

## Non-Petroleum Corporate Income Tax Collections by Sector

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**Purpose:** To present an analysis by business sector of non-petroleum corporate income tax collections received during recent fiscal years.

**Data Source:** Tax collections are from payments and refunds data for the relevant fiscal year, as reported in the Tax Revenue Management System and as queried by the Tax Division's Economic Research Group. Information current as of March 2016. Sector classifications are based on Department of Revenue determinations using taxpayer-reported NAICS codes and public information about companies. This report presents an analysis of corporate income tax collections from companies meeting the "water's edge" combined reporting requirement, and reporting corporate income taxes under AS 43.20.073. Companies that produce oil and gas or own pipelines involved in transportation of oil and gas report corporate income tax under AS 43.20.072 and are excluded from the this report.

**Key Assumptions:** Sector classifications are based on Department of Revenue determination using definitions listed on the "Definitions" worksheet.

**Disclaimer:** Collections for a fiscal year include quarterly estimated payments and may also include payments, assessments, or amended returns, and refunds for prior years. Large payments, assessments or refunds can distort the collections data for any specific year. Total collections may not exactly match Revenue Sources Book figures due to timing issues. Tax collections received during a fiscal year are not equal to tax liabilities reported during the fiscal year. Generally, only C corporations pay (i.e., not S corporations) corporate income tax. Thus, industry representation depends on the form of organization of businesses in each industry.

Most corporations file as part of a consolidated group. The industry classification reflects the Department of Revenue's subjective judgment about the corporation's **primary** activities within Alaska. This report does not necessarily reflect every industry in which the consolidated group participates. Therefore, this report may not be an accurate reflection of industry activities conducted in Alaska.

The Department of Revenue is in the process of reviewing and updating the data on which this analysis is based. As a result, future analysis could have different results.

## CORPORATE INCOME TAX COLLECTIONS by Sector for Corporations Subject to AS 43.20.145

Sector	FY 2011		FY 2012		FY 2013		FY 2014		FY 2015	
	%	Collections	%	Collections	%	Collections	%	Collections	%	Collections
Construction	2%	3,462,315	3%	3,267,002	3%	3,862,578	2%	2,412,142	3%	4,536,214
Finance	11%	17,502,970	17%	16,137,142	12%	13,289,660	18%	18,801,906	18%	25,099,218
Fisheries	1%	1,386,061	3%	2,818,460	3%	2,815,544	1%	787,932	2%	2,729,037
Manufacturing	2%	2,964,681	0%	112,774	1%	1,211,599	0%	446,815	0%	(8,954)
Mining	50%	81,790,274	15%	15,020,036	24%	26,812,498	15%	15,215,598	13%	17,320,051
Real Estate	0%	60,618	1%	795,495	0%	190,529	2%	1,571,395	1%	1,668,322
Retail	10%	16,671,512	19%	18,337,354	14%	15,516,777	19%	19,193,636	18%	24,175,386
<i>Restaurants &amp; Bars</i>		<i>698,329</i>		<i>331,744</i>		<i>(331,535)</i>		<i>582,398</i>		<i>1,413,110</i>
Services	15%	23,868,293	27%	26,321,022	25%	27,428,187	12%	11,986,665	19%	26,403,786
Transportation**	4%	6,725,161	6%	5,635,833	7%	8,013,315	15%	15,667,046	12%	16,021,020
Utility & Comm.	0%	542,165	2%	1,485,430	3%	3,216,320	3%	2,877,666	4%	5,854,741
Wholesale	5%	8,529,242	8%	7,803,566	8%	9,369,839	13%	13,836,447	11%	14,568,560
Other Sectors*	0%	19,854	0%	61,205	0%	71,843	0%	50,373	0%	(322,411)
<b>Total</b>		<b>\$163,523,146</b>		<b>\$97,795,319</b>		<b>\$111,798,689</b>		<b>\$102,847,620</b>		<b>\$138,044,970</b>
Sectors Included in Services										
<i>Health care</i>	10%	<i>2,491,773</i>	11%	<i>2,928,015</i>	8%	<i>2,244,962</i>	-4%	<i>(424,464)</i>	12%	<i>3,175,935</i>
<i>Oil &amp; Gas Services</i>	50%	<i>11,991,984</i>	66%	<i>17,369,216</i>	42%	<i>11,505,867</i>	48%	<i>5,740,279</i>	53%	<i>14,061,004</i>
<i>Tourism</i>	15%	<i>3,479,337</i>	9%	<i>2,442,502</i>	25%	<i>6,972,099</i>	22%	<i>2,621,338</i>	19%	<i>5,132,104</i>
<i>Other</i>	25%	<i>5,905,199</i>	14%	<i>3,581,290</i>	24%	<i>6,705,258</i>	34%	<i>4,049,512</i>	15%	<i>4,034,743</i>
<b>Total Services</b>		<b>23,868,293</b>		<b>26,321,022</b>		<b>27,428,187</b>		<b>11,986,665</b>		<b>26,403,786</b>
Alaska Native Claims Settlement Act (ANCSA) Corporations***										
<i>ANCSA Regional Corporations</i>				<i>2,127,643</i>		<i>1,771,883</i>		<i>3,434,921</i>		<i>2,922,177</i>
<i>ANCSA Village Corporations</i>				<i>5,876,787</i>		<i>6,411,185</i>		<i>7,275,322</i>		<i>6,133,838</i>
				8,004,430		8,183,067		10,710,243		9,056,015

\*Includes forestry, insurance and oil companies reporting under AS 43.20.073 which are combined for confidentiality and other adjustments

\*\*Includes both air and non-air transportation companies, a change from previous years.

\*\*\*Department of Revenue began calculating corporate income tax from ANCSA corporations in 2015. These corporations engage in many business activities, which are included in the sector table above.

### NOTES:

**AS 43.20.145** - Corporate income tax section that defines companies as non-petroleum. This report presents an analysis of corporate income tax collections from companies meeting the "waters edge" combined reporting requirement, and reporting corporate income taxes under AS 43.20.145. Companies that produce oil & gas or own pipelines involved in transportation of oil and gas file corporate income tax under AS 43.20.144 and are excluded from the this report. Additionally, most corporations file as part of a consolidated group. The industry classification identified by the taxpayer usually reflects the group's primary operations which are not necessarily its primary Alaska operations. Therefore, tax collections by sector are based on Department of Revenue interpretations of each consolidated group of corporation's primary Alaska operations and may not match nationally assigned NAICS codes.

- (1) Total collections may not exactly match Revenue Sources Book figures due to timing issues.
- (2) Collections include estimated payments, payments with returns, payments from collections, and refunds.
- (3) Negative amounts indicate that (refunds) exceeded payments for the fiscal year.
- (4) Timing of payments, refunds or assessment activity adds volatility between fiscal years.
- (5) Total collections may not match previous versions of the CIT Sector Report due to corrections.

## **Sector Definitions for Corporate Income Tax Sector Analysis**

Corporations are assigned to sectors based on Department of Revenue determination of their primary line of business. The few corporations whose primary line of business cannot be determined are assigned to the Services category.

**Construction:** Corporations primarily involved in building infrastructure, including homes, buildings, transportation infrastructure, etc. Building contractors and maintenance companies (such as electrical or plumbing) are included in this category.

**Finance:** Corporations primarily involved directly in financial markets, such as banks, brokers, leasing companies (equipment and other non-real estate goods), investment, and lending companies (excluding mortgage companies).

**Fisheries:** Corporations primarily involved in the fishing sector, including processing, stock preservation, or harvesting of fish. This category includes fish processors that are classified as manufacturers under NAICS.

**Manufacturing:** Corporations primarily involved in physically creating goods to be sold in either the wholesale or retail market. Printing, metalworking and fertilizer manufacturing are examples of activities included in this category. Manufacturing does not include fish processing which is included under fisheries, or wood products which is included under Other Sectors. If a company manufactures items elsewhere but sells them in Alaska, it is generally classified as Wholesale.

**Mining:** Corporations primarily involved in the extraction of minerals other than oil, such as gold, silver, coal, or sand and gravel.

**Real Estate:** Corporations primarily involved in the buying, selling and operation of real estate, including home owners associations, realtors, renting or leasing, and financial companies that primarily deal in real estate or mortgages.

**Retail:** Corporations primarily involved in selling goods directly to consumers (final users of the good).

**Restaurants/bars:** Corporations primarily involved in serving food or beverages to consumers.

**Services:** Corporations primarily involved in providing non-material services to consumers or other businesses.

**Tourism:** Corporations primarily involved in leisure and recreation services. Tourism includes hotels, lodges and guided tour operators. Air transportation including helicopters is included in Airlines category; other transportation is included in Transportation category.

**Oil & Gas Services:** Corporations primarily involved in providing support services to oil or gas exploration or production companies.

**Health care:** Corporations primarily involved in providing health services to patients, or corporations involved in providing individual health care goods such as prosthetics. This category does not include manufacturers of drugs and other supplies; these companies are generally classified as wholesale.

**Transportation:** Corporations primarily involved in transporting people and goods, such as airlines, trucking, and ocean transport. Note that airlines are included under "Transportation", a change from previous years of this report.

**Utilities & Communications:** Corporations primarily involved in constructing, maintaining, or providing communications or utilities. Newspapers, radio, television and magazines are included in this category.

**Wholesale:** Corporations primarily involved in selling goods to intermediate consumers that intend to resell or use the goods to operate their business.

**Other Sectors:** This category combines Forestry (corporations primarily involved in harvesting or processing timber), Insurance (corporations primarily involved in underwriting, selling or collecting insurance that are not exempt from the Corporate Income Tax by virtue of paying the Insurance Premium Tax) and oil companies reporting under AS 43.20.073.