

HOUSE BILL NO. 185

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE FIELDS

Introduced: 5/3/23

Referred: House Special Committee on Ways and Means, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing an income tax equal to the amount of the annual permanent fund
2 dividend; relating to the duties of the Department of Revenue; and providing for an
3 effective date."

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

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

7 SHORT TITLE. This Act may be known as the Net Zero Income Tax Act.

8 * **Sec. 2.** AS 43.23 is amended by adding new sections to read:

9 **Article 6A. Income Tax; Dividend.**

10 **Sec. 43.23.280. Income tax.** (a) A tax equal to the amount of the permanent
11 fund dividend is imposed each year on each resident individual and nonresident
12 individual who has income derived from or connected to the state.

13 (b) An individual shall remit the tax due under this chapter by December 31 of
14 each year.

(c) An individual not filing a federal tax return jointly with another individual is exempt from the tax under this section if the individual's federal adjusted gross income for the taxable year is less than \$75,000. Two individuals filing federal tax returns jointly are exempt from the tax under this section if the individuals' federal adjusted gross income for the taxable year is less than \$150,000. An individual filing a federal tax return as a dependent is exempt from the tax under this section. Income of a dependent may not be considered income of the individual claiming the person as a dependent.

Sec. 43.23.290. Taxable income; general rule. In AS 43.23.280 - 43.23.310, taxable income is the taxpayer's federal adjusted gross income for the taxable year. The department shall adopt regulations adjusting gross income under this section as required by federal law.

Sec. 43.23.300. Returns and payment of taxes. (a) A taxpayer shall file with the department a return setting out

(1) the amount of tax due under this chapter; and

(2) other information necessary to carry out this chapter, as required by the department in regulation.

(b) A person required to file a return under AS 43.23.280 - 43.23.310 shall file the return on a form or in a format prescribed by the department. The return is due to the department at the same time and in the same manner, including extensions, as the taxpayer's federal income tax return to the United States Internal Revenue Service. A return filed under AS 43.23.280 - 43.23.310 must be made under oath and on penalty of perjury.

(c) The total amount of tax imposed by AS 43.23.280 - 43.23.310 is due and payable to the department at the same time and in the same manner as the federal individual income tax payable to the United States Internal Revenue Service.

Sec. 43.23.310. Permanent fund tax payment. The department shall adopt regulations establishing procedures for an individual eligible for a dividend under AS 43.23.005 to direct the department to hold all or a part of the amount of the dividend to pay the tax due under AS 43.23.280 - 43.23.310. The amount held under this section may not exceed the dividend amount after contributions, garnishments,

1 levies, fees, attachments, assignments, or other reductions or donations allowed under
2 this chapter.

3 * **Sec. 2.** This Act takes effect January 1, 2026.