HB 182 Individual Income Tax

Presentation prepared by the Office of Rep. Paul Seaton

HB 182 proposes an Individual Income Tax as follows:

- 15% Federal Income Tax due
- Long Term Capital Gains- multiplying the number by the lesser of:
 - 10%; or
 - The difference between the taxpayer's federal income tax rate on ordinary income and the taxpayer's federal tax rate on long term capital gains. (Currently, 10% is the lesser of the 2 options; however if the Federal rates were ever changed, the lesser could be smaller than 10%).

The next 2 slides show examples from the Federal 1040 form and how to determine the capital gains tax rate.

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	b	Tax-exempt Interest. I	Do not Inclu	ide on	line 8a .	8b								
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W-2 here. Also		Qualified dividends				96								$\overline{}$
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get a W-2,	14	Other gains or (losses)	. Attach For	m 479	7					14				
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tor-	42			do oco bu the mu	mbor on line (d Other	nutes and instructi				
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see	46	Excess advance premium	tax credit repayme	ent. Attach For	m 8962 .			. 46	3		
instructions.	47	Add Ilnes 44, 45, and 46			<u></u>			▶ 47	7		
 All others: Single or 	48	Foreign tax credit. Attach i	Form 1116 if requir	red	. 48						
Married filing	49	Credit for child and depende	ent care expenses.	Attach Form 24	41 49						
separately, \$6,200	50	Education credits from For	rm 8863, line 19		. 50						
Married filing	51	Retirement savings contri	ibutions credit. At	ttach Form 88	80 51						
jointly or Qualifying	52	Child tax credit. Attach So			. 52						
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laxes	60a	Household employment tax	es from Schedule I	н				. 60	а		
	b	First-time homebuyer credit	t repayment. Attach	h Form 5406 if	required .			. 60	b		
	61	Health care: individual response	onsibility (see instru	uctions) Full-	vear covera	oe 🖂	1	. 6			
	62	Taxes from: a Form 86					code(s)	60	_	•	
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2015 federal income tax brackets			
Tax rate on ordinary income	Single		Tax rate on qualified dividends and
	over	to	long term capital gains
10%	\$0	\$9,225	0% (10%-0%=10%)
15%	\$9,225	\$37,450	0% (15%-0%=15%)
25%	\$37,450	\$90,750	15% (25%-15%=10%)
28%	\$90,750	\$189,300	15% (28%-15%=13%)
33%	\$189,300	\$411,500	15% (33%-15%=18%)
35%	\$411,500	\$413,200	15% (35%-15%=20%)
39.60%	\$413,200		20% (39.6%-20%=19.69
	Married filing joi Qualifying wido		
	over	to	
10%	\$0	\$18,450	0%
15%	\$18,450	\$74,900	0%
25%	\$74,900	\$151,200	15%
28%	\$151,200	\$230,450	15%
33%	\$230,450	\$411,500	15%
35%	\$411,500	\$464,850	15%
39.60%	\$464,850		20%

How to determine the capital gains tax "lesser of 10% or the difference between...."

Information from: Charles Schwab website http://www.schwab.com/p ublic/schwab/nn/articles/T axes-Whats-New

The next slide shows:

Taxpayers can elect to
deduct their State Income Tax
on their
Federal Itemized Deductions - Schedule A
(1040 form – Line 40)

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iiiig Otatus	2	Married filing jointly	even If only	one had in	come)		the qual	fying per	son is a ch	lid but	not your o	lependent, er	nter this
heck only one	3	Married filing separa	tely. Enter s	pouse's SS	SN above		child's n	ame her	a. 🕨				
DIX.		and full name here.	•			5	Qualifyir	ng wido	w(er) with	deper	dent chil	d	
	6a	Yourself. If some	ne can clai	m vou as a	dependent.	do not	check bo	x 6a .		. 1		checked	
xemptions	b	Spouse		,								and 6b	_
	c	Dependents:		(2) Dependent	5 (3)	Depender	rs (4	/Ifall	d under age	17	on 6c	children who:	
	(1) First		90	cial security nur	niber relati	onship to		alitying to	child tax cre structions)	dt	 lived 	with you ot live with	
	(i) risk	saire Laxinaire				_		(acc in	1	_	you du	e to divorce	
more than four							_		_	_	or sep (see in	aration structions)	
ependents, see										-	Depen	dents on 6c tered above	
structions and							_		_	_	not en	tered above	
heck here 🕨 🔃	d	Total manhor of	nitana atri							_		umbers on	
		Total number of exem									lines a	bove 🕨	\vdash
ncome	7	Wages, salarles, tips,								7			+-
	8a	Taxable Interest. Atta							-,-	8a			
u(-)	ь	Tax-exempt interest.				8b							
ttach Form(s) /-2 here. Also	9a	Ordinary dividends. At	tach Sched	ule B If requ	ulred					9a			
ttach Forms	b	Qualified dividends				9b					C+	2+0	
I-2G and	10	Taxable refunds, cred	ts, or offset	s of state ar	nd local Inco	me tax	98			10) Ju	ate	
099-R if tax	11	Allmony received .								11			
as withheld.	12	Business income or (ic	ss). Attach	Schedule C	or C-EZ .					12	In	com	
	13	Capital gain or (loss).				regulre	d. check	here >		13	1000	JUII	
you did not	14	Other gains or (losses)								14	1_	_	١.
et a W-2,	15a	IRA distributions .	15a			b Tay	able amou	int		15b	Re	fun	ď
ee Instructions.	168	Pensions and annuities	16a				able amou			16b			~
	17	Rental real estate, roy		archine Sin	ornorations				ortulo E	17		- 4	
	18	Farm Income or (loss).			лириацинь,	ii uoto,	etc. Atta	uii ouik	Julie E	18	LII	าe 1	U
	19	Unemployment comp		edule F .						19	-		-
										_	-		+
	20a	Social security benefits				D Tax	able amou	т .		20b			
	21	Other Income. List typ			nee 7 there	04.77	le conce de	tel ler -		21			-
		Combine the amounts in	une tar right	column for III	nes / through	_	is your to	tal Inco	me 🕨	22			
djusted	23	Educator expenses				23					1		1
ajusteu Pross	24	Certain business expens									1		1
ncome		fee-basis government off				24					1		1
loome	25	Health savings accour				25							1
	26	Moving expenses. Att	och Form 39	903		26					1		1
	27	Deductible part of self-er	nployment ta	ex. Attach Sc	hedule SE .	27					1		1
	28	Self-employed SEP, S	IMPLE, and	qualified pi	lans	28							1
	29	Self-employed health	nsurance d	eduction		29					1		1
	30	Penalty on early withd	rawal of say	ings		30							1
	31a	Allmony paid b Recip	lent's SSN	•		31a							1
	32	IRA deduction				32							1
	33	Student loan Interest of	leduction			33					1		1
	34	Tultion and fees. Attac		7		34					1		1
	35	Domestic production ac			Enrm 9909	35							1
	36				F-01111 69/03	30				36			
	36	Add lines 23 through 3 Subtract line 36 from I				in a				37			

Form 1040 (2014	ŋ			Page Z
	38	Amount from line 37 (adjusted gross income)	38	
Tax and	39a	Check You were born before January 2, 1950, Blind. Total boxes		
Credits		If: Spouse was born before January 2, 1950, ☐ Blind. checked ▶ 39a ☐		
	ь	If your spouse itemizes on a separate return or you were a dual-status alien, check here▶ 39b□		State Inco
Standard Deduction	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	State Inco
for-	41	Subtract line 40 from line 38	41	
 People who 	42	Exemptions. If line 38 is \$152,525 or less, multiply \$3,950 by the number on line 6d. Otherwise, see instructions	42	Tax Deduc
check any box on line	43	Taxable Income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0	43	Tax Dead
39a or 39b or who can be	44	Tax (see instructions). Check if any from: a Form(s) 8814 b Form 4972 c	44	
claimed as a	45	Alternative minimum tax (see Instructions). Attach Form 6251	45	Line 40
dependent, see	46	Excess advance premium tax credit repayment. Attach Form 8962	46	
instructions.	47	Add lines 44, 45, and 46	47	
• All others:	48	Foreign tax credit. Attach Form 1116 if required 48		
Single or Married filing	49	Credit for child and dependent care expenses. Attach Form 2441 49		
separately, \$6,200	50	Education credits from Form 8863, line 19 50		
Married filing	51	Retirement savings contributions credit. Attach Form 8880 51		
ointly or Qualifying	52	Child tax credit. Attach Schedule 8812, if required 52		
Jualitying vidow(er), \$12,400	53	Residential energy credits. Attach Form 5695 53		
	54	Other credits from Form: a 3800 b 8801 c 54		
lead of ousehold,	55	Add lines 48 through 54. These are your total credits	55	
9,100	56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0	56	
			_	
	57	Self-employment tax. Attach Schedule SE	57	
Other	58	Unreported social security and Medicare tax from Form: a 4137 b 8919	58	
Taxes	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	
	60a	Household employment taxes from Schedule H	60a	
	b	First-time homebuyer credit repayment. Attach Form 5406 if required	60b	
	61	Health care: individual responsibility (see instructions) Full-year coverage	61	
	62	Taxes from: a Form 8969 b Form 8960 c Instructions; enter code(s)	62	
	63	Add lines 56 through 62. This is your total tax	63	
Payments		Federal Income tax withheld from Forms W-2 and 1099 64		
	65	2014 estimated tax payments and amount applied from 2013 return 65		
you have a ualifying	66a	Earned Income credit (EIC) 66a		
hild, attach	b	Nontaxable combat pay election 66b		
chedule EIC.	1	Additional child tax credit. Attach Schedule 8812 67		
	68	American opportunity credit from Form 8863, line 8 68		
	69	Net premium tax credit. Attach Form 8962 69		
	70	Amount paid with request for extension to file 70		
	71	Excess social security and tier 1 RRTA tax withheld 71		
	72	Credit for federal tax on fuels. Attach Form 4136 72		
	73	Credits from Form: a 2439 b Reserved c Reserved d 73		
	74	Add Ilnes 64, 65, 66a, and 67 through 73. These are your total payments	74	
Refund	75	If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid	75	
	76a	Amount of line 75 you want refunded to you. If Form 8888 is attached, check here	76a	
Direct deposit?		Routing number		
iaa	► d	Account number		
estructions.	77	Amount of line 75 you want applied to your 2015 estimated tax ► 77		
Amount	78	Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions	78	
ou Owe	79	Estimated tax penalty (see Instructions) 79		
hird Party			s. Com	plete below. No
Designee	Dec	ignee's Phone Personal ide		
	nar	no. ► number (PIN)	•
Sign	Unc	ier penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to rare true, comest, and complete. Declaration of preparer (other than taxpayer) is based on all information of which prep	the best	of my knowledge and belief,
lere		r signature Date Your occupation		any knowledge. me phone number
oint return? See				
structions.	Sec. 1	suse's signature. If a joint return, both must sign. Date Spouse's occupation	If the I	RS sant you an identity Protection
eep a copy for our records.	/ op	and a signature in a pain result, about titus sign.	PIN, o	nter it
	Park	ATTera proposale page Proposale planeter	here (s	prin
Paid	Prir	t/Type preparer's name Preparer's signature Date	Chec	k lf
ara			SOIT-0	mployed
reparer			-	
	_	n's name ►	Firm's	s EIN ▶

The Problem

The next 2 slides show:

- Individual income tax collection per capita
- State-Local tax burden for residents

State	Collections Per Capita	Rank
U.S.	\$983	
Ala.	\$664	36
Alaska. (a)	\$0	
Ariz.	\$516	41
Ark.	\$897	25
Calif.	\$1,750	4
Colo.	\$612	37
Conn.	\$2,174	1
Del.	\$1,227	13
Fla. (a)	\$0	
Ga.	\$881	27
Hawaii	\$1,242	12
Idaho	\$806	32
III.	\$1,285	10
Ind.	\$759	34
lowa	\$1,115	17
Kans.	\$1,023	21
Ky.	\$849	29
La.	\$594	39
Maine	\$1,153	14
Md.	\$1,302	9
Mass.	\$1,931	3
Mich.	\$833	31
Minn.	\$1,658	5
Miss.	\$587	40
Mo.	\$892	26

Mont. \$1,035 20 Nebr. \$1,129 16 Nev. (a) \$0 N.H. (b) \$75 42 N.J. \$1,363 7 N.M. \$595 38 N.Y. \$2,051 2 N.C. \$1,130 15 N.D. \$901 24 Ohio \$854 28 Okla. \$761 33 Ore. \$1,599 6 Pa. \$844 30 R.I. \$1,036 19 S.C. \$707 35 S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11 Wyo. (a) \$0	State	Collections Per Capita	Rank
Nev. (a) \$0 N.H. (b) \$75 42 N.J. \$1,363 7 N.M. \$595 38 N.Y. \$2,051 2 N.C. \$1,130 15 N.D. \$901 24 Ohio \$854 28 Okla. \$761 33 Ore. \$1,599 6 Pa. \$844 30 R.I. \$1,036 19 S.C. \$707 35 S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	Mont.	\$1,035	20
N.H. (b) \$75 42 N.J. \$1,363 7 N.M. \$595 38 N.Y. \$2,051 2 N.C. \$1,130 15 N.D. \$901 24 Ohio \$854 28 Okla. \$761 33 Ore. \$1,599 6 Pa. \$844 30 R.I. \$1,036 19 S.C. \$707 35 S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	Nebr.	\$1,129	16
N.J. \$1,363 7 N.M. \$595 38 N.Y. \$2,051 2 N.C. \$1,130 15 N.D. \$901 24 Ohio \$854 28 Okla. \$761 33 Ore. \$1,599 6 Pa. \$844 30 R.I. \$1,036 19 S.C. \$707 35 S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	Nev. (a)	\$0	
N.M. \$595 38 N.Y. \$2,051 2 N.C. \$1,130 15 N.D. \$901 24 Ohio \$854 28 Okla. \$761 33 Ore. \$1,599 6 Pa. \$844 30 R.I. \$1,036 19 S.C. \$707 35 S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	N.H. (b)	\$75	42
N.Y. \$2,051 2 N.C. \$1,130 15 N.D. \$901 24 Ohio \$854 28 Okla. \$761 33 Ore. \$1,599 6 Pa. \$844 30 R.I. \$1,036 19 S.C. \$707 35 S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	N.J.	\$1,363	7
N.C. \$1,130 15 N.D. \$901 24 Ohio \$854 28 Okla. \$761 33 Ore. \$1,599 6 Pa. \$844 30 R.I. \$1,036 19 S.C. \$707 35 S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	N.M.	\$595	38
N.D. \$901 24 Ohio \$854 28 Okla. \$761 33 Ore. \$1,599 6 Pa. \$844 30 R.I. \$1,036 19 S.C. \$707 35 S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	N.Y.	\$2,051	2
Ohio \$854 28 Okla. \$761 33 Ore. \$1,599 6 Pa. \$844 30 R.I. \$1,036 19 S.C. \$707 35 S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	N.C.	\$1,130	15
Okla. \$761 33 Ore. \$1,599 6 Pa. \$844 30 R.I. \$1,036 19 S.C. \$707 35 S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	N.D.	\$901	24
Ore. \$1,599 6 Pa. \$844 30 R.I. \$1,036 19 S.C. \$707 35 S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	Ohio	\$854	28
Pa. \$844 30 R.I. \$1,036 19 S.C. \$707 35 S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	Okla.	\$761	33
R.I. \$1,036 19 S.C. \$707 35 S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	Ore.	\$1,599	6
S.C. \$707 35 S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	Pa.	\$844	30
S.D. (a) \$0 Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	R.I.	\$1,036	19
Tenn. (b) \$41 43 Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	S.C.	\$707	35
Tex. (a) \$0 Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	S.D. (a)	\$0	
Utah \$991 22 Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	Tenn. (b)	\$41	43
Vt. \$1,059 18 Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	Tex. (a)	\$0	
Va. \$1,326 8 Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	Utah	\$991	22
Wash. (a) \$0 W.Va. \$968 23 Wis. \$1,261 11	Vt.	\$1,059	18
W.Va. \$968 23 Wis. \$1,261 11	Va.	\$1,326	8
Wis. \$1,261 11	Wash. (a)	\$0	
+-,	W.Va.	\$968	23
Wyo. (a) \$0	Wis.	\$1,261	11
	Wyo. (a)	\$0	

Table 13.
State Individual Income Tax Collections
Per Capita
Fiscal Year 2013



Table 1. State	Table 1. State-Local Tax Burden by Rank Fiscal Year 2011										
	State-Local Tax Burden as Share of State Income	Rank	Taxes Paid to Home State	Taxes Paid to Other States	Total State- Local Tax Burden	Income	Income Rank				
Alaska	7.0%	49	\$2,109	\$1,210	\$3,319	\$47,354	8				





Why an Individual Income Tax?

The next 3 slides show:

- Tax nonresidents
- Tax S-corps and LLCs
- Tax all people who claim residency in the state

Workers and Wages, Major and Selected Industry Categories Alaska, 2013

Alaska, 20		T	otal		Nonr	resident	
Industry		Workers	Wages (mil)	Workers	Percent	Wages (mil)	Percent
Agriculture, Forestry, Fis	shing and Hunting	2,340	\$53.5	1,172	50.1%	\$25.7	48.0%
Mining		22,193	\$2,151.1	7,509	33.8%	\$674.5	31.4%
Oil and Gas		4,581	\$790.2	1,248	27.2%	\$215.3	27.3%
Oilfield Services*		13,361	\$1,067.7	4,781	35.8%	\$367.7	34.4%
Utilities		2,641	\$189.6	200	7.6%	\$11.7	6.2%
Construction		26,801	\$1,220.4	5,602	20.9%	\$196.3	16.1%
Manufacturing		28,781	\$594.9	18,503	64.3%	\$274.5	46.1%
Seafood Processing		23,777	\$391.5	17,631	74.2%	\$257.2	65.7%
Wholesale Trade		7,550	\$343.9	759	10.1%	\$21.5	6.3%
Retail Trade		48,107	\$1,065.9	7,472	15.5%	\$83.0	7.8%
Transportation and Ware	ehousing	24,760	\$1,167.8	6,142	24.8%	\$278.3	23.8%
Air Transportation		7,050	\$305.2	1,524	21.6%	\$52.7	17.3%
Information		7,365	\$378.4	737	10.0%	\$23.3	6.2%
Finance and Insurance		8,193	\$421.6	724	8.8%	\$17.9	4.2%
Real Estate and Rental	and Leasing	7,072	\$210.5	785	11.1%	\$14.9	7.1%
Professional, Scientific a Technical Services	and	18,355	\$999.6	4,116	22.4%	\$201.7	20.2%
Management of Compan	ies and Enterprises	2,618	\$176.7	511	19.5%	\$27.2	15.4%
Administrative Support/ Management and Re		17,901	\$506.9	4,266	23.8%	\$89.4	17.6%
Educational Services		2,795	\$67.2	621	22.2%	\$7.0	10.5%
Health Care and Social	Assistance	50,975	\$2,051.9	5,219	10.2%	\$154.7	7.5%
Arts, Entertainment and	Recreation	7,151	\$90.5	2,148	30.0%	\$19.4	21.4%
Accommodation and Foo	od Services	41,757	\$589.6	12,336	29.5%	\$117.4	19.9%
Accommodation		11,985	\$186.4	5,198	43.4%	\$53.4	28.6%
Food Services and Dr	rinking Places	29,527	\$401.9	7,056	23.9%	\$63.7	15.8%
Other Services		12,872	\$363.5	1,899	14.8%	\$39.9	11.0%
Other/Unknown		755	\$13.1	239	31.7%	\$2.5	19.3%
Local Government		50,171	\$1,776.4	3,407	6.8%	\$68.3	3.8%
State Government		28,312	\$1,324.4	1,924	6.8%	\$46.3	3.5%
Total		419,465	\$15,757.4	86,291	20.6%	\$2,395.4	15.2%

Note: Data exclude the selfemployed, fishermen, and other agricultural workers, and private household workers. For estimates of fish harvesting employment, go to labor.alaska.gov/research/seafoo d/seafood.htm.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, 2013 Nonresidents Working in Alaska report.

Corporate Income Tax avoided by Sub S Corps and Limited Liability Corps in Alaska.

Brackets

Table 15.
State Corporate Income Tax Rates
As of January 1, 2015

Tax Foundation: Facts & Figures 2015

State	Rates		Brackets	State	Rates		Brackets
Ala.	6.50%	>	\$0	La.	4.00%	>	\$0
Alaska	0.00%	>	\$0		5.00%	>	\$25,000
	2.00%	>	\$25,000		6.00%	>	\$50,000
	3.00%	>	\$49,000		7.00%	>	\$100,000
	4.00%	>	\$74,000		8.00%	>	\$200,000
	5.00%	>	\$99,000	Maine	3.50%	>	\$0
	6.00%	>	\$124,000		7.93%	>	\$25,000
	7.00%	>	\$148,000		8.33%	>	\$75,000
	8.00%	>	\$173,000		8.93%	>	\$250,000
	9.00%	>	\$198,000	Md.	8.25%	>	\$0
	9.40%	>	\$222,000	Mass.	8.00%	>	\$0
Ariz.	6.00%	>	\$0	Mich.	6.00%	>	\$0
Ark. (a)	1.00%	>	\$0	Minn.	9.80%	>	\$0
	2.00%	>	\$3,000	Miss.	3.00%	>	\$0
	3.00%	>	\$6,000		4.00%	>	\$5,000
	5.00%	>	\$11,000		5.00%	>	\$10,000
	6.00%	>	\$25,000	Mo.	6.25%	>	\$0
	6.50%	>	\$100,000	Mont.	6.75%	>	\$0

Calif.	8.84%	>	\$0
Colo.	4.63%	>	\$0
Conn. (b)	9.00%	>	\$0
Del. (c)	8.70%	>	\$0
Fla.	5.50%	>	\$0
Ga.	6.00%	>	\$0
Hawaii	4.40%	>	\$0
	5.40%	>	\$25,000
	6.40%	>	\$100,000
Idaho	7.40%	>	\$0
III. (d)	7.75%	>	\$0
Ind. (e)	7.00%	>	\$0
Iowa	6.00%	>	\$0
	8.00%	>	\$25,000
	10.00%	>	\$100,000
	12.00%	>	\$250,000
Kans.	4.00%	>	\$0
	7.00%	>	\$50,000
Ky.	4.00%	>	\$0
	5.00%	>	\$50,000
	6.00%	>	\$100,000

State

Rates

Nebr.	5.58%	>	\$0
	7.81%	>	\$100,000
Nev.		Non	e
N.H.	8.50%	>	\$0
N.J. (f)	6.50%	>	\$0
	7.50%	>	\$50,000
	9.00%	>	\$100,000
N.M. (g)	4.80%	>	\$0
	6.40%	>	\$500,000
	6.90%	>	\$1,000,000
N.Y.	7.10%	>	\$0
N.C.	5.00%	>	\$0
N.D.	1.48%	>	\$0
	3.73%	>	\$25,000
	4.53%	>	\$50,000
Ohio		(c)	
Okla.	6.00%	>	\$0
Ore.	6.60%	>	\$0
	7.60%	>	\$1,000,000
Pa.	9.99%	>	\$0
R.I.	7.00%	>	\$0

Rates

Brackets

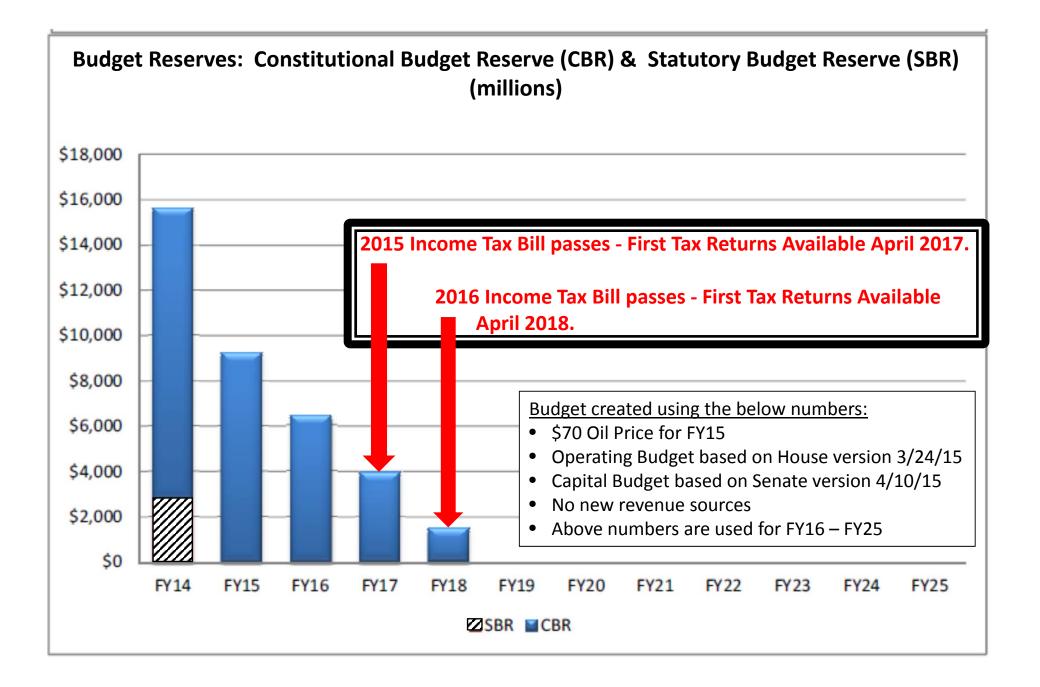
Resident is defined as an individual who:

- lives in the state for the entire calendar year;
- claims to be a resident of Alaska on their federal tax forms;
- receives an Alaska permanent fund dividend;
- is registered to vote in Alaska; or
- has an Alaska resident fishing, hunting, or trapping license during the calendar year.

The next 2 slides show:

Fiscal Deficit concerns

 Estimated revenue from Individual Income Tax



Estimated Revenue*:

- 15% Federal Liability
- 10% Long Term Capital Gains
- Nonresidents
- Total estimated revenue

\$500 million

\$ 85 million

\$ 70 million

\$655 million

^{*}Dept. of Revenue fiscal note estimates 4/15/15.