

# House Special Committee on Ways and Means

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## House Bill 189 Sectional Analysis

**Section 1** adds a new chapter to AS 43 creating an Education Tax.

**Sec. 43.45.011** authorizes the Department of Revenue to collect an education tax on wages and self-employment earnings from a source in Alaska. The amount of tax due is based on an individual's income and established in statute.

**Sec. 43.45.021** directs employers to withhold one-half of the estimated tax due from each of an employee's first two payrolls of the year and to maintain records of the withholdings. The employer is required to withhold the tax from the employee unless the employee can prove they have already paid the tax due for the calendar year.

**Sec. 43.45.031** stipulates that a self-employed individual will remit the tax required under AS 43.45.011.

**Sec. 43.45.041** provides a mechanism for a taxpayer to request a refund if an overpayment is made.

**Sec. 43.45.051** requires a person to report to the Department of Revenue any payments made to a self-employed individual if reporting of that payment is required by the Internal Revenue Service.

**Sec. 43.45.061** directs proceeds from this tax to the public education fund within the general fund.

**Sec. 43.45.099** provides definitions for key terms in this chapter.

**Section 2** is uncodified law allowing the Department of Revenue to adopt regulations to implement this act.

**Section 3** provides an immediate effective date for Section 2, the adoption of regulations.

**Section 4** provides an effective date of January 1, 2022 for the Education Tax.