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Small tax, big return: Education facilities tax has benefit of tapping out-of-state workers

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News-Miner opinion: Alaska has a substantial amount of maintenance and construction needs at its K-12 schools and at University of Alaska campuses. The state is also a bit short of revenue right now, as most everyone is probably aware of following the release last month of Gov. Mike Dunleavy's stripped-down budget proposal for the next fiscal year.

So how can Alaska raise a bit of money to help pay for this needed care and construction?

Republican Sen. Click Bishop, of Fairbanks, has proposed an annual \$30 employment tax, with the revenue to be deposited in the educational facilities maintenance and construction fund. Money deposited into that account is contained within the general fund and can be used by the Legislature for any purpose, but the intent is that the money in that pot be used to improve education facilities. School districts would have to provide some level of matching funds to receive money from the account.

The head tax is a good idea.

And what makes this idea so good is that this education facilities tax would be imposed on all employees, including those who are self-employed and those who are nonresidents.

Getting those nonresidents to help out is the big draw of Sen. Bishop's bill.

Alaska has thousands of out-of-state workers, as Sen. Bishop notes in the bill's sponsor statement:

"According to the most recent statistics from the Alaska Department of Labor and Workforce Development and the U.S. Census Bureau, there are approximately 441,596 employed individuals in Alaska. Roughly 20 percent of those workers who earn their living in Alaska do not reside here, resulting in \$2.5 billion in nonresident income that leaves Alaska's economy each year and, in most cases, gets taxed by a non-resident's home state."

Those out-of-state workers would be a good chunk of those contributing to the estimated \$13 million the tax would raise annually.

It's important to point out that the education head tax wouldn't be a new thing for Alaska. Sourdough Alaskans will recall that it existed until 1980 and had been in place for 61 years. The tax was \$10 per person when it was repealed, an amount that Sen. Bishop notes is the equivalent of \$30 today.

Gov. Dunleavy hasn't indicated any desire to support a tax of any sort for anything. And with schools, he has proposed eliminating a bond debt reimbursement program under which the state has historically reimbursed school districts for a majority of the cost of their school construction bond issuances.

But perhaps he might find Senate Bill 50 appealing in that it captures some tax revenue that would otherwise be going to other states.

Alaska's public schools and the University of Alaska have lots of maintenance needs. Senate Bill 50 is one way to find some money to deal with those needs. The bill needs some prompt attention in Juneau.