

## Staff Lodging Stipend Summary

### Background

With passage of the Tax Cut and Jobs Act in 2017, effective for the 2018 tax year, legislative staff could no longer deduct their session housing expenses.

In 2019, at the request of then Senate President Giessel, Legislative Council considered the proposal of paying a lodging stipend to provide a non-taxable benefit to assist with session housing costs. After discussion at an August 2019 meeting, and further research and consideration, including input from CPA firm Elgee Rehfeld, in December 2019, Legislative Council amended the Moving and Travel Policy to allow payment of a lodging stipend at a rate of \$30 per day beginning with the 2020 session (\$30 is the State of Alaska non-commercial housing rate for travel assignments longer than 30 days).

### Current Proposal

Legislative Council has been approached about increasing the lodging stipend to address higher rental rates. Below is the budget impact of increasing the lodging stipend starting at \$5 per day with increases in \$5 increments:

| Current Daily Rate | Days | Number of Staff | Annual Total  | Proposed Daily Increase | % Increase | New Daily Rate | Total Additional | Annual Total  |
|--------------------|------|-----------------|---------------|-------------------------|------------|----------------|------------------|---------------|
| \$ 30.00           | 130  | 120             | \$ 468,000.00 | \$ 5.00                 | 17%        | \$ 35.00       | \$ 78,000.00     | \$ 546,000.00 |
|                    |      |                 |               | \$ 10.00                | 33%        | \$ 40.00       | \$ 156,000.00    | \$ 624,000.00 |
|                    |      |                 |               | \$ 15.00                | 50%        | \$ 45.00       | \$ 234,000.00    | \$ 702,000.00 |
|                    |      |                 |               | \$ 20.00                | 67%        | \$ 50.00       | \$ 312,000.00    | \$ 780,000.00 |

### Rental Rates

On the Legislative Housing List for the 2023 session, apartments are averaging \$1,500/month (range: \$800 for studios to \$3,500 for 4 bedrooms) and houses are averaging \$2,100/month (range: \$1,200 for one bedroom to \$4,000 for a 5-bedroom house).

### Budget

The lodging stipend is budgeted in the Session Expenses allocation. This allocation has been supplemented by the Legislative Operating Budget allocation in fiscal years 2022, 2021, 2020, and 2019.