

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS**

May 4, 2021

5:33 p.m.

MEMBERS PRESENT

Representative Ivy Spohnholz, Chair
Representative Adam Wool
Representative Andy Josephson
Representative Calvin Schrage
Representative Andi Story
Representative Mike Prax

MEMBERS ABSENT

Representative David Eastman

COMMITTEE CALENDAR

HOUSE BILL NO. 189

"An Act imposing an education tax on net earnings from self-employment and wages; relating to the administration and enforcement of the education tax; and providing for an effective date."

- MOVED CSHB 189 (W&M) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 189

SHORT TITLE: EMPLOYMENT TAX FOR EDUCATION

SPONSOR(S): WAYS & MEANS

04/26/21	(H)	READ THE FIRST TIME - REFERRALS
04/26/21	(H)	W&M, EDC, FIN
05/01/21	(H)	W&M AT 11:30 AM DAVIS 106
05/01/21	(H)	Heard & Held
05/01/21	(H)	MINUTE (W&M)
05/04/21	(H)	W&M AT 5:30 PM DAVIS 106

WITNESS REGISTER

COLLEEN GLOVER, Director
Tax Division
Department of Revenue
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 189.

ALISON ARIANS
Great Alaska Schools
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 189.

KATHERINE UEI
Soldotna, Alaska

POSITION STATEMENT: Testified in opposition to HB 189.

CRIS EICHENLAUB
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to HB 189.

JEREMY UEI
Soldotna, Alaska

POSITION STATEMENT: Testified in opposition to HB 189.

QUEEN PARKER
Sterling, Alaska

POSITION STATEMENT: Testified in opposition to HB 189.

ANNIE MASSEY, Director
Alaska Parents' Rights in Education
Eagle River, Alaska

POSITION STATEMENT: Testified in opposition to HB 189.

BERT HOUGHTALING
Big Lake, Alaska

POSITION STATEMENT: Testified in opposition of HB 189.

FRANCESCA ALLEGREZZA
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 189.

TRAVIS WILSON
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 189.

NORM WOOTEN, Director of Advocacy
Association of Alaska School Boards
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 189.

ACTION NARRATIVE

[5:33:35 PM](#)

CHAIR IVY SPOHNHOLZ called the House Special Committee on Ways and Means meeting to order at 5:33 p.m. Representatives Wool, Josephson, Story, Schrage, Prax, and Spohnholz were present at the call to order.

HB 189-EMPLOYMENT TAX FOR EDUCATION

[5:34:41 PM](#)IME

CHAIR SPOHNHOLZ announced that the first order of business would be HOUSE BILL NO. 189, "An Act imposing an education tax on net earnings from self-employment and wages; relating to the administration and enforcement of the education tax; and providing for an effective date."

[5:34:44 PM](#)

REPRESENTATIVE WOOL moved to adopt the proposed committee substitute (CS) for HB 189, labeled 32-LS0753\G, Nauman, 4/28/21, as the working document. There being no objection, Version G was before the committee.

[5:35:01 PM](#)

CHAIR SPOHNHOLZ explained that HB 189 would establish an education payroll tax, which is modeled on a 2017 Senate bill that was designed to address school construction. The major change in the current legislation is that funds would be designated to the Public Education Fund rather than school construction, as Article 7, Section 1, of the Alaska Constitution requires a system of public schools to be established and maintained. The bill seeks to raise a small portion of overall funding needed to meet this constitutional obligation, she said. She further noted that in 1919, Alaska enacted some form of an education tax, and that some form of an education tax remained in place until 1980. She reported that the payroll tax would be a small revenue measure that is estimated to generate between \$65 million and \$66 million annually. She continued to relay that 20 percent of those paying the tax would be nonresident workers. She reiterated that the legislation would serve as a modest part of a fiscal plan. She invited questions from the committee.

5:37:35 PM

REPRESENTATIVE STORY inquired about sequence of the proposed tax implementation on nonresidents. She asked when the tax on nonresidents kick in.

CHAIR SPOHNHOLZ responded that the bill would allow the deductions to be made from nonresidents' first and second checks in the calendar year. She noted that a forthcoming amendment would propose changing that to a later timeframe.

CHAIR SPOHNHOLZ asked Ms. Glover to review the fiscal note and the costs associated with implementation.

5:39:09 PM

COLLEEN GLOVER, Director, Tax Division, Department of Revenue, explained that as with all tax programs, this new tax would be programmed into the Tax Revenue Management system, which would require capital cost. She noted that the proposed tax is simple for a broad-based tax, adding that once in the system, it would be automated. She reported that the tax would generate approximately \$65 million annually, assuming 480,000 individuals would contribute either through their employers or the self-employment portal. Additionally, she stated that if DOR were administering the program, the department would have the advantage of being able to acquire information from the Internal Revenue Service (IRS), as well as confidential taxpayer information pertaining to returns for the purposes of auditing and cross-checking information. She believed that one of the biggest challenges would be identifying the self-employed and nonresidents and getting them to pay the tax, for which DOR's relationship with the IRS would be helpful.

5:42:32 PM

REPRESENTATIVE PRAX, referring to the fiscal note, shared his understanding that it would cost \$632,000 to set up the program and \$570,000 annually to run it thereafter. He opined that the cost seemed high and asked for the reasoning.

MS. GLOVER acknowledged that the ongoing cost for administering the program would account for five positions: program supervisor, several tax technicians, accountant, and an auditor. She noted that the cost would be small compared to other existing tax programs. She explained that despite the automated software, the program would still require people to handle the

customer service aspects, such as returns and refunds. She added that the difference between the FY 22 cost and the ongoing cost is the initial setup for new employees, computers, and office space.

CO-CHAIR SPOHNHOLZ pointed out that five people processing 500,000 workers is the equivalent of 100,000 workers per processor, which she believed to be efficient.

[5:44:22 PM](#)

REPRESENTATIVE PRAX recalled that Ms. Glover had stated that DOR has access to individual income tax records. Consequently, he asked why the employer is identified as the "tax collector" rather than the state collecting directly from the individuals themselves.

MS. GLOVER confirmed that DOR has access to IRS tax return information; however, the department receives that information 6-8 months after the returns have been filed. She added that in regard to auditing, DOR would be able to assess whether people had filed.

REPRESENTATIVE PRAX surmised that the tax collection would be delayed by one year. He pointed out that the cost to the individual businesses is not included in the fiscal note, which would be substantially more than \$570,000, he speculated. He asked if the cost to employers could be estimated.

MS. GLOVER clarified that the employer would withhold the tax from the employee and remit that information to the department via an online portal.

REPRESENTATIVE PRAX shared a personal anecdote. He speculated that the individual employers would spend more time on this than the state would auditing. He believed that needed to be a consideration.

[5:48:00 PM](#)

CHAIR SPOHNHOLZ reminded Representative Prax that fiscal notes reflect the cost for the State of Alaska.

REPRESENTATIVE PRAX questioned whether the cost for employers could be determined. He believed it would be a significant amount.

CHAIR SPOHNHOLZ pointed out that the inquiry was outside the scope of Ms. Glover's work.

[5:48:25 PM](#)

REPRESENTATIVE WOOL directed attention to Section 1, Subsection (b) of CSHB 189, which listed 5 different salary ranges. He inquired about the distribution of the 400,000 taxpayers within those categories.

MS. GLOVER listed the following distribution: approximately 110,000 taxpayers in the first bracket [annual tax of \$50], 150,000 in the second bracket [annual tax of \$100], 100,000 in the third bracket [annual tax of \$200], 40,000 in the fourth bracket [annual tax of \$300], and 2,000 in the fifth bracket [annual tax of \$500].

[5:50:28 PM](#)

CHAIR SPOHNHOLZ clarified that the total number of taxpayers is roughly 500,000, of which 81,000 are nonresidents and 406,000 are residents. She asked whether the distribution provided by Ms. Glover accounted for residents only.

MS. GLOVER confirmed that the data referred to resident taxpayers. She explained [the division] had made some assumptions for the nonresidents and added a multiplier of 20 percent per nonresident. She further noted that the information pertaining to salary distribution is from 2018 IRS data for Alaska taxpayers.

CHAIR SPOHNHOLZ asked whether the estimates for nonresidents were based on the 2018 IRS data as well.

MS. GLOVER said the 20 percent figure was information from the Department of Labor & Workforce Development (DLWD), which was applied to the salary brackets.

CHAIR SPOHNHOLZ sought to confirm that the division had not estimated how many nonresidents would come in at each income bracket.

MS. GLOVER confirmed.

[5:52:00 PM](#)

REPRESENTATIVE PRAX asked whether the department had contemplated the necessary "regulations" to account for seasonal employees that have multiple jobs. He cited an example of a project in Fairbanks that was put on hold causing the work crew to be laid off, adding that that the workers had planned to earn \$30,000-\$40,000. He asked how that situation would have been accounted for if the workers had paid their head tax on the first check.

MS. GLOVER responded that there have been discussions about implementation; however, until legislation is passed, potential regulations cannot be contemplated.

[5:53:50 PM](#)

REPRESENTATIVE WOOL inquired about individuals with multiple jobs, asking which employer would be the designated "tax submitter."

MS. GLOVER offered her understanding that if the employee could prove that he/she had already paid the tax, the employer would not have to withhold.

[5:54:39 PM](#)

REPRESENTATIVE PRAX emphasized his belief that the employer would be held accountable for the tax. He believed it would put the employer at a disadvantage.

[5:55:30 PM](#)

REPRESENTATIVE SCHRAGE asked whether during the onboarding process, a form could be included that asks whether another employer is covering the education head tax.

MS. GLOVER said it's a good suggestion. She reiterated that the implementation process had not been fully vetted. She emphasized her desire to make it as simple as possible for all parties.

[5:56:34 PM](#)

CHAIR SPOHNHOLZ thanked Ms. Glover.

[5:56:49 PM](#)

The House Special Committee on Ways and Means meeting was recessed at 5:57 p.m. to a call of the chair.

[7:16:27 PM](#)

CHAIR SPOHNHOLZ called the House Special Committee on Ways and Means back to order. Present at the call back to order were Representatives Josephson, Schrage, Wool, Story, and Spohnholz.

[7:16:52 PM](#)

CHAIR SPOHNHOLZ opened invited testimony.

[7:17:01 PM](#)

ALISON ARIANS, Great Alaska Schools (GAS), shared that GAS is supportive of the proposed legislation with one caveat. She noted that GAS is a statewide nonpartisan coalition advocating for quality public education for every child. She believed that providing a good education for every child would help ensure a strong future for Alaska. She recognized that continuing to rely on current revenue sources to fund Alaska's public schools is not a sustainable solution. Further, she opined that given the huge fiscal challenges facing the state, Alaskans need to pay more for the services they receive. She said she is pleased that public education may be the first to receive this sustainable funding. Additionally, she is pleased the bill uses an income-based tax method rather than a sales tax, as it would fairly distribute the cost among residents and capture revenue from nonresidents who work in the state. However, she believed that the taxes imposed on the two lowest earning brackets are higher than they should be, which would unfairly burden the workers who earn the least. Despite the tax increasing as income increases, she believed the measure was regressive. She reported that an individual who earned under \$20,000 would pay the government two-tenths of 1 percent of his/her income while an individual who earned \$1 million would pay the government five-hundredths of one percent of his/her income. She suggested that wage earners making \$20,000 or \$50,000 should pay less and higher earners should pay more. She commended the committee for working on a solution.

[7:19:26 PM](#)

CHAIR SPOHNHOLZ opened public testimony.

[7:19:58 PM](#)

KATHERINE UEI opined that the school districts should go back to a zero-balance budget from which they account for everything they need. She believed that schools need to cut their budgets and work within their means instead of taking more money from people who are already suffering from the impact of the pandemic. She emphasized her strong opposition to HB 189.

[7:21:49 PM](#)

CRIS EICHENLAUB stated his opposition to the proposed legislation. He opined that additional tax measures should not be considered until the \$7,000 in unpaid dividends is distributed. He believed that the revenue that would be collected from this head tax could be "easily" trimmed off the budget; further, that Alaskans should not be taxed to fund a "failing" [education] system. He said that if Alaska ranked 20th in the nation, as opposed to last, he would be more supportive of the bill. He opined that Alaska's school system needs to be reformed.

[7:24:24 PM](#)

JEREMY UEI shared his opposition to the bill due to Alaska's low national ranking. He opined that more money should not be put into the school system if a decent education cannot be provided.

[7:25:03 PM](#)

QUEEN PARKER, stated her opposition to the proposed legislation, adding that she agreed with the statements from previous testifiers.

[7:25:33 PM](#)

ANNIE MASSEY, Director, Alaska Parents' Rights in Education, shared her opposition to HB 189. She claimed that historical data "proves" that "more money does not improve education." Further, she argued that "parents cannot trust that money being requested will continue to advance a social, sexual, and political agenda that has no place in public education." She pointed out that education continues to be funded despite the state's poor academic outcomes. She opined that if the state continues to fund education that is not improving, the removal of parents' rights will continue to persist.

[7:28:47 PM](#)

BERT HOUGHTALING stated his opposition to the bill and equated the proposed tax measure to theft. He reported that, per the Department of Education and Early Development (DEED), Alaska is ranked 52 in the nation. He argued that many third-world countries provide a better quality of education for one-tenth of the amount that Alaska pays. He argued that the results achieved by Alaska's schools produce "some of the dumbest children" in the U.S. He characterized the bill as "taxation without representation." He reiterated his opposition to HB 189.

[7:31:20 PM](#)

REPRESENTATIVE WOOL said whether Mr. Houghtaling believes Alaska's system of education is good, bad, or otherwise, it's not fair to call Alaska's children "dumb." He added that if an individual does not receive a good education, it doesn't mean he/she is unintelligent.

CHAIR SPOHNHOLZ agreed.

[7:31:55 PM](#)

FRANCESCA ALLEGREZZA expressed her opposition to the bill. She believed that increasing taxes to pay for a "failed" education system is not the answer. In response to Mr. Houghtaling, she pointed out that intelligence is not measured by education. She believed that instead of focusing on math, reading, and writing, schools are teaching "social justice and critical race theory," which should not be taught in school, she opined.

[7:33:36 PM](#)

TRAVIS WILSON, stated his strong opposition to the bill, characterizing it as a "garbage" tax. He explained that if an employee was underperforming, he would not incentivize him/her with a pay raise. Instead, he said he would "trim the fat." He suggested auditing the education budget rather than increasing the funding.

[7:34:28 PM](#)

NORM WOOTEN, Director of Advocacy, Association of Alaska School Boards (AASB), expressed his support for the proposed legislation. He informed the committee that AASB has long held resolutions that support early, sustainable, adequate, and

equitable funding for education. AASB, he said, has advocated for many years to create a sustainable fiscal plan for the state that will enable Alaskans to continue to enjoy the benefits this state has to offer. He believed that Alaska currently stands on the edge of a fiscal cliff, adding that it is disingenuous to expect to live the same quality of life while failing to recognize the real fiscal situation facing the state. He characterized HB 189 as a baby step, but still a step towards looking at additional revenue sources. He reiterated his support for the bill.

[7:36:02 PM](#)

CHAIR SPOHNHOLZ closed public testimony.

CHAIR SPOHNHOLZ clarified that HB 189 does not propose increasing funding for public education; instead, it proposes a small payroll tax for the purpose of raising education. The funds would go towards the public education fund, she added. She noted that the legislature would still have the opportunity to make choices about how to allocate funds on an annual basis.

[7:37:03 PM](#)

CHAIR SPOHNHOLZ moved to adopt Amendment 1, labeled 32-LS0753\G.2, Nauman, 5/3/21, which read:

Page 2, line 15:

Delete "first two" in both places

Insert "second and third" in both places

[7:37:21 PM](#)

REPRESENTATIVE SCHRAGE objected for the purpose of discussion.

[7:37:24 PM](#)

CHAIR SPOHNHOLZ conveyed that Amendment 1 is proposing to deduct from the employee's "second and third" payrolls of the year instead of the "first two" payrolls. She proposed a conceptual amendment to Amendment 1, such that "second and third" would be changed to "third and fourth;" therefore, the deductions would not affect the first two paychecks of a calendar year, which she characterized as insensitive. She explained that she wanted to give people a buffer after the holiday season. There being no objection, the conceptual amendment to Amendment 1 was adopted.

[7:38:25 PM](#)

REPRESENTATIVE SCHRAGE removed his objection to Amendment 1. Without further objection, Amendment 1, as amended, was adopted.

[7:38:36 PM](#)

REPRESENTATIVE SCHRAGE moved to adopt Amendment 2, labeled 32-LS0753\G.4, Nauman, 5/3/21, which read:

Page 1, line 14:
Delete "\$20,000"
Insert "\$30,000"
Delete "\$50"
Insert "\$0"

Page 2, line 1:
Delete "\$20,000"
Insert "\$30,000"
Delete "\$50,000"
Insert "\$60,000"

Page 2, line 2:
Delete "\$50,000"
Insert "\$60,000"
Delete "\$100,000"
Insert "\$90,000"

Page 2, line 3:
Delete "\$100,000"
Insert "\$90,000"
Delete "\$500,000"
Insert "\$120,000"
Delete "\$300"
Insert "\$400"

Page 2, line 4:
Delete "\$500,000"
Insert "\$120,000"
Delete "\$500"
Insert "\$600"

[7:38:38 PM](#)

CHAIR SPOHNHOLZ objected for the purpose of discussion.

[7:38:39 PM](#)

REPRESENTATIVE SCHRAGE explained that Amendment 2 would adjust the income brackets for the education head tax to address several concerns that were conveyed during public testimony. He relayed that the first bracket would be changed from \$0-\$20,000 to \$0-\$30,000; further, the deduction for that bracket would be changed from \$50 to \$0. Consequently, the lowest income bracket would not have to contribute to the head tax. Additionally, Amendment 2 would adjust the head tax for the other income brackets to allow for progressivity, as opposed to regressivity.

[7:40:03 PM](#)

REPRESENTATIVE JOSEPHSON expressed his support for Amendment 2. He said he tends to agree with the conservative argument that everyone can pay something minimal. He believed that it gives all citizens "skin in the game" and creates political viability.

REPRESENTATIVE WOOL pointed out a contradiction in Representative Josephson's statement, as he had stated that he agrees with the concept that everyone should contribute something minimal; however, per Amendment 2, the lowest income bracket would pay \$0 in head tax.

REPRESENTATIVE JOSEPHSON maintained that he had a small concern about the \$0-\$30,000 income bracket contributing nothing. Nonetheless, he said he intended to support Amendment 2 and not offer Amendment 3, which would have raised more revenue from higher-earning citizens.

[7:42:03 PM](#)

REPRESENTATIVE WOOL directed attention to page 2, line 4 of Amendment 2 and sought to confirm that the highest income bracket would be lowered from \$500,000 or more to \$120,000 or more. Further, he opined that even with the changes proposed in Amendment 2, the education head tax would not be progressive.

REPRESENTATIVE SCHRAGE explained the changes proposed in Amendment 2 in further detail. He relayed that people making \$0-\$30,000 would pay \$0; \$30,000-\$60,000 would pay \$100; \$60,000-\$90,000 would pay \$200; \$90,000-\$120,000 would pay \$400; and those making over \$120,000 would pay \$600. He noted that the head tax would not be a true income tax, as it's a flat amount based on wages instead of percentage based.

CHAIR SPOHNHOLZ asked how Amendment 2 would affect the fiscal notes and the bill's earning potential.

REPRESENTATIVE SCHRAGE responded that it shouldn't adjust the cost of the program; however, it would slightly reduce the total revenue generated from the education head tax. He estimated that the proposed amendment would reduce the revenue from \$65 million to \$55 million.

[7:45:07 PM](#)

REPRESENTATIVE WOOL recalled that a head tax got its name because everyone paid per "head," or person. He clarified that historically, a head tax was never based on income. He continued to explain that the head tax was reintroduced with the addition of "gradation step ups." He opined that even the discussion of percentage of income in relation to this proposal defeats the purpose of a head tax. Further, he shared his belief that an individual who earns \$30,000 could afford to pay \$30. He acknowledged that the head tax would deduct a larger percentage of a lower earner's income compared to those in the high-income brackets; nonetheless, he pointed out that the same could be said about the PFD, but it still gets distributed. He expressed some concern about the lowest income bracket paying \$0 and suggested that those making \$0-\$30,000 pay a head tax of \$20. Further, he estimated that if Amendment 2 were to pass in its current form, 130,000 wage earners would not be contributing, which he characterized as unfair.

REPRESENTATIVE SCHRAGE believed that the reductions to the PFD in recent years counterbalanced that to some extent, as the lowest earners were the most affected by that "reduced negative tax."

[7:47:36 PM](#)

REPRESENTATIVE STORY shared her understanding that people making up to \$30,000 would be comfortable paying a \$20 tax; accordingly, she opined that a contribution is worthwhile. She questioned how Representative Schrage came up with the \$400 figure for the \$90,000-\$120,000 income bracket.

REPRESENTATIVE SCHRAGE shared that he had structured the deductions to allow for a modest increase in the effective tax rate throughout the income brackets. He explained that a \$400 tax would equate to four-tenths of a percent for the \$90,000-\$120,000 bracket, which is slightly above the previous bracket's

tax rate at three-tenths of a percent. He reiterated that his intent was to add a small aspect of progressivity to the tax structure. He noted that he would be amenable to a conceptual amendment.

REPRESENTATIVE STORY said she was comfortable with the amount presented in the current version of the bill.

[7:50:02 PM](#)

REPRESENTATIVE SCHRAGE shared that he would be most amenable to amending the deduction for the lowest income bracket, as it has instigated the most discussion. He believed that decreasing the deduction from \$400 to \$300 for the income bracket of \$90,000-\$120,000 would reduce the effective tax rate; consequently, he would not be as supportive of that change.

[7:50:32 PM](#)

The committee took a brief at-ease.

[7:50:59 PM](#)

CHAIR SPOHNHOLZ moved to adopt a conceptual amendment to Amendment 2, such that "\$0" would be replaced with "\$25" on page 1, line 5. There being no objection, the conceptual amendment was adopted.

[7:51:44 PM](#)

CHAIR SPOHNHOLZ, hearing no further objection to Amendment 2, announced that Amendment 2, as amended, was adopted.

[7:51:53 PM](#)

The committee took a brief at-ease.

[7:52:07 PM](#)

CHAIR SPOHNHOLZ noted that she withdrew her objection to Amendment 2. Without further objection, she restated that Amendment 2, as amended, was adopted. She invited further discussion on the underlying bill, HB 189.

[7:52:46 PM](#)

REPRESENTATIVE JOSEPHSON associated Alaska's fiscal problems with the state's lack of a broad-based tax. He stressed that this measure must be passed, adding that people must contribute to state government.

[7:53:19 PM](#)

REPRESENTATIVE SCHRAGE aligned himself with the comments from Representative Josephson. Regarding several comments made during public testimony, he clarified that the proposed legislation would not increase education funding; instead, it would increase the funding available to the legislature to appropriate to the schools. He believed that Alaska's teachers and administrators do care about their students' education, contrary to some of the previous testimony. Further, he explained that if the state were to pay out full statutory dividends, there would be no money left for dividends in a decade. He acknowledged that something needs to be done to address the education system in this state; however, he believed that Alaska's schools do a good job at educating students despite the low performance scores for the third and fourth grades. He shared his understanding that the low performance scores are largely a result of students who are unprepared to learn and may not know how to read, write, or recognize the alphabet. Further, he pointed out that the state's schools do quite well when measuring the improvement from kindergarten to third grade. He opined that "cherry picking" statistics does not serve anybody.

[7:55:23 PM](#)

REPRESENTATIVE STORY pointed out that education is one of the largest investments for every state. She reported that Alaska falls in the middle of the pack for funding when adjusted for inflation. Additionally, she noted that the base student allocation (BSA) has not been adjusted for six years. She explained that flat funding and increased expenses has resulted many districts cutting their budgets and losing services. Nonetheless, she shared her understanding that schools are providing good instruction. She expressed her support for the bill and emphasized the importance of considering new revenues to solve Alaska's fiscal situation.

[7:57:30 PM](#)

REPRESENTATIVE WOOL recalled that historically, Alaska had both a head tax and an income tax until revenue started rolling in

from oil production. He welcomed this proposal as a small first step towards new revenue. Additionally, he clarified that there's no correlation between the education head tax and school performance. He stated his support for advancing the proposed legislation.

[7:58:41 PM](#)

CHAIR SPOHNHOLZ recalled the Tax Foundation's testimony about Alaska having the lowest tax burden in the nation. Further, New Hampshire is the only other state that lacks both a sales and income tax; however, New Hampshire has high local property taxes, which funds its government, she said. The Tax Foundation had also informed the committee that if the state were to adopt a broad-based revenue measure, Alaska would still have one of the lowest tax burdens in the nation. She emphasized that although the proposed legislation is not a broad-based revenue measure that would balance the budget, it's a first step.

[8:00:54 PM](#)

REPRESENTATIVE WOOL moved to report CSHB 189, Version 32-LS0753\G, Nauman, 4/28/21, as amended, out of committee with individual recommendations and the accompanying fiscal notes. Without objection, CSHB 189(W&M) was moved from the House Special Committee on Ways and Means.

[8:01:30 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Ways and Means meeting was adjourned at 8:01 p.m.