

CS FOR SENATE BILL NO. 137(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered: 4/4/03

Referred: Finance

Sponsor(s): SENATOR GARY STEVENS

A BILL

FOR AN ACT ENTITLED

1 **"An Act imposing a tax on employment; and providing for an effective date."**

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

3 * **Section 1.** AS 43 is amended by adding a new chapter to read:

4 **Chapter 45. Education Tax.**

5 **Sec. 43.45.011. Tax imposed.** There is imposed a tax of \$100 a year on each
6 individual 19 years of age or older who, during the entire tax year, receives
7 compensation greater than \$1,000 in the state.

8 (b) For purposes of this section, "compensation" includes wages, salaries,
9 commissions, tips, and any other form of remuneration paid for personal services.

10 (c) The tax imposed under this section does not apply to compensation exempt
11 from the tax under federal law.

12 **Sec. 43.45.021. Collection of tax.** (a) An employer shall deduct and
13 withhold \$50 of the tax from the employee's salary or other compensation on each of
14 the first two regular payrolls after the employee's total compensation paid by the
15 employer during the tax year has exceeded \$1,000. An employer shall file a return on

1 a form prescribed by the department and send the tax withheld to the department on or
 2 before the fifteenth day of the month following the month in which the tax was
 3 withheld from the employee.

4 (b) A deduction of the tax may not be made in the salary or other
 5 compensation of an individual who provides proof to the employer that

6 (1) the tax imposed under AS 43.45.011 for that tax year has already
 7 been withheld by another employer; or

8 (2) the individual was not 19 years of age or older for the entire tax
 9 year.

10 (c) An individual who has not had the full tax withheld by an employer must
 11 file a return on a form prescribed by the department and remit the tax due under this
 12 section by June 30 of the tax year.

13 **Sec. 43.45.031. Liability of employer.** An employer who pays compensation
 14 is liable for the tax required to be withheld from an employee under this section unless
 15 the employer can demonstrate that the employer relied on proof provided by the
 16 employee that

17 (1) the tax imposed under AS 43.45.011 had already been withheld by
 18 another employer; or

19 (2) the individual was not 19 years of age or older for the entire tax
 20 year.

21 **Sec. 43.45.041. Disposition of tax proceeds.** (a) The tax collected by the
 22 department under AS 43.45.021 shall be deposited into the general fund and accounted
 23 for separately.

24 (b) The legislature may appropriate the estimated amounts to be collected and
 25 separately accounted for under (a) of this section for education.

26 (c) The deposit required and appropriation authorized by this section are not
 27 intended to create a dedication in violation of art. IX, sec. 7, Constitution of the State
 28 of Alaska.

29 **Sec. 43.45.051. Definition.** In this chapter, "tax year" means the period
 30 beginning on July 1 and ending on June 30 of the following calendar year.

31 * **Sec. 2.** This Act takes effect July 1, 2003.