

HOUSE BILL NO. 263

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

Introduced: 4/8/05

Referred: House Special Committee on Ways and Means, Labor and Commerce, Finance

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.** (a) There is imposed a tax of \$10 a year on
6 each individual 19 years of age or older who, during the entire calendar 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 \$10 of the tax from the employee's salary or other compensation on the first
14 regular payroll after the employee's total compensation paid by the employer during
15 the calendar year has exceeded \$1000. An employer shall file a return on a form

1 prescribed by the department and send the tax withheld to the department on or before
 2 the 15th day of the month following the month in which the tax was withheld from the
 3 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 December 31 of the calendar 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
 20 calendar 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. 2.** AS 43.45.011(a) as enacted by sec. 1 of this Act, is repealed and reenacted to
 30 read:

31 (a) There is imposed a tax of \$10 a year on each individual 19 years of age or

1 older who, during the entire calendar year, receives compensation greater than \$1,000
2 in the state and is not subject to a regional educational attendance area tax.

3 * **Sec. 3.** AS 43.45.021(b), as enacted by sec. 1 of this Act, is repealed and reenacted to
4 read:

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

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

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

11 (3) the individual resides in a regional educational attendance area and
12 is subject to a regional educational attendance area tax.

13 * **Sec. 4.** AS 43.45.031, as enacted by sec. 1 of this Act, is repealed and reenacted to read:

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

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

20 (2) the individual was not 19 years of age or older for the entire
21 calendar year; or

22 (3) the individual resides in a regional educational attendance area and
23 is subject to a regional educational attendance area tax.

24 * **Sec. 5.** AS 43.45 is amended by adding a new section to read:

25 **Sec. 43.45.091. Definition.** In this section, "regional educational attendance
26 area tax" means the tax levied under this title each year on each individual who is 21
27 years of age or older on January 1 of the tax year and resides in a regional educational
28 attendance area.

29 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
30 read:

31 REVISOR'S INSTRUCTION FOR AS 43.45.091. The revisor of statutes may

1 conform the definition of the regional educational attendance area tax in AS 43.45.091, added
 2 by sec. 5 of this Act, by substituting an appropriate cross-reference to the section in which the
 3 tax is imposed.

4 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
 5 read:

6 CONDITIONAL EFFECT OF SECTIONS 2 - 6. The repeal and reenactment of
 7 AS 43.43.011(a) by sec. 2 of this Act, the repeal and reenactment of AS 43.45.021(b) by sec.
 8 3 of this Act, the repeal and reenactment of AS 43.45.031 by sec. 4 of this Act, the enactment
 9 of AS 43.45.091 by sec. 5 of this Act, and sec. 6 of this Act take effect only if the Twenty-
 10 Fourth Alaska Legislature passes a version of Senate Bill 112, entitled "An Act imposing a
 11 tax on residents of regional educational attendance areas; and providing for an effective date,"
 12 and the Act becomes law.

13 * **Sec. 8.** If, under sec. 7 of this Act, the repeal and reenactment of AS 43.45.011(a) by sec.
 14 2 of this Act, the repeal and reenactment of AS 43.45.021(b) by sec. 3 of this Act, the repeal
 15 and reenactment of AS 43.45.031 by sec. 4 of this Act, the enactment of AS 43.45.091 by
 16 sec. 5 of this Act, and sec. 6 of this Act take effect, they take effect on the effective date of the
 17 Act described in sec. 7 of this Act or on the effective date of sec. 1 of this Act, whichever is
 18 later.

19 * **Sec. 9.** Except as provided in sec. 8 of this Act, this Act takes effect January 1, 2006.