

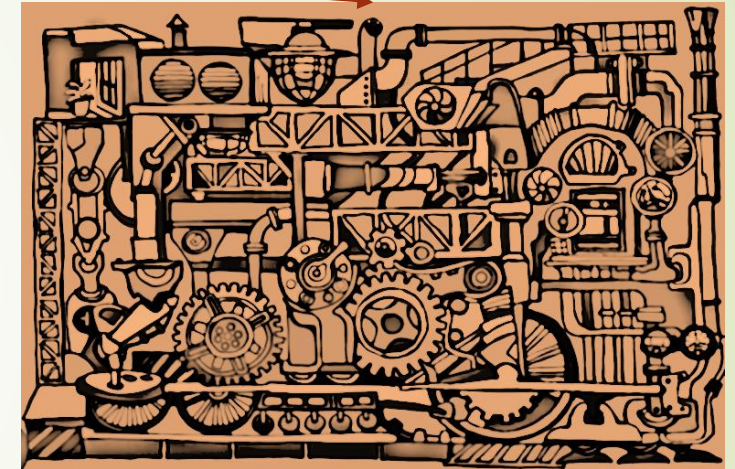
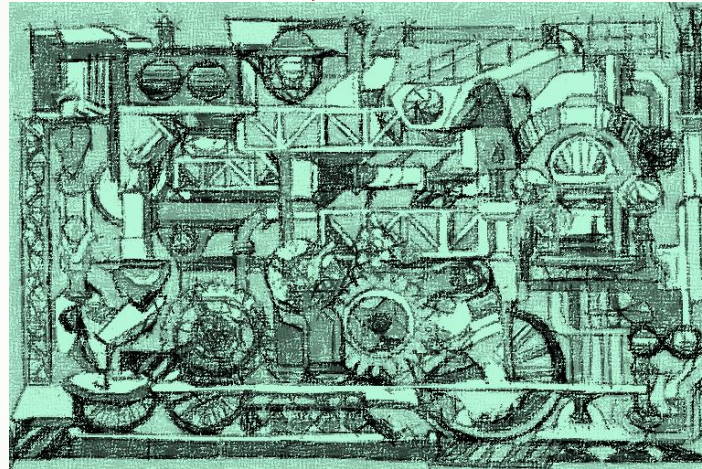
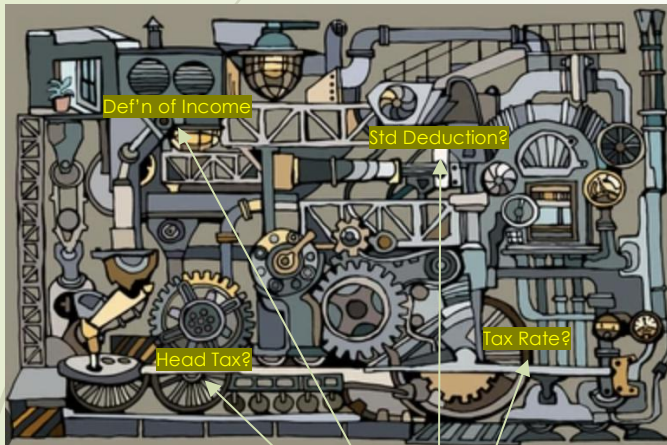
House Bill 152

Education Tax

Representative Alyse Galvin
House State Affairs Committee
February 25, 2026

State Income Tax – Many Models and Options

1. Choose a Model



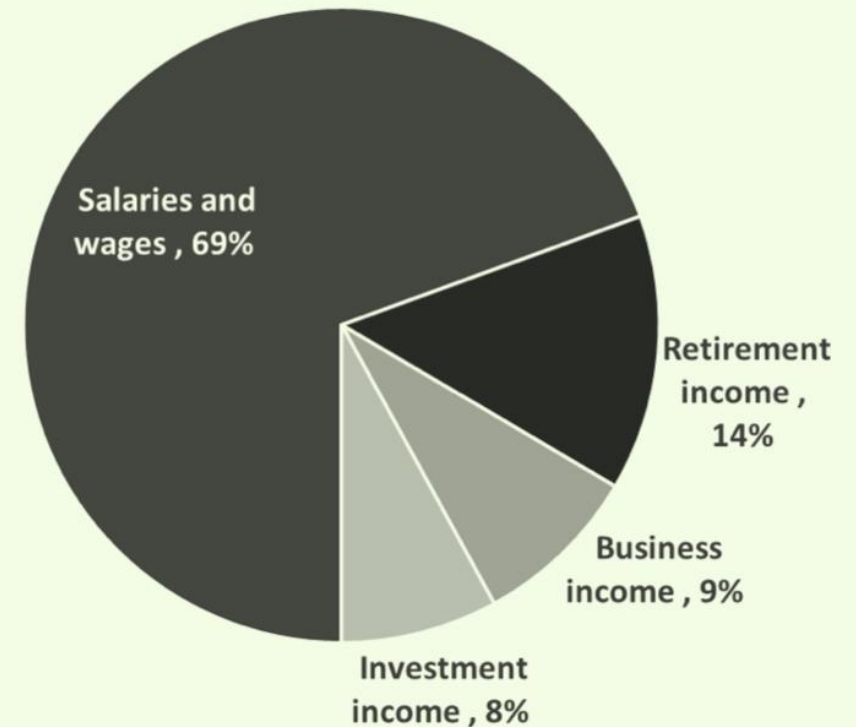
2. Tweak the Gears

Income – What Could Be Included?

- Wages, salaries
- Retirement income
 - IRA, pension, annuities, Social Security
- Business income
 - Sole proprietorship, Partnerships (LLC, Limited partnerships, S-corporations)
- Investment income
 - Capital gains, Dividends, Interest
- Other
 - PFD (excluded from tax), Unemployment, Farm

Major Sources of Personal Income in Alaska, 2018

Federal Adjusted Gross Income



Source: ITEP analysis of IRS Historic Table 2, Tax Year 2018

Let's Simplify – Build off the Federal Tax

Federal Tax Calculation

All Income

- Less Federal Adjustments

= Adjusted Gross Income

- Less Federal Exclusions

= Federal Taxable Income

X Times Federal Tax Rate

= Federal Taxes Due

Options for identifying the income that will be subject to a state income tax

Option 1: Adjusted Gross Income

Option 2: Federal Taxable Income

Option 3: Federal Taxes Due

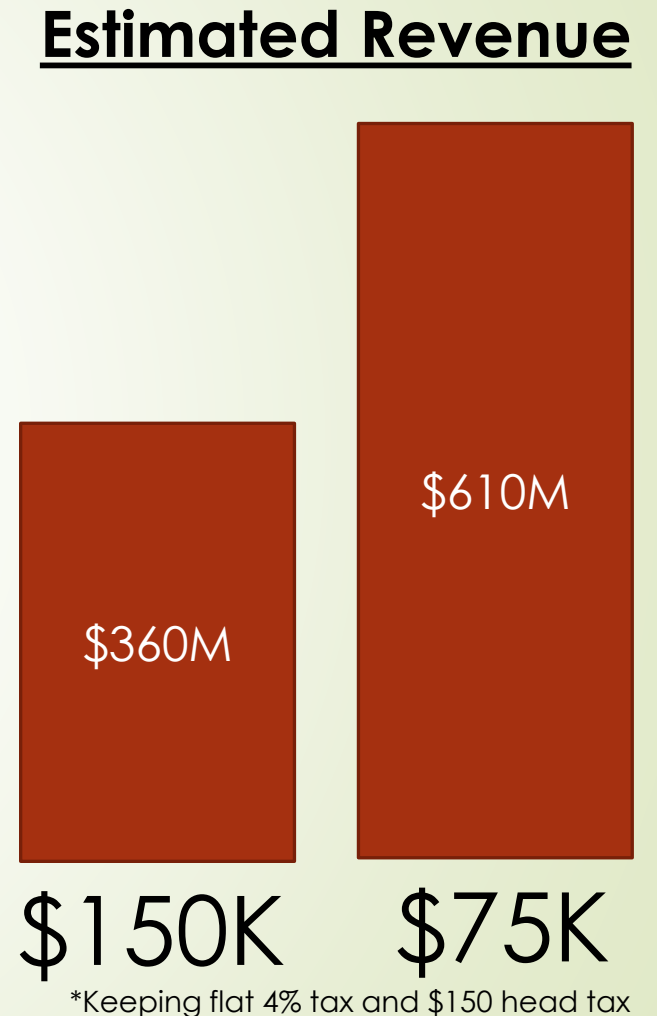
Income Tax – Structural Options (What We Chose)

- What Income is Taxed?
 - Option 1: Federal Adjusted Gross Income (AGI), with adjustments*
 - Option 2: Federal Taxable Income (TI), with adjustments*
 - Option 3: Federal Tax Obligation
- Standard Deduction? (Yes or No)
- Flat Tax Rate or Graduated Tax Rate
- Include a Head Tax? (Yes or No)

**adjustments are made to exclude income that is exempt from State taxation, and can add back income that is excluded from federal income tax but eligible for State taxation*

Possible Amendments-Standard Deduction Decrease

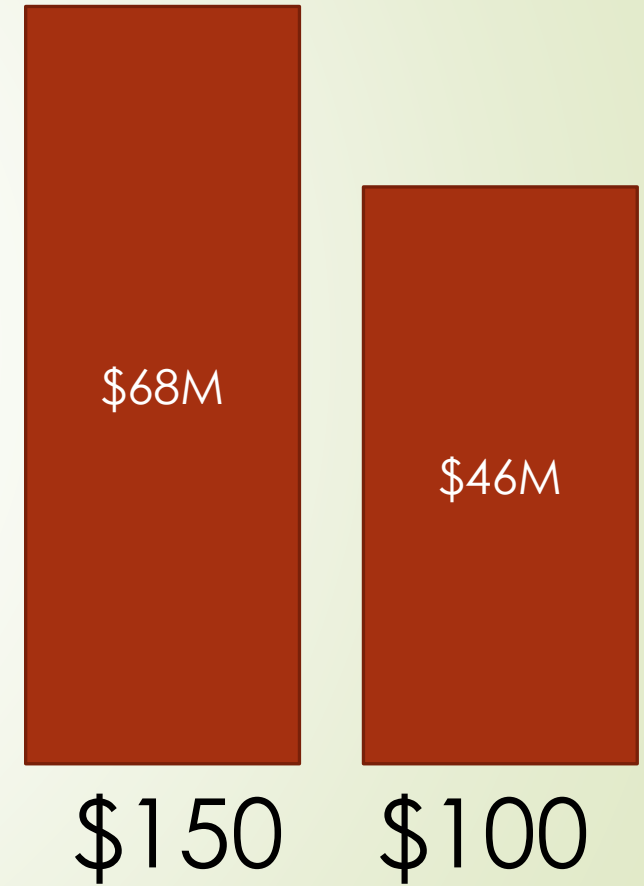
- The \$150K deduction limits the impact of the income tax to about 25% of Alaska income earners
- Changing the standard deduction to \$75K would expand the impact to 57% of Alaska income earners



Possible Amendments – Reduce the Head Tax

- The \$150 per person head tax is estimated to raise approximately \$68M alone
- If the head tax were \$100 per person reduce the raised revenue to \$46M
- The current bill makes the head tax in addition to the income tax; it could mean a minimum paid only if you don't pay any income tax (i.e. your income is less than \$150K)

Estimated Revenue



*Only showing the tax revenue from the Head Tax portion of the bill.

THANK YOU



Feel Free to Call or Email with Any Questions

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