

HB

75

STATE
of ALASKA

MEMORANDUM

TO: House Community & Regional Affairs
Committee
The Alaska State Legislature

DATE : May 19, 1977

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: CSHB 75

I have reviewed the recent version of the referenced bill. While it addresses some of the concerns which I mentioned previously to the committee, there are still several very important issues which are not addressed.

First, there is no limitation in the bill as to how large a population center or centers would be necessary to place this in effect. For example, the City of Hoonah could decide to adopt the municipal income tax which would necessitate our putting into effect the full administrative procedures necessary to carry out this legislation. The cost of the administrative procedures would far outweigh any income which the municipality might receive from the tax. I strongly urge the committee to consider placing a restriction in the law which would make the tax effective only after a city or cities in the State, comprising a certain percentage of the State population, have opted to enact the municipal income tax.

In subsection B of page 1 of the bill, there is a provision that a municipality may impose, modify, or repeal the income tax only after giving 120 days notice to the Commissioner of the Department of Revenue. That simply is not enough time for us to make the necessary adjustments to the tax forms prior to printing them for that year. I strongly urge that the provision be changed to read that the tax may be imposed, modified, or repealed "only after first giving notice to the Commissioner of Revenue not later than July 1 of the previous year".

Subsection C on page 1 states that the income tax may not exceed 50 percent of the liability of the taxpayer under AS 43.20. I strongly recommend that a definition of liability be placed in the bill so that it is clear which liability figure is to be used. Is it to be the initially computed liability, the liability after deducting some or all credits, or the liability after deducting credits and adding in additional taxes due?

In subsection E on page 2 it should still be recognized that determining the source of the income will be difficult since we will have to go by mailing address. As I am sure the committee realizes, many people live in one area and have their mail delivered in a different area.

In section 3 of the bill, on page 2, the new phrase added reference to a municipality which levies "and collects" a tax on net income. In this version of the bill, which provides for the State of Alaska to collect the tax for the municipality, it would appear that you might want to delete the words, "and collects".

Let's wait on this one

OK

OK

OK

*let's
leave
out*

With regard to the concept of allowing the tax to be deducted in a subsequent year on the Alaska income tax return, this would establish a precedent which is not normally allowed in an income tax. It should be remembered that the municipal tax, being based on the Alaska income tax, would be reduced by the allowance of the deduction of the tax previously paid. As I am sure the committee is aware, the Alaska income tax paid in one year is not deductible in the next year on the Alaska income tax return.

*leave
at 5%
for now*

In subsection C of section 7 of the bill, it is noted that the administration costs will be allowed up to 5 percent of the amount of tax payable to a municipality. First, I feel that the change from 2 percent to 5 percent is a good one. Second, this will only be valid if the limitation is placed on how large a population must be represented before the municipal income tax is placed into effect.



Matanuska-Susitna Borough, Inc.

BOX B, PALMER, ALASKA 99645 • PHONE 745-3246

DEPARTMENT OF ADMINISTRATION

April 29, 1977

Ms. Lisa Rudd, Chairman
House Community & Regional
Affairs Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Ms. Rudd:

Subject: House Bill 75

On several occasions the Matanuska-Susitna Borough Assembly has sought alternative revenue sources in order to reduce property taxes.

Since HB 75 would permit municipal income taxes under certain conditions, this Borough favors HB 75 and encourages its passage--hopefully with a provision that the State Department of Revenue could assist municipalities to collect local income taxes.

Very truly yours,

Wesley M. Howe
Borough Manager

WMH:er

cc: Alaska Municipal League
Representative Al Ose

February 10, 1977

TO: LISA
FROM: JUDITH

PER: Sam Coxson

Municipality of Anchorage supports HB75 on basis
of increased flexibility of local taxing authority.

Ted Burns will not be at our meeting tomorrow [2/11/77]

Call taken at 2:15 p.m.

CITY OF SEWARD



P. O. BOX 337
SEWARD, ALASKA 99664

CITY MANAGER	224.5214
COMPTROLLER	224.5216
INFORMATION	224.5215
CITY POLICE	224.5201

February 15, 1977

MS. LISA RUDD, CHAIR
ALASKA STATE LEGISLATURE
HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE
Pouch V - State Capitol
Juneau, AK 99811

HB 75 - BOROUGH AND CITY INCOME TAX AUTHORITY

At its meeting of February 14, 1977, the Seward City Council voiced opposition to House Bill 75, authorizing boroughs and cities to levy income taxes. The Council unanimously felt this was an authority which should not be granted to the local governmental bodies.

The Council requests that this opinion of HB 75 be considered during the hearings to be held this week.

JOANNE E. SHANLEY
CITY CLERK-TREASURER



CITY of BETHEL

P. O. Box 388 • Bethel, Alaska 99559

543-2297 — Area Code 907

P.C.
A-3-10

March 29, 1978

Representative Lisa Rudd
Chairperson, Community & Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Rudd:

At the regular meeting of the Bethel City Council held on March 27, 1978, Council passed Resolution No. 229, endorsing sponsor substitute for House Bill No. 75, "AN ACT AUTHORIZING A BOROUGH OR CITY TAX ON NET INCOME."

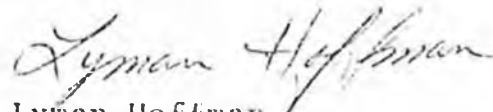
Although there seems to be some problem whether you tax individuals that reside in the community or the ones that work in the community it is felt by the Bethel City Council that a City income tax on net income would be a more equitable form of taxation than a property tax.

If this bill was passed by the legislature it would also give municipalities another option under taxation which could eventually improve services at the local level because the Communities would have a wider choice of ways to fund different services and programs.

In the Bethel area where a large portion of the citizens depend on subsistence as a way of life and own property, a tax on property would jeopardize their choice to live off the land. It is for this reason as well as giving each municipality an option in taxation that the City of Bethel endorses this legislation and encourages the State legislature to pass and approve it.

If you should need any additional information in regard to the City's position on this piece of legislation, do not hesitate to contact Me.

Sincerely,


Lyman Hoffman
City Manager

LH:lf "Deep Sea Port and Transportation Center of the Kuskokwim"

CITY OF BETHEL, ALASKA
RESOLUTION NO. 229

A RESOLUTION OF THE CITY OF BETHEL, ALASKA ENDORSING THE SPONSCR SUBTSITUTE FOR HOUSE BILL NO. 75, A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A BOROUGH OR CITY TAX ON NET INCOME."

WHEREAS, a Municipal Tax on net income would provide an additional option of taxation other than sales tax, personal property tax, or real property tax to an assembly or council of a municipality, and

WHEREAS, this Municipal Income Tax would not become effective unless the residents of the municipality, by referendum, enacted an ordinance adopting a local income tax, and


WHEREAS, the United States Federal Government as well as the Alaska State Government do levy a individual income tax to support governments services, and

WHEREAS, the Council believes that a municipal income tax would be a more fair and equitable form of taxation then the sales tax, personal and real property tax.

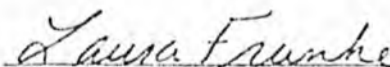
NOW THEREFORE BE IT RESOLVED THAT The City of Bethel, Alaska endorses the Sponsor Substitute of House Bill No. 75, a bill for an act entitled: "An Act Authorizing a Borough or City Tax on Net Income." and would endorse a similar bill if introduced in the Senate and encourages the State Legislature to pass and approve this important piece of legislation.

PASSED, APPROVED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF BETHEL, ALASKA THIS 23 DAY OF March, 1978.

APPROVED:


MAYOR

ATTEST:


CITY CLERK

*What will
Fbr. for instance
lose in sales tax?
ask Dept of Rev. What inc.
tax wd. bring in?*

*30 copies of each
35 copies of 202*

Introduced: 5/25/77
Referred: Community & Regional
Affairs, Judiciary and Finance

1 IN THE HOUSE BY PARR AND COWPER

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 75

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing a borough or city tax on net
7 income."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 29.53 is amended by adding a new section to read:

10 ARTICLE 6. MUNICIPAL TAX ON NET INCOME.

11 Sec. 29.53.500. TAX ON NET INCOME. (a) The assembly or council
12 of a municipality may, by referendum, enact an ordinance adopting by
13 reference a local income tax imposed upon individual residents and
14 corporations doing business within the municipality. The tax shall be
15 a percentage of the liability of the resident or corporation of the tax
16 imposed under the Alaska Net Income Tax (AS 43.20).

17 (b) An ordinance enacted in accordance with the provisions of
18 this section shall impose a rate of tax for the next calendar year and
19 may provide that the tax rate shall continue in effect for each succeed-
20 ing calendar year until the tax rate is modified by a subsequent ordi-
21 nance. A municipality imposing an income tax may repeal the tax. A
22 municipality may impose, modify or repeal an income tax only after first
23 giving notice to the commissioner of revenue not later than July 1 of the
24 previous year. Enactment, modification or repeal of an income tax
25 authorized by this section shall become effective only on the first day
26 of a calendar year.

27 (c) An income tax imposed by a municipality under this section may
28 not exceed 50 per cent of the liability of the taxpayer under AS 43.20
29 after deduction of credits and inclusion of additional taxes due.

1 (d) An income tax imposed under this section shall be administered
2 by the commissioner of revenue, who shall collect and account for the
3 revenue in the manner provided in AS 43.20.360.

4 (e) A borough may preempt an income tax levied by a city under
5 this section by adopting an areawide income tax. The commissioner shall
6 refund the taxes collected within the borough to the borough and all
7 cities within the borough in proportion to the amount of income tax
8 revenue raised by each city within the borough unless the borough and
9 all cities within it mutually agree on a different method of sharing.

10 (f) A municipality may levy the tax authorized under this section
11 if it levies and collects not more than one of the following taxes
12 authorized by law:

13 (1) sales taxes, authorized by sec. 415 of this chapter;

14 (2) personal property taxes, authorized by sec. 10 of this
15 chapter;

16 (3) real property taxes, authorized by sec. 10 of this chapter.

17 (g) In this section, "resident" means an individual resident, non-
18 resident or part-year resident of Alaska, as defined in AS 43.20.011, who
19 is domiciled in or maintains his principal residence or place of abode
20 in the municipality.

21 * Sec. 2. AS 29.13.100 is amended by adding a new paragraph to read:

22 (37) AS 29.53.500 (borough or city tax on net income)

23 * Sec. 3. AS 29.53.035 is amended by adding a new subsection to read:

24 (f) A municipality which levies an income tax under sec. 500 of
25 this chapter may exempt from taxation real or personal property.

26 * Sec. 4. AS 43.20.160(c) and (d) are amended to read:

27 (c) The department shall prescribe and furnish all necessary forms,
28 and adopt and publish all necessary regulations in plain and concise
29 language conformable with this chapter for the assessment and collection

What cities, states & fed all levy inc. taxes (Huber)

1 of the taxes imposed by secs. 10 - 350 of this chapter and for a municipi-
2 pal tax on net income levied and collected under authority of AS 29.53.-
3 500 and sec. 360 of this chapter. The department shall apply as far as
4 practicable the administrative and judicial interpretations of the
5 federal income tax law. The department shall also prepare a concise
6 statement of the contents of the code sections referred to in this
7 chapter for the information of the taxpayer and make them available to
8 the taxpayer making a return.

9 (d) All money collected by the department under secs. 10 - 350 of
10 this chapter shall be deposited in the general fund of the state.

11 * Sec. 5. AS 43.20.170(a) is amended to read:

12 (a) Every employer making payment of wages or salaries shall deduct
13 and withhold an amount of tax computed in a manner to approximate the
14 amount of tax due on those wages under this chapter and under an income
15 tax levied by a municipality in accordance with AS 29.53.500 and
16 collected by the department for that year. The department shall publish
17 the rate of withholding required by this section and the rate required
18 by the income tax levy of a municipality which shall be expressed as a
19 percentage of the amount required to be withheld under sec. 3402 of the
20 Internal Revenue Code of 1954. Every employer making a deduction and
21 a withholding shall furnish to the employee upon request a record of
22 the amount of tax withheld from the employee on a form prescribed by the
23 department.

24 * Sec. 6. AS 43.20.290 is amended to read:

25 Sec. 43.20.290. [EXCLUSIVE] STATE AUTHORITY. No tax may be levied
26 and collected upon the net income of resident or nonresident individuals
27 by a general law municipality [CITY] or by a home rule municipality
28 [CITY] or any other political subdivision of the state except as
29 provided by AS 29.53.500.

1 * Sec. 7. AS 43.20 is amended by adding a new section to read:

2 ARTICLE 6. MUNICIPAL TAX ON NET INCOME.

3 Sec. 43.20.360. ADMINISTRATION. (a) Municipal income taxes
4 levied and collected under AS 29.53.500 are subject to the provisions of
5 this chapter.

6 (b) A municipal income tax levied and collected under AS 29.53.500
7 shall be administered by the commissioner of revenue, who shall collect
8 and account for the revenue.

9 (c) The commissioner shall determine each municipality's share of
10 the cost of administering this section. In determining each munici-
11 pality's share, the commissioner shall apportion the cost of collection
12 and accounting for the funds in proportion to the tax collected from each
13 municipality of the state which levies an income tax. The commissioner
14 may withhold the prorated share of the cost of collecting and accounting
15 for funds, but the amount withheld may not exceed five per cent of the
16 amount payable to a municipality. After deducting the amount of any
17 refunds due and the prorated share of the cost of collecting and
18 accounting for funds, the commissioner shall pay to each municipality,
19 as soon as practicable, the amount to which it is entitled under AS 29.-
20 53.500.

LOCAL INCOME TAX

Philadelphia enacted a local income tax in 1939. Since then about 4,000 localities in 10 states have followed its example. Approximately 40 million residents live within localities levying a local income tax.¹

Revenue derived from these taxes rose from 18 million in 1940 to 2.403 billion in 1973. The percentage of revenue from local income taxes has grown from .3% (1940) to 3% in 1973.²

A majority of these municipalities levy a flat rate which varies between .25% and 3.5%. Cities in Maryland charge a percentage of the state income tax.³

The total revenue from all municipalities derived from city income tax is 8.8%.⁴ A number of communities receive a majority of their revenue from income tax.⁵

Collections per capita from 48 communities range from \$35.17 to a maximum of \$195.71.⁶

From 1948-1972, the increase in receipts from local income tax was 17.9%.⁷

*does not include the Washington D.C. which is 25.7%.

CITY INCOME TAXES

Sources: Tax Foundation; Commerce Clearing House

Philadelphia has the distinction of levying the oldest local income tax still in effect today. Earlier efforts at such taxation, including one in Charleston, S.C., in the early 1800s, foundered on administrative difficulties.

Since the path-breaking Philadelphia enactment in 1939, however, about 4,000 localities in 10 states have followed suit. And authorizations have been granted (although no locality has acted) in Arkansas and Kansas.

In addition, a related levy has been imposed on employers: the local payroll tax, based on an employer's wage expenses. This has been enacted in Jersey City, Newark, N.J., San Francisco, and four Oregon counties.

Despite first impressions from the table that follows, the local income tax is primarily a big-city phenomenon.

Most of the taxing jurisdictions are small, but this is because many—over 3,800—small towns and school districts in Ohio and Pennsylvania use the levy. Elsewhere the tax is typically used by large jurisdictions.

Nine of the 25 biggest cities in the United States, including Washington, D.C., now impose their own income taxes.

Few of these local taxes are really comparable to state or U.S. taxes, since most apply only to wages and salaries—"earned" income. However, those levied by New York City, Baltimore, and cities in

Michigan are closely linked, both in coverage and administration, to overlapping state taxes.

In the District of Columbia, where the tax has broad coverage and applies at graduated rates, there is little to distinguish it from a state income tax.

Besides the roughly 40 million residents in localities levying income taxes, countless others who work in them but live elsewhere—commuters in Alabama, Delaware, Kentucky, Missouri, Ohio, and Pennsylvania—are subject to the levy.

Maryland's local taxes apply to residents only, as does the District of Columbia's tax.

Commuters in Michigan pay one-half the resident rates, while those in New York City pay sharply lower rates.

Where many localities in the same area tax income, special arrangements are necessary to avoid unfair treatment of those who work in one jurisdiction but live in another.

As the table below shows, local income taxes are essentially confined to the states in the Northeast and Middle Atlantic regions—with the exception of St. Louis and Kansas City, Mo., and six places in Alabama, including Birmingham and Gadsden.

The table below, compiled by the Tax Foundation from Commerce Clearing House data, lists the rates in effect as of Sept. 1, 1976, for all U.S. localities with income taxes.

CITY AND LOCAL INCOME TAXES AND RATES¹

STATE AND LOCALITY	RATE	STATE AND LOCALITY	RATE	STATE AND LOCALITY	RATE
Alabama		Michigan (continued)		Ohio (continued)	
Birmingham	1.0%	Pontiac	1.0%	Springfield	2.0%
Gadsden	2.0%	Saginaw	1.0%	Toledo	1.5%
Montgomery	1.0%	10 cities		Warren	1.0%
3 cities		under 50,000	1.0%	Youngstown	1.5%
under 50,000	1.0-2.0%			Over 340 cities	
Delaware		Missouri		and villages	
Wilmington	1.25%	Kansas City	1.0%	under 50,000	0.25-2.0%
Indiana		St. Louis	1.0%	Pennsylvania²	
38 counties	0.5-1.0%	New York		Abington Township ..	1.0%
Kentucky		New York City ³	0.9-4.3%	Allentown	1.0%
Covington	2.5%	Ohio		Alltoona	1.0%
Lexington	2.0%	Akron	1.5%	Boothleheim	1.0%
Louisville ⁴	1.25%	Canton	1.5%	Chester	1.0%
Owensboro	1.0%	Cincinnati	2.0%	Erie	1.0%
40 cities		Cleveland	1.0%	Harrisburg	1.0%
under 50,000	0.25-2.5%	Cleveland Heights ..	1.0%	Lancaster	0.5%
4 counties	0.5-2.2% ⁵	Columbus	1.5%	Penn Hills	
Maryland		Dayton	1.75%	Township	1.0%
Baltimore ⁶	5.0%	Elyria	1.0%	Philadelphia	3.0%
23 counties ⁷	20.0-50.0%	Euclid	1.0%	Reading	1.0%
Michigan		Hamilton	1.5%	Scranton	2.0%
Detroit	2.0%	Kettering	1.0%	Wilkes-Barre	1.0%
Flint	1.0%	Lakewood	1.0%	Over 3,500	
Grand Rapids	1.0%	Lima	1.0%	other local	
Lansing	1.0%	Lorain	1.0%	jurisdictions	0.25-1.0%
		Mansfield	1.0%	York	1.0%
		Parma	1.0%	Washington, D.C. ⁸ ..	20-11.0%

¹ Rates shown separately for cities of 50,000 or more. Where rates differ for resident and nonresident income, only resident rates are given. In Ohio and Pennsylvania cities, rates are the same. ² Additional tax of 0.75% for school purposes is levied by Jefferson County. ³ Additional tax of 0.2% imposed in Jefferson County outside of Louisville on earnings of employees. ⁴ Percent of state income tax. ⁵ Resident income taxes are progressive. ⁶ Except for Philadelphia, Scranton, and Wilkes-Barre, the total rate payable by any taxpayer is limited to 1%.

One of the
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AUTON
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20,475, a
spending
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48 Largest Cities
by Function and City

Fiscal Year 1973

Police and fire	Health and hospitals	Highways	Education	Public welfare	Financial administration*	Other
\$77.42	\$50.10	\$22.01	\$90.27	\$78.05	\$18.03	\$188.03
57.43	0.40	20.39	10.72	0.20	14.03	261.45
95.91	51.76	61.47	245.62	157.35	26.85	161.18
49.96	29.11	28.97	8.28	0.22	10.28	138.02
129.01	121.52	21.89	246.27	11.95	29.07	298.02
81.74	0.21	10.78	241.03	0.10	17.42	193.14
55.51	12.60	15.51	6.53	3.23	0.27	133.64
72.71	96.11	15.24	247.30	0.01	13.96	187.74
81.90	7.19	14.29	0.02	0.01	10.73	119.45
57.55	5.19	20.60	—	0.01	10.45	108.78
88.02	4.02	20.51	—	0.00	9.00	120.76
65.30	66.34	20.57	1.62	91.01	28.67	190.51
83.63	31.95	14.14	0.10	2.61	15.79	196.72
31.91	3.70	0.16	0.01	0.01	5.05	83.00
37.97	4.14	18.75	—	—	8.46	102.64
58.37	2.80	21.33	—	—	29.06	149.41
48.63	7.99	12.36	3.00	0.04	1.74	82.78
41.31	37.67	31.69	1.51	39.65	15.46	107.11
37.02	63.80	18.02	0.08	5.54	20.09	115.52
71.85	25.39	21.05	2.93	0.5	15.59	177.61
74.39	5.32	16.49	—	—	9.82	186.93
81.89	0.87	26.35	—	0.20	13.19	119.27
66.90	14.25	10.57	3.22	0.05	8.96	201.08
60.28	13.07	13.65	159.11	0.60	5.07	181.72
62.05	1.87	7.77	0.06	—	6.24	65.15
75.09	8.81	20.52	1.03	—	13.67	125.10
42.62	10.07	39.10	—	9.85	13.92	146.91
43.97	31.85	31.40	184.22	6.66	19.15	160.22
122.50	9.28	3.83	325.04	41.72	20.64	109.22
61.01	0.12	11.84	2.27	3.24	17.36	146.98
78.01	2.42	20.42	295.63	314.51	29.03	314.00
74.10	22.26	19.62	147.40	57.83	13.12	211.05
43.53	—	32.66	2.93	—	12.49	159.53
47.86	3.37	13.17	—	—	8.71	134.85
88.99	47.86	21.67	—	—	8.10	134.08
66.50	48.05	14.99	12.61	17.72	31.69	202.21
61.01	0.26	22.04	6.21	—	12.65	118.47
67.60	0.12	18.89	0.03	0.06	10.19	123.62
49.87	74.41	14.80	0.35	4.02	12.38	146.65
32.32	6.47	33.55	6.08	18.86	19.97	113.04
42.40	5.00	11.03	—	1.05	6.86	189.55
97.89	0.07	14.79	—	0.03	10.87	131.45
53.55	93.13	27.35	1.41	218.74	37.36	273.40
78.80	11.07	25.41	—	0.01	12.48	120.74
56.65	—	32.19	—	—	12.10	153.80
36.22	8.14	28.19	—	—	8.19	114.57
153.30	153.81	68.79	333.44	263.57	63.78	523.37

* Includes and urban renewal, parks and recreation, libraries and interest on general debt, general education, and other miscellaneous.

19. Total Local Revenue by Source and Percentage Distribution

Selected Fiscal Years 1902-1973

Year	Total ^a	From own sources										Intergovernmental		
		Total own sources	General revenue								Insurance trust ^f	From states	From Federal ^g	
			Total general	Taxes				Charges and miscellaneous	Utility	Liquor stores				
				Total	Property	Sales and gross receipts	Income ^b							License and other
Amount (Millions)														
1902.....	\$914	\$858	\$798	\$704	\$624	—	—	\$80	\$94	\$60	—	—	\$53	\$1
1913.....	1,765	1,658	1,540	1,408	1,192	\$3	—	113	232	110	\$2	—	91	0
1922.....	4,148	3,827	3,545	3,069	2,973	20	—	70	476	296	10	—	312	9
1932.....	6,192	4,381	4,870	4,274	4,150	26	—	89	605	403	39	—	601	10
1940.....	7,724	6,702	6,007	4,497	4,170	130	\$18	179	510	704	\$13	—	68	278
1950.....	16,101	11,673	6,584	7,984	7,042	481	64	391	1,692	1,808	94	—	185	211
1960.....	37,324	27,209	22,012	19,081	15,708	1,339	254	692	4,811	3,613	136	—	549	592
1965.....	53,408	38,242	32,302	25,110	21,817	2,059	433	692	7,215	4,008	177	—	795	1,155
1968.....	69,268	41,490	35,494	27,301	23,830	2,011	472	1,000	8,013	6,069	180	—	837	1,378
1967.....	64,808	41,410	38,015	29,074	25,186	1,956	0	8,971	6,246	105	—	—	1,434	1,163
1968.....	70,171	47,875	40,880	31,171	25,835	1,932	1,077	9,174	6,683	202	—	—	2,044	1,054
1969.....	70,274	53,192	48,881	31,781	26,692	2,470	1,381	11,080	5,931	245	—	—	1,165	2,245
1970.....	89,882	60,521	51,392	38,833	32,963	3,069	1,630	12,558	6,608	258	—	—	1,299	2,605
1971.....	100,993	69,557	67,491	43,434	36,726	3,663	1,747	1,298	14,058	7,270	—	—	1,484	3,301
1972.....	113,162	74,144	61,449	48,930	40,876	4,238	2,241	1,576	15,510	7,797	—	—	1,625	4,162
1973.....	120,082	81,210	70,489	53,032	43,970	4,924	2,406	1,731	17,450	8,622	—	—	1,814	7,963

Percentage Distribution of Revenue from Own Sources^a

1902.....	100.0	93.0	82.1	72.7	—	—	0.3	11.0	7.0	—	—	—	5.7	.4
1913.....	100.0	92.0	78.9	71.9	.2	—	0.8	13.0	7.0	—	—	—	5.2	.3
1922.....	100.0	92.6	80.2	77.7	.5	—	2.0	12.4	7.0	—	—	—	7.5	.2
1932.....	100.0	90.7	79.4	77.3	.5	—	1.7	11.2	8.6	—	—	—	12.9	.3
1940.....	100.0	86.4	77.0	72.0	2.2	.3	3.1	8.8	12.2	.2	—	—	21.4	3.6
1950.....	100.0	83.1	68.4	60.3	4.1	.5	3.4	13.7	15.5	.8	—	—	26.2	1.3
1960.....	100.0	84.2	66.5	58.1	4.9	.9	2.6	17.8	13.3	.5	—	—	25.5	1.6
1965.....	100.0	81.8	65.7	57.0	5.4	1.1	2.1	18.8	12.6	.5	—	—	24.2	3.2
1968.....	100.0	83.3	65.9	57.4	4.9	1.1	2.1	19.1	12.2	.6	—	—	27.7	2.3
1967.....	100.0	85.0	65.4	56.7	4.4	2.1	2.3	20.2	11.8	.4	—	—	28.5	2.7
1968.....	100.0	85.4	65.1	56.1	4.0	2.2	2.8	20.3	11.9	.6	—	—	29.0	2.8
1969.....	100.0	85.2	65.4	55.8	4.6	2.6	2.3	20.8	11.2	.5	—	—	30.1	2.8
1970.....	100.0	80.3	65.2	55.4	5.2	2.7	2.0	21.1	11.1	.4	—	—	30.2	2.9
1971.....	100.0	80.4	65.3	55.2	5.5	2.6	2.0	21.1	10.9	.4	—	—	30.8	3.4
1972.....	100.0	86.9	66.0	55.1	6.7	3.0	3.1	20.9	10.5	.4	—	—	30.5	3.9
1973.....	100.0	80.8	65.3	54.1	6.1	3.0	2.1	21.5	10.6	.4	—	—	31.0	6.1

^a Duplicative transactions between levels of government are excluded in arriving at aggregates.
^b Principally individual income.
^c Includes collections for unemployment compensation and employee retirement funds.
^d Amounts received directly from Federal government, not transfers of Federal funds received initially by states.
^e Intergovernmental revenue is shown as a percent of total revenue.
 Source: Department of Commerce, Bureau of the Census; percentage computations by Tax Foundation.

TABLE 150 - LOCAL INCOME TAXES, RATES AND COLLECTIONS
(Dollar amounts in thousands)

State and local government	Rate July 1, 1973 (percent)	Total tax collections	Municipal tax collections, 1971-72 (Cities with over 61,000 population in 1970)	
			Income tax collections	
			Amount	As a percent of total collections
Alabama:				
Auburn	1.0	--	--	--
Birmingham	1.0	\$28,043	--	--
Gadsden	2.0	5,165	\$5,527	19.7
Opelika	1.0	--	2,977	57.0
Rainbow City	2.0	--	--	--
Delaware:				
Wilmington	1.25	20,752	7,614	36.7
Indiana (counties): ¹				
Bartholomew	1.0	--	--	--
Benton	0.5	--	--	--
Blackford	0.5	--	--	--
Brown	0.5	--	--	--
Carroll	0.5	--	--	--
Cass	0.5	--	--	--
Clinton	1.0	--	--	--
Decatur	1.0	--	--	--
DeKalb	0.5	--	--	--
Elkhart	1.0	--	--	--
Fountain	0.5	--	--	--
Hancock	1.0	--	--	--
Hendricks (eff. 1/1/74)	0.5	--	--	--
Huntington	1.0	--	--	--
Jasper	0.5	--	--	--
Johnson	0.5	--	--	--
Kosciusko	0.5	--	--	--
Lawrence	1.0	--	--	--
Marshall	1.0	--	--	--
Morgan	0.5	--	--	--
Newton (eff. 1/1/74)	0.5	--	--	--
Noble	1.0	--	--	--
Ohio	0.5	--	--	--
Randolph	0.5	--	--	--
Rush	0.75	--	--	--
Starke	0.5	--	--	--
Steuben (eff. 1/1/74)	0.5	--	--	--
Tipton	0.5	--	--	--
Union	1.0	--	--	--
Wabash	1.0	--	--	--
Washington	0.5	--	--	--
Wayne	1.0	--	--	--
Wells	0.5	--	--	--
White	1.0	--	--	--
Kentucky:				
Ashland	1.5	--	--	--
Auburn	1.0	--	--	--
Benton	0.5	--	--	--
Berea	1.5	--	--	--
Bowling Green	1.5	--	--	--
Burkesville	0.5	--	--	--
Callettsburg	1.0	--	--	--

See footnotes at end of table.

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TABLE 150 -- LOCAL INCOME TAXES, RATES AND COLLECTIONS (Cont'd)
(Dollar amounts in thousands)

State and local government	Rate July 1, 1973 (percent)	Municipal tax collections, 1971-72 (Cities with over 50,000 population in 1970)			State and local
		Total tax collections	Income tax collections		
			Amount	As a percent of total collections	
Kentucky (Continued)					
Covington	2.5	\$4,754	\$2,682	56.4	Michigan (Con
Cynthiana	1.5	--	--	--	Hudson
Danville	1.0	--	--	--	Jackson
Dawson Springs	1.0	--	--	--	Lansing
Elizabethtown	0.8	--	--	--	Lapeer
Flemingsburg	1.0	--	--	--	Pontiac
Frankfort	1.0	--	--	--	Port Huron
Fulton	1.0	--	--	--	Saginaw
Gamaliel	1.0	--	--	--	Missouri:
Glasgow	1.0	--	--	--	Kansas City
Hazard	1.0	--	--	--	St. Louis
Hickman	1.0	--	--	--	New York:
Hopkinsville	1.0	--	--	--	New York
Leitchfield	1.0	--	--	--	Ohio:
Lexington	2.0	13,925	7,778	55.9	Akron
Louisville	1.25	38,333	21,312	55.6	Canton
Jefferson County ²	2.0	--	--	--	Cincinnati
Ludlow	1.0	--	--	--	Cleveland
Marshall County	0.5	--	--	--	Cleveland
Mayfield	1.0	--	--	--	Columbus
Maysville	1.5	--	--	--	Dayton
Middlesboro	1.0	--	--	--	Elyria
Morgantown	1.0	--	--	--	Euclid
Newport	2.0	--	--	--	Hamilton
Owensboro	1.0	2,685	1,375	47.7	Kettering
Paducah	1.25	--	--	--	Lakewood
Pikeville	1.5	--	--	--	Lima
Prestonsburg	1.0	--	--	--	Lorain
Princeton	1.0	--	--	--	Mansfield
Richmond	1.0	--	--	--	Parma
Russellville	1.0	--	--	--	Springfield
Springfield	1.0	--	--	--	Toledo
Versailles	1.0	--	--	--	Warren
Wilder	0.25	--	--	--	Youngstown
Woodford County	0.5	--	--	--	315 cities (with 1 popul:
Maryland:					
Baltimore City	50	\$229,285	\$32,550	14.2	Pennsylvania:
20 Counties	50	--	--	--	Abington
Queen Anne's County	40	--	--	--	Allentow
Talbot County	35	--	--	--	Altoona
Worcester County	20	--	--	--	Bethlehe
Michigan:³					
Albion	1.0	--	--	--	Chester
Battle Creek	1.0	--	--	--	Erie
Big Rapids	1.0	--	--	--	Harrisbu
Detroit	2.0 ⁴	268,924	94,473	35.1	Lancaste
Flint	1.0	18,884	10,778	57.1	Penn Hi
Grand Rapids	1.0	16,494	7,727	46.9	Philadelp
Grayling	1.0	--	--	--	Pittsbu
Hamtramck	1.0	--	--	--	Reading
Highland Park	1.0	--	--	--	Scranor

See footnotes at end of table.

See footnotes

TABLE 150 — LOCAL INCOME TAXES, RATES AND COLLECTIONS (Cont'd)
(Dollar amounts in thousands)

State and local government	Rate July 1, 1973 (percent)	Municipal tax collections, 1971-72 (Cities with over 50,000 population in 1970)		
		Total tax collections	Income tax collections	
			Amount	As a percent of total collections
Michigan (Continued):³				
Hudson	1.0	—	—	—
Jackson	1.0	—	—	—
Lansing	1.0	\$14,859	\$6,120	41.2
Lapeer	1.0	—	—	—
Pontiac	1.0	11,991	4,322	36.0
Port Huron	1.0	—	—	—
Saginaw	1.0	10,212	3,501	34.3
Missouri:				
Kansas City	1.0	78,610	29,106	37.0
St. Louis	1.0	125,035	36,784	29.4
New York:				
New York City	0.7-3.5 ⁴	3,830,557	805,578	21.0
Ohio:				
Akron	1.5	26,440	17,478	66.1
Canton	1.5	9,770	7,814	80.0
Cincinnati	2.0	75,528	43,606	57.7
Cleveland	1.0	81,181	38,807	47.8
Cleveland Heights	1.0	5,025	1,299	25.9
Columbus	1.5	45,024	35,195	78.2
Dayton	1.0	27,344	15,662	57.3
Elyria	1.0	3,413	1,808	53.0
Euclid	1.0	8,240	3,278	39.8
Hamilton	1.5	5,002	3,703	74.0
Kettering	1.0	4,437	2,304	51.9
Lakewood	1.0	5,295	1,518	28.7
Lima	1.0	2,872	2,106	73.3
Lorain	1.0	6,712	3,418	50.9
Mansfield	1.0	4,350	3,053	70.2
Parma	1.0	6,126	3,484	56.9
Springfield	1.5	6,888	4,736	80.5
Toledo	1.5	33,383	25,002	74.9
Warren	1.0	3,507	2,693	76.8
Youngstown	1.5	13,925	9,299	66.8
315 cities and villages (with less than 50,000 population)	0.25-1.7	—	—	—
Pennsylvania:⁶				
Abington Township	1.0 ⁷	3,692	n.a.	n.a.
Allentown	1.0 ⁷	0,082	1,941	21.4
Altoona	1.0 ⁸	3,246	745	23.0
Bethlehem	1.0 ⁷	6,342	1,657	26.1
Chester	1.0 ⁹	4,523	2,116	46.8
Erie	1.0 ⁷	9,597	1,655	17.2
Harrisburg	1.0 ⁷	5,927	978	16.5
Lancaster	1.0 ⁷	4,578	694	15.2
Penn Hills Township	1.0 ⁷	2,943	925	31.4
Philadelphia	2.1125 ¹⁰	410,362	256,738	62.6
Pittsburgh	1.0 ¹¹	77,281	13,028	16.9
Reading	1.0 ⁷	6,312	1,530	24.2
Scranton	1.0 ^{7,12}	7,825	2,128	27.2

See footnotes at end of table.

TABLE 150 - LOCAL INCOME TAXES, RATES AND COLLECTIONS (Cont'd)
(Dollar amounts in thousands)

State and local government	Rate July 1, 1973 (percent)	Total tax collections	Municipal tax collections, 1971-72 (Cities with over 50,000 population in 1970)	
			Income tax collections	
			Amount	As a percent of total collections
Pennsylvania: ⁶ (Continued)				
Wilkes-Barre	0.5 ⁷	\$4,291	\$630	14.7
York	1.0 ⁹	4,157	556	13.4
Approx. 3,750 other local jurisdictions (including over 1,000 school systems)	0.25-1.0	—	—	—

Note: Excludes Washington, D.C. which has a graduated net income tax that is more closely akin to a State tax than to the municipal income taxes (see table 141). Also excludes the Denver Employee Occupational Privilege Tax of \$2 per employee per month, which applies only to employees earning at least \$250 per month; the Newark 1% payroll tax imposed on employees, profit and nonprofit, having a payroll over \$2,500 per calendar quarter; the San Francisco 1% payroll expense tax (eff. 10/1/70); the 1/2 of 1% quarterly payroll tax on employers imposed in the Tri-county Metropolitan Transit District (encompassing all of Washington, Clackamas and Multnomah counties, Oregon); and the 1/4 of 1 percent payroll tax imposed on employers in the Lane County Oregon Mass Transit District.

— Signifies a county, or a city under 50,000 population.
n.a. "not available."

¹ The tax rate on nonresidents for all counties is 1/4 of 1%.

² A taxpayer subject to the 1.25 percent tax imposed by the City of Louisville may credit this tax against the 2.0 percent levied by Jefferson County.

³ Under the Michigan "Uniform City Income Tax Act," the prescribed rates are 1.0 percent for residents and 0.5 percent for nonresidents. A resident is allowed credit for taxes paid to another city as a nonresident.

⁴ The rate for residents in Detroit was increased from 1 percent to 2 percent effective October 1, 1968.

⁵ New York City residents' rate ranges from 0.7 percent on taxable income of less than \$1,000 to 3.5 percent on taxable income in excess of \$30,000. An earnings tax of 0.45 percent of wages or 6% 100 of 1 percent on net earnings from self-employment, not to exceed that which would be due if taxpayer were a resident, is levied against nonresidents. A 4% tax is imposed on unincorporated businesses carried on in the city.

⁶ Except for Philadelphia, Pittsburgh, and Scranton, the total rate payable by any taxpayer is limited to 1 percent. For coterminous jurisdictions, such as borough and borough school district, the maximum is usually divided equally between the jurisdictions unless otherwise agreed. However, school districts may tax only residents. Thus, if a borough and a coterminous school district each have a stated rate of 1 percent, the total effective rate for residents is 1 percent (1/2 of 1 percent each to the borough and school district) and the tax on nonresidents is 1 percent, the stated rate imposed by the borough.

⁷ The school district rate is the same as the municipal rate.

⁸ The school district rate is 0.5 percent.

⁹ There is no school district income tax.

¹⁰ The Philadelphia school district imposes a 2% tax on investment income.

¹¹ School district rate. The Pittsburgh city income tax was repealed effective January 1, 1973.

¹² Combined city and school district rate may not exceed 2.0 percent.

Source: ACIR staff compilation based on Commerce Clearing House, State Tax Reporter, and U.S. Bureau of the Census, Governments Division.

TABLE 12 - THE FISCAL ROLE OF LOCAL INCOME AND GENERAL SALES TAXES,
SELECTED YEARS, 1957-1971
(Tax amounts in millions of dollars)

Level of Government and type of tax	1971	1967	1962	1957
<u>All Local Governments 1/</u>				
Total tax collections	\$ 43,434	\$ 29,074	\$ 20,993	\$ 14,286
Income taxes:	(3,675)	(2,130)	(1,185)	(785)
Amount	1,747	916	309	191
% of total taxes	4.0	3.2	1.5	1.3
General sales taxes:	(3,820)	(2,596)	(1,875)	(1,550)
Amount	2,339	1,201	958	656
% of total taxes	5.4	4.1	4.6	4.6
Income and sales -- %	9.4	7.3	6.1	5.9
<u>All Local Governments 2/</u>				
Total tax collections	43,000	28,799	20,810	14,143
Income taxes:				
Amount	1,617	852	271	165
% of total taxes	3.8	3.0	1.3	1.2
General sales taxes:				
Amount	2,262	1,158	932	636
% of total taxes	5.3	4.0	4.5	4.5
Income and sales -- %	9.1	7.0	5.8	5.7
<u>Municipalities 1/</u>				
Total tax collections	15,097	10,507	7,934	5,908
Income taxes:	(1,085)	(625)	(350)	(255)
Amount	1,416	818	259	181
% of total taxes	9.4	7.8	3.3	3.1
General sales taxes:	(3,270)	(2,245)	(1,725)	(1,485)
Amount	1,658	977	866	602
% of total taxes	11.0	9.3	10.9	10.2
Income and sales -- %	20.4	17.1	14.2	13.3
<u>Municipalities 2/</u>				
Total tax collections	14,663	10,232	7,751	5,765
Income taxes:				
Amount	1,286	754	221	155
% of total taxes	8.8	7.4	2.9	2.7
General sales taxes:				
Amount	1,580	934	840	582
% of total taxes	10.8	9.1	10.8	10.1
Income and sales -- %	19.6	16.5	13.7	12.8
<u>Counties</u>				
Total tax collections	8,702	5,702	4,149	2,790
Income taxes:	(24)	(4)	(1)	(0)
Amount	167	16	6	---
% of total taxes	1.9	0.3	0.1	0
General sales taxes:	(505)	(330)	(145)	(65)
Amount	590	202	91	53
% of total taxes	6.8	3.5	2.2	1.9
Income and sales -- %	8.7	3.8	2.3	1.9

1/ Including the District of Columbia.

2/ Excluding the District of Columbia.

Note: Figures in parenthesis are the approximate number of local governments with sales and income taxes as of January 1st for the year indicated (except for the year 1957 which are as of September 1, 1958).

Source: ACIR staff calculations based on U.S. Bureau of the Census, Governments Division, published and unpublished data; and Commerce Clearing House, State Tax Reporter.

TABLE 2. CITY INCOME TAXES, RATES AND COLLECTIONS
(Dollar amounts in thousands)

State and City	Rate 12/31/69 (percent)	Municipal tax collections, 1967-68		
		Total tax collections	Income tax collections Amount	As % of total collections
Alabama:				
Gadsden	2.0	\$ 4,420	\$ 2,548	67.6
Delaware:				
Wilmington	% of 1% or % of 1% ¹	11,778 ²	3	3
Kentucky:				
Covington	2.0	3,326	1,225	36.8
Lexington	1.5	8,939	4,292	48.0
Louisville ⁴	1.25	31,248	16,428	52.6
Maryland:				
Baltimore City	% of State tax 50%	176,886	30,211	17.1
Michigan:				
Detroit	5 ⁵ 6	165,600	47,337	28.6
Flint	6	16,681	8,764	52.5
Grand Rapids	5	13,082	4,243	32.4
Lansing	5	8,243	3	3
Pontiac	6	6,053	3	3
Saginaw	6	6,693	3,367	50.3
Missouri:				
Kansas City	0.5	45,345	11,531	25.4
St. Louis	1.0	89,326	30,351	34.0
New York:				
New York City	0.4-2.0 ⁷	2,680,466	430,191	16.0
Ohio:				
Akron	1.0	21,723	11,130	51.3
Canton	1.4 ⁰	5,944	4,459	75.0
Cincinnati	1.0	48,293	20,365	42.2
Cleveland	1.0	68,447	9,676	14.1
Cleveland Heights	1.0	3,546	3	3
Columbus	1.0	25,467	10,202	40.1
Dayton	1.0	25,227	14,751	58.5
Euclid	1.0	5,438	013	2.4
Hamilton	1.0	3,380	2,034	60.2
Kettering	1.0	2,245	3	3
Lakewood	1.0	3,350	3	3
Lima	1.0	2,410	1,613	66.7
Lorain	1.0	3,166	3	3
Parma	1.0	4,120	3	3

TABLE 2. CITY INCOME TAXES, RATES AND COLLECTIONS (cont'd)
(Dollar amounts in thousands)

State and City	Rate 12/31/69 (percent)	Municipal tax collections, 1967-68		
		Total tax collections	Income tax collections Amount	As % of total collections
Ohio (cont'd)				
Springfield	1.0	4,154	2,966	71.4
Toledo	1.5	25,987	17,043	65.6
Warren	1.0	3,194	2,162	68.3
Youngstown	1.5	10,235	7,236	70.7
Pennsylvania ⁹				
Abington Township	1.0 ¹⁰	2,439	3	3
Allentown	1.0 ¹⁰	5,685	1,044	18.4
Altoona	1.0 ¹¹	2,604	1,483	55.3
Bethlehem	1.0 ¹⁰	4,326	541	12.5
Chester	1.0 ¹²	3,289	1,611	49.0
Erie	1.0 ¹⁰	8,610	1,593	19.9
Harrisburg	1.0 ¹⁰	4,411	935	21.2
Johnstown	1.0 ¹¹	2,259	412	18.2
Lancaster	0.5 ¹³	2,222	596	26.8
Penn Hill Township	1.0 ¹¹	1,763	652 est.	37.0
Philadelphia	3.0 ¹²	265,016	126,247	47.6
Pittsburgh	1.0 ¹⁰	55,374	11,237	20.3
Reading	1.0 ¹⁷	4,850	3	3
Scranton	1.0 ^{10 14}	5,113	1,048	20.5
Wilkes Barre	0.5 ¹⁰	3,325	1,195	35.9
York	1.0 ¹⁰	2,286	523	22.9

Note: Includes only cities with 50,000 or more inhabitants in 1960. Excludes Washington, D. C., which has a graduated net income tax that is more closely akin to a State tax than to the municipal income taxes. Also excludes the Denver Employee Occupational Privilege Tax of \$2 per employee per month, which applies only to employees earning at least \$250 per month.

¹ If total annual wages or net profits are \$4,000 or less there is no tax liability. On income between \$4,000.01 and \$6,000.00 the rate is 1/4 of 1%; on income of \$6,000.01 or more 1/2 of 1%. The tax rates apply to total income, not merely to the proportion of income falling within a given bracket. In this sense the tax is not a typical graduated levy.

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SECTION VI

203. Per Capita General Revenue in the 48 Largest Cities by Source and City

Fiscal 1973

204. Local Debt by City

Selected

City	Total	From own sources				Inter-governmental	
		Total ^a	Taxes				
			Property	General sales	Income		
Total.....	\$540.77	\$317.88	\$240.61	\$136.82	\$20.11	\$40.74	\$228.89
Atlanta.....	314.22	248.07	130.07	85.33	—	40.87	65.25
Baltimore.....	953.40	369.07	270.17	196.03	—	77.70	583.49
Birmingham.....	204.20	169.44	116.79	26.40	—	34.95	34.70
Boston.....	826.28	675.31	479.33	473.58	—	—	250.97
Buffalo.....	542.17	238.73	197.13	189.97	.07	—	303.44
Chicago.....	281.24	200.98	165.19	101.37	20.60	—	80.20
Cincinnati.....	677.73	452.11	162.64	57.82	—	04.06	225.61
Cleveland.....	201.74	180.20	122.25	53.58	—	64.40	75.45
Columbus.....	210.42	155.25	98.37	15.64	—	77.21	65.17
Dallas.....	206.87	189.02	149.44	108.27	28.20	—	16.94
Denver.....	470.30	309.79	199.36	81.50	81.77	—	160.60
Detroit.....	439.52	253.51	186.70	102.19	—	69.06	186.01
El Paso.....	142.15	133.12	72.24	45.13	—	16.35	9.03
Fort Worth.....	153.09	141.40	94.83	63.47	21.08	—	11.60
Honolulu.....	279.09	212.30	171.68	133.98	—	—	60.70
Houston.....	173.01	147.64	112.23	70.34	28.77	—	25.40
Indianapolis.....	264.82	172.71	127.07	123.43	—	—	91.91
Jacksonville.....	223.90	161.80	100.23	63.73	—	—	69.09
Kansas City.....	326.05	250.59	172.51	40.57	15.51	63.35	70.35
Los Angeles.....	331.85	272.02	137.58	86.87	24.43	—	69.83
Louisville.....	276.45	207.52	147.52	75.12	28.48	—	68.87
Memphis.....	304.64	200.33	112.34	40.32	—	63.74	101.31
Minneapolis.....	419.60	161.02	101.65	71.08	—	—	258.58
Milwaukee.....	201.88	177.15	142.13	87.71	—	—	24.72
Nashville.....	269.78	150.65	109.02	105.20	—	—	119.13
Newark.....	284.55	169.97	118.71	103.02	—	—	114.68
New Orleans.....	450.50	311.99	242.85	162.79	55.60	—	144.54
New York.....	800.15	423.25	334.18	309.21	—	35.17	375.19
Norfolk.....	276.14	183.71	119.92	44.70	51.62	—	02.43
Oakland.....	1,200.02	618.22	521.36	299.40	60.83	100.55	618.40
Oklahoma City.....	610.15	204.81	204.92	102.00	23.23	—	315.35
Omaha.....	313.01	218.08	136.43	81.51	20.38	—	91.02
Philadelphia.....	201.02	145.60	85.55	40.59	33.57	—	65.43
Pittsburgh.....	220.68	146.49	112.09	65.63	31.44	—	74.20
Portland.....	425.72	291.42	223.83	34.95	—	140.63	131.31
San Antonio.....	220.00	145.04	103.03	63.29	41.07	—	75.86
San Diego.....	235.77	163.13	149.80	88.97	—	25.78	72.64
San Francisco.....	282.06	173.85	108.50	83.34	—	—	108.21
Seattle.....	342.63	251.24	202.07	58.66	24.17	56.37	91.39
Toledo.....	271.84	176.09	118.96	96.19	—	—	95.85
Tulsa.....	135.06	107.74	62.71	41.83	17.13	—	27.32
Washington, D. C.....	217.17	130.60	89.97	48.46	27.07	—	80.57
	844.31	507.88	339.66	236.02	41.75	—	336.43
	253.70	158.56	103.73	53.08	25.73	—	65.14
	328.90	206.02	118.53	54.96	17.60	69.73	121.98
	207.32	147.30	90.86	15.57	—	—	60.02
	209.54	157.50	103.26	32.11	61.17	—	51.95
	1,414.76	763.75 ^a	655.21	187.94	128.44	105.71	651.01

^a Includes amount for charges and miscellaneous general revenue not shown separately.
^b Includes amount for miscellaneous tax revenue not shown separately.
^c Includes \$16.6 million or \$21.05 per capita for unemployment compensation revenue.
 Source: Department of Commerce, Bureau of the Census.

Year	Gross debt
1902.....	\$1,877
1922.....	8,078
1932.....	16,373
1942.....	16,449
1944.....	14,703
1948.....	13,564
1950.....	14,980
1952.....	18,830
1954.....	23,226
1956.....	29,331
1958.....	35,978
1959.....	39,301
1960.....	42,793
1961.....	47,180
1962.....	51,412
1963.....	55,030
1964.....	59,255
1965.....	64,270
1966.....	67,181
1967.....	72,478
1968.....	77,487
1969.....	82,142
1970.....	85,492
1971.....	93,995
1972.....	101,563
1973.....	111,034
	120,019
	129,110

Unit	1952
Gross debt.....	\$23,226
Short-term.....	1,146
Long-term.....	22,080
Full faith and credit.....	17,510
Nonguaranteed.....	4,571
County.....	2,018
Short-term.....	80
Long-term.....	1,938
City.....	12,659
Short-term.....	610
Long-term.....	12,113
Township.....	619
Short-term.....	15
Long-term.....	604
School district.....	3,806
Short-term.....	91
Long-term.....	3,715
Special district.....	4,123
Short-term.....	415
Long-term.....	3,710

* Data for 1902-1950 are as of June 30; beginning
 Source: Department of Commerce, Bureau of the Census.

6

Tax Foundation Inc. Facts & Figures on Gov't. Finance, 1975.

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TABLE 5 — AVERAGE ANNUAL RATE OF INCREASE OR DECREASE (—)
IN THE RECEIPTS FROM MAJOR FEDERAL, STATE, AND LOCAL TAXES,
SELECTED PERIODS 1948 THROUGH 1972 EST.

Item	1948-1972 est.	1968-1972 est.	1963-1968	1958-1963	1953-1958	1948-1953
<i>By Level of Government:</i>						
Federal, State and Local	7.0	9.0	7.2	6.9	3.3	10.3
Federal	6.0	6.7	6.3	5.0	1.6	10.6
State and Local	9.2	12.8	9.0	7.7	7.8	9.4
State	9.6	13.6	10.5	8.2	7.2	9.4
Local	8.7	11.8	7.3	7.2	8.3	9.4
<i>By Type of Tax, by Government:</i>						
Federal						
Individual income	6.9	8.4	7.6	6.5	3.1	9.1
Corporation income	5.1	2.8	5.8	1.5	(-1.1)	17.0
Sales, gross receipts, and customs	3.3	4.0	2.7	4.7	1.7	6.2
Death and gift	7.8	15.4	7.1	9.2	9.6	0.3
All other	4.6	5.8	(-7.6)	18.1	1.3	7.6
State						
Individual income	14.7	21.1	16.3	13.0	9.8	14.2
Corporation income	8.6	14.1	10.8	8.1	4.7	6.7
General sales and gross receipts	10.9	14.1	13.5	9.6	7.6	10.6
Selective sales and gross receipts	7.8	10.1	7.6	6.9	6.8	8.1
Motor vehicle and operators licenses	7.2	5.9	6.9	4.7	8.3	9.9
Death and gift	8.9	12.6	7.9	11.1	9.6	4.3
All other	7.8	11.6	6.4	6.7	5.7	10.5
Local						
Property	8.4	11.2	7.0	7.2	8.4	9.0
Sales and gross receipts	10.4	22.1	4.2	7.8	8.5	12.4
Individual income ¹	17.9	20.9	28.2	7.7	17.6	17.1
All other	5.9	(-2.5)	8.9	5.8	4.3	11.7

¹Includes minor amounts of corporation income taxes.

Source: ACIR staff computations, based on table 3.

⑦

ACIR, Local Revenue, Diversification: Income, Sales, Taxes, & User Charges, 1974.

HB

75

(NEW MATERIAL
1978)

REPORT OF THE INTERIM COMMITTEE
ON TAXATION IN THE UNORGANIZED BOROUGH

The purpose and scope of the interim committee was to organize public hearings to receive comments from citizens in Delta, Tok, and Fort Yukon as representative of unorganized areas of the state that would be effected by taxation in the unorganized borough.

The interim committee was composed of standing members of the House Community and Regional Affairs Committee for the Tenth Session of the Alaska State Legislature. The members are:

Representative Lisa Rudd, Chair .
Representatives Merle Snider, Bill Miles, Sally Smith,
Randy Phillips, Nels Anderson, Pete Lovseth, Al Ose and
Tim Kelly.

Staff accompanying the committee were:

Bob Dozier, State Assessor, Jim McKenzie, Legislative
Affairs Legal Division and Judy Pinero, Administrative
Assistant to the committee.

There was no action taken on the bill nor was there any work sessions or mark-up during the scheduled public hearings.

Public Hearings

Delta	October 17
Tok	October 18
Fort Yukon	October 20

(with stops in Beaver and Stevens village)

Notification-Publication

August, 1977	Letters to Delta, Tok and Fort Yukon School Board to arrange meeting space in the local schools.
August, 1977	Letters to Dot Lake, Beaver, and Stevens Village advising community of the committee's informal visit to talk to residents.
September, 1977	Public hearing announcements provided to interested persons and newspapers in the community and surrounding area.

Summary and History of House Bill 202

House bill 202 - An Act providing for assessment, levy and collection of a tax on developed land in the unorganized borough; and providing for an effective date."

HB 202, if enacted, would levy a tax on improved property in the state's unorganized borough - that is, any land in the state which is not within an incorporated borough or a first class borough or a home rule city. HB 202 was introduced by Rep. Charles Parr of Fairbanks.

There is a similar bill in the Senate, which was introduced by Senator Joe Orsini of Anchorage.

Only improved property would be taxed and the bill calls for the tax rate to equal the average of the property tax rates levied by the boroughs in the state for the support of borough school districts. The Department of Community and Regional Affairs has estimated that the rate is about 7 mills (7/10ths of 1% of the assessed value of the property).

As the bill is drafted, the following property would be except from taxation:

1. Property which has not been improved, such as acreage in woodland.
2. Real property which is exempt from taxation under the state's municipal code, such as the property of churches, veterans' groups and senior citizens;
3. Real property which is being taxed under the state's 20 mill levy on property used for the exploration, production or transportation of oil, and
4. up to \$10,000. of the value of residential real property, if it is within a municipality and if the municipality approves the exemption.

The bulk of the legislation, after describing the extent of the tax, addresses the mechanics of assessment, appeals of assessments, collection of the tax, and enforcement processes and penalties.

HB 202 is not the first time the question of a property tax in the unorganized borough has been raised. It came up in 1972 when the 20 mill tax was placed on oil and gas properties. At that time, the question was whether it was fair to tax the pipeline, but not any of the other valuable property in the unorganized areas.

In fact, I believe the oil industry raised this question as a constitutional "equal protection" issue in litigation, but the suit was settled before the issue was decided. Later efforts to focus on the question of taxation in the unorganized borough came in 1975 with the rural education attendance areas in the unorganized borough. Some legislators felt at that time that local control and policy making power should not be given to the REAA's without requiring them to make local tax contributions to help support the REAA's.

The fact that the REAA's are entirely supported by the state whereas school districts in incorporated areas must support much of their education services through local tax levies, seems to be the reason for the introduction of HB 202. Urban legislators find it hard to justify this apparent inequity to their constituents, who are paying both local and state taxes to support education in the state.

That the legislature has the power to levy a property tax, or any tax, in the unorganized borough is without doubt. Under the state constitution (Art. X, Sec. 6) the legislature is the assembly, or governing body, of the unorganized borough.

PUBLIC HEARING COMMENTS - SYNOPSIS

The majority of those testifying in Delta, Tok and Fort Yukon were opposed to the levy and collection of a tax on developed land in the unorganized borough for the following reasons:

- imposed taxation forces the formation of local government.
- cost of levy and collection versus revenue
- no assurance that revenues generated would benefit their area.
- taxation without representation
- assessed valuation is too high in the present bill
- opposition to property tax in principle.
- amount of taxation would not equal the services to the area.
- punitive legislation

- improved land to be taxed (i.e. local electric company) would result in higher rates to consumer.

SUGGESTED AMENDMENTS TO HB 202:

- remove exemption for unimproved land
- clarify vague language in the bill
- provide a definition of unimproved land

RECOMMENDATIONS BY PUBLIC HEARING PARTICIPANTS:

1. raise the amount of school tax paid by residents of the unorganized borough.
2. if the tax were to be levied, upon receipt of 100% state-funded education, the tax would be lifted.
3. one request for a further referral to House Health, Education and Social Services Committee to determine the possibility of redistricting that would effect the satellite REAA's.
4. Need for more public testimony.



KETCHIKAN GATEWAY BOROUGH

344 FRONT STREET
KETCHIKAN, ALASKA 99901

June 6, 1977

The Honorable Lisa Rudd
2827 Lore Road
Anchorage, Alaska 99507

The Honorable Ms. Rudd:

I am writing in response to your letter requesting testimony relative to House Bill 75, borough or city net income tax. The overall concept of this bill has merit, especially in that income tax is generally accepted as a more fair taxation than property tax or sales tax. There are a great many detail questions that deserve some consideration before I could support such legislation.

(1) Why should real and personal property taxes be separated, thus allowing only one or the other to be imposed in conjunction with an income tax? Property tax should be one classification for the purposes of this legislation to avoid confusing the situation more than it already is. In recent years we have seen mobile homes changed from personal to real property for taxation purposes, which leaves an impression of ambiguity to confuse the issue.

(2) The proposal to refund the taxes collected within a borough that has preempted a city income tax in proportion to the amount of income tax revenue raised by each city within the borough is unclear. Does it mean that the Borough will only receive income tax from those persons living outside the City? Does it mean for those taxes generated within the City that the that the City an Borough receive one-half ($\frac{1}{2}$) each? Does it mean that the distribution is in the ratio of each jurisdictions tax levy for the appropriate area inside or outside of each City?

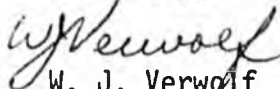
(3) What are the options for a borough to preempt the income tax levied by a city? Must they establish a single tax rate for the entire area, or can separate, different rates be set for borough and city income tax?

The Honorable Lisa Rudd
June 6, 1977
Page 2

These questions are important to answer before this legislation becomes law. The borough and cities provide different services. The borough services, including education, apply to all borough residents, both inside and outside of the cities. The tax rates should be adjusted to reflect a higher rate in the cities to raise funds for those city services to be funded by income taxes.

I appreciate the opportunity to furnish my opinions for the consideration of your committee.

Sincerely,


W. J. Verwolf
Borough Manager

WVJ/aa



City of Kodiak

PHONE (907) 486-3224

TELEX 25345

P.O. BOX 1397

KODIAK ALASKA 99615

June 8, 1977

Ms. Lisa Rudd, Chairman
House Community & Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Ms. Rudd:

If reference to your letter dated May 29, 1977, pertaining to HB 75 which authorizes a Borough or City tax on net income. The City of Kodiak has no objection to the idea of a municipality adopting a local income tax, nor to the method that is prescribed for collection.

However, the City does object to the portion of the bill that limits the municipality's right to levy only two (2) of the four (4) possible taxes. Between the City and the Kodiak Island Borough, we already levy three (3): property and real property by the Borough, and sales tax by the City. The sales tax is the largest source of income for the City and we feel this bill would force us to eliminate it.

If you need any further information on our feelings or suggestions towards this bill, please let us know.

Very truly yours,

CITY OF KODIAK

A handwritten signature in cursive script that reads "Herman T. Beukers".

Herman T. Beukers
Acting City Manager

HTB/yt

Municipality of Anchorage



OFFICE OF THE MAYOR

POUCH 6-650
ANCHORAGE, ALASKA 99502
(907) 274-2525

GEORGE M. SULLIVAN,
MAYOR

June 10, 1977

Mrs. Lisa Rudd
State Representative
Alaska State Legislature
2827 Lore Road
Anchorage, AK 99507

Dear Mrs. Rudd:

You recently sent to Mayor Sullivan a letter notifying the Municipality of Anchorage of hearings you plan to hold on House Bill No. 75 entitled, "An Act authorizing a borough or city tax on net income". Your letter states that hearings will be held in Yakutat, Cordova, Kenai, Homer, and Kodiak; but you do not mention Anchorage.

As Chairman of the Ad Hoc Tax Review Commission, recently appointed by Mayor Sullivan, I respectfully request that you hold hearings on HB-75 in Anchorage. The work of the Commission is directly concerned with this subject. I would appreciate you notifying me as to whether or not an Anchorage hearing is possible.

Yours very truly,


Jim Campbell, Chairman
Ad Hoc Tax Review Commission

279-8611

/lw

cc: Mayor Sullivan



City of Soldotna

Box 409

Phone 262-4492

SOLDOTNA, ALASKA
99669

June 3, 1977

The Honorable Lisa Rudd
Alaska House of Representatives
2827 Lore Road
Anchorage, Alaska 99507

Re: House Bill 75

Dear Representative Rudd:

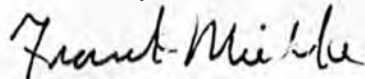
In response to your May 29, 1977 letter to Alaskan municipalities on House Bill 75, the City of Soldotna would certainly appreciate notification of any hearings on HB75 that will be held on the Kenai Peninsula.

In case the City does not have the opportunity to participate at any hearings, the following comments are given as testimony:

1. The limitation of only two taxes would place a substantial limit on the ability of many cities to raise revenue. Many cities currently levy sales, property realty and personalty taxes. To cut out any of these would limit the potential revenue a municipality might raise.
2. A net income tax would never pass a voter's referendum in most Alaskan municipalities. This would effectively reduce the ability to raise revenues under HB75.

Thank you for this opportunity to submit this testimony.

Sincerely,



Frank G. Mielke
City Administrator

FGM/pb



City of Kodiak

PHONE (907) 486-3224 TELEX 25345

P.O. BOX 1397
KODIAK ALASKA 99615

June 8, 1977

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House Community & Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

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If you need any further information on our feelings or suggestions towards this bill, please let us know.

Very truly yours,

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Herman T. Beukers
Acting City Manager

HTB/yt

Municipality
of
Anchorage



POUCH 6-650
ANCHORAGE, ALASKA 99502
(907) 274-2525

GEORGE M. SULLIVAN,
MAYOR

OFFICE OF THE MAYOR

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Ad Hoc Tax Review Commission

279-8611

/lw

cc: Mayor Sullivan



City of Soldotna

Box 409

Phone 262-4492

SOLDOTNA, ALASKA
99669

June 3, 1977

The Honorable Lisa Rudd
Alaska House of Representatives
2827 Lore Road
Anchorage, Alaska 99507

Re: House Bill 75

Dear Representative Rudd:

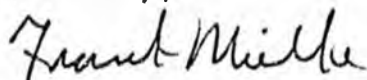
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Thank you for this opportunity to submit this testimony.

Sincerely,



Frank G. Mielke
City Administrator

FGM/pb

Munis. can't get rid of prop. tax because of bonded indebtedness.

How much can munis. make in income tax?
(Must be enough to offset sales tax rev.)

Introduced: 5/25/77
Referred: Community & Regional Affairs, Judiciary and Finance

1 IN THE HOUSE BY PARR AND COWPER

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 75

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing a borough or city tax on net
7 income."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 29.53 is amended by adding a new section to read:

10 ARTICLE 6. MUNICIPAL TAX ON NET INCOME.

11 Sec. 29.53.500. TAX ON NET INCOME. (a) The assembly or council
12 of a municipality may, by referendum, enact an ordinance adopting by
13 reference a local income tax imposed upon individual residents and
14 corporations doing business within the municipality. The tax shall be
15 percentage of the liability of the resident or corporation of the tax
16 imposed under the Alaska Net Income Tax (AS 43.20).

17 (b) An ordinance enacted in accordance with the provisions of
18 this section shall impose a rate of tax for the next calendar year and
19 may provide that the tax rate shall continue in effect for each succeed-
20 ing calendar year until the tax rate is modified by a subsequent ordi-
21 nance. A municipality imposing an income tax may repeal the tax. A
22 municipality may impose, modify or repeal an income tax only after first
23 giving notice to the commissioner of revenue not later than July 1 of the
24 previous year. Enactment, modification or repeal of an income tax
25 authorized by this section shall become effective only on the first day
26 of a calendar year.

27 (c) An income tax imposed by a municipality under this section may
28 not exceed 50 per cent of the liability of the taxpayer under AS 43.20
29 after deduction of credits and inclusion of additional taxes due.

can be evaded if tied to employment, not so easily

1 (d) An income tax imposed under this section shall be administered
2 by the commissioner of revenue, who shall collect and account for the
3 revenue in the manner provided in AS 43.20.360.

4 (e) A borough may preempt an income tax levied by a city under
5 this section by adopting an areawide income tax. The commissioner shall
6 refund the taxes collected within the borough to the borough and all
7 cities within the borough in proportion to the amount of income tax
8 revenue raised by each city within the borough unless the borough and
9 all cities within it mutually agree on a different method of sharing.

10 (f) A municipality may levy the tax authorized under this section
11 if it levies and collects not more than one of the following taxes
12 authorized by law:

13 (1) sales taxes, authorized by sec. 415 of this chapter;

14 (2) personal property taxes, authorized by sec. 10 of this
15 chapter;

16 (3) real property taxes, authorized by sec. 10 of this chapter.

17 (g) In this section, "resident" means an individual resident, non-
18 resident or part-year resident of Alaska, as defined in AS 43.20.011, who
19 is domiciled in or maintains his principal residence or place of abode
20 in the municipality.

21 * Sec. 2. AS 29.13.100 is amended by adding a new paragraph to read:

22 (37) AS 29.53.500 (borough or city tax on net income)

23 * Sec. 3. AS 29.53.035 is amended by adding a new subsection to read:

24 (f) A municipality which levies an income tax under sec. 500 of
25 this chapter may exempt from taxation real or personal property.

26 * Sec. 4. AS 43.20.160(c) and (d) are amended to read:

27 (c) The department shall prescribe and furnish all necessary forms,
28 and adopt and publish all necessary regulations in plain and concise
29 language conformable with this chapter for the assessment and collection

1 of the taxes imposed by secs. 10 - 350 of this chapter and for a municipi-
2 pal tax on net income levied and collected under authority of AS 29.53.-
3 500 and sec. 360 of this chapter. The department shall apply as far as
4 practicable the administrative and judicial interpretations of the
5 federal income tax law. The department shall also prepare a concise
6 statement of the contents of the code sections referred to in this
7 chapter for the information of the taxpayer and make them available to
8 the taxpayer making a return.

9 (d) All money collected by the department under secs. 10 - 350 of
10 this chapter shall be deposited in the general fund of the state.

11 * Sec. 5. AS 43.20.170(a) is amended to read:

12 (a) Every employer making payment of wages or salaries shall deduct
13 and withhold an amount of tax computed in a manner to approximate the
14 amount of tax due on those wages under this chapter and under an income
15 tax levied by a municipality in accordance with AS 29.53.500 and
16 collected by the department for that year. The department shall publish
17 the rate of withholding required by this section and the rate required
18 by the income tax levy of a municipality which shall be expressed as a
19 percentage of the amount required to be withheld under sec. 3402 of the
20 Internal Revenue Code of 1954. Every employer making a deduction and
21 a withholding shall furnish to the employee upon request a record of
22 the amount of tax withheld from the employee on a form prescribed by the
23 department.

24 * Sec. 6. AS 43.20.290 is amended to read:

25 Sec. 43.20.290. [EXCLUSIVE] STATE AUTHORITY. No tax may be levied
26 and collected upon the net income of resident or nonresident individuals
27 by a general law municipality [CITY] or by a home rule municipality
28 [CITY] or any other political subdivision of the state except as
29 provided by AS 29.53.500.

1 * Sec. 7. AS 43.20 is amended by adding a new section to read:

2 ARTICLE 6. MUNICIPAL TAX ON NET INCOME.

3 Sec. 43.20.360. ADMINISTRATION. (a) Municipal income taxes
4 levied and collected under AS 29.53.500 are subject to the provisions of
5 this chapter.

6 (b) A municipal income tax levied and collected under AS 29.53.500
7 shall be administered by the commissioner of revenue, who shall collect
8 and account for the revenue.

9 (c) The commissioner shall determine each municipality's share of
10 the cost of administering this section. In determining each munici-
11 pality's share, the commissioner shall apportion the cost of collection
12 and accounting for the funds in proportion to the tax collected from each
13 municipality of the state which levies an income tax. The commissioner
14 may withhold the prorated share of the cost of collecting and accounting
15 for funds, but the amount withheld may not exceed five per cent of the
16 amount payable to a municipality. After deducting the amount of any
17 refunds due and the prorated share of the cost of collecting and
18 accounting for funds, the commissioner shall pay to each municipality,
19 as soon as practicable, the amount to which it is entitled under AS 29.-
20 53.500.