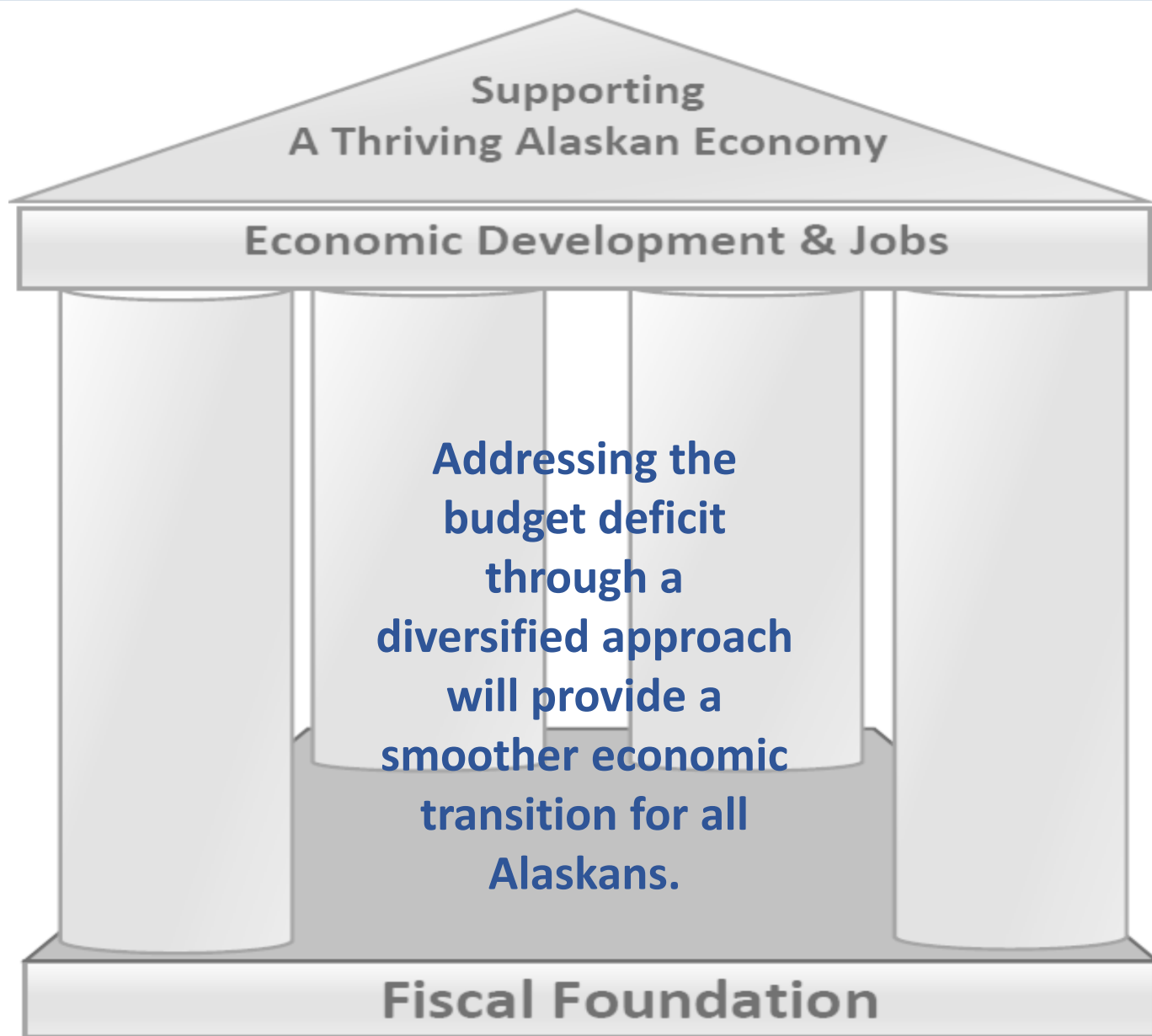
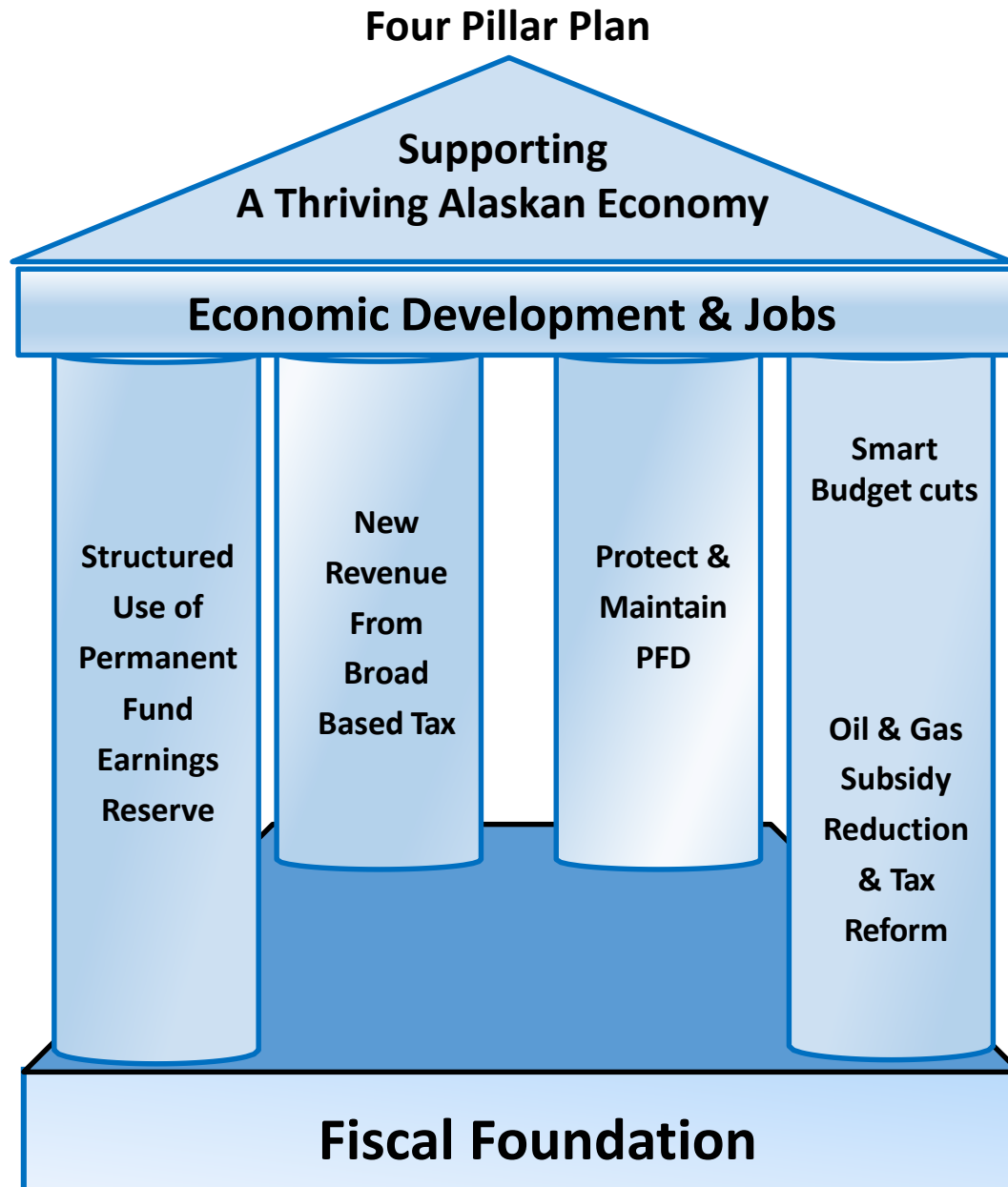
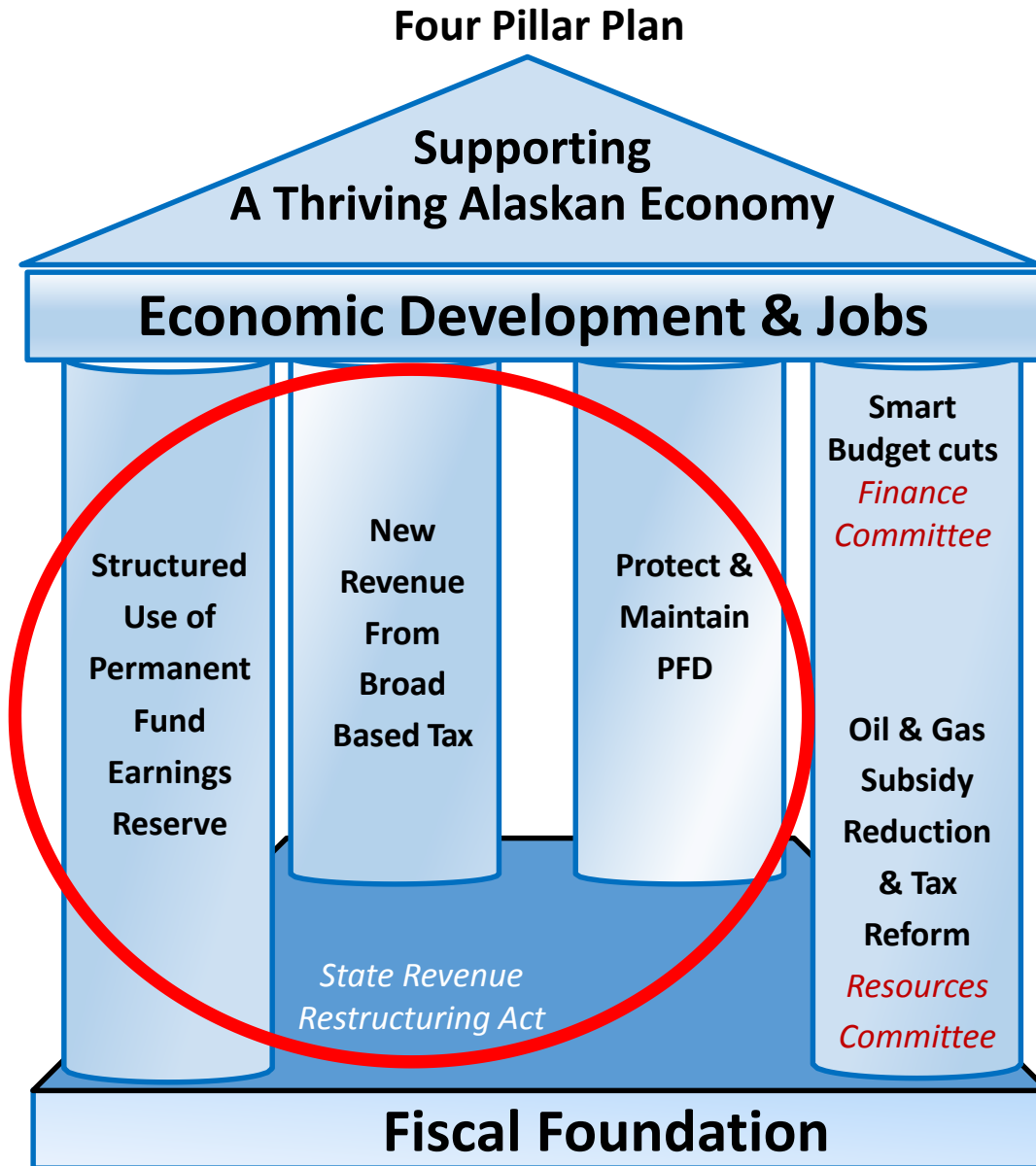


State Revenue Restructuring Act HB 115

30th Legislature







HB 115: Permanent Fund Earnings

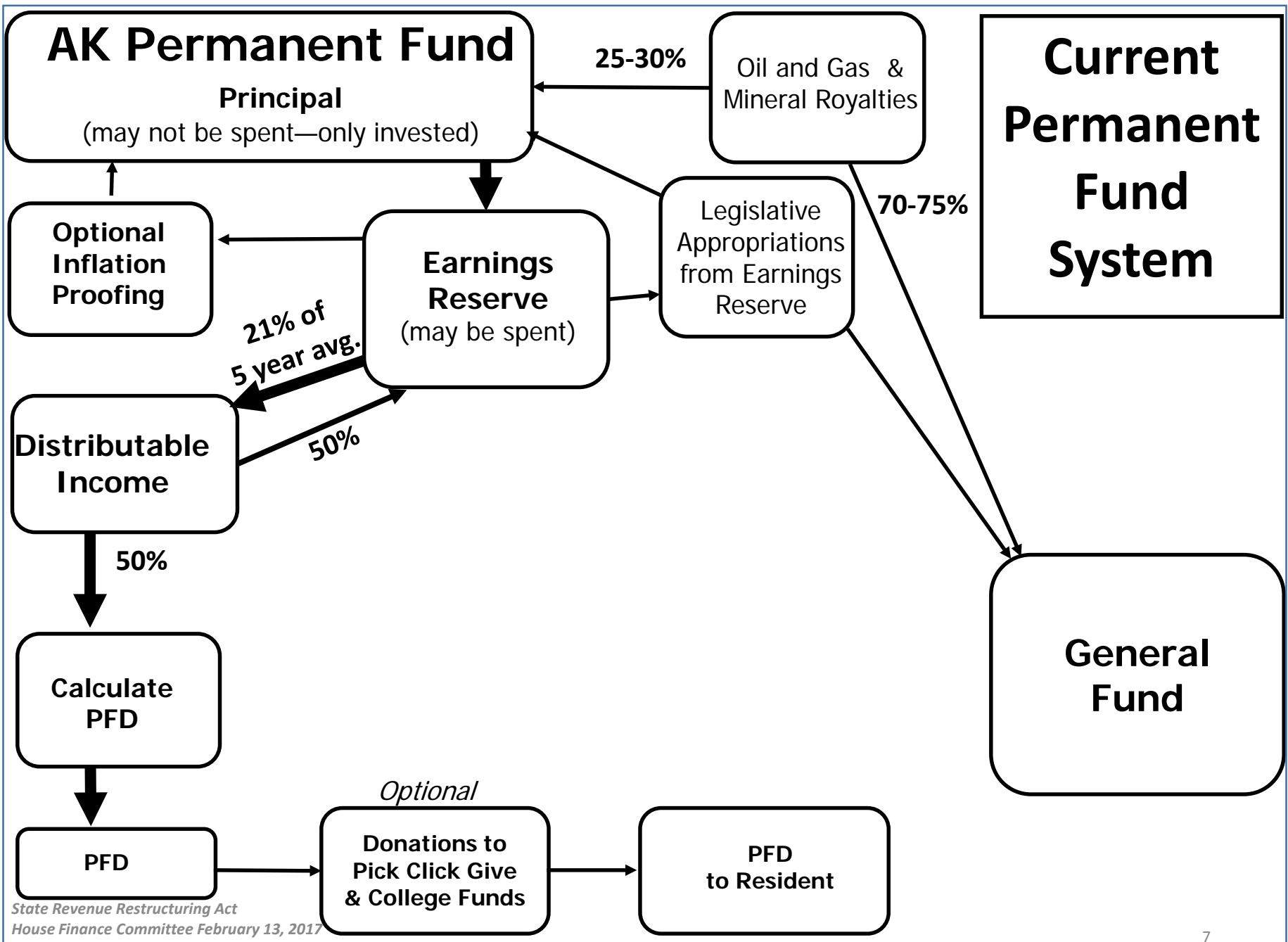
- **4.75% Permanent Fund POMV.** Inflation proofing contingent on surplus.
- **1/3 of POMV to pay dividends.** \$1100 and growing over years, with payouts more stable than current calculation.
- **2/3 of POMV directed to the General Fund.** \$1.5 billion in FY18 growing to \$2 billion in FY25.
- Residents may choose to **apply their PFD to their upcoming state income tax due as a Refundable Tax Payment.** Any amount left over after paying taxes will be refunded by the Tax Division.

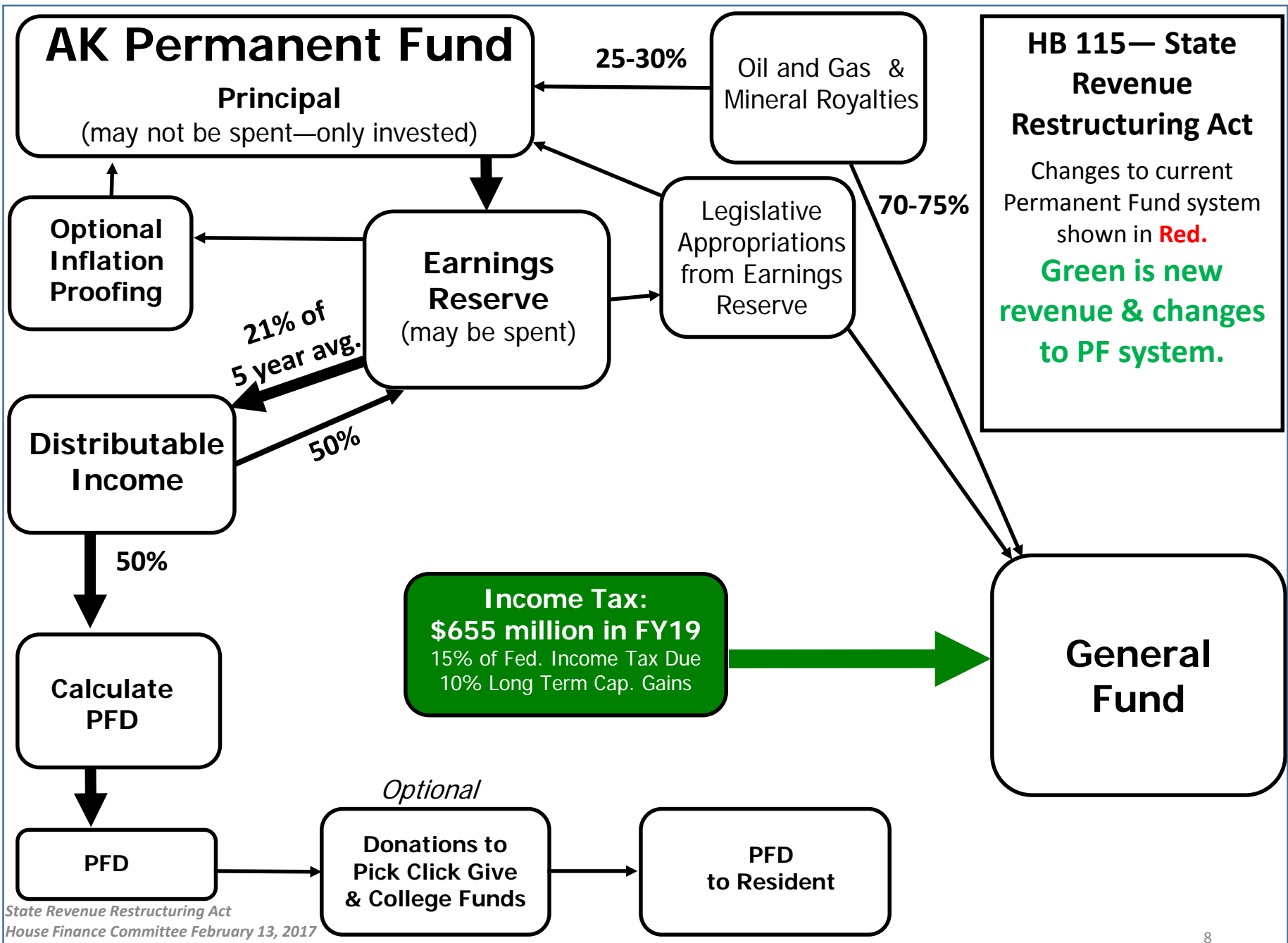
INCOME TAX:

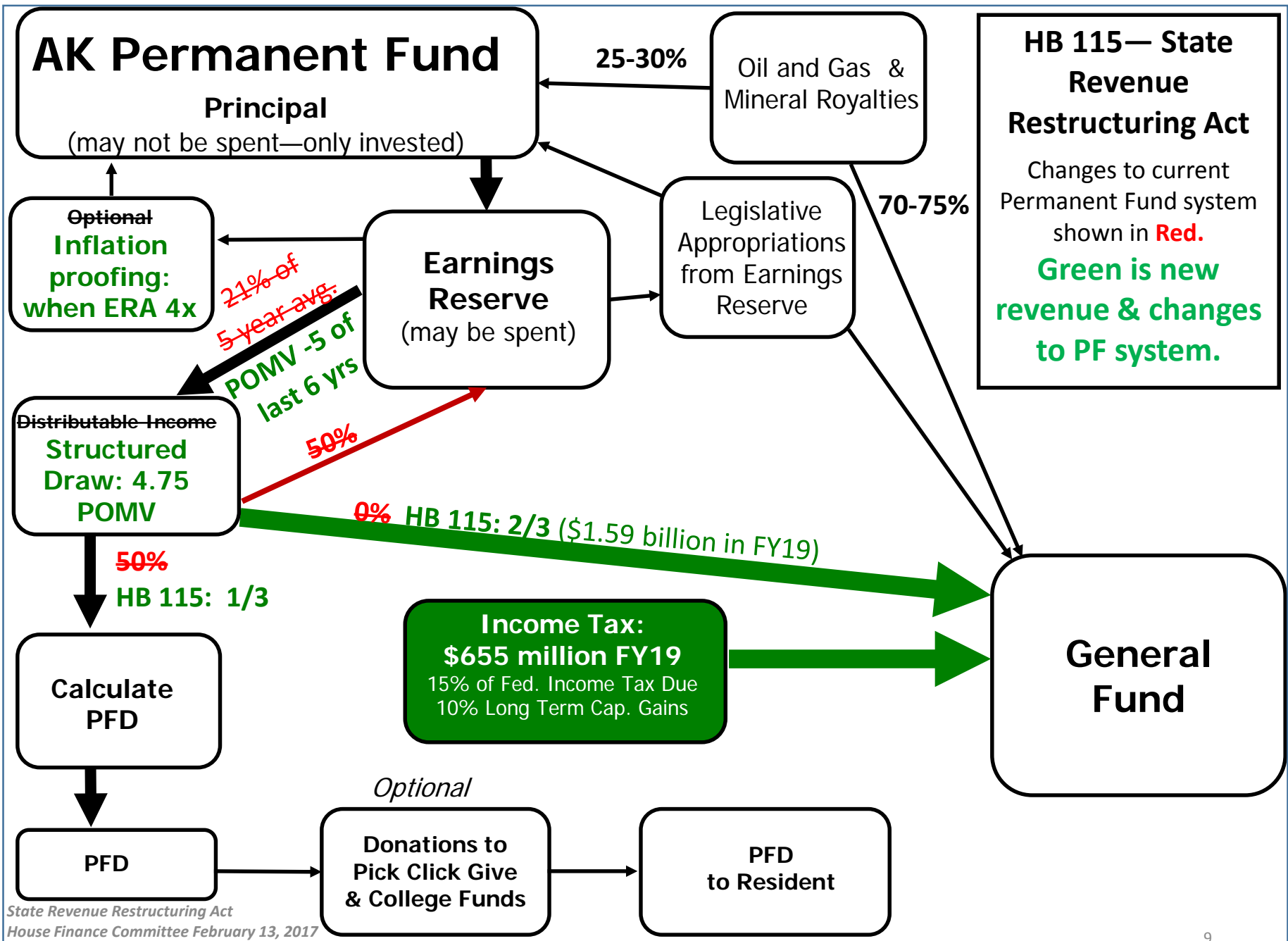
	<u>Revenue*</u>
• 15% Federal Liability	\$500 million
• 10% Long Term Capital Gains	\$ 85 million
• Nonresidents	\$ 70 million
• Total estimated revenue <i>once fully implemented</i>	\$655 million

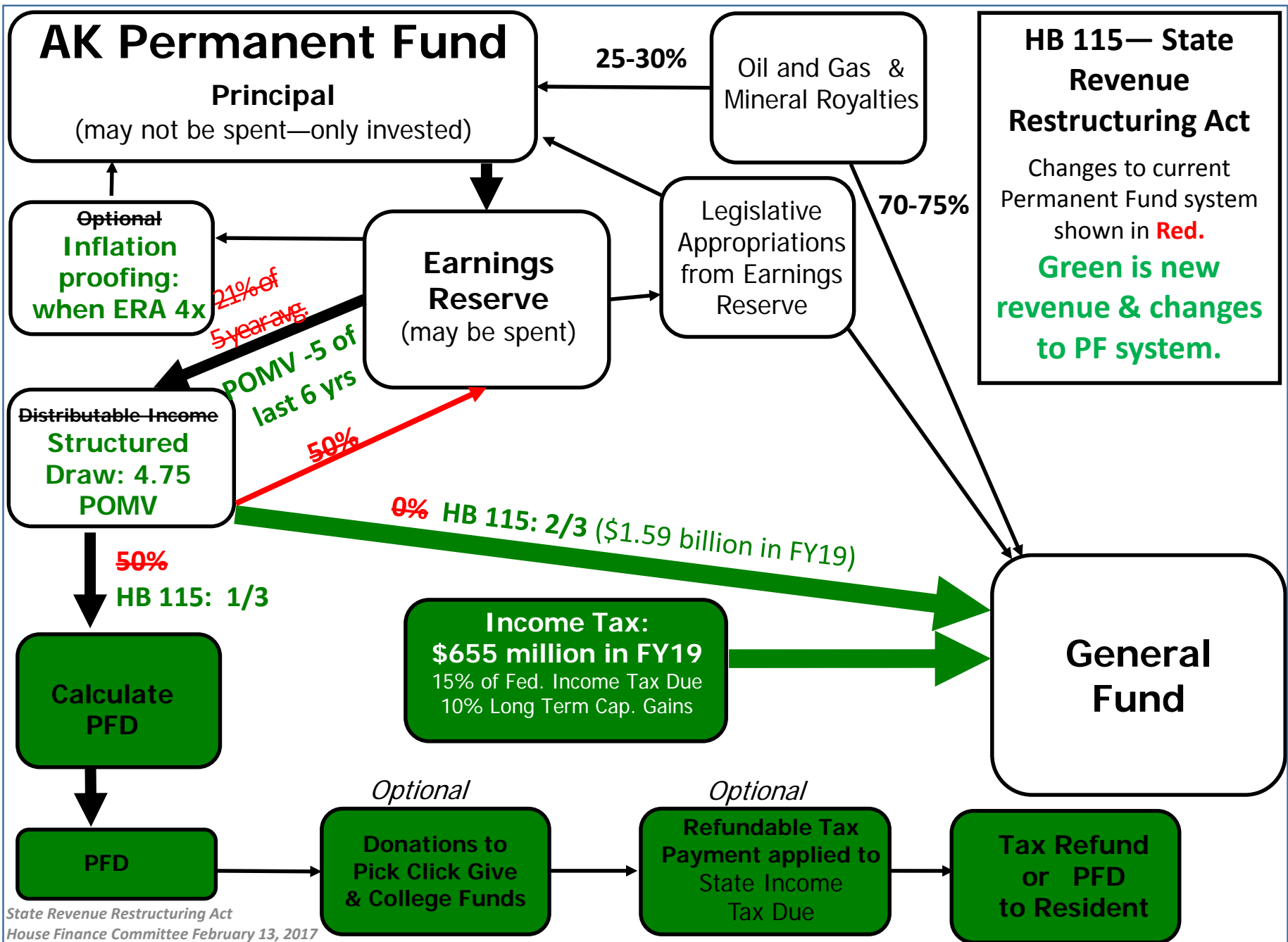
-
- | | |
|-----------------------------------------------------------|----------------|
| • Estimated Revenue from 2018-
half of the fiscal year | ~\$300 million |
|-----------------------------------------------------------|----------------|

*Dept. of Revenue fiscal note estimates 4/15/15 from HB182 of that year, which is similar to the income tax portion of the bill. \$25 minimum tax not included in HB182 calculation. Awaiting updated fiscal estimates.









HB Proposal: Total Estimated Revenue to General Fund

FY18 -Half Year of Income Tax

Income Tax Revenue*	\$300,000,000
---------------------	---------------

2/3 of the 4.75% POMV Draw **	\$1,523,000,000
-------------------------------	-----------------

Total Revenue to General Fund	\$1,823,000,000
--------------------------------------	------------------------

<i>Separate 1/3 of POMV Draw to dividend</i>	<i>\$762,000,000</i>
----------------------------------------------	----------------------

*Dept. of Revenue fiscal note estimates 4/15/15 from HB182 of that year, which is similar to the income tax portion of the bill. \$25 minimum tax not included in HB182 calculation. Awaiting updated fiscal estimates.

** 4.75% POMV Draw amount based Legislative Finance calculations. 33% to the dividend is \$762 million in FY18. 67% to the general fund is \$1.5 billion in FY18.

HB Proposal: Total Estimated Revenue to General Fund

FY19 – First Full Year of Income Tax

Income Tax Revenue*	~ \$655,000,000
2/3 of the 4.75% POMV Draw **	\$1,595,000,000
Total Revenue to General Fund	\$2,250,000,000

<i>Separate 1/3 of POMV Draw to dividend</i>	<i>\$797,000,000</i>
----------------------------------------------	----------------------

*Dept. of Revenue fiscal note estimates 4/15/15 from HB182 of that year, which is similar to the income tax portion of the bill. \$25 minimum tax not included in HB182 calculation. Awaiting updated fiscal estimates.

** 4.75% POMV Draw amount based Legislative Finance calculations. 33% to the dividend is \$797 million in FY19. 67% to the general fund is \$1.59 billion in FY19.

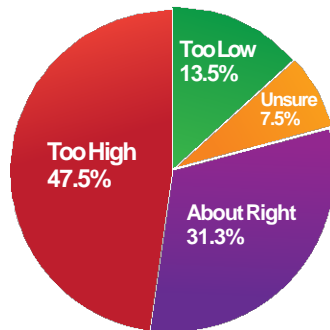
What kind of Alaska
do we want to live in?

State Spending

This year 49.9% of 7,028 survey participants indicated that state spending is already about right or too low

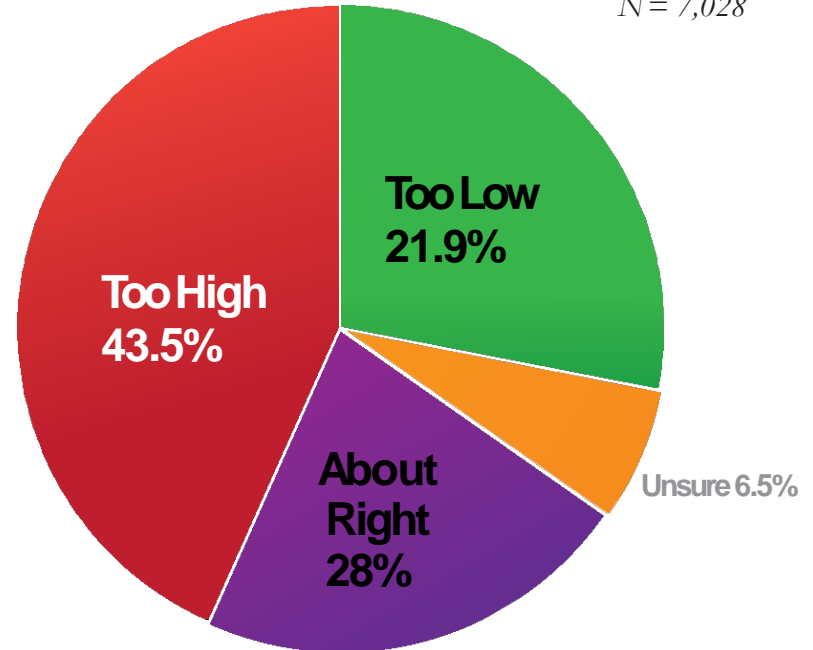
In your opinion, is current state spending too high, about right or too low?

- 1) Too high
- 2) About right
- 3) Too low
- 4) Unsure



2016 Web Survey
N = 4,892

www.alaskasenate.org



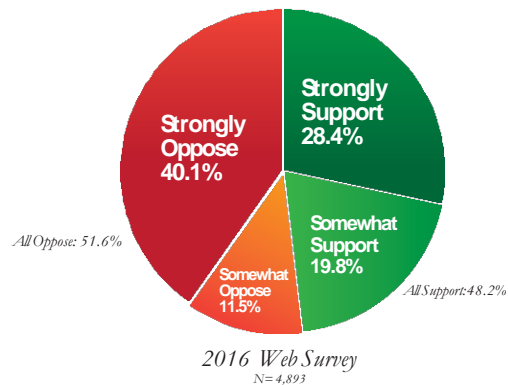
N = 7,028

Source: Alaska Senate Majority, 2017
Start of Session Survey

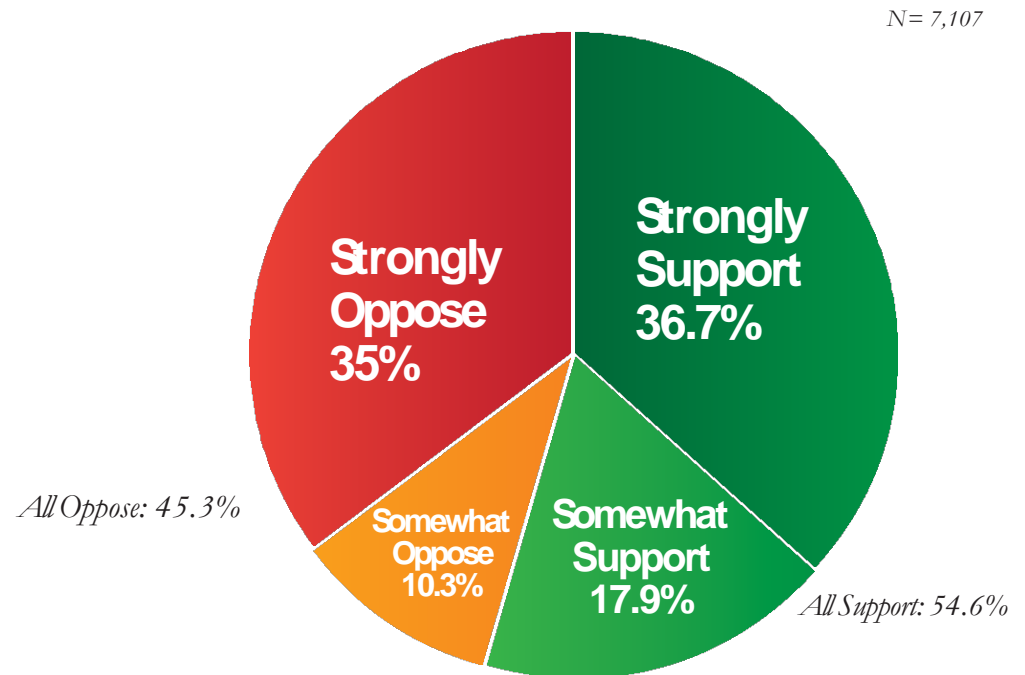
Income Tax

Do you support or oppose enacting a statewide income tax?

- 1) *Strongly Support*
- 2) *Somewhat Support*
- 3) *Somewhat Oppose*
- 4) *Strongly Oppose*

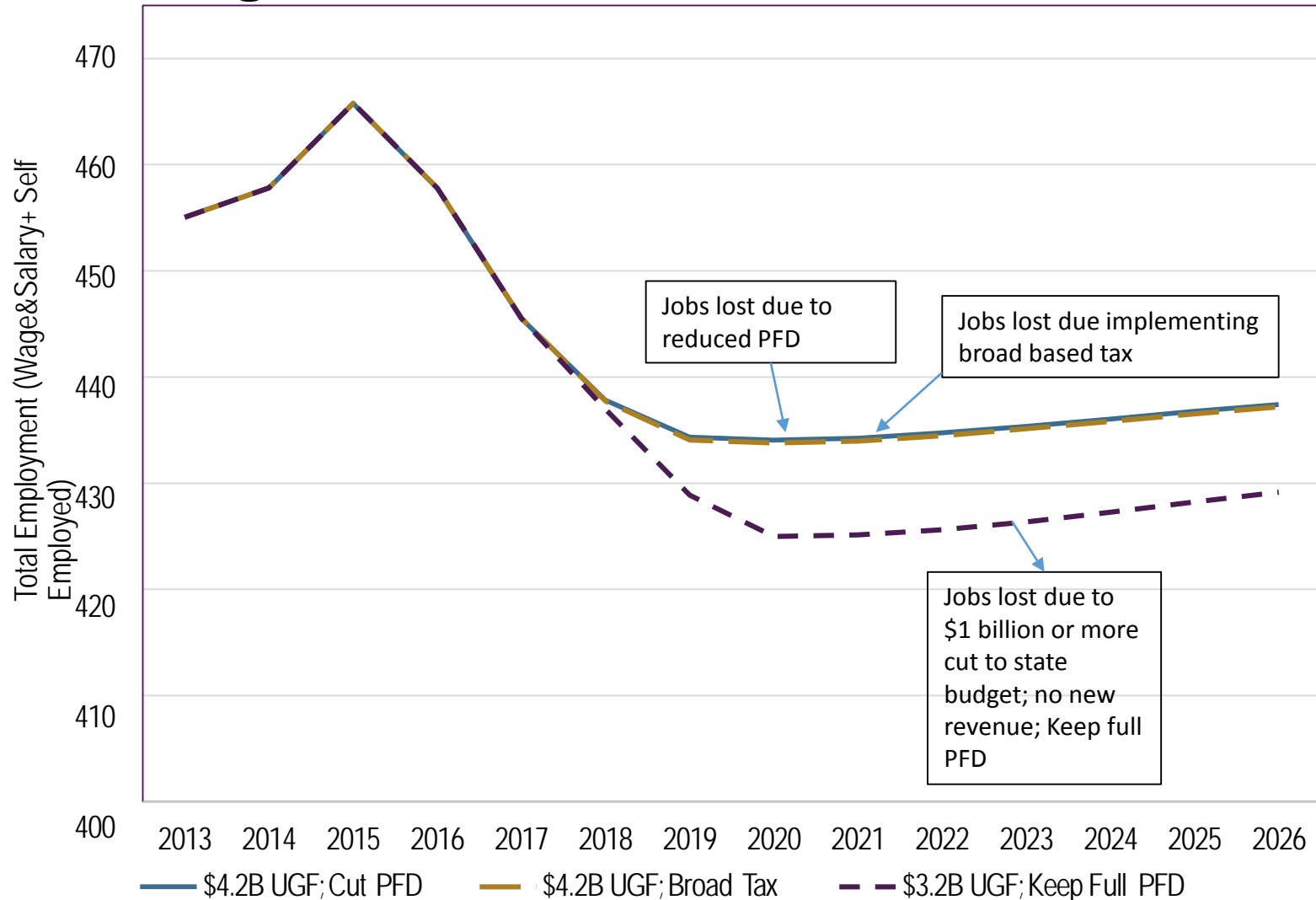


www.alaskasenate.org



*Source: Alaska Senate Majority, 2017
Start of Session Survey*

2017-2026 Employment Forecast under Three Budget Scenarios



Source: Northern Economics "Forecasting Alaska's Economy: 2016-2017".
By Jonathan King

A \$3.2 Billion Budget Scenario

Cost Shifts to Communities	
Community	Total
Anchorage	\$ 178.4
Copper River	\$ 1.9
Dillingham	\$ 3.0
Fairbanks*	\$ 58.0
Juneau	\$ 27.6
Kake	\$ 0.7
Kodiak*	\$ 15.0
Mat-Su	\$ 81.5
Nome	\$ 3.4
Pelican	\$ 0.2
Saint Mary's	\$ 1.2
Valdez	\$ 3.9

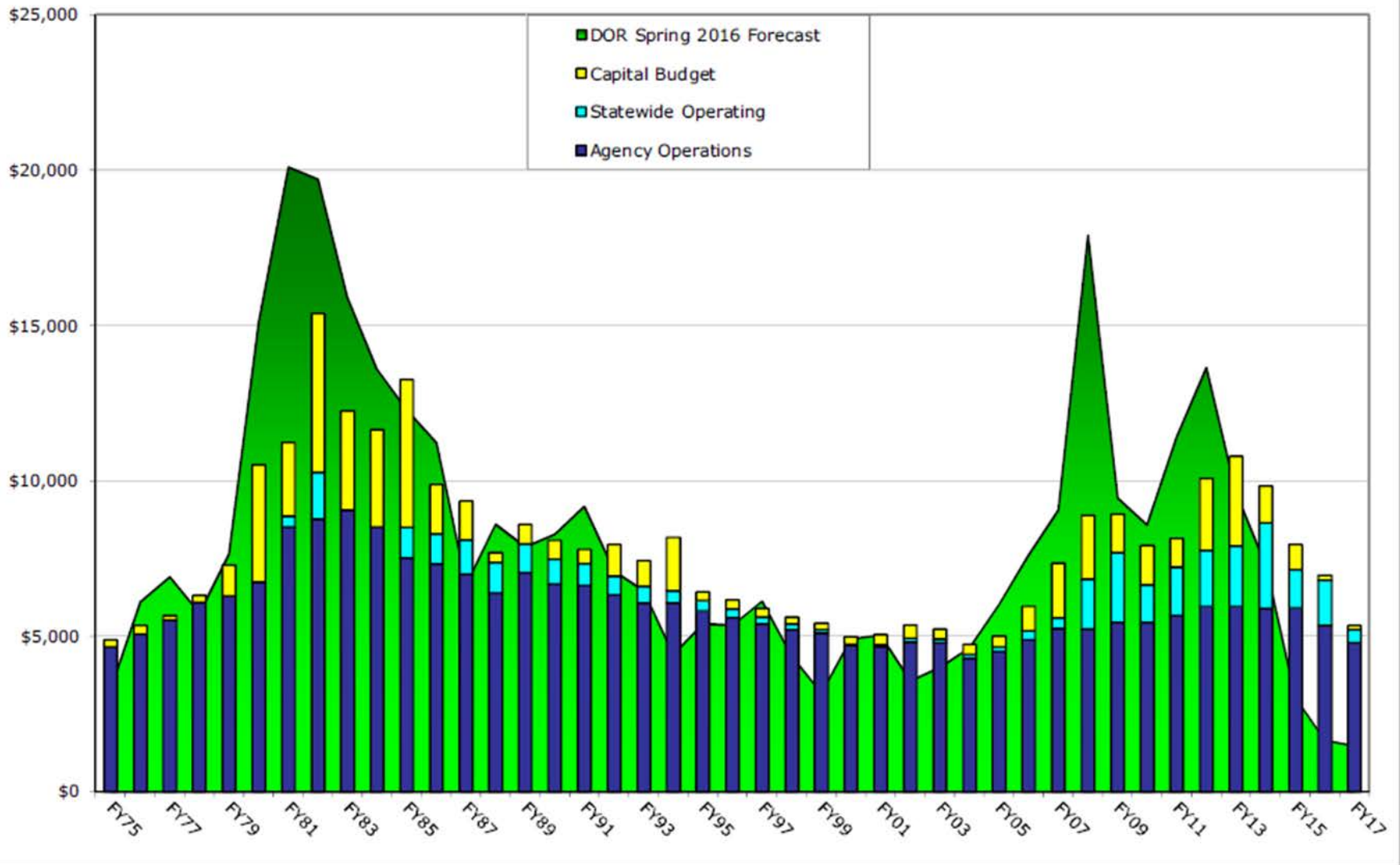
*Funding loss includes impact to the Borough

Example Community: Mat-Su:

- To replace this lost revenue Property taxes would need to rise by **7 mills** (71%)
- A resident with a \$300,000 home would pay \$2,100 more per year in property taxes
- This is a “pass through” solution that spreads the burden of taxation too thin
- A statewide solution, such as a sales or income tax, would capture out of state workers and reduce Alaskan’s tax burden
- Other “Hidden” government costs will affect residents
 - \$2,000/year Power Cost Equalization Subsidy
 - Alaska Comprehensive Insurance Program
 - Other services

*Source: “Fiscal Forum for Fiscal Plan”, January 19 2017.
By the Office of Management and Budget*

Real Per Capita Unrestricted General Fund Revenue/ Budget History (2015 dollars Per Person)



August 2016

Legislative Finance Division

Source: Legislative Finance Division

