 - The legislature restructured the Alaska education credit and increased the maximum amount to $150,000.

1993 - The Department of Labor surety bond program transferred to the Department of Revenue under Executive Order 85, effective July 1, 1994.

1995 - The legislature reduced the amount of surety bonding for small processors from $10,000 to $2,000.

2001 - The legislature modified the tax payment security requirements necessary to obtain a fisheries business tax license. The legislature expanded the existing requirement for a whole-salmon exporter to include any exporter of any unprocessed fisheries resource. Under the legislation, exporters of unprocessed fish can obtain a fisheries business license by posting a $50,000 surety bond and paying their taxes monthly.

2002 - The legislature authorized credits of up to 50% for contributions of not more than $100,000 and 75% of the next $100,000 in contributions made to the Alaska Veterans’ Memorial Endowment Fund. The tax credit expired July 1, 2003.

2003 - The legislature authorized a Salmon Product Development/Utilization (SPDU) Credit that allows tax credits against fisheries business taxes for expenditures promoting the value added processing of salmon products and the utilization of salmon waste in Alaska. The amount of the tax credit cannot exceed 50% of the taxpayer’s fisheries business liability for processing of salmon during the tax year.

- Effective June 11, 2003, and retroactive to January 1, 2003, the SPDU legislation sunset on December 31, 2005. Unused credits earned may be carried forward for three years.

- The legislature authorized monthly payment of the fisheries taxes in lieu of existing forms of security or prepayment as a prerequisite to being licensed. Fisheries businesses that elect the monthly payment option must post a $50,000 bond or have $100,000 equity in real property in the state. The provisions of this legislation took effect September 8, 2003.

2004 - Legislation authorized a new Direct Marketing Fisheries Business License and tax structure set at the shore based rate of 1% of the value of developing fish species and 3% of the value of established fish species. The provisions of this legislation took effect January 1, 2005.

2005 - Effective May 18, 2005, the legislature modified the surety and tax payment requirements for obtaining a fisheries business license. The legislature reduced the amount of surety bonding for small primary fish buyers from $10,000 to $2,000. The legislation also added requisites for obtaining a fisheries business license.

Before being issued a license, a fisheries business must have fully paid (including penalties and interest) taxes administered by the Division, seafood marketing assessments, employment security contributions, OSHA penalties, and municipal fishery taxes.

2006 - The legislature extended the Salmon Product Development Credit for expenditures made through December 31, 2008. The Salmon Utilization Credit was not extended.

2008 - The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

- The legislature extended the salmon product development tax credit program by three years. The legislation extended the ending date for placing specified property in service to qualify for the credit from December 31, 2008 to December 31, 2011. This legislation expanded the list of qualified property to include conveyors used for producing value-added salmon products and requires that the Department of Revenue develop and implement procedures for pre-determining if investments qualify for the salmon product development tax credit.

2010 - The legislature amended the education credit by increasing the maximum credit allowed from $150,000 to $5 million effective January 1, 2011. In addition the legislature expanded contributions eligible for the credit to include contributions made for construction and maintenance of facilities by state operated vocational education schools and two or four-year colleges. The increase in the credit from $150,000 to $5 million expires December 31, 2013. The maximum credit allowed was to revert to $150,000 on January 1, 2014.That date was extended in 2011 (see below).

The legislature extended the salmon product development tax credit program by four years. The legislation extended the last date for placing qualified property in service from December 31, 2011 to December 31, 2015. The legislation expanded the list of qualified property to include ice making machines.

- The legislature authorized the Department to withhold or suspend a fisheries business license if a fisheries business fails to pay the permit buyback fee imposed by

the National Marine Fisheries Service under 16 U.S.C. 1861a.

2011 - The legislature extended the date that the $5 million annual education credit limit expires from January 1, 2014 to January 1, 2021. It is then scheduled to return to $150,000. In addition, the legislature expanded contributions eligible for the credit to include contributions made after June 30, 2011 to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

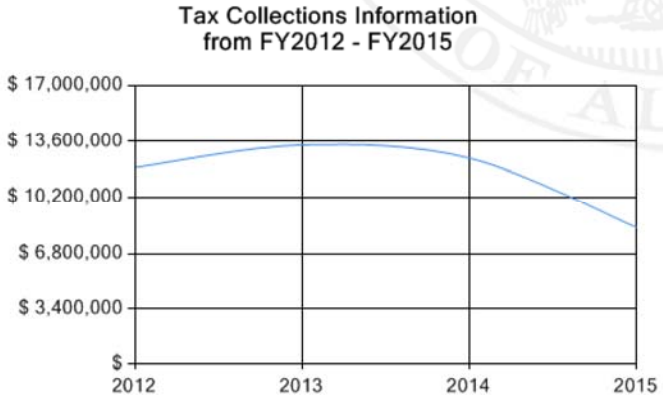
2014 - The legislature passed HB 278 (CH 15 SLA 14) and changed AS 43.75 to further expand qualifying Education Tax Credits to include cash contributions to a public or private nonprofit elementary or secondary school in the state, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, or an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 –50b for direct instruction, research, and educational support purposes. In addition, tax credits are available for cash contributions accepted for a facility by a public or private nonprofit elementary or secondary school in the state, funding for a scholarship awarded by a nonprofit organization to a dual-credit student for certain educational expenses, for a residential school in the state approved by the Department of Education and Early Development, or certain qualified childhood early learning and development programs. Tax credits are also available for cash contributions for science, technology, engineering and math (STEM) programs by a nonprofit agency or school district for school staff and for students in grades kindergarten through 12 in the state and for the operation of a nonprofit organization dedicated to providing educational opportunities that foster public service leadership for future generations of residents of the state.

- HB 306 (CH 69 SLA 14) amended AS 43.75 and repealed certain existing tax credits (Winn Brindle scholarship credit, education credit, salmon development credit and film production credit) over the next 5 – 6 years if the legislature does not reauthorize the credits before their sunset dates.

- The legislature passed SB 71 (CH 69 SLA 14) that amended the Salmon Product Development Tax Credit to include herring products. 2015 - The legislature passed SB 39 that finalized the repeal of the film production credit.

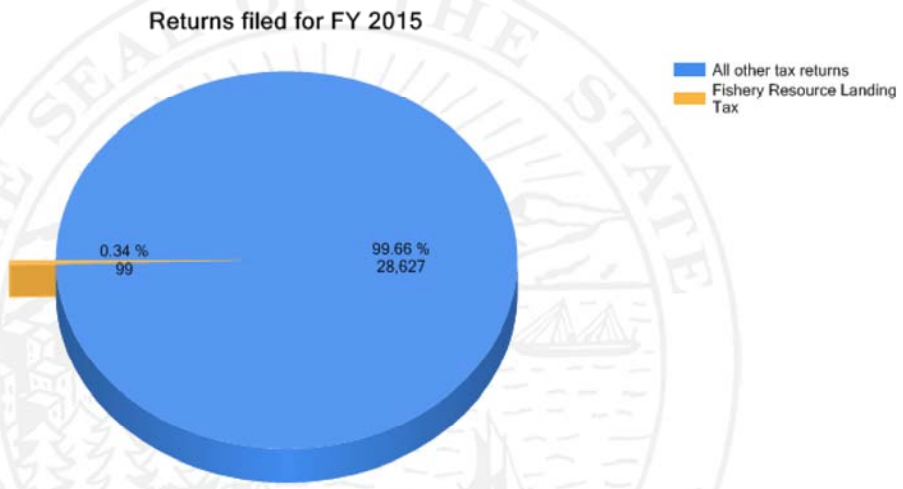
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Tax collections	$8,376,628.00	$12,583,645.00	$13,381,669.00	$12,013,308.00
Shared with municipalities	(3,125,676.54)	(5,148,589.00)	(7,016,532.00)	(4,825,254.00)
DCCED municipal allocation	(109,137.08)	(302,237.00)	(826,348.00)	(860,942.00)
Tax retained by state	$5,141,814.00	$7,132,819.00	$5,538,789.00	$6,327,112.00





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	99	78	65	78
Number of taxpayers	68	63	50	67



Gaming

Date Range: 2012 to 2015

AS 05.15
DESCRIPTION

Municipalities and qualified nonprofit organizations are eligible to conduct gaming activities as set out in the Alaska Gaming Reform Act. The purpose of these activities is to derive public benefit in the form of money for these entities. Qualified organizations include: civic or service organizations; religious, charitable, fraternal, veterans, labor, political, or educational organizations; police or fire departments and companies; dog mushers' associations, outboard motor associations, and fishing derby and nonprofit trade associations. Gaming activities include primarily the sale of pull-tabs, bingo and raffles.

The Charitable Gaming Program issues permits and licenses to conduct gaming activities, collects fees and taxes, conducts audits, investigates complaints, and provides educational outreach to municipalities and qualified organizations.

Permits are issued annually with fees ranging from $20 to $100. Licenses are issued annually with fees ranging from$500 to $2,500. A 3% tax on pull-tabs sold by distributors is collected on a monthly basis. A 1% fee on net proceeds is collected annually from permittees if their gross receipts exceed $20,000.

RETURNS

Monthly, quarterly, and annual returns are filed by permittees and licensees conducting gaming depending on the amount of gross receipts and the type of permit/license. Manufacturers and distributors file monthly reports. Operators must file monthly reports to permittees.

DISPOSITION OF REVENUE

The Division deposits permit and license fees, pull-tab taxes, and net proceeds fees into the General Fund.

HISTORY

1960 - The legislature legalized gaming and gave oversight for all gaming activities to the Department of Revenue.

1984 - The Department authorized pull-tabs by regulation.

1988 - The legislature legalized operators, authorized pull- tabs, and increased prize limits.

1989 - Under Administrative Order, gaming functions transferred to the Department of Commerce, Community and Economic Development.

1993 - Under administrative order, gaming functions transferred back to the Department of Revenue and organized as a separate gaming division.

- HB 168 significantly changed various aspects of the statutes governing charitable gaming in Alaska. Third-party vendors were brought under statutory control which allows permittees to contract with them directly to sell pull-tabs and the Department was authorized to issue Multiple- Beneficiary Permits (MBP). MBPs enable two to six permittees to conduct gaming activities jointly. Minimum payments increased from 15% to 30% of adjusted gross income for pull-tab games and require a minimum of 10% of adjusted gross income for all other activities.

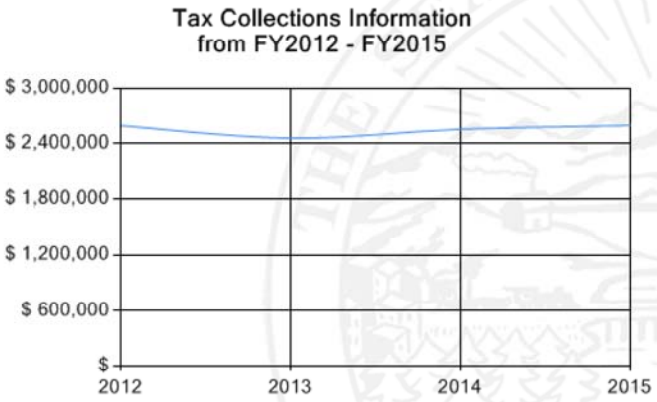
1995 - The legislature legalized cruise ship gambling activities in Alaska waters during the 1995 season. The gaming statutes required that cruise ships pay a fee to game in Alaska, and this generated more than $500,000 in revenue during the 1995 season. This law expired after 1995.

1996 - The legislature authorized three new gaming activities – "Sled Dog Race Classic", "Deep Freeze Classic", and "Snow Machine Classic." The legislature also created the "McGrath Kuskokwim River Ice Classic", and the "Creamer's Field Goose Classic." The legislature prohibited the donation of net proceeds from pull-tabs and bingo activities to registered lobbyists and certain political organizations.

2014 - The legislature made a change relating to games of chance and contests of skill to allow the department to issue permits for bull moose derbies. It also expanded the definition of "ice classic" to include the Snow Town Ice Classic. The change was made through HB 268 (CH 22 SLA 14).

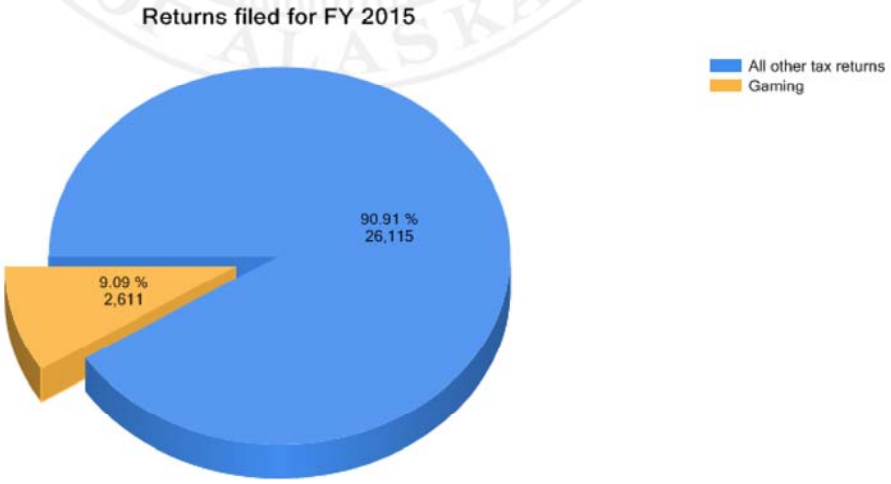
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Pull tab tax	$2,082,492.96	$2,045,558.00	$1,968,587.00	$2,068,951.00
Net Proceeds Fees	$385,936.76	$353,163.00	$339,874.00	$373,421.00
License and Permit Fees	$120,230.00	$149,615.00	$143,985.00	$144,475.00
Total Tax	**$2,588,659.72**	**$2,548,336.00**	**$2,452,446.00**	**$2,586,847.00**





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	2,611	2,972	2,846	2,975
Number of taxpayers	1,156	1,309	1,543	1,658



Applications	FY 2015	FY 2014	FY 2013	FY 2012
Permittees	1,102	1,241	1,171	1,275
Operators	23	32	29	28
Multiple-Beneficiary Permittees	15	18	17	16
Distributors	9	9	9	8
Manufacturers	7	9	9	7
Amended applications			308	324

Reports	FY 2015	FY 2014	FY 2013	FY 2012
Permittees	2,272	2,601	2,440	2,553
Operators	115	101	151	147
Multiple-Beneficiary Permittees	75	72	90	90
Distributors	85	116	90	100
Manufacturers	64	82	75	85

Large Passenger Vessel Gambling Tax

Date Range: 2012 to 2015

AS 43.35

DESCRIPTION

Alaska imposes a tax on the adjusted gross income of gambling activities aboard large passenger vessels in the state. Gambling activities include the use of playing cards, dice, roulette wheels, coin-operated instruments or machines, or other objects or instruments used for gaming or gambling, and any other gambling activities aboard large passenger vessels in Alaska. The tax is imposed on the operator of gaming or gambling activities.

RATE

The large passenger vessel gambling tax rate is 33% of the adjusted gross income. Adjusted gross income means gross income less prizes awarded and federal and municipal taxes paid or owed on the income.

RETURNS

Operators of gaming and gambling activities on large passenger vessels file calendar year returns that are due April 15 of the following year.

EXEMPTIONS

There are no exemptions for the LPV gambling tax.

DISPOSITION OF REVENUE

The Division deposits all proceeds from the LPV gambling tax into the Commercial Vessel Passenger (CVP) tax account in the General Fund.

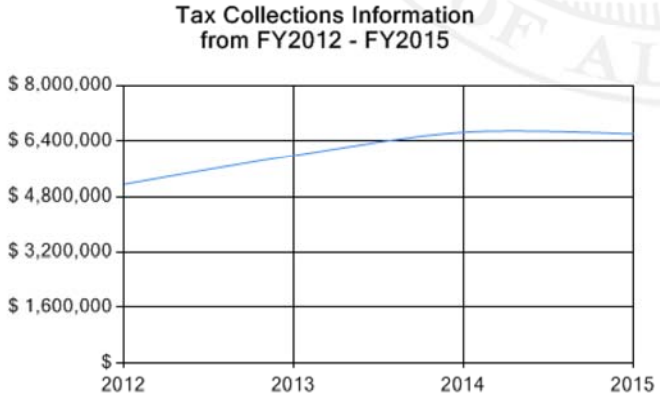
HISTORY

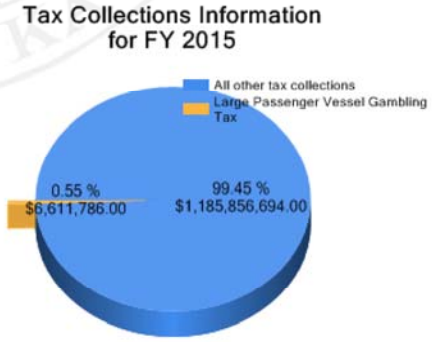
2006 - The LPV gambling tax was enacted by 2006 Primary Election Ballot Measure No. 2. The measure was approved by voters at the primary election of August 26, 2006. The results of the election were certified September 18, 2006 and the initiative's provisions became effective December 17, 2006.

2010 - The legislature created the "large passenger vessel gaming and gambling tax account" as a subaccount of the CVP tax account and directed all proceeds from the LPV Gambling tax to be deposited in this new account.

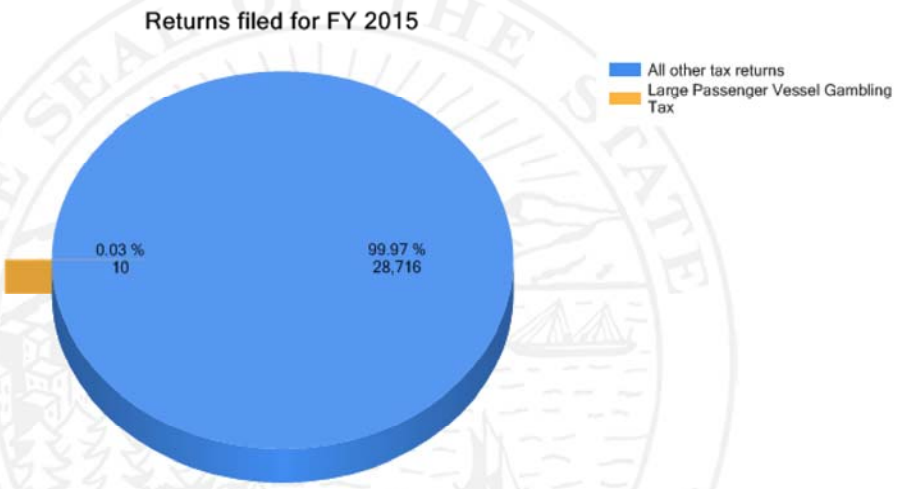
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Tax collections	$6,611,786.00	$6,656,902.00	$5,983,333.00	$5,155,954.00





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	10	6	10	9
Number of taxpayers	9	6	8	8



Mining License Tax

Date Range: 2012 to 2015

AS 43.65

DESCRIPTION

Alaska levies a mining license tax on mining net income and royalties received in connection with mining properties and activities in Alaska. The Division collects mining license taxes primarily from businesses engaged in coal and hard rock mining.

RATES

Mining Net Income	Rate
$0 - $40,000	No Tax
$40,001 - $50,000	$1,200 plus 3% over $40,000
$50,001 - $100,000	$1,500 plus 5% over $50,000
Over $100,000	$4,000 plus 7% over $100,000

RETURNS

Mining licensees file annual returns based on the mining business' fiscal year. Calendar year returns and payment of tax are due April 30. Fiscal year returns and payment are due before the first day of the fifth month after the close of the fiscal year.

EXEMPTIONS

New mining operations are exempt from the mining license tax for a period of three and a half years after production begins. Quarry rock, sand and gravel, and marketable earth mining operations are exempt from the mining license tax effective January 1, 2012.

CREDITS

The following are available for use against the liability of this specific tax: education, film credit and minerals exploration incentive tax credits.

For specific information concerning these credits, see the Description of Credits section.

DISPOSITION OF REVENUE

The Division deposits revenue from the mining license tax into the General Fund. Payments received after a tax assessment are deposited into the Constitutional Budget Reserve Fund (CBRF).

HISTORY

The mining license tax dates back to 1913 and the legislature restructured it several times over the years. The original mining license tax, enacted in 1913, imposed a 0.5% tax on mining net income of more than $5,000. There was no tax on net income less than $5,000.

1915 - The territorial legislature increased the tax rate to 1%. The tax-free net income base remained at $5,000.

1927 - The tax-free net income base was increased to $10,000 and a three-tier tax rate structure was adopted with rates ranging from 1% to 1.75% for net income of more than $1 million.

1935 - The territorial legislature restructured the tax to an eight-tier tax structure with rates ranging from 0.75% to 4% for net income of more than $1 million. The legislature decreased tax-free net income to $5,000.

1937 - The tax-free net income base was eliminated and all net income was subject to tax. A nine-tier tax structure was adopted with tax rates ranging from 0.75% to 8% for net income of more than $1 million.

1947 - The mining license tax was restructured by reinstating a tax-free net income base of $1,000 and restructuring the tax rates to a five-tier structure with rates ranging from 4% to 8% for net income of more than $100,000.

1951 - The legislature authorized a 3½ year exemption for new mining operations. This exemption does not apply to sand and gravel mining operations.

1953 - The tax-free net income base was increased to $10,000 and rates changed to range 3% to 7% for net income of more than $100,000.

1955 - The rate structure as it exists today was adopted.

1987 - The Alaska education tax credit program was enacted allowing for a tax credit up to $100,000.

1991 - The Alaska education credit was restructured and the maximum amount was increased to $150,000.

1995 - The legislature authorized the minerals exploration incentive credit. The credit is limited to $20 million and taxpayers may apply the credit against 50% of mining license liabilities over a 15-year period.

2002 - The legislature authorized credits of up to 50% for contributions of not more than $100,000 and 75% of the next $100,000 in contributions made to the Alaska Veterans' Memorial Endowment Fund. The tax credit expired July 1, 2003.

2008 - The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

2010 - The legislature amended the education credit by increasing the maximum credit allowed from $150,000 to $5 million effective January 1, 2011. In addition, the legislature expanded contributions eligible for the credit to include contributions made for construction and maintenance of facilities by state operated vocational education schools and two or four-year colleges. The increase in the credit from $150,000 to $5 million expires December 31, 2013. On January 1, 2014, the maximum credit allowed will revert to $150,000.

2011 - The legislature enacted legislation extending the date that the $5 million annual education credit limit expires from January 1, 2014 to January 1, 2021. It is then scheduled to return to $150,000. In addition, the legislature expanded contributions eligible for the credit to include contributions made after June 30, 2011 to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

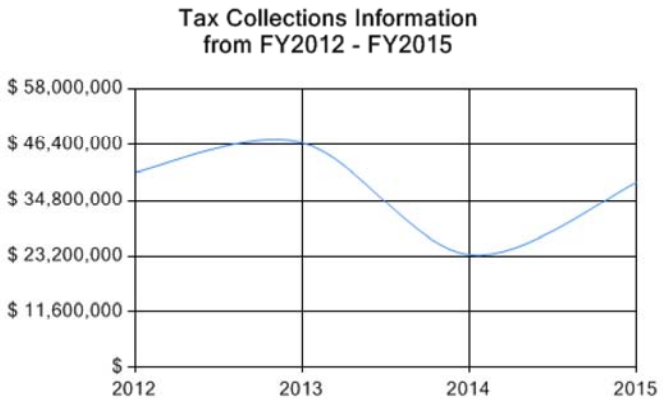
2012 - The legislature enacted legislation exempting quarry rock, sand and gravel, and marketable earth mining operations from the mining license tax. This legislation has a retroactive effective date of January 1, 2012.

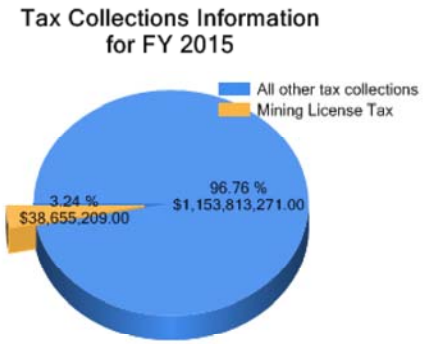
2013 - The legislature authorized the use of Alaska film tax credits against taxpayers' mining license tax liability.

2014 - The legislature passed HB 278 (CH 15 SLA 14) that further expanded qualifying Education Tax Credits to include cash contributions to a public or private nonprofit elementary or secondary school in the state, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, or an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 –50b for direct instruction, research, and educational support purposes. In addition, tax credits are available for cash contributions accepted for a facility by a public or private nonprofit elementary or secondary school in the state, funding for a scholarship awarded by a nonprofit organization to a dual-credit student for certain educational expenses, for a residential school in the state approved by the Department of Education and Early Development, or certain qualified childhood early learning and development programs. Tax credits are also available for cash contributions for science, technology, engineering and math (STEM) programs by a nonprofit agency or school district for school staff and for students in grades kindergarten through 12 in the state and for the operation of a nonprofit organization dedicated to providing educational opportunities that foster public service leadership for future generations of residents of the state.

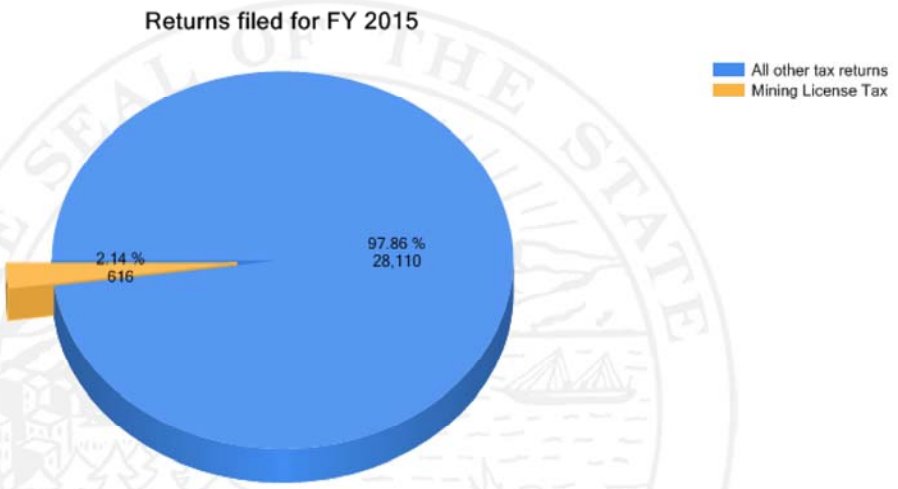
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
General Fund	$38,584,656.00	$23,291,213.00	$46,731,382.00	$40,642,185.00
CBR Fund	$70,552.64	$166,087.00	$56,308.00	$53,648.00
Tax collections	$38,655,209.00	$23,457,300.00	$46,787,690.00	$40,695,833.00





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	616	461	514	650
Number of taxpayers	468	366	452	551



Mining License Tax Credits

Education - AS 43.55.019 - Taxpayers are allowed a non-transferrable, non-refundable credit for cash contributions to Alaska universities and accredited nonprofit Alaska two-year or four-year colleges for facilities, direct instruction, research, and educational support purposes. The tax credit can also be taken for donations to a school district or state-operated vocational technical education and training school for vocational education courses, programs, and facilities. Donations for Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership also qualify. Contributions to the Alaska Higher Education Investment Fund established in 2012 qualify. The credit is 50% of the first $100,000, 100% of the contribution over $100,000 and up to $300,000 and 50% of the remaining amount over $300,000. The total allowable credit per year for all affiliated taxpayers may not exceed $5 million.

Qualifying education tax credits to include cash contributions by taxpayers to a public or private nonprofit elementary or secondary school in the state, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, or an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 – 50b for direct instruction, research, and educational support purposes. In addition, tax credits for certain taxpayers are available for cash contributions accepted for a facility by a public or private nonprofit elementary or secondary school in the state, funding for a scholarship awarded by a nonprofit organization to a dual-credit student for certain educational expenses, for a residential school in the state approved by the Department of Education and Early Development, or certain qualified childhood early learning and development programs. Tax credits are also available for cash contributions by certain taxpayers for science, technology, engineering and math (STEM) programs by a nonprofit agency or school district for school staff and for students in grades kindergarten through 12 in the state and for the operation of a nonprofit organization dedicated to providing educational opportunities that foster public service leadership for future generations of residents of the state.

Motor Fuel Tax

Date Range: 2012 to 2015

AS 43.40
DESCRIPTION
Alaska levies a motor fuel tax on motor fuel sold, transferred, or used within Alaska. The Division collects motor fuel taxes primarily from wholesalers and distributors that hold “qualified dealer” licenses issued by the Division.

RETURNS
Mining licensees file annual returns based on the mining business’ fiscal year. Calendar year returns and payment of tax are due April 30. Fiscal year returns and payment are due before the first day of the fifth month after the close of the fiscal year.

RATES

Fuel Type	**Rate/Gallon**
Highway	$0.08
Marine	$0.05
Aviation Gasoline	$0.047
Jet Fuel	$0.032

Taxpayers file returns and make payments monthly. There are four separate returns: diesel, gasoline, aviation, and gasohol.
The due date is the last day of the month following the month of sale or taxable use. Taxpayers may deduct 1% of the tax due, limited to a maximum of $100 per return, as a credit for timely filing.

REFUNDS
Consumers may claim a refund for the full tax rate if the consumer paid the full tax rate at the time of purchase and then used the fuel for exempt purposes. Consumers may also claim a partial refund of the tax if a higher rate was paid at the time of purchase or if the consumer used the fuel for partially exempt purposes. Resellers, usually retailers, may claim a refund for the full tax if the reseller paid the tax, and then sold the fuel for exempt use and did not collect the tax.

EXEMPTIONS
In addition to sales between qualified dealers, the following sales and use are exempt from motor fuel tax: heating, federal, state, and local government agencies, foreign flights (jet fuel), exports, charitable institutions, bunker fuel (residual fuel oil or #6 fuel oil.

DISPOSITION OF REVENUE

The Division deposits revenue derived from motor fuel taxes into the General Fund. Revenue from each category of fuel is accounted for separately in the Division's tax accounting system. For example, proceeds from tax on motor fuel used in boats and watercraft are deposited in a special watercraft fuel tax account and proceeds from tax on motor fuel used in highway vehicles are deposited in a special highway fuel tax account within the General Fund.
The Division shares with the respective municipalities 60% of taxes attributable to aviation fuel sales at municipally owned or operated airports. All other proceeds of the taxes on aviation fuel are deposited into a special aviation fuel tax account.

HISTORY
The motor fuel tax dates back to 1945 when the legislature **imposed a tax of $0.01 per gallon on all motor fuel.** Over time, the legislature enacted separate tax rates for each of the fuel types as they exist today. Motor fuel tax rates have changed as in the table on the following page.

1994 - The legislature enacted a tax decrease for bunker fuel. The tax rate decreases from $0.05 to $0.01 per gallon on bunker fuel sales exceeding 4.1 million gallons. The tax decrease expired on June 30, 1998.

1997 - The legislature repealed the gasohol exemption. The legislature enacted a provision that reduces the tax on gasohol from $0.08 to $0.02 per gallon in areas and at times when the use of gasohol is required. However, gasohol has not been required since the winter of 2002-2003 and gasohol is currently taxed at the full tax rate of $0.08 per gallon.

- Legislation was also passed that fully exempted gasohol blended with at least 10% alcohol derived from wood or seafood waste. The legislation expired on June 30, 2004.

- The legislature expanded the foreign flight exemption to include flights originating from foreign countries in addition to the existing exemption for flights with a foreign destination. The legislation included a permanent exemption for bunker fuel (residual fuel oil known as #6 fuel oil) which nullified the 1994 bunker fuel tax rate reduction.

1998 - The legislature authorized taxpayers to take a "bad debt" credit for sales deemed to be worthless and for sales to persons who filed bankruptcy. The provision expired July 1, 2008.

2003 - The legislature enacted legislation that made it easier for the state to issue motor fuel excise tax refunds for credit card purchases made by federal, state, and local government agencies.

2004 - The provision that exempted gasohol blended with at least 10% alcohol derived from wood or seafood waste from the motor fuel tax expired on June 30, 2004. Currently all gasohol is taxed at the rate of $0.08 per gallon.

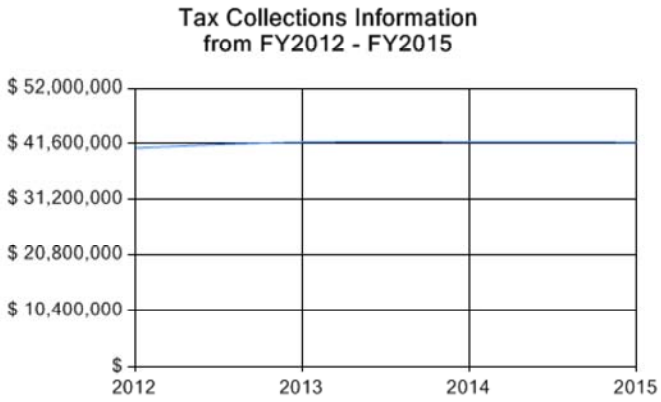
2008 - In special session, the legislature suspended the motor fuel tax on all fuel types effective September 1, 2008 through August 31,

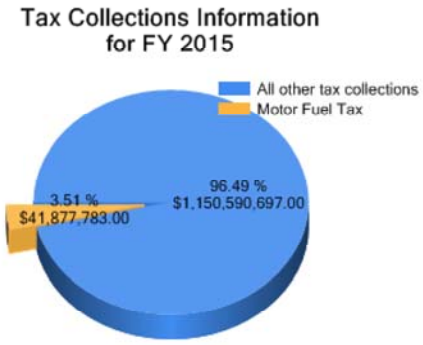
2009 - Motor fuel distributors were required to file monthly reports of all fuel sales during the period of suspension.

2009 - The motor fuel tax was reinstated effective September 1, 2009.

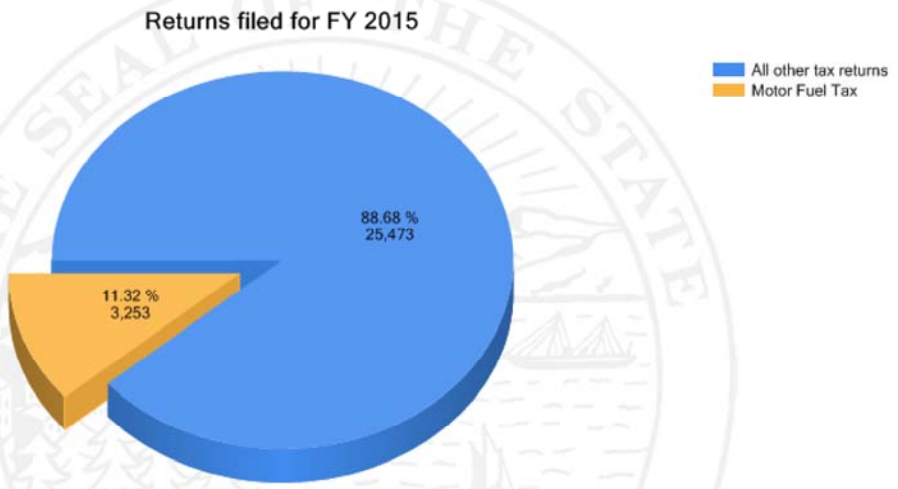
Overview and Historical Overview
Annual Report Data

Gallons	FY 2015	FY 2014	FY 2013	FY 2012
Highway Fuel	374,019,732	379,572,822	378,672,128	367,035,083
Marine Fuel	107,103,978	102,852,004	112,801,467	107,911,855
Jet Fuel	128,518,587	130,031,397	129,292,793	122,194,835
Aviation Gasoline	10,198,411	9,973,348	10,026,550	11,358,555





Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Highway Fuel	$31,958,656.27	$32,997,249.00	$31,816,999.00	$30,640,300.00
Marine Fuel	$5,076,029.87	$4,833,280.00	$5,560,885.00	$5,864,080.00
Jet Fuel	$4,371,630.26	$3,732,799.00	$4,161,673.00	$3,893,422.00
Aviation Gasoline	$496,319.01	$448,979.00	$480,195.00	$534,871.00
Penalties, interest & refunds	$116,948.96	$73,545.00	$37,080.00	$47,673.00
Total Receipts	$42,019,584.00	$42,085,852.00	$42,056,832.00	$40,980,346.00
Aviation Tax Shared	(141,801.48)	(155,296.00)	(162,346.00)	(145,658.00)
Total Tax	**$41,877,783.00**	**$41,930,556.00**	**$41,894,486.00**	**$40,834,688.00**



Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	3,253	3,339	3,414	3,418
Number of taxpayers	119	243	247	254

Oil & Gas Production Tax

Date Range: 2012 to 2015

AS 43.55
DESCRIPTION
Alaska levies an annual tax on oil and gas produced in the state. The tax is based on the net value of oil and gas, which is the value at the point of production multiplied by the taxable volume, less all lease expenditures allowed under AS 43.55.165. Lease expenditures include certain qualified capital and operating expenditures. The most recent major change to the tax was in Senate Bill 21, passed in 2013 and effective January 1, 2014.

RATE
For FY 15, the production tax rate as revised by SB 21, was 35% of the production tax value of the oil and gas. Tax rates for oil and gas produced from the Cook Inlet are effectively capped at the rate that was imposed on oil and gas produced from each lease or property during the period April 1, 2005 through March 31, 2006. Tax rates for North Slope Gas Used in State are capped at 17.7 cents per Mcf.

RETURNS
Taxpayers are required to report all values, volumes, transportation costs, expenditures, and credits used to calculate their estimated monthly installment payments in the monthly report. The monthly reports are due the last day of the month following the month of activity. Annually, on March 31, taxpayers submit an annual tax return that also “trues up” any tax liabilities or overpayments made throughout the year.

EXEMPTIONS
The tax on oil and gas is levied on all production except for state and federal royalty production. Oil and gas used on a lease or property for drilling, production, or repressuring is not taxed.

CREDITS
The following credits are available for use against the liability of this specific tax: exploration incentive, assignable exploration incentive, education, qualified capital expenditure, well lease expenditure, carried-forward annual loss, transitional investment expenditure, new area development, small producer, alternative credit for exploration, and Cook Inlet jack-up rig tax credits. Some of these credit may also be redeemed by the State of cash. For specific information concerning these credits, see the Description of Credits section.

DISPOSITION OF REVENUE
All revenue derived from the Oil and Gas Production Tax is deposited in the General Fund except that payments received as a consequence of an assessment or litigation are deposited in the Constitutional Budget Reserve Fund (CBRF).

HISTORY

1955 - The legislature enacts an oil and gas production tax of 1% of production value.

1967 - A 1% disaster production tax is enacted to provide relief after the Fairbanks flood.

1968 - The legislature increases oil and gas production tax from 1% to 3% of production value.

1970 - The legislature repealed the disaster oil and gas production tax. The legislature changes the oil production tax to a graduated tax with rates of 3% on the first 300 barrels per day per well, 5% on the next 700 barrels per day per well, 6% on the next 1500 barrels per day per well and 8% on production exceeding 2500 barrels per day per well.

1972 - The legislature establishes a minimum oil production tax based on “cents per barrel” equivalent to% of value tax on oil with wellhead value of $2.65 per barrel.

1973 - The legislature revises the “stair step” rate schedule to lower production levels. The legislature indexes the cents per barrel minimum to the wholesale price index for crude oil published by the US Bureau of Labor Statistics.

1977 - The legislature raises the nominal gas production tax rate to 10%. The legislature raises the nominal oil production tax rate to 12.25% and adopts the oil and gas economic limit factors.

1981 - As part of legislation that repealed the separate accounting oil and gas corporation income tax, the nominal tax rate on oil produced prior to 1981 was raised to 15% and fields coming into production after 1981 are taxed at 12.25% for five years after which the rate increases to 15%. The oil economic limit factor is now subject to a rounding rule so that if the calculated factor is greater than or equal to 0.7 during the first 10 years of production, the factor is set to 1.0.

1989 - The legislature changes the economic limit factor for oil production taxes to include a field size factor in the formula, fixes the production at the economic limit (not rebuttable) at 300 barrels per well per day, and drops the rounding rule. The legislature fixes production at the economic limit for gas production at 3000 mcf per well per day.

2002 - The legislature authorized credits of up to 50% for contributions of not more than $100,000 and 75% of the next $100,000 in contributions made to the Alaska Veterans' Memorial Endowment Fund. The tax credit expired July 1, 2003.

2003 - To encourage drilling for oil and gas within the state, AS 43.55.025 provided a new tax credit for exploration costs. The minimum credit is 20% and the maximum 40% for qualified expenditures.

2005 - Prudhoe Bay area oil fields are aggregated for purposes of calculating the economic limit factor, effective February 1, 2005.

- To expand the tax credit for exploration enacted the previous year, the deadline was extended until July 1, 2010 for qualifying work south of the Brooks Range (i.e. non-North Slope). New rules also changed the 3 mile and 25 mile rules for the Cook Inlet allowing closer distances between potential exploration targets and existing wells and production units.

- The legislature extended and amended the requirements applicable to the credit that may be claimed for certain oil and gas exploration expenses incurred in Cook Inlet against oil and gas production taxes. This legislation also amended the credit against those taxes for certain exploration expenditures from leases or properties in the state. The legislation was signed into law July 21, 2005 with an immediate effective date.

2006 - In August 2006, legislation was passed during a special session that made sweeping revisions to the oil and gas production tax. The Petroleum Production Tax (PPT) established new tax rates on oil and gas production; repealed the economic limit factor; and provided numerous credits for certain qualifying expenditures and taxpayers.

2007 - The legislature amended PPT legislation in a special session that ended November 2007. Like the PPT legislation enacted in 2006, the ACES tax is levied on the production tax value of oil and gas produced in the state. The base tax rate under ACES is 25% (it was 22.5% under PPT) and the progressive surcharge tax rate under ACES is 0.4% for every dollar the production tax value per barrel exceeds $30 (it was 0.25% on production tax values exceeding $40 per barrel under PPT). For production tax values greater than $92.50 per barrel, the progressivity rate changes to 0.1% for every additional dollar of production tax value.

2008 - The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

- The alternative credit for exploration was increased from 20 to 30% for certain projects and an oil and gas tax credit fund was established for the cash purchases of tax credit certificates.

2010 - The legislature amended the alternative tax credit provisions to add tax credits for drilling exploration wells using a jack-up rig in the Cook Inlet. The first three unaffiliated persons drilling wells that penetrate and evaluate prospects in the pre-Tertiary zone are entitled to credits of 100%, 90% or 80%, respectively of the first $25 million of exploration expenditures. Other changes include a new 40% tax credit for well lease expenditures incurred south of 68 degrees North latitude, elimination of the splitting of tax credits for lease expenditures incurred in the state south of 68 degrees North latitude after June 30, 2010, and elimination of the future investment requirement for the purchase of transferable tax credit certificates by the state.

- The legislature amended the education credit by increasing the maximum credit allowed from $150,000 to $5 million effective January 1, 2011. In addition, the legislature expanded contributions eligible for the credit to include contributions made for construction and maintenance of facilities by state operated vocational education schools and two or four-year colleges. The increase in the credit from $150,000 to $5 million expires December 31, 2013. The maximum credit allowed was to revert to $150,000 on January 1, 2014. That date was extended in 2011 (see below).

2011 - The legislature enacted legislation extending the date that the $5 million annual education credit limit expires from January 1, 2014 to January 1, 2021. It is then scheduled to return to $150,000 In addition, the legislature expanded contributions eligible for the credit to include contributions made after June 30, 2011 to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

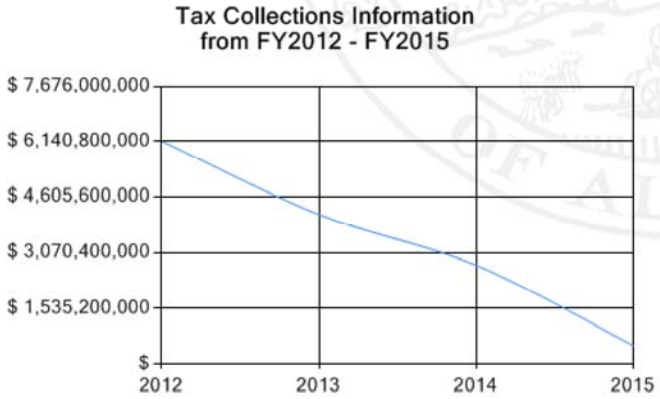
2012 - The legislature enacted legislation that established a corporate income tax credit for a liquefied natural gas storage facility to be paid out of the oil and gas credit fund. Also, it established a limitation on tax for oil and gas produced from leases or properties outside the Cook Inlet sedimentary basin that do not include land north of 68 degrees North latitude. The tax limitation is set to expire in 2022. Further, exploration tax credits were established for drilling of exploration wells and seismic exploration expenditures in specific areas. These are referred to as the Middle Earth Basin credits.

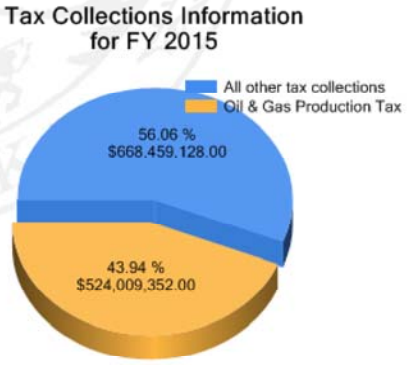
2013 – On 5/21/2013, SB 21 was signed into law. Major provisions of this law are:
(1) Production tax rate amended to 35% of the annual PTV in AS 43.55.011(e), and eliminates the progressivity index under AS 43.55.011(g) effective 1/1/2014.
(2) Established AS 43.55.160(f), which defined production subject to the grow value reduction (GVR). The GVR is 20% of the Gross Value at the Point of Production (GVPP) for production which qualifies.
(3) Establishes AS 43.55.160(g) which is an additional 10% reduction in GVPP for lease or properties qualifying under AS 43.55.160(f) which all leases have greater than a 12.5% royalty.
(4) Amends qualified capital expenditure (QCE) credits for area north of 68 degrees North latitude. The law eliminates credits for QCE's incurred after 12/21/2013; however, QCE credits for expenditures incurred sough of 68 degrees North latitude remain. Amends qualified capital expenditures incurred south of 68 degrees North latitude are allowed to remain.
(5) Changed the timing of applicability of credits so that 100% of credits based on expenditures incurred north of 68 degrees North latitude after 1/1/2013 are available for immediate use.
(6) Carry-forward annual loss credits incurred north of 68 degrees north latitude increase to 45% of excess lease expenditures beginning 1/12014 through 12/31/2015, and decrease to 35% of excess lease expenditures beginning 1/1/2016. The credit for annual losses incurred sough of 68 degrees North latitude remains at 25%.
(7) Establishes new non-transferable tax credits based on oil production for lease or properties north of 68 degrees North latitude beginning 1/1/2014. Under AS 43.55.024(i), established a $5 per barrel credit for oil which qualifies for the GVR under AS 43.55.160(f). The credit ranges from $8 to $0 based on the average GVPP per barrel each month.
(8) Extended the sunset date for the alternative tax credit for oil and gas exploration from 7/1/2016 to 1/1/2022 in AS 43.55.025(b) for exploration wells drilled outside of the Cook Inlet sedimentary basin and south of 68 degrees North latitude. This extension does not apply to the basin credits for exploration wells in AS 43.55.025(m) or the basin credits for seismic exploration in AS 43.55.025(n).
(9) Extends the sunset of tax limitation on production from leases or properties outside of the Cook Inlet Sedimentary basin and do not include land that is north of 68 degrees North latitude in AS 43.55.011(p) from 2022 to 2027.
(10) Reduces the interest on delinquent tax liabilities from eleven to three percentage points above rate charged member banks in the 12th Federal Reserve District, and interest is no longer compounded quarterly.

2014 - The Alaska Legislature passed SB 138 which is the enabling legislation to allow the State of Alaska to participate as an equity owner in the Alaska Liquefied Natural Gas (AKLNG) project. The goal of AKLNG is to commercialize North Slope natural gas reserves from the Prudhoe Bay and Point Thomson fields. Among the goals of AKLNG is for the state to receive its royalty gas in kind (RIK) and production tax as gas (TAG) in lieu of receiving royalty and tax payments from the producers supplying the gas to the project. The determination to receive the gas molecules in lieu of cash is subject to a best interest finding. The intent is that the state will receive an amount of gas which is commensurate with its equity ownership in AKLNG infrastructure. AKLNG infrastructure includes a gas treatment plant (GTP) located on the North Slope, an 800 mile natural gas pipeline and a natural gas liquefaction facility located in Nikiski. As an equity owner, and a recipient of the RIK and TAG, the State will bear the burden of marketing and monetizing its portion of the gas. The legislation includes several changes to the oil and gas production tax statutes which take effect on and after January 1, 2022. A summary of the significant changes are:
1) The production tax for gas produced on and after January 1, 2022 is equal to 13 percent of the gross value at the point of production of the taxable gas.
2) The production tax on oil produced on and after January 1, 2022 is 35% of the annual production tax value of the taxable oil. The production tax value of the oil taxable under AS 43.55.011(e)(3) includes the producer's lease expenditures under AS 43.55.165 for the calendar year incurred to explore for, develop, or produce oil and gas deposits in the state that includes land north of 68 degrees North latitude as adjusted under AS 43.55.170.
3) The minimum tax will only be applicable to oil produced on and after January 1, 2022 from leases or properties that include land north of 68 degrees North latitude.
4) For gas produced on and after January 1, 2022, a producer may make an election to pay the production tax as gas (TAG) for gas produced from oil and gas leases modified under AS 38.05.180(hh.) in lieu of the tax otherwise levied for the gas by AS 43.55.011(e).

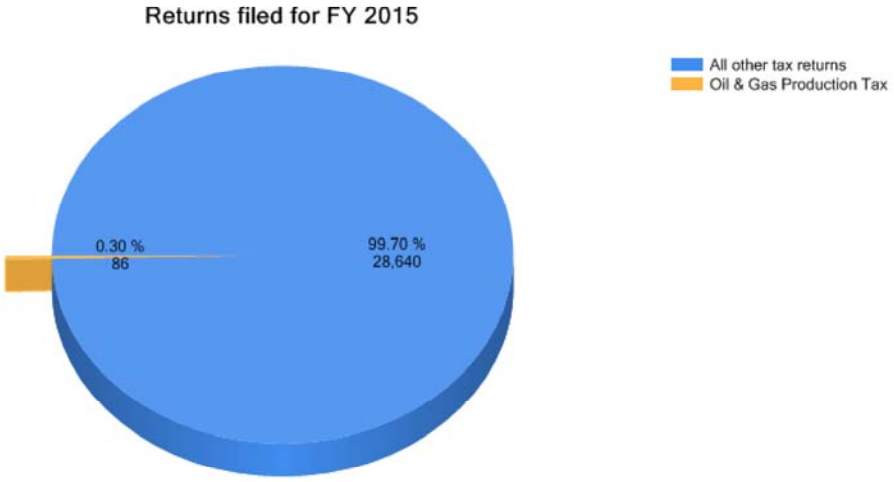
Overview and Historical Overview
Annual Report Data

Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Production Tax	$381,552,649.80	$2,605,881,507.00	$4,042,470,567.00	$6,136,664,298.00
Conservation Surcharges	$8,149,944.39	$8,769,150.00	$7,797,770.00	$9,448,398.00
General Fund	$389,702,594.10	$2,614,650,656.00	$4,050,268,337.00	$6,146,112,696.00
CBR Fund	$134,306,757.80	$112,416,140.00	$69,794,551.00	(5,058,795.00)
Total Tax	**$524,009,351.90**	**$2,727,066,796.00**	**$4,120,062,888.00**	**$6,141,053,900.00**





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	86	60	57	29
Number of taxpayers	64	55	53	19



Oil & Gas Production Tax Credits

Alternative Credit for Exploration - AS 43.55.025 - Taxpayers that incur qualified exploration expenditures are eligible for this credit, which is 30% (20% for work performed prior to July 1, 2008) or 40%, depending on the qualifications of the exploration project. Taxpayers must obtain pre-approval from and submit certain data to the Department of Natural Resources as part of the application process for exploration well projects. Credit applications under AS 43.55.025 are audited prior to issuance of the credit certificates. Certificates must be eventually issued, but the credit may also be applied to tax prior to the issuance of a certificate. The credit is set to expire for North Slope and Cook Inlet areas on July 1, 2016. This credit has been available since 2003 - pre-dating the oil and gas tax law revisions of 2006 and 2007. The scope of this credit is more specific than that provided for under AS 43.55.023.

Carried-Forward Annual Loss - AS 43.55.023(b) - Taxpayers that incur lease expenditures that are not deductible in calculating production tax values generate a "loss carry-forward" and they may apply for a tax credit. The credit rate is 25% for non-North Slope losses and North Slope losses prior to January 1, 2014. The carried-forward annual loss for North Slope is 45% in 2014-2015 and 35% for 2016 forward. These credits are transferable.

Cook Inlet Jack-Up Rig Credit - AS 43.55.025(a) (5) was passed by the legislature in 2010 to incentivize investment in a jack-up rig for use in Cook Inlet. The credit is available to the first three unaffiliated persons that drill an offshore exploration well for oil or gas in Cook Inlet. Credit under this program will be granted for the lesser of 100% of exploration expenditures or $25 million to the first person who drills a qualifying well under the program. Credit for the lesser of 90% of exploration expenditures or $22.5 million is available to the second person, and credit for the lesser of 80% of exploration expenditures or $20 million is available to the third person who drills a qualifying well under the program.

Credit under this program may be granted in the form of a cash reimbursement from the state or it may be applied against tax liabilities. If the drilling under this program results in sustained production of oil or gas, 50% of the amount of the credit received shall be repaid to the state over a 10-year period.

Education - AS 43.55.019 - Taxpayers are allowed a non-transferrable, non-refundable credit for cash contributions to Alaska universities and accredited nonprofit Alaska two-year or four-year colleges for facilities, direct instruction, research, and educational support purposes. The tax credit can also be taken for donations to a school district or state-operated vocational technical education and training school for vocational education courses, programs, and facilities. Donations for Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership also qualify. Contributions to the Alaska Higher Education Investment Fund established in 2012 qualify. The credit is 50% of the first $100,000, 100% of the contribution over $100,000 and up to $300,000 and 50% of the remaining amount over $300,000. The total allowable credit per year for all affiliated taxpayers may not exceed $5 million.

Qualifying education tax credits to include cash contributions by taxpayers to a public or private nonprofit elementary or secondary school in the state, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, or an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 – 50b for direct instruction, research, and educational support purposes. In addition, tax credits for certain taxpayers are available for cash contributions accepted for a facility by a public or private nonprofit elementary or secondary school in the state, funding for a scholarship awarded by a nonprofit organization to a dual-credit student for certain educational expenses, for a residential school in the state approved by the Department of Education and Early Development, or certain qualified childhood early learning and development programs. Tax credits are also available for cash contributions by certain taxpayers for science, technology, engineering and math (STEM) programs by a nonprofit agency or school district for school staff and for students in grades kindergarten through 12 in the state and for the operation of a nonprofit organization dedicated to providing educational opportunities that foster public service leadership for future generations of residents of the state.

Exploration Incentive (Assignable) - AS 41.09.010 - This is a distinct incentive program administered by the Department of Natural Resources. The credit is available to be claimed against royalty obligations, corporate income tax and production tax. Taxpayers may take a credit up to 50% on state land (or 25% on non state lands) of eligible oil and gas exploration expenditures. An approved incentive credit under this statute may not exceed $5 million per project and is limited to $30 million per taxpayer.

Exploration Incentive - AS 38.05.180(i) - Lessees of state land drilling an exploratory well or conducting certain seismic exploration on that land are eligible for this credit. The credit is 50% of the cost of the exploration expenditures and may not exceed 50% of the production tax or state royalty against which it is applied. This credit is administered by the Department of Natural Resources, but may be applied to oil and gas production tax.

Frontier Basin Credits - AS 43.55.025(a)(6) and (a)(7) was effective January 1, 2013 to provide tax credits for exploration wells and seismic projects performed after June 30, 2012 and before July 1, 2016, in certain “Frontier Basins” described in AS 43.55.025(p). These sections added credits of 80% of qualifying exploration expenditures up to $25 million for the first two wells in any single basin and 75% of qualifying seismic exploration expenditures up to $7.5 million for the first seismic project in each basin. Many requirements must be met with the Department of Natural Resources to qualify for the credits, including pre-qualifications. The credit itself may be applied against a producer’s tax liability in the year in which it was incurred and also before the certificate is issued. The credit certificate may be transferred, applied to tax liability, or cashed out with the State under AS 43.55.028 by the original applicant.

New Area Development - AS 43.55.024(a) - Taxpayers that produce in areas outside the Cook Inlet and south of 68 degrees north latitude are eligible for a tax credit of not more than $6 million per year. This credit sunsets the later of 2016 or the ninth calendar year after first year of production. The credit is not certificated and is not transferable.

Per barrel credits – AS 43.55.024(i) and (j) - Under AS 43.55.024(i), a five dollar per barrel credit is allowed for each barrel of taxable oil produced on the North Slope that qualifies for the Gross Value Reduction (GVR) under AS 43.55.160(f) and (g). Under AS 43.55.024(j), a sliding scale credit of one to eight dollars per barrel is based on the gross value of oil, when prices are below $150 per barrel, that does not qualify for the Gross Value Reduction (GVR) under AS 43.55.160(f) and (g). These credits may be applied against a tax levied by AS 43.55.011(e). The credits are NOT transferable and are NOT available to be issued as a certificate. An unused tax credit or portion of a tax credit under this section may not be carried forward for use in a later calendar year. The credit may not be used to reduce a tax liability for any calendar year below zero.

Qualified Capital Expenditure - AS 43.55.023(a) - Taxpayers that incur qualified capital expenditures for non-North Slope activity may apply for a 20% credit. This credit, when certificated, is transferable. Taxpayers may also apply the 20% credit to their annual oil and gas production tax filings without certification.

In 2010, the legislature passed AS 43.55.023(l), which allows credit of 40% of qualified well lease expenditures incurred south of 68 degrees North latitude for oil or gas operations. These credits can be applied against production tax liabilities, transferred to another company, or purchased by the state.

Small Producer - AS 43.55.024(c) - Taxpayers with Alaska oil and gas production less than 100,000 BTU equivalent barrels a day are eligible for a small producer credit. When average oil and gas production is no more than 50,000 barrels per day, the credit is $12 million per year. When production exceeds 50,000 barrels per

day, but is less than 100,000 barrels per day, the credit is allocated based on production volumes. This credit sunsets the later of 2016 or the ninth calendar year after first year of production. The credit is not certificated and is not transferable.

Transitional Investment Expenditure - AS 43.55.023(i) - The "TIE" credit is generated by qualified capital expenditures made during the period April 1, 2001, through March 31, 2006. The credit is 20% of those qualified capital expenditures, not to exceed one-tenth of qualified capital expenditures incurred after March 31, 2006 and before January 1, 2008. Producers and explorers without commercial production in Alaska before January 1, 2008 are eligible for this credit. TIE credit is not transferable and is available until 2013.

Oil & Gas Property Tax

Date Range: 2012 to 2015

AS 43.56
DESCRIPTION
Alaska levies an oil and gas property tax on the value of taxable exploration, production and pipeline transportation property in the state. The Division has established procedures for the three distinct classes of property.

- Exploration Property - valued on the estimated price which the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer, both conversant with the property and with prevailing general price levels;
- Production Property - valued on the basis of replacement cost of similar new property, less depreciation based on the economic life of the proven reserves; and
- Pipeline Transportation Property - generally valued on its economic value relative to the reserves feeding into the pipeline.

RATE
The state tax rate is 20 mills, or 2%, of the assessed value.

RETURNS
Taxpayers file annual returns reporting taxable property as of January 1 of the assessment year. Returns are due on or before January 15. Payment is due on or before June 30.

EXEMPTIONS
Oil and gas reserves, oil or gas leases, and the lease or rights to explore or produce oil or gas are exempt, as are intangible drilling and exploration expenditures. Certain aircraft, motor vehicles, communication facilities, and buildings may be exempt even though they are associated with oil or gas exploration, production, or pipeline transportation. Oil or gas pipeline transportation systems owned and operated by a public utility are exempt.

CREDITS
The following are available for use against the liability of this specific tax: education credit and municipal property taxes paid.For specific information concerning these credits, see the Description of Credits section.

DISPOSITION OF REVENUE
The Division deposits revenue from oil and gas property taxes into the General Fund. Payments received after a tax assessment are deposited into the Constitutional Budget Reserve Fund (CBRF).

HISTORY
The legislature enacted this tax in 1973 during the first special session of the eighth legislature. The state assists local governments by assessing property subject to the tax, ensuring uniform treatment of all taxable property.

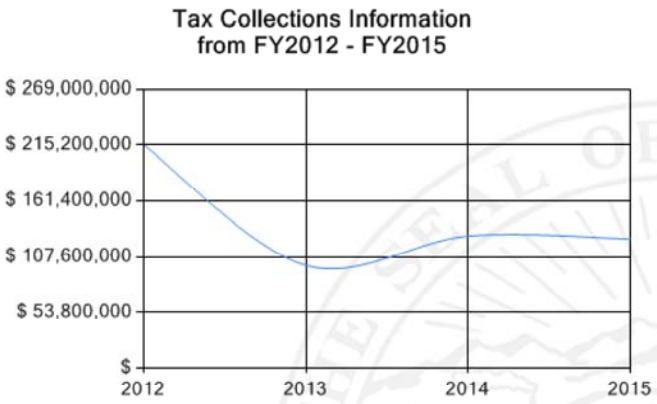
2008 - The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

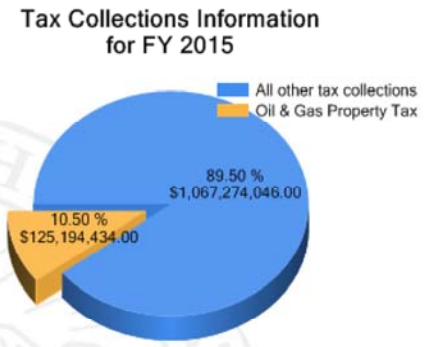
2010 - The legislature amended the education credit by increasing the maximum credit allowed from $150,000 to $5 million effective January 1, 2011. In addition, the legislature expanded contributions eligible for the credit to include contributions made for construction and maintenance of facilities by state operated vocational education schools and two or four-year colleges. The increase in the credit from $150,000 to $5 million expires December 31, 2013. On January 1, 2014, the maximum credit allowed will revert to $150,000.**2011** - The legislature enacted legislation extending the date that the $5 million annual education credit limit expires from January 1, 2014 to January 1, 2021. It is then scheduled to return to $150,000 In addition, the legislature expanded contributions eligible for the credit to include contributions made after June 30, 2011 to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

2014 - The legislature passed HB 278 (CH 15 SLA 14) further expanding qualifying Education Tax Credits to include cash contributions to a public or private nonprofit elementary or secondary school in the state, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, or an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 – 50b for direct instruction, research, and educational support purposes. In addition, tax credits are available for cash contributions accepted for a facility by a public or private nonprofit elementary or secondary school in the state, funding for a scholarship awarded by a nonprofit organization to a dual-credit student for certain educational expenses, for a residential school in the state approved by the Department of Education and Early Development, or certain qualified childhood early learning and development programs. Tax credits are also available for cash contributions for science, technology, engineering and math (STEM) programs by a nonprofit agency or school district for school staff and for students in grades kindergarten through 12 in the state and for the operation of a nonprofit organization dedicated to providing educational opportunities that foster public service leadership for future generations of residents of the state.

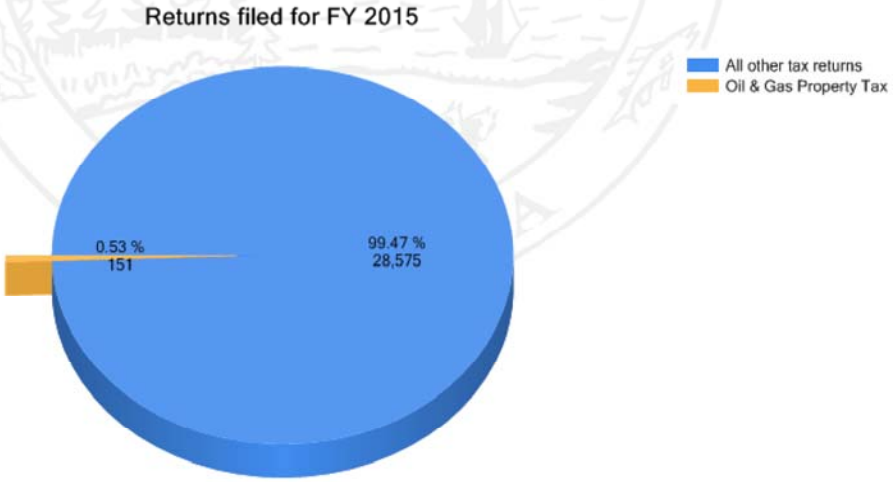
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
General Fund	$125,185,585.20	$128,066,886.00	$99,260,956.00	$111,179,244.00
CBR Fund	$8,848.70	$18,911.00	$21,122.00	$104,235,535.00
Total Tax	**$125,194,433.90**	**$128,085,796.00**	**$99,282,078.00**	**$215,414,779.00**





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	151	150	937	877
Number of taxpayers	151	150	153	147



Oil & Gas Property Tax Credits

Education - AS 43.55.019 - Taxpayers are allowed a non-transferrable, non-refundable credit for cash contributions to Alaska universities and accredited nonprofit Alaska two-year or four-year colleges for facilities, direct instruction, research, and educational support purposes. The tax credit can also be taken for donations to a school district or state-operated vocational technical education and training school for vocational education courses, programs, and facilities. Donations for Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership also qualify. Contributions to the Alaska Higher Education Investment Fund established in 2012 qualify. The credit is 50% of the first $100,000, 100% of the contribution over $100,000 and up to $300,000 and 50% of the remaining amount over $300,000. The total allowable credit per year for all affiliated taxpayers may not exceed $5 million.

Qualifying education tax credits to include cash contributions by taxpayers to a public or private nonprofit elementary or secondary school in the state, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, or an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 – 50b for direct instruction, research, and educational support purposes. In addition, tax credits for certain taxpayers are available for cash contributions accepted for a facility by a public or private nonprofit elementary or secondary school in the state, funding for a scholarship awarded by a nonprofit organization to a dual-credit student for certain educational expenses, for a residential school in the state approved by the Department of Education and Early Development, or certain qualified childhood early learning and development programs. Tax credits are also available for cash contributions by certain taxpayers for science, technology, engineering and math (STEM) programs by a nonprofit agency or school district for school staff and for students in grades kindergarten through 12 in the state and for the operation of a nonprofit organization dedicated to providing educational opportunities that foster public service leadership for future generations of residents of the state.

Film Production - Taxpayers may take a credit for certain expenses incurred in producing films in Alaska. The credit is administered by the Department of Revenue. This credit may be transferred.

Municipal property taxes paid - Taxpayers receive a credit against state oil and gas property tax for property taxes paid to municipalities on taxable property. The credit is limited to the amount of state tax otherwise due.

Oil Conservation Surcharges

Date Range: 2012 to 2015

AS 43.55.201/300
DESCRIPTION
Conservation surcharges apply to all oil production in Alaska and are in addition to oil and gas production taxes. Surcharges apply to each barrel of oil produced in the state less any oil the ownership or right to which is exempt from taxation.

RATE AND DISPOSITION OF REVENUE
Each taxable barrel ("bbl") of oil is subject to the following two surcharges:

1) Conservation Surcharge (AS 43.55.201) of $0.01 per barrel. Revenue derived from this surcharge may be appropriated to the response account in the oil and hazardous substance release prevention and response fund. The surcharge is suspended when the balance of the fund is over $50 million per AS 43.55.221.

2) Additional Conservation Surcharge (AS 43.55.300) or $0.04 per barrel. Revenue derived from this additional surcharge may be appropriated to the oil and hazardous substance release prevention account in the oil and hazardous substance release prevention and response fund.

HISTORY

1989 - Following the grounding of the Exxon Valdez, this tax was enacted in order to provide a hazardous substance release emergency fund. A $0.05/bbl hazardous release surcharge is imposed on oil production until the newly created hazardous substance release fund achieves a balance of $50 million.

1994 - The hazardous release surcharge is modified to the so-called "split nickel" with an ongoing charge of $0.03/bbl and an additional charge of $0.02/bbl whenever the hazardous substance release fund balance falls below $50 million.

2006 - The legislature set the Conservation Surcharge rate at $0.01/bbl and the Additional Conservation Surcharge rate at $0.04/bbl.

FY 2015 STATISTICS*
*The Oil Conservation Surcharge is reported on the same return and by the same taxpayers as is Alaska's, Oil and Gas Production Tax (AS 43.55). The Division has not segregated program cost and staffing related to each individual tax. The Division reports the total production tax cost and staffing in the Oil and Gas Production Tax section.

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Other Taxes

Date Range: 2012 to 2015

ELECTRIC COOPERATIVE TAX
AS 10.25.540
DESCRIPTION
Alaska levies an electric cooperative tax on kilowatt hours furnished by qualified electric cooperatives recognized under AS 10.25.

RATE
The electric cooperative tax is based on a rate per kilowatt hour (kWh), and on the length of time the cooperative has furnished electricity to consumers as follows: $0.00025 per kWh for cooperatives that have furnished electric energy and power to consumers for less than five years as of December 31 of the preceding calendar year or $0.0005 per kWh for cooperatives that have furnished electric energy and poser to consumers for five years or longer as of the preceding calendar year.

RETURNS
Electric cooperatives file calendar year returns that are due with payment before March 1 of the following year.

EXEMPTIONS
All qualified electric cooperatives are subject to the cooperative tax. Cooperatives pay the electric cooperative tax in lieu of corporate net income and excise taxes.

DISPOSITION OF REVENUE
The Division deposits all revenue derived from electric cooperative taxes into the General Fund.

Electric cooperative taxes sourced from within municipalities are shared 100% to respective municipalities, less the amount expended by the state in their collection.

The state retains electric cooperative taxes sourced from outside of municipalities.

HISTORY

1959 - The legislature enacted the electric cooperative tax as part of the "Electric and Telephone Cooperative Act" which was adopted to promote cooperatives around the state. The due date for filing electric cooperative tax returns was April 1 of the following year.

1960 - The legislature changed the due date for paying taxes to March 1.

1980 - The legislature changed the tax base for calculating the electric cooperative tax from gross revenue to kWh. The legislature adopted the current mill rates.

REGULATORY COST CHARGES
Utilities AS 42.05.254(e) Pipeline AS 42.06.286(c)
DESCRIPTION
Alaska levies regulatory cost charges (RCC) on regulated utilities. The charges fund the Regulatory Commission of Alaska (RCA) that regulates utilities and pipeline carriers in Alaska. Regulated utilities collect charges from consumers and remit the collections to the Tax Division.

RATE
Rates are available on the Alaska Regulatory Commission's web site at https://rca.alaska.gov/ RCAWeb/RCALibrary/FormsLibrary.aspx. Select the RCC Quarterly Report Form for calendar year of interest to obtain rates for that period.

RETURNS
Quarterly returns and payment of RCCs are due on the 30th day following the calendar quarter. Utilities and carriers are required to file a copy of the return with RCA.

EXEMPTIONS
Utilities not regulated by RCA are exempt from the RCC program.

DISPOSITION OF REVENUE
The Division deposits all revenue derived from the RCC program into the General Fund. The legislature may make appropriations from the General Fund to fund RCA based on regulatory cost charges collected.

HISTORY

1992 - The Alaska legislature enacted the RCC program to fund RCA's costs of regulating utilities. The RCC legislation provided for a sunset date of December 1994. Rates went into effect through regulations which became effective November 1992.

1994 - In the fall of 1994, RCA promulgated regulations which established RCC rates for FY 1995 on an annualized basis. The regulations took effect December 1994.

1995 - The legislature reauthorized the RCC program that became effective June 1995. In October 1995, RCA adopted regulations to reestablish quarterly payments.

1999 - The legislature authorized separate RCC rates for each regulated utility and changed the methodology for calculating rates.

2007 - Alaska Regulatory Commission implemented online report filing through their web site. RCA assumed responsibility for processing returns and collecting data; the Division continues to collect revenue as required by statute.

TELEPHONE COOPERATIVE TAX
AS 10.25.550
DESCRIPTION
Alaska levies a telephone cooperative tax on gross revenue of qualified telephone cooperatives under AS 10.25. The Division collects taxes from cooperatives.

RATE
The telephone cooperative tax rate is based on revenue and the length of time in which the cooperative has furnished telephone service to consumers as follows:

LENGTH	PERCENT OF REVENUE
Less than 5 years	1%
5 years or longer	2%

RETURNS
Telephone cooperatives file calendar year returns that are due with payment before March 1 of the following year.

EXEMPTIONS
All qualified telephone cooperatives are subject to the cooperative tax. Cooperatives pay the telephone cooperative tax in lieu of corporate net income tax.

DISPOSITION OF REVENUE
The Division deposits revenue from the telephone cooperative tax into the General Fund.

Telephone cooperative taxes sourced from within municipalities are shared 100% to respective municipalities less the amount expended by the state for collection of taxes.

The state retains telephone cooperative taxes sourced from outside of municipalities.

HISTORY

1959 - The legislature enacted the telephone cooperative tax as part of the "Electric and Telephone Cooperative Act" to promote cooperatives around the state. The due date for filing telephone cooperative tax returns was April 1 of the following year.

1960- The legislature changed the due date for filing returns to "before March 1."

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Regional Seafood Development Tax

Date Range: 2012 to 2015

DESCRIPTION
The seafood development tax is an elective tax levied on certain fishery resources using specific gear types sold in or exported from designated seafood development regions. Fishermen pay seafood development taxes to licensed buyers at the time of sale or to the Division for resources sold to unlicensed buyers or exported from Alaska. Buyers remit taxes collected from fishermen to the Division.

RATE
Commercial fishermen harvesting salmon elected tax rates for the following development regions and gear types:

REGION	RATE	EFFECTIVE
Prince William Sound (drift gillnet)	1%	2005
Bristol Bay (drift gillnet)	1%	2006
Prince William Sound (set gillnet)	1%	2009

RETURNS
Buyers file returns and pay the tax monthly. The due date is the last day of the month following the month of purchase. Buyers file returns for bonus payments made to fishermen after the close of the fishery season. Returns for these payments are due with additional taxes by the last day of the month following the bonus payment. Fishermen selling to unlicensed buyers or exporting from Alaska file returns and pay taxes annually. The due date is March 31 following the year of sale or export.

EXEMPTIONS
Resources harvested under special harvest area permit (typically, salmon harvested on behalf of salmon hatcheries) are exempt from the seafood development tax.

DISPOSITION OF REVENUE
The Division deposits all seafood development tax revenue into the General Fund. Under AS 43.76.380(d), the legislature may appropriate seafood development tax revenue to provide financing for qualified regional seafood development associations.

HISTORY

2004 - The legislature adopted the Seafood Development Tax Act. The Act authorized a tax of between 0.5% and 2%, upon election by commercial fishermen harvesting within designated regions, on fishery resources transferred to buyers in or exported from Alaska.

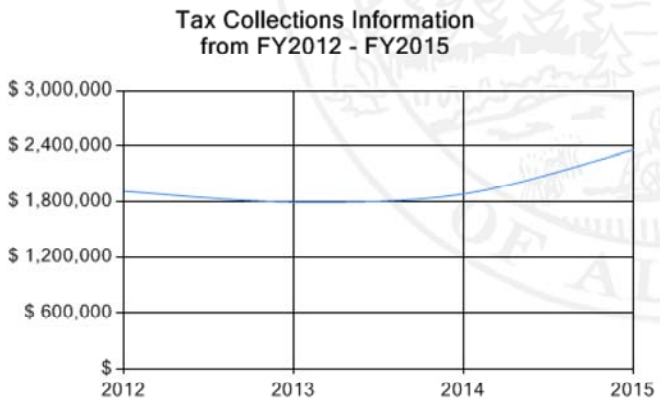
2005 - Commercial salmon drift gillnet fishermen in the Prince William Sound seafood development region elected a 1% tax.

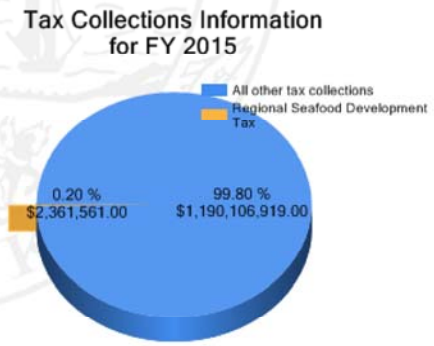
2006 - Commercial salmon drift gillnet fishermen in the Bristol Bay seafood development region elected a 1% tax.

2009 - Commercial salmon set gillnet fishermen in the Prince William Sound Seafood Development Region elected a 1% tax.

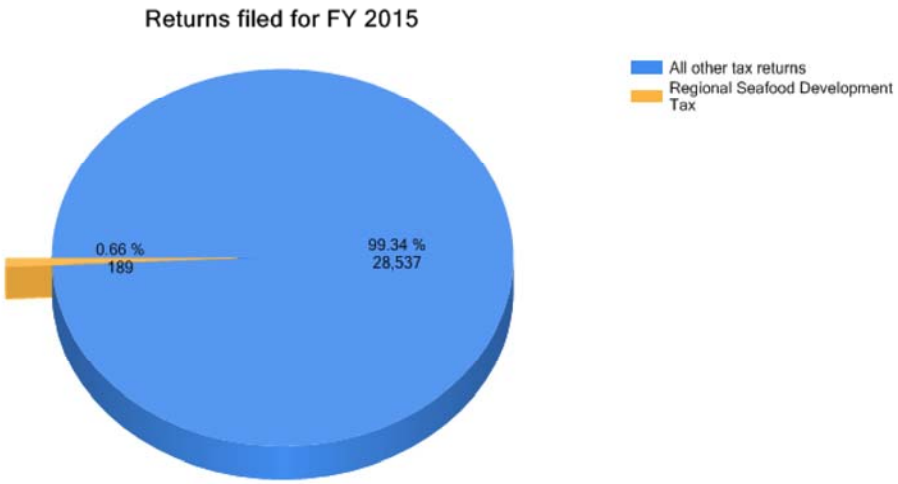
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Tax collections	$2,361,561.00	$1,886,066.00	$1,795,302.00	$1,915,156.00





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	189	186	218	244
Number of taxpayers	34	36	35	41



Salmon Enhancement Tax

Date Range: 2012 to 2015

AS 43.76
DESCRIPTION
The salmon enhancement tax is an elective tax levied on salmon sold in or exported from established aquaculture regions in Alaska. Fishermen pay salmon enhancement taxes to licensed buyers at the time of sale, or to the Division for salmon sold to unlicensed buyers or exported from the region. Buyers remit taxes collected from fishermen to the Division.

RATE
Commercial fishermen elected tax rates for the following regional aquaculture associations:

REGION	RATE	EFFECTIVE
Southern Southeast	3%	1981
Northern Southeast	3%	1981
Cook Inlet	2%	1981
Prince William Sound	2%	1985
Kodiak	2%	1988
Chignik	2%	1991

RETURNS
Buyers file returns and pay the tax monthly. The due date is the last day of the month following the month of purchase. Buyers file returns for bonus payments made to fishermen after the close of the fishing season. Returns for these payments are due with additional taxes by the last day of the month following the bonus payment.

Fishermen selling to unlicensed buyers or exporting from the region file returns and pay taxes annually. The due date is March 31 following the year of sale or export.

EXEMPTIONS
Salmon harvested under a special harvest area permit (typically, salmon harvested on behalf of salmon hatcheries) are exempt from the salmon enhancement tax.

DISPOSITION OF REVENUE
The Division deposits all salmon enhancement tax revenue into the General Fund. Under AS 43.76.025(c), the legislature may appropriate salmon enhancement tax revenue to provide financing for qualified regional aquaculture associations.

HISTORY
The legislature adopted the Salmon Enhancement Act in 1980. The Act authorized a 2% or 3% tax, upon election by commercial fishermen within established aquaculture regions, on salmon transferred to buyers in Alaska. Commercial fishermen in Southern and Northern Southeast aquaculture regions elected a 3% tax and Cook Inlet region elected a 2% tax.

1981 - The legislature amended the Act to subject salmon exported from Alaska to the tax.

1985 - Commercial fishermen in the Prince William Sound aquaculture region elected a 2% tax.

1988 - Commercial fishermen in the Kodiak aquaculture region elected a 2% tax.

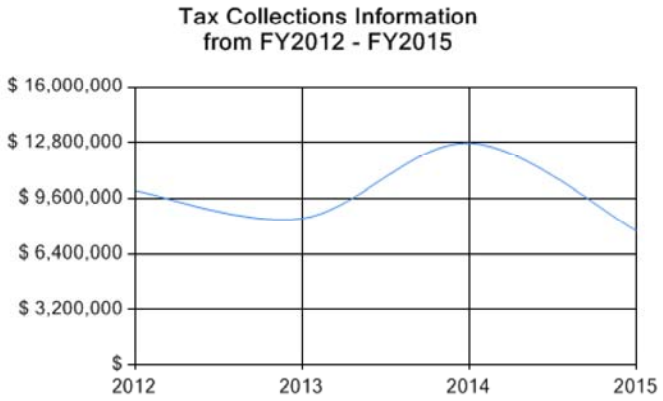
1989 - The legislature amended statutes to allow for a 1% tax.

1991 - Commercial fishermen in the Chignik aquaculture region elected a 2% tax.

2004 - The legislature authorized additional salmon enhancement tax rates, subject to permit holder elections held by qualified regional associations. In addition to the current 1%, 2%, or 3% options, 10 additional options were made available ranging from 4% to 30%. This legislation clarified who must pay the Salmon Enhancement Tax. When a buyer does not withhold the tax, fishermen must pay the tax with an annual return. The legislation took effect January 1, 2005.

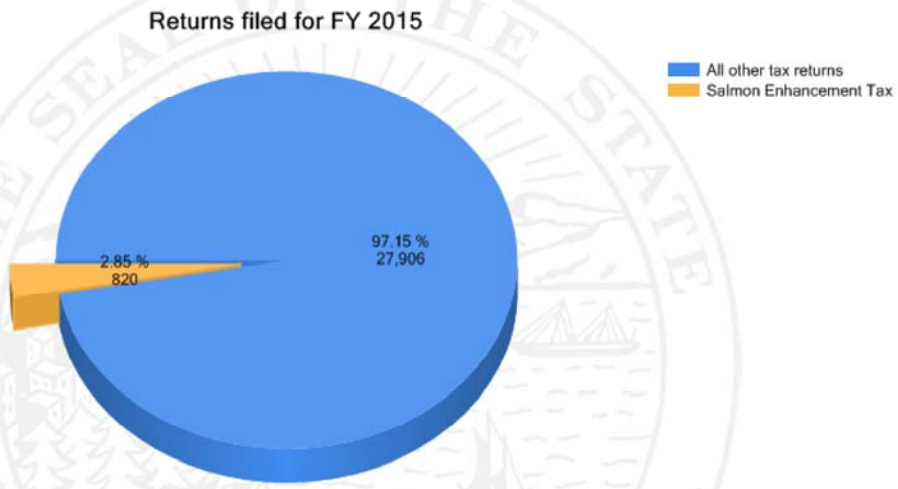
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Tax collections	$7,742,177.00	$12,779,417.00	$8,454,033.00	$10,060,538.00





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	820	938	870	891
Number of taxpayers	190	212	190	202



Seafood Marketing Assessment

Date Range: 2012 to 2015

AS 16.51.120
DESCRIPTION
Alaska levies a seafood marketing assessment on seafood processed or first landed in Alaska. The state also levies the assessment on unprocessed fisheries products exported from Alaska. The Division collects the assessment from seafood processors and fishermen who export fishery resources out of Alaska.

RATE
The seafood marketing assessment is 0.5% of the value of seafood products exported from, processed, or first landed in Alaska.

RETURNS
Taxpayers file calendar year returns with payment before April 1 of the following year. Taxpayers file monthly returns for postseason (bonus) payments made to fishermen after the filing of the calendar year return. Returns for these payments are due with additional assessments by the last day of the month following the bonus payments.

EXEMPTIONS
Processors and fishermen who produce less than $50,000 worth of seafood products during a calendar year are exempt from the assessment.

DISPOSITION OF REVENUE
The Division deposits all seafood marketing assessments into the General Fund. The legislature may appropriate funds to the Alaska Seafood Marketing Institute

HISTORY

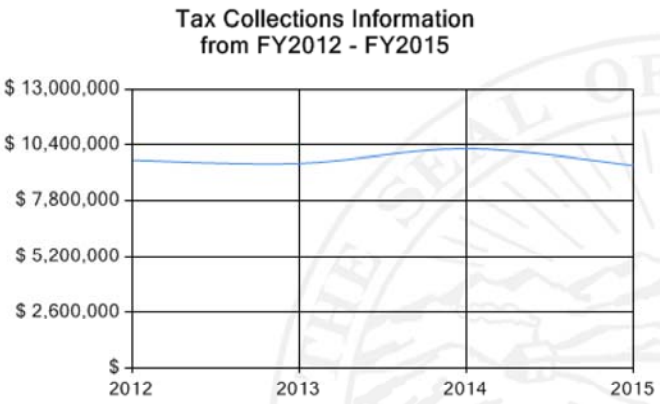
1981 - The legislature enacted an elective seafood marketing assessment of 0.1%, 0.2% or 0.3% (elected by large processors in Alaska). In 1981, processors elected a 0.3% assessment to take effect in calendar year 1982.

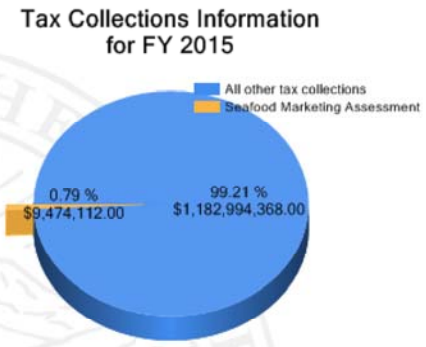
1996 - The legislature amended seafood marketing assessment statutes to include fishery resources landed in Alaska. The legislation was retroactive to January 1994. Prior to FY 96, revenue collected from the 0.3% portion of the original 3.3% landing tax rate was accounted for in a separate account designated as (landing tax) seafood marketing assessments.

2004 - The legislature directed the Alaska Seafood Marketing Institute (ASMI) to hold elections and determine whether to retain the assessment and a second election to determine whether to increase the assessment from 0.3% to 0.5%. Elections were held as prescribed by law. The vote retained the Seafood Marketing Assessment, increased the Seafood Marketing rate to 0.5% and eliminated the Salmon Marketing Tax effective January 1, 2005.

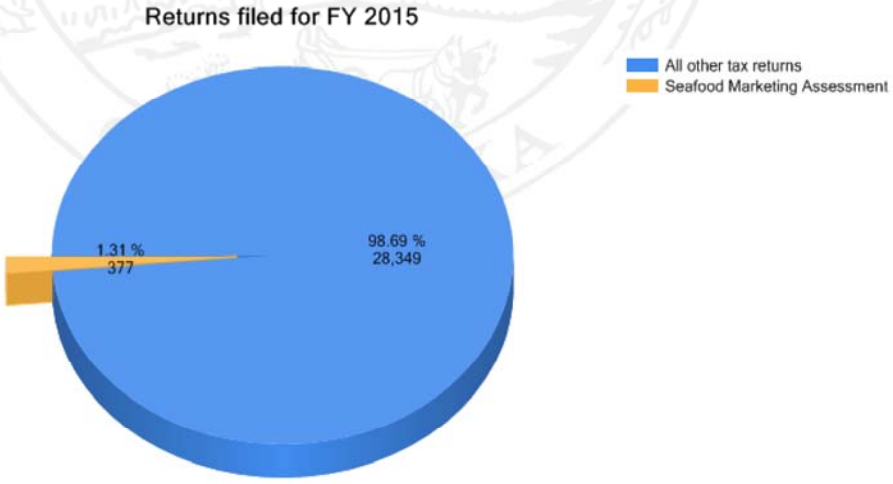
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Tax collections	$9,474,112.00	$10,233,058.00	$9,563,546.00	$9,710,180.00





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	377	448	488	446
Number of taxpayers	130	148	139	154



Telephone Coop

Date Range: 2012 to 2015

TELEPHONE COOPERATIVE TAX
AS 10.25.550
DESCRIPTION
Alaska levies a telephone cooperative tax on gross revenue of qualified telephone cooperatives under AS 10.25. The Division collects taxes from cooperatives.

RATE
The telephone cooperative tax rate is based on revenue and the length of time in which the cooperative has furnished telephone service to consumers as follows:

LENGTH	PERCENT OF REVENUE
Less than 5 years	1%
5 years or longer	2%

RETURNS
Telephone cooperatives file calendar year returns that are due with payment before March 1 of the following year.

EXEMPTIONS
All qualified telephone cooperatives are subject to the cooperative tax. Cooperatives pay the telephone cooperative tax in lieu of corporate net income tax.

DISPOSITION OF REVENUE
The Division deposits revenue from the telephone cooperative tax into the General Fund.

Telephone cooperative taxes sourced from within municipalities are shared 100% to respective municipalities less the amount expended by the state for collection of taxes.

The state retains telephone cooperative taxes sourced from outside of municipalities.

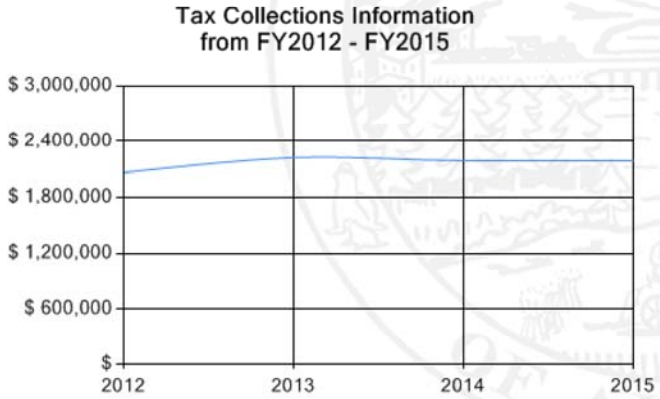
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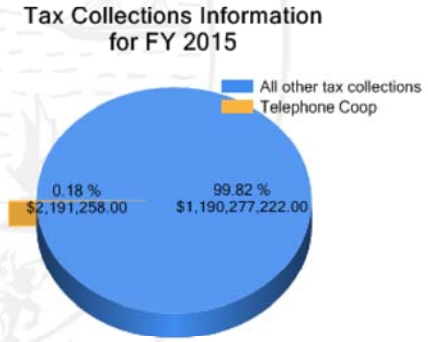
1959 - The legislature enacted the telephone cooperative tax as part of the “Electric and Telephone Cooperative Act” to promote cooperatives around the state. The due date for filing telephone cooperative tax returns was April 1 of the following year.

1960- The legislature changed the due date for filing returns to “before March 1.”

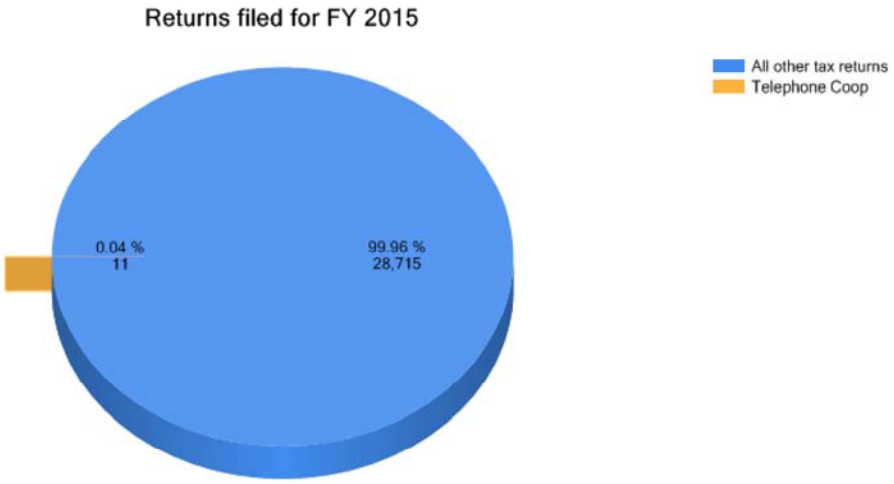
Overview and Historical Overview
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Total Tax	**$2,191,257.74**	**$2,191,094.00**	**$2,222,538.00**	**$2,067,213.00**
Taxes shared	(1,975,119.44)	(1,971,302.00)	(2,071,131.00)	(1,913,065.00)
Tax retained by state	$216,138.00	$219,793.00	$151,407.00	$154,147.00





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	11	7	6	7
Number of taxpayers	7	6	6	7



Tire Fee

Date Range: 2012 to 2015

AS 43.98.025
DESCRIPTION
Alaska imposes a tire fee on all new tires sold in Alaska. An additional tire fee is imposed on the sale of tires with metal studs weighing more than 1.1 grams each (heavy studs). The additional tire fee also applies to the installation of heavy studs in new or used tires. The Division collects tire fees primarily from tire dealerships.

RATE

A $2.50 tire fee applies to each new tire. An additional $5 fee applies to each studded tire or stud installation ($7.50 total tire fee for new studded tires).

RETURNS
Taxpayers are required to file returns and remit fees quarterly. Returns and payment are due 30 days following the calendar quarter in which the new tires were sold or studs were installed.

Taxpayers may retain 5% of the amount collected, limited to a maximum of $900 per quarter, to cover expenses associated with collecting and remitting fees.

EXEMPTIONS
The following tires and services are exempt if the purchaser provides the tire seller with a certificate of use:

- Tires and services sold to federal, state or local government agencies for official use.
- Tires for resale.

The $2.50 tire fee does not apply to used tires and certain replacements of defective tires.

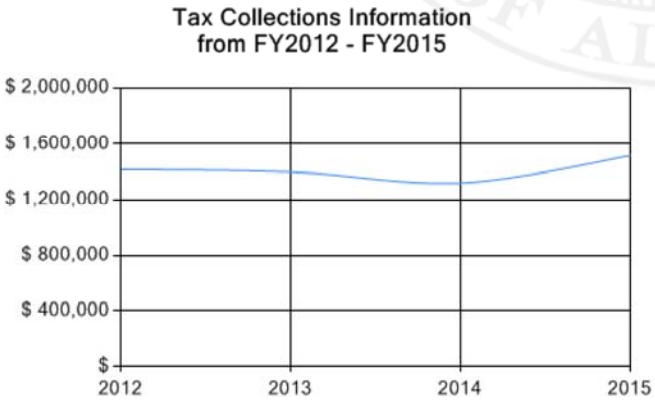
DISPOSITION OF REVENUE
The Division deposits all revenue from the tire fee into the General Fund.

HISTORY
2003 - The legislature enacted the tire fee, effective 9/26/2003.

2015 - The legislature passed SB 33 that clarified the return filing date to the last day of the calendar month following the last day of the calendar quarter of the sale or installation. In addition, the five percent cap on the amount retained to cover expenses associated with collecting and remitting the fees was reduced from $900 a quarter to $600 a quarter.

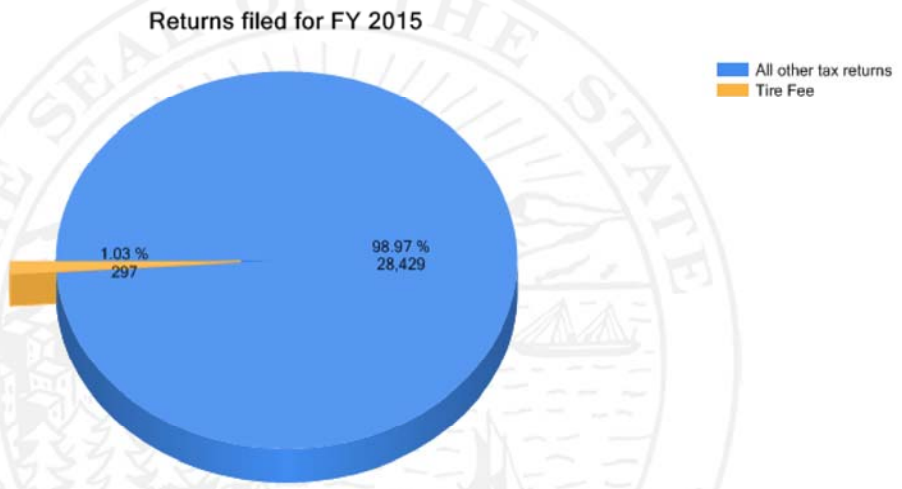
Overview and Historical Overview
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
New tires (non-studded)	$1,133,123.75	$993,281.00	$1,008,990.00	$1,048,855.00
Studded tires & stud installations	$373,883.14	$324,771.00	$373,455.00	$351,003.00
Penalties & interest	$8,798.20	$3,477.00	$18,435.00	$20,026.00
Total Tax	**$1,515,805.00**	**$1,321,529.00**	**$1,400,879.00**	**$1,419,884.00**





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	297	273	292	315
Number of taxpayers	72	75	81	82



Tobacco Tax

Date Range: 2012 to 2015

AS 43.50
DESCRIPTION
Alaska levies a tax on cigarettes and other tobacco products. The cigarette tax is levied on cigarettes imported into the state for sale or personal consumption. The other tobacco products tax is levied on tobacco products (other than cigarettes) imported into the state for sale. The Division collects tobacco taxes primarily from licensed wholesalers, distributors and retailers.

RATES
Cigarettes - See rates table below. The cigarette tax must be paid through the purchase of cigarette tax stamps.

A stamp must be affixed to the bottom of every pack of cigarettes imported into the state for sale or personal consumption.

Nonparticipating Manufacturer (NPM) Equity Tax - An additional tax of 12.5 mills ($0.25 per pack of 20 cigarettes) is levied on each cigarette imported or acquired from a manufacturer that did not sign the tobacco Master Settlement Agreement (MSA). All revenue collected from this tax is deposited in the General Fund.

Other Tobacco Products (OTP) - The tax rate on OTP, which includes tobacco products other than cigarettes such as cigars and chewing tobacco, is 75% of the wholesale price. The wholesale price is the established price at which a manufacturer sells tobacco products to a distributor. The Division may adjust the wholesale price upon which tax was calculated if the wholesale price was not established in an arm's-length transaction.

CIGARETTE TAX RATES SINCE JULY 1, 2007

Per	Cigarette	Per 20	
Base Rate (School Fund)	38 mills	$0.038	$0.76
Additional Tax (General Fund)	62 mills	$0.062	$1.24
Total	100 mills	$0.10	$2.00

RETURNS
Taxpayers must pay the cigarette tax by purchasing cigarette tax stamps. The other tobacco products tax is paid at the time a tax return is filed. Tax returns are required to be filed on a monthly basis and are due the last day of the month following the month that cigarette tax stamps were purchased or other tobacco products were imported into the state for sale.

Taxpayers that purchase cigarette tax stamps are entitled to a stamp discount of 3% on the first $1,000,000 and 2% on the second $1,000,000 of cigarette tax stamps purchased in a calendar year. The total stamp discount in each calendar year may not exceed $50,000. Taxpayers who import other tobacco products for sale may deduct 0.4% of the other tobacco products tax due to cover expenses of accounting and filing returns. There is no limit on this deduction.

EXEMPTIONS
Sales to authorized military personnel by a military exchange, commissary, or ship store, and sales by an Indian reservation business located within an Indian reservation to members of the reservation are not subject to the tax.

DISPOSITION OF REVENUE
Cigarette Taxes – Revenue from the base rate is deposited in the School Fund. Revenue from the additional tax is initially deposited into the General Fund. Of the amount deposited in the General Fund, 8.9% of the revenue is deposited into the Tobacco Use Education and Cessation Fund, a subfund of the General Fund.

The Division deposits all cigarette and tobacco products license fees into the School Fund, to be used for the rehabilitation, construction, repair and associated insurance costs of state school facilities.

The Division deposits all revenue from OTP into the General Fund.

HISTORY
The tobacco tax dates to 1949 when the legislature enacted a tax of $0.03 per pack on cigarettes and #0.02 per ounce on tobacco. There were no exemptions provided in the tax legislation.

1951 - The legislature increased the cigarette tax to $0.05 per pack.

1955 - The legislature eliminated the tobacco products tax and, although the cigarette tax rate remained at$0.05, the legislature converted the rate to a mill rate per cigarette (2.5 mills per cigarette). The legislature enacted a 1% deduction provision to cover accounting expenses.

The legislature also created the School Fund and directed all proceeds from the cigarette tax be deposited in this fund.

1961 - The legislature increased the cigarette tax to 4 mills per cigarette ($0.08 per pack). The legislature dedicated revenue from the additional $0.03 to the General Fund.

1977 - The legislature exempted military sales from the cigarette tax.

1983 - The Department of Revenue adopted regulations exempting sales of cigarettes by Indian Reservation businesses to members of the reservation.

1985 - The legislature increased the cigarette tax to 8 mills per cigarette ($0.16 cents per pack).

1988 - The legislature enacted the tobacco products tax imposing a tax of 25% of the product wholesale price. The legislature authorized taxpayers to deduct 1% of the tax to cover accounting expenses.

1989 - The legislature increased the cigarette tax rate to 14.5 mills ($0.29 per pack of 20).

1997 - Effective October 1, 1997, the legislature increased the cigarette tax rate to 50 mills or $1 per pack of 20; and the tobacco products tax rate was increased to 75% of wholesale price. The legislature reduced the deduction percentage to cover accounting expenses from 1% to 0.4%.

1999 - Effective June 3, 1999, Alaska became a signatory to the nationwide tobacco Master Settlement Agreement (MSA). The MSA is an agreement between 46 states, including the State of Alaska, and certain cigarette manufacturers which have voluntarily agreed to reimburse states for costs associated with cigarette smoking. The agreement applies only to “participating manufacturers” (those manufacturers who have agreed to participate in the settlement).

The agreement includes language to prevent “nonparticipating manufacturers” (those manufacturers who have not agreed to participate in the settlement) from deriving short-term profits and from becoming judgment-proof before liability arises. This language requires every nonparticipating manufacturer to place funds in an escrow account for each cigarette sold in the state. Per the agreement, the state is responsible to obtain data to determine the amount required to be placed in an escrow account by each nonparticipating manufacturer.

2001 - Effective July 1, 2001, the Department of Revenue gained new tools to enforce the nationwide MSA signed by the major cigarette manufacturers and states. It allows the Department to share information with other states and entities that may aid in the enforcement of the agreement. It also prohibits tobacco products licensees from importing and selling cigarettes in Alaska made by nonparticipating manufacturers that fail to comply with the agreement.

2003 – The legislature required all cigarette manufacturers to certify to the Division that they are either a signatory to the tobacco MSA or in compliance with AS 45.53. The Division is required to post on its website a list of the compliant cigarette manufacturers and their brands. Only those brands of cigarettes included in the list may be sold in Alaska.

2004 - Effective January 1, 2004, the cigarette tax must be paid through the use of cigarette tax stamps. An Alaska cigarette tax stamp must be affixed to each cigarette pack prior to sale, distribution or consumption. Cigarettes found in the state that do not bear a cigarette tax stamp are contraband and subject to immediate seizure by the Department of Revenue or any other law enforcement agency in the state. Additionally, the sale of cigarettes at less than cost is prohibited.

During a special session in June 2004, the legislature passed legislation that:

- Increased the cigarette tax by 30 mills to $0.08 per cigarette or $1.60 per pack of 20 cigarettes, effective January 1, 2005.
- Levied an additional tax of 12.5 mills or $0.25 per pack of 20 cigarettes on cigarettes imported into the state for sale or personal consumption if the cigarettes were manufactured by an NPM. An NPM is a manufacturer that did not sign the tobacco MSA. Revenue from the entire cigarette tax increase and the additional tax on NPM product is deposited in the General Fund. Required 8.9% of cigarette tax revenue deposited in the General Fund to be deposited into the Tobacco Use Education and Cessation Fund, effective January 1, 2005. Amounts deposited in the fund may be appropriated by the legislature for tobacco use education and cessation programs.
- Increased the cigarette tax by 10 mills to $0.09 per cigarette or $1.80 per pack of 20 cigarettes, effective July 1, 2006. The revenue from this increase will be deposited in the General Fund.
- Increased the cigarette tax by 10 mills to $0.10 per cigarette or $2.00 per pack of 20 cigarettes, effective July 1, 2007. The revenue from this increase will be deposited in the General Fund.

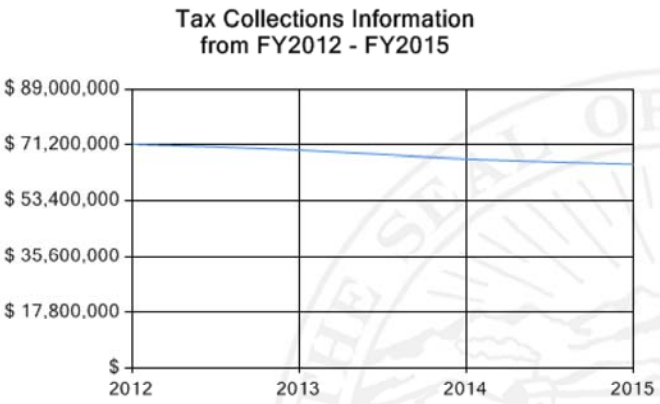
2008 - Effective August 1, 2008, only fire-safe certified cigarettes can be imported into Alaska.

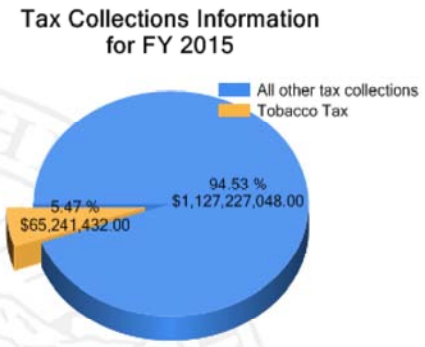
2010 - The legislature changed the methodology for establishing the minimum price at which cigarettes must be sold.

2014 – HB 193 (CH 74 SLA 14) added a new section to AS 43.50.150 granting the Department of Revenue the authority to collect, supervise, and enforce tobacco taxes in a manner that would allow the department to enter into agreements with a municipality to administer tobacco taxes on behalf of the municipality. These agreements may allow the department and a municipality to jointly administer cigarette stamps and audit taxpayers for cigarette/tobacco taxes. The law requires municipalities to reimburse the state for administration costs if the municipality decides to enter into an agreement with the department. The Department of Revenue may also share taxpayer information with municipalities relating to tobacco tax.

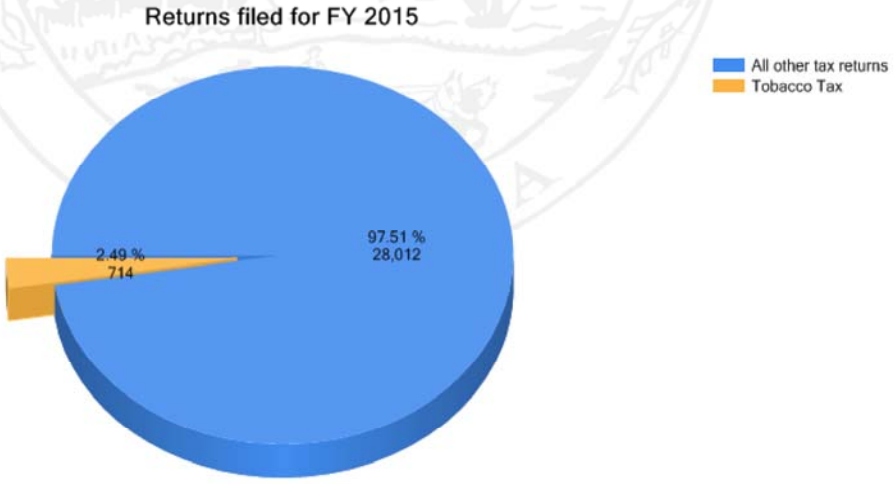
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Cigarette tax	$52,790,556.07	$55,238,631.00	$57,247,497.00	$59,630,927.00
OTP tax	$12,805,976.94	$12,152,537.00	$12,599,764.00	$12,035,633.00
Penalties & interest	$39,543.26	$55,563.00	$81,041.00	$87,812.00
License Fee	$3,450.00	$3,539.00	$4,950.00	$4,975.00
Accounting Expense & Stamp Deduction	(398,094.45)	(552,889.00)	(358,591.00)	(353,722.00)
Total Tax	**$65,241,432.00**	**$66,897,381.00**	**$69,574,661.00**	**$71,405,625.00**
General Fund	$40,504,473.00	$42,840,508.00	$44,825,681.00	$45,582,170.00
School Fund	$21,601,324.73	$21,006,793.00	$21,611,515.00	$22,549,956.00
Education & Cessation Fund	$3,135,634.56	$3,050,080.00	$3,137,465.00	$3,273,499.00





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	714	900	901	2,447
Number of taxpayers	66	78	101	263



Cigarettes	FY 2015	FY 2014	FY 2013	FY 2012
Total cigarettes reported on tax returns	549,993,906	552,548,995	576,510,265	601,742,621
Military and Indian exempt cigarettes	21,912,600	(4,674,586.00)	(4,550,600.00)	(5,004,500.00)
Cigarette credits for Returns	1,059,675	(1,630,510.00)	(2,426,945.00)	(869,780.00)
Taxable cigarettes	527,021,631	546,243,899	569,532,720	595,868,341

Value	FY 2015	FY 2014	FY 2013	FY 2012
Other Tobacco Products	$18,572,760.00	$17,589,890.00	$17,143,371.00	$16,503,897.00
Military and Indian exempt OTP	(148,179.00)	(147,589.00)	(155,400.00)	(151,542.00)
OTP Credits for Returns	(249,805.00)	(325,857.00)	(301,332.00)	(291,079.00)
Taxable OTP wholesale	$18,174,776.00	$17,116,444.00	$16,686,639.00	$16,061,276.00

Vehicle Rental Tax

Date Range: 2012 to 2015

AS 43.52
DESCRIPTION
Alaska levies an excise tax on fees and costs charged for the lease or rental of a passenger or recreational vehicle if the lease or rental does not exceed a period of 90 consecutive days. The tax is levied on individuals renting vehicles and is collected by the rental/lease agency.

RATE

Vehicle Type	Rate (Fees & Costs)
Passenger	10%
Recreational	3%

RETURNS
Vehicle rental/lease agencies file tax returns and remit taxes quarterly. The returns and payments are due the last day of the month following the end of the calendar quarter in which the rental/lease agencies collected the tax.

EXEMPTIONS
Vehicle rental tax does not apply to:

- rentals or leases to federal, state, local, or foreign government agencies or employees on official business
- trucks with a gross vehicle weight rating greater than 8,500 pounds used for moving personal property and for vehicles provided to customers by automobile dealers as replacement transportation during warranty, recall or service contract repairs
- taxi cabs are excluded from the tax under AS 43.52.099. Specifically, taxi cabs do not meet the definition of a "passenger vehicle."

There is no exemption certificate required for taxi cabs. Similarly, rental trucks and replacement transportation do not meet the “passenger vehicle” definition. However, there is an exemption certificate required for these transactions.

DISPOSITION OF REVENUE
The Division deposits all revenue from the vehicle rental tax into a special vehicle rental account in the General Fund. The legislature may appropriate the balance in the vehicle rental tax account for tourism development and marketing.

HISTORY

2003 - The legislature enacted the vehicle rental tax on August 20, 2003. The tax became effective January 1, 2004.

2004 - The legislature exempted the rental of taxicabs by taxicab drivers from the vehicle rental tax. Effective May 8, 2004 and retroactive to January 1, 2004, the Division refunded any tax collected or remitted for taxi cab rentals between January 1 and May 8, 2004.

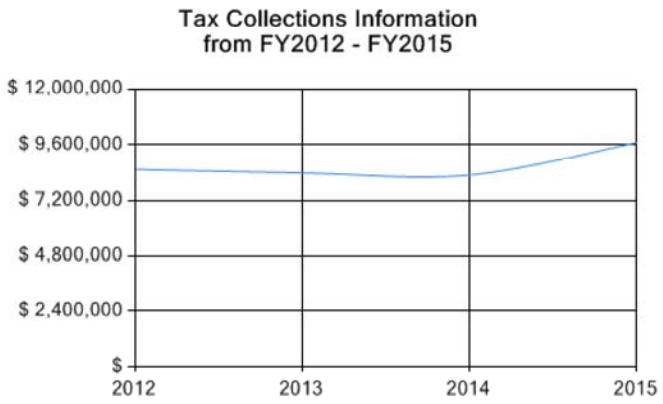
2006 - The legislature exempted trucks rented by individuals for moving personal property and for vehicles provided to customers by automobile dealers as replacement transportation during warranty, recall or service contract repairs, effective January 27, 2006.

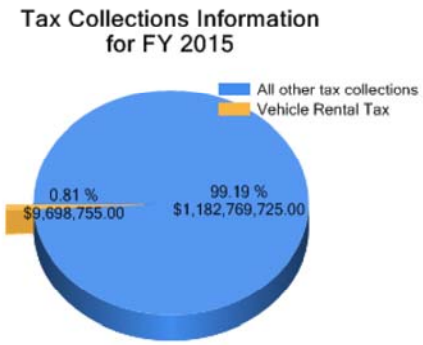
2013 - Effective May 10, 2013, the legislature excluded motorcycles and motor-driven cycles as defined by AS 28.90.990 from the tax.

2014 - HB 193 (CH 74 SLA 14) added a new subsection to AS 43.52.080 allowing the Department of Revenue to share taxpayer information with municipalities relating to vehicle rental tax as long as the municipality grants similar privileges to the department, provide adequate safeguards for taxpayer confidentiality and uses the information for tax purposes.

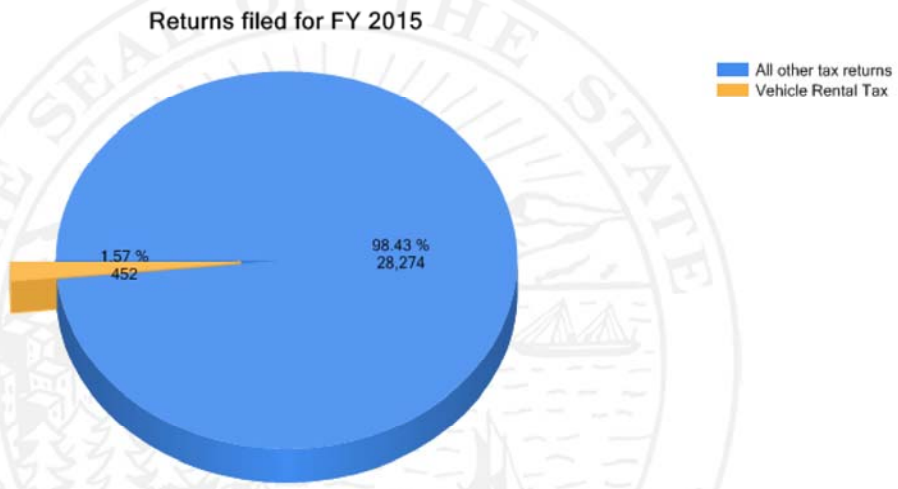
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Collections Summary	FY 2015	FY 2014	FY 2013	FY 2012
Passenger vehicle rental	$9,215,479.86	$7,878,448.00	$8,002,079.00	$8,132,668.00
Recreational vehicle rental	$432,721.61	$396,337.00	$360,782.00	$359,002.00
Penalties, interest & refunds	$50,553.97	$8,712.00	$20,130.00	$37,963.00
Total Tax	**$9,698,755.00**	**$8,283,497.00**	**$8,382,991.00**	**$8,529,633.00**





Filing Information	FY 2015	FY 2014	FY 2013	FY 2012
Number of returns	452	429	411	464
Number of taxpayers	114	123	116	118


Returns filed for FY 2015
All other tax returns
Vehicle Rental Tax
98.43 %
28,274
1.57 %
452