



Revenue Sources Book Fall 2019

Alaska Department of Revenue | Tax Division | www.tax.alaska.gov

Non-Petroleum Tax Revenue

By restriction and source

	Millions of Dollars		
	History	Forecast	
	Fiscal Year	2019	2020
<u>Unrestricted</u>			
Corporate Income Tax (Non-Petroleum)	114.8	135.0	125.0
Excise Tax			
Alcoholic Beverage	20.4	20.7	21.0
Tobacco Products – Cigarettes	26.5	24.4	23.5
Tobacco Products – Other	13.5	15.8	16.4
Electric and Telephone Cooperative	0.2	0.2	0.2
Insurance Premium Tax ¹	71.9	56.7	58.5
Marijuana ²	5.5	5.8	6.8
Motor Fuel Tax (Refined Fuel Surcharge)	6.3	6.1	6.1
Tire Fee	1.3	1.3	1.3
Subtotal Excise Tax	145.7	131.2	133.7
Fish Tax			
Fisheries Business	21.3	21.2	21.6
Fishery Resource Landing	6.5	5.4	5.5
Subtotal Fish Tax	27.8	26.5	27.1
Other Tax			
Charitable Gaming	2.6	2.6	2.7
Large Passenger Vessel Gambling	10.1	10.9	11.8
Mining License	45.1	50.0	50.0
Subtotal Other Tax	57.7	63.5	64.5
Total Unrestricted Non-Petroleum Tax Revenue	346.0	356.2	350.3
<u>Restricted</u>			
Designated General Fund			
Alcoholic Beverage (Alcohol and Drug Treatment and Prevention Fund)	20.4	20.7	21.0
Electric and Telephone Cooperative (Municipal Share) ³	4.3	4.3	4.3
Fisheries Business (Municipal Share) ³	24.1	25.0	24.1
Fishery Resource Landing (Municipal Share) ³	6.0	6.7	7.3
Insurance Premium ^{1,4}	8.0	7.1	6.4
Vehicle Rental	11.4	11.6	11.8
Marijuana (Marijuana Education and Treatment Fund) ²	4.2	5.8	6.8
Marijuana (Recidivism Reduction Fund) ²	9.4	11.7	13.5
Motor Fuel Tax (Non-Aviation)	34.6	34.2	33.8
Tobacco Products – Cigarettes (School Fund)	17.1	16.4	15.8
Tobacco Products – Cigarettes (Tobacco Use Education and Cessation Fund)	2.5	2.4	2.3
Subtotal Designated General Fund	141.9	146.1	147.1

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Non-Petroleum Tax Revenue

By restriction and source (*Continued*)

	Millions of Dollars			
	History	Forecast		
	Fiscal Year	2019	2020	2021
Other Restricted				
Commercial Passenger Vessel Tax (State Share)		4.3	4.8	5.1
Commercial Passenger Vessel Tax (Municipal Share)		18.7	20.0	21.3
Cost Recovery Fisheries Assessment		0.0	0.0	0.0
Dive Fishery Management Assessment (designated management areas)		0.8	0.8	0.8
Motor Fuel Tax – Aviation (State Share)		4.7	4.8	4.8
Motor Fuel Tax – Aviation (Municipal Share)		0.1	0.1	0.1
Salmon Enhancement (Aquaculture Association Share)		6.6	6.7	6.9
Seafood Development (qualifying regional associations)		3.6	3.7	3.8
Seafood Marketing Assessment (seafood marketing programs)		10.0	10.3	10.5
Settlements to Constitutional Budget Reserve Fund (Non-Petroleum taxes)		2.9	0.0	0.0
Subtotal Other Restricted		51.6	51.1	53.2
Total Restricted Non-Petroleum Tax Revenue		193.5	197.2	200.2
Total Non-Petroleum Tax Revenue		539.5	553.5	550.5

¹ In FY 2016, House Bill 374 reclassified the previously unrestricted portion of the insurance premium tax to designated general fund revenue. Under current law, this portion of the insurance premium tax reverted to unrestricted revenue beginning in FY 2019.

² Fifty percent of marijuana tax revenue is deposited into the Recidivism Reduction Fund and treated as designated restricted revenue. Beginning in October 2018, an additional 25% of marijuana tax is deposited into the Marijuana Education and Treatment Fund, bringing the total designated general fund share of the marijuana tax to 75%.

³ Beginning in FY 2019, shared taxes and fees are considered designated general fund revenue.

⁴ In addition to the workers' compensation insurance premiums for the insurance premium tax, this amount also includes service fees from employers who are self-insured.

Taxes

Alcoholic Beverage Tax

Alcoholic beverage taxes are collected primarily from wholesalers and distributors of alcoholic beverages sold in Alaska.

The per-gallon tax rates on alcoholic beverages are \$1.07 for beer, \$2.50 for wine, and \$12.80 for liquor. Beer from qualifying small breweries is taxed at a rate of \$0.35 per gallon.

Revenue from the alcoholic beverage tax is deposited into Alaska's general fund. Half of that amount is deposited in a subfund of the general fund, the Alcohol and Other Drug Abuse Treatment and Prevention Fund, and is treated as restricted in this forecast. The other half is treated as unrestricted in this forecast.

Charitable Gaming

Under Alaska law, municipalities and qualified non-profit organizations may conduct specific charitable legal gaming activities to derive public benefit in the form of money for charities and revenue for the state.

The department collects permit and license fees, a 1% net proceeds fee, and a 3% pull-tab tax. While all charitable gaming receipts are shown as unrestricted revenue in this forecast, a portion is actually classified as program receipts in the budget, as the Tax Division is responsible for regulating charitable gaming in the state.

Commercial Passenger Vessel Taxes

The commercial passenger vessel (CPV) tax is a tax of \$34.50 on each passenger aboard a commercial passenger vessel with 250 or more berths that

Half of the revenue (before credits) is shared with qualified municipalities, and is treated as designated general fund revenue. As with the fisheries business tax, most tax credits apply only to the state share. The exception is the Community Development Quota Credit, which applies only to the municipal share. The remaining revenue after credits and municipal share is treated as unrestricted revenue.

Insurance Premium Tax

Insurance companies in Alaska pay an insurance premium tax instead of corporate income tax or other taxes. The tax is levied as a percentage of the total insurance premiums for policies in the state.

Revenues from insurance premium taxes on workers' compensation insurance are deposited into a subfund of the general fund, the Workers' Safety and Compensation Fund, and are reflected as restricted in this forecast. The restricted component also includes service fees paid into the Workers' Safety and Compensation Fund by employers who are uninsured or self-insured.

Prior to FY 2017, non-workers' compensation insurance premium taxes were considered unrestricted revenue. For FY 2017 and FY 2018, non-workers' compensation insurance premium taxes were deposited into a subfund of the general fund, the Alaska Comprehensive Health Insurance Fund, and were reflected as restricted in this forecast. However, beginning in FY 2019, these funds reverted to unrestricted revenue and are reflected as such in this forecast.

Marijuana Tax

The marijuana tax rate is \$50 per ounce on marijuana bud/flower, \$25 per ounce on immature, seedy, or failed bud/flower, and \$15 per ounce on other parts of the plant ("trim"). The tax is paid by marijuana cultivators and is due the month after the sale of the product to a retail marijuana store or marijuana product manufacturing facility.

Fifty percent of the revenue from the marijuana tax is deposited into a subfund of the general fund, the Recidivism Reduction Fund, and is treated as restricted for purposes of this forecast. Beginning in October 2018, 25% of marijuana tax revenue is deposited into the Marijuana Education and Treatment Fund and is also treated as restricted for purposes of this forecast. The remaining 25% of marijuana tax revenue is considered unrestricted revenue.

Mining License Tax

The mining license tax is Alaska's severance tax on mining. The tax is based on mining net income and ranges from 0% to 7% of the net income of mining operations in the state, with the top tax rate applying to mining net income above \$100,000. Several exemptions apply, including a 3½-year exemption period after production begins for new mining, and an exemption for sand and gravel operations. Also, small mining operations are provided with a tax benefit in that no tax is due when mining income is less than \$40,000.

Motor Fuel Tax

The motor fuel tax is imposed on motor fuel sold, transferred, or used within Alaska. Motor fuel taxes are primarily collected from wholesalers and distributors licensed as qualified dealers.

Various fuel uses are exempt from tax, including fuel used for heating or international flights.

Per-gallon rates are \$0.08 for highway use, \$0.05 for marine fuel, \$0.047 for aviation gasoline, \$0.032 for jet fuel, and \$0.08 or \$0.02 for gasohol, depending on the season, location, and U.S. Environmental Protection Agency mandate.

The federal government requires that all aviation fuel tax revenue be used in direct support of the airports where the revenue is generated. As a result, both aviation gasoline and jet fuel revenue are shown as other restricted revenue. This includes the 60% of revenue attributable to aviation fuel sales at municipal airports that is shared with the respective municipalities.

Remaining motor fuel tax revenue is considered designated in the budget process, as AS 43.40.010 designates motor fuel taxes for specific infrastructure maintenance accounts.

The motor fuel tax includes an additional refined fuel surcharge of \$0.0095 per gallon on non-aviation fuel as well as certain non-motor fuels such as home heating oil. Municipalities and certain cooperatives are exempt from the surcharge. While the surcharge is shown as unrestricted revenue in this forecast, it is intended to support the Alaska Department of Environmental Conservation's Spill Prevention and Response Division.

Seafood Assessments and Taxes

The department administers five different programs that collect funds through seafood assessments