

CS FOR SENATE BILL NO. 112(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 3/18/05

Referred: Finance

Sponsor(s): SENATORS BUNDE, Wilken, Wagoner

A BILL

FOR AN ACT ENTITLED

1 **"An Act imposing a tax on residents of regional educational attendance areas and**
2 **relating to permanent fund dividend applications; and providing for an effective date."**

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

4 * **Section 1.** AS 43.23.015(b) is amended to read:

5 (b) The department shall prescribe and furnish an application form for
6 claiming a permanent fund dividend. The application must include notice of the
7 penalties provided for under AS 43.23.035 and contain a statement of eligibility and a
8 certification of residency. **The department shall require applicants to supply a**
9 **physical address as well as a mailing address.**

10 * **Sec. 2.** AS 43 is amended by adding a new chapter to read:

11 **Chapter 45. Regional Educational Attendance Area Tax.**

12 **Sec. 43.45.011. Tax imposed.** (a) There is imposed a tax each year on each
13 individual who is 21 years of age or older on January 1 of the tax year and resides in a
14 regional educational attendance area.

1 (b) The commissioner shall determine the amount of tax due each year from
 2 each individual subject to the tax imposed under (a) of this section by dividing the
 3 amount of the total local contributions to schools required of organized boroughs
 4 under AS 14.17.410(b)(2) by the estimated population of individuals 21 years of age
 5 and older in the organized boroughs.

6 **Sec. 43.45.021. Collection of tax.** (a) The tax imposed under AS 43.45.011
 7 shall be paid before January 15 of the calendar year following the year for which it is
 8 imposed. An individual who is subject to the tax shall file a return on a form
 9 prescribed by the department, and, if the individual has not had the tax withheld from
 10 the individual's salary or other compensation, shall remit the tax directly to the
 11 department.

12 (b) If an employee resides in a regional educational attendance area, the
 13 employee's employer shall deduct and send to the department one-half of the tax or 10
 14 percent of the employee's gross compensation, whichever is less, on each regular
 15 payroll until the full tax due under this chapter has been deducted. The department
 16 shall prescribe a return form for the tax collected under this subsection.

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

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

21 (2) the individual has already paid the tax directly to the department; or

22 (3) the individual was not 21 years of age or older on January 1 of the
 23 tax year.

24 **Sec. 43.45.031. Record of withholding.** An employer who withholds tax
 25 under AS 43.45.021 shall furnish to the employee upon request a record of the amount
 26 of tax withheld from the employee. The department shall provide a form for that
 27 purpose.

28 **Sec. 43.45.041. Refunds.** An individual who has paid more than the amount
 29 of tax due for a calendar year may claim a refund under AS 43.05.275.

30 **Sec. 43.45.051. Disposition of tax proceeds.** (a) The tax collected under
 31 AS 43.45.021 shall be deposited into the general fund and accounted for separately.

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

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

6 * **Sec. 3.** This Act takes effect January 1, 2006.