

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

February 26, 2024

6:06 p.m.

MEMBERS PRESENT

Representative Ben Carpenter, Chair
Representative Jamie Allard
Representative Tom McKay
Representative Kevin McCabe
Representative Cathy Tilton
Representative Andrew Gray
Representative Cliff Groh

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 142

"An Act relating to a state sales and use tax; authorizing the Department of Revenue to enter into the Streamlined Sales and Use Tax Agreement; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 156

"An Act relating to the taxation of income of individuals, partners, shareholders in S corporations, trusts, and estates; repealing tax credits applied against the tax on individuals under the Alaska Net Income Tax Act; and providing for an effective date."

- FAILED TO MOVE OUT OF COMMITTEE

HOUSE BILL NO. 109

"An Act reducing the corporate net income tax rate; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 142

SHORT TITLE: STATE SALES AND USE TAX

SPONSOR (s) : REPRESENTATIVE (s) CARPENTER

03/27/23	(H)	READ THE FIRST TIME - REFERRALS
03/27/23	(H)	W&M, FIN
03/27/23	(H)	W&M AT 6:00 PM DAVIS 106
03/27/23	(H)	<Bill Hearing Canceled>
03/29/23	(H)	W&M AT 6:00 PM DAVIS 106
03/29/23	(H)	Heard & Held
03/29/23	(H)	MINUTE (W&M)
02/26/24	(H)	W&M AT 6:00 PM DAVIS 106

BILL: HB 156

SHORT TITLE: INCOME TAX

SPONSOR (s) : REPRESENTATIVE (s) GALVIN

04/10/23	(H)	READ THE FIRST TIME - REFERRALS
04/10/23	(H)	W&M, FIN
04/17/23	(H)	W&M AT 6:00 PM DAVIS 106
04/17/23	(H)	Heard & Held
04/17/23	(H)	MINUTE (W&M)
02/26/24	(H)	W&M AT 6:00 PM DAVIS 106

WITNESS REGISTER

PATRICK RACE, representing self
Juneau, Alaska

POSITION STATEMENT: Testified in support of an income tax during combined public testimony on HB 142 and HB 156.

KRISTEEN F. PETERSON, representing self
Juneau, Alaska

POSITION STATEMENT: Testified in support of an income tax during combined public testimony on HB 142 and HB 156.

CINDY GILDER, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of an income tax during combined public testimony on HB 142 and HB 156.

MARY ODDEN, representing self
Glenallen, Alaska

POSITION STATEMENT: Testified in support of an income tax during combined public testimony on HB 142 and HB 156.

ALEX WERTHEIMER, representing self
Juneau, Alaska

POSITION STATEMENT: Testified in support of an income tax during combined public testimony on HB 142 and HB 156.

PAULA DAVIS, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 156 during combined public testimony on HB 142 and HB 156.

MARGIE GOODRICH, representing self
Eagle River, Alaska

POSITION STATEMENT: Testified in support of an income tax during combined public testimony on HB 142 and HB 156.

LORI PICKETT, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 156 during combined public testimony on HB 142 and HB 156.

PAUL SEATON, representing self
Homer, Alaska

POSITION STATEMENT: Testified in support of HB 156 during combined public testimony on HB 142 and HB 156.

JOEL SALVINO, representing self
Kasilof, Alaska

POSITION STATEMENT: Testified in opposition to an income tax during the combined public testimony on HB 142 and HB 156.

KEVIN BANKS, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 156 during combined public testimony on HB 142 and HB 156.

KATHY MORGAN, representing self
Tok, Alaska

POSITION STATEMENT: Testified in support of HB 156 during combined public testimony on HB 142 and HB 156.

DONNA ARDUIN, Staff
Representative Ben Carpenter
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Explained the proposed amendments to HB 142.

ALEXI PAINTER, Legislative Fiscal Analyst
Legislative Finance Division

Juneau, Alaska

POSITION STATEMENT: Responded to a question regarding Amendment 1 to HB 142.

MICHAEL WILLIAMS, Deputy Director

Tax Division

Department of Revenue (DOR)

Juneau, Alaska

POSITION STATEMENT: Answered questions regarding Amendment 1 to HB 142.

REPRESENTATIVE ALYSE GALVIN

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 156.

ACTION NARRATIVE

[6:06:24 PM](#)

CHAIR BEN CARPENTER called the House Special Committee on Ways and Means meeting to order at 6:06 p.m. Representatives Tilton, McKay, McCabe, Gray, Groh, and Carpenter were present at the call to order. Representative Allard arrived as the meeting was in progress.

HB 142-STATE SALES AND USE TAX

HB 156-INCOME TAX

[6:07:41 PM](#)

CHAIR CARPENTER announced that the first order of business would be HOUSE BILL NO. 142, "An Act relating to a state sales and use tax; authorizing the Department of Revenue to enter into the Streamlined Sales and Use Tax Agreement; and providing for an effective date." and HOUSE BILL NO. 156, "An Act relating to the taxation of income of individuals, partners, shareholders in S corporations, trusts, and estates; repealing tax credits applied against the tax on individuals under the Alaska Net Income Tax Act; and providing for an effective date."

[6:07:56 PM](#)

CHAIR CARPENTER opened public testimony on HB 142 and HB 156.

[6:08:29 PM](#)

PATRICK RACE, representing self, gave a brief history of Ernest Gruening, Alaska's territorial governor in 1939, and Gruening's efforts to establish a revenue system from taxes rather than depending on revenue from resources that allow outside interests to control lawmakers. He said history shows the essentiality of taxes. He opined that Alaskans should reinstate an income tax.

[6:10:51 PM](#)

KRISTEEN F. PETERSON, representing self, said she supports an income tax. She recalled paying income tax when she was 14. She indicated that she would like everyone to be paying it, with any exceptions decided by the legislature. She urged the committee to "get it done this year."

[6:12:52 PM](#)

CINDY GILDER, representing self, testified in support of an income tax, stating that a broad-based income tax is the fairest and would ensure needed services are paid for.

MARY ODDEN, representing self, shared she and her husband paid an income tax and school tax when they first came to Alaska in the '70s and thought it "a good thing to do." She opined it is fairer than a sales tax. She warned against looking to the permanent fund to cover state expenses. She spoke about the negative effects of an unstable income for Alaska. She allowed there could be discussion regarding the proposed \$200,000 income level, and she spoke about making a ceiling and a progressive tax - whatever is necessary. She encouraged the committee to support HB 156.

[6:16:08 PM](#)

ALEX WERTHEIMER, representing self, stated support for an income tax as part of a long-term fiscal plan for Alaska. He said the income tax is more equitable than is a statewide sales tax, which would disproportionately affect lower income households. He noted other states require income tax paid and are doing well economically. Notwithstanding that, he said he does not think the 2 percent flat tax on higher income is "the way to go." He mentioned a plan from the Walker Administration where people would pay a small percentage of their federal tax assessment, and the state would receive revenue from non-resident workers who benefit from the infrastructure and services that make their jobs possible.

[6:17:37 PM](#)

PAULA DAVIS, representing self, testified in support of HB 156. She said she would like to see Alaska's income tax reinstated because oil revenue is diminishing, Alaskans should pay for the services they get, sales tax hits the poor more than the rich, the 2 percent for those making more than \$200,000 is fair, the \$20 is fair, and she does not like to be bribed by a large permanent fund dividend (PFD). She opined that those who live out of state and work on the North Slope two weeks on/two weeks off should pay into the state's system. She said, "We'd hate to be running out of money just because we don't want to tax ourselves."

[6:19:21 PM](#)

MARGIE GOODRICH, representing self, testified in support of an income tax. A lifelong Alaskan, she recalled the former income tax being stopped and stated support for having an income tax. She added that she thinks it should be [based on] \$100,000 rather than \$200,000, and she echoed that those with lower income could not afford to pay as much tax as those with higher income. She said those from out of state who work in Alaska should contribute to the state's economy. She added that she thinks an income tax would help to improve the state's education system, which has declined over the years.

[6:22:10 PM](#)

LORI PICKETT, representing self, testified in support of HB 156. She stated her belief that implementing an income tax is imperative to the wellbeing of Alaska. She called HB 156 reasonable and said every wage earner has "buy-in." She talked about the benefits of a state income tax to provide a stable source of revenue for essential public services and infrastructure, enhance economic stability and attract business, cultivate a skilled workforce, and support education.

[6:24:30 PM](#)

PAUL SEATON, representing self, stated his support of HB 156 and said revenue is needed to balance the state's essential expenditures. He offered his understanding that [HB 156] is the first real consideration [of an income tax] since the House passed what would have been the fourth-lowest income tax in the nation, as part of a long-term fiscal plan back in 2015. He said he is pleased HB 156 proposes a 2 percent tax on S-

corporations because those that are involved in oil are avoiding the corporate income tax.

[6:26:05 PM](#)

JOEL SALVINO, representing self, emphasized his four-year residency in Alaska and being 33 and in the prime earning years of life. He talked about his family, business, farm, and choices for being in Alaska. He repeatedly emphasized the aging membership of the legislature and questioned why they have reaped success only to "pull the ladder out" from behind them for the next generation. He urged the committee not to "burden us with new taxes that you never faced." He emphasized his hard work and opined that taxing his income is "stealing the most valuable resource in the world." He requested a line-item budget showing the need for more money.

[6:29:10 PM](#)

KEVIN BANKS, representing self, testified in support of HB 156. He observed that a single-source revenue from the oil industry is problematic, in that citizens of Alaska have enjoyed the services of government without participating in it and have acquired a sense of entitlement to the services provided by the state, such as roads and education. He posited that "that contribution" [of income tax] would give Alaskans a stake in what is happening in government. He said he would favor an income tax over a sales tax for reasons many previous testifiers have already stated; a sales tax "has no consideration for the situation faced by an individual taxpayer." He remarked on the irony that while HB 156 proposes an income tax, another bill on the docket proposes to reduce corporate income taxes.

[6:31:41 PM](#)

KATHY MORGAN, representing self, testified in support of HB 156. She opined that Alaska needs to come up with more revenue to support state services; it cannot continue spending more than it earns and cutting state services more than they have already been cut. She said she does not think the proposed income tax under HB 156 goes far enough; she suggested taxing all income over \$100,000 earned in Alaska and increasing the annual head tax to \$200 per earner. She talked about being retired and in the past paying a state income tax and a state disaster tax. She proffered that for many Alaskans the head tax would be "more than balanced by the PFD" and would help the permanent fund from being depleted by state government. She said a statewide sales

tax would create disproportionate effects on Alaskans, while an income tax would impose more of the burden on those who can afford it.

[6:35:11 PM](#)

CHAIR CARPENTER, after ascertaining there was no one else who wished to testify, closed public testimony on HB 142 and HB 156.

HB 142-STATE SALES AND USE TAX

[6:36:07 PM](#)

CHAIR CARPENTER announced that the next order of business would be HOUSE BILL NO. 142, "An Act relating to a state sales and use tax; authorizing the Department of Revenue to enter into the Streamlined Sales and Use Tax Agreement; and providing for an effective date."

[6:36:31 PM](#)

The committee took an at-ease from 6:36 p.m. to 6:37 p.m.

[6:37:00 PM](#)

CHAIR CARPENTER announced the committee would entertain amendments.

CHAIR CARPENTER moved to adopt Amendment 1 to HB 142, labeled 33-LS0433\B.2, Nauman, 2/21/24, which read as follows:

Page 2, line 9:
Delete "**a resale**"
Insert "**an**"

Page 5, lines 16 - 21:
Delete all material.

Reletter the following subsections accordingly.

Page 6, line 8:
Delete "**Resale Exemption**"
Insert "**Exemption Certificate**"

Page 7, lines 5 - 8:
Delete "Sales for resale are exempt from the tax under this chapter. A person making a sale for resale

must have an exemption certificate issued under AS 43.44.100 and must present the certificate at the time of the sale for resale."

Insert "A sale for resale and the cost of transportation associated with a sale for resale are exempt from the tax under this chapter if the resale is subject to the tax imposed under AS 43.44.010(a) and made in the ordinary course of business of the reseller."

Page 7, lines 11 - 21:

Delete all material and insert:

"**Sec. 43.44.100. Exemption certificate.** (a) The department shall issue an exemption certificate to a person that

(1) has obtained a seller's permit under AS 43.44.080; or

(2) regularly makes purchases that qualify for an exemption under AS 43.44.060.

(b) An exemption certificate issued under (a) of this section

(1) must include

(A) the name and address of the person; and

(B) the signature or electronic signature of the person;

(2) must be issued by the department in both paper and electronic form;

(3) does not expire; and

(4) must be presented at the time of the sale unless the seller has a copy of the purchaser's exemption certificate on file.

(c) In addition to the requirements of (b)(1) of this section, an exemption certificate issued under (a)(1) of this section must include

(1) the number of the seller's permit issued to the person under AS 43.44.080;

(2) the general character of property or service sold by the person in the regular course of business."

Page 7, line 22:

Delete "**resale**"

Page 7, line 24:

Delete the first occurrence of "resale"

Page 7, lines 24 - 25:

Delete "the seller's permit and resale exemption certificate"

Page 7, line 27:
Delete "resale"

Page 7, line 29:
Delete "resale"

Page 7, line 30:
Delete "resale"

Page 8, line 5:
Delete "**resale**"

Page 8, line 6:
Delete "a resale"
Insert "an"

Page 8, line 9:
Delete "the resale"
Insert "an"

Page 8, line 12:
Delete "**resale**"

Page 8, line 13:
Delete "a resale"
Insert "an"

Page 8, lines 14 - 15:
Delete "a resale"
Insert "the"

Page 8, line 17:
Delete "resale"

Page 8, line 19:
Delete "resale"

Page 15, line 13:
Delete "a resale"
Insert "an"

[6:37:29 PM](#)

REPRESENTATIVE MCCABE objected.

[6:37:36 PM](#)

DONNA ARDUIN, Staff, Representative Ben Carpenter, Alaska State Legislature, explained Amendment 1 would replace "resale exemption", which is already in HB 142, with a more specific exemption certificate. That certificate is recognized around the country through the [Streamlined Sales and Use Tax Agreement] which allows for transactions within the state or through other states to only be taxed once. For example, an Alaska retailer could give the certificate to the businesses that it does business with for sourcing, distributing, warehousing, or transporting things in other states and the sale is only taxed once at the place of delivery, not all the places along the way.

[6:38:35 PM](#)

REPRESENTATIVE GROH inquired about the [estimated] fiscal impact of [Amendment 1].

MS. ARDUIN replied that the fiscal note for the entire bill is about \$1.2 billion a year in revenue, but she doesn't have a fiscal note for this amendment.

REPRESENTATIVE GROH stated that an exemption would reduce revenue, and he would like to know the estimated effect of this exemption.

[6:39:46 PM](#)

ALEXI PAINTER, Legislative Fiscal Analyst, Legislative Finance Division, Legislative Budget and Audit Committee, Alaska State Legislature, responded that he does not know the answer to Representative Groh's question.

[6:39:57 PM](#)

MICHAEL WILLIAMS, Deputy Director, Tax Division, Department of Revenue (DOR), offered to check whether any additional cost would be associated with the exemption certificate since a fiscal note hasn't been done on an exemption. He offered his understanding that this is clarifying language. The exemption certificate is a common industry term and is used by other states to identify sales for resale as exempt so business inputs for a business process aren't taxed.

CHAIR CARPENTER asked whether DOR's fiscal note already covers the impact for the exemption certificate given the exemption certificate is already a part of the bill.

MR. WILLIAMS replied that that is his understanding. He said DOR will provide clarification for the record.

[6:41:20 PM](#)

REPRESENTATIVE MCCABE commented that in his experience financial analysis of fiscal notes isn't typically done for amendments. He observed that the bill's assumption of sales is based on gross sales.

CHAIR CARPENTER confirmed that the bill already has that concept in it, but said it's a legitimate question to check that the analysis done prior to Amendment 1 doesn't change with the amendment.

MR. WILLIAMS stated that DOR will confirm whether the amendment changes [the previous analysis].

[6:42:53 PM](#)

REPRESENTATIVE MCCABE removed his objection. There being no further objection, Amendment 1 was adopted.

[6:43:12 PM](#)

CHAIR CARPENTER moved to adopt Amendment 3 to HB 142, labeled 33-LS0433\B.4, Nauman, 2/22/24, which read as follows:

Page 3, line 11, following "**timing**":
Insert "**, location application**"

Page 3, following line 15:
Insert a new subsection to read:
"(c) The tax under AS 43.44.010 is applied at the point of delivery. Except as otherwise provided in this subsection, the point of delivery is the location where property is delivered or a service is performed. If a purchaser does not receive or pay for property at the business location of the seller, the point of delivery is the location where the purchaser receives the property. If a purchaser is physically present at the business location of the seller and pays for property, the point of delivery is the location where

the purchaser paid for the property, even if the property is delivered to another location. If a purchaser does not receive a service at the business location of a seller, the point of delivery is the location where the purchaser receives the service. If property or a service is transferred electronically to a purchaser or if the seller does not have a delivery location for the purchaser, the point of delivery is the billing address of the purchaser. A person temporarily possessing property for the purpose of shipping that property is not considered to have received the property. In this subsection,

(1) "receive" means

(A) to take possession of property that is not a digital good;

(B) to first make use of a service;

(C) to take possession or first make use of a digital good, whichever comes first."

Page 6, line 9:

Delete "A"

Insert "(a) Except as provided in (b) of this section, a"

Page 6, line 11:

Delete "full credit for"

Insert "credit for an amount not to exceed"

Page 6, following line 12:

Insert a new subsection to read:

"(b) A purchaser may not receive a credit under (a) of this section unless the state to which the sales or use tax is paid allows a purchaser to take a credit that is substantially similar to the credit in (a) of this section for sales or use tax paid in this state."

[6:43:19 PM](#)

REPRESENTATIVE MCCABE objected.

[6:43:32 PM](#)

MS. ARDUIN explained that in sales, the term "sourcing" says the revenue is sourced either at the point of sale or the point of delivery. Amendment 3 makes it clear it is delivery. So, when someone is in Alaska and buys something in Alaska, the sales tax is remitted to the State of Alaska. When someone in another

state buys online and has the item delivered to Alaska, the sales tax is due to the State of Alaska. When an Alaskan goes to Seattle and purchases an item at a retail outlet there, the sales tax goes to the State of Washington.

[6:44:17 PM](#)

REPRESENTATIVE ALLARD requested clarification on whether this tax would be added when someone orders online from Amazon.

CHAIR CARPENTER replied yes, this is a sales tax proposition.

REPRESENTATIVE ALLARD related that when she orders something from Amazon and has it delivered to Juneau it is taxed, but when she has it delivered to Eagle River no tax is added. She asked whether [HB 142] would add a tax.

CHAIR CARPENTER responded that this is a proposition for a sales tax.

[6:45:14 PM](#)

REPRESENTATIVE MCCABE removed his objection to Amendment 3.

[6:45:18 PM](#)

REPRESENTATIVE ALLARD objected to Amendment 3.

[6:45:35 PM](#)

A roll call vote was taken. Representatives Groh, Gray, and Carpenter voted in favor of Amendment 3. Representatives Allard, McKay, McCabe, and Tilton voted against it. Therefore, Amendment 3 failed to be adopted by a vote of 3-4.

[6:46:21 PM](#)

CHAIR CARPENTER moved to adopt Amendment 2 to HB 142, labeled 33-LS0433\B.3, Nauman, 2/21/24, which read as follows:

Page 15, following line 15:

Insert a new bill section to read:

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

CONDITIONAL EFFECT. Sections 1 - 5 of this Act take effect only if the legislature passes, before July 1, 2024, a resolution proposing an amendment to

art. IX, sec. 16, Constitution of the State of Alaska, relating to the appropriation limit."

Renumber the following bill sections accordingly.

Page 15, line 16:

Delete "Section 5 of this Act"

Insert "If sec. 5 of this Act takes effect, it"

Page 15, following line 16:

Insert a new bill section to read:

"* **Sec. 8.** Section 6 of this Act takes effect immediately under AS 01.10.070(c)."

Renumber the following bill section accordingly.

Page 15, line 17:

Delete "Except as provided in sec. 6 of this Act, this Act takes"

Insert "If secs. 1 - 4 of this Act take effect, they take"

REPRESENTATIVE MCCABE objected.

[6:46:28 PM](#)

MS. ARDUIN explained Amendment 2 would provide a conditional effect to this Act that the Act shall take effect only if the legislature passes before 7/1/24 a resolution proposing an amendment to Article IX, Section 16, of the Constitution of the State of Alaska relating to the appropriation limit. This means, she continued, that the sales tax will only take effect if the legislature puts on a ballot before the voters a constitutional spending limit.

[6:47:07 PM](#)

REPRESENTATIVE GROH asked the amendment's sponsor to elaborate on his thinking.

CHAIR CARPENTER answered that his thinking on attaching a constitutional spending limit to a revenue generating measure is that he doesn't want to generate revenue without some fiscal discipline and constraint on the growth of government. A constitutional spending limit is the only way the legislature would recognize that a spending limit is necessary to constrain

the growth of government. He noted that Amendment 2 doesn't specify which specific spending limit would be applied here.

REPRESENTATIVE GROH related that he has introduced HJR 23 which would amend the provision of the constitution addressing the spending limit or spending cap to come up with a tighter spending limit. He offered his appreciation for the chair's thinking on this.

REPRESENTATIVE MCKAY questioned the constitutionality of making a law contingent on another law. He noted it is conditional on the legislature passing the resolution proposing an amendment to the constitution relating to an appropriation limit that would have to be voted on by the people.

CHAIR CARPENTER replied that Amendment 2 was drafted at his request by Legislative Legal and Research Services and he didn't receive feedback that his request was unconstitutional.

[6:50:58 PM](#)

MS. ARDUIN clarified that this conditional effect requires the resolution to pass the legislature and be put before voters, it doesn't require the voters to pass it.

REPRESENTATIVE MCCABE recalled that the tying together of these two pieces [as proposed] in this amendment was discussed two or three years ago by the Fiscal Policy Working Group.

CHAIR CARPENTER thanked Representative McCabe for the history of getting here. He responded that some legislators wanted to tie a spending measure and a spending limit measure together but he doesn't know that that would be the recommendation of the Fiscal Policy Working Group other than there was a set of measures that needed to be taken in totality as far as a fiscal plan is considered, although some members might not have agreed that these are the two bills that should be tied together.

[6:52:51 PM](#)

The committee took an at-ease from 6:52 p.m. to 6:55 p.m.

[6:55:15 PM](#)

REPRESENTATIVE GRAY addressed Amendment 3 which failed to be adopted. He said his understanding had Amendment 3 passed, was that if someone ordered something online from Amazon and it was

delivered to Alaska, then a sales tax would be paid and would go to the State of Alaska. However, because Amendment 3 failed, no taxes would be paid for items ordered online from Amazon, but sales tax would have to be paid on things purchased at a store. He expressed his fear that because of this Alaskans will order online from Amazon and Alaskan stores will go out of business.

[6:56:17 PM](#)

CHAIR CARPENTER noted the committee is currently considering Amendment 2.

REPRESENTATIVE GROH stated he is in favor of the individual recommendations for comprehensive fiscal policy that includes spending limit reform, major new revenues, and other actions related to the permanent fund dividend (PFD). He expressed his concern, however, that [Amendment 2] could result in implying that the legislature can only raise revenues if it puts forward a constitutional spending cap. He said he appreciates the discussion but is resistant to the idea of tying these things together as a matter of law to make it effective.

[6:58:34 PM](#)

REPRESENTATIVE MCCABE removed his objection to Amendment 2.

[6:58:42 PM](#)

REPRESENTATIVE GROH objected to Amendment 2.

[6:58:47 PM](#)

A roll call vote was taken. Representatives Tilton, Allard, McKay, McCabe, and Carpenter voted in favor of Amendment 2. Representatives Gray and Groh voted against it. Therefore, Amendment 2 was adopted by a vote of 5-2.

CHAIR CARPENTER noted that Amendment 4 would not be [offered].

[6:59:34 PM](#)

CHAIR CARPENTER moved to adopt Amendment 5 to HB 142, labeled 33-LS0433\B.6, Nauman, 2/26/24, which read as follows:

Page 2, line 27:
Delete "July 1, 2022"
Insert "January 1, 2025"

Page 15, line 17:
Delete "2025"
Insert "2026"

REPRESENTATIVE MCCABE objected.

[6:59:45 PM](#)

MS. ARDUIN explained Amendment 5 would change the effective date of the Act by moving it forward to 1/1/2026 given the bill was offered in [2023] and the Department of Revenue will need a year to implement it.

[7:00:12 PM](#)

REPRESENTATIVE MCCABE removed his objection. There being no further objection, Amendment 5 was adopted.

[7:00:29 PM](#)

CHAIR CARPENTER announced that there are no other amendments and that [HB 142, as amended,] is now before the committee.

[7:00:48 PM](#)

REPRESENTATIVE GRAY stated he made a mistake by thinking the committee was considering the sales tax put forth last year in HB 109 and that he had amendments for that bill but did not meet the deadline for amendments to HB 142, so he will be offering them at later.

[7:01:24 PM](#)

REPRESENTATIVE GROH stated that he made the same mistake as Representative Gray and will be offering his amendments later, as well.

[7:01:40 PM](#)

CHAIR CARPENTER extended the amendment deadline to close of business on 2/28/24 for HB 142.

[7:02:31 PM](#)

CHAIR CARPENTER announced HB 142 was held over.

HB 156-INCOME TAX

7:02:39 PM

CHAIR CARPENTER announced that the final order of business would be HOUSE BILL NO. 156, "An Act relating to the taxation of income of individuals, partners, shareholders in S corporations, trusts, and estates; repealing tax credits applied against the tax on individuals under the Alaska Net Income Tax Act; and providing for an effective date."

CHAIR CARPENTER announced there were no amendments submitted for HB 156. He invited the bill sponsor to speak.

7:03:10 PM

REPRESENTATIVE ALYSE GALVIN, Alaska State Legislature, prime sponsor of HB 156, stated she is grateful for the opportunity to put another option on the table as the legislature thinks about broad-based revenue. Every state in the nation has some form of broad-based revenue, which is a policy decision. While the state historically has been able to be without [income] taxes for many years, it is responsible to consider it now, not because it is needed today but because soon there will be a need and putting anything in place takes 12-18 months. She urged the committee to seriously consider the bill.

7:04:30 PM

CHAIR CARPENTER related that no amendments have been offered to HB 156 and that perhaps the timeline for amendments should be extended to 2/28/24.

REPRESENTATIVE GROH noted he is a co-sponsor of the bill and has no amendments.

CHAIR CARPENTER stated he will not extend the deadline since it appears there are no requests for amendments.

7:05:07 PM

REPRESENTATIVE GROH began a motion to report HB 156 out of committee.

REPRESENTATIVE ALLARD voiced an objection.

CHAIR CARPENTER pointed out that motions must be worded specifically and asked Representative McCabe for a motion.

[7:05:33 PM](#)

REPRESENTATIVE MCCABE moved to report HB 156 out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE MCKAY objected.

[7:05:56 PM](#)

A roll call vote was taken. Representatives Gray, Groh, and Carpenter voted in favor of the motion to report HB 156 out of committee with individual recommendations and the accompanying fiscal notes. Representatives McKay, McCabe, Tilton, and Allard voted against it. Therefore, by a vote of 3-4, HB 156 failed to be reported out of the House Special Committee on Ways and Means.

[7:06:41 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Ways and Means meeting was adjourned at 7:07 p.m.