

**HOUSE BILL NO. 372**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND SESSION

**BY REPRESENTATIVE GARA**

**Introduced: 1/12/04**

**Referred: State Affairs, House Special Committee on Ways and Means, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act providing for an advisory vote on the relative merits and specific**  
2 **characteristics of a statewide individual income tax and a statewide general sales tax;**  
3 **relating to the effective date of legislation enacted by the Twenty-Third Alaska State**  
4 **Legislature imposing an individual income tax or a sales tax; and providing for an**  
5 **effective date."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
8 to read:

9 LEGISLATIVE INTENT. It is generally agreed that, in the future, a statewide sales  
10 or income tax will be needed, given that oil revenue in this state has declined. While state oil  
11 revenue used to be enough to pay for an acceptable level of state services, the fall in revenue  
12 is expected to cause continuing budget shortfalls in this and future years. In 2003, the  
13 legislature began consideration of a bill to impose a statewide sales tax. In past years, much

1 legislative debate has occurred as to which type of tax the public would find most acceptable,  
 2 a sales tax or an income tax, and the public should be heard so this debate can be resolved. It  
 3 will assist government in its role as the people's representative for the public to voice its  
 4 preference before a sales or income tax is imposed. The public has not been given a  
 5 meaningful opportunity to comment on the relative desirability or undesirability of a sales tax  
 6 or an income tax. An advisory vote, and public debate leading up to an advisory vote, will  
 7 allow the public to be heard on this important matter of state policy.

8 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to  
 9 read:

10 **ADVISORY VOTE.** At the general election to be held on November 2, 2004, in  
 11 substantial compliance with the election laws of the state, including absentee voting and the  
 12 preparation, publication, and mailing of an election pamphlet under AS 15.58.010 -  
 13 15.58.090, the lieutenant governor shall place before the qualified voters of the state a  
 14 question advisory to the legislature and the governor. The election pamphlet for the special  
 15 election must comply with AS 15.58.020(6), including the requirement that it contain  
 16 statements that advocate voter approval or rejection of each of the questions described in this  
 17 section. Notwithstanding AS 15.60.005 and other laws relating to preparation of the ballot  
 18 proposition, the questions shall appear on the ballot in the following form:

#### 19 Q U E S T I O N S

20 Faced with the prospect of declining oil revenues, the state may have to  
 21 consider a statewide tax to meet future revenue needs. It is important for the  
 22 legislature and the governor to know the public's preferences relating to  
 23 statewide sales and individual income taxes before any tax is imposed.  
 24 Between a sales tax and an individual income tax that raise the same amount of  
 25 revenue, which would you prefer (choose one)?

26 Sales Tax [ ] Individual Income Tax [ ]

27 If a sales tax is imposed, the state may exempt certain goods and services from  
 28 the tax but, if an exemption is allowed, then the rate on items not exempted  
 29 will have to be raised in order to generate the same amount of revenue. In the  
 30 event a sales tax is imposed, should it exempt certain sales (mark all that you  
 31 would like to see exempted)?

- 1             Groceries  
 2             Clothing  
 3             Professional Services  
 4             Sales made during the period October through April

5            If an individual income tax is imposed, should it be calculated as (choose one):

- 6             A higher percentage for those with higher income, and a lower  
 7            percentage for those with lower income  
 8             A flat percentage of income regardless of how little or how much  
 9            income a person earns.

10          \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to  
 11 read:

12            EFFECTIVE DATE OF INDIVIDUAL INCOME TAX OR SALES TAX. A  
 13 statewide individual income tax or sales tax imposed by an Act of the Twenty-Third Alaska  
 14 State Legislature may not take effect until the advisory questions described in sec. 2 of this  
 15 Act have been placed before the voters, and may not take effect until after February 28, 2005.

16          \* **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).