Individual Income Tax

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

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September 4, 1986

The Honorable Terry Martin
Alaska State Legislature
3960 Reka Drive B6
Anchorage, AK 99508

Dear Representative Martin:

In response to your inquiry at the July, 1986 Joint Special Committee on Tax Policy meeting, enclosed are some materials concerning "leakage" of Permanent Fund Dividends to the federal treasury by operation of the federal income tax.

Also enclosed is a study of tax "leakage" to the federal treasury after the repeal of the [redacted] Of particular interest may be the authors' conclusion that [redacted] 21% of Alaska income tax returns in 1979 (39,120 out of 187,124 total returns), and that nonresidents paid 11% of the total tax received ($10,069,565 out of $92,601,302 total).

Please let me know if you have any further questions or comments.

Sincerely,

Richard D. Monkman
Deputy Commissioner, Taxation

RDM:mkw
86-131

cc: Committee Members

Enclosure

04-D2LH

MEMORANDUM State of Alaska

TO: Vincent D. Wright
Chief of Research
Department of Revenue

DATE: April 3, 1985

FILE NO:

TELEPHONE NO: 465-2300

FROM: Al Zangri
Economist
Research Section
Department of Revenue

SUBJECT: PFD Leakage to Federal Income Tax

Attached are estimates of the amount of federal income tax leakage resulting from the [redacted]. The estimates were based on a Permanent Fund Dividend amount of $404 and a total of $210,017,200 available for distribution. Taxable income for 1985 was estimated by adjusting 1982 data for changes in the average wage and consumer price index between 1982 and 1984. The increase in the number of taxpayers was estimated by using the increase in the number of adult PFD applicants from 1982 to 1985.

Based upon the input assumptions, Table 1 shows that the estimate of [redacted]. This represents approximately 8.5% of the total PFD distribution. Table 2 provides estimates, for various taxable income categories, of the average leakage per income tax return ($93.30) as well as the average leakage per taxpayer ($65.47).

AZ:mkw

Attachment

TABLE 1

AGI RANGE	NUMBER OF RETURNS	TAXABLE INCOME TOTAL	INCOME TAX PAYABLE TOTAL	TAX LEAKAGE TOTAL
NO AGI	5406	0.00	0.00	0.00
$1 TO $10000	39264	128021179.52	7685762.78	1191645.90
$10001 TO $20000	33787	410779344.94	47716496.38	2404717.96
$20001 TO $30000	30957	645966358.06	97382247.18	2938037.84
$30001 TO $40000	25590	742626786.11	130975949.19	2933693.83
$40001 TO $50000	20191	746907727.27	148972418.40	2647211.35
$50001 TO $100000	34349	1830273647.64	450867571.63	5295600.03
OVER $100000	2922	404038892.23	152044211.90	546130.71
TOTAL	192466	4908613935.77	1035644657.45	17957037.63

TABLE 2

AGI RANGE	PFD RECIEVED	NUMBER OF RETURNS	TAXABLE INCOME AVERAGE PER RETURN	INCOME TAX PAYABLE AVERAGE PER RETURN	TAX LEAKAGE AVERAGE PER RETURN	TAX LEAKAGE AVERAGE PER TAXPAYER
NO AGI	$404	4107	0.00	0.00	0.00	0.00
	$808	1299	0.00	0.00	0.00	
$1 TO $10000	$404	34309	3416.89	215.52	32.58	26.95
	$808	4955	2177.80	58.83	14.88	
$10001 TO $20000	$404	26772	12688.20	1549.55	75.36	58.93
	$808	7015	10134.11	888.38	55.18	
$20001 TO $30000	$404	21397	21497.06	3455.20	101.67	72.51
	$808	9560	19455.42	2453.06	79.77	
$30001 TO $40000	$404	14022	29750.56	5683.43	123.92	79.04
	$808	11568	28134.89	4433.16	103.40	
$40001 TO $50000	$404	8336	37955.63	8252.25	140.84	82.60
	$803	11855	36314.60	6763.53	124.27	
$50001 TO $100000	$404	10033	53400.38	13933.86	160.99	90.27
	$808	24316	53236.86	12792.78	151.36	
OVER $100000	$404	744	139685.10	53978.43	188.34	107.08
	$808	2178	137793.01	51370.18	186.41	
TOTAL		192466	25503.80	5380.92	93.30	69.47

MEMORANDUM

State of Alaska

TO: Vincent Wright
Chief of Research
Department of Revenue

DATE: October 25, 1984

FILE NO:

TELEPHONE NO: 465-2175

FROM: Al Zangri
Economist
Research Section
Department of Revenue

SUBJECT: Actual leakage from 1982 PFD distribution

This memo considers only adult PFD distributions, as the dividends issued to children 17 and under are generally not taxable. Of the 233,201 permanent fund dividends distributed to adult residents in 1982, 182,615 were distributed to individuals who filed federal income tax returns in 1982. These 182,615 individuals filed 120,966 tax returns. Strictly speaking, only 124,485 should have been filed since 2,487 people who claimed the 82 PFD on their 82 taxes did not actually receive the dividend until 1983. However, the net effect of this action is to reduce the overall leakage from the 82 and 83 dividend distributions.

Table 1, attached, shows the total taxable income, total income tax paid, and total leakage to the IRS from those 120,966 returns. Table 2 shows the average (per return) taxable income, tax paid and leakage. It also shows the average leakage per taxpayer.

The total leakage was 53,233,935. This compares with our earlier estimate of 66,700,599. Note that the average leakage per taxpayer is very close to the estimate first made last year. The primary error in the total estimate results from over estimating the number of returns that would be filed. The methodology used to estimate the number of returns is not identified in the earlier report so I cannot identify the source of error. The methodology used to estimate the leakage given the number of returns filed was excellent as is evident from comparing the average leakages.

Table 3 shows the total distribution of total taxable income and total income tax payable that would have existed without the PFD distribution. I have included it to illustrate the changes that the PFD introduced into the AGI ranges. It is possible to show exactly how many people were moved into a higher marginal bracket as a result of the dividend distribution. If that would be of interest, I can include it in the report when I look at the 83 leakage.

Given the results of this effort, I suspect that the ISER study over estimated the tax leakage by a fairly large margin.

TABLE 1

AGI RANGE	NUMBER OF RETURNS	TAXABLE INCOME TOTAL	INCOME TAX PAYABLE TOTAL	TAX LEAKAGE TOTAL
NO AGI	1193	0.00	0.00	0.00
$1 TO $10000	23322	85173846.64	5822023.67	1993692.91
$10001 TO $20000	22303	275321320.52	37345549.46	5292844.02
$20001 TO $30000	21105	447053292.34	79733487.39	7355783.99
$30001 TO $40000	17762	522483200.69	108345033.66	8446641.45
$40001 TO $50000	14605	547086581.13	127996512.29	9017960.70
$50001 TO $100000	24874	1337532934.59	384796908.04	19502811.25
OVER $100000	1802	248815076.65	102329800.06	1624205.17
TOTAL	126966	3463466252.56	846369314.56	53233939.49

TABLE 2

AGI RANGE	PFD RECIEVED	NUMBER OF RETURNS	TAXABLE INCOME AVERAGE PER RETURN	INCOME TAX PAYABLE AVERAGE PER RETURN	TAX LEAKAGE AVERAGE PER RETURN	TAX LEAKAGE AVERAGE PER TAXPAYER
NO AGI	$1000	638	0.00	0.00	0.00	0.00
	$2000	555	0.00	0.00	0.00	
$1 TO $10000	$1000	20211	3801.84	275.00	88.35	75.42
	$2000	3111	2679.13	84.85	66.87	
$10001 TO $20000	$1000	17102	12933.19	1863.79	216.75	192.44
	$2000	5201	10409.13	1051.92	304.93	
$20001 TO $30000	$1000	14106	21818.43	4185.91	297.73	261.73
	$2000	6999	19900.34	2955.71	450.93	
$30001 TO $40000	$1000	8826	30114.76	6878.26	361.53	316.38
	$2000	8936	28725.41	5330.96	588.16	
$40001 TO $50000	$1000	4898	38417.68	10023.61	415.24	370.93
	$2000	9707	36975.05	8128.24	719.49	
$50001 TO $100000	$1000	5206	53682.89	16569.47	462.05	437.85
	$2000	19668	53796.00	15178.78	869.30	
OVER $100000	$1000	330	141322.48	59535.06	495.30	496.09
	$2000	1472	137349.63	56170.67	992.36	
TOTAL		126966	27278.69	6666.11	419.28	291.51

TABLE 3

AGI RANGE	NUMBER OF RETURNS	PRE PFD TAXABLE INCOME TOTAL	PRE PFD INCOME TAX PAYABLE TOTAL	TAX LEAKAGE TOTAL
NO AGI	2053	0.00	0.00	0.00
$1 TO $10000	25192	81443181.80	54 46	2527880.66
$10001 TO $20000	22381	274288775.01	37 .0/4. . 5	56 7173.97
$20001 TO $30000	21041	440996658.44	77879457.90	7680099.63
$30001 TO $40000	17597	512263470.64	105044964.51	8768397.67
$40001 TO $50000	14159	526106529.48	122195099.49	9016138.73
$50001 TO $100000	22858	1216342192.09	348117360.72	18053242.55
OVER $100000	1685	236141978.35	97447275.94	1515006.27
TOTAL	126966	3287582785.81	793135375.07	53233939.49

Federal Tax Leakages Associated With 1979 State Income Tax Refunds

By
Lance R. Rovig, Economist
and
Deborah A. Lasher, Research Analyst

The following report is the result of research efforts to ascertain the tax leakages to the Federal government as a result of the repeal of the individual income tax enacted by the 1980 Special Legislative Session.

Federal Tax Leakages Associated With 1979 State Income Tax Refunds

Resident and nonresident Alaskan taxpayers who itemized their Federal deductions in tax year 1979 will have to pay Federal taxes in tax year 1980 on their 1979 State income tax refunds. The refunds must be included on the 1980 Federal Form 1040 as taxable income to the extent that the State tax deduction decreased Federal taxes owed in 1979. Persons who did not claim the State tax as an itemized deduction in tax year 1979 do not have to include the refunds as Federal taxable income for tax year 1980. For reasons explained below, it was assumed throughout this analysis that the same number of returns which itemized at the State level also itemized at the Federal level.

State income taxes recorded to date for tax year 1979 by residents and nonresidents are presented in a series of tables. These tables are based on data captured as of December 1, 1980 and although incomplete do represent the bulk of taxes paid. The basic conclusions of this report, therefore, should not be substantially affected once all the data is captured. Tables I through VI show resident taxes paid by filing status. These are resident returns which itemized their Alaska deductions and which will probably have to pay Federal taxes on their 1979 State income tax refunds. Table B gives a breakdown of resident taxes paid by Federal adjusted gross income categories for returns which itemized and for returns which took the standard deduction. Tables C and D show nonresident taxes paid by Federal adjusted gross income categories for returns which itemized and for returns which took the standard deduction. Nonresident returns were further disaggregated into instate and out of State returns.

Resident and Nonresident Returns:

As shown in Table A, of the $92,601,302 in taxes paid and refunded on returns for tax year 1979, residents paid $82,531,737, or 89%, and nonresidents paid $10,069,565,or 11%. Of the 187,124 total returns, 148,004, or 79%, were resident and 39,120, or 21%, were nonresident returns. This amounts to an average tax paid of $494.87 for residents and nonresidents combined, or an average tax of $557.63 for residents and $257.40 for nonresidents.

As shown on Tables C and D approximately 21,281 nonresident returns, or 54%, itemized their deductions and 17,839, or 46%, took the standard deduction. Table B shows that 92,006, or 62%, of the resident returns took the standard deduction and did not itemize in tax year 1979. And, 55,998, or 38%, of the resident returns itemized their Alaska deductions and probably claimed the State tax as a deduction against their 1979 Federal taxable income.

Itemized Resident Returns:

Although only 38% of the resident returns itemized their deductions they paid 67% of the resident taxes. Resident returns that itemized paid $55,240,070 of the $82,531,737 of taxes paid by residents in tax year 1979. This is an average tax paid of $986 per itemized resident return.

The tax leakage to the Federal government as a result of refunding 1979 taxes paid by Alaskan residents who itemized is estimated to be $24,186,038. Thus, the average tax leakage is $432 per itemized resident return. This leakage is 29% of the $82,531,737 refunded to residents and is 44% of the $55,240,070 refunded to those residents who itemized deductions on their 1979 tax returns.

Itemized Nonresident Returns:

As explained below, the Federal tax leakage for nonresident returns was determined by using resident returns. Nonresident returns are restricted with regard to the itemized deductions that they can claim on their Alaska tax returns, and these restrictions make it difficult to estimate Federal taxable income from data on the nonresident State returns. Of the $10,069,565 in nonresident taxes paid in 1979, $6,355,677, or 63% came from returns which itemized. This is an average tax paid of $299 per itemized nonresident return. Assuming that 44% of these refunds are paid in Federal taxes, as is the case for resident returns which itemized, then approximately $2,796,497 would be the tax leakage associated with nonresident returns which itemized. This represents an average tax leakage of $131 per itemized nonresident return.

Methodology:

Because the State does not collect data on Federal taxable income and since Federal and State taxable income differ somewhat, State taxable income was adjusted to estimate Federal taxable income. For example, State taxable income includes Federal cost of living allowances whereas Federal taxable income does not. Items exempt from State taxation include interest on federal securities, armed services pay, certain pensions and annuities, national guard pay and income from the sale of halibut taken outside of Alaskan waters. In addition, the State tax is not included in Federal taxable income but it is included in State taxable

income. Finally, the standard deduction is included in Federal taxable income because it is subtracted out of taxable income automatically in the tax tables and tax rate schedules. Thus, Federal taxable income was computed as Federal adjusted gross income plus the standard deduction minus 1979 State income taxes withheld minus personal exemptions minus allowable State deductions.

Federal taxes were computed by applying the appropriate tax rate to Federal taxable income. The tax rate that was applied to Federal taxable income was selected according to the taxable income and filing status reported on each return. By adding the 1979 State refund to Federal taxable income the new taxable income and the appropriate new tax rate associated with it was estimated. The new tax rate was then applied to the State refund to calculate the Federal leakage for each return by filing status. For example, a refund of $800 on an itemized return for a single taxpayer that had $18,200 in taxable income would result in $19,000 taxable income. The additional $800 would be taxed at a rate of 34% or $272, which is one tax bracket higher than the 30% rate which applied to taxable income over $15,000 before the tax refund. This $272 is the federal tax leakage associated with the $800 State income tax refund. Of the 55,998 itemizing resident returns 49,100 remain in the same tax bracket, 6,838 jump one tax bracket and 60 returns jump two tax brackets as a result of adding 1979 State income tax refunds. Federal tax schedules X, Y and Z were used to make the tax computations for the tables presented in this report.

Accuracy of Estimates:

As shown in Table A, there were 2,405 resident returns and 840 nonresident returns categorized as having zero adjusted gross income (AGI). There are several reasons for this phenomenon. First, some returns may have negative taxable income or income and deductions which are equal. Second, the data on some returns may not have been completely captured (keypunched). And finally, returns received after August either did not contain any tax data other than the amount of tax to be refunded, or in the interest of quick and efficient handling of tax refunds, the data on these returns was not keypunched for the computerized record.

Because State taxes are allowed as a deduction against Federal taxable income but not allowed as a deduction against State taxable income, a few returns which itemized at the Federal level may not have itemized at the State level. Since the number of State resident returns which itemized was used as the surrogate for the number of Federal returns which itemized in 1979, the Federal leakage associated

with 1979 State income tax refunds may be slightly understated. However, Federal individual income tax statistics for tax years 1972 through 1977 indicate that approximately the same percentage of returns itemized in Alaska at the Federal level as were itemized at the State level for tax year 1979.

Some residents who itemized their Federal deductions may file amended returns and claim the standard deduction, if in so doing they can retain more money by keeping the full tax refund as opposed to itemizing deductions on their 1979 Federal tax returns. Finally, since Federal taxable income was computed from State tax data, only resident returns were used in the calculations. Nonresident returns are restricted with regard to the itemized deductions that they may claim on their Alaska tax returns. Itemized deductions are allowed only to the extent that they are paid from income earned in Alaska or directly connected with property having a taxable situs in Alaska. Thus, nonresident State deductions are less than Federal deductions. Consequently, Federal taxable income (and the Federal tax leakage associated with it) if calculated as Federal adjusted gross income plus the standard deduction minus 1979 State income taxes withheld minus personal exemptions minus allowable State deductions, would be overstated for nonresident returns.

TABLE I

1979 Itemizing Residents Estimate Of Tax Leakage

Summary

Filing Status	Returns	Estimated Federal Taxable Income	Alaska State Tax Paid	Estimated Tax Leakage
Single	12,415	$ 200,601,536	$ 9,773,914	$ 4,173,041
Married-Joint	39,476	1,170,493,498	42,730,912	18,887,549
Married-Separate	838	10,507,790	425,234	198,551
Unmarried-Head of Household	3,168	56,803,812	2,261,403	906,711
Widow(er)	101	1,712,322	48,607	20,187
Totals	55,998	$1,440,118,959	$55,240,070	$24,186,038

TABLE II

1979 Itemizing Residents Estimate Of Tax Leakage

Filing Single

Estimated Federal Taxable Income Range	Returns	Estimated Federal Taxable Income	Alaska State Tax Paid	Estimated Tax Leakage
$ 0	247	$ 0	$ 0	$ 0
1- 2,300	2,089	3,047,898	191,298	0
2,301- 3,400	552	1,506,559	39,064	1,273
3,401- 4,400	379	1,467,718	6,462	634
4,401- 6,500	545	2,923,656	13,661	1,502
6,501- 8,500	541	4,025,641	31,706	4,393
8,501- 10,800	527	5,046,188	40,275	8,421
10,801- 12,900	560	6,526,200	120,260	27,676
12,901- 15,000	605	8,260,527	189,407	48,956
15,001- 18,200	1,033	16,627,903	526,945	156,821
18,201- 23,500	1,687	33,834,372	1,367,286	462,111
23,501- 28,800	1,370	33,910,252	1,693,226	652,035
28,801- 34,100	942	27,871,593	1,620,435	699,322
34,101- 41,500	716	25,085,318	1,636,917	787,068
41,501- 55,300	474	20,635,719	1,474,514	798,125
55,301- 81,800	126	7,552,414	593,336	367,967
81,801-108,300	16	1,372,581	131,327	88,496
108,301- +	6	906,994	97,796	68,239
Totals	12,415	$200,601,536	$9,773,914	$4,173,041

TABLE III

1979 Itemizing Residents Estimate Of Tax Leakage

Filing Jointly

Estimated Federal Taxable Income Range	Returns	Estimated Federal Taxable Income	Alaska State Tax Paid	Estimated Tax Leakage
$ 0	753	$ 0	$ 0	$ 0
1- 3,400	1,506	1,897,131	551,885	0
3,401- 5,500	626	2,654,946	110,979	3,415
5,501- 7,600	678	4,440,780	28,764	2,741
7,601- 11,900	1,848	18,273,618	48,827	6,550
11,901- 16,000	2,367	33,139,137	79,615	16,536
16,001- 20,200	2,938	53,037,911	397,439	95,086
20,201- 24,600	3,910	86,587,757	1,325,390	367,610
24,601- 29,900	5,235	139,707,838	3,197,448	1,018,301
29,901- 35,200	5,342	168,461,698	5,135,562	1,875,101
35,201- 45,800	8,056	309,911,902	12,136,572	5,174,723
45,801- 60,000	4,456	218,125,352	10,834,659	5,243,567
60,001- 85,600	1,360	87,574,466	5,237,655	2,790,715
85,601-109,400	223	20,102,976	1,391,654	812,280
109,401-162,400	132	15,667,371	1,266,199	800,969
162,401-215,400	26	4,340,635	391,907	262,787
215,401- +	20	6,569,980	596,357	417,167
Totals	39,476	$1,170,493,498	$42,730,912	$18,887,549

TABLE IV

1979 Itemizing Residents Estimate Of Tax Leakage

Filing Separately

Estimated Federal Taxable Income Range	Returns	Estimated Federal Taxable Income	Alaska State Tax Paid	Estimated Tax Leakage
$ 0	54	$ 0	$ 0	$ 0
1- 1,700	117	94,954	3,124	0
1,701- 2,750	30	64,934	86	12
2,751- 3,800	34	110,961	33	5
3,801- 5,950	64	308,428	11,794	1,385
5,951- 8,000	57	391,703	813	171
8,001- 10,000	50	446,470	5,644	1,329
10,001- 12,300	57	624,798	10,530	2,938
12,301- 14,950	56	740,845	16,569	5,267
14,951- 17,600	53	827,305	27,139	9,830
17,601- 22,900	115	2,213,209	86,348	36,804
22,901- 30,000	81	2,015,730	98,601	47,615
30,001- 42,800	52	1,746,648	101,264	54,161
42,801- 54,700	10	452,918	28,971	16,888
54,701- 81,200	7	385,366	26,088	16,549
81,201-107,700	1	83,522	8,230	5,596
107,701- +	0	0	0	0
Totals	838	$10,507,790	$425,234	$198,551

TABLE V

1979 Itemizing Residents Estimate Of Tax Leakage

Filing Head Of House

Estimated Federal Taxable Income Range	Returns	Estimated Federal Taxable Income	Alaska State Tax Paid	Estimated Tax Leakage
$ 0	110	$ 0	$ 0	$ 0
1- 2,300	180	213,806	11,037	0
2,301- 4,400	103	348,772	7,242	370
4,401- 6,500	140	764,472	714	114
6,501- 8,700	170	1,314,324	2,692	485
8,701- 11,800	314	3,208,540	30,270	6,648
11,801- 15,000	347	4,572,816	85,193	20,396
15,001- 18,200	355	5,729,100	161,623	41,753
18,201- 23,500	509	10,199,334	348,245	107,155
23,501- 28,800	383	9,497,937	396,836	140,806
28,801- 34,100	230	6,871,403	344,876	142,442
34,101- 44,700	219	8,030,576	455,163	207,932
44,701- 60,600	84	3,969,547	248,438	131,115
60,601- 81,800	14	894,503	62,764	36,428
81,801-108,300	6	526,585	41,823	26,322
108,301-161,300	2	227,769	19,907	13,537
161,301- +	2	434,329	44,583	31,208
Totals	3,168	$56,803,812	$2,261,403	$906,711

TABLE VI

1979 Itemizing Residents Estimate Of Tax Leakage

Filing Widow

Estimated Federal Taxable Income Range	Returns	Estimated Federal Taxable Income	Alaska State Tax Paid	Estimated Tax Leakage
$ 0	7	$ 0	$ 0	$ 0
1- 3,400	14	19,837	0	0
3,401- 5,500	6	27,903	5	1
5,501- 7,600	8	54,270	0	0
7,601- 11,900	10	99,159	103	19
11,901- 16,000	9	127,227	727	153
16,001- 20,200	10	176,120	2,593	613
20,201- 24,600	13	282,511	6,433	1,801
24,601- 29,900	5	132,440	3,673	1,150
29,901- 35,200	6	186,045	6,205	2,234
35,201- 45,800	9	349,588	12,159	5,073
45,801- 60,000	2	94,736	4,990	2,445
60,001- 85,600	1	62,180	4,313	2,329
85,601-109,400	1	100,306	7,406	4,370
109,401-215,400	0	0	0	0
215,401- +	0	0	0	0
Totals	101	$1,712,322	$48,607	$20,187

TABLE A

1979 Resident Returns

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	2,405	$ 190,276	$ 999,101
1- 5,000	25,751	6,486,443	63,685
5,001- 10,000	20,164	61,262,549	177,703
10,001- 15,000	18,006	112,689,187	1,771,070
15,001- 20,000	15,695	167,264,902	3,758,809
20,001- 25,000	13,111	188,315,241	5,109,024
25,001- 30,000	11,097	207,485,192	6,408,912
30,001- 35,000	9,734	220,577,934	7,354,175
35,001- 40,000	8,318	223,583,054	8,259,171
40,001- 45,000	6,942	215,642,962	8,735,178
45,001- 50,000	5,220	184,580,094	8,159,131
50,001- 60,000	6,597	269,899,159	13,204,322
60,001- 100,000	4,455	239,885,717	13,919,790
100,001- +	509	60,010,940	4,611,756
Subtotal	148,004	$2,167,873,650	$82,531,737

1979 Nonresident Returns

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	840	$ 3,308,470	$ 176,164
1- 5,000	6,530	3,326,848	61,254
5,001- 10,000	8,648	20,175,524	295,477
10,001- 15,000	6,186	28,239,117	604,111
15,001- 20,000	4,535	29,531,979	715,370
20,001- 25,000	3,187	28,036,155	791,047
25,001- 30,000	2,387	25,939,577	824,290
30,001- 35,000	1,832	24,598,141	867,064
35,001- 40,000	1,361	22,755,027	893,874
40,001- 45,000	999	19,459,837	837,390
45,001- 50,000	665	14,783,572	683,632
50,001- 60,000	909	25,559,573	1,301,446
60,001- 100,000	795	25,223,909	1,438,842
100,001- +	246	7,977,416	579,604
Subtotal	39,120	$278,915,145	$10,069,565
Total	187,124	$2,446,788,795	$92,601,302

TABLE B

1979 Residents Itemizing Deductions

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	1,769	$ 27,206	$ 987,098
1- 5,000	3,196	1,164,575	31,957
5,001- 10,000	2,068	4,084,880	39,273
10,001- 15,000	2,901	13,346,909	138,146
15,001- 20,000	3,943	34,729,763	632,211
20,001- 25,000	4,868	62,258,014	1,487,078
25,001- 30,000	5,547	95,701,706	2,677,870
30,001- 35,000	5,953	126,816,594	3,928,027
35,001- 40,000	5,856	151,429,874	5,313,850
40,001- 45,000	5,383	161,623,207	6,261,470
45,001- 50,000	4,309	148,681,669	6,395,904
50,001- 60,000	5,732	230,444,696	11,079,094
60,001- 100,000	4,017	212,891,786	12,285,905
100,001- +	456	51,856,046	3,982,187
Subtotal	55,998	$1,295,056,925	$55,240,070

1979 Residents Taking Standard Deduction

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	636	$ 163,070	$ 11,913
1- 5,000	22,555	5,321,868	31,728
5,001- 10,000	18,096	57,177,669	138,430
10,001- 15,000	15,105	109,342,278	1,632,924
15,001- 20,000	11,752	132,535,139	3,126,598
20,001- 25,000	8,243	126,057,227	3,621,946
25,001- 30,000	5,550	111,783,486	3,731,042
30,001- 35,000	3,781	93,761,340	3,425,148
35,001- 40,000	2,462	72,153,180	2,945,321
40,001- 45,000	1,559	54,019,755	2,473,708
45,001- 50,000	911	35,898,425	1,763,227
50,001- 60,000	865	39,454,463	2,125,228
60,001- 100,000	438	26,993,931	1,633,885
100,001- +	53	8,154,894	629,569
Subtotal	92,006	$872,816,725	$27,291,667
Total	148,004	$2,167,873,650	$82,531,737

TABLE C

1979 Nonresident Itemizing, Out of State Returns

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	8	$ 144,907	$ 3,807
1- 5,000	1,957	649,956	7,095
5,001- 10,000	3,240	6,797,436	102,668
10,001- 15,000	2,439	10,104,460	216,445
15,001- 20,000	2,042	12,289,841	288,444
20,001- 25,000	1,501	12,118,852	324,986
25,001- 30,000	1,246	12,474,520	386,331
30,001- 35,000	1,040	12,845,702	429,564
35,001- 40,000	812	13,000,383	492,411
40,001- 45,000	639	11,655,928	484,634
45,001- 50,000	445	9,151,045	406,963
50,001- 60,000	613	15,850,082	779,038
60,001- 100,000	587	17,483,202	952,707
100,001- +	177	6,296,239	456,581
Subtotal	16,746	$140,862,553	$5,331,674

1979 Nonresident Itemizing, Instate Returns

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	7	$ 105,675	$ 3,863
1- 5,000	408	83,890	250
5,001- 10,000	983	1,715,981	16,097
10,001- 15,000	888	3,310,517	57,319
15,001- 20,000	668	3,765,440	78,015
20,001- 25,000	468	3,679,822	92,624
25,001- 30,000	343	3,737,080	112,379
30,001- 35,000	267	3,511,647	116,887
35,001- 40,000	164	2,770,186	101,793
40,001- 45,000	129	2,598,264	102,551
45,001- 50,000	59	1,256,673	55,350
50,001- 60,000	90	2,594,570	124,180
60,001- 100,000	53	1,980,188	118,452
100,001- +	8	559,177	44,243
Subtotal	4,535	$31,669,110	$1,024,003
Total	21,281	$172,531,663	$6,355,677

TABLE D

1979 Nonresident Standard Deduction, Out of State Returns

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	623	$ 2,399,673	$ 153,012
1- 5,000	3,087	2,050,696	45,693
5,001- 10,000	3,142	8,586,396	137,234
10,001- 15,000	2,050	11,063,999	256,043
15,001- 20,000	1,268	9,629,063	258,569
20,001- 25,000	912	9,238,049	287,859
25,001- 30,000	606	7,375,499	252,090
30,001- 35,000	422	6,417,023	260,253
35,001- 40,000	329	6,064,177	262,288
40,001- 45,000	210	4,720,094	229,446
45,001- 50,000	150	4,117,236	208,263
50,001- 60,000	191	6,680,722	377,045
60,001- 100,000	151	5,577,647	355,354
100,001- +	58	924,223	57,909
Subtotal	13,199	$84,844,497	$3,141,058

1979 Nonresident Standard Deduction, Instate Returns

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	202	$ 658,215	$ 15,482
1- 5,000	1,078	542,306	8,216
5,001- 10,000	1,283	3,075,711	39,378
10,001- 15,000	809	3,760,141	74,304
15,001- 20,000	557	3,847,635	90,342
20,001- 25,000	306	2,999,432	85,578
25,001- 30,000	192	2,352,478	73,490
30,001- 35,000	103	1,823,769	60,360
35,001- 40,000	56	920,281	37,382
40,001- 45,000	21	485,551	20,759
45,001- 50,000	11	258,618	13,056
50,001- 60,000	15	434,199	21,183
60,001- 100,000	4	182,872	12,329
100,001- +	3	197,777	20,871
Subtotals	4,640	$21,538,985	$572,830
Total	17,839	$106,383,482	$3,713,888

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

April 8, 1986

MEMORANDUM

TO: Representative Mike Davis

ATTN: Mike Welsh

FROM: Mary Jennings MJ
Legislative Analyst

RE: Commuter Taxes as They Relate to Resident Hire
Research Request 86-147

You requested information regarding commuter taxes; specifically, how do they work, which states have them and whether or not they could be used in Alaska to encourage resident hire.

A number of local governments providing regional services use a wage tax that allows them to tax commuters. A local income tax is allowed by state law in Delaware, Indiana, Kentucky, Michigan, Missouri, New York, Ohio, and Pennsylvania. The tax is withheld from employees' wages and salaries. The rate of taxation for nonresidents (commuters) is either equal to, or in most cases, less than the rate for residents and, depending on the state, it ranges from .5 percent to 4.9 percent. All of the states employing a wage tax have a state income tax which, according to the Pennsylavania Department of Revenue, makes collection and enforcement costs of the commuter tax negligible.

The Pennsylvania Department of Revenue stated that the purpose of the tax is to generate revenue, and not to encourage people to work and live in the same city or county. The department pointed out that in metropolitan Pittsburg, most cities and towns levy the wage tax, thereby eliminating the incentive of employers to leave the central city for the suburbs. In other states such as Michigan and Ohio, agreements exist between jurisdictions providing that each will receive some income tax revenues from individuals living in one jurisdiction but working in another.

Other Nonresident Income Taxation

In 1983, Oregon enacted legislation that changed the way nonresident income was taxed. The law allowed the amount of nonresident income earned in Oregon to be taxed at the rate of the nonresident's total income. In instances where individuals earned only a portion of their income in Oregon, this method of taxation resulted in nonresidents paying higher taxes than residents.[1] According to the Oregon Department of Revenue, this tax legislation set off "border wars" between Oregon and Washington. As a result, Washington, which does not have a state income tax, proposed legislation that would allow border towns in Washington levy a commuter tax on nonresidents working in Washington. Don Smallwood, of the Washington Department of Revenue, stated that Washington proposed this legislation as a threat in order to get Oregon to repeal their new law for taxation of nonresidents. Soon after the Washington proposal, Oregon repealed its law. Although no formal legal opinions resulted, Smallwood stated that the constitutionality of the Oregon law and the proposed Washington legislation was questioned.

Resident Hire in Alaska

The commuter tax as used in other states does not appear to be applicable to encouraging resident hire. In addition, Alaska does not levy a State income tax and the administrative costs of a wage tax would probably be significant. There is also a question of the constitutionality of taxing nonresidents and residents differently. According to Theresa Hillhouse, the Chief Hearing Examiner of the Department of Revenue, in the 1950s, Alaska had instituted a fisheries tax that levied a higher tax on nonresident fisherman. The constitutionality of this law was challenged and it was subsequently repealed.

For your information, I have attached a letter from Mr. William Phillips dealing with this issue. This agency has performed no analysis of Mr. Phillip's proposal, but the concept of credits that favor residents and/or distributions similar to Permanent Fund dividends may have potential as a method for imposing a relatively high tax burden on nonresidents. I hope you find this information useful. Please contact me if you have any questions.

MJ

Attachment

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[1]The actual tax rate paid by all individuals would be identical. However, by taxing income earned outside Oregon (versus the previous method of taxing only income earned in the state), the amount of tax paid relative to the amount of income earned in Oregon could be higher for nonresidents than for residents.

January 30, 1986

The Honorable Representatives and Senators of the State of Alaska
Pouch V
Juneau, Alaska 99811

Dear Sirs and Madams:

This is a proposal that could deal with two problems facing the state of Alaska; revenue enhancement and local hire. Establish a new state income tax with deductions and tax credits that would just happen to promote living in Alaska. The tax would make it more costly for non-residents to work in Alaska. The non-residents would have the options of moving to Alaska, making a subtantial economic investment in Alaska, or seeking work elsewhere.

Establish an income tax with the following rates:

5% on the first $25,000 of taxable income.
7.5% on the next $15,000 of taxable income.
10.0% on the next $20,000 of taxable income.
12.5% on all taxable income over $60,000.

Establish deductions of:

25% of the accessed valuation of real property owned in Alaska to a limit of $30,000.
Or, rent paid on real property in the state of Alaska to a limit of $30,000.

Establish tax credits for the following:

Up to $500 for donations to the Alaskan Student Loan Fund.
Up to $500 for campaign donations made to Alaskan political candidates and/or Alaska political action groups.

Here follow two examples of how this tax plan could work.

Joe Doaks of Tuna, Texas and Sam Resident of Kenai Alaska both own homes with a value of $120,000 plus personal property of two cars and a boat.

	Doaks	Resident
Income	$75,000	$75,000
Deductions	0	30,000
Taxable Income	75,000	45,000
Taxes	6,250	2,875
Credits		
Local Alaskan Real and personal property taxes at 8 mills on $150,000	0	1,200
Local sales taxes at 5% of 25% of income	0	937.50
Donation to Loan Fund	500	500
Donation to Campaigns	500	500
Total credits	1,000	3,175.50
Taxes owed	5,250	0

Bill Jones of Los Angeles and Don Smith of Fairbanks each own a $100,000 home and own two cars and a boat.

	Jones	Smith
Income	$45,000	$45,000
Deductions	0	25,000
Taxable Income	45,000	20,000
Taxes	2,825	1,000
Credits		
Local Alaskan Real and personal property taxes at 8 mills on $120,000	0	960
Local sales taxes at 5% of 25% of income	0	0
Donation to Loan Fund	500	0
Donation to Campaigns	500	40
Total Credits	1,000	1,000
Taxes owed	1,825	0

It should be the responsibility of employers to deduct the taxes from earnings. Non-resident contractors should be required to post a $500,000 bond to guarantee collection and payment of the taxes to the state of Alaska.

Yes, other states would retaliate against the state of Alaska, but then how many Alaskans work out of state while retaining Alaska residency.

A non-resident could buy real property in Alaska or rent Alaskan real property. Nothing would stop them from purchasing and keeping personal property in Alaska. They could buy taxable goods here and take them back home with them. Since a non-resident would be entitled to the same deductions as a resident the tax and deductions would not be discrimination.

While this proposal will not guarantee local hire the additional tax bite should discourage non-residents from working in Alaska. If nothing else the non-residents will start paying their fair share of the costs for services provided to them in the state of Alaska.

Sincerely,

William J. Phillips

William J. Phillips
Box 1994
Kenai, Alaska 99611

Introduced: 1/14/85
Referred: Judiciary
and Finance

IN THE SENATE BY ZIEGLER BY REQUEST

SENATE BILL NO. 7

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to income taxes on individuals; and providing for an effective date."

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

* Section 1. AS 43.20.011 is amended by adding new subsections to read:

(g) There is imposed for each taxable year upon the taxable income of every resident, nonresident, and part-year resident individual and fiduciary of the state, except those qualifying for the rates in (h) or (i) of this section, taxes computed according to the following table.

If the taxable income is:	Then the tax is:
Not over $2,000	3 percent of the taxable income
Over $2,000 but not over $4,000	$60 plus 3.5 percent of excess over $2,000
Over $4,000 but not over $6,000	$130 plus 4.0 percent of excess over $4,000
Over $6,000 but not over $8,000	$210 plus 5.0 percent of excess over $6,000
Over $8,000 but not over $10,000	$310 plus 5.5 percent of excess over $8,000
Over $10,000 but not over $12,000	$420 plus 6.0 percent of excess over $10,000
Over $12,000 but not over $14,000	$540 plus 7.0 percent of excess

	over $12,000
Over $14,000 but not over $16,000	$680 plus 7.5 percent of excess over $14,000
Over $16,000 but not over $18,000	$830 plus 8.0 percent of excess over $16,000
Over $18,000 but not over $20,000	$990 plus 8.5 percent of excess over $18,000
Over $20,000 but not over $22,000	$1,160 plus 9.0 percent of excess over $20,000
Over $22,000 but not over $26,000	$1,340 plus 9.5 percent of excess over $22,000
Over $26,000 but not over $32,000	$1,720 plus 10.0 percent of excess over $26,000
Over $32,000 but not over $38,000	$2,320 plus 10.5 percent of excess over $32,000
Over $38,000 but not over $44,000	$2,950 plus 11.0 percent of excess over $38,000
Over $44,000 but not over $50,000	$3,610 plus 11.5 percent of excess over $44,000
Over $50,000 but not over	

$60,000	$4,300 plus 12.0 percent of excess over $50,000
Over $60,000 but not over $70,000	$5,500 plus 12.5 percent of excess over $60,000
Over $70,000 but not over $80,000	$6,750 plus 13.0 percent of excess over $70,000
Over $80,000 but not over $90,000	$8,050 plus 13.5 percent of excess over $80,000
Over $90,000 but not over $100,000	$9,400 plus 14.0 percent of excess over $90,000
Over $100,000 but not over $150,000	$10,800 plus 14.0 percent of excess over $100,000
Over $150,000 but not over $200,000	$17,800 plus 14.5 percent of excess over $150,000
Over $200,000	$25,050 plus 14.5 percent of excess over $200,000

(h) There is imposed for each taxable year upon the taxable income of every resident, nonresident, and part-year resident married individual who makes a single return jointly with the taxpayer's spouse as provided in 26 U.S.C. 6013 (Internal Revenue Code) and upon every resident, nonresident, and part-year resident surviving spouse, as defined in 26 U.S.C. 2(a) (Internal Revenue Code), taxes computed according to the following table.

If the taxable income is:	Then the tax is:
Not over $4,000	3 percent of the taxable income
Over $4,000 but not over $8,000	$120 plus 3.5 percent of excess over $4,000
Over $8,000 but not over $12,000	$260 plus 4.0 percent of excess over $8,000
Over $12,000 but not over $16,000	$420 plus 5.0 percent of excess over $12,000
Over $16,000 but not over $20,000	$620 plus 5.5 percent of excess over $16,000
Over $20,000 but not over $24,000	$840 plus 6.0 percent of excess over $20,000
Over $24,000 but not over $28,000	$1,080 plus 7.0 percent of excess over $24,000
Over $28,000 but not over $32,000	$1,360 plus 7.5 percent of excess over $28,000
Over $32,000 but not over $36,000	$1,660 plus 8.0 percent of excess over $32,000
Over $36,000 but not over $40,000	$1,980 plus 8.5 percent of excess over $36,000
Over $40,000 but not over $44,000	$2,320 plus 9.0 percent of excess

	over $40,000
Over $44,000 but not over $52,000	$2,680 plus 9.5 percent of excess over $44,000
Over $52,000 but not over $64,000	$3,440 plus 10.0 percent of excess over $52,000
Over $64,000 but not over $76,000	$4,640 plus 10.5 percent of excess over $64,000
Over $76,000 but not over $88,000	$5,900 plus 11.0 percent of excess over $76,000
Over $88,000 but not over $100,000	$7,220 plus 11.5 percent of excess over $88,000
Over $100,000 but not over $120,000	$8,600 plus 12.0 percent of excess over $100,000
Over $120,000 but not over $140,000	$11,000 plus 12.5 percent of excess over $120,000
Over $140,000 but not over $160,000	$13,500 plus 13.0 percent of excess over $140,000
Over $160,000 but not over $180,000	$16,100 plus 13.5 percent of excess over $160,000
Over $180,000 but not over	

$200,000	$18,800 plus 14.0 percent of excess over $180,000
Over $200,000 but not over $300,000	$21,600 plus 14.0 percent of excess over $200,000
Over $300,000 but not over $400,000	$35,600 plus 14.5 percent of excess over $300,000
Over $400,000	$50,100 plus 14.5 percent of excess over $400,000

(i) There is imposed for each taxable year upon the taxable income of every resident, nonresident, and part-year resident head of a household, as defined in 26 U.S.C. 2(b) (Internal Revenue Code), taxes computed according to the following table.

If the taxable income is:	Then the tax is:
Not over $2,000	3 percent of the taxable income
Over $2,000 but not over $4,000	$60 plus 3.5 percent of excess over $2,000
Over $4,000 but not over $6,000	$130 plus 4.0 percent of excess over $4,000
Over $6,000 but not over $8,000	$210 plus 4.0 percent of excess over $6,000
Over $8,000 but not over $10,000	$290 plus 5.0 percent of excess over $8,000
Over $10,000 but not over $12,000	$390 plus 5.0 percent of excess over $10,000
Over $12,000 but not over $14,000	$490 plus 6.0 percent of excess

		over $12,000
Over $14,000 but not over $16,000		$610 plus 6.0 percent of excess over $14,000
Over $16,000 but not over $18,000		$730 plus 6.5 percent of excess over $16,000
Over $18,000 but not over $20,000		$860 plus 7.0 percent of excess over $18,000
Over $20,000 but not over $22,000		$1,000 plus 7.5 percent of excess over $20,000
Over $22,000 but not over $24,000		$1,150 plus 8.0 percent of excess over $22,000
Over $24,000 but not over $28,000		$1,310 plus 8.5 percent of excess over $24,000
Over $28,000 but not over $32,000		$1,650 plus 8.5 percent of excess over $28,000
Over $32,000 but not over $38,000		$1,990 plus 9.0 percent of excess over $32,000
Over $38,000 but not over $44,000		$2,530 plus 10.0 percent of excess over $38,000
Over $44,000 but not over		

$50,000	$3,130 plus 10.5 percent of excess over $44,000
Over $50,000 but not over $60,000	$3,760 plus 11.0 percent of excess over $50,000
Over $60,000 but not over $70,000	$4,860 plus 11.5 percent of excess over $60,000
Over $70,000 but not over $80,000	$6,010 plus 11.5 percent of excess over $70,000
Over $80,000 but not over $90,000	$7,160 plus 12.0 percent of excess over $80,000
Over $90,000 but not over $100,000	$8,360 plus 13.0 percent of excess over $90,000
Over $100,000 but not over $150,000	$9,660 plus 13.0 percent of excess over $100,000
Over $150,000 but not over $200,000	$16,160 plus 14.0 percent of excess over $150,000
Over $200,000 but not over $300,000	$23,160 plus 14.5 percent of excess over $200,000
Over $300,000	$37,660 plus 14.5 percent of excess over $300,000

(j) The department shall compute and publish Alaska income tax

liability tables for taxpayers.

(k) Notwithstanding (h) of this section, husband and wife may compute and pay taxes on taxable income as individual taxpayers in accordance with the tax table set out in (g) of this section if

(1) both of the taxpayers claim standard deductions or both of the taxpayers itemize deductions;

(2) the amount that is claimed by married taxpayers claiming a standard deduction as single persons does not exceed the amount of the standard deduction that each may claim; and

(3) deductions, exemptions or credits, other than the standard deduction, claimed by the taxpayers on their separate returns do not exceed the deductions, exemptions or tax credits that could be claimed by the taxpayers on a single return filed jointly in accordance with (h) of this section.

* Sec. 2. AS 43.20.013 is amended by adding a new subsection to read:

(d) The credit allowed by (a) of this section is in place of the credit allowed by 26 U.S.C. 41 (Internal Revenue Code) for contributions to candidates for public office.

* Sec. 3. AS 43.20.021(d) is amended to read:

(d) Where a credit allowed under 26 U.S.C. ([THE] Internal Revenue Code) is also allowed in computing Alaska income tax, it is limited to 16 percent for individuals and fiduciaries and 18 percent for corporations of the amount of credit determined for federal income tax purposes that [WHICH] is attributable to Alaska.

* Sec. 4. AS 43.20.030(a) is amended to read:

(a) An individual, fiduciary, [IF A] partnership, [WHICH HAS A CORPORATION AS A PARTNER] or [A] corporation [IS] required to make a return under the provisions of 26 U.S.C. ([THE] Internal Revenue Code) [, IT] shall at the same time file with the department a return

setting out

(1) the amount of tax due under this chapter, less credits claimed against the tax; and

(2) other information for the purpose of carrying out the provisions of this chapter that [WHICH] the department requires.

* Sec. 5. AS 43.20.030 is amended by adding new subsections to read:

(h) If the amount of the tax credit for political campaign contributions provided in AS 43.20.013(a) exceeds the tax liability of the individual taxpayer under this chapter, the commissioner shall pay the individual taxpayer the amount of money by which the credit exceeds the taxpayer's tax liability.

(i) If the amount of the credit for household and dependent care services provided in AS 43.20.013(b) exceeds the tax liability of an individual taxpayer under this chapter, the commissioner shall pay the individual taxpayer the amount of money by which the credit exceeds the taxpayer's tax liability.

* Sec. 6. AS 43.20.031 is amended by adding new subsections to read:

(j) The taxable income of a resident of the state is the taxpayer's entire taxable income as defined in 26 U.S.C. 63 (Internal Revenue Code) with the following modifications:

(1) a taxpayer whose income includes a cost-of-living allowance that is exempt from federal income tax shall determine and include that amount as part of income as if the cost-of-living allowance were not exempt;

(2) the benefits of nonrecognition of gain on the sale, exchange, or other disposition of property under 26 U.S.C. 1031, 1033, and 1034 (Internal Revenue Code) are allowed only to taxpayers who purchase or exchange the property within the state, except that the benefits of 26 U.S.C. 1034 (Internal Revenue Code) shall be allowed

regardless of the location of the property for taxpayers who have attained the age of 65 by the time of the purchase or exchange; for purposes of this paragraph,

(A) the gain that results is subject to the benefits of 26 U.S.C. 1201, 1202, 1221, and 1231 (Internal Revenue Code) as if the gain had been recognized for federal tax purposes; and

(B) the basis of the acquired property shall be adjusted as provided in 26 U.S.C. 1016 (Internal Revenue Code) as if the gain had been recognized for federal tax purposes;

(3) each taxpayer is allowed a minimum deduction equivalent in amount to the "zero bracket amount" defined in 26 U.S.C. 63(d) (Internal Revenue Code).

(k) The following exemptions are allowed in computing taxable income under this section:

(1) service pay received by members of the armed forces of the United States or auxiliary branches of the armed forces;

(2) pensions and annuities received from qualified plans approved under 26 U.S.C. 401 - 418E (Internal Revenue Code);

(3) income of a person derived from the sale of halibut taken from waters outside the territorial limits of the state and regulated by an international body or treaty organization if the person selling halibut in the state that is taken from outside the territorial limits of the state executes and submits to the department within 30 days after each sale a separate exemption certificate on a form approved by the department and the attorney general.

(l) A person who wilfully makes and subscribes to a certificate referred to in (k)(3) of this section that is not true and correct as to every material fact is punishable by a fine of not more than $10,000, or by imprisonment for not more than five years, or by both.

(m) A taxpayer who purchases an entry permit under AS 16.43 in carrying on a trade or business is entitled to a deduction of the amount of the price paid during the tax year as if it were allowable under 26 U.S.C. 162 (Internal Revenue Code). The basis of the entry permit shall be reduced by the amount of the deduction that the taxpayer is entitled to claim under this subsection.

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

Sec. 43.20.034. TAXABLE INCOME OF FIDUCIARY. The taxable income of a fiduciary is its taxable income as determined under AS 43.20.031 when attributable to sources in the state as provided in AS 43.20.040.

* Sec. 8. AS 43.20.036 is amended by adding a new subsection to read:

(j) For purposes of calculating the income tax payable under this chapter, the taxpayer may not apply as a credit against tax liability the credit for

(1) earned income under 26 U.S.C. 43 (Internal Revenue Code); or

(2) federal excise tax on gasoline allowed as to federal taxes under 26 U.S.C. 39 (Internal Revenue Code).

* Sec. 9. AS 43.20.040(b) is amended to read:

(b) In this section, income is from a source having a taxable or business situs in the state if it is derived from

(1) owning or operating business facilities or property in the state;

(2) conducting business, farming, or fishing operations in the state;

(3) [Repealed

(4)] a partnership <u>that</u> [WHICH] transacts business in the state;

<u>(4)</u> [(5)] a corporation <u>that</u> [WHICH] transacts business in

the state and that [WHICH] has elected to file federal returns under 26 U.S.C. 1371 - 1379 (subchapter S of the Internal Revenue Code);

(5) [(6) Repealed

(7)] engaging in any other activity from which income is received, realized or derived in the state;

(6) working for salary or wages in the state; or

(7) an estate or trust deriving income from sources in the state.

* Sec. 10. AS 43.20 is amended by adding a new section to read:

Sec. 43.20.042. TAXABLE INCOME OF NONRESIDENTS AND PART-YEAR RESIDENTS. (a) The taxable income of nonresidents or part-year residents of the state is taxable income as determined under AS 43.-20.031 when attributable to sources in the state as provided in AS 43.20.040 with the following modifications:

(1) a nonresident or part-year resident of the state shall be allowed a deduction, in place of the deductions provided in AS 43.-20.031(j)(3) and excess itemized deductions provided under 26 U.S.C. (Internal Revenue Code), in the amount of the minimum deduction and excess itemized deductions in the proportion provided in (b) of this section;

(2) a nonresident or part-year resident is allowed a deduction equal to the personal exemption deduction as defined in 26 U.S.C. 151 (Internal Revenue Code) in the proportion provided in (b) of this section.

(b) The ratio for prorating allowed by this section is the taxpayer's adjusted gross income from Alaska sources divided by the taxpayer's adjusted gross income from all sources. The ratio may not exceed 100 percent. The adjusted gross income for purposes of this subsection means adjusted gross income as defined in 26 U.S.C. 62

(Internal Revenue Code) as modified by AS 43.20.031.

(c) Deductions claimed that are allowed as deductions from gross income in arriving at adjusted gross income under 26 U.S.C. (Internal Revenue Code) are allowed only to the extent that they are connected with income that arises from sources in the state or property having a situs for taxation in the state.

* Sec. 11. AS 43.20 is amended by adding a new section to read:

Sec. 43.20.046. PRORATION OF PART-YEAR AND NONRESIDENT INDIVIDUAL CREDITS. Unless otherwise provided by this chapter, a credit allowable to a part-year resident and nonresident individual is limited to the amount of the credit computed according to AS 43.20.021(d), if that section applies, and shall be prorated as provided by AS 43.20.042(b).

* Sec. 12. AS 43.20 is amended by adding a new section to read:

Sec. 43.20.062. CREDIT FOR TAXES PAID ANOTHER STATE. (a) A resident is allowed as a credit against the tax otherwise due under this chapter the amount of income tax imposed on the resident for the taxable year by another state or territory of the United States on income derived from sources in the other state or territory that is also subject to tax under this chapter.

(b) The credit allowed in (a) of this section is limited to that proportion of the tax computed under this chapter, before the allowance of this credit, that the taxable income from the other state or territory bears to the total taxable income; however, this credit may not exceed the actual tax payable to the other state or territory.

* Sec. 13. AS 43.20 is amended by adding a new section to read:

Sec. 43.20.171. COLLECTION OF INCOME TAX AT SOURCE. (a) An employer making payment of wages or salaries shall deduct and withhold an amount of tax computed in a manner to approximate the amount of tax

due on those wages under this chapter for that year. The department shall publish the rate of withholding required by this section that shall be expressed as a percentage of the amount required to be withheld under 26 U.S.C. 3402 (Internal Revenue Code). An employer making a deduction and a withholding shall furnish to the employee upon request a record of the amount of tax withheld from the employee on a form prescribed by the department.

(b) The rules with respect to withholding of tax set out in 26 U.S.C. 3402(a) - (i), 3502(b), and 6414 (Internal Revenue Code) apply with respect to this section as though fully set out in this section. Remittance of taxes withheld shall be accompanied by returns on forms prescribed by the department.

(c) An employer making payments of wages or salaries earned in the state, regardless of the place where the payment is made,

(1) is liable for the payment of the tax required to be deducted and withheld under this section and is not liable to any individual for the amount of the payment; and

(2) shall make return of and pay to the department quarterly, or at other times the department requires, the amount of tax levied that under this chapter the employer is required to deduct and withhold; upon failure of the employer to comply with this subsection, the provisions of AS 43.05.220 apply.

(d) If the employer is the United States or the state or a political subdivision of the state, or an agency or instrumentality of one or more of the foregoing, the return of the amount deducted and withheld upon wages or salaries may be made by an officer of the employer having control of the payment of the wages or salaries or who is appropriately designated for that purpose.

(e) In this section, the terms "wages," "payroll period,"

"employee," and "employer" have the meaning given to those terms by 26 U.S.C. 3401(a), (b), (c) and (d), respectively, (Internal Revenue Code).

* Sec. 14. AS 43.20 is amended by adding a new section to read:

Sec. 43.20.181. CREDITS AGAINST TAX. The amounts deducted and withheld as taxes under AS 43.20.171 during a calendar year are allowed as credits to the taxpayer against the tax imposed by this chapter.

* Sec. 15. AS 43.20 is amended by adding a new section to read:

Sec. 43.20.216. PENALTY FOR LATE PAYMENT OF REFUND. Five percent shall be added to a tax refund due an individual taxpayer for each 30-day period or fraction of a period during which the department fails to issue a refund to which the taxpayer is entitled under this chapter, unless it is shown that the failure is due to a reasonable cause and not wilful neglect. The first refund period begins 45 days after the later of the due date or the date of filing of the return by the taxpayer. The additional amount payable to a taxpayer under this section may not exceed 15 percent of the refund due.

* Sec. 16. AS 43.20.012 and 43.20.013(c) are repealed.

* Sec. 17. This Act takes effect January 1, 1990.

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

April 10, 1985

MEMORANDUM

TO: Representative Niilo Koponen

FROM: Eric Laschever, Legislative Analyst

RE: Income Tax Scenarios
Research Request 85-287

At your request, I have prepared the following calculations of the revenues which would be generated by two different income tax schedules. I also estimate how much tax would be paid by nonresidents under each scenario.

Table 1 presents the tax rates, the amount of taxable income, and the tax revenues which would be produced for the two tax schedules which you provided. The income figures are from 1982, the last year for which data are available. Deductions for child care, other taxes and political contributions have been made. The first tax schedule yields $76 million on a total taxable income of $3.3 billion. The second schedule generates $111.7 million on a total taxable income of $3.0 billion.

I was unable to locate comprehensive data on the income of nonresidents who would be subject to Alaska State income tax. According to Sally Saddler of the Department of Labor, information is available on the percentage of total wages earned by workers in Alaska who are ineligible to receive Permanent Fund Dividends; ineligible individuals earned 21 percent of the wages earned in 1984. This information can be used to approximate the percentage of taxes which would be paid by nonresidents; however, the above figure has the following limitations: it does not include income from fishing and other nonwage employment, it is for all income levels (no data for different income levels are readily available) and the figure includes those residents who were not yet eligible for the Permanent Fund dividend at the time the information was collected. If we assume that the above figure represents the percentage of total income earned by nonresidents and that this percentage applied equally to all income levels, then the amount of taxes which would be paid by nonresidents would be $16 million and $23.3 million under the two scenarios respectively.

Please contact us if we can be of further assistance.

EL

Attachment

Table 1

Tax Revenues Produced by Two Tax Schedules
(Thousands of Dollars)

SCENARIO I				SCENARIO II			
Income Level	Tax Rate	1982 Taxable Income	Tax Revenue	Income Level	Tax Rate	1982 Taxable Income	Tax Revenue
$25-40	1%	$ 964,856.1	$9,648.6				
$40-60	2%	$1,165,120.0	$23,302.4	$30-50	2%	$1,263,330.1	$ 25,266.6
$60-80	3%	$ 673,668.1	$20,210.0				
$80-100	4%	$ 236,589.9	$ 9,463.6	$50+	5%	$1,729,030.3	$ 86,451.5
$100+	5%	$ 274,984.8	$13,749.2				
TOTAL		$3,315,218.9	$76,373.8	TOTAL		$2,992,360.4	$111,718.1

Source: Federal Income Tax Payer Profile, 1978, 1981, 1982, Department of Revenue, pp. 140-148.

Prepared by the House Research Agency, April 1985.

ALASKA
REVIEW OF SOCIAL AND ECONOMIC CONDITIONS
UNIVERSITY OF ALASKA, INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH, SEPT. 1984, VOL. XXI, No. 2

Prices and Incomes–Alaska and the U.S., 1980–1984

Introduction

Alaskans in the 1980s still pay more for nearly everything than other Americans. Prices in Alaska have always been high because of the state's geographic isolation, harsh climate, vast size, and related factors.[1] But not everything is uniformly more expensive in Alaska; how much more Alaskans pay depends on what they buy and where they live.

While prices in Anchorage and the state's other urban places are higher than the U.S. average, they are the lowest in Alaska. And price differences between Anchorage and other U.S. cities vary substantially by item. Costs of renting an apartment, for instance, may be twice as high in Anchorage as in most other U.S. communities, while costs of food may be only 10 percent higher. Bush Alaskans, especially those in the western and northern regions of the state, commonly pay twice as much or more for many items as urban Alaskans do.

Even though we know that prices are generally higher in Alaska, there is much we do not know about overall differences in living costs between Alaska and other states and within Alaska itself. The most detailed information on prices in Alaska is for the city of Anchorage, where the federal government began collecting such information in the 1960s. But even this price information has shortcomings, as we discuss later. Outside Anchorage, information on prices of most items has not been systematically collected over time.

The first part of this *Review* examines price differences within Alaska, and between Alaska and other states, based on figures from the U.S. Bureau of Labor Statistics, the 1980 U.S. census, and various other sources.

Alaska is known not only for its high costs, but also for its high incomes. But the high income figures mask the large differences in income that exist around the state; incomes are generally lowest in rural places where prices are highest. And the state's higher living costs mean that Alaskans need more money than other Americans do to buy the same kinds of food, houses, and other items.

The second part of the *Review* compares Alaskans' buying power with that of other Americans, and looks at how incomes differ within Alaska. We also report on wages Alaskans in various occupations were earning at the time of the 1980 census, and on differences the census found in earnings of Alaska men and women. Our main sources of information on incomes are the U.S. Bureau of Economic Analysis and the 1980 U.S. census. Although this census information is now several years old, much of it has only recently been published by the census bureau, and in many cases it is the best information available.

[1] In the October 1974 *Alaska Review of Social and Economic Conditions*, economists Arlon Tussing and Monica Thomas cite several possible causes for Alaska's high prices, including but not limited to, transportation costs to and within the state; high costs of construction in Alaska; uncertainties and delays in shipping and construction due to the state's harsh climate; small Alaska markets; seasonal fluctuations in production and sales in many Alaska industries; and rapid changes in industry and government activity which in the past have alternatively created shortages and oversupplies of goods in the state.

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FEATURE

Linda Leask — Prices and Incomes—Alaska and the U.S., 1980-1984

Linda Leask is a research associate with the Institute of Social and Economic Research, University of Alaska in Anchorage.

Prices, Alaska and the U.S.

This is the state of our information about living costs in Alaska in 1984:

- The only Alaska community for which there is a long-term record of prices and price changes is Anchorage. We have some information on prices in other Alaska communities, but there is no standard, periodic record of broad price changes outside Anchorage.
- The Anchorage consumer price index, the measure most often used to gauge price inflation in Alaska, may not have accurately recorded overall price changes in Anchorage between 1980 and 1982. The reasons for this possible inaccuracy are discussed elsewhere.[2] The important point here is that although the Anchorage index has more accurately measured inflation since early 1982, the questionable figures for the 1980-1982 period have not been verified or corrected if necessary—which means that the current Anchorage index figures may still not be accurate.
- The only series that compared overall living costs in Alaska and in other states—the federal government's annual family budgets for Anchorage and other U.S. cities—was discontinued in 1981.
- Several state agencies and the University of Alaska have studied cost differences among Alaska communities within the past 10 years—but there have been substantial disagreements in the cost differences reported in these studies.

[2]See Scott Goldsmith and Phillip Rowe, "The Anchorage Consumer Price Index—How Accurate?," *Research Summary* No. 14, January 1984, Institute of Social and Economic Research.

Measuring Living Costs

There is no true "cost-of-living" index in the United States. Such an index would continuously monitor changes in American spending habits. If, for instance, the price of hamburger doubled overnight and Americans began buying more chicken instead, the index would immediately take that shift into account. What we actually have are indexes that measure price changes for the specific groups of items—often referred to as "market baskets"—included in the indexes. Such indexes measure changes in the costs of living only to the extent that they include the kinds of things Americans actually buy.

The best-known and most widely used measures

of price changes in the U.S. are the national and city consumer price indexes published by the federal Bureau of Labor Statistics. Anchorage is one of the cities for which price indexes are published. These indexes record changes over time in prices of specific kinds and amounts of food, clothes, housing, medical care, and other items. The bureau decides what to include in the price indexes by making periodic surveys of how Americans spend their money. Such a survey is going on now; the previous one was made in the 1970s.

The national price index records price changes in the country as a whole since 1967, the base year for the index. The city indexes measure price changes in individual places since 1967. This means that *none of the indexes can be compared to show differences in prices between places*—each index is based on prices in a particular place in 1967. The only comparison we can make between indexes is a comparison of *the rates of increase of prices* in various places. We can—as we do later—examine whether prices have risen faster or slower in Anchorage than in the country as a whole since 1967.

A second kind of index issued by the Bureau of Labor Statistics between 1967 and 1981 did allow us to compare cost differences among various U.S. locations. The bureau's annual family budgets showed the incomes necessary for a hypothetical family of four to maintain a high, a moderate, and a low standard of living in 40 U.S. cities, including Anchorage. The kinds and amounts of items included in the budgets were based partly on nutritional and other standards developed by the federal government, and partly on surveys, done in the 1960s, on how American families spent their money. The budgets also included personal taxes the family would have to pay at different income levels.

Some Alaska economists believe that the budgets may have underestimated the incomes necessary for Anchorage families, because they did not include certain kinds of costs that are generally higher for Alaskans than for other Americans. For example, the budgets did not include costs of air fares; most travel between Alaska and the lower 48 is of necessity by air, while other Americans have the options of driving interstate. Also, since the items included in the budgets were based on 1960s information about American buying habits, many economists believed that by the 1980s the budgets needed substantial updating.

Still, the budgets at least offered a measure of the comparative costs of buying the same goods and services in different areas of the country. The bureau discontinued the series in 1981, reporting that it could not afford to make necessary revisions in the budgets.

Anchorage and U.S. Consumer Price Indexes[3]

The Anchorage consumer price index is important to Alaskans because it provides the only long-term record of price changes in the state.[4] (In fact, the 1984 Alaska Legislature considered a bill that would tie increases in the state spending limit to increases in the Anchorage index.[5]) This index is also the only gauge of how inflation in Alaska compares with inflation elsewhere in the country. This comparative measure of inflation is particularly valuable now, because with the end of the federal family budget series in 1981, there is no current measure of overall cost differences between Alaska and other states. By recording whether prices are rising faster or slower in Anchorage than in the U.S. as a whole, the Anchorage index at least indicates whether the price gap between Alaska and the rest of the country is widening or narrowing.

Unfortunately, recent ISER research has shown that the Anchorage index may not have accurately recorded overall price changes in Anchorage between 1980 and 1982. During that period the Bureau of Labor Statistics did not use Anchorage information to calculate changes in Anchorage homeowners' costs, but instead substituted information on homeowners' costs in other western cities.[6] Because homeowners' costs are the largest single item in the index, changes in those costs seriously affect the overall index.

We believe that the bureau's use of housing costs from other cities in the Anchorage index may have caused the overall inflation rate in Anchorage to have been overestimated in 1980 and underestimated in 1981 and 1982. The precise effect of this practice is uncertain.

At the end of 1982, the bureau changed its method of measuring changes in homeowners' costs—not because of the problem with the Anchorage

[3]Since 1978 there have been two versions of the consumer price indexes: the wage earners and clerical workers index and the all-urban consumers index. Movements of the two have been very close. Our discussions of the price index changes in recent years are based on the all-urban consumers index.

[4]The Bureau of Labor Statistics did issue a Fairbanks consumer price index in the late 1970s and the beginning of the 1980s, but it has been discontinued.

[5]In 1982, Alaska voters approved a state spending limit that ties increases in the state budget to increases in population and prices. The 1984 Alaska Legislature considered but did not pass House Bill No. 524 which would have linked increases in the spending limit to increases in the Anchorage consumer price index.

[6]See Goldsmith and Rowe, cited in note 2.

index, but for national reasons. As a result of the change, the bureau once again began using Anchorage figures to calculate changes in Anchorage homeowners' costs. So we believe that since 1982 the index has more accurately measured changes in both homeowners' costs and overall index costs. However, because the 1980-1982 figures have not been corrected, the current Anchorage index figures– which measure overall price changes from 1967 to the present—may still not be accurate.

1984 Indexes

In January 1984, the Anchorage consumer price index stood at 271.5 and the U.S. city average index at 305.2 (Table 1). According to these figures , prices from 1967 through early 1984 *increased 205 percent nationally and 171 percent in Anchorage—or about 20 percent more nationally than in Anchorage.*

It is in housing costs that we find the big difference between the Anchorage and the national indexes. ***Overall costs of housing in the U.S. increased 229 percent between 1967 and the start of 1984, as compared with an increase of only 168 percent in housing costs recorded by the Anchorage index.*** Total housing costs are divided into three kinds of costs: shelter, utility, and household operations costs. The most important of these is shelter costs—the costs of buying and renting homes. This is where we find the main difference between Anchorage and the national average in growth of housing costs. Shelter costs across the country increased 253 percent from 1967 through early 1984, as compared with a record increase of 149 percent in Anchorage.

These figures tell us that shelter costs increased 70 percent more nationally than in Anchorage during the past 16 years. Since home-buying costs make up most of the shelter costs, we know that it is specifically these costs that have grown much slower in Anchorage than they have nationwide.[7]

While we know that slower growth in housing costs had become an established trend in Anchorage before 1980, we do not know whether the gap between Anchorage and the U.S. housing indexes would be as wide if proper Anchorage data had been used between 1980 and 1982 instead of out-of-state data.

In addition, the overall inflation rates recorded by the two indexes would be much closer were it not for the very significant difference between the Anchorage and the U.S. shelter indexes. *Excluding shelter costs, prices of all items rose 188 percent in Anchorage and 190 percent nationally between 1967 and January 1984* (Table 1). Prices of clothes, medical care, and entertainment increased somewhat more in Anchorage than in the country as a whole since 1967, while prices of food, transportation, and miscellaneous items increased more nationally.

From January 1983 through January 1984, prices of all items in the price index rose 5.4 percent in Anchorage and 4.1 percent nationally. Costs of housing in Anchorage rose substantially faster than the national rate during that period. *Thus, in 1983, for the first time since the pipeline construction boom of the mid-1970s, prices in Anchorage rose faster than prices elsewhere in the country.*

Long-Term Trends

Figures 1 and 2 offer two ways of looking at long-term trends of the consumer price indexes for Anchorage and the country as a whole.

Figure 1 shows annual rates of increase in the overall indexes and in some individual items.

TABLE 1

U.S. City Average and Anchorage Consumer Price Indexes for All Urban Consumers, January 1984

(1967 = 100, except as noted)

	Anchorage		U.S.	
	Index	% Incr. from Jan. '83	Index	% Incr. from Jan. '83
All Items	271.5	5.4%	305.2	4.1
Food	272.9	4.4	299.4	3.9
Housing	268.5	6.8	329.2	3.6
Shelter	249.2	8.7	353.2	4.4
Renters' costs*	110.5	7.6	105.7	4.9
Rent (residential)	247.2	8.2	242.9	4.6
Homeowners' costs*	107.7	9.6	104.9	4.2
Fuel & other utilities	257.3	11.4	376.0	2.9
Furnishings & operation	320.7	–.2	240.4	2.0
Apparel & upkeep	200.1	5.3	196.4	2.8
Transportation	277.7	4.2	306.0	4.4
Medical Care	373.7	4.7	369.5	6.2
Medical care services	410.0	4.7	400.2	6.0
Entertainment	263.2	2.9	249.9	3.5
Other Goods & Services	260.2	5.3	300.5	7.4
All Items Less Shelter	287.9	4.2	289.8	4.1

*November 1982 = 100.

Source: U.S. Bureau of Labor Statistics.

[7]Anchorage rental costs, on the other hand, have actually increased faster than the national average.

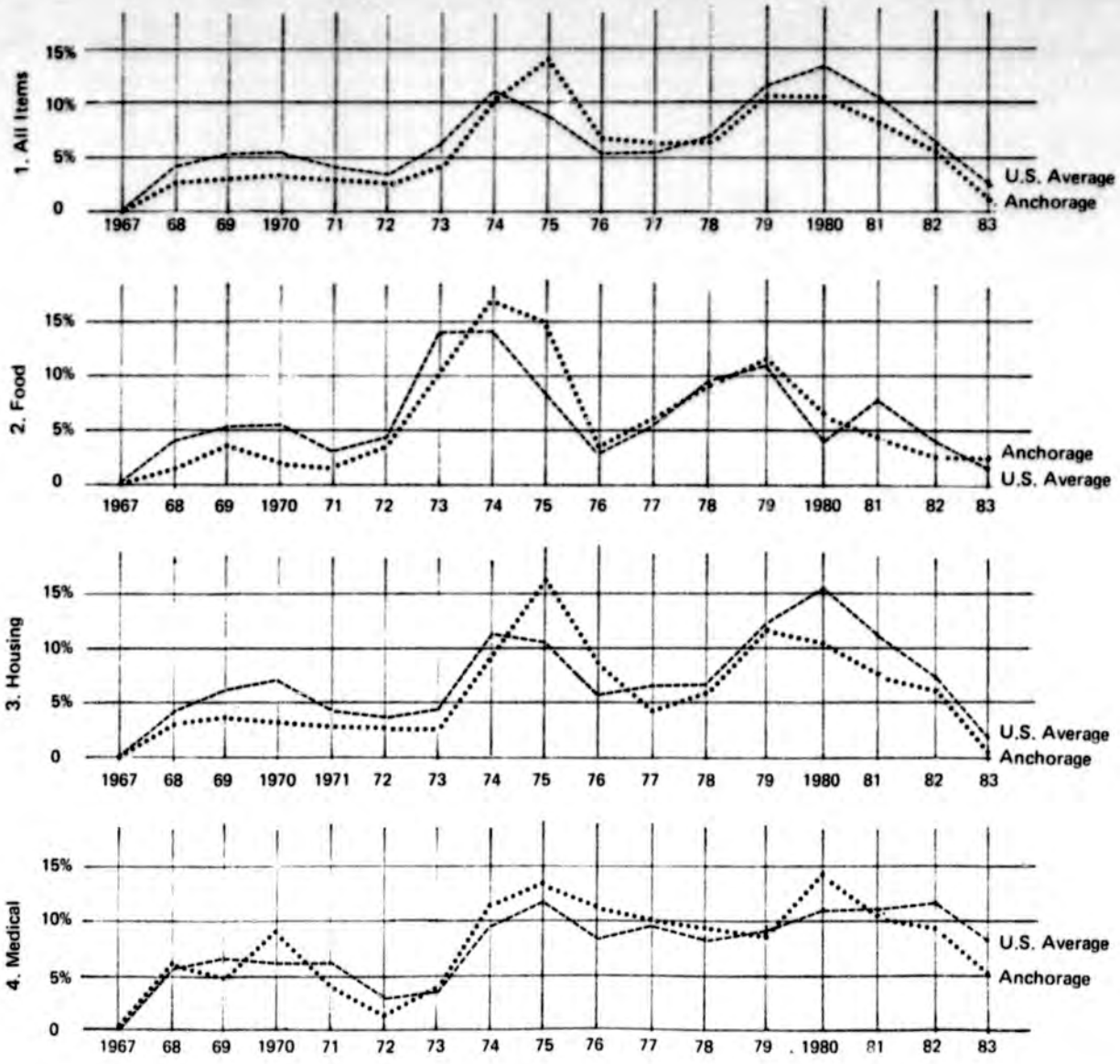

Figure 1. Annual Rates of Increase of Consumer Price Indexes, Anchorage and U.S. Urban Average, 1967-1983

Source: U.S. Bureau of Labor Statistics, U.S. urban average consumer price index and Anchorage consumer price index, 1967-1983.

Throughout the late 1960s and early 1970s, prices in Anchorage rose less than the national average. While national inflation was running between 3 and 5 percent annually during that period, Anchorage prices rose between 1.5 and 3 percent each year.

Economists cite several possible explanations of Anchorage's lower inflation during those years, including growth in the city's population (which created larger markets and allowed local businesses to take advantage of economies of scale) and development of cheaper methods of transporting goods from the lower 48.

Construction of the trans-Alaska pipeline, beginning in 1974, created an economic boom for the next 3 years. Between 1974 and 1976, prices in Anchorage for the first time increased faster than the

national average—and this during a period when inflation across the country had sharply increased. Between 1974 and 1975, prices of all items in the index increased nearly 15 percent in Anchorage as compared with about 9 percent in the country as a whole.

Although the causes of Anchorage's high inflation during that period are not entirely clear, a rapidly growing population and the resulting sharp increase in demand for many items, combined with high pipeline-related wages, were important factors. Renters were perhaps hardest hit by the big increase in population; many more people looking for apartments to rent created a very low vacancy rate, and rents climbed.

After the pipeline was completed in 1977, growth of prices in Anchorage once again fell below the national average. Anchorage saw an economic slowdown in the late 1970s; the city's population dropped; and demand for houses and apartments declined.

By the end of the decade, national inflation was very high, hitting about 13 percent in 1980. The main item pushing up the overall index was housing costs. Interest rates on home mortgage loans were at record highs. Inflation in Anchorage was also high in 1979 and 1980, but still below the national rate. In the early 1980s, inflation recorded by the Anchorage index was significantly below the national rate. However, this was the period during which the Bureau of Labor Statistics used out-of-state data to reflect changes in Anchorage homeowners' costs.

Figure 2 provides another way of looking at long-term trends in the price indexes; the graphs in this figure show overall growth in the Anchorage and U.S. indexes and in some individual index items from 1967 through 1983. Costs of all items in both Anchorage and the country as a whole have grown sharply since 1967, but overall price growth in Anchorage has been somewhat lower.

The fastest-growing costs in the past 16 years have been medical costs, which have increased nearly 300 percent in Anchorage and nationally. Housing costs, as shown in Figure 2, grew substantially more around the country than in Anchorage—but notice that growth in housing costs in Anchorage and the entire U.S. tracked much more closely before 1980, when the Bureau of Labor Statistics began using out-of-state data to calculate Anchorage homeowners' costs.

Annual Family Budgets, Anchorage and U.S.

From 1967 through 1981, the federal Bureau of Labor Statistics published annual family budgets that compared costs for a family of four to maintain three standards of living in 40 cities around the country, including Anchorage. These budgets did not report what families in Anchorage and other cities actually spent for food, housing, and other items. They showed comparative costs of buying a specific group of goods and services—a "market basket"—at each standard in various cities.

Table 2 shows the last in the series, the 1981 budgets for Anchorage and the U.S. average. *In 1981, costs of maintaining the three standards of living in Anchorage ranged from 20 to 50 percent above the national averages. Housing, personal income taxes, and medical care were the three most expensive budget items, relative to U.S. averages.*

In 1981, the bureau estimated it would cost more than $45,000 for a family of four to maintain a high standard of living in Anchorage—about 19 percent more than the $38,000 required to maintain the same standard in the average U.S. city. A family at a moderate standard of living in Anchorage in 1981 needed $32,000, or 26 percent more than the $25,000 required for a moderate standard elsewhere in the country. But it was at the low standard that the cost difference was greatest. To maintain a low standard of living in 1981, an Anchorage family of four needed almost $23,000, 50 percent more than the $15,000 needed to sustain the same standard in other cities. A look at the three costliest budget items—housing, medical care, and income taxes—tells us why the burden of Anchorage's high costs are heaviest on poorer families.

Housing Costs. *Anchorage housing costs were 35 percent above the national average at the high standard of living in 1981, 42 percent higher at the intermediate standard, and 95 percent higher at the low standard.* This huge difference exists at the low standard because all families at that standard are assumed to rent rather than own homes. Long-term trends in the consumer price indexes show that costs of owning homes did not increase as much in Anchorage as they did nationally during the 1970s. But although the difference in housing costs between Anchorage and average U.S. cities is not as large as it once was, Anchorage homes are still substantially more expensive, and rents in Anchorage remain very high relative to the national average.

Medical Costs. Medical care was another Anchorage budget item that cost far more than the national average in 1981. *Costs of medical expenses included in the Anchorage budgets at all three standards were 60 percent higher than the national average in 1981.* But these high costs were hardest on the low-income Anchorage family, because the budgets assumed that a family at any standard of living would

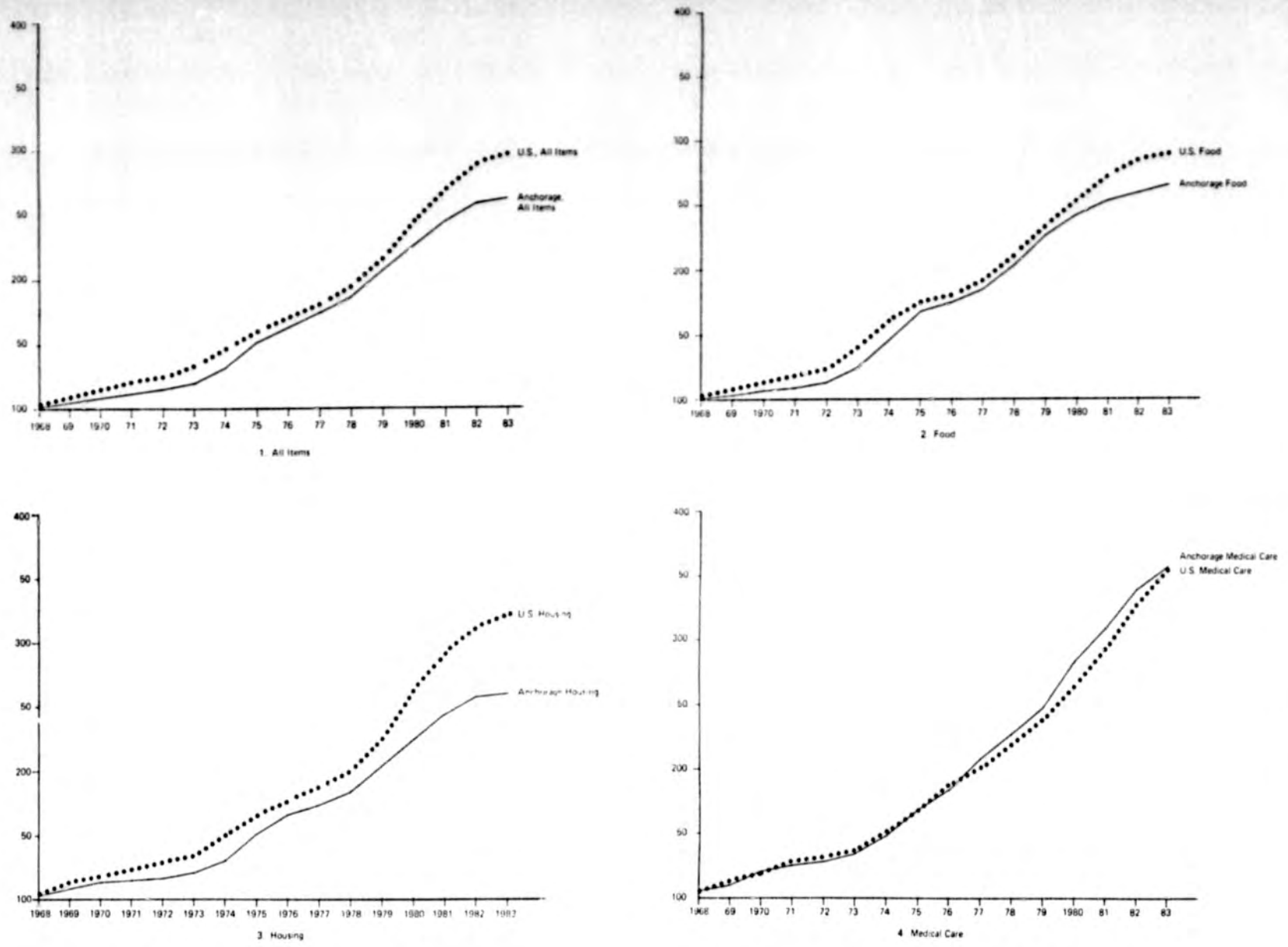

Figure 2. Growth in the Anchorage and U.S. Average Consumer Price Indexes, 1967-1983
(1967 = 100)

TABLE 2

Anchorage and U.S. Urban Average Budgets for a Four-Person Family at Three Standards of Living, Autumn 1981

		1 High Standard of Living	2 Anchorage/ U.S. Ratio	3 Intermediate Standard of Living	4 Anchorage/ U.S. Ratio	5 Low Standard of Living	6 Anchorage/ U.S. Ratio
Total Budget[a]	Anchorage	$45,119	119	$31,890	126	$22,939	150
	U.S.	38,060	100	25,407	100	15,323	100
Food	Anchorage	8,077	110	6,586	113	5,377	118
	U.S.	7,366	100	5,843	100	4,545	100
Housing	Anchorage	11,380	135	7,865	142	5,492	195
	U.S.	8,423	100	5,546	100	2,817	100
Transportation	Anchorage	3,484	113	2,949	124	2,198	168
	U.S.	3,075	100	2,372	100	1,740	100
Clothing	Anchorage	2,096	108	1,541	116	1,124	120
	U.S.	1,947	100	1,333	100	937	100
Medical Care	Anchorage	2,388	159	2,308	160	2,304	160
	U.S.	1,505	100	1,443	100	1,436	100
Personal Income Taxes[b]	Anchorage	10,565	113	5,491	124	2,924	183
	U.S.	9,340	100	4,443	100	1,596	100

[a]Some budget categories have been omitted here; therefore, costs of categories included will not total overall budget costs.

[b]Personal income tax category includes federal, state, and local income tax payments for the U.S.; in Anchorage in 1981 the only income taxes residents paid were federal.

Source: U.S. Bureau of Labor Statistics.

require essentially the same amount of medical care. Therefore, the family with an income of $23,000 was assumed to pay as much for medical care as a family with an income of $45,000.[8]

Medical costs in the budgets include personal payments for health insurance, and for expenses not covered by insurance at the time the budgets were developed in the 1960s. These noncovered items include part of the cost of visits to doctors and dentists, prescription drugs, and other items. Such expenses may have no longer represented typical family medical costs by 1981, since in recent years health insurance has covered more kinds of medical costs. Still, the figures do indicate that medical costs—whether paid for by insurance companies or

[8]The budgets assumed that the family at the low standard, while having a smaller income than families at the other standards, paid its own medical costs and did not qualify for help under government programs.

individuals—are much higher in Anchorage than in the country as a whole. (Table 19 provides another measure of medical costs in Alaska.)

Income Taxes. A third costly item in the Anchorage budgets for 1981 was personal income taxes. Anchorage families at all three standards paid substantially more in personal income taxes than did their counterparts in the average U.S. city. As Table 2 shows, *Anchorage families at the high, moderate, and low standards, respectively, paid 13 percent, 24 percent, and 83 percent more in personal income taxes in 1981 than did families at the same standards in other cities.* These differences are particularly striking because the Anchorage figures include only federal income taxes—there were no state or local income taxes in Anchorage that year—while the national figures include state and local as well as federal tax payments.

Federal income taxes hit Alaskans hard because the progressive tax system, under which higher incomes are taxed at a higher rate, does not take into account Alaska's higher living costs. Thus, an Alaska family with an income of about $32,000 in 1981 was taxed at a higher rate than a typical U.S. family with an income of $25,000, although the two incomes were roughly equivalent in buying power.

Although this system affects all Alaska families, it is especially hard on low-income families. This is true because the income needed to maintain a low standard of living in Alaska is so much larger than that needed to maintain the same low standard in other U.S. cities. As Table 2 shows, Anchorage families at the low standard of living in 1981 needed an income 50 percent higher than their counterparts in the lower 48; families at the moderate standard in Anchorage needed an income about 26 percent higher than their equivalent in other cities; and families at the high standard in Anchorage needed an income about 20 percent higher than elsewhere.

TABLE 3

Federal Taxes as Percentage of Total Family Budgets* at Three Standards of Living, Anchorage and U.S. Average
1981

	U.S.	Anchorage	Relative Tax Burden, Anchorage/U.S.
Low Budget	8.4%	12.7%	1.51
Intermed. Budget	14.1	17.2	1.22
High Budget	20.1	23.4	1.16

*Based on income figures from the Bureau of Labor Statistics' *Urban Family Budgets for Selected Cities,* Autumn 1981. See Table 2 for overall budget figures. In calculating federal taxes that would be due on these incomes, we assumed that all taxpayers would take the standard deduction rather than itemize deductions.

TABLE 4

Ratios of Anchorage/U.S. Average Costs at Three Standards of Living, 1967 and 1981
(U.S. Average = 100)

	Low		Intermediate		High	
	1967	1981	1967	1981	1967	1981
Total budget costs	155	150	141	126	132	119
Food	132	118	126	113	124	110
Housing	198	195	163	142	149	135
Clothing	113	120	111	116	103	108
Medical care	136	160	136	160	136	159
Personal income taxes	248	183	191	124	165	113

Source: U.S. Bureau of Labor Statistics, *Annual Family Budgets for a Four-Person Family at Three Standards of Living,* 1967 and 1981.

Table 3 illustrates the effects of the federal tax system; it shows what percentages of their incomes families paid in 1981 federal income taxes at the three standards of living in Anchorage and in the U.S. as a whole. At the high standard of living, the Anchorage family spent 23.4 percent of its budget for federal taxes, as compared with 20.1 percent for families in the U.S. as a whole. At the moderate standard, the Anchorage family paid 17.2 percent of its budget in federal taxes, as compared with 14.1 percent by its U.S. counterpart. And at the low standard, the Anchorage family paid 12.7 percent of its income for federal taxes, as compared with 8.4 percent for families at the same standard elsewhere.

Notice that the Anchorage family at the lowest standard of living carried the highest relative tax burden—51 percent more than its average U.S. counterpart.

Aside from costs of housing, taxes, and medical care, other kinds of costs included in the 1981 family budgets generally ranged from about 10 to 25 percent higher in Anchorage than in other areas of the country.

Table 4 and Figure 3 show how Anchorage costs at the three standards of living changed relative to

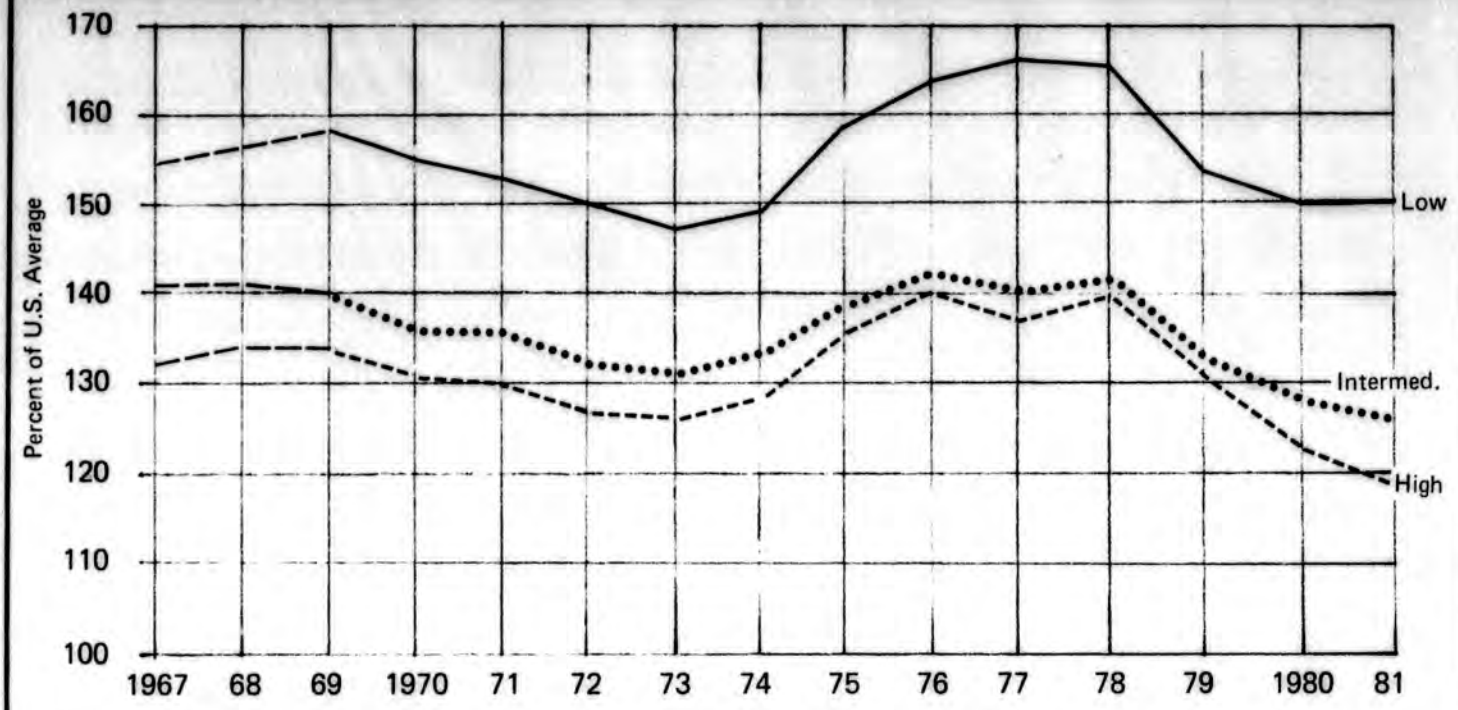

Figure 3. Ratios of Anchorage/U.S. Urban Average Costs of Budgets at Three Levels of Living for a Four-Person Family, 1967-1981
(U.S. Urban Average = 100)

Source: U.S. Bureau of Labor Statistics, "Indexes of Comparative Costs Based on Three Standards of Living for a Four-Person Family," 1967-1981, with the exception of the year 1968, for which no budgets were done. For this figure, probable ratios for 1968 were computed through the use of the Anchorage Consumer Price Index.

U.S. average costs over the life of the budget series.

At the start of the series in 1967, costs for the Anchorage family were 55 percent higher than the national average at the low standard, 41 percent higher at the moderate standard, and 32 percent higher at the high standard. In 1967, as was still true in 1981, costs of housing, medical care, and personal income taxes were among the highest relative costs Anchorage residents faced. But between 1967 and 1981, Anchorage housing at the moderate and high standards became less expensive relative to U.S. average costs. At the same time, however, medical costs at all three standards became more expensive in Anchorage compared to other areas of the country. Personal income taxes, while still much higher, were not nearly as far above U.S. average taxes in 1981 as they had been in 1967; this relative decline was due in part to elimination of the Alaska state income tax in 1980. Food was also relatively less expensive in Anchorage at all three standards by 1981 (see also Table 15).

Figure 3 shows how relative Anchorage-U.S. costs changed year by year from 1967 through 1981. During the late 1960s and early 1970s, life in Anchorage became relatively less expensive at all three standards—as we would expect, since prices (as recorded by the consumer price indexes) were rising faster nationwide than in Anchorage during that period.

Then came the years of pipeline construction, accompanied by high inflation in Anchorage. The trend of the preceding years was reversed in the mid-1970s, as costs of maintaining all three standards of living in Anchorage became higher relative to the U.S. average. But it was at the low standard that the effects were greatest; the figure shows that costs of maintaining a low standard of living in Anchorage soared to about 65 percent above U.S. average costs. This substantial effect at the low standard occurred mainly because rents in Anchorage increased so fast during that period. Prices of houses in Anchorage were also affected by the pipeline boom, but not

as much as rents.

After the pipeline was complete, inflation in Anchorage again fell below the national rate, and once again relative costs at all three standards began to decline. This decline continued through 1981, except at the low standard, where Anchorage costs remained at about 50 percent above U.S. average costs in both 1980 and 1981. One of the main factors that kept the relative costs of the low standard so high was that Anchorage rents in 1980 were still much higher than in other areas—and they increased sharply in the early 1980s.

We don't know how relative costs have changed since the family budget series ended; the Bureau of Labor Statistics has not announced any plans to begin reissuing these budgets that provided the only comprehensive comparison of living costs between any Alaska community and other U.S. places. We do, however, have more current information on prices of some items in Alaska towns and in other U.S. communities; and we present that information in the following sections.

Miscellaneous Prices, Alaska and the U.S.

The following tables show price differences between various items in Alaska and elsewhere in the 1980s. These tables do not tell us how overall living costs vary between, say, Anchorage, and Barrow, but they do show us how much prices differ for specific items around the state.

Transportation Costs.[9] The costs of transporting goods to and within Alaska of course contribute to the state's higher prices. *But the kinds of goods shipped, how and in what quantities they are transported, and where in Alaska they are shipped all influence how much transporation costs add to the final prices of the items.*

About four tons of goods for each Alaskan are shipped from the lower 48 each year. Almost all these goods—as much as 99 percent—come to the state by water, which is the cheapest means of transportation. Port communities in southcentral and southeast Alaska enjoy the state's lowest shipping costs; Anchorage in particular can take advantage of the reduced costs of shipping goods in large quantities.

In ports in western Alaska, several factors drive up prices of goods that arrive by water. Because these ports are generally shallow, goods have to be lightered in—which can add one or two dollars in transport costs for each hundred pounds. Also, towns in western Alaska are small, which means they order in small quantities and cannot take advantage of discounts for larger orders. Finally, the Bering Sea is ice-free only part of the year, but there are year-round costs of maintaining the port facilities.

No scheduled barges serve the farthest north coastal communities, although the petroleum companies operating on the North Slope do take advantage of the brief ice-free period in late summer to transport heavy equipment and supplies by barge.

A large share of goods that arrive in Alaska by water are transported by truck or rail to their final

TABLE 5

Rates for Transporting Goods by Water,[a] Seattle to Selected Alaska Communities, February 1984

	Anchorage	Fairbanks	Kenai
		($ per 100 lbs.)	
Foodstuffs[b]			
45,000 lbs.	$5.73	$8.99	$7.68
900,000 lbs.	5.41	8.67	7.34
Machinery			
20,000 lbs.	19.83	26.99	–
70,000 lbs.	10.34	13.44	–
126,000 lbs.	7.78	11.09	11.37
Dept. Store Merchandise[c]			
17,000 lbs.	18.71	24.63	–
70,000 lbs.	10.03	12.93	12.07
Iron and Steel[d]			
29,000 lbs.	14.80	20.04	17.82
84,000 lbs.	8.20	11.66	9.41
Lumber			
125,000 lbs.	8.50	10.31	10.06
2,000,000 lbs.	3.50	5.12	5.00

[a]Including additional costs of transporting goods from port to final destination when applicable.

[b]Specifically, beverages; costs of transporting other foodstuffs vary.

[c]Includes most kinds of items carried in department stores.

[d]Structural iron and steel.

Sources: Totem Ocean Trailer Express; Pacific Western Lines.

[9]This discussion of transportation costs is based on information from *An Alaska Census of Transportation*, by John T. Gray and J. Phillip Rowe, Institute of Social and Economic Research, March 1982; and additional information provided by John Gray, manager of marketing and sales for the Alaska Railroad.

destinations in southcentral and portions of interior Alaska, but must be flown in to many remote communities.

How much transportation costs add to the final price of goods delivered to the state's largest communities varies greatly among items. They add less to the final price of such small, lightweight items as clothes, than to the price of large, heavy items like construction materials and cars. This is because thousands of blouses, for instance, might weigh the same as one car; in final sales, the transportation costs can be allocated among the many blouses, while the final price of the single car would include all the transportation costs. This is one of the factors that contributed to the relatively higher prices of housing than of clothes or food that we saw in the annual family budgets for Anchorage.

Table 5 shows sample costs of transporting various goods by water from Seattle to Anchorage and added transportation costs to Fairbanks and Kenai. The tariff for transporting one hundred pounds of food is considerably less than for shipping the same weight of lumber or machinery. Also, transportation costs decline significantly when larger quantities are shipped. For instance, if a buyer had ordered 17,000 pounds of department store merchandise shipped from Seattle to Anchorage in early 1984, he would have paid $18.71 for each one hundred pounds. If, however, he had ordered 70,000 pounds, he would have paid only $10.03 per hundred pounds.

TABLE 6

Air Freight and Parcel Post Rates, Anchorage to Selected Alaska Locations March 1984
(per 100 lbs.)

From Anchorage to:	Air Freight	Parcel Post* (4th Class)
Barrow	$46.45	$9.14
Bethel	31.45	7.74
Dillingham	28.55	7.74
Kotzebue	35.00	9.14
Nome	35.00	9.14
Fairbanks	36.00	9.14
Kenai	23.00	7.74
Kodiak	31.00	7.74

*Parcel post (4th Class) rate for 100 pounds packaged in two 50-pound parcels.

Sources: Wien Air Alaska, Alaska Airlines, Alaska Aeronautical Industries, and U.S. Postal Service.

TABLE 7

Round-Trip Air Fares,* Alaska Locations to Seattle, December 1980 and January 1984

From	Jan. 1984	Dec. 1980	Percent Increase
Anchorage	$568	$370	54%
Kenai	574	370	55
Fairbanks	696	475	47
McGrath	688	502	37
Juneau	416	298	40
Ketchikan	328	237	38
Bethel	768	474	62
St. Marys	956	612	56
Dillingham	768	500	54
Cold Bay	840	605	39
Kotzebue	930	644	44
Barrow	982	697	41
Nome	930	644	44

*Coach class or least expensive regular fare; does not reflect any special discount fares such as super-saver fares.

Sources: Wien Air Alaska, Western Airlines, Alaska Airlines.

Lighter goods are often transported by air within Alaska, particularly to the more remote communities. Table 6 shows sample rates for shipping one hundred pounds by air freight or parcel post from Anchorage to other Alaska locations in 1984. The parcel post rate is by far the cheaper in every instance; parcel post is a particular bargain for Alaskans in the farthest north communities. The costs of shipping one hundred pounds by parcel post from Anchorage to other Alaska communities is at most one-third the cost of a similar shipment by air freight, and in some cases as little as 20 percent. For example, residents of Barrow would pay $46.45 to ship one hundred pounds by air freight from Anchorage, but only $9.14 if they used parcel post. Not all kinds of things can be shipped by parcel post—the U.S. Postal Service restricts the weight and dimensions of packages it accepts. Still, a 1981 ISER study estimated that 70 percent of consumer goods that arrive by air in rural Alaska communities (excluding regional centers) come via parcel post.

Alaskans fly more than other Americans. Some Alaska towns can be reached only by air, and most travel outside Alaska is of necessity by air. Table 7 shows the comparative costs in early 1984 for resi-

dents of various Alaska towns to fly to Seattle, the nearest city in the lower 48. It also shows the increase in air fares in the past several years.

Regular round-trip air fares (not including any special fares) from many Alaska communities to Seattle increased from 40 to 60 percent between 1980 and 1984. Residents of southeast Alaska, which is closest to Seattle, pay the lowest fares; Anchorage and other southcentral residents pay the next lowest fares, and those in the western and northern areas the highest. In early 1984, residents of Nome and Kotzebue in northwestern Alaska paid $930 to fly to Seattle and back—which was more than twice as much as Juneau residents would have paid for a similar trip. Alaskans living in Barrow, at the northern tip of the state, paid nearly $1,000 to fly to Seattle and back.

Housing Prices. As previously stated, the Bureau of Labor Statistics' annual family budgets cited housing as one of the most expensive items in Anchorage, relative to U.S. average costs. (Tables 9 through 12 show information on Alaska housing costs from different sources.)

The 1980 census showed that 64.4 percent of houses in America were occupied by owners; in Alaska that proportion was 58.3 percent and in Anchorage 56.5 percent. This lower percentage in Alaska probably reflects both the high price of houses here and the transiency of the state population; many people stay in Alaska for only a short time. Also, Alaska's population is younger than the U.S. average, and younger people in general are less able to afford homes.

Table 8 shows some of the characteristics of houses in Alaska and in the country as a whole at the time of the 1980 census. *Alaska houses in general are newer but more crowded and much more likely to be without plumbing than other U.S. houses.* The table shows that more than half the houses in Alaska in 1980 had been built in the previous 10 years, while in the entire U.S. about one-quarter of all houses had been built between 1970 and 1980. More than 10 percent of houses in Alaska in 1980 lacked plumbing, as compared with about 2 percent nationwide. Roughly 10 percent of Alaska houses were occupied by more than one person per room, as compared with 4.5 percent across the country. Most of the small houses without plumbing are in rural Alaska; in some census divisions in 1980, 75 percent or more of houses had no plumbing. In Anchorage, the percentage is closer to the U.S. average.

TABLE 8

Housing Characteristics, Alaska and U.S. Average, 1980

	% built between 1970-1980	% lacking complete plumbing	% w/more than one person/room
Alaska	52.7%	10.4%	10.1%
Anchorage	55.8	1.4	4.4
U.S.	26.2	2.2	4.5

Source: U.S. Department of Commerce, Bureau of the Census, 1980 census.

TABLE 9

Median Value of Owner-Occupied Houses, Alaska and U.S., 1970 and 1980

	1970	1980	Percent Increase, 1970-1980	1980 Values as Percentage of U.S. Average (U.S. = 100)
Alaska	$23,100	$76,300	+230%	161
Anchorage	32,400	89,200	+175	188
U.S. Average	17,000	47,200	+178	100
U.S. Urban Avg.	18,100	52,200	+188	111

Source: U.S. Department of Commerce, Bureau of the Census, 1980 census.

Table 9 compares the median values of single-family homes in Alaska and the rest of the country in 1980 and shows how much those values changed between 1970 and 1980. *The median value of homes in the U.S. was $47,000 in 1980; in cities, the median value was more than $52,000. In Alaska at this time, the median value of homes was about $76,000, and about $89,000 in Anchorage.*

Table 9 also shows that the median value of houses in Alaska increased 230 percent between 1970 and 1980 as compared with about 178 percent across the country. In Anchorage, however, house values went up only about 175 percent as compared with 188 percent in other U.S. cities.

Table 10 gives us an indication of how house values changed in Anchorage and around the country between 1980 and 1983; this table shows not the value of all existing homes, but rather just the median prices of houses that were actually sold in 1980 and 1983.

Notice that the median value of all U.S. homes in 1980, as reported by owners, was considerably below the median price of houses actually sold that year—while in Anchorage the 1980 figures for all

TABLE 10

Median Price of Houses Sold,[a] Anchorage and U.S., 1980 and 1983

	1980	1983	% Change 1980-83
Anchorage	$89,500[b]	$115,936[b]	+29.5%
U.S.	62,200	70,300	+13.0

[a]These figures are median prices that existing single-family houses (excluding condominiums) sold for in Anchorage and in the U.S. as a whole in 1980 and 1983; they do not necessarily represent values of houses that were not on the market during that period.

[b]Estimated.

Sources: Anchorage Multiple Listing Service; National Association of Realtors.

homes and for houses sold were very close. In Anchorage, houses are generally newer, there is frequent turnover in home ownership, and homeowners are more likely to know the market values of their houses. In the country as a whole in 1980, some homeowners, particularly those who had lived in the same house for a number of years, might not have been aware of the actual market value of their homes and so underestimated them. The substantial difference in the 1980 U.S. figures for all homes and for just houses sold could have also resulted from the high national interest rates that year; since only wealthier Americans could afford to buy houses, the houses sold tended to be more expensive than the average U.S. house.

The median price of houses sold across the U.S. in 1983 was $70,300, as compared with nearly $116,000 in Anchorage. Between 1980 and 1983, house prices went up about 13 percent nationally and nearly 30 percent in Anchorage.

These figures make sense if we remember that the housing market in Anchorage in the early 1980s was much different than in other areas of the country. At the beginning of the 1980s, interest rates on home mortgage loans nationwide were at record highs. These very high mortgage rates priced many Americans out of the market and held down increases in house prices.

At the same time, the Alaska state government was subsidizing mortgage rates. The state made home loans available through the Alaska Housing Finance Corporation at several percentage points below the national rate. And Anchorage's population was growing quickly in the early 1980s—some estimates say by as much as 25 percent in 3 years. This combination of favorable interest rates and a growing population created an active housing market with rapidly rising prices.

But Table 10 only shows the prices houses sold for, not of the overall costs of buying houses in Anchorage and elsewhere. While sales prices in Anchorage are considerably higher, mortgage interest rates are higher elsewhere. An owner's monthly costs are determined not only by the price of the house but the interest rate on the mortgage loan and the size of the down payment. Also, these figures do not take into account possible differences in the quality, size, and other factors of houses sold.

Table 11 shows how median monthly rents in Alaska and other states compared at the time of the 1980 census, and how those rents had changed between 1970 and 1980.

In 1980 the median monthly rent in Alaska was $340 and in the city of Anchorage $360. These figures compare with 1980 median rents of $198 in the U.S. as a whole, and $205 in U.S. cities. Rents rose faster across the country than they did in Alaska between 1970 and 1980; still, in 1980, *rents in Alaska were 70 percent above—and in Anchorage 80 percent above—the national median.* At the time of the census, rents in Anchorage had not changed much in several years. Builders reacted to the apartment shortages of the mid-1970s by building many new apartments in Anchorage; in the economic slowdown that followed pipeline construction, many of those apartments were vacant.

Soon after the census, Anchorage's economy began to pick up again, and many people moved to

TABLE 11

Median Monthly Rents, Alaska and U.S. Average 1970 and 1980

	1970	1980	Percent Increase, 1970-1980	1980 Rents as % of U.S. (U.S. Avg. = 100)
Alaska	$171	$340	+99%	172
Anchorage	199	360	+81	182
U.S. Average	89	198	+122	100
U.S. Urban Avg.	92	205	+123	104

Source: U.S. Department of Commerce, Bureau of the Census, 1980 census.

Anchorage. The apartment vacancy rate dropped quickly and rents went up. Table 12 shows how rents increased in Anchorage and nationally between 1980 and 1983. *During the first three years of the 1980s, rents in Anchorage went up more than 50 percent, as compared with about a 25-percent increase nationwide. The biggest increase in Anchorage was between 1981 and 1982, when rents jumped more than 20 percent.*

So we know that rents in Anchorage were not only far above the national average in 1980, but have since increased much faster than in other areas of the country. These high rents are difficult for the poorer families in Anchorage, most of whom are renters. Many apartments were built in Anchorage in the past few years, and rents in the city had correspondingly stabilized as of early 1984.

Construction Costs. Building in Alaska has always been very expensive; tables 13 and 14 show several indexes of cost differentials for public works and other large construction projects in Alaska and elsewhere.

Table 13 shows regional cost differentials developed by the U.S. Army Corps of Engineers and the Alaska Department of Transportation and Public Facilities. *The Corps of Engineers estimated that large construction projects in Washington, D.C. would cost about half of what they would in Anchorage, while costs in Barrow and in the Aleutian Islands would be double those of Anchorage.* Construction costs in other Alaska communities ranged from 10 to 85 percent above Anchorage costs.

The state Department of Transportation and Public Facilities estimated that large projects cost about the same in Juneau and Fairbanks as in Anchorage, while projects on the North Slope were about three times as expensive as in Anchorage. The department put costs in large western villages at 50 percent above Anchorage costs, but costs in smaller, more isolated western villages at 150 percent above Anchorage's.

Table 14 shows material and labor cost differences for large construction projects in Anchorage, Fairbanks, and other U.S. cities. Developed by private industry, the index in Table 14 uses construction costs in Boston as a base.

Costs of both materials and labor in Anchorage and Fairbanks were rated at 45 percent above costs in Boston in 1984. U.S. cities outside Alaska showed relatively little difference in costs of materials, but a wide difference in costs of labor. For example, material costs in the Table 14 sample varied from a

TABLE 12

Increase in Residential Rent,* Anchorage and U.S. City Average, 1980-1983
(1967 = 100)

	1980	1981	1982	1983	Percent Increase
U.S. Average	191.6	208.2	224.0	236.9	23.6%
Anchorage	158.3	169.1	206.6	239.3	+51.6%

*As measured by the Consumer Price Indexes for the U.S. city average and Anchorage.

TABLE 13

Regional Cost Differentials for Public Works Projects, c. 1980
(Anchorage = 100)

Places	U.S. Department of Defense*	Alaska Department of Transportation & Public Facilities
Washington, D.C.	53	
Anchorage	100	100
Barrow	205	
Barter Island	189	
Bethel		150
Cold Bay	158	
Fairbanks	111	106
Fort Yukon	158	
Juneau	95	102
Kenai Peninsula	111	
Kodiak	132	134
Kotzebue	184	
King Salmon	137	
Nome	184	
Sitka		134
Whittier	100	
Regions		
Aleutian Islands	200	225
Arctic Slope Villages		294
Northern Interior Villages		267
Southcentral Village		132
Southeastern Village		181
Western: Large Village		153
Coastal Village		244

*This index uses Washington, D.C. costs as a base; we have modified it to show Anchorage costs as the base.

Sources: "Assessing the Economic Impacts of Capital Expenditures," ISER Working Paper by Scott Goldsmith and Phillip Rowe, prepared for State of Alaska, Division of Policy Development and Planning, from construction indexes prepared by U.S. Army Corps of Engineers and Alaska Department of Transportation and Public Facilities.

TABLE 14

Cost Differentials for Large Construction Projects* in Anchorage, Fairbanks, and Other U.S. Cities, 1984
(Boston = 100)

	Labor	Materials
Boston	100	100
Anchorage	146	145
Fairbanks	146	145
Washington, D.C.	86	95
Los Angeles	125	103
San Francisco	136	104
Dallas	83	93
Seattle	113	91

*Includes only costs of labor and materials for public works and other heavy construction projects. Excludes costs of land and equipment, and does not necessarily represent cost differentials for smaller construction projects.

Source: *Dodge Manual for Public Works and Heavy Construction*, McGraw-Hill, 1984.

low of 9 percent below Boston costs in Seattle to a high of 4 percent above in San Francisco. Labor costs, on the other hand, varied from 17 percent below Boston costs in Dallas, to a high of 36 percent above in San Francisco.

Table 14 includes just a few U.S. cities, but enough to show the substantial construction cost differences between Alaska cities and other U.S. cities.

Food Costs. Food in Alaska's larger cities costs more than in the country as a whole, although not so much more as housing. But Alaskans living in remote villages in northern and western Alaska commonly pay twice as much or more for similar foods as do residents of Anchorage, Fairbanks, or Juneau.

Using Anchorage costs as a base, Table 15 compares weekly food costs in early 1984 for a family of four in various Alaska places and nationwide. These figures don't show what families actually spend for food, but rather the costs of buying the approximate 100 items included in the federal government's low-cost food plan. These foods are intended to provide adequate nutrition for a family for a week. Some of the items in the plan, expecially fresh fruits and vegetables, are not always available in Alaska towns. Therefore, the University of Alaska's Cooperative Extension Service, which surveys food costs around the state, modifies the plan as necessary for Alaska.

Table 15 shows that in early 1984 the foods included in this plan cost only 2 percent more in Anchorage than in the country as a whole, while in other Alaska communities costs ranged from about 10 to nearly 100 percent above U.S. average costs. Food costs in Anchorage relative to costs in other areas of the country have been declining for several years; growing markets and improved methods of transportation have helped bring down the relative costs of food in Anchorage.

Electric Rates. Electricity is one of the few things that in previous years has actually cost Anchorage residents less than their counterparts in the lower 48. This has been true in part because electricity for Anchorage is generated by natural gas, which in the past has been supplied at fairly low rates under long-term contracts from the nearby Cook Inlet

TABLE 15

Weekly Costs of Food for a Family of Four Under Low-Cost Plan,* Selected Communities, March 1984

	$	Costs as % of U.S. (U.S. = 100)
U.S. Average	$ 78.50	100%
Anchorage	80.46	102
Fairbanks	86.93	111
Juneau	93.97	120
Kenai	88.58	113
Kodiak	108.72	139
McGrath	155.60	198
Bethel	143.11	182
Tok	120.74	154
Nome	136.36	174

*These figures do not represent what families in various communities actually spend for food for a week, but rather what it would cost to buy foods the U.S. Department of Agriculture has determined would provide adequate nutrition for a family with two elementary school children eating at home for a week. The University of Alaska's Cooperative Extension Service, which surveys food costs in selected Alaska communities, modifies the items in the food plan somewhat, since in general, fewer items and fewer kinds of fresh fruit and vegetables are available in Alaska than in other states.

Source: Cooperative Extension Service, University of Alaska and U.S. Department of Agriculture.

gas fields. ***But costs of electricity have increased sharply in Anchorage in the past two years; by the end of 1983 they were near the national average.***

Table 16 compares costs of 500 kilowatt hours of electricity in Anchorage and in the country as a whole in 1982 and 1983. In 1982, Anchorage residents paid $29.95 for 500 kilowatt hours of electricity (kwh), or about 80 percent of the national average cost of $37.26. By 1983, however, costs of electricity in Anchorage increased to $35.64 per 500 kwh or about 93 percent of U.S. average costs. And it seems likely that the cost of electricity in Anchorage will rise substantially in the coming years as the long-term contracts expire and costs of Cook Inlet gas rise.

Outside Anchorage, many Alaska communities—particularly the smallest ones— generate electricity with fuel oil. Therefore, electric rates in Alaska's remote villages are vastly higher than the Anchorage and national rates. Table 17 shows that costs of 500 kwh of electricity in a number of Alaska towns in early 1984 varied from $35.64 in Anchorage to $284 in Bettles, above the Arctic Circle.

In many Alaska communities, the state government subsidizes electric rates through its Power Cost Assistance Program. Under that program, the state pays part of the electric bills of utility customers in areas where isolation and other factors make electricity very expensive. In early 1984, the state paid anywhere from half a cent to 30 cents per kwh to various utilities around Alaska; the subsidy applies only up to 600 kwh per customer each month.[10]

Table 17 shows electric costs with and without the program. *In Bettles, where the unsubsidized rate would have been $284 for 500 kwh, the bill was reduced to $137 with state aid. That reduced bill was still nearly four times the Anchorage cost.* In other communities in 1984, the cost of 500 kwh was commonly more than double the Anchorage rate.

Table 18 shows the average monthly consumption of electricity per residential customer in the various regions of Alaska in 1982, the most recent year for which such figures are available. Monthly use of electricity ranged from 955 kwh per customer in southcentral Alaska to 275 kwh in the farthest north regions.

Hospital Costs. Medical help is expensive everywhere in the country, and even more so in Alaska. Analysts cite several possible factors that have contributed to soaring U.S. medical costs in the past decade, including introduction of new and extremely costly equipment; lack of competition in provision of medical services; fee-for-service methods of payment to doctors; and lack of incentive for many Americans to try to hold down their medical costs, since most costs are covered by private insurance or government programs. Alaska's high medical costs are also due at least in part to the same kinds of things that increase other state costs—including smaller markets, transportation costs, and high construction costs.

TABLE 16

Residential Electric Rates, Anchorage and U.S. Average, 1982, 1983

	1982 (500 kwh)		1983	
		Anchorage as % of U.S. Average		Anchorage as % of U.S. Average
U.S. Average	$37.26	100	$38.45*	100
Anchorage	29.95	81	35.64	93

*Estimated, based on the 3.2 percent increase in residential electric rates recorded in the U.S. city average consumer price index for all urban consumers, annual average, between 1982 and 1983.

Table 19 compares the costs of hospital stays in Alaska and other states. These figures include charges for rooms and other hospital services. *In 1982—the most recent year for which figures are available—hospital patients in Alaska paid an average $530 per day, compared with $393 nationally.* But although Alaska's hospitals were among the most expensive in 1982, others were even more so in the District of Columbia, California, and—the most expensive—Nevada, where hospital patients paid about $680 daily.

The least expensive states in which to be hospitalized in 1982 were Montana, North Dakota, and South Dakota, where daily charges totaled about $250.

Between 1972 and 1982, the costs of staying in hospitals increased dramatically in all states—nearly 300 percent nationwide and 270 percent in Alaska. The largest increase occurred in Nevada, where hospital costs rose more than 450 percent.

So although hospital charges in Alaska remained among the highest in 1982, they did not increase as fast during the past decade as they did in other states. The Anchorage consumer price index and the annual family budgets both show, however, that overall

[10]The 1984 Alaska Legislature revised this program, so that in the future state subsidies will be used to make power costs around the state equal or close to the mean of the cost per kilowatt hour in Anchorage, Fairbanks, and Juneau.

TABLE 17

Costs of 500 Kilowatt Hours of Electricity, Selected Alaska Communities, March 1984

	Electric Bill,[a] 500 KWH	Power Cost Assistance[b] (cents/KWH)	Electric Bill, 500 KWH, with Power Cost Assistance	Adjusted Costs as Percentage of Anchorage (Anch. = 100)
Anchorage	35.64	(None)	–	100
Juneau	39.95	(None)	–	112
Fairbanks	70.80	(None)	–	199
Homer	49.02	(None)	–	138
Ft. Yukon	177.90	18.6	84.90	238
Bethel	96.99	2.38	85.09	239
AVEC Villages[c]	240.70	23.69	122.25	343
Barrow	66.00	(None)	–	185
Bettles	284.00	29.45	136.75	384
Valdez	80.30	(None)	–	225
Glennallen	99.80	(None)	–	280
Egegik	215.15	27.58	77.25	217
Kotzebue	123.95	8.27	82.60	232

[a]Includes, where applicable, monthly customer charges and surcharges.

[b]The Power Cost Assistance Program is administered by the Alaska Public Utilities Commission. The program pays a portion of the costs per kilowatt hour of electricity—up to 600 kilowatt hours per month—for customers of regulated utilities which have very high rates because of geographic isolation or other factors. In early 1984 the program paid from 0.359 cents to 29.45 cents per kilowatt hour to qualified utilities around the state.

[c]Includes a number of villages in southwest Alaska.

Source: Alaska Public Utilities Commission, "Electric Rate Schedule," March 1984.

medical costs in Anchorage increased as fast or faster than the national rate over most of the past decade and a half.

Alaska Living Cost Differences

The most troublesome thing about comparing living costs among Alaska towns—aside from the difficulties of getting cost information in small, remote places—is that there is no real comparison between life in urban and rural Alaska. Urban Alaskans can live in more or less the same kinds of houses, buy most of the same foods, and enjoy services similar to those available elsewhere in the country. Many rural Alaskans, by contrast, live in small, crowded houses—often without plumbing—and have limited access to the kinds of things most Americans take for granted. Many live where they do mainly because remote Alaska places are so different from the ordinary American town. Also, unlike most of their urban neighbors, many rural Alaskans hunt and fish for much of their food.

Cost indexes generally compare the costs of the same or similar items in various communities. Many items are not available at all in rural Alaska, and urban and rural Alaskans have different opinions about what they need to maintain a good standard of living. So anyone attempting to compare living costs around Alaska faces substantial difficulties in deciding how to measure those costs.

The state government and the University of Alaska both recognize differences in living costs around the state by paying different wages for the same jobs in various regions. Several state agencies also recognize cost differences in calculating payments under state programs. Within the past 10 years or so, the state has made several studies of living costs around Alaska, the most comprehensive in 1972.[11]

[11]State of Alaska, Department of Administration, Division of Personnel, *Survey of Housing and Food Costs*, December 1972.

TABLE 18

Average Monthly Residential Use of Electricity, Regions of Alaska, 1982
(in kilowatt hours)

Southeast Alaska	796
Small villages	374
Juneau	932
Southcentral Alaska	955
Anchorage	978
Homer	1,066
Glennallen	398
Valdez	581
Interior Alaska	706
Fairbanks	775
Ft. Yukon	158
Bettles	196
Arctic/Northwest	[illegible]5
Barrow	460
Kotzebue	463
Small villages	196
Southwest	421
Bethel	425
Egegik	264

Source: U.S. Department of Energy, Alaska Power Administration, *Alaska Electric Power Statistics*, 1960-1982, August 1983.

In a number of cases, the studies substantially disagreed about cost differences among Alaska communities. A 1981 study done for the University of Alaska reported, for instance, that previous studies had estimated living costs in Bethel at anywhere from 1 to 55 percent above Anchorage costs.[12] Part of this disparity has been due to the different ways in which the various studies defined and measured living costs.

Table 20 shows the range of salary differentials currently paid by the state government and the University of Alaska. Anchorage is used as the base for the salary schedule in both cases, but beyond Anchorage the two scales often disagree. The state pays employees in Palmer 3.6 percent more than Anchorage workers, while the university pays its employees the same in both places. In Kodiak, the state pays 7 percent more than in Anchorage, while the university pays Kodiak workers 15 percent more. State workers in Fairbanks are paid 15 percent more than Anchorage workers for the same jobs, while the university pays its Fairbanks employees 10 percent more. State and university jobs in Barrow pay the highest differential above Anchorage: about 37 percent more and 40 percent more, respectively.

The state government is now preparing to undertake a new study of living costs around the state, with the results to be used to update its salary differentials.

[12]Homan-McDowell, *A Study of Area Differentials for Alaska Community College Locations.* Prepared for the Legislative Budget and Audit Committee, April 30, 1981.

Alaska and U.S. Incomes

Alaska is known for its high wages—and many Alaskans certainly do earn more than the average American. But incomes of all Alaskans are affected by the state's high prices, and in any case, incomes are not universally high in Alaska. Earnings vary greatly among various kinds of households, in different regions of the state, and among occupations.[13]

[13]These income figures include only cash received by households and individuals; there are a number of nonmonetary benefits and services that have cash value but are not considered income. These would include, for instance, the reduced electric bills made possible for rural Alaskans under the state's Power Cost Assistance program.

TABLE 19

Daily Per Patient Revenue[a] in Community[b] Hospitals, U.S. Average and Selected States, 1972 and 1982

	1972	1982	Percent Increase, 1972-1982	1982 Costs as % of U.S. Average
U.S. Average	$99.97	$393.11	293%	100
States with Highest Costs				
Alaska	$144.24	$530.18	268%	135%
California	128.88	621.14	382	158
Dist. of Columbia	111.38	572.84	405	143
Nevada	121.81	680.52	459	173
States with Lowest Costs				
S. Dakota	$69.61	$252.54	262%	64%
N. Dakota	80.13	265.13	231	67
Montana	73.99	258.96	250	66
Mississippi	71.16	281.04	295	71

[a]Includes revenues hospitals collect not only from room charges but for other services they provide to patients.

[b]Excludes federal hospitals.

Source: American Hospital Association, *Hospital Statistics*, 1983 edition.

TABLE 20

State and University of Alaska, Regional Pay Differentials, 1984
(Anchorage = 100)

	State[a]	University[b]
Anchorage, Juneau, Ketchikan	100	100
Palmer	103.6	100
Petersburg, Sitka	103.6	105
Kodiak	107.3	115
Fairbanks	114.9	110
Aleutian Islands	128.1	130
Barrow	137.1	140

[a]Pay differentials at entry level for a range 15 job. The State of Alaska classifies jobs by "ranges," with most jobs falling between ranges 5 and 27. Many clerical jobs begin around range 5, and professional and technical jobs at higher ranges. Pay differentials for jobs at different ranges vary slightly.

[b]Includes not only communities where there are university and community college campuses, but also any communities in which the university holds classes or conducts other activities.

Sources: Alaska Department of Administration, Division of Personnel; University of Alaska.

Household and Family Incomes

Table 21 compares median household incomes in Alaska and the entire U.S. at the time of the 1980 census. *For 1979, households in Alaska reported a median income of $25,282—about 50 percent more than the national median of $16,841.* But Alaska incomes varied greatly. The median income of homeowners in 1979 was $32,561—much higher than the state median and nearly double the national figure. In contrast, the median household income of renters was only $17,491, just slightly above the U.S. median. And the 1979 median income of Alaska households headed by women with children was only $11,255—less than half the state median and only 67 percent of the national figure.

Table 22 shows that large variations in household incomes also exist in different areas of the state. The areas with the highest and lowest household incomes at the time of the census were both in rural southwest Alaska: the highest was in the Bristol Bay region, at 36 percent above the state median; the lowest was in the nearby Wade Hampton areas, at 55 percent below the state figure.

The Bristol Bay and the North Slope divisions are the exceptions to the general pattern of low household incomes in rural Alaska. In a good season, local fishermen who take salmon from the rich Bristol Bay fishery earn good incomes; on the North Slope, the local government has been able to use its huge Prudhoe Bay tax base to create many well-paid local jobs. Elsewhere in rural Alaska, tax bases are small, jobs are few, and incomes are generally low.

In urban Alaska in 1979, household incomes were generally at or near the state median. In the Anchorage, Sitka, Ketchikan, Valdez-Cordova, and Juneau division, incomes were above the state median, with the highest in Juneau at 23 percent above the Alaska median. In the Fairbanks, Kenai Peninsula, and Wrangell-Petersburg areas, household incomes were slightly below the state median.

Table 23 provides another measure of the income differences around the state—the percentages of Alaska families with incomes below the federal poverty line at the time of the census. *The 1980 census found 9.6 percent of American families to be poor by federal standards.* In Alaska, 8.6 percent of families were ranked as poor by those same national standards. But the federal government recognized that living costs were higher in Alaska, as well as in Hawaii, and therefore set poverty levels for these two states at 25 percent above those for the rest of the country. *Nearly 12 percent of Alaska families had incomes at or below 125 percent of the federal poverty level in 1979.*

As discussed earlier, many costs in Alaska—

TABLE 21

Median Household Income, Alaska and U.S., 1979

		Percent of U.S. Average (U.S. = 100)
U.S. Average	$16,841	100%
Alaska	25,282	150
Owner-occupied households	32,561	193
Renter-occupied households	17,491	104
Households headed by women with children under 18	11,255	67

Source: U.S. Department of Commerce, Bureau of the Census, 1980 Census.

TABLE 22

Median Household Income, Alaska Census Areas, 1979

		Percentage of State Median
Alaska	$25,282	100%
Aleutian Islands	20,234	80
Anchorage	27,350	108
Bethel	13,904	55
Bristol Bay	34,429	136
Dillingham	18,684	74
Fairbanks	23,377	93
Haines	21,397	85
Juneau	31,019	123
Kenai Peninsula	23,695	94
Ketchikan Gateway	26,470	105
Kobuk	17,625	70
Kodiak Island	26,164	103
Matanuska Susitna	22,927	91
Nome	14,688	58
North Slope	31,023	123
Prince of Wales	21,699	86
Sitka	30,823	122
Skagway-Yakutat-Angoon	20,436	81
Southeast Fairbanks	14,455	57
Valdez-Cordova	28,360	112
Wade Hampton	11,493	45
Wrangell-Petersburg	24,395	96
Yukon-Koyukuk	12,020	48

Source: U.S. Department of Commerce, Bureau of the Census, 1980 Census.

particularly in rural areas—are substantially more than 25 percent above U.S. averages. Therefore, the last column of Table 23 shows how many Alaska families would have been considered poor in 1979, if we increase the national figures by 50 percent to more accurately reflect the state's higher costs. *More than 18 percent of Alaska families had incomes at or below 150 percent of the federal poverty level in 1979.*

Looking at the census divisions around Alaska, we see that even with *no* adjustment in the federal poverty figures, one-quarter or more of families in some areas had incomes low enough to rank them as poor. These census divisions were the Bethel, Dillingham, Wade Hampton divisions in southwest Alaska; and the Nome, Kobuk, and Yukon-Koyukuk divisions in northwest and interior Alaska.

If we increase the poverty levels to 125 percent of the national figure, we see that in the poorest regions of the state one-third or more of all families would have been considered poor in 1979. And when we increase the poverty standard to 150 percent of the national level, nearly half the families in a few census divisions would have been poor that year. In most urban areas of the state, the percentages of families considered poor in 1979 were near the national average, even with adjustments for Alaska's higher costs.

Per Capita Incomes

The previous tables showed household incomes as reported by Alaskans during the 1980 census.

TABLE 23

Families with Incomes Below the Poverty Level,* U.S. and Alaska Census Divisions, 1979
(Percentages)

	100% of Poverty Level	125% of Poverty Level	150% of Poverty Level
U.S.	9.6%	N/A	N/A
Alaska	8.6	11.7	18.2
Aleutian Islands	9.6	11.7	20.0
Anchorage	6.1	8.5	13.3
Bethel	28.3	36.2	47.8
Bristol Bay Borough	–	2.3	6.1
Dillingham	24.2	29.3	32.3
Fairbanks	8.1	11.9	18.7
Haines	10.0	12.3	21.9
Juneau	3.3	4.5	7.4
Kenai Peninsula	8.8	12.8	19.0
Ketchikan Gateway	5.6	6.8	11.8
Kobuk	24.5	31.3	42.9
Kodiak Island	7.5	10.7	17.5
Matanuska-Susitna	11.0	12.3	18.7
Nome	25.0	31.2	41.7
North Slope	10.8	13.2	16.6
Prince of Wales	10.8	13.8	18.2
Sitka	4.3	5.9	8.7
Skagway-Yakutat-Angoon	10.0	17.2	24.2
Southeast Fairbanks	13.6	22.9	31.8
Valdez-Cordova	7.9	11.6	19.4
Wade Hampton	36.3	45.6	60.7
Wrangell-Petersburg	5.4	7.3	11.5
Yukon-Koyukuk	25.8	34.1	44.9

*The poverty level for families and individuals is established each year by the federal government; the figures for Alaska and Hawaii are set 25 percent higher than those for other states.

Source: U.S. Department of Commerce, Bureau of the Census, 1980 census.

Tables 23 and 24 and Figure 4 show a different measure of personal income—per capita personal income. The federal Bureau of Economic Analysis arrives at these figures by totalling all personal income Alaskans receive annually, and dividing by the current population. Obviously the accuracy of these figures depends on the accuracy of the population figures. Some Alaskans believe the bureau may have overestimated the state's per capita income at times, particularly during construction of the trans-Alaska pipeline in the mid-1970s. This overestimation could have happened if the bureau credited to Alaskans some income that was actually earned by the many nonresidents who worked on the pipeline project.[14]

Table 24 shows 1982 per capita income figures for Alaska census divisions—the most recent census division breakdowns available in early 1984. These figures show, as did the earlier household income figures from the census, large differences in income around the state.

In 1982, the average U.S. per capita income was $11,100, while in Alaska the figure was $16,598—about 50 percent higher. Per capita incomes around the state that year varied from a high of more than $21,000 on the North Slope, to a low of less than $6,000 in the Wade Hampton division.

Per capita incomes increased substantially in Alaska between 1981 and 1982, due partly to the fact that the state government in 1982 issued checks for $1,000 to everyone who had lived in the state at least six months.[15] At the same time in the rest of the country, the national recession held down growth in income.

Even with the jump in Alaska per capita incomes in 1982, one-quarter of the 29 areas reported in Table 24 had incomes below the national average in 1982—and this with no adjustment for Alaska's higher costs.

Table 25, which does take those higher costs into account, offers three comparisons of Alaska and U.S. per capita income. The first is a straightforward comparison of per capita incomes from 1972 through 1983. Income in Alaska during those years was higher than the national average. The smallest difference occurred in 1972, when Alaska's per capita income was only 17 percent above the national average. The greatest margin occurred in 1976, the height of pipeline construction, when the Alaska figure reached 68 percent above the U.S. average. The gap between incomes in Alaska and other states narrowed in the later 1970s, with Alaska's per capita income falling to about 30 percent above the national average by 1979.

The margin widened again in the 1980s, as state spending of its huge oil revenues spurred economic growth in Alaska. At the same time, the national

TABLE 24

Per Capita Personal Income, Alaska Census Divisions* and U.S. Average, 1982

	Per Capita Incomes	Incomes as Percent of U.S. Average (U.S. = 100)
U.S. Average	$11,100	100%
Alaska	16,598	150
Aleutian Islands	12,637	114
Anchorage	18,429	166
Angoon	6,996	63
Barrow-North Slope	21,387	193
Bethel	8,938	81
Bristol Bay Borough	14,647	132
Bristol Bay	9,836	89
Cordova/McCarthy	14,236	128
Fairbanks	18,381	166
Haines	12,377	112
Juneau	19,889	179
Kenai/Cook Inlet	13,394	121
Ketchikan	17,365	156
Kobuk	10,416	94
Kodiak	15,770	142
Kuskokwim	7,218	65
Matanuska-Susitna	13,874	125
Nome	10,627	96
Outer Ketchikan	12,145	109
Prince of Wales	13,504	122
Seward	15,289	138
Sitka	14,746	133
Skagway-Yakutat	12,080	109
Southeast Fairbanks	11,193	101
Upper Yukon	15,954	144
Valdez/Chitina/Whittier	16,243	146
Wade Hampton	5,787	52
Wrangell-Petersburg	14,056	127
Yukon-Koyukuk	15,937	144

*Census division as they existed before the 1980 census; in 1980 the number of census divisions in Alaska was reduced from 29 to 23.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

[14]The Bureau of Economic Analysis does attempt to exclude income earned by nonresidents working in Alaska, but some economists believe the bureau's exclusion method may not be accurate.

[15]These were payments under the state's permanent fund distribution plan, which since 1982 has annually paid individual Alaskans a portion of the interest from the state's Permanent Fund; this fund is made up of a percentage of the state's oil revenues.

TABLE 25

Per Capita Personal Income, Alaska and the United States, Selected Years, 1972-1982

	1972	1976	1977	1978	1979	1980	1981	1982	1983
Per Capita Income (Current $)									
Alaska	$5,285	$10,725	$10,968	$10,957	$11,344	$12,916	$14,904	$16,598	$16,820
United States	4,515	6,367	6,984	7,776	8,657	9,503	10,582	11,100	11,675
Per Capita Disposable[a] Income									
Alaska	$4,383	$8,705	$8,904	$9,039	$9,136	$10,665	$12,142	$13,312	N/A
United States	3,846	5,468	5,957	6,615	7,320	8,025	8,897	9,375	N/A
Real[b] Per Capita Disposable Income (1967 base)									
Alaska	$2,539	$3,480	$3,316	$3,232	$2,994	$3,160	$3,346	$3,631	N/A
United States	3,069	3,207	3,282	3,387	3,362	3,249	3,267	3,248	N/A

[a]Per capita income minus federal, state, and local income-related taxes and other personal taxes and payments.

[b]Disposable income, adjusted to eliminate effects of inflation in both Alaska and the U.S. as a whole and to reflect Alaska's higher living costs. The base year for both adjustments is 1967. Income figures for Alaska are first deflated by 41 percent, which was the 1967 difference in the cost of maintaining an intermediate standard of living for a family of four in Anchorage as compared with the U.S. average, as reported in the Bureau of Labor Statistics' 1967 *Urban Family Budgets.* Figures for Alaska are also deflated by increases in the Anchorage Consumer Price Index, and figures for the U.S. are deflated by increases in the U.S. average CPI.

Source: ISER MAP data base.

recession held down growth in personal income in the U.S. as a whole.

In 1982, Alaska's per capita income climbed to about 50 percent above the national average; the difference in 1983 was somewhat smaller, with *Alaska's per capita income at $16,820, about 44 percent above the national average of $11,675. Per capita incomes in Alaska changed little between 1982 and 1983.*

The second set of numbers in Table 25 shows disposable per capita income in Alaska and the U.S. over the past decade. Disposable income is what taxpayers actually have to spend, after paying their income and other personal taxes. Incomes of all Americans are of course reduced by taxes, but incomes of Alaskans are reduced more than those of other Americans because Alaskans pay disproportionately high federal income taxes (see Table 3). So, for example, while Alaska's total per capita income was 17 percent above the national average in 1972, its disposable income was just 13 percent above the U.S. average. In 1982, total per capita income in Alaska was 50 percent above the national average, but the state's disposable income was about 42 percent higher than disposable income in the country as a whole.

The third set of numbers in this table is disposable income adjusted for both inflation and Alaska's higher costs.[16] These figures are intended to compare the buying power of Alaskans with that of other Americans over the past decade, when taxes, inflation, and living costs are taken into account. *Real disposable incomes of Alaskans were actually lower than those of other Americans in a number of years from 1972 through 1983.* In 1976 and 1977, real disposable income of Alaskans was above the national average, but it again dropped below at the end of the decade. In 1981 and 1982, real income of Alaskans once more rose above the national average, but the differences were modest as compared with the differences in the unadjusted incomes. *We calculated real disposable income of Alaskans at about 12 percent above the national average in 1982.*

[16]See note b, Table 25.

Figure 4 shows the annual rate of change from 1967 through 1982 in the real disposable incomes discussed above. Alaska's up-and-down economy is apparent in this figure—the year-to-year changes in income in Alaska are much more dramatic than in the country as a whole. *The highest annual increase in Alaska during that period took place between 1975 and 1976—the years of pipeline construction—when real disposable income jumped almost 15 percent. The greatest loss in Alaska was between 1978 and 1979—after pipeline construction ended—when real disposable income dropped about 7 percent.*

The greatest annual gain in the entire nation during that period took place between 1972 and 1973, when growth in disposable income exceeded inflation by 5 percent. The biggest loss occurred between 1979 and 1980—a period of very high inflation—when Americans lost more than 3 percent in buying power.

The annual figures for the early 1980s clearly show the differences in the economies of Alaska and the rest of the nation. State spending of huge oil revenues in Alaska boosted economic activity and personal incomes, while the country as a whole saw a serious recession.

Earnings by Occupation. In Alaska, as in other states, large differences exist in the kinds of jobs men and women hold, and in what they are paid for those jobs.

Table 26 shows percentages of men and women in various occupations in Alaska and in the entire U.S. at the time of the 1980 census. *By far the largest share of Alaska's working women—nearly 40 percent—held administrative support jobs in 1980; these included jobs as secretaries, typists, and clerks. Among Alaska men who held jobs in 1980, two types of occupations were equally common—about 20 percent worked in executive and managerial occupations, while another 20 percent worked in production, crafts, and repair occupations; these included jobs as mechanics and oilfield and construction workers.*

Nearly 20 percent of women who worked in Alaska in 1980 held jobs in the executive and managerial occupations; another 13 percent worked in various special professions (including law and teaching). About 10 percent worked in sales jobs and another 11 percent in service jobs. Relatively few Alaska women worked in other occupations.

About 15 percent of men who worked in Alaska in 1980 were in special professions, and another 12 percent worked as laborers, heavy equipment operators, or in related occupations. Other employed men were spread fairly evenly among the remaining occupations listed in Table 26, but with the smallest proportion working as farmers, loggers, and fishermen.

TABLE 26

Occupations of Alaska and U.S. Workers, 1979
(Percentage Distribution)

	Women		Men	
All Workers*	Ak. 100%	U.S. 100%	Ak. 100%	U.S. 100%
Exec., Admin., Mgrl. Occup.	18.8%	7.4%	20.0%	12.7
Professional Specialty Occup.	13.1	14.1	15.3	10.9
Technicians & Related Support Occup.	3.2	3.1	6.2	3.0
Sales Occupations	9.4	11.3	8.1	9.1
Administrative Support Occup.	39.4	31.2	7.2	7.0
Service Occupations	11.2	18.0	8.7	9.3
Farming, Forestry, Fishing	0.5	0.9	2.3	4.3
Precision Production, Craft, & Repair Occupations	1.8	2.4	20.0	20.7
Operators, Fabricators, Laborers	2.6	11.5	12.0	22.9

*Numbers may not add to 100 because of rounding.

Source: U.S. Department of Commerce, Bureau of the Census, 1980 Census, *Detailed Population Characteristics*, Alaska.

The biggest differences among occupations of Alaska women and all U.S. women in 1980 were that a much larger percentage of Alaska women worked as managers and executives than was true nationwide; and a much smaller percentage of women in Alaska worked as operators or fabricators.

Alaska women appear to have been more successful than women across the country in getting executive and managerial jobs; also, the high proportions of Alaska women working in such jobs and in administrative support jobs probably indicates the large proportion of government office jobs in Alaska. Most female operators and fabricators in the U.S. in 1980 likely worked in various kinds of manufacturing, whereas Alaska has little manufacturing.

The biggest differences in occupations of Alaska men and all U.S. men were that more Alaskans worked in executive and managerial jobs, and fewer worked as operators or fabricators. Again, as with women, these differences probably indicate the large number of government jobs in Alaska, and the lack of manufacturing jobs. Also, substantially more Alaska men worked in law, teaching, medicine, and other professions than was true nationwide.

Table 27 shows 1979 median earnings by occupation of men and women in Alaska and in the western region of the U.S.; comparable figures for all U.S. workers were not available as of this writing. Although these figures are now several years old, the

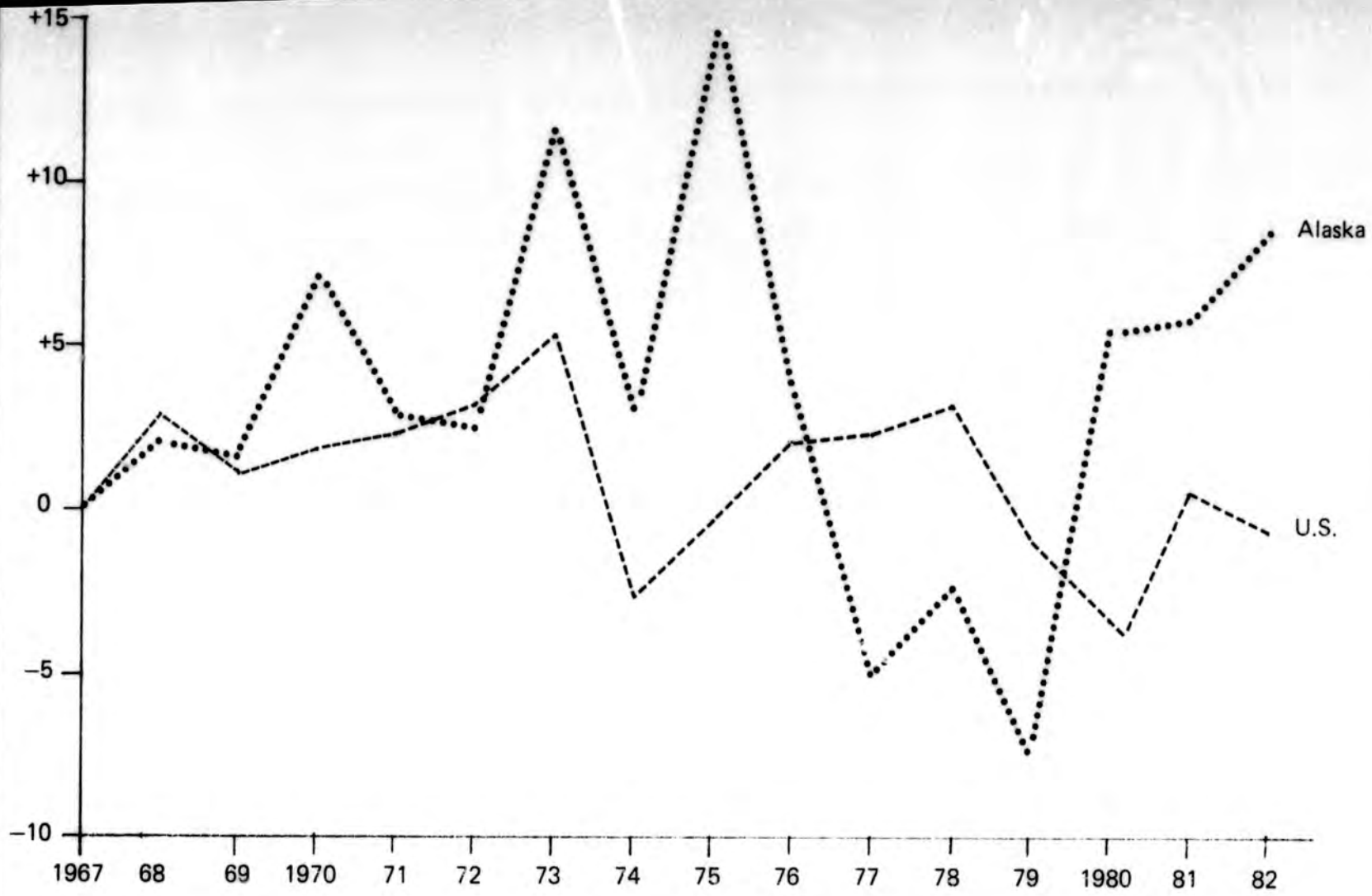

Figure 4. Annual Rates of Increase, Real Disposable Income (per Capita),* Alaska and U.S., 1967-1982

*Disposable personal income is personal income minus federal, state, and local income-related taxes and other personal taxes and payments. Real disposable income is disposable income, adjusted to eliminate effects of inflation in both Alaska and the U.S. as a whole and to reflect Alaska's higher living costs. The base year for both adjustments is 1967. Income figures for Alaska are first deflated by 41 percent, which was the 1967 difference in the cost of maintaining an intermediate standard of living for a family of four in Anchorage as compared with the U.S. average, as reported in the Bureau of Labor Statistics' 1967 *Urban Family Budget*. Figures for Alaska are also deflated by increases in the Anchorage Consumer Price Index, and figures for the U.S. are deflated by increases in the U.S. average CPI.

Source: ISER MAP data base.

TABLE 27

Median Annual Earnings for Selected Occupations, Alaska and Western U.S. 1979

	Women		Men		Women's Incomes as Percentage of Men's	
	Alaska	Western U.S.	Alaska	Western U.S.	Alaska	Western U.S.
All Occupations	$16,057	$11,106	$27,897	$18,542	58%	60%
Executive, Administrative, Managerial	18,935	13,429	31,981	23,503	59	57
Professional Specialty Occupations	20,406	15,257	30,200	23,394	68	65
Engineers, architects, surveyors	20,301	17,081	34,040	25,550	60	67
Computer system analysts	31,139	18,046	31,692	23,687	98	76
Physicians	42,254	23,955	51,607	54,327	82	44
Registered Nurses	19,654	15,922	18,879	17,042	104	93
Teachers						
Postsecondary	27,516	17,258	32,499	25,154	85	69
High School	22,291	15,306	25,480	18,909	87	81
Elementary	21,153	14,495	24,692	17,983	86	81
Social & Recreation workers	22,371	14,124	24,070	17,079	93	83
Religious workers	9,692	8,472	14,135	12,854	69	66
Lawyers & Judges	25,496	18,467	44,755	32,186	57	57
Technicians & Related Support Occupations	17,477	12,644	29,090	19,087	60	66
Computer programmers	29,300	16,083	25,692	20,869	114	77
Airplane pilots & navigators	*	15,133	31,489	30,365	–	50
Sales Occupations	13,338	10,182	23,918	18,957	56	54
Sales Clerks	12,066	8,727	20,723	15,080	58	58
Administrative Support Occupations	15,503	10,879	23,461	16,619	66	65
Secretaries, stenos, typists	15,622	10,910	19,099	13,213	82	83
Bank tellers	11,548	8,734	14,486	9,570	80	91
Service Occupations	12,926	7,864	22,698	12,918	57	61
Police & Detectives (public)	28,866	14,084	33,377	20,437	86	69
Waiters	8,962	7,481	18,746	9,038	48	83
Barbers & Hairdressers	11,933	8,856	20,099	11,998	59	74
Farming, Forestry, Fishing Occupations	7,714	7,117	22,765	11,564	34	62
Farming (not managerial)	2,273	7,344	7,844	9,889	29	74
Forestry & Fishing	9,889	10,313	25,000	17,603	40	59
Precision Production, Craft, & Repair Occup.	15,133	11,376	29,888	18,626	51	61
Mechanics	21,792	14,625	28,626	17,645	76	83
Construction Trades	10,429	12,348	29,347	19,001	36	65
Extractive Occupations	*	16,386	37,061	21,478	–	76
Operators, Fabricators, Laborers	13,759	9,338	25,428	15,920	54	59
Machine Operators & Inspectors	13,080	9,179	25,415	15,514	52	59
Bus Drivers	18,321	10,678	18,490	16,898	99	63
Heavy Equipment Operators		10,143	32,163	17,846	–	57

*Very few women in these occupations.

Source: U.S. Department of Commerce, Bureau of the Census, 1980 Census, *Detailed Population Characteristics*, Alaska, and United States Summary, Section B: Regions.

census bureau just recently published them, and they do show the differences in men's and women's earnings by occupation, and in earnings of Alaskans and other Americans in western states. What stands out most in the table is that women in virtually all occupations earn less than men. Women earn less for a number of reasons. There is still some sex discrimination in pay, although such discrimination is illegal; women have historically been paid less than men. Also, most women workers hold low-paying jobs, particularly clerical jobs. Women, who have only recently been able to move into certain high-paying occupations, have not held those jobs as long on the average as men. The table also shows:

- Working women in Alaska earned 58 cents for every dollar Alaska men earned in 1979. Women in other western states took home about 60 cents for every dollar earned by men in their region.
- Median men's earnings in Alaska that year were $27,897, compared with $16,057 for Alaska women.
- The highest- and the lowest-paying occupations were similar in both Alaska and other western states, but Alaskans usually earned more.
- Alaska men earned about 50 percent more than men in other western states in 1979, while Alaska women earned 45 percent more than their western counterparts .
- Physicians, lawyers, and judges were among the best paid Alaska men and women in 1979, although the women earned less.
- In both Alaska and other western states, bank tellers, religious workers, and farmers were among the lowest-paid workers.

Conclusions

Over the past 15 years, Anchorage residents have enjoyed the cost savings that come with a growing population, bigger markets, and improved methods of transportation. The Anchorage family budgets over that period showed generally declining costs at the high and moderate standards of living, relative to U.S. averages—but in 1981, costs for low-income families in Anchorage remained just about as high above U.S. average costs as in 1967. And since the last budgets were issued in 1981, rents—the most expensive item for poorer families—have increased more than 50 percent in Anchorage. So it seems likely that Anchorage's high costs are still, as they always have been, hardest on poor families.

In no other state do internal price differences come even close to being as large as they are in Alaska. We know little about how price changes in the past decade affected overall costs in small, remote Alaska places. We do know, however, that prices of food, electricity, and other items remain in many cases twice as high as Anchorage prices.

Alaska's economy is much more volatile than that of the U.S. as a whole, moving up and down very quickly. Different forces often affect inflation in Alaska. For instance, the economic boom accompanying construction of the trans-Alaska pipeline in the mid-1970s, caused prices in Anchorage to increase much faster than the national average—and the inflation rate in the city quickly fell below the national average at the end of the decade, as economic activity in the state dropped off sharply. In the past several years, the state government has used much of its large Prudhoe Bay oil revenues to fuel economic activity in the state, while throughout much of that period Americans nationwide faced a serious recession. In 1983 and early 1984, prices in Anchorage moved up faster than the national rate for the first time since the mid-1970s.

The state government and private companies recognize cost differences around Alaska by paying different wages in different locations. Payments under various government programs are also adjusted for regional cost differences. But there is no general agreement about what those cost differences are.

Alaska's immense size, vast urban-rural differences, and the nature of its economy make it important for the state to have reliable gauges of how Alaska costs are changing relative to those in other states and within Alaska itself.

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TO: Vincent D. Wright
Chief of Research
Department of Revenue

DATE: December 31, 1986

FILE NO.:

THRU:

TELEPHONE NO.: 465-2173

SUBJECT: Individual Income Tax Report

FROM: Mary Ellen Frank, Economist MEF
David Tonkovich, Economist DT
Al Zangri, Economist AZ

The enclosed report contains an analysis of three differently structured individual income taxes based on two possible economic scenarios that might occur in the State.

The first tax structure is based on the old state law, including tax rate tables, that existed in 1978-1979 but incorporates federal law changes that have occurred since that time. The state law was "piggybacked" to Federal law. The second tax structure is more closely akin to the Federal tax structure and adopts tax rate tables similar to the latest Federal law. The third tax structure is flat in nature and largely independent of the existing Federal system. The latter two approaches are constructed to generate roughly the same amount of revenue as the first, in the first year only, and are thus revenue neutral. For succeeding years beyond FY88 the taxes are not revenue neutral. The significant aspect of these three approaches and what one should focus on is the differing internal structures i.e. consideration of inclusions, exclusions, deductions, and exemptions.

The model that we designed can be modified to change these tax structures as well as apply different tax tables. We do not recommend any particular tax structure but simply lay out three possible alternatives that the decision makers may wish to consider.

MEF:DT:AZ:mkw

Enclosure

REVENUE ALTERNATIVES

Individual Income Tax

Prepared by

Alaska Department of Revenue
Research Section
Vincent D. Wright

Mary Ellen Frank, Economist
Dave Tonkovich, Economist
Al Zangri, Economist

EXECUTIVE SUMMARY

The purpose of this study was to develop a model allowing us to evaluate the revenue potential and burden of individual income tax proposals presented by Legislative and Executive policy makers. We have presented three alternative structures here primarily for illustrative purposes, and in no way wish to suggest these are proposals of this Department or section. The value of these alternatives is comparative, illustrating the way different structural elements in a tax can be altered to obtain various results, and to show what scope of information it is possible to generate in response to a proposal. We have evaluated the advantages and disadvantages, as well as preliminary estimates of fiscal impact, for each of our three illustrative individual income tax alternatives in order to suggest what kinds of questions could be asked about various proposals.

It should be noted at the outset, that it will be practically impossible to replace petroleum revenues with taxes on individuals or other industrial sectors given the present structure of the Alaskan economy. In fiscal year 1984 the gross wellhead value of North Slope oil production was approximately $10.6 billion[2] while the estimated gross production of all other nongovernmental industrial sectors was only $8.7 billion and total disposable personal income was $6.8 billion. In addition, oil production has been a high profit sector and thus supported much higher levels of taxation than other more marginal industrial sectors. Also, many other industries are currently supported, directly and indirectly through state government spending of oil revenues.

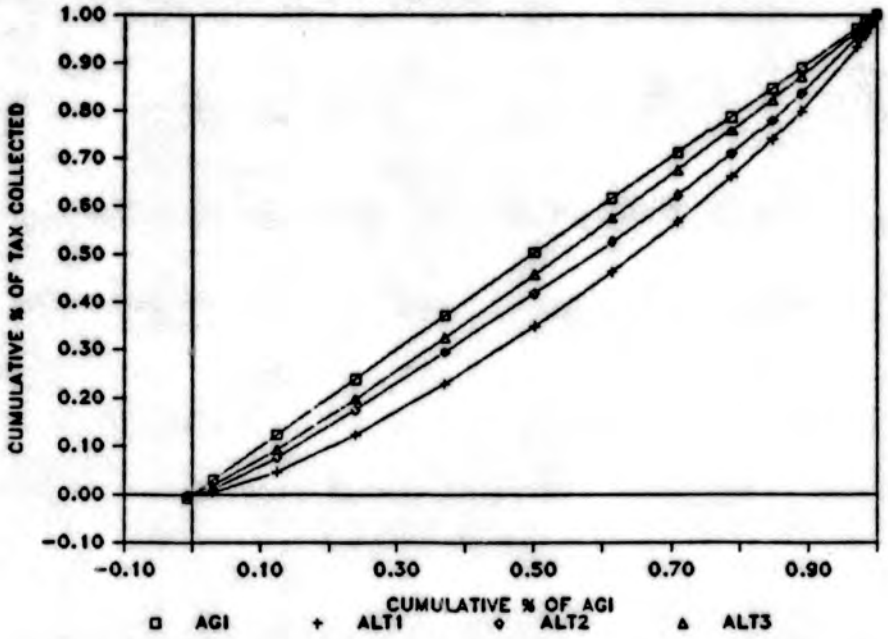
In a study of the tax capacity of the 50 states, the Advisory Commission on Intergovernmental Relations concludes that Alaska has a relatively low tax effort index (high additional tax capacity) for three tax types, personal income tax, general sales tax, and estate and gift tax.

Tax	State-Local Tax Collections as % of U.S. Total	Alaska Effort Index 1982
General Sales	23.5%	29.1
Selected Sales	11.7%	102.0
License Taxes	3.5%	118.0
Individual Income	19.7%	.7
Corporate Income	5.6%	95.0
Property	31.8%	105.0
Estate and Gift	.9%	22.9
Severance	3.4%	278.8

It should be noted that the three tax alternatives examined are revenue neutral in nature for the first year only (1988), i. e. they were designed to generate approximately the same amount of revenue. For each succeeding year, they are not necessarily revenue neutral. What is important is to focus on differences in inclusions, exclusions, deductions, and exemptions as they affect differing income groups.

The figure below compares the progressivity of the effective tax rates of the three tax alternatives. The lowest line is the most progressive, while the straight line indicates what a strictly proportional tax with no exemptions would look like. A regressive tax structure would lie above the proportional line over at least some area. The most progressive alternative examined here is the progressive rate alternative (one), and the least progressive is the flat rate alternative (three).

PROGRESSIVITY MEASURES



Alternative 1: Reimposition of old Alaska tax rates to new Federal taxable income.

Alternative 2: Adoption of two brackets and rates applied to new Federal taxable income.

Alternative 3: Flat rate tax applied to new Federal adjusted gross income with high personal exemption.

On the page following, we present a table that compares the three alternatives we looked at for the year 1988, showing the effective tax rates for each income group and each alternative. The table also reveals the actual percentage paid by income groups as a result of the transfer from the Federal to the State pocket, i. e. itemization of deductions allows the taxpayer to deduct state income taxes from Federal income taxes, and thereby infuses new money into the State's economy by transferring funds that would have gone to the Federal government to the State government.

ES TABLE 1
COMPARISON OF EFFECTIVE RATES
TAX ALTERNATIVES FOR 1986 LOW CASE

AGI GROUP	ADJ GROSS INCOME	ALTERNATIVE 1 TAX LIABILITY PFD TAXABLE	ALT 1 TAX AS % OF AGI	ALT 1 TAX % WITH FEDERAL TAX SAVINGS	ALTERNATIVE 2 TAX LIABILITY PFD TAXABLE	ALT 2 TAX AS % OF AGI	ALT 2 TAX % WITH FEDERAL TAX SAVINGS	ALTERNATIVE 3 TAX LIABILITY PFD TAXABLE	ALT 3 TAX AS % OF AGI	ALT 3 TAX % WITH FEDERAL TAX SAVINGS
LOSS	($61,678,793)	($899,317)			($805,951)			($674,443)		
0- 10000	$305,298,081	$2,416,119	0.79%	0.76%	$4,438,624	1.45%	1.42%	$7,499,842	2.46%	2.41%
10001-20000	$769,719,578	$17,051,401	2.22%	2.14%	$26,219,841	3.41%	3.31%	$30,091,066	3.91%	3.78%
20001-30000	$943,559,133	$30,516,317	3.23%	2.99%	$39,176,980	4.15%	3.86%	$41,876,832	4.44%	4.06%
30001-40000	$1,072,829,850	$42,108,721	3.93%	3.42%	$46,560,490	4.35%	3.82%	$50,465,208	4.70%	4.06%
40001-50000	$1,068,241,986	$47,133,371	4.41%	3.60%	$47,545,499	4.45%	3.65%	$52,281,835	4.89%	3.90%
50001-60000	$923,230,677	$44,668,610	4.84%	3.71%	$42,090,913	4.56%	3.50%	$46,667,981	5.05%	3.81%
60001-70000	$777,522,186	$41,869,108	5.38%	4.02%	$37,811,798	4.86%	3.63%	$40,294,811	5.18%	3.84%
70001-80000	$636,844,305	$37,367,186	5.87%	4.33%	$34,225,036	5.37%	3.95%	$33,667,458	5.29%	3.86%
80001-90000	$485,165,675	$30,927,599	6.37%	4.62%	$28,681,819	5.91%	4.28%	$26,128,240	5.39%	3.80%
90001-100000	$349,859,148	$24,391,842	6.97%	4.98%	$22,072,167	6.31%	4.47%	$19,142,228	5.47%	3.82%
100001-150000	$668,888,559	$52,949,085	7.92%	5.62%	$45,828,247	6.85%	4.82%	$37,367,794	5.59%	3.93%
150001-200000	$91,310,516	$9,159,568	10.03%	7.30%	$6,892,991	7.55%	5.47%	$5,258,491	5.76%	4.21%
200001-300000	$22,032,722	$2,681,240	12.17%	9.08%	$1,000,047	4.54%	3.30%	$1,298,923	5.90%	4.38%
300001-400000	$44,902,552	$5,376,237	11.97%	8.75%	$4,355,330	9.70%	7.10%	$2,640,693	5.88%	4.30%
OVER 400000	$75,394,772	$9,756,416	12.94%	9.32%	$6,134,956	8.14%	5.86%	$4,477,066	5.94%	4.28%
TOTAL	$8,173,120,947	$397,473,503			$392,328,787			$398,484,025		

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INTRODUCTION AND PURPOSE OF STUDY

Current revenue projections for fiscal years 1988 through 1992 indicate that revenues generated by petroleum related activities (Oil and Gas Corporate Net Income Tax, Oil and Gas Property Tax, Oil and Gas Severance Tax and Oil and Gas Royalties) will comprise over 81.5 percent of total unrestricted General Fund Revenues for the period. Therefore, state government is presently very dependent on these sources of revenue. Finding sources of additional revenue is becoming increasingly important.

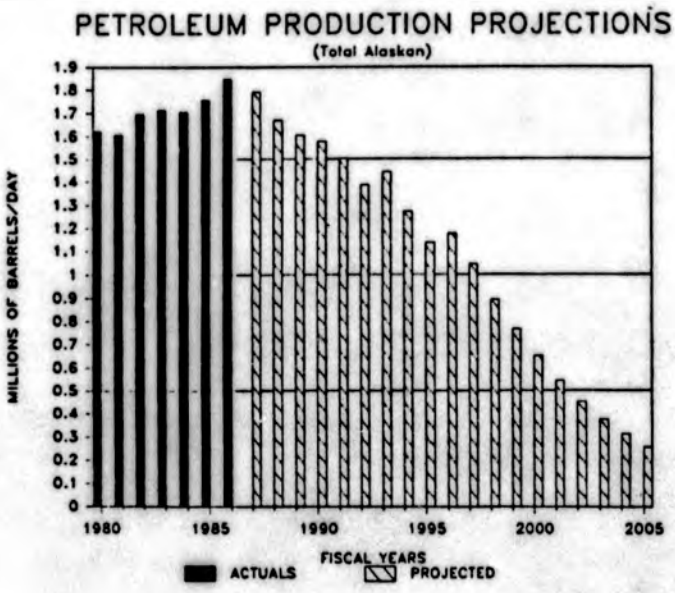
Prudhoe Bay oil production has already peaked. Total Alaskan production is currently projected to decline from over 1.848 million b/d in fiscal year 1986 to under 400,000 b/d by fiscal year 2005. This represents a compound annual average rate of decline of 7.9 percent.(1) Other North Slope fields which are currently projected to begin producing will only partially offset this decline. These projections are based only on the development of presently known and economically developable reserves. Additional discoveries may be made in the future, but their development as well as the development of some currently known but high cost reserves is highly dependent on the future growth of real oil prices. In addition, these future discoveries may be made on federal OCS lands from which the state would receive little or no revenues. Future petroleum revenues are therefore both exhaustible and highly uncertain.

TABLE 1

PETROLEUM PRODUCTIONS PROJECTIONS
(Millions of Barrels/Day)

FISCAL YEAR	TOTAL ALASKAN
1980	1.621
1981	1.609
1982	1.696
1983	1.714
1984	1.704
1985	1.714
1986	1.848
1987	1.842
1988	1.755
1989	1.687
1990	1.558
1991	1.499
1992	1.384
1993	1.287
1994	1.357
1995	1.237
1996	1.095
1997	1.182
1998	1.020
1999	0.895
2000	0.775
2001	0.674
2002	0.593
2003	0.513
2004	0.450
2005	0.384

FIGURE 1



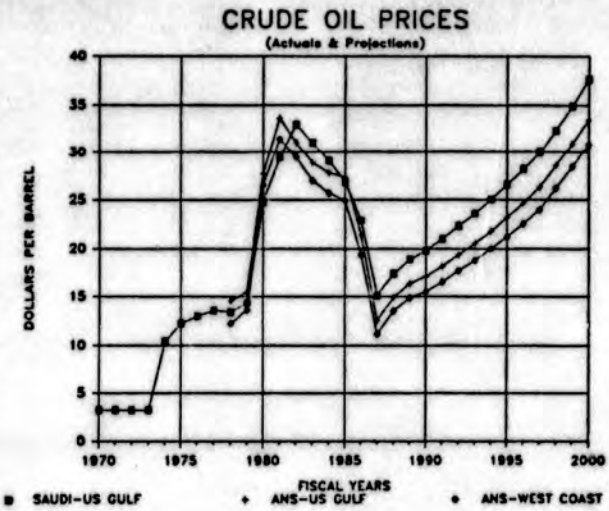
Alaska North Slope oil prices, meanwhile, have dropped from a high in 1981 of $33.67 per barrel to a 1987 low of $8.50 (the average is projected to be $12.59 for the year). These prices have become extremely volatile and difficult to predict. Even if production wasn't declining, this volatility in oil prices and riskiness of oil related revenues could undermine the major source of revenue for this state. To a large extent, this has already happened.

TABLE 2

ACTUAL & PROJECTED CRUDE OIL PRICES
(Dollars per Barrel)

FISCAL YEAR	SAUDI US GULF	ANS US GULF	ANS WEST COAST
1970	3.25		
1971	3.25		
1972	3.25		
1973	3.25		
1974	10.45		
1975	12.30		
1976	13.04		
1977	13.61		
1978	13.44	14.60	12.30
1979	14.41	15.50	13.70
1980	24.75	27.68	26.50
1981	29.45	33.67	31.43
1982	32.99	31.07	29.50
1983	31.05	28.87	27.00
1984	29.10	27.83	25.68
1985	26.80	27.35	24.92
1986	22.90	21.38	19.36
1987	15.15	12.59	11.19
1988	17.39	14.97	13.57
1989	18.93	16.39	14.90
1990	19.77	17.10	15.52
1991	20.94	18.16	16.52
1992	22.31	19.37	17.70
1993	23.62	20.53	18.82
1994	25.03	21.80	20.02
1995	26.55	23.18	21.20
1996	28.18	24.67	22.57
1997	29.93	26.30	24.01
1998	32.36	28.60	26.18
1999	34.91	30.95	28.46
2000	37.62	33.45	30.87

FIGURE 2



The purpose of this study was to develop a model allowing us to evaluate the revenue potential and burden of individual income tax proposals presented by Legislative and Executive policy makers. We have presented three alternative structures here primarily for illustrative purposes, and in no way wish to suggest these are proposals of this Department or section. The value of these alternatives is comparative, illustrating the way different structural elements in a tax can be altered to obtain various results, and to show what scope of information it is possible to generate in response to a proposal. We have evaluated the advantages and disadvantages, as well as preliminary estimates of fiscal impact, for each of our three illustrative individual income tax alternatives in order to suggest what kinds of questions could be asked about various proposals.

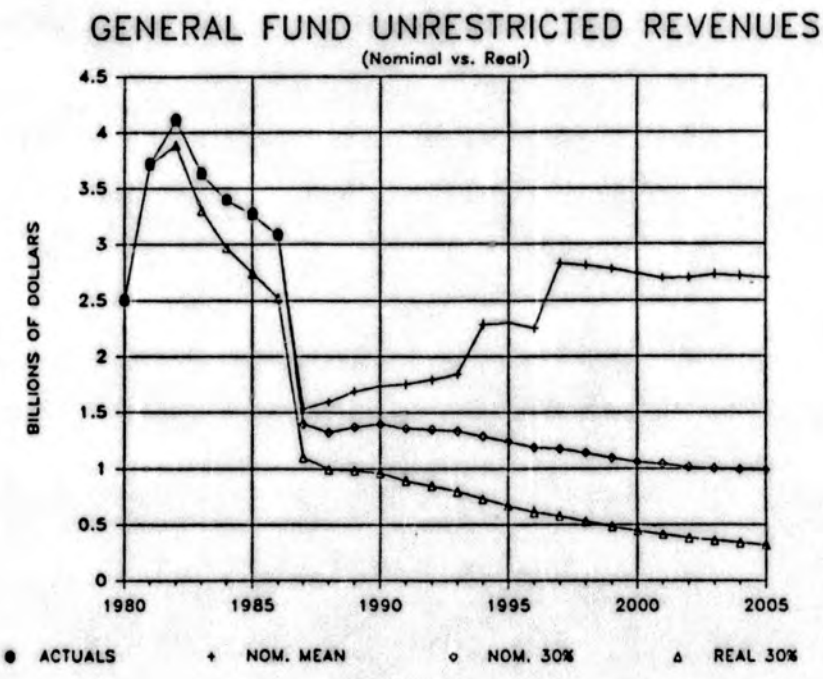
It should be noted at the outset, that it will be practically impossible to replace petroleum revenues with taxes on individuals or other industrial sectors given the present structure of the Alaskan economy. In fiscal year 1984 the gross wellhead value of North Slope oil production was approximately $10.6 billion[2] while the estimated gross production of all other nongovernmental industrial sectors was only $8.7 billion and total disposable personal income was $6.8 billion. In addition, oil production has been a high profit sector and thus supported much higher levels of taxation than other more marginal industrial sectors. Also, many other industries are currently supported, directly and indirectly through state government spending of oil revenues.

TABLE 3

GENERAL FUND UNRESTRICTED REVENUE PROJECTIONS
(Nominal vs. Real)

FISCAL YEAR	ACTUALS	ESTIMATES MEAN CASE (NOMINAL $)	ESTIMATES 30 % CASE (NOMINAL $)	ESTIMATES 30 % CASE (REAL$/1981)
1980	2.501			
1981	3.718			3.718
1982	4.108			3.691
1983	3.631			3.290
1984	3.390			2.968
1985	3.260			2.746
1986	3.076			2.523
1987		1.535	1.399	1.105
1988		1.601	1.325	1.000
1989		1.697	1.374	0.992
1990		1.748	1.398	0.965
1991		1.763	1.359	0.897
1992		1.802	1.349	0.851
1993		1.851	1.334	0.800
1994		2.290	1.287	0.733
1995		2.307	1.241	0.672
1996		2.254	1.191	0.613
1997		2.830	1.178	0.576
1998		2.810	1.143	0.530
1999		2.779	1.098	0.483
2000		2.738	1.063	0.444
2001		2.690	1.045	0.414
2002		2.699	1.020	0.383
2003		2.730	1.004	0.358
2004		2.718	0.997	0.337
2005		2.699	0.909	0.317

FIGURE 3



TAX CAPACITY AND TAX BURDEN ON ALASKANS

The assessment of the burden of taxation is a complicated pro[illegible]. Statutes determine who is legally responsible for a tax. In contrast, the economic incidence of a tax is the change in the distribution of private real income brought about by a tax. Different taxes can be shifted to different extents from the person or business legally responsible to other individuals or businesses.

In less rigorous terms, concepts such as burden are examined by resorting to state-by-state comparisons of taxes paid usually on a per capita basis or in relation to some measure of revenue capacity. Because measures such as per capita income are poor measures of revenue capacity, alternative concepts have been developed. One such measure involves the concept of a representative tax system (RTS).(3)

> "The RTS is designed to answer this question: what would be the total revenue of each of the 50 states if every state applied identical tax rates - national averages - to each of 26 commonly used tax bases?"

Tax effort is a companion concept that indicates the overall tax burden placed on the base as defined by the tax capacity concept. A tax effort index is created by dividing the state's actual tax collections by its estimated tax capacity and multiplying by 100.

> "The result may be interpreted as a measure of how much a state chooses to exploit all its potential tax bases relative to other states. If a state has a tax effort beneath the national norm, it will have an effort index under 100. Conversely, if a state has a tax effort in excess of the national average, it will have an effort index over 100."

The most current estimates of these ratios is in an Advisory Commission on Intergovernmental Relations publication Tax Capacity of the 50 States. Dated May 1985, the book is based on tax data for 1982. While aged, the numbers are indicative of Alaska's state and local tax burden relative to other states.(4)

Indexes of this sort can often hide subtleties in the underlying relationships. For instance the effort variables are developed using per capita measures which hide the fact that a substantial portion of the tax may be paid by out-of-state visitors or seasonal workers. Alaska, for instance, shows a high effort for hunting and fishing licenses. Although care has to be exercised in their interpretation, the figures indicate that Alaska residents are taxed at relatively low levels on income and sales when compared to residents of other states.

Overall Alaska shows a high tax effort because of our resource based taxes. However, effort measures are considerably below national norms for several major taxes commonly found in other states. Column two below shows the relative importance of major taxes and column three shows Alaska's effort index for these taxes.

Tax	State-Local Tax Collections as % of U.S. Total	Alaska Effort Index 1982
General Sales	23.5%	29.1
Selected Sales	11.7%	102.0
License Taxes	3.5%	118.0
Individual Income	19.7%	.7
Corporate Income	5.6%	95.0
Property	31.8%	105.0
Estate and Gift	.9%	22.9
Severance	3.4%	278.8

GENERAL STRUCTURE OF INDIVIDUAL INCOME TAXES

Individual income taxes are based on income at its source in contrast to other taxes, such as sales, excise taxes and duties which tax income in its use. The basic elements of any tax structure apply to the individual income tax. These are tax base, rate(s) and credits against tax owed.

Tax Base

Tax base is characterized by what is included, excluded, and deductible from income. It is also affected by the presence and size of personal exemptions, and whether these exemptions apply to the taxpayer only, or also to dependents or to special debilitating conditions, such as blindness or elderliness.

Tax Rates

Tax rates are applied to the tax base. They can be separated into rate groups for qualifying taxpayers, such as marital status or household type (i. e. married filing jointly, married filing separately, single, single head of household or widower). Rates can also be stratified by income groups so that taxpayers with different incomes pay different rates.

Tax Credits

Tax credits against tax owed are deducted after the rate is applied to the tax base. Tax credits are available for special expenditures and generally are effective in encouraging those expenditures. Examples of common individual income tax credits are for child care expenses, energy conservation investments, or political contributions.

Tax credits have much more impact in eroding tax base than tax exclusions or deductions do, as the following example illustrates.

In the first example below, an exclusion or deduction would have to be worth $2,500 in order to reduce the tax to $1,100 that the $100 tax credit produced. At a four percent tax rate, the $100 exclusion or deduction effectively reduced the tax base by $100, or 0.33%; while the $100 credit reduced the tax base by $2,500, or 8.33%.

The higher the tax rate, the greater is the value to the taxpayer of all tax base reductions even though the absolute value of the tax credit is the same, $100. In the second example, the eight percent tax rate has increased the value of the $100 tax base reduction to $8 dollars and the credit remains $100. An exclusion or deduction would have to be worth only $1,250 in order to reduce the tax to $2,300 that the $100 tax credit produced in the second example.

TABLE 4
EXAMPLES OF TAX CREDITS
VERSUS
TAX DEDUCTIONS

	$100 EXCLUSION	$100 DEDUCTION	$100 CREDIT
INCOME	$30,000	$30,000	$30,000
EXCLUSIONS	$ 100	$ 0	$ 0
ADJ GROSS INCOME	$29,900	$30,000	$30,000
DEDUCTIONS	$ 0	$ 100	$ 0
TAXABLE INCOME	$29,900	$29,900	$30,000
IF TAX RATE	4%	4%	4%
TAX	$ 1,196	$ 1,196	$ 1,200
CREDIT	$ 0	$ 0	$ 100
FINAL TAX	$ 1,196	$ 1,196	$ 1,100
TAX REDUCTION	$ 4	$ 4	$ 100
IF TAX RATE	8%	8%	8%
TAX	$ 2,392	$ 2,392	$ 2,400
CREDIT	$ 0	$ 0	$ 100
FINAL TAX	$ 2,392	$ 2,392	$ 2,300
TAX REDUCTION	$ 8	$ 8	$ 100

The Federal Tax Structure and its Effect on State Tax Policy

The Price Waterhouse Guide to the New Tax Law(5) points out several of the major objectives of the Tax Reform Act of 1986:

1. "Those with similar incomes should pay essentially the same amount of taxes. This injects an element of fairness into the system that has been absent from prior tax laws. At the same time, the new law reflects a sharp departure from the recent trend toward attempting to cure a wide variety of social and economic problems through tax incentives, or perhaps more accurately tax subsidies."(6)

2. "Another objective was that the law be as understandable and as straightforward as possible, to avoid manipulation of statutory complexities that work to the advantage of the sophisticated and the disadvantage of the financially naive."(7)

While these objectives have not been fully realized by the new Federal law, any movement toward realization is laudable. Tying state law to the new federal law, in addition to simplifying return preparation for Alaska taxpayers, would implicitly signal the adoption of similar principles.

One obvious disadvantage to the "piggyback" arrangement is that changes in the Federal law significantly alter the state tax base and state revenues without a policy change by Alaska. This is of particular concern given that large Federal deficits are already leading some in Congress to suggest modifications to the new tax code. The advantages of piggybacking are primarily administrative and relate to audit, compliance and collections functions. When the IRS audits returns and determines adjustments this information can be shared with the state. This lowers audit costs for the state in that there is less independent verification of information. Minimizing administrative and compliance expenses is an important criteria in evaluating alternative tax systems. These costs are an important consideration as is evidenced by this discussion of expenses at the federal level:

> "The costs of administering the income tax in the United States are fairly low. In 1981, for example, the Internal Revenue Service expended only 41 cents to raise each $100 in taxes [Commissioner of Internal Revenue, 1982, p. 55]. However, the compliance costs of personal income taxation are quite substantial. On the basis of survey evidence, Slemrod and Sorum [1983] estimated that in 1982, the average U.S. household devoted about 29 hours to state and federal tax preparation, and spent about $53 for professional advice. If the value of time is approximated at about $10.70 per hour, then the total resource cost per household is about $364. Multiplying this by the 97 million taxpaying units in 1982 gives a total resource cost of $35.3 billion, about 9 percent of total federal and state income tax revenue."(8)

A final criteria by which any other tax system might be judged is adequacy. That is, does it raise sufficient revenues particularly with reference to all the costs, both political and monetary, associated with its imposition. Currently, individual income taxes rank second as a producer of state revenues nationally producing about 30 percent of revenues in 1984. That proportion has increased significantly over time. In 1973 about 23 percent of state revenues came from this source. In general then income taxes raise significant amounts of revenue in relation to the administrative costs.

PATTERN OF COLLECTION & REFUND

Actual tax collections are spread throughout time. Generally, income taxes are withheld by employers and submitted directly by them to the State. Those who are self-employed submit estimated tax payments on a regular basis throughout the year. Finally, taxes are submitted, if owing, with the tax return prepared for the tax year (due by April 15).

Refunds are generally requested when tax has been overpaid by submission of a tax return that documents the overpayment. Those returns are primarily submitted in February through April and the refunds issued a month after the return is received.

The time pattern of tax payments was evaluated for this project using data available on Department of Revenue data bases and the refunds were analyzed using State accounting system reports. From those, a projected time pattern was generated. This can be used to translate the projected tax year liabilities presented in the tables into gross collections, refunds and net collections by quarter. This translation is an important step in determining fiscal year revenues.

Historically, collections for any given tax year have exceeded liability and a portion of tax collections have been refunded. For this analysis, tax collections for a tax year are estimated to be 25 percent greater than the estimated liability for that tax year.

Receipts for the fiscal year by quarter are estimated using ratios that are based on an analysis of 1970 - 1979 Cash Flow data [9] from the Alaska individual income tax. Refunds are then estimated as 27.2 percent of the total fiscal year receipts from the prior fiscal year; an estimate based on Department of Administration PBA reports for 1970 - 1979.[9]

This analysis may overestimate tax refunds for the flat tax options as presumably the ability to estimate tax liability for the individual will be considerably easier. The refund amounts tend to net out over time, in any case, so this refund estimate is used for all alternatives.

EVALUATION OF ALTERNATIVES

We have presented three alternative structures here primarily for illustrative purposes, and in no way wish to suggest these are proposals of this Department or section. We have designed the three alternatives to raise approximately the same total revenue with three different tax structures; our benchmark revenue amount being that obtained by the first alternative, reinstatement of the old individual income tax.

The tables presented in this report summarize only the projected quantitative impacts of these illustrative individual income tax alternatives and can't effectively be compared on revenue raised. Tax alternatives two and three were constructed to yield approximately the same 1988 revenue as alternative one. After 1988, tax alternatives were allowed to yield whatever revenue the interaction between the tax structure and the economic variables generated. The comparison of the alternative yields identifies the relative responsiveness of each structure to the projected changes in the economy. In addition, these alternatives illustrate the way different structural elements in a tax can be altered to obtain various results, and to show what scope of information it is possible to generate in response to a proposal. We also have evaluated the advantages and disadvantages, as well as the preliminary estimates of fiscal impact, for each of our three illustrative individual income tax alternatives in order to suggest what kinds of questions could be asked about various proposals.

This highlights the other crucial issues. Each of the elements of the tax structure can be tailored to affect different taxpayers differently (or to try and affect them identically). The alternative tax structures we present will each be analyzed briefly on a number of issues including how they affect taxpayer groups, how easily administered they are and how politically palatable they might be.

In general, the issues which should be considered with respect to measures to increase revenues are as follows.

Economic Efficiency: What effect does the proposed tax have on incentives and economic decision making? How does the tax alter consumption, production or resource allocation decisions?

Equity: Who bears the burden of the tax and how does that burden compare with ability to pay or benefits received? Is the tax progressive or regressive with respect to income and/or wealth?

Elasticity: What is the sensitivity of the tax revenue yield to changes in economic or demographic conditions? As income or population increase or decrease, does tax revenue increase or decrease in greater, lesser or equal proportion?

Administrative Efficiency: How costly is the tax to administer in terms of resources devoted to administration and compliance relative to the revenue yield of the tax? Who bears the burden of administrative cost, the taxpayer, the State or the tax collector (if different from the State)?

Political Feasibility: How acceptable is the proposed tax to the legislature and/or the electorate given existing social, political, and economic conditions? Who benefits, who loses, and who has the most political power?

Additionally, we are concerned with three other issues.

Interstate Capture: How much of the tax owed by nonresident taxpayers who work in Alaska is it possible to capture?

Intergovernmental Effects: Does the tax erode the tax base of higher level (federal) or lower level (local) governments? If this should be mitigated, how can it be done?

Inflation Effects: What is the effect of inflation on the elements of the tax structure and the burden on the taxpayer? If this should be mitigated, how can it be done?

Distribution of Income Inclusions, Exclusions and Deductions

The individual income tax is based on source of income. As such, t' distribution of income among households is very important in determining the vertical distribution of the tax incidence. It is also important how inclusive of various types of income the tax base is. The tables below present data estimated to simulate the 1988 new federal income tax structure to which all our alternatives will at least partially be tied.

It is obvious from this table that special treatment or exclusions applied to some sources of income are going to affect households at different points on the income distribution, differently. For example, capital gains, until recent tax reform, had special treatment. A portion of net capital gains could be excluded from income for tax purposes. Capital gains and investment income (such as corporate dividends and interest) are not major sources of income for lower income households. The complete inclusion in the tax base of these income sources affects higher income households to a much greater degree than lower income households.

TABLE 5
1988 DISTRIBUTION OF INCOME INCLUSIONS

ADJ GROSS INCOME GROUP	PERCENT OF RETURNS	PERCENT OF ADJ GROSS INCOME	PERCENT OF WAGES & SALARIES	PERCENT OF INTEREST INCOME	PERCENT OF CAPITAL GAIN/LOSS	OF SMALL ENTER PRISE	PERCENT OF PENSIONS ANNUITIES
LOSS	1.19%	-0.75%	0.38%	2.33%	5.32%	-138.19%	1.47%
0- 10000	22.06%	3.74%	3.59%	4.62%	2.06%	-12.96%	5.61%
10001-20000	20.46%	9.42%	9.66%	8.14%	3.96%	21.46%	12.00%
20001-30000	14.92%	11.54%	11.89%	9.18%	4.84%	14.30%	13.12%
30001-40000	11.90%	13.13%	14.05%	10.97%	7.32%	14.71%	12.08%
40001-50000	9.26%	13.07%	14.08%	10.86%	7.39%	3.24%	13.19%
50001-60000	6.56%	11.30%	11.80%	8.50%	5.76%	1.31%	14.41%
60001-70000	4.64%	9.51%	9.89%	7.35%	6.09%	2.37%	7.64%
70001-80000	3.26%	7.79%	7.84%	7.04%	6.42%	13.81%	6.52%
80001-90000	2.15%	5.94%	5.77%	6.39%	6.40%	13.03%	4.07%
90001-100000	1.34%	4.28%	3.71%	5.25%	7.40%	27.92%	3.87%
100001-15000	2.00%	8.18%	6.15%	13.55%	20.46%	84.86%	4.75%
150001-20000	0.17%	1.12%	0.58%	2.23%	4.69%	15.48%	0.73%
200001-30000	0.02%	0.27%	0.06%	0.48%	2.30%	4.21%	0.10%
300001-40000	0.04%	0.55%	0.22%	1.24%	3.16%	12.31%	0.37%
OVER 400000	0.03%	0.92%	0.25%	1.81%	6.36%	22.09%	0.00%
ESTIM MEDIAN	$26,000	$44,700	$44,600	$55,600	$84,900	$182,200	$45,000

The estimated median is the level of 1984 AGI where one half of the inclusion, exclusion or deduction dollars are found on returns with less than this AGI and half on returns with more than this AGI. The exception to this is the percent of returns column (col. 2) where number of returns determined the median. Half of the returns in the 1988 low case had a 1984 AGI of $26,000 or less.

The distribution of income exclusions and deductions differs among households also. The table below shows how these are distributed differently among income groups. Special exclusions and deductions will alter the distribution of the tax burden depending on which income sources or expenditure items are given favorable tax treatment. For instance, half of the dollars claimed as standard deductions occurred on returns with AGI less than $10,500, while the comparable figure for itemized deductions is $35,200. There is interaction in the function of these two, so a change in one will affect the other.

TABLE 6
1988 DISTRIBUTION OF INCOME EXCLUSIONS
AND INCOME DEDUCTIONS

ADJ GROSS INCOME GROUP	PERCENT OF RETURNS	PERCENT OF ADJ GROSS INCOME	PERCENT OF SAVINGS EXCLUSNS	PERCENT OF ITEMIZED DEDUCTIONS	PERCENT OF STANDARD DEDUCTIONS	PERCENT OF MEDICAL DEDUCTIONS	PERCENT OF PROP TAX DEDUCTIONS	PERCENT OF TO INT DEDUCTIONS	PERCENT OF NORT INT DEDUCTIONS	PERCENT OF MISC DEDUCTIONS	PERCENT OF VALUE OF EXEMPTIONS
LOSS	1.19%	-0.75%	1.10%	1.45%	1.35%	15.91%	1.31%	1.21%	1.05%	2.01%	1.40%
0- 10000	22.06%	3.74%	1.09%	12.04%	27.37%	11.00%	1.55%	1.12%	1.15%	1.83%	14.26%
10001-20000	20.46%	9.42%	4.11%	12.96%	25.32%	25.10%	4.23%	3.55%	3.94%	6.07%	16.62%
20001-30000	14.92%	11.54%	9.82%	11.82%	17.86%	16.30%	8.35%	7.97%	8.44%	9.86%	14.89%
30001-40000	11.90%	13.13%	20.13%	11.75%	11.94%	11.44%	12.30%	12.62%	13.33%	13.41%	14.00%
40001-50000	9.26%	13.07%	15.29%	10.96%	7.29%	7.92%	14.09%	14.60%	14.97%	13.57%	11.89%
50001-60000	6.56%	11.30%	6.43%	10.05%	3.81%	4.53%	13.67%	15.07%	15.73%	12.12%	8.78%
60001-70000	4.64%	9.51%	4.53%	7.86%	2.09%	2.52%	11.55%	12.08%	12.02%	9.96%	6.38%
70001-80000	3.26%	7.79%	6.87%	6.24%	1.17%	1.95%	9.39%	9.78%	9.47%	8.05%	4.54%
80001-90000	2.15%	5.94%	5.19%	4.62%	0.73%	1.14%	7.67%	7.07%	6.73%	6.50%	2.94%
90001-100000	1.34%	4.28%	4.28%	3.21%	0.41%	1.06%	4.82%	4.74%	4.40%	5.14%	1.77%
100001-15000	2.00%	8.18%	16.48%	5.81%	0.54%	0.99%	9.08%	8.56%	7.62%	9.65%	2.40%
150001-20000	0.17%	1.12%	2.89%	0.61%	0.03%	0.06%	1.08%	0.90%	0.74%	1.19%	0.06%
200001-30000	0.02%	0.27%	0.57%	0.09%	0.00%	0.00%	0.13%	0.14%	0.08%	0.09%	0.00%
300001-40000	0.04%	0.55%	0.43%	0.19%	0.01%	0.00%	0.36%	0.26%	0.15%	0.08%	0.00%
OVER 400000	0.03%	0.92%	0.72%	0.27%	0.00%	0.00%	0.33%	0.25%	0.09%	0.41%	0.00%
ESTIM MEDIAN	$26,000	$44,700	$43,900	$35,200	$10,500	$13,900	$54,700	$54,600	$54,600	$65,800	$35,400

Comparison of State Structures

Our alternatives were developed as illustrations of information scope and structural comparison only; however, if they were compared to other states with individual income taxes, that comparison would be as follows:

TABLE 7
STATE INDIVIDUAL INCOME TAXES
(As of January 1, 1986)(10)

State or other jurisdiction	Rate range(s) (percent)	Income brackets: Lowest (ends)	Income brackets: Highest (over)	Personal exemptions: Single	Personal exemptions: Married	Personal exemptions: Dependents	Federal income tax deductible
Alabama	2.0 - 5.0(3)	$ 500(c)	$ 3,000(c)	$1,500	$ 3,000	$ 300	•
Arizona(b)	2.0 - 8.0(7)	1,122(c)	6,730(c)	1,941	3,882	1,165	•
Arkansas	1.0 - 7.0(6)	3,000	25,000	17.50(d)	35(d)	6(d)	...
California(b)	1.0 - 11.0(11)	5,010(e)	27,820(e)	42(d)	84(d)	13(d)	...
Colorado	3.0 - 8.0(11)(f)	1,420	14,150	1,200	2,400	1,200	•
Delaware	1.2 - 9.7(14)	1,000	40,000	1,000	2,000	1,000	•(g)
Georgia	1.0 - 6.0(6)	750(h)	7,000(h)	1,500	3,000	750	...
Hawaii	2.25 - 11.0(11)	1,500(e)	30,000(e)	1,040	2,080	1,040	...
Idaho	2.0 - 7.5(8)(i)	1,000	5,000	1,040(i,j)	2,160(i,j)	1,040(i,j)	...
Illinois	2.5	---------- Flat rate ----------		1,000	2,000	1,000	...
Indiana	3.0	---------- Flat rate ----------		1,000	2,000	1,000	...
Iowa(b)	0.5 - 13.0(13)(k)	1,023	76,725	20	40	15(d)	•
Kansas	2.0 - 9.0(8)	2,000(c)	25,000(c)	1,000	2,000	1,000	•(g)
Kentucky	2.0 - 6.0(5)	3,000	8,000	20	40	20(d)	•
Louisiana	2.0 - 6.0(3)	10,000	50,000	4,500(l)	9,000(l)	1,000	•
Maine(b)	1.0 - 10.0(8)	2,000(c)	25,000(c)	1,000	2,000	1,000	...
Maryland	2.0 - 5.0(4)	1,000	3,000	800	1,600	800	...
Massachusetts	5.1875(m)	---------- Flat rate ----------		2,200	4,400(n)	700	...
Michigan	4.6	---------- Flat rate ----------		1,500	3,000	1,500	...
Minnesota(b)	1.0 - 9.9(11)(o)	300	16,200	70(d)	140(d)	70(d)	(o)
Mississippi	3.0 - 5.0(3)	5,000	10,000	6,000	9,500	1,500	...
Missouri	1.5 - 6.0(10)	1,000	9,000	1,200	2,400	400	•
Montana(b)	2.0 - 11.0(10)	1,300	45,900	1,040	2,080	1,040	•
Nebraska	19% of U.S. tax						...
New Jersey	2.0 - 3.5(3)	20,000	50,000	1,000	2,000	1,000	...
New Mexico	1.8 - 8.5(7)	5,200(p)	41,600(p)	2,000	4,000	2,000	...
New York	2.0 - 13.5(13)(q)	1,000	26,000	850	1,700	850	...
North Carolina	3.0 - 7.0(5)	2,000	10,000	1,100	2,300	800	...
North Dakota	2.0 - 9.0(8)(r)	3,000	50,000	1,080(j)	2,160(j)	1,080(j)	•(r)
Ohio	0.855- 8.55(6)	5,000	100,000	1,000(s)	2,000(s)	1,000(s)	...
Oklahoma	0.5 - 6.0(7)(t)	1,000	7,500	1,000	2,000	1,000	(t)
Oregon(b)	4.0 - 10.0(7)	500	5,000	85(d)	170(d)	85(d)	•(g)
Pennsylvania	2.2	---------- Flat rate ----------		...	...	...	...
Rhode Island	22.21% of U.S. tax						...
South Carolina(b)	2.0 - 7.0(6)	4,410	12,490	1,080(j)	2,160(j)	1,080(j)	...
Utah	2.75 - 7.75(6)	750(c)	7,500(c)	750(j),(u)	1,500(j)	750(j)	•
Vermont	26% of U.S. tax(v)	...	...	...	...	...	...
Virginia	2.0 - 5.75(4)	3,000	12,000	600	1,200	600	...
West Virginia	2.1 - 13.0(18)	2,000(w)	60,000(w)	800	1,600	800	...
Wisconsin(b)	5.0 - 7.9(4)	7,500	30,000	...	...	50(d)	...
Dist. of Col.	2.0 - 11.0(10)	1,000	25,000	750(j)	1,500(j)	750(j)	...

Alaska Alternative I.....3-14.5	2000	200000	1950	3900	1950	no
Alaska Alternative II.....6.5-11.5	0	25000	1950	3900	1950	no
Alaska Alternative III....6	Flat Rate		3000	6000	3000	no

Source: The Federation of Tax Administrators, on the basis of legislation enacted at the 1985 sessions.

Note: This table excludes the following state taxes: Connecticut taxes interest and dividends at 1 to 13 percent and capital gains at 7 percent. New Hampshire taxes interest and dividends at 5 percent. Tennessee taxes interest and dividends at 6 percent.

Key:

. . .—Not applicable.

(a) The figure in parentheses is the number of steps in the range. For California, Hawaii, and South Carolina, the amounts shown for the lowest bracket includes zero bracket amount and lowest positive bracket.

(b) Ten states have statutory provisions for automatic adjustments of tax brackets or personal exemptions, as well as other features, to reflect changes in price levels. Adjustments to be made for 1986 tax years will generally not be known until the latter part of 1986. The 1985 amounts are shown.

(c) For joint returns, the tax is twice the tax imposed on half the income.

(d) Tax credits.

(e) The range reported is for single persons. For married persons, the tax is twice the tax imposed on half the income. For heads of households, different rates apply.

(f) Imposes a surtax of 2 percent on gross income from intangibles which exceed $15,000.

(g) The federal tax deduction is limited. Delaware, to $300 for an individual, $600 for a joint return, Kansas, $5,000 individual, $10,000 joint (or to 50 percent of federal tax liability, whichever is greater), Oregon, to $7,000.

(h) The range reported is for single persons. For joint returns and heads of households, the same rates are applied to income brackets ranging from $1,000 to $10,000. For married persons filing separately, the income brackets range from $500 to $5,000.

(i) In the case of joint returns, the tax is twice the tax imposed on half the income. A filing fee of $10 is imposed on each return. A credit of $15 is allowed for each personal exemption.

(j) These states by definition allow personal exemptions provided in the Internal Revenue Code. Under existing law, Idaho follows the federal code as of January 1, 1985; North Dakota as of December 31, 1984; South Carolina, as of December 31, 1984; Utah (for purposes of personal exemptions) as of December 31, 1974; and the District of Columbia, as of July 1, 1975.

(k) No tax is imposed on persons whose net income does not exceed $5,000.

(l) Combined personal exemption and standard deduction.

(m) A 10.375 percent rate applies to interest and dividends (other than from savings deposits) and on net capital gains. The 5.1875 percent rate applies to all other income, including earned income and income from savings deposits. These rates include a 3.75 percent surtax.

(n) Maximum allowance; spouse's exemption is $1,000 plus the amount of earnings, but the total exemption for taxpayer and spouse may not exceed $4,400.

(o) The rate range shown is for single persons not deducting federal income tax. Married persons filing jointly have a range of 1.7 to 9.9 percent. Taxpayers who deduct federal income taxes have a range of 1.3 to 14 percent if single and 1.5 to 14 percent if married.

(p) The rate range reported is for single persons. For joint returns and heads of households, tax rates range from 2.4 percent on income not over $9,000, to 8.5 percent on income over $64,000. For married persons filing separately, a separate set of rates and brackets applies.

(q) Maximum rate of 9.5 percent on personal service income.

(r) Taxpayers have the option of paying 10.5 percent of adjusted federal income tax liability.

(s) Or, at taxpayers option, $650 deduction plus $20 credit per exemption.

(t) The rate range is for single persons not deducting federal income tax. Married persons filing jointly, surviving spouses, and heads of households have the same rates and brackets that are twice as wide. Separate schedules, with rates ranging from 0.5 percent to 17 percent, apply to taxpayers deducting federal income taxes.

(u) If Vermont tax liability for any taxable year exceeds Vermont tax liability determinable under federal tax law in effect on January 1, 1986, the taxpayer will be entitled to a credit equal to the excess, plus 6 percent of that amount. A credit is allowed for taxpayers with an adjusted gross income of under $7,000.

(v) The range reported is for single persons. For joint returns, the same rates are applied to brackets ranging from $4,000 to $120,000. Separate brackets apply to heads of households.

As noted previously, the tax rates in the benchmark alternative (one) were in effect ten years prior to the first forecast year, 1988. Significant inflation has altered the tax base so these rates could be onerous. Inflation from 1978 to October 1986 has been 69.1 percent and over the entire ten year period is estimated to be 84.4 percent. Lack of inflation adjustment to the tax brackets in the rate structure will necessarily lead to bracket creep. What this means in practical terms, is that taxpayers may be no better off in any real sense (their income, after adjustment for inflation, is no greater) but may have to pay greater portions in tax. This can be mitigated with inflation indexed tax brackets.

Federal tax law has also changed the tax base significantly. Our estimate of the revenue yield in 1988 under the old tax law with no federal tax law change to the tax base is over $35 million less than the alternatives in this study. The estimated tax revenue from our illustrative alternatives is over 35.25 percent of the the taxpayers' estimated federal tax for those years (compared to rates ranging from 19 to 26 percent for states with percentage of federal rate structures in the table above, i. e. Rhode Island, Nebraska and Vermont). Additionally, the old highest rate effective in alternative one (14.5 percent) is higher than any other state, (13.5 percent in New York). In our flat rate tax alternative (three), our tax rate of six percent is higher than any other state that has a flat rate (i. e. Illinois, Indiana, Massachusetts, Michigan, and Pennsylvania).

GENERAL DESCRIPTION OF THE ECONOMIC SCENARIOS

The revenue which can be generated by any income tax structure is obviously dependent on the future course of the Alaskan economy. It is probably safe to say that uncertainty about that course is greater at the present time than at any time in recent Alaska history. The future movement of oil prices is a key determinant as are state policy responses to significantly lower levels of revenue. Briefly, a case can be made for a wide range of economic outcomes.

A large number of economic scenarios combined with a variety of tax structures can quickly lead to a proliferation of cases which can overwhelm both researchers and policy makers. As a consequence we have limited this initial analysis to two economic scenarios and to three tax structures.

With the caveat that it is fairly costly to run different tax structures against the data base, we have considerable flexibility with regard to modelling different structures. Unfortunately we have very little flexibility with regard to economic scenarios. Econometric models which have been developed by state agencies have been rendered inoperative due to the departure of key personnel. Access to university or private models would have involved contractual funds which simply were not available.

Because of this problem we were forced to rely on an already published forecast. In March of 1986 ISER prepared a working paper titled "The Impact of Collapse of the World Oil Market on the Alaska Economy."(11) The paper essentially presents two cases - one based on state revenues as forecasted in December 1985 before the severe oil price decline and one based on revenues which approximate those currently forecasted. In the former case state general fund appropriations fall to about 74 percent of 1986 levels by 1990 while in the latter case these appropriations fall to about 47 percent of 1986 levels. In addition the paper shows other key variables - employment, population and personal income - also as a percent of 1986 levels. While this analysis would be strengthened by an approach which combined the tax forecasting model with custom tailored economic forecasts we feel the two cases we have available provide useful guidance on the sensitivity of our results to economic outcomes.

GENERAL DESCRIPTION OF THE TABLE FORMATS AND TERMS

There are three alternative tax structures considered in this report. Each structure is described, the tax issues discussed, projection tables are presented, and the revenue collections estimates are provided.

A set of two tables is presented for each year in the projection period, 1988 through 1992, and for each of two economic scenarios (described briefly above). The first table in the set is the sum for each variable, and the second set is the mean for each non zero value of the variable. Mean values help determine what is the impact of the individual variables on the average tax return in the income group.

The variables considered for the tax alternatives and economic scenarios are:

Wages & Salaries;
Adjusted Gross Income;
Taxable Income;
Number of Personal Exemptions;
Value of Personal Exemptions;
Itemized Deductions;
Standard Deductions;
Tax Liability if PFD is Taxable;
Amount of Tax Liability Paid from Federal Tax;
Tax Liability if PFD is not Taxable; and
Leakage of Tax to Municipalities (from Property Tax).

These variables are presented for each of 15 adjusted gross income groups (AGI GROUP) and for the total. The data was grouped by 1984 AGI because it was felt it would aid in the intuitive interpretations of the tables. It is also possible to group by the AGI of the relevant tax year.

ALTERNATIVE ONE: 1978 ALASKA RATES/ FEDERAL TAX BASE

This alternative attempts to reinstate, largely, the tax structure effective in Alaska before it was repealed. That structure had its own set of progressive tax rates grouped by filing status, and was piggybacked to the federal law for most of its tax base elements.

Tax Base

The federal law has changed dramatically since the Alaska individual income tax was in effect. This proposal assumes that the changes adopted by the federal government will be referenced in Alaska Statute much as they were in 1978-1979. This will result in the expansion of the tax base through the inclusion of more items in income, a decrease in both exclusions and itemized deductions from income, and an increase in standard deductions and the value of exemptions, resulting in lower taxable income in the lower part of the income distribution and higher taxable income in the upper part of the income distribution. The specifics of the changes resulting from tax reform at the federal level are available in a number of publications and we will not attempt to discuss those here. The provisions of the new law that we assume would be effective for this proposal are summarized below.

Income Inclusions and Exclusions

Included as total income are wages, salaries, tips, interest income, dividends, income tax refunds, alimony received, business income, capital gains, pensions, IRA and annuity distributions, rents, royalties, partnership, estates, trusts, farm income, unemployment insurance (which we are unable to include in our model), social security benefits and other income. The new Federal law eliminates the $100 - $200 exclusion of dividend income and treats the full amount of capital gain as ordinary income. The Alaska Permanent Fund Dividend is included as income.

New restrictions are now included in the Federal law which define passive and active participation in ventures and set limits for higher income taxpayers on offsetting losses of any kind. Passive losses cannot be used to offset other income except for $25,000 in participatory rental losses. (Passive losses occur particularly in some partnership and rental activities.)

Additionally, Alaska individual income tax law did include the Federal cost of living allowance and excluded exempt pensions and annuities, military pay of nonresidents serving in Alaska, and income from U. S. government securities. Because our data bases did not have sufficient detail to isolate these elements, it is difficult to quantify their impact. Conceptually our figures (which rely on the Federal income tax data) would exclude the Federal cost of living allowance and include the pay of military stationed in Alaska. Exempt pensions, annuities and U. S. government securities income would be excluded.

Income Adjustments

Under the new Federal law, only the Keogh plan contributions, savings withdrawal penalties and alimony paid adjustments from income remain. Eliminated is the Two Earner adjustment; while the IRA adjustment is phased out at higher income levels or eliminated if the employer covers the employee with a retirement plan. The moving expense and employee business expense adjustment are now deductions.

Treatment of the Alaska Permanent Fund Dividend

All of the alternatives presented show tax liability with PFD both taxable and not taxable. The 1988 low case Table 8 following indicates a loss of $16.6 million in taxes from exclusion of the PFD from taxable income ($399.3 million with PFD included - $382.7 million with PFD excluded). The taxable income shown in the tables is with PFD not taxable. Children and other persons not required to file will not pay tax on the PFD. The estimates of the PFD are as follows:

1988	$750
1989	$800
1990	$800
1991	$800
1992	$800

These are rounded values from the December 1986 Long Run Fiscal Model of the Department of Revenue.(12)

Nonresident Apportionment

As was done in the 1978 Alaska individual income tax law, nonresident workers apportion their income by source state in this proposal. The apportionment ratio is obtained by dividing Alaska adjusted gross income (income earned in this state or attributable to investments in this state) by total adjusted gross income. The ratio obtained is used to adjust exemptions and standard deduction. Itemized deductions are apportioned to Alaska based on the expenditure location, property site or source of income to pay the expenditure.

Standard Deduction

The following standard deductions are assumed to be adopted from the Federal Code and are indexed yearly for inflation.

Filing Status	Standard Deduction	Add'nl for Blindness/ Age Exemption
Single	$3,000	$750 per Exemption
Married Filing Joint	$5,000	$600 per Exemption
Married Filing Sep	$2,500	$600 per Exemption
Head of Household	$4,400	$750 per Exemption

Itemized Deductions

Those with greater than the standard deduction can itemize deductions on state returns as done on the Federal return. Alaska income taxes cannot be deducted for Alaska tax although they can for Federal income tax. Medical expenses in excess of 7.5 percent of adjusted gross income are deductible. Sales taxes are not deductible but property taxes are. Home mortgage interest (for primary and secondary residences) is still deductible, but consumer interest is phased out and other mortgage interest is no longer deductible. Union and professional dues, tax return preparation fees, employee business expenses are also deductible, but must total more that two percent of adjusted gross income. Moving expenses are deductible.

Personal Exemptions

Exemptions are available for the taxpayer, spouse, dependents and for certain debilitating conditions. They are worth $1,950 each in 1988, $2,000 in 1989 and are indexed for inflation thereafter. For higher income taxpayers, the value of these exemptions is reduced by five percent of taxable income if taxable income is greater than the threshold amount (which is indexed yearly for inflation).

Filing Status	Income Threshold
Single	$89,560
Married Filing Joint	$149,200
Married Fil'g Separately	$113,300
Head of Household	$123,790

Tax Credits

We have not included any tax credits in these proposals. Summaries of the major tax credits effective in Alaska and profiles of the taxpayers and amounts credited have been published previously and are available from this office.(13)

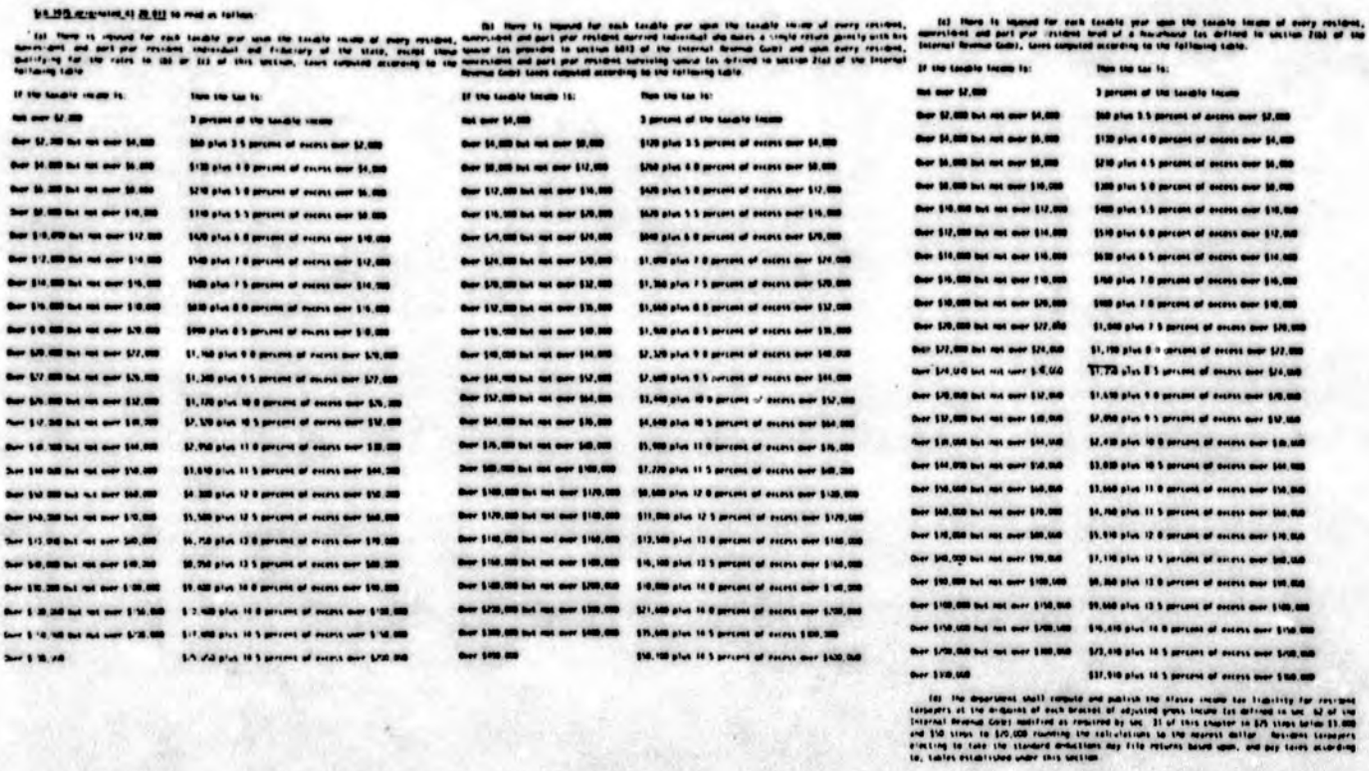
Tax Rates

Tax rates effective for the 1978 and 1979 Alaska individual income tax are assumed to be re-adopted for this proposal.

It may be advisable to consider changing these brackets to reflect the effects of inflation on income. Inflation from 1978 to October 1986 has been 69.1 percent, and over the entire ten year period is estimated to be 84.4 percent. One way to adjust a progressive rate table would be to adjust the income bracket amounts upward by the amount of inflation since 1978.

These rates were designed to apply to a tax base with a range of exclusions and deductions. With the new federal tax reform, income is much more fully exposed to taxation. We estimate almost $640 million (or 8.5 percent) more income is subject to taxation. It may be advisable to consider changing these brackets to reflect this exposure to taxation. Our estimate of the revenue yield in 1988 under the old tax law with no federal tax law change to the tax base is over $35 million less than the alternatives in this study.

The 1978/1979 rates and rate brackets are presented below.



ISSUES

Economic Efficiency

It is difficult to determine the effects on economic efficiency associated with reimposition of a state income tax. Individuals and businesses are making adjustments in light of the new federal tax and it is difficult to determine what additional adjustments would occur in response to a state income tax.

Income Elasticity

The income elasticity of individual income tax revenues, given progressive rates, is greater than one which is to say a given percentage change in income will produce a larger percentage change in tax revenues. Thus, during periods of income growth, individual income tax revenues will increase more than in proportion to the growth and, during periods of income decline, they will fall more than in proportion to the decline. This makes the individual income tax relatively unstable in terms of yield.

Equity

In terms of equity the individual income tax is generally considered the "fairest" tax. The burden or incidence of the tax falls primarily on the individual taxpayer and there is less opportunity for shift of incidence compared with the corporate income or business type taxes. Given a progressive rate schedule, the tax burden is based on the "ability to pay" principle of taxation and the nominal incidence is progressive. That is, as income level of the taxpayer increases, the nominal tax rate also increases. It should be noted though that state income taxes are deductible when computing taxable income for federal income tax purposes if the individual itemizes deductions. This has the effect of reducing the burden on individuals with higher incomes who are subject to higher marginal rates at the federal level and are also more likely to be in a position to itemize. The effect is to reduce the progressivity of the tax burden at the state level. This effect will be reduced, however, in light of recent scheduled income tax rate reductions enacted at the federal level.

Administration and Compliance

Reinstating the individual income tax after dismantling the administrative and compliance functions in the Department of Revenue could involve considerable start up costs. Audit and collection functions would have to be brought back on line. Personnel would have to be hired and trained, computer programs and procedures developed, etc. However, once the initial start up period was completed, administrative and compliance costs similar to previous levels relative to tax collections would probably be achieved.

The Alaska Net Income Tax law as it applies to corporations and as it applied to individuals before those sections were repealed is piggybacked on the federal income tax law. This means basically that the starting point for calculating Alaska taxable income is federal taxable income. The Alaska law follows the federal law as far as allowable deductions and exemptions are concerned unless specified otherwise. The state law specifies its own tax rate schedule which is independent of the federal rate schedules.

This piggybacking has advantages and disadvantages. The advantages are primarily administrative and relate to audit, compliance and collections functions. When the IRS audits returns and determines that there should be adjustments made they share this information with the state. This lowers the state's audit costs because it reduces the amount of information on a return that the state must verify independently. The disadvantage of piggybacking is that when federal tax laws are changed relative to deductions and exemptions there may be an impact on state tax collections unless the state changes its tax law accordingly.

Nonresident Taxpayers

This alternative captures the nonresident worker in the tax base fairly effectively. Alaskan employers submit payroll taxes regardless of the residence of the worker. The potential for avoiding estimated payments remains but is no worse or better for this alternative than any other.

The apportionment of nonresident (or part year resident) income, exemptions and deductions all seem fair and are generally consistent with practice in other states.

Intergovernmental Effects

All state income taxes are deductible from Federal income. This causes a leakage of tax from the federal government to the State. What the 1988 low case Table 8 below shows that for every dollar of Alaska tax paid, the taxpayer effectively pays only 78¢ while the Federal government leaks 22¢ of it to the State ($86.2 million Federal leakage / $399.3 million State tax liability).

On the other hand, the deductibility of property taxes (generally levied at the local government level), erodes the tax base of the State. The estimated leakage of tax from the State to local government estimated under this alternative is presented in the tables below. The 1988 low case Table 8 indicates a leakage from municipal property taxes of $7.5 million.

Inflation Effects

Inflation adjustments are present in the exemption, deduction and income limit amounts of this tax alternative; however, the lack of inflation adjustment to the tax brackets in the rate structure will necessarily lead to bracket creep. What this means in practical terms, is that taxpayers may be no better off in any real sense (their income, after adjustment for inflation, is no greater) but may have to pay greater portions in tax. This can be mitigated with inflation indexed tax brackets.

TABLE 8
1988 TAX ALTERNATIVE ONE
LOW ECONOMIC SCENARIO

AGI GROUP	N	PCTN	WAGE & SALARY SUM	ADJ GROSS INCOME SUM	TAXABLE INCOME SUM	NUMBER OF EXEMPTIONS SUM	VALUE OF EXEMPTIONS SUM	ITEMIZED DEDUCTIONS SUM	STANDARD DEDUCTIONS SUM
LOSS	2878	1.19	26309170.00	-61678792.91	9522088.47	7805.00	15093065.29	21978299.00	8361481.80
$0 TO $10000	53355	22.06	248499609.00	305298080.85	51103488.58	78669.00	153385050.00	182077568.76	168834035.70
$10001 TO $20000	49490	20.46	668214244.00	769719577.88	361711133.07	91714.00	178824750.00	196100662.73	156198215.60
$20001 TO $30000	36082	14.92	822338578.00	943559133.02	567599932.03	82151.00	160156933.31	178839871.42	110198161.10
$30001 TO $40000	28778	11.90	971451140.00	1072829850.36	711225185.16	77343.00	150610013.87	177719720.99	73655960.10
$40001 TO $50000	22390	9.26	973365388.00	1068241985.88	746097930.25	65702.00	127937517.15	165810358.80	44977736.20
$50001 TO $60000	15856	6.56	815676730.00	923230676.83	661901490.79	48533.00	94469411.63	152000537.48	23540605.70
$60001 TO $70000	11225	4.64	683752605.00	777522186.01	575697419.09	35348.00	68617104.41	118871746.80	12946000.00
$70001 TO $80000	7883	3.26	542298283.00	636844305.28	482688052.22	25290.00	48879109.84	94435768.96	7230400.00
$80001 TO $90000	5208	2.15	398926188.00	485165674.57	376776961.75	16585.00	31662349.51	69861199.66	4521200.00
$90001 TO $100000	3243	1.34	256764893.00	349859148.04	277822663.84	10278.00	19120685.92	48547255.19	2540200.00
$100001 TO $150000	4837	2.00	425160325.00	668888559.51	548327386.29	15373.00	25887775.21	87967948.02	3339400.00
$150001 TO $200000	412	0.17	40720223.00	91310515.75	80761636.75	1223.00	743708.82	9273420.18	245100.00
$200001 TO $300000	55	0.02	4709336.00	22032721.97	20473845.20	128.00	6049.24	1497327.53	22000.00
$300001 TO $400000	93	0.04	15285945.00	44902551.74	41886181.28	297.00	0.00	2880620.46	69000.00
OVER $400000	79	0.03	17348776.00	75394772.03	71074644.61	260.00	1950.00	4216627.42	28000.00
TOTAL	241864	100	6910821433.00	8173120946.79	5584670039.37	556699.00	1075395474.20	1512078933.40	616707496.20

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	SUM	SUM	SUM	SUM
AGI GROUP				
LOSS	899316.93	226804.72	880081.22	14468.33
$0 TO $10000	2416119.14	98110.72	1839506.04	24833.16
$10001 TO $20000	17051401.49	579771.33	15040091.45	166253.58
$20001 TO $30000	30516317.42	2311360.21	28172968.47	452411.10
$30001 TO $40000	42108721.07	5401201.48	39617450.37	829369.83
$40001 TO $50000	47133370.87	8630545.22	44764018.51	1029036.05
$50001 TO $60000	44668609.82	10425030.21	42737348.02	1020584.71
$60001 TO $70000	41869107.58	10615382.12	40358933.79	942931.34
$70001 TO $80000	37367186.11	9777395.26	36239920.77	808293.19
$80001 TO $90000	30927599.34	8494474.62	30144541.35	650313.70
$90001 TO $100000	24391842.25	6964249.62	23886628.45	453872.72
$100001 TO $150000	52949084.81	15376563.61	52144393.42	925385.99
$150001 TO $200000	9159567.69	2490940.93	9087926.39	123591.08
$200001 TO $300000	2681239.56	681444.79	2673304.56	15894.97
$300001 TO $400000	5376237.33	1445019.79	5356628.58	43804.51
OVER $400000	9756415.97	2731796.47	9740973.47	40764.87
TOTAL	399272137.36	86250091.11	382684714.86	7541809.13

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
AGI GROUP			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
LOSS	2878	1.19	9141.48	-21498.36	3308.58	2.71	5244.29	7636.66	4393.84
$0 TO $10000	53355	22.06	4657.48	5748.09	957.80	1.47	2874.80	3412.57	3299.22
$10001 TO $20000	49490	20.46	13502.01	15587.05	7308.77	1.85	3613.35	3962.43	3600.95
$20001 TO $30000	36082	14.92	22790.83	26205.61	15730.83	2.28	4438.69	4956.48	4013.63
$30001 TO $40000	28778	11.90	33756.73	37330.10	24714.20	2.69	5233.51	6175.54	4292.56
$40001 TO $50000	22390	9.26	43473.22	47761.87	33322.82	2.93	5714.05	7405.55	4509.95
$50001 TO $60000	15856	6.56	51442.78	58303.17	41744.54	3.06	5957.96	9586.31	4710.01
$60001 TO $70000	11225	4.64	60913.37	69341.14	51287.08	3.15	6112.88	10589.91	4726.54
$70001 TO $80000	7883	3.26	68793.39	80930.78	61231.52	3.21	6200.57	11979.67	4759.97
$80001 TO $90000	5208	2.15	76598.73	93283.15	72345.81	3.18	6079.56	13414.21	4840.69
$90001 TO $100000	3243	1.34	79175.11	107947.90	85668.41	3.17	5895.99	14969.86	4875.62
$100001 TO $150000	4837	2.00	87897.52	138371.65	113361.05	3.18	5352.03	18186.47	5129.65
$150001 TO $200000	412	0.17	98835.49	221627.47	196023.39	2.97	1805.12	22508.30	4713.46
$200001 TO $300000	55	0.02	85624.29	400594.94	372251.73	2.33	109.99	27224.14	4400.00
$300001 TO $400000	93	0.04	164365.00	482823.14	450389.05	3.19	0.00	30974.41	5750.00
OVER $400000	79	0.03	219604.76	966599.64	899679.05	3.29	24.68	53375.03	4666.67
TOTAL	241864	100	28573.17	33870.36	23090.13	2.30	4446.28	6251.77	3795.61

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	MEAN	MEAN	MEAN	MEAN
AGI GROUP				
LOSS	312.48	78.81	305.80	5.03
$0 TO $10000	45.28	1.84	34.48	0.47
$10001 TO $20000	344.54	11.71	303.90	3.36
$20001 TO $30000	845.75	64.06	780.80	12.54
$30001 TO $40000	1463.23	187.69	1376.66	28.82
$40001 TO $50000	2105.11	385.46	1999.29	45.96
$50001 TO $60000	2817.14	657.48	2695.34	64.37
$60001 TO $70000	3729.99	945.69	3595.45	84.00
$70001 TO $80000	4740.22	1240.31	4597.22	102.54
$80001 TO $90000	5938.48	1631.04	5788.12	124.87
$90001 TO $100000	7521.38	2147.47	7365.60	139.95
$100001 TO $150000	10946.68	3178.95	10780.32	191.31
$150001 TO $200000	22231.96	6045.97	22058.07	299.98
$200001 TO $300000	48749.81	12389.91	48605.54	289.00
$300001 TO $400000	57809.00	15537.85	57598.16	471.02
OVER $400000	123498.94	34579.70	123303.46	516.01
TOTAL	1650.81	356.61	1582.23	31.18

TABLE 9
1989 TAX ALTERNATIVE ONE
LOW ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
AGI GROUP			SUM	SUM	SUM	SUM	SUM	SUM	SUM
LOSS	2727	1.14	24579758.00	-59527626.97	8539877.59	7470.00	14846327.64	21084905.50	8367769.76
$0 TO $10000	49750	20.81	232987396.00	286672325.82	43820769.88	73786.00	147556000.00	176304462.61	163787805.25
$10001 TO $20000	48252	20.19	656298356.00	751585286.54	343897257.30	89031.00	178042000.00	195143890.35	157531673.01
$20001 TO $30000	35369	14.80	812405077.00	923763680.84	548745272.46	79515.00	159008000.00	177599705.33	112547490.52
$30001 TO $40000	28712	12.01	985741252.00	1070678566.88	706774140.62	76053.00	151948000.00	176830167.86	77262576.00
$40001 TO $50000	22522	9.42	989322698.00	1074621071.55	746927729.42	65638.00	131085200.65	166106723.06	48722923.85
$50001 TO $60000	15948	6.67	819697745.00	928255468.79	661843839.95	48377.00	96615931.55	153682669.80	25767530.03
$60001 TO $70000	11568	4.84	704321793.00	801060959.06	589753611.64	36355.00	72433344.64	123148975.88	14463323.70
$70001 TO $80000	8326	3.48	572604837.00	673113198.20	507520192.42	26733.00	53047841.18	100359852.33	8500826.94
$80001 TO $90000	5626	2.35	431283215.00	523202734.79	404613126.68	17881.00	35189627.87	75257881.92	5220974.82
$90001 TO $100000	3642	1.52	288673205.00	394794853.94	311889364.95	11567.00	22348398.95	55279979.96	2997955.44
$100001 TO $150000	5790	2.42	512296742.00	802432875.56	655680697.13	18561.00	32805332.25	105314904.19	4263216.36
$150001 TO $200000	541	0.23	56662960.00	119475168.33	105190074.84	1648.00	1339483.93	12180009.57	375576.60
$200001 TO $300000	64	0.03	6216251.00	25806499.57	24055611.52	148.00	0.00	1675688.05	24070.20
$300001 TO $400000	106	0.04	18829475.00	48952894.76	45458394.83	356.00	346.64	3326953.30	95235.00
OVER $400000	90	0.04	17208477.00	94194971.63	89647513.03	285.00	4000.00	4430533.40	79197.60
TOTAL	239033	100	7129129237.00	8459082929.26	5794357474.22	553404.00	1096269835.30	1547727303.11	630008145.07

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	SUM	SUM	SUM	SUM
AGI GROUP				
LOSS	808923.16	208229.55	790731.76	12881.04
$0 TO $10000	2115386.81	79224.36	1567745.78	25258.59
$10001 TO $20000	16316172.68	570141.30	14261707.09	166454.98
$20001 TO $30000	29677495.73	2259090.19	27253699.14	445791.36
$30001 TO $40000	42203555.05	5512458.96	39574487.13	846028.86
$40001 TO $50000	47442576.99	8720754.05	44917154.87	1050869.83
$50001 TO $60000	44863279.29	10445742.78	42808462.57	1021133.64
$60001 TO $70000	42954318.61	10911696.96	41300160.27	975451.34
$70001 TO $80000	39314874.25	10315268.98	38046344.56	857508.83
$80001 TO $90000	33206170.17	9098697.08	32305800.59	685111.56
$90001 TO $100000	27393323.70	7815786.38	26786425.38	512139.84
$100001 TO $150000	63242606.10	18363433.37	62210257.41	1110627.65
$150001 TO $200000	11856187.39	3269577.40	11753508.48	160691.83
$200001 TO $300000	3127435.48	784508.26	3116691.48	22489.53
$300001 TO $400000	5788830.78	1525859.44	5764690.78	46897.36
OVER $400000	12401223.39	3352803.97	12383359.39	48385.63
TOTAL	422712359.59	93233273.04	404841226.66	7987721.85

AGI GROUP	N	PCTN	WAGE & SALARY MEAN	ADJ GROSS INCOME MEAN	TAXABLE INCOME MEAN	NUMBER OF EXEMPTIONS MEAN	VALUE OF EXEMPTIONS MEAN	ITEMIZED DEDUCTIONS MEAN	STANDARD DEDUCTIONS MEAN
LOSS	2727	1.14	9013.48	-21885.16	3131.60	2.74	5444.20	7731.91	4575.05
$0 TO $10000	49750	20.81	4683.16	5787.85	880.82	1.48	2965.95	3543.81	3438.61
$10001 TO $20000	48252	20.19	13601.47	15610.54	7127.11	1.85	3689.84	4044.27	3731.03
$20001 TO $30000	35369	14.80	22969.41	26168.20	15514.87	2.25	4495.69	5021.34	4141.43
$30001 TO $40000	28712	12.01	34332.03	37342.30	24615.98	2.65	5292.14	6158.75	4420.31
$40001 TO $50000	22522	9.42	43926.95	47771.55	33164.36	2.91	5820.32	7375.31	4631.02
$50001 TO $60000	15948	6.67	51398.15	58278.22	41500.12	3.03	6058.18	9636.49	4883.91
$60001 TO $70000	11568	4.84	60885.36	69343.92	50981.47	3.14	6261.53	10645.66	4926.20
$70001 TO $80000	8326	3.48	68773.10	81019.88	60956.06	3.21	6371.35	12053.79	4985.82
$80001 TO $90000	5626	2.35	76658.94	93146.29	71918.44	3.18	6254.82	13376.80	5054.19
$90001 TO $100000	3642	1.52	79262.27	108489.93	85636.84	3.18	6136.30	15178.47	5133.49
$100001 TO $150000	5790	2.42	88479.58	138637.33	113243.64	3.21	5665.86	18189.10	5329.02
$150001 TO $200000	541	0.23	104737.45	220841.35	194436.37	3.05	2475.94	22513.88	5216.34
$200001 TO $300000	64	0.03	97128.92	403226.56	375868.93	2.31	0.00	26182.63	4814.04
$300001 TO $400000	106	0.04	177636.56	461819.76	428852.78	3.36	3.27	31386.35	6349.00
OVER $400000	90	0.04	191205.30	1070397.40	996083.48	3.17	44.44	49228.15	4949.85
TOTAL	239033	100	29824.87	35468.60	24240.83	2.32	4586.27	6474.95	3954.83

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	MEAN	MEAN	MEAN	MEAN
LOSS	296.63	76.36	289.96	4.72
$0 TO $10000	42.52	1.59	31.51	0.51
$10001 TO $20000	338.15	11.82	295.57	3.45
$20001 TO $30000	839.08	63.87	770.55	12.60
$30001 TO $40000	1469.89	191.99	1378.33	29.47
$40001 TO $50000	2106.50	387.21	1994.37	46.66
$50001 TO $60000	2813.10	654.99	2684.25	64.03
$60001 TO $70000	3713.20	943.27	3570.21	84.32
$70001 TO $80000	4721.94	1238.92	4569.58	102.99
$80001 TO $90000	5902.27	1617.26	5742.23	121.78
$90001 TO $100000	7521.51	2146.01	7354.87	140.62
$100001 TO $150000	10922.73	3171.58	10744.43	191.82
$150001 TO $200000	21915.32	6043.58	21725.52	297.03
$200001 TO $300000	48866.18	12257.94	48698.30	351.40
$300001 TO $400000	54611.61	14394.90	54383.88	442.43
OVER $400000	137791.37	37253.38	137592.88	537.62
TOTAL	1768.43	390.04	1693.66	33.42

TABLE 10
1990 TAX ALTERNATIVE ONE
LOW ECONOMIC SCENARIO

AGI GROUP	N	PCTN	WAGE & SALARY SUM	ADJ GROSS INCOME SUM	TAXABLE INCOME SUM	NUMBER OF EXEMPTIONS SUM	VALUE OF EXEMPTIONS SUM	ITEMIZED DEDUCTIONS SUM	STANDARD DEDUCTIONS SUM
LOSS	2622	1.13	25526126.00	-54911695.16	11333431.23	7222.00	14955107.50	21076660.44	8483328.04
$0 TO $10000	45296	19.52	209413184.00	260591560.84	35461641.15	67414.00	140990635.47	168623004.08	158474657.30
$10001 TO $20000	44893	19.34	607363524.00	699222851.80	309927139.85	81794.00	171067780.80	188890844.23	159317118.76
$20001 TO $30000	33958	14.63	775758196.00	888313489.07	520665780.64	74942.00	156725679.60	174641883.02	113826028.76
$30001 TO $40000	27907	12.03	956564806.00	1040705076.59	680127666.79	72648.00	151780933.34	175199547.49	79145947.52
$40001 TO $50000	22315	9.62	978808639.00	1064817448.92	733981817.95	64267.00	134250481.18	166743279.85	51893937.69
$50001 TO $60000	16087	6.93	828475374.00	936611011.46	663039984.41	48500.00	101311016.69	155989373.02	28052083.90
$60001 TO $70000	11938	5.14	724824159.00	826709341.16	605454012.30	37315.00	77766208.92	127314481.14	16394745.37
$70001 TO $80000	8778	3.78	604631162.00	710172238.27	532791585.96	28093.00	58339638.05	106166096.46	9759494.30
$80001 TO $90000	6192	2.67	471880182.00	576217347.26	443325723.96	19739.00	40637328.28	83488960.27	6193680.48
$90001 TO $100000	4132	1.78	328407845.00	444702445.62	350006028.77	13145.00	26701728.73	61964092.34	3612900.38
$100001 TO $150000	6952	3.00	609539110.00	964848535.81	785154740.35	22506.00	41902973.58	127339108.48	5737862.54
$150001 TO $200000	709	0.31	77427061.00	153190549.32	133381755.73	2237.00	2413340.31	16365853.28	561657.74
$200001 TO $300000	79	0.03	8081215.00	27081756.16	25212211.63	198.00	9600.75	1756743.78	47173.20
$300001 TO $400000	110	0.05	17519133.00	53161612.12	48748186.34	372.00	2370.19	4237455.58	72153.50
OVER $400000	100	0.04	18918257.00	100847567.87	95247484.78	312.00	2091.60	5456164.19	73015.70
TOTAL	232068	100	7243137973.00	8692281137.11	5973859191.81	540704.00	1118856914.97	1585253547.67	641645785.17

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	SUM	SUM	SUM	SUM
LOSS	1150245.11	300374.02	1130168.50	13983.55
$0 TO $10000	1721078.40	64146.42	1259468.76	18032.66
$10001 TO $20000	14649898.05	493021.09	12787220.48	148388.58
$20001 TO $30000	28294563.04	2176476.72	25999886.64	429967.78
$30001 TO $40000	40840369.17	5374622.20	38322947.28	825167.34
$40001 TO $50000	46831481.59	8556267.09	44362058.51	1037843.30
$50001 TO $60000	44972149.88	10500952.60	42918814.06	1032387.41
$60001 TO $70000	44125903.80	11190827.17	42428191.10	1003443.35
$70001 TO $80000	41294042.67	10823344.54	39962602.43	902539.06
$80001 TO $90000	36341465.11	9920639.54	35352120.42	760544.43
$90001 TO $100000	30589051.64	8789922.35	29902313.22	574039.78
$100001 TO $150000	75393347.75	21849634.45	74144603.31	1334840.58
$150001 TO $200000	14821388.68	4105563.55	14683961.01	223447.27
$200001 TO $300000	3168456.60	812254.38	3153812.60	26615.02
$300001 TO $400000	6237269.25	1658120.39	6212209.25	57266.27
OVER $400000	13101479.29	3668414.20	13080135.29	50487.99
TOTAL	443532190.05	100284580.71	425700512.86	8438994.36

			WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
	N	PCTN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
AGI GROUP									
LOSS	2622	1.13	9735.36	-20990.71	4322.44	2.75	5703.70	8038.39	4828.30
$0 TO $10000	45296	19.52	4623.22	5778.60	782.89	1.49	3112.65	3722.69	3619.63
$10001 TO $20000	44893	19.34	13529.14	15611.83	6903.69	1.82	3810.57	4207.58	3881.24
$20001 TO $30000	33958	14.63	22844.64	26213.99	15332.64	2.21	4615.28	5142.88	4313.39
$30001 TO $40000	27907	12.03	34276.88	37342.75	24371.22	2.60	5438.81	6277.98	4594.03
$40001 TO $50000	22315	9.62	43863.26	47773.23	32891.86	2.88	6016.15	7472.25	4786.82
$50001 TO $60000	16087	6.93	51499.68	58301.34	41215.89	3.01	6297.69	9696.61	5092.05
$60001 TO $70000	11938	5.14	60715.71	69348.99	50716.54	3.13	6514.17	10664.64	5131.38
$70001 TO $80000	8778	3.78	68880.29	81005.16	60696.24	3.20	6646.12	12094.57	5193.98
$80001 TO $90000	6192	2.67	76208.04	93223.97	71596.53	3.19	6562.88	13483.36	5280.21
$90001 TO $100000	4132	1.78	79479.15	107650.07	84706.20	3.18	6462.18	14996.15	5320.91
$100001 TO $150000	6952	3.00	87678.24	138827.13	112939.40	3.24	6027.47	18316.90	5597.91
$150001 TO $200000	709	0.31	109206.01	216065.65	188126.59	3.16	3403.87	23083.01	5506.45
$200001 TO $300000	79	0.03	102293.86	342807.04	319141.92	2.51	121.53	22237.26	5896.65
$300001 TO $400000	110	0.05	159264.85	483287.38	443165.33	3.38	21.55	38522.32	6559.41
OVER $400000	100	0.04	189182.57	1018662.30	952474.85	3.12	20.92	54561.64	5616.59
TOTAL	232068	100	31211.27	37538.41	25741.85	2.33	4821.25	6830.99	4149.31

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	MEAN	MEAN	MEAN	MEAN
LOSS	438.69	114.56	431.03	5.33
$0 TO $10000	38.00	1.42	27.81	0.40
$10001 TO $20000	326.33	10.98	284.84	3.31
$20001 TO $30000	833.22	64.09	765.65	12.66
$30001 TO $40000	1463.45	192.59	1373.24	29.57
$40001 TO $50000	2098.65	383.43	1987.99	46.51
$50001 TO $60000	2795.56	652.76	2667.92	64.18
$60001 TO $70000	3696.26	937.41	3554.05	84.05
$70001 TO $80000	4704.27	1233.01	4552.59	102.82
$80001 TO $90000	5869.10	1602.17	5709.32	122.83
$90001 TO $100000	7402.97	2127.28	7236.77	138.93
$100001 TO $150000	10844.84	3142.93	10665.22	192.01
$150001 TO $200000	20904.64	5790.64	20710.81	315.16
$200001 TO $300000	40107.05	10281.70	39921.68	336.90
$300001 TO $400000	56702.45	15073.82	56474.63	520.60
OVER $400000	131014.79	36684.14	130801.35	504.88
TOTAL	1911.22	432.13	1834.38	36.36

TABLE 11
1991 TAX ALTERNATIVE ONE
LOW ECONOMIC SCENARIO

AGI GROUP	N	PCTN	WAGE & SALARY SUM	ADJ GROSS INCOME SUM	TAXABLE INCOME SUM	NUMBER OF EXEMPTIONS SUM	VALUE OF EXEMPTIONS SUM	ITEMIZED DEDUCTIONS SUM	STANDARD DEDUCTIONS SUM
LOSS	2419	1.07	22722616.00	-48966407.45	9697792.17	6664.00	14468915.64	19574019.26	8189143.56
$0 TO $10000	42107	18.55	193833384.00	241699360.09	29806371.81	62257.00	136176587.00	163415328.15	155432229.09
$10001 TO $20000	42552	18.74	573637888.00	663765627.54	285202344.27	76780.00	167937635.00	185411324.71	158306421.37
$20001 TO $30000	32994	14.53	751855480.00	861414298.61	497522399.55	71271.00	155885061.00	173732249.71	115890927.74
$30001 TO $40000	27248	12.00	933776569.00	1016421637.12	658895697.42	69442.00	151728471.99	172656130.28	81040430.83
$40001 TO $50000	21843	9.62	956248447.00	1042692481.52	713241840.92	61808.00	135056358.54	165878703.87	54379153.88
$50001 TO $60000	16104	7.09	828050505.00	938350265.57	660747128.36	47990.00	104844269.40	156683042.18	30406753.84
$60001 TO $70000	12292	5.41	746748943.00	851055079.46	619440346.65	38192.00	83306535.04	131753600.07	18235957.04
$70001 TO $80000	9227	4.06	634749096.00	745792375.32	556753370.83	29334.00	63852393.40	111702118.27	11195935.36
$80001 TO $90000	6585	2.90	504345180.00	613002694.62	469110985.06	20956.00	45309622.99	89242122.52	7094186.64
$90001 TO $100000	4516	1.99	358621482.00	489577935.00	383977340.94	14463.00	30759375.32	68386060.98	4302698.44
$100001 TO $150000	7982	3.52	707583864.00	1107770863.76	898085467.76	25739.00	51258246.52	146445074.28	7255194.80
$150001 TO $200000	917	0.40	95826032.00	202428533.36	176850429.20	2895.00	3572277.85	20661826.31	804320.92
$200001 TO $300000	91	0.04	8526371.00	34485304.75	32249030.01	211.00	6936.16	2118138.57	87348.32
$300001 TO $400000	91	0.04	14471967.00	44541391.74	41317990.67	306.00	3398.36	3078402.71	89206.50
OVER $400000	82	0.04	18777337.00	81885809.63	78164222.52	259.00	0.00	3599987.11	59946.20
TOTAL	227050	100	7349775161.00	8885917250.63	6111062758.12	528567.00	1144166084.22	1614338128.97	652769854.54

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	SUM	SUM	SUM	SUM
LOSS	955445.47	245725.47	936768.88	13893.02
$0 TO $10000	1459624.03	52913.50	1057887.90	17518.77
$10001 TO $20000	13484520.13	461182.36	11769617.94	136692.18
$20001 TO $30000	27060433.31	2068864.05	24866765.51	408445.69
$30001 TO $40000	39802425.27	5287922.42	37380146.55	801481.07
$40001 TO $50000	45719348.98	8322320.52	43336429.70	1015949.52
$50001 TO $60000	45010846.44	10485556.45	42979672.25	1027277.66
$60001 TO $70000	45147499.37	11460365.85	43412174.48	1025604.76
$70001 TO $80000	43080121.84	11294176.62	41684343.39	943982.02
$80001 TO $90000	38419457.66	10502066.01	37369412.41	814657.32
$90001 TO $100000	33664907.26	9596874.51	32914176.72	619610.48
$100001 TO $150000	86134545.24	25112915.17	84701787.69	1548184.28
$150001 TO $200000	19749940.41	5492629.14	19570493.93	275021.67
$200001 TO $300000	4150277.79	1033242.99	4134433.79	27915.60
$300001 TO $400000	5311376.09	1441996.29	5290950.79	45592.12
OVER $400000	10749404.27	2857015.68	10731772.27	49046.39
TOTAL	459900173.54	105715767.02	442136834.19	8770872.55

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
AGI GROUP			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
LOSS	2419	1.07	9393.39	-20284.34	4009.01	2.75	5981.36	8091.78	5058.15
$0 TO $10000	42107	18.55	4603.35	5765.59	707.87	1.48	3234.06	3880.95	3778.68
$10001 TO $20000	42552	18.74	13480.87	15631.26	6702.44	1.80	3946.64	4357.29	4047.72
$20001 TO $30000	32994	14.53	22787.64	26162.92	15079.18	2.16	4724.65	5265.57	4470.58
$30001 TO $40000	27248	12.00	34269.55	37354.71	24181.43	2.55	5568.43	6336.47	4759.25
$40001 TO $50000	21843	9.62	43778.26	47788.28	32653.11	2.83	6183.05	7594.14	4978.86
$50001 TO $60000	16104	7.09	51418.93	58344.23	41030.00	2.98	6510.45	9729.45	5287.21
$60001 TO $70000	12292	5.41	60750.81	69338.04	50393.78	3.11	6777.30	10718.65	5347.79
$70001 TO $80000	9227	4.06	68792.58	80950.00	60339.59	3.18	6920.17	12106.01	5427.02
$80001 TO $90000	6585	2.90	76590.00	93246.53	71239.33	3.18	6880.73	13552.33	5503.64
$90001 TO $100000	4516	1.99	79411.31	108457.67	85025.98	3.20	6811.20	15143.06	5646.59
$100001 TO $150000	7982	3.52	88647.44	138853.20	112513.84	3.22	6421.73	18346.91	5888.96
$150001 TO $200000	917	0.40	104499.49	220750.85	192857.61	3.16	3895.61	22531.98	5786.48
$200001 TO $300000	91	0.04	93696.38	378959.39	354384.95	2.32	76.22	23276.25	5823.22
$300001 TO $400000	91	0.04	159032.60	489465.84	454043.85	3.36	37.34	33828.60	6371.89
OVER $400000	82	0.04	228991.91	998607.43	953222.23	3.16	0.00	43902.28	5449.65
TOTAL	227050	100	32370.73	39219.30	26915.05	2.33	5039.27	7110.06	4339.59

AGI GROUP	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	MEAN	MEAN	MEAN	MEAN
LOSS	394.98	101.58	387.25	5.74
$0 TO $10000	34.66	1.26	25.12	0.42
$10001 TO $20000	316.90	10.84	276.59	3.21
$20001 TO $30000	820.16	62.70	753.68	12.38
$30001 TO $40000	1460.75	194.07	1371.85	29.41
$40001 TO $50000	2093.09	381.01	1984.00	46.51
$50001 TO $60000	2795.01	651.12	2668.88	63.79
$60001 TO $70000	3672.92	932.34	3531.74	83.44
$70001 TO $80000	4668.92	1224.04	4517.65	102.31
$80001 TO $90000	5834.39	1594.85	5674.93	123.71
$90001 TO $100000	7454.59	2125.08	7288.35	137.20
$100001 TO $150000	10791.10	3146.19	10611.60	193.96
$150001 TO $200000	21537.56	5989.78	21341.87	299.91
$200001 TO $300000	45607.45	11354.32	45433.34	306.76
$300001 TO $400000	58366.77	15846.11	58142.32	501.01
OVER $400000	131090.30	34841.65	130875.27	598.13
TOTAL	2025.55	465.61	1947.31	38.63

TABLE 12
1992 TAX ALTERNATIVE ONE
LOW ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY SUM	ADJ GROSS INCOME SUM	TAXABLE INCOME SUM	NUMBER OF EXEMPTIONS SUM	VALUE OF EXEMPTIONS SUM	ITEMIZED DEDUCTIONS SUM	STANDARD DEDUCTIONS SUM
AGI GROUP									
LOSS	2264	1.03	21510055.00	-48921117.13	8114347.25	6330.00	14384194.44	18863524.74	8114243.02
$0 TO $10000	38092	17.35	173424469.00	218101755.25	23788322.16	56474.00	129185347.20	155174388.06	147773688.14
$10001 TO $20000	39603	18.04	531457697.00	618621308.98	257937418.47	70168.00	160509454.00	179307812.24	155171903.87
$20001 TO $30000	31514	14.35	715441887.00	822644758.59	467034651.20	66914.00	153042727.60	170561026.02	117073787.49
$30001 TO $40000	26099	11.89	884436553.00	969951666.68	620734000.89	65254.00	149178971.20	169210251.67	81851749.25
$40001 TO $50000	21295	9.70	925620350.00	1017112468.21	690264912.17	59416.00	135753966.36	163329146.61	56694376.20
$50001 TO $60000	16056	7.31	824716113.00	935551453.61	654404147.90	47366.00	108233956.20	157095074.37	32668999.51
$60001 TO $70000	12422	5.66	752396329.00	862414743.02	624635880.11	38291.00	87347154.61	133696562.59	20038019.25
$70001 TO $80000	9564	4.36	657913473.00	773528676.35	573470189.91	30524.00	69524885.52	116622587.60	12781926.80
$80001 TO $90000	7028	3.20	536363704.00	655823705.91	500347250.32	22269.00	50447780.07	95256782.34	8289646.80
$90001 TO $100000	4866	2.22	385216038.00	526313960.95	409804453.11	15613.00	34820123.27	74625087.75	5142120.00
$100001 TO $150000	9346	4.26	835105299.00	1304899322.58	1055418619.10	30255.00	63751156.73	171645717.94	8996436.00
$150001 TO $200000	1171	0.53	126341782.00	258367717.96	224494628.73	3716.00	5403653.06	26731036.17	1093440.00
$200001 TO $300000	143	0.07	13834587.00	50797706.62	47043251.32	378.00	28787.04	3532868.26	131494.40
$300001 TO $400000	37	0.02	5966913.00	17275554.88	16280573.60	110.00	0.00	939781.28	47270.00
OVER $400000	84	0.04	16066422.00	77910048.33	73140582.27	275.00	0.00	4644666.06	65788.00
TOTAL	219584	100	7405811671.00	9060393730.75	6246913228.49	513353.00	1161612157.31	1641236313.68	655934888.73

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	SUM	SUM	SUM	SUM
LOSS	795487.64	204310.63	779743.06	11954.47
$0 TO $10000	1190966.42	49810.19	858601.13	13962.27
$10001 TO $20000	12140871.45	406609.81	10587816.86	123358.64
$20001 TO $30000	25487672.14	1950395.30	23428446.44	379028.15
$30001 TO $40000	37599443.16	4962217.96	35322102.52	750218.21
$40001 TO $50000	44480283.59	8005716.99	42189380.67	969291.06
$50001 TO $60000	44648919.03	10369611.73	42644930.09	1024817.55
$60001 TO $70000	45681974.16	11619068.37	43941446.54	1032769.93
$70001 TO $80000	44362325.70	11591927.63	42922452.64	978010.43
$80001 TO $90000	41079226.67	11190384.11	39962027.68	872395.31
$90001 TO $100000	35766562.35	10208858.59	34958009.11	677680.77
$100001 TO $150000	101205411.47	29695415.21	99521833.28	1790557.11
$150001 TO $200000	24950486.79	6931801.88	24718510.45	355159.25
$200001 TO $300000	5914369.39	1532480.58	5886965.39	45459.03
$300001 TO $400000	2092857.17	586000.01	2084853.17	9511.71
OVER $400000	10005640.43	2710828.15	9987544.43	42710.18
TOTAL	477402497.56	112015437.13	459794663.47	9076884.07

			WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
	N	PCTN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
AGI GROUP									
LOSS	2264	1.03	9500.91	-21656.09	3584.08	2.80	6353.44	8331.95	5334.81
$0 TO $10000	38092	17.35	4552.78	5750.26	624.50	1.48	3391.40	4073.67	3968.89
$10001 TO $20000	39603	18.04	13419.63	15652.98	6513.08	1.77	4052.96	4527.63	4226.50
$20001 TO $30000	31514	14.35	22702.35	26162.22	14819.91	2.12	4856.34	5412.23	4644.13
$30001 TO $40000	26099	11.89	33887.76	37219.94	23783.82	2.50	5715.89	6483.40	4953.21
$40001 TO $50000	21295	9.70	43466.56	47816.86	32414.41	2.79	6374.92	7669.84	5198.93
$50001 TO $60000	16056	7.31	51364.98	58340.70	40757.61	2.95	6741.03	9784.20	5498.91
$60001 TO $70000	12422	5.66	60569.66	69515.94	50284.65	3.08	7031.65	10762.89	5567.66
$70001 TO $80000	9564	4.36	68790.62	81006.25	59961.33	3.19	7269.44	12193.91	5658.22
$80001 TO $90000	7028	3.20	76318.11	93462.12	71193.40	3.17	7178.11	13553.90	5748.71
$90001 TO $100000	4866	2.22	79164.82	108206.00	84217.93	3.21	7155.80	15306.02	5863.31
$100001 TO $150000	9346	4.26	89354.30	139680.94	112927.31	3.24	6821.22	18365.69	6103.42
$150001 TO $200000	1171	0.53	107892.21	220638.53	191711.89	3.17	4614.56	22827.53	6177.63
$200001 TO $300000	143	0.07	96745.36	355228.72	328973.79	2.64	201.31	24705.37	6261.64
$300001 TO $400000	37	0.02	161267.92	466906.89	440015.50	2.97	0.00	25399.49	6752.86
OVER $400000	84	0.04	191266.93	927500.58	870721.22	3.27	0.00	55293.64	5980.73
TOTAL	219584	100	33726.55	41346.55	28448.85	2.34	5290.06	7474.30	4557.79

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	MEAN	MEAN	MEAN	MEAN
LOSS	351.36	90.24	344.41	5.28
$0 TO $10000	31.27	1.31	22.54	0.37
$10001 TO $20000	306.56	10.27	267.35	3.11
$20001 TO $30000	808.77	61.89	743.43	12.03
$30001 TO $40000	1440.65	190.13	1353.39	28.75
$40001 TO $50000	2088.77	375.94	1981.19	45.52
$50001 TO $60000	2780.82	645.84	2656.01	63.83
$60001 TO $70000	3677.51	935.36	3537.39	83.14
$70001 TO $80000	4638.47	1212.04	4487.92	102.26
$80001 TO $90000	5845.08	1592.26	5686.12	124.13
$90001 TO $100000	7350.30	2098.00	7184.14	139.27
$100001 TO $150000	10828.74	3177.34	10648.60	191.59
$150001 TO $200000	21306.99	5919.56	21108.89	303.30
$200001 TO $300000	41359.23	10716.65	41167.59	317.90
$300001 TO $400000	56563.71	15837.84	56347.38	257.07
OVER $400000	119114.77	32271.76	118899.34	508.45
TOTAL	2174.12	510.13	2093.94	41.34

Liability to Collections

The projected time pattern generated from 1970 - 1979 accounting data can be used to translate the projected tax year collections presented in the tables below into gross receipts (col. 2), refunds (col. 3), and net receipts (col. 4) by quarter and fiscal year. The U. S. Consumer Price Index (col. 5) is used to deflate or inflate the net receipts in nominal dollars to real 1986 dollars (col. 6) so we can compare estimated 1988 through 1992 projected fiscal year collections to actual collections from 1975 through 1979.

TABLE 13
LIABILITY TO COLLECTIONS
TAX ALTERNATIVE ONE
LOW ECONOMIC SCENARIO

----------USING HISTORICAL DATA----------

FY/Q	GROSS RECEIPTS ($a nom)	REFUNDS ($a nom)	NET RECEIPTS ($a nom)	CPI	NET REC $86 ($a real)	FY/Q	GROSS RECEIPTS ($a nom)	REFUNDS ($a nom)	NET RECEIPTS ($a nom)	CPI	NET REC $86 ($a real)
86				325.98		86				325.98	
75/1	$18	$1	$17			88/1	$0	$1	($1)		
/2	$25	$0	$25			/2	$0	$0	($0)		
/3	$27	$2	$25			/3	$1	$3	($1)		
/4	$34	$14	$21			/4	$80	$6	$74		
TOTAL	$104	$16	$87	155.16	$184	TOTAL	$81	$9	$72	338.66	$69
76/1	$36	$2	$34			89/1	$106	$5	$101		
/2	$46	$1	$45			/2	$140	$2	$138		
/3	$47	$13	$34			/3	$136	$16	$120		
/4	$50	$16	$34			/4	$114	$36	$78		
TOTAL	$178	$31	$147	166.17	$288	TOTAL	$496	$60	$437	354.17	$402
77/1	$53	$3	$50			90/1	$112	$6	$106		
/2	$62	$1	$61			/2	$148	$2	$146		
/3	$77	$15	$63			/3	$144	$20	$124		
/4	$60	$22	$38			/4	$120	$44	$77		
TOTAL	$252	$41	$210	175.80	$390	TOTAL	$525	$72	$453	370.39	$398
78/1	$46	$3	$43			91/1	$118	$5	$113		
/2	$43	$1	$42			/2	$155	$2	$154		
/3	$42	$6	$36			/3	$151	$16	$135		
/4	$50	$25	$25			/4	$125	$35	$91		
TOTAL	$181	$36	$146	187.62	$253	TOTAL	$549	$57	$493	387.35	$415
79/1	$43	$10	$33			92/1	$122	$5	$117		
/2	$42	$1	$41			/2	$161	$2	$159		
/3	$42	$15	$27			/3	$157	$15	$141		
/4	$47	$31	$16			/4	$126	$34	$93		
TOTAL	$174	$57	$117	205.22	$186	TOTAL	$566	$55	$511	405.09	$411

TABLE 14
1988 TAX ALTERNATIVE ONE
MODERATE ECONOMIC SCENARIO

			WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
	N	PCTN	SUM	SUM	SUM	SUM	SUM	SUM	SUM
AGI GROUP									
LOSS	3100	1.17	28281141.00	-61444490.96	11505727.51	8295.00	16031015.29	23199403.58	8920079.40
$0 TO $10000	59403	22.42	270128023.00	338555016.00	56644579.29	85667.00	167031150.00	202316548.83	188501300.20
$10001 TO $20000	54784	20.68	728576580.00	851035482.08	404898280.60	98951.00	192938850.00	216241954.99	174005920.40
$20001 TO $30000	39411	14.88	891007933.00	1030107863.38	623992788.56	88043.00	171646333.31	194628692.21	119972065.00
$30001 TO $40000	31031	11.71	1030650179.00	1150799371.58	764557341.66	81746.00	159257939.75	191698072.98	79069707.80
$40001 TO $50000	23954	9.04	1032909499.00	1142649829.99	799475004.57	69458.00	135255859.46	178033078.14	48153836.10
$50001 TO $60000	17163	6.48	882968616.00	998647869.19	718014053.73	51769.00	100765961.63	163584738.02	25302837.20
$60001 TO $70000	12206	4.61	742422172.00	844152753.33	625583999.21	38244.00	74256265.58	128844532.84	14164300.00
$70001 TO $80000	8524	3.22	588115204.00	688799061.32	522169281.65	27190.00	52566559.84	102377161.71	7935050.00
$80001 TO $90000	5672	2.14	432324512.00	528886838.01	411022653.00	17968.00	34313376.56	76079694.81	4994400.00
$90001 TO $100000	3549	1.34	282732742.00	381335884.95	301526506.32	11218.00	20913480.42	54197458.58	2602100.00
$100001 TO $150000	5427	2.05	473620536.00	748821667.34	614044733.23	17285.00	29172404.62	98084229.49	3845000.00
$150001 TO $200000	470	0.18	47369847.00	101944043.67	90063530.18	1404.00	906224.67	10364538.82	322800.00
$200001 TO $300000	49	0.02	4666366.00	18125990.20	16787484.76	116.00	8474.81	1277530.62	15200.00
$300001 TO $400000	95	0.04	15666462.00	46314279.44	42683468.92	339.00	0.00	3489810.52	47100.00
OVER $400000	83	0.03	17633031.00	85184874.61	81601792.58	256.00	0.00	3467582.03	42900.00
TOTAL	264921	100	7469072843.00	8893916334.10	6084571225.77	597949.00	1155063895.95	1647885028.16	677894596.10

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	SUM	SUM	SUM	SUM
LOSS	1139491.38	289502.30	1118881.76	16062.96
$0 TO $10000	2649711.60	92560.54	2005319.96	25714.20
$10001 TO $20000	19087811.92	632826.63	16865933.26	180350.94
$20001 TO $30000	33750017.79	2523845.31	31201146.18	484184.15
$30001 TO $40000	45363595.63	5713791.30	42700047.03	868484.41
$40001 TO $50000	50873608.33	9259129.78	48359133.12	1096208.94
$50001 TO $60000	48729794.94	11392222.91	46654414.26	1106448.91
$60001 TO $70000	45599895.51	11575180.13	43965608.68	1027924.48
$70001 TO $80000	40497662.59	10630219.98	39283334.88	879302.83
$80001 TO $90000	33847757.73	9265441.26	32998061.05	702192.07
$90001 TO $100000	26394624.59	7541639.35	25844031.83	495270.32
$100001 TO $150000	59289699.25	17210959.93	58388669.26	1029100.37
$150001 TO $200000	10149834.75	2753793.00	10067992.59	134977.34
$200001 TO $300000	2167839.15	526329.56	2160361.65	16728.91
$300001 TO $400000	5466880.96	1513822.01	5446513.66	48619.29
OVER $400000	11239067.42	2994065.26	11222319.92	51621.88
TOTAL	436247293.56	93915329.25	418281769.08	8163192.01

			WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
	N	PCTN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
AGI GROUP									
LOSS	3100	1.17	9122.95	-19878.52	3711.53	2.68	5171.30	7483.68	4340.67
$0 TO $10000	59403	22.42	4547.38	5726.77	953.56	1.44	2811.83	3405.83	3295.25
$10001 TO $20000	54784	20.68	13299.08	15570.76	7390.81	1.81	3521.81	3947.17	3591.75
$20001 TO $30000	39411	14.88	22608.10	26192.07	15832.96	2.23	4355.29	4938.44	3992.81
$30001 TO $40000	31031	11.71	33213.57	37138.13	24638.50	2.63	5 32.22	6177.63	4274.73
$40001 TO $50000	23954	9.04	43120.54	47765.65	33375.43	2.90	5646.48	7432.29	4502.04
$50001 TO $60000	17163	6.48	51446.05	58264.17	41835.00	3.02	5871.12	9531.24	4674.46
$60001 TO $70000	12206	4.61	60824.36	69255.29	51252.17	3.13	6083.59	10555.84	4701.06
$70001 TO $80000	8524	3.22	68995.21	80939.96	61258.71	3.19	6166.89	12010.46	4740.17
$80001 TO $90000	5672	2.14	76220.82	93376.91	72465.21	3.17	6049.61	13413.20	4806.93
$90001 TO $100000	3549	1.34	79665.47	107539.73	84960.98	3.16	5892.78	15271.19	4881.99
$100001 TO $150000	5427	2.05	87271.15	138031.64	113146.26	3.19	5375.42	18073.38	5099.47
$150001 TO $200000	470	0.18	100786.91	216902.22	191624.53	2.99	1928.14	22052.21	4966.15
$200001 TO $300000	49	0.02	95231.96	369918.17	342601.73	2.37	172.96	26072.05	5066.67
$300001 TO $400000	95	0.04	164910.13	487518.73	449299.67	3.57	0.00	36734.85	5887.50
OVER $400000	83	0.03	212446.16	1026323.79	983154.13	3.08	0.00	41778.10	4766.67
TOTAL	264921	100	28193.59	33654.15	22967.49	2.26	4360.03	6220.29	3777.50

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	MEAN	MEAN	MEAN	MEAN
LOSS	367.58	93.39	360.93	5.18
$0 TO $10000	44.61	1.56	33.76	0.43
$10001 TO $20000	348.42	11.55	307.86	3.29
$20001 TO $30000	856.36	64.04	791.69	12.29
$30001 TO $40000	1461.88	184.13	1376.04	27.99
$40001 TO $50000	2123.80	386.54	2018.83	45.76
$50001 TO $60000	2839.24	663.77	2718.31	64.47
$60001 TO $70000	3735.86	948.32	3601.97	84.21
$70001 TO $80000	4751.02	1247.09	4608.56	103.16
$80001 TO $90000	5967.52	1633.54	5817.71	123.80
$90001 TO $100000	7437.20	2125.00	7282.06	139.55
$100001 TO $150000	10924.95	3171.36	10758.92	189.63
$150001 TO $200000	21595.39	5859.13	21421.26	287.19
$200001 TO $300000	44241.62	10741.42	44089.01	341.41
$300001 TO $400000	57546.12	15934.97	57331.72	511.78
OVER $400000	135410.45	36073.08	135208.67	621.95
TOTAL	1646.71	354.50	1578.89	30.81

TABLE 15
1989 TAX ALTERNATIVE ONE
MODERATE ECONOMIC SCENARIO

AGI GROUP	N	PCTN	WAGE & SALARY SUM	ADJ GROSS INCOME SUM	TAXABLE INCOME SUM	NUMBER OF EXEMPTIONS SUM	VALUE OF EXEMPTIONS SUM	ITEMIZED DEDUCTIONS SUM	STANDARD DEDUCTIONS SUM
LOSS	3006	1.12	28070529.00	-64487886.75	12527197.24	8114.00	16054655.29	23485964.55	9031311.99
$0 TO $10000	56662	21.11	257635640.00	324767512.55	49707681.10	82012.00	164004000.00	201516525.51	188252971.03
$10001 TO $20000	54308	20.24	720811102.00	844326250.27	390899175.82	97269.00	194522000.00	221137337.87	180274961.14
$20001 TO $30000	39735	14.81	897217379.00	1038269296.78	622409739.02	87008.00	173964000.00	199618758.65	126400873.11
$30001 TO $40000	31588	11.77	1055289336.00	1174989186.46	777546279.07	81557.00	162894000.00	196678224.06	84411576.09
$40001 TO $50000	24634	9.18	1062494637.00	1175937775.50	818647183.43	70535.00	140867549.44	183764348.07	52882562.28
$50001 TO $60000	17785	6.63	913542735.00	1035260965.56	739312225.99	53447.00	106743931.55	170569901.29	28633225.61
$60001 TO $70000	13042	4.86	791237713.00	903171006.17	666591012.64	40429.00	80564991.87	138267945.76	16448045.34
$70001 TO $80000	9356	3.49	643333916.00	757004148.90	571722995.34	29782.00	59048005.95	112581320.48	9607889.88
$80001 TO $90000	6388	2.38	486846827.00	595002856.86	460538317.14	20259.00	39829895.91	85622644.16	5926512.78
$90001 TO $100000	4223	1.57	333768399.00	456522662.61	360691218.15	13467.00	26015499.13	63676806.25	3515644.80
$100001 TO $150000	6717	2.50	592160693.00	933514844.65	763688792.71	21486.00	37687267.22	122155700.73	5090038.56
$150001 TO $200000	658	0.25	67581334.00	143041504.29	125800597.88	1992.00	1608859.59	14708846.82	472561.20
$200001 TO $300000	78	0.03	6477017.00	32038015.94	30026468.92	180.00	0.00	1916347.02	39757.20
$300001 TO $400000	90	0.03	13946040.00	45523451.28	42368441.86	311.00	346.64	3013862.78	45988.50
OVER $400000	80	0.03	15339488.00	76761347.92	71342843.07	264.00	0.00	5300104.85	40811.40
TOTAL	268350	100	7885752785.00	9471642938.98	6503820169.33	608112.00	1203805002.59	1744014638.84	711074730.90

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	SUM	SUM	SUM	SUM
AGI GROUP				
LOSS	1298531.08	340713.65	1276962.37	16841.85
$0 TO $10000	2394718.76	90944.99	1771066.87	24716.92
$10001 TO $20000	18549269.96	605260.15	16244585.35	172522.21
$20001 TO $30000	33998876.85	2549026.47	31291848.56	488093.33
$30001 TO $40000	46884194.21	6086233.08	44026557.43	895256.82
$40001 TO $50000	52451462.07	9582536.53	49718663.36	1120182.53
$50001 TO $60000	50353283.02	11751983.54	48076190.43	1143991.17
$60001 TO $70000	48763034.58	12393280.04	46908150.28	1092051.18
$70001 TO $80000	44457849.72	11680760.24	43038016.47	967565.04
$80001 TO $90000	37946466.09	10376628.43	36928604.98	782246.14
$90001 TO $100000	31643594.95	9013309.65	30942010.13	590822.37
$100001 TO $150000	73754077.98	21395146.21	72555975.33	1298772.62
$150001 TO $200000	14125465.89	3851417.65	14001500.86	192052.77
$200001 TO $300000	3896221.28	1014560.19	3882633.28	29578.83
$300001 TO $400000	5466723.80	1503536.24	5446393.19	42473.50
OVER $400000	9775640.25	2708440.65	9758472.25	47178.80
TOTAL	475759410.49	104943777.69	455867631.13	8904346.07

AGI GROUP	N	PCTN	WAGE & SALARY MEAN	ADJ GROSS INCOME MEAN	TAXABLE INCOME MEAN	NUMBER OF EXEMPTIONS MEAN	VALUE OF EXEMPTIONS MEAN	ITEMIZED DEDUCTIONS MEAN	STANDARD DEDUCTIONS MEAN
LOSS	3006	1.12	9338.17	-21510.30	4167.40	2.70	5340.87	7813.03	4542.91
$0 TO $10000	56662	21.11	4546.89	5759.00	877.27	1.45	2894.43	3556.47	3447.67
$10001 TO $20000	54308	20.24	13272.65	15582.86	7197.82	1.79	3581.83	4071.91	3734.02
$20001 TO $30000	39735	14.81	22580.03	26186.52	15664.02	2.19	4378.10	5023.75	4137.37
$30001 TO $40000	31588	11.77	33407.92	37257.48	24615.24	2.58	5156.83	6226.36	4418.99
$40001 TO $50000	24634	9.18	43131.23	47798.46	33232.41	2.86	5718.42	7459.79	4652.70
$50001 TO $60000	17785	6.63	51365.91	58281.88	41569.43	3.01	6001.91	9590.66	4865.46
$60001 TO $70000	13042	4.86	60668.43	69330.70	51111.10	3.10	6177.35	10601.74	4902.55
$70001 TO $80000	9356	3.49	68761.64	81058.37	61107.63	3.18	6311.24	12033.06	4955.07
$80001 TO $90000	6388	2.38	76212.72	93304.51	72094.29	3.17	6235.11	13403.67	5026.73
$90001 TO $100000	4223	1.57	79035.85	108155.10	85411.13	3.19	6160.43	15078.57	5109.95
$100001 TO $150000	6717	2.50	88158.51	139060.75	113694.92	3.20	5610.73	18186.05	5374.91
$150001 TO $200000	658	0.25	102707.19	217388.30	191186.32	3.03	2445.08	22353.87	5081.30
$200001 TO $300000	78	0.03	83038.68	410743.79	384954.73	2.31	0.00	24568.55	4969.65
$300001 TO $400000	90	0.03	154956.00	505816.13	470760.47	3.46	3.85	33487.36	6569.79
OVER $400000	80	0.03	191743.60	959516.85	891785.54	3.30	0.00	66251.31	5830.20
TOTAL	268350	100	29386.07	35380.50	24236.33	2.27	4485.95	6499.03	3950.48

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	MEAN	MEAN	MEAN	MEAN
LOSS	431.98	113.34	424.80	5.60
$0 TO $10000	42.26	1.61	31.26	0.44
$10001 TO $20000	341.56	11.14	299.12	3.18
$20001 TO $30000	855.64	64.15	787.51	12.28
$30001 TO $40000	1484.24	192.68	1393.77	28.34
$40001 TO $50000	2129.23	389.00	2018.29	45.47
$50001 TO $60000	2831.22	660.78	2703.19	64.32
$60001 TO $70000	3738.92	950.26	3596.70	83.73
$70001 TO $80000	4751.80	1248.48	4600.04	103.42
$80001 TO $90000	5940.27	1624.39	5780.93	122.46
$90001 TO $100000	7493.16	2134.34	7327.02	139.91
$100001 TO $150000	10980.21	3185.22	10801.84	193.36
$150001 TO $200000	21467.27	5853.22	21278.88	291.87
$200001 TO $300000	49951.55	13007.18	49777.35	379.22
$300001 TO $400000	60741.38	16705.96	60515.48	471.93
OVER $400000	122195.50	33855.51	121980.90	589.73
TOTAL	1772.91	391.07	1698.78	33.18

TABLE 16
1990 TAX ALTERNATIVE ONE
MODERATE ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
AGI GROUP			SUM	SUM	SUM	SUM	SUM	SUM	SUM
LOSS	2925	1.09	26365568.00	-59283482.17	11337997.98	7950.00	16496112.09	22824015.78	9373639.40
$0 TO $10000	53944	20.14	244905721.00	308713792.33	43056718.50	77609.00	162308222.67	199670764.38	188244312.37
$10001 TO $20000	52742	19.70	703208749.00	821126187.45	370647855.45	93055.00	194619196.80	220867731.34	186756467.60
$20001 TO $30000	39408	14.72	893115999.00	1028639440.14	609644898.11	84237.00	176173376.40	201989234.29	131116493.43
$30001 TO $40000	31554	11.78	1062534280.00	1173442339.22	770072221.35	80088.00	167362366.65	198689943.63	88535178.35
$40001 TO $50000	24721	9.23	1067862265.00	1177443432.09	812942509.28	69872.00	145995525.29	186123844.48	57144337.87
$50001 TO $60000	18138	6.77	932249695.00	1056722125.05	750862451.92	53910.00	112595198.69	174443488.61	31564743.03
$60001 TO $70000	13563	5.06	822511897.00	939857608.90	690064852.08	41827.00	87163767.72	144311044.92	18607855.21
$70001 TO $80000	10073	3.76	695422872.00	814731935.87	611876117.07	31954.00	66362892.92	121867843.56	11260025.10
$80001 TO $90000	6963	2.60	532100419.00	649054524.68	500150049.99	22062.00	45426453.02	93618955.43	6986209.08
$90001 TO $100000	4660	1.74	370013362.00	504648932.17	397286463.18	14755.00	29914591.71	70727157.77	4049718.98
$100001 TO $150000	7947	2.97	701929743.00	1102871983.44	898160155.21	25661.00	47835041.27	144969873.56	6519886.20
$150001 TO $200000	853	0.32	89488808.00	186064265.47	163004905.63	2641.00	2735090.69	19093869.16	726619.36
$200001 TO $300000	109	0.04	9900570.00	42186195.84	39206127.93	274.00	6330.58	2840137.33	104252.06
$300001 TO $400000	108	0.04	15989348.00	53490334.51	49940619.07	357.00	105.66	3378409.78	109430.25
OVER $400000	74	0.03	14865466.00	74469794.42	70193242.72	240.00	2091.60	4170232.80	76103.10
TOTAL	267782	100	8182464762.00	9874179409.39	6788447185.41	606492.00	1254996363.75	1809586546.80	741175271.40

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	SUM	SUM	SUM	SUM
LOSS	1121559.10	290863.63	1100053.68	15981.99
$0 TO $10000	2103811.85	82871.37	1547597.30	21776.07
$10001 TO $20000	17557824.82	580555.59	15370308.90	169737.84
$20001 TO $30000	33314832.35	2509347.67	30665873.03	481476.58
$30001 TO $40000	46576394.51	6065475.44	43760375.07	919632.98
$40001 TO $50000	52142396.70	9425966.76	49439786.82	1123109.00
$50001 TO $60000	51331971.19	11964061.95	49033252.05	1161336.67
$60001 TO $70000	50554882.06	12821717.79	48639119.16	113371 .38
$70001 TO $80000	47552394.00	12488943.87	46031195.70	1034181.02
$80001 TO $90000	41173751.94	11262124.81	40065377.04	857980.61
$90001 TO $100000	34910772.74	9955695.12	34138556.73	654124.50
$100001 TO $150000	86367644.28	25191172.10	84944382.56	1531095.27
$150001 TO $200000	18215114.61	4985888.74	18050322.59	255787.92
$200001 TO $300000	5044887.26	1268944.60	5025835.26	36072.26
$300001 TO $400000	6420425.99	1726293.98	6395697.99	55917.93
OVER $400000	9651122.19	2673585.32	9635230.19	29836.50
TOTAL	504039785.60	113293508.73	483842964.07	9481764.51

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
AGI GROUP									
LOSS	2925	1.09	9013.87	-20309.52	3876.24	2.72	5639.70	7803.08	4792.25
$0 TO $10000	53944	20.14	4540.00	5749.72	798.17	1.44	3008.83	3701.45	3599.04
$10001 TO $20000	52742	19.70	13332.99	15603.35	7027.57	1.76	3690.02	4187.70	3868.28
$20001 TO $30000	39408	14.72	22663.32	26149.41	15470.08	2.14	4470.50	5125.59	4274.52
$30001 TO $40000	31554	11.78	33673.52	37239.13	24404.90	2.54	5304.00	6296.82	4572.15
$40001 TO $50000	24721	9.23	43196.56	47687.15	32884.69	2.83	5905.73	7528.98	4800.03
$50001 TO $60000	18138	6.77	51397.60	58337.32	41397.20	2.97	6207.70	9617.57	5051.98
$60001 TO $70000	13563	5.06	60643.80	69377.55	50878.48	3.08	6426.58	10640.05	5086.89
$70001 TO $80000	10073	3.76	69038.31	81043.66	60744.18	3.17	6588.20	12098.47	5179.40
$80001 TO $90000	6963	2.60	76418.27	93375.70	71829.68	3.17	6523.98	13445.20	5244.90
$90001 TO $100000	4660	1.74	79402.01	108317.01	85254.61	3.17	6419.44	15177.50	5314.59
$100001 TO $150000	7947	2.97	88326.38	138813.34	113018.77	3.23	6019.26	18242.09	5596.47
$150001 TO $200000	853	0.32	104910.68	218129.27	191096.02	3.10	3206.44	22384.37	5382.37
$200001 TO $300000	109	0.04	90830.92	387029.32	359689.25	2.51	58.08	26056.31	5486.95
$300001 TO $400000	108	0.04	148049.52	495280.88	462413.14	3.31	0.98	31281.57	6437.07
OVER $400000	74	0.03	200884.68	1020134.17	948557.33	3.24	28.26	56354.50	5854.08
TOTAL	267782	100	30556.44	36956.06	25350.65	2.26	4686.63	6757.69	4117.53

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	MEAN	MEAN	MEAN	MEAN
AGI GROUP				
LOSS	383.44	99.44	376.09	5.46
$0 TO $10000	39.00	1.54	28.69	0.40
$10001 TO $20000	332.90	11.01	291.42	3.22
$20001 TO $30000	845.38	63.68	778.16	12.22
$30001 TO $40000	1476.09	192.23	1386.84	29.14
$40001 TO $50000	2109.23	381.29	1999.91	45.43
$50001 TO $60000	2830.08	659.61	2703.34	64.03
$60001 TO $70000	3727.41	945.35	3586.16	83.59
$70001 TO $80000	4720.78	1239.84	4569.76	102.67
$80001 TO $90000	5913.22	1617.42	5754.04	123.22
$90001 TO $100000	7491.58	2136.42	7325.87	140.37
$100001 TO $150000	10867.96	3169.90	10688.86	192.66
$150001 TO $200000	21354.18	5845.12	21160.99	299.87
$200001 TO $300000	46283.37	11641.69	46108.58	330.94
$300001 TO $400000	59448.39	15984.20	59219.43	517.76
OVER $400000	130420.57	36129.53	130205.81	403.20
TOTAL	1882.28	423.08	1806.85	35.41

TABLE 17
1991 TAX ALTERNATIVE ONE
MODERATE ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
AGI GROUP			SUM	SUM	SUM	SUM	SUM	SUM	SUM
LOSS	2826	1.05	26151717.00	-58930891.94	11872666.66	7702.00	16712452.69	22704079.67	9613825.57
$0 TO $10000	51193	19.07	233394604.00	292786918.06	36408407.86	74429.00	162795057.60	198011904.68	188677056.95
$10001 TO $20000	51365	19.14	686318284.00	799113086.17	348699801.46	90083.00	197027867.60	223647139.26	190566584.05
$20001 TO $30000	39219	14.61	889736838.00	1022530539.62	595998716.60	82853.00	181193279.00	205168826.57	136473268.16
$30001 TO $40000	31792	11.85	1071210898.00	1181316606.58	768577005.95	79365.00	173430339.69	202249836.33	93983364.12
$40001 TO $50000	25107	9.35	1086818833.00	1197238525.45	821357692.71	69920.00	152772111.14	190643103.37	62066212.91
$50001 TO $60000	18680	6.96	959615727.00	1087936586.28	767582659.23	55022.00	120208567.00	180798508.82	35065388.29
$60001 TO $70000	14172	5.28	862239297.00	983541884.84	717558041.14	43674.00	95213638.27	151635463.79	21077462.14
$70001 TO $80000	10701	3.99	734716610.00	866083961.40	647604945.86	33882.00	73706630.40	129320745.22	13229483.90
$80001 TO $90000	7572	2.82	576125158.00	705032371.02	541238140.72	23906.00	51677673.59	101179027.58	8368573.74
$90001 TO $100000	5223	1.95	412975522.00	565674142.95	443513266.89	16559.00	35189173.36	79515744.94	4880433.00
$100001 TO $150000	9204	3.43	813480190.00	1285842525.18	1043039035.46	29707.00	58979616.15	170026835.97	8268831.12
$150001 TO $200000	1073	0.40	113944305.00	231801267.08	201633784.26	3371.00	4370942.86	24230939.96	901382.44
$200001 TO $300000	143	0.05	15670147.00	52588873.08	48697808.45	349.00	15526.73	3690737.90	134281.32
$300001 TO $400000	44	0.02	7005312.00	22124906.06	20646225.25	142.00	0.00	1412280.81	68730.50
OVER $400000	79	0.03	15733671.00	86653603.57	82178076.31	251.00	0.00	4360327.26	53014.80
TOTAL	268393	100	8505137113.00	10321334905	7096606274.75	611215.00	1323292876.09	1888595502.14	773432893.01

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	SUM	SUM	SUM	SUM
AGI GROUP				
LOSS	1248321.95	336440.56	1228947.03	15682.10
$0 TO $10000	1803531.21	77499.51	1315109.02	20885.12
$10001 TO $20000	16483892.14	551112.32	14413657.78	159364.22
$20001 TO $30000	32626823.91	2470230.89	30030846.13	479065.61
$30001 TO $40000	46727395.55	6129571.69	43930216.39	906529.21
$40001 TO $50000	52968022.43	9607349.66	50252461.96	1138590.37
$50001 TO $60000	52[illegible]601.63	12237575.24	50199084.12	1191246.06
$60001 TO $70000	52624462.47	13[illegible]408.90	50633131.52	1179198.21
$70001 TO $80000	50419336.20	13187834.[illegible]	48812744.32	1089554.71
$80001 TO $90000	44522203.49	12151134.67	43320563.71	923805.81
$90001 TO $100000	38951241.39	11106773.92	38088590.97	719824.99
$100001 TO $150000	100483155.19	29170656.68	98834870.08	1765045.86
$150001 TO $200000	22391457.21	6251485.02	22183010.08	321107.21
$200001 TO $300000	6189472.50	1609254.55	6163220.50	48758.54
$300001 TO $400000	2672200.66	682540.48	2662572.66	12789.29
OVER $400000	11363725.06	3153124.29	11347021.06	43369.94
TOTAL	534014843.00	122081992.87	513416047.33	10014817.25

AGI GROUP	N	PCTN	WAGE & SALARY MEAN	ADJ GROSS INCOME MEAN	TAXABLE INCOME MEAN	NUMBER OF EXEMPTIONS MEAN	VALUE OF EXEMPTIONS MEAN	ITEMIZED DEDUCTIONS MEAN	STANDARD DEDUCTIONS MEAN
LOSS	2826	1.05	9253.97	-20904.89	4201.23	2.73	5913.82	8034.00	5009.81
$0 TO $10000	51193	19.07	4559.11	5746.33	711.20	1.45	3180.03	3867.95	3768.72
$10001 TO $20000	51365	19.14	13361.59	15592.75	6788.67	1.75	3835.84	4354.08	4028.64
$20001 TO $30000	39219	14.61	22686.37	26124.95	15196.68	2.11	4620.04	5231.36	4435.99
$30001 TO $40000	31792	11.85	33694.35	37213.85	24175.17	2.50	5455.16	6361.66	4733.01
$40001 TO $50000	25107	9.35	43287.48	47742.49	32714.29	2.78	6084.84	7593.23	4972.06
$50001 TO $60000	18680	6.96	51371.29	58309.39	41091.15	2.95	6435.15	9678.72	5250.10
$60001 TO $70000	14172	5.28	60841.05	69473.89	50632.09	3.08	6718.43	10699.65	5311.86
$70001 TO $80000	10701	3.99	68658.69	81094.00	60518.17	3.17	6887.83	12084.92	5373.47
$80001 TO $90000	7572	2.82	76086.26	93245.92	71478.89	3.16	6824.84	13362.26	5491.19
$90001 TO $100000	5223	1.95	79068.64	108345.94	84915.43	3.17	6737.35	15224.15	5564.92
$100001 TO $150000	9204	3.43	88383.33	139735.11	113324.54	3.23	6408.04	18473.15	5839.57
$150001 TO $200000	1073	0.40	106192.27	216031.00	187915.92	3.14	4073.57	22582.42	5704.95
$200001 TO $300000	143	0.05	109581.45	367754.36	340544.12	2.44	108.58	25809.36	6103.70
$300001 TO $400000	44	0.02	159211.64	502838.77	469232.39	3.23	0.00	32097.29	6873.05
OVER $400000	79	0.03	199160.39	1096881.06	1040228.81	3.18	0.00	55194.02	5801.48
TOTAL	268393	100	31689.12	38541.35	26441.10	2.28	4930.43	7036.68	4308.41

AGI GROUP	N	PCTN	WAGE & SALARY MEAN	ADJ GROSS INCOME MEAN	TAXABLE INCOME MEAN	NUMBER OF EXEMPTIONS MEAN	VALUE OF EXEMPTIONS MEAN	ITEMIZED DEDUCTIONS MEAN	STANDARD DEDUCTIONS MEAN
LOSS	2826	1.05	9253.97	-20904.89	4201.23	2.73	5913.82	8034.00	5009.81
$0 TO $10000	51193	19.07	4559.11	5746.33	711.20	1.45	3180.03	3867.95	3768.72
$10001 TO $20000	51365	19.14	13361.59	15592.75	6788.67	1.75	3835.84	4354.08	4008.64
$20001 TO $30000	39219	14.61	22686.37	26124.95	15196.68	2.11	4620.04	5231.36	4435.99
$30001 TO $40000	31792	11.85	33694.35	37213.85	24175.17	2.50	5455.16	6361.66	4733.01
$40001 TO $50000	25107	9.35	43287.48	47742.49	32714.29	2.78	6084.84	7593.23	4972.06
$50001 TO $60000	18680	6.96	51371.29	58309.39	41091.15	2.95	6435.15	9678.72	5250.10
$60001 TO $70000	14172	5.28	60841.05	69473.89	50632.09	3.08	6718.43	10699.65	5311.86
$70001 TO $80000	10701	3.99	68658.69	81094.00	60518.17	3.17	6887.83	12084.92	5373.47
$80001 TO $90000	7572	2.82	76086.26	93245.92	71478.89	3.16	6824.84	13362.26	5491.19
$90001 TO $100000	5223	1.95	79068.64	108345.94	84915.43	3.17	6737.35	15224.15	5564.92
$100001 TO $150000	9204	3.43	88383.33	139735.11	113324.54	3.23	6408.04	18473.15	5839.57
$150001 TO $200000	1073	0.40	106192.27	216031.00	187915.92	3.14	4073.57	22582.42	5704.95
$200001 TO $300000	143	0.05	109581.45	367754.36	340544.12	2.44	108.58	25809.36	6103.70
$300001 TO $400000	44	0.02	159211.64	502838.77	469232.39	3.23	0.00	32097.29	6873.05
OVER $400000	79	0.03	199160.39	1096881.06	1040228.81	3.18	0.00	55194.02	5801.48
TOTAL	268393	100	31689.12	38541.35	26441.10	2.28	4930.43	7036.68	4308.41

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	MEAN	MEAN	MEAN	MEAN
AGI GROUP				
LOSS	441.73	119.05	434.87	5.55
$0 TO $10000	35.23	1.51	25.69	0.41
$10001 TO $20000	320.92	10.73	280.61	3.10
$20001 TO $30000	831.91	62.99	765.72	12.22
$30001 TO $40000	1469.78	192.80	1381.80	28.51
$40001 TO $50000	2109.69	382.66	2001.53	45.35
$50001 TO $60000	2812.61	655.12	2687.32	63.77
$60001 TO $70000	3713.27	942.66	3572.76	83.21
$70001 TO $80000	4711.65	1232.39	4561.51	101.82
$80001 TO $90000	5879.85	1604.75	5721.15	122.00
$90001 TO $100000	7457.64	2126.51	7292.47	[illegible].82
$100001 TO $150000	10917.34	3169.35	10738.25	191.77
$150001 TO $200000	20868.09	5826.17	20673.82	299.26
$200001 TO $300000	43283.02	11253.53	43099.44	340.97
$300001 TO $400000	60731.83	15512.28	60513.02	290.67
OVER $400000	143844.62	39912.97	143633.18	548.99
TOTAL	1989.68	454.86	1912.93	37.31

TABLE 18
1992 TAX ALTERNATIVE ONE
MODERATE ECONOMIC SCENARIO

AGI GROUP	N	PCTN	WAGE & SALARY SUM	ADJ GROSS INCOME SUM	TAXABLE INCOME SUM	NUMBER OF EXEMPTIONS SUM	VALUE OF EXEMPTIONS SUM	ITEMIZED DEDUCTIONS SUM	STANDARD DEDUCTIONS SUM
LOSS	2782	1.03	25603313.00	-59702639.05	10093941.91	7712.00	17534219.64	23117590.28	10112748.75
$0 TO $10000	48792	18.13	223074635.00	278533905.75	31083547.41	71311.00	163121893.20	196487788.19	187724315.76
$10001 TO $20000	50190	18.65	676856501.00	781699606.62	330045403.10	87589.00	200352583.20	223917120.72	194515019.66
$20001 TO $30000	38976	14.48	888895439.00	1015967845.12	583680017.10	80948.00	185153768.80	207987386.91	142916341.15
$30001 TO $40000	32175	11.96	1106841949.00	1198468641.04	775128730.30	78924.00	180405355.49	205316610.90	99733008.05
$40001 TO $50000	25484	9.47	1115540797.00	1217226964.02	830492206.51	70076.00	160127424.80	194024120.63	66688582.03
$50001 TO $60000	18908	7.03	972929669.00	1100596817.88	772178558.60	54889.00	125429476.70	183563174.45	38343422.91
$60001 TO $70000	14503	5.39	880193746.00	1006003243.51	730736458.78	44089.00	100552474.48	156264946.87	23516550.80
$70001 TO $80000	11144	4.14	765860468.00	901551955.07	669984614.85	35168.00	80047845.52	135445269.78	14948299.33
$80001 TO $90000	8039	2.99	611409955.00	749701168.29	571757051.78	25269.00	57239380.77	109355337.09	9596233.60
$90001 TO $100000	5768	2.14	455260282.00	625050219.33	487649380.69	18361.00	40948603.67	88024673.89	6242568.00
$100001 TO $150000	10728	3.99	956129483.00	1494754712.25	1208526139.92	34613.00	72967216.34	197215927.20	10237601.20
$150001 TO $200000	1357	0.50	144745472.00	297047438.64	257914997.04	4346.00	6347380.72	30778660.88	1286368.80
$200001 TO $300000	170	0.06	16224039.00	62192474.87	57614008.24	449.00	45981.68	4302084.94	156614.40
$300001 TO $400000	28	0.01	4277365.00	13337617.96	12565041.78	99.00	0.00	727776.18	28720.00
OVER $400000	85	0.03	18159817.00	82022574.16	77743067.26	307.00	0.00	4151506.90	60416.00
TOTAL	269129	100	8862002930.00	10764452545	7407193165.22	614150.00	1390273605.02	1960679975.81	806106810.44

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	SUM	SUM	SUM	SUM
LOSS	1006130.99	264357.35	986855.24	14170.60
$0 TO $10000	1573921.41	81549.18	1144593.69	19037.82
$10001 TO $20000	15551262.60	526845.25	13579747.87	156952.81
$20001 TO $30000	32005296.10	2464903.66	29463562.13	474819.44
$30001 TO $40000	47406690.51	6392973.55	44602724.36	955896.73
$40001 TO $50000	53954081.29	9857918.06	51230445.42	1178149.87
$50001 TO $60000	53039713.49	12341596.26	50699615.39	1200190.35
$60001 TO $70000	53737940.83	13691359.24	51721442.57	1216923.63
$70001 TO $80000	52059122.92	13655790.97	50390910.90	1141236.66
$80001 TO $90000	47051820.45	12810880.39	45782613.45	982041.83
$90001 TO $100000	42788261.78	12229537.33	41835630.01	808184.41
$100001 TO $150000	116144188.56	33925776.35	114225631.90	2060851.25
$150001 TO $200000	28629757.75	7893321.93	28362116.15	409236.62
$200001 TO $300000	7271097.18	1884779.62	7238337.18	59240.02
$300001 TO $400000	1607227.06	434075.65	1600731.06	8611.26
OVER $400000	10657664.75	2955438.00	10639104.75	59705.05
TOTAL	564484177.66	131411102.98	543504062.07	10745248.36

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
AGI GROUP									
LOSS	2782	1.03	9203.20	-21514.46	3628.30	2.77	6302.74	8309.70	5305.74
$0 TO $10000	48792	18.13	4571.95	5735.52	637.06	1.46	3343.21	4027.05	3931.40
$10001 TO $20000	50190	18.65	13485.88	15611.82	6575.92	1.75	3991.88	4461.39	4174.68
$20001 TO $30000	38976	14.48	22806.23	26120.78	14975.37	2.08	4750.46	5336.29	4575.67
$30001 TO $40000	32175	11.96	34400.68	37302.93	24091.03	2.45	5607.00	6381.25	4877.87
$40001 TO $50000	25484	9.47	43774.16	47822.53	32588.77	2.75	6283.45	7613.57	5128.31
$50001 TO $60000	18908	7.03	51455.98	58278.89	40838.72	2.90	6633.67	9708.23	5455.03
$60001 TO $70000	14503	5.39	60690.46	69451.38	50385.19	3.04	6933.22	10774.66	5521.61
$70001 TO $80000	11144	4.14	68724.02	81038.38	60120.66	3.16	7183.04	12154.10	5630.24
$80001 TO $90000	8039	2.99	76055.47	93409.07	71122.91	3.14	7120.21	13603.10	5698.48
$90001 TO $100000	5768	2.14	78928.62	108402.74	84543.93	3.18	7099.27	15260.87	5796.26
$100001 TO $150000	10728	3.99	89124.67	139384.06	112651.58	3.23	6801.57	18383.29	6072.12
$150001 TO $200000	1357	0.50	106665.79	218900.10	190062.64	3.20	4677.51	22681.40	5983.11
$200001 TO $300000	170	0.06	95435.52	365838.09	338905.93	2.64	270.48	25306.38	6264.58
$300001 TO $400000	28	0.01	152763.04	476343.50	448751.49	3.54	0.00	25992.01	7180.00
OVER $400000	85	0.03	213644.91	964971.46	914624.32	3.61	0.00	48841.26	6041.60
TOTAL	269129	100	32928.46	40085.70	27522.84	2.28	5165.83	7285.28	4488.90

AGI GROUP	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	MEAN	MEAN	MEAN	MEAN
LOSS	361.66	95.02	354.73	5.09
$0 TO $10000	32.26	1.67	23.46	0.39
$10001 TO $20000	309.85	10.50	270.57	3.13
$20001 TO $30000	821.15	63.24	755.94	12.18
$30001 TO $40000	1473.40	198.69	1386.25	29.71
$40001 TO $50000	2117.17	386.83	2010.30	46.23
$50001 TO $60000	2805.15	652.72	2681.38	63.48
$60001 TO $70000	3705.30	944.04	3566.26	83.91
$70001 TO $80000	4671.49	1225.39	4521.80	102.41
$80001 TO $90000	5852.94	1593.59	5695.06	122.16
$90001 TO $100000	7418.21	2120.24	7253.06	140.12
$100001 TO $150000	10826.27	3162.36	10647.43	192.10
$150001 TO $200000	21097.83	5816.74	20900.60	301.57
$200001 TO $300000	42771.16	11086.94	42578.45	348.47
$300001 TO $400000	57400.97	15502.71	57168.97	307.54
OVER $400000	125384.29	34769.86	125165.94	702.41
TOTAL	2097.45	488.28	2019.49	39.93

Liability to Collections

The projected time pattern generated from 1970 - 1979 accounting data can be used to translate the projected tax year collections presented in the tables below into gross receipts (col. 2), refunds (col. 3), and net receipts (col. 4) by quarter and fiscal year. The U. S. Consumer Price Index (col. 5) is used to deflate or inflate the net receipts in nominal dollars to real 1986 dollars (col. 6) so we can compare estimated 1988 through 1992 projected fiscal year collections to actual collections from 1975 through 1979.

TABLE 19
LIABILITY TO COLLECTIONS
TAX ALTERNATIVE ONE
MODERATE ECONOMIC SCENARIO

FY/Q	GROSS RECEIPTS ($B nom)	REFUNDS ($B nom)	NET RECEIPTS ($B nom)	CPI	NET REC $86 ($B real)
86				325.98	
88/1	$0	$1	($1)		
/2	$0	$0	($0)		
/3	$1	$3	($1)		
/4	$87	$6	$82		
TOTAL	$89	$9	$79	338.66	$76
89/1	$116	$5	$111		
/2	$153	$2	$151		
/3	$149	$16	$132		
/4	$128	$36	$92		
TOTAL	$545	$60	$486	354.17	$447
90/1	$126	$6	$120		
/2	$167	$2	$165		
/3	$162	$20	$142		
/4	$136	$44	$93		
TOTAL	$592	$72	$520	370.39	$457
91/1	$134	$5	$129		
/2	$176	$2	$175		
/3	$172	$16	$156		
/4	$145	$35	$110		
TOTAL	$627	$57	$570	387.35	$480
92/1	$142	$5	$137		
/2	$187	$2	$185		
/3	$182	$15	$167		
/4	$147	$34	$113		
TOTAL	$657	$55	$602	405.09	$485

ALTERNATIVE TWO: LIMITED BRACKETS/ FEDERAL TAX BASE

This alternative is piggybacked to the federal law for most of its tax base elements.

Relationship to Federal Law

The following chart taken from the Price Waterhouse Guide to the New Tax Law(14) provides a convenient framework for discussing a tax structure which is similar in construction to the new federal law.

FEDERAL LAW
CHANGES AT A GLANCE

Old Law	New Law
Fifteen brackets, ranging up to 50 percent	1987; Five brackets, ranging up to 38.5 percent 1988 Two brackets, 15 and 28 percent
Taxpayers may use income-averaging	Income averaging is no longer allowed
Two-earner deduction is available to working couples	Two-earner deduction is eliminated
Taxpayers may exclude $100 of dividend income from taxation	Dividend exclusion is no longer permitted

State Structure

A state law might be structured as follows:

1. Adopt new federal rules to derive the taxable income base;
2. Divide taxable income into a small number (2 or 3) of brackets according to some objective criteria or adopt the Federal brackets.
3. Specify state tax rates for each of the chosen brackets with income in the higher bracket(s) being taxed at a higher rate.

The details except for the limited number of brackets and rates are similar to the previous case.

Tax Base

The federal law has changed dramatically since the Alaska individual income tax was in effect. This proposal assumes that the changes adopted by the federal government will be referenced in Alaska Statute much as they were in 1978-1979. This will result in the expansion of the tax base through the inclusion of more items in income, a decrease in both exclusions and itemized deductions from income, and an increase in standard deductions and the value of exemptions, resulting in lower taxable income in the lower part of the income distribution and higher taxable income in the upper part of the income distribution. The specifics of the changes resulting from tax reform at the federal level are available in a number of publications and we will not attempt to discuss those here. The provisions of the new law that we assume would be effective for this proposal are summarized below.

Income Inclusions and Exclusions

Included as total income are wages, salaries, tips, interest income, dividends, income tax refunds, alimony received, business income, capital gains, pensions, IRA and annuity distributions, rents, royalties, partnership, estates, trusts, farm income, unemployment insurance (which we are unable to include in our model), social security benefits and other income. The new Federal law eliminates the $100 - $200 exclusion of dividend income and treats the full amount of capital gain as ordinary income. The Alaska Permanent Fund Dividend is included as income.

New restrictions are now included in the Federal law which define passive and active participation in ventures and set limits for higher income taxpayers on offsetting losses of any kind. Passive losses cannot be used to offset other income except for $25,000 in participatory rental losses. (Passive losses occur particularly in some partnership and rental activities.)

Income Adjustments

Under the new Federal law, only the Keogh plan contributions, savings withdrawal penalties and alimony paid adjustments from income remain. Eliminated is the Two Earner adjustment; while the IRA adjustment is phased out at higher income levels or eliminated if the employer covers the employee with a retirement plan. The moving expense and employee business expense adjustment are now deductions.

Treatment of the Alaska Permanent Fund Dividend

All of the alternatives presented include the Alaska Permanent Fund Dividend as taxable income. The 1988 low case Table 20 indicates a loss of $16 million if the PFD were not taxable ($393.9 million with PFD included - $377.9 million with PFD excluded). The taxable income presented in the tables is with PFD not taxable. Children and other persons not required to file will not pay tax on the PFD. The estimates of the PFD are as follows:

1988	$750
1989	$800
1990	$800
1991	$800
1992	$800

These are rounded values from the December 1986 Long Run Fiscal Model of the Department of Revenue.(15)

Nonresident Apportionment

As was done in the 1978 Alaska individual income tax, nonresident workers apportion their income by source state in this proposal. The apportionment ratio is obtained by dividing Alaska adjusted gross income (income earned in this state or attributable to investments in this state) by total adjusted gross income. The ratio obtained is used to adjust exemptions and standard deduction. Itemized deductions are apportioned to Alaska based on the expenditure location, property site or source of income to pay the expenditure.

Standard Deduction

The following standard deductions are assumed to be adopted from the Federal Code and are indexed yearly for inflation.

Filing Status	Standard Deduction	Add'nl for Blindness/ Age Exemption
Single	$3,000	$750 per Exemption
Married Filing Joint	$5,000	$600 per Exemption
Married Filing Sep	$2,500	$600 per Exemption
Head of Household	$4,400	$750 per Exemption

Itemized Deductions

Those with greater than the standard deduction can itemize deductions on state returns as done on the Federal return. Alaska income taxes cannot be deducted for Alaska tax although they can for Federal income tax. Medical expenses in excess of 7.5 percent of adjusted gross income are deductible. Sales taxes are not deductible but property taxes are. Home mortgage interest (for primary and secondary residences) is still deductible, but consumer interest is phased out and other mortgage interest is no longer deductible. Union and professional dues, tax return preparation fees, employee business expenses are also deductible, but must total more that two percent of adjusted gross income. Moving expenses are deductible.

Personal Exemptions

Exemptions are available for the taxpayer, spouse, dependents and for certain debilitating conditions. They are worth $1,950 each in 1988, $2,000 in 1989 and are indexed for inflation thereafter. For higher income taxpayers, the value of these exemptions is reduced by five percent of taxable income if taxable income is greater than the threshold amount (which is indexed yearly for inflation).

Filing Status	Income Threshold
Single	$89,560
Married Filing Joint	$149,200
Married Fil'g Separately	$113,300
Head of Household	$123,790

Tax Credits

We have not included any tax credits in these proposals. Summaries of the major tax credits effective in Alaska and profiles of the taxpayers and amounts credited have been published previously and are available from this office.(16)

Tax Rates

The rates and rate groups assumed to be in place for this proposal are presented below. These rates are a set that make the alternative revenue neutral compared to the first alternative and the last alternative, for the first year (1988) only. That is, all three proposals are constructed to raise approximately the same revenue.

TAXABLE INCOME LEVEL	SINGLE SEPARATE
$0-$25,000	6.5%
$25,000 & MORE	11.5%

TAXABLE INCOME LEVEL	HOUSEHOLD HEAD JOINT
$0-$50,000	6.5%
$50,000 & MORE	11.5%

ISSUES

Economic Efficiency

As in the first case it is difficult to make precise statements about efficiency of a limited bracket tax. It obviously will entail costs as individuals and businesses make adjustments. The difficult question is what extra additional adjustments would be made with a state income tax. One could possibly argue that this would be a good time to impose a state tax. Individuals and businesses are in the process of adjusting to new federal rules and could more readily modify their decisions than would be the case if the state waits several years to reimpose a tax.

Income Elasticity

The limited number of brackets would probably cause this type of tax to be less revenue elastic than the first case. Under a system with narrower brackets and more numerous rates real or inflation driven increases in income can easily push returns into higher brackets with larger marginal rates. Conversely with rates that apply to broader income ranges it seems that bracket creep would be less of a phenomenon.

Equity

One possible disadvantage of this type of structure is that those at the lower end of each bracket are taxed at the same nominal rate as those at the upper end. The tax is still progressive in nature across brackets. It is progressive to a lesser extent within brackets given that the personal exemption excludes a larger proportion of the lower income from the tax.

Changes in tax laws have implications for horizontal equity in that individuals make commitments based on existing tax laws which are difficult or impossible to reverse. When the law changes this can reduce welfare. An example is the reduced deduction for personal interest expenses under the new federal law. Persons who entered installment purchase agreements prior to the change are going to be adversely affected.

Administration and Compliance

Comments made on the first tax structure also apply to this case. Compliance costs could be reduced from the first case since this structure is simply a scaled down version of the new federal system. Brackets could be made identical and this could simplify the preparation of returns.

Nonresident Taxpayers

This alternative captures the nonresident worker in the tax base fairly effectively. Alaskan employers submit payroll taxes regardless of the residence of the worker. The potential for avoiding estimated payments remains but is no worse or better for this alternative than any other. The apportionment of nonresident (or part year resident) income seems fair and is generally consistent with practice in other states.

Intergovernmental Effects

All state income taxes are deductible from Federal income. This causes a leakage of tax from the federal government to the State. The 1988 low case Table 20 below shows that for every dollar of Alaska tax paid, the taxpayer pays only 80¢ while the Federal government leaks 20¢ of it to the State ($79.5 million in Federal leakage / $393.9 million in State tax liability).

On the other hand, the deductibility from income taxes of property taxes (generally levied at the local government level), erodes the tax base of the State. The estimated leakage of tax from the State to local government estimated under this alternative is presented in the tables below. The 1988 low case Table 20 indicates a leakage from municipal property taxes of $6.4 million.

Inflation Effects

Inflation adjustments are present in the exemption, deduction, and income limit amounts of this tax alternative. Inflation adjustment to the tax brackets in the rate structure will also help to prevent bracket creep, where taxpayers who may be no better off in any real sense (their income, after adjustment for inflation, is no greater) may have to pay greater portions in tax. As noted, the wider brackets make bracket creep less likely, but without indexing of any amounts expressed in dollar terms, inflation remains a concern.

TABLE 20
1988 TAX ALTERNATIVE TWO
LOW ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY SUM	ADJ GROSS INCOME SUM	TAXABLE INCOME SUM	NUMBER OF EXEMPTIONS SUM	VALUE OF EXEMPTIONS SUM	ITEMIZED DEDUCTIONS SUM	STANDARD DEDUCTIONS SUM
AGI GROUP									
LOSS	2878	1.19	26309170.00	-61678792.91	9522088.47	7805.00	15093065.29	21978299.00	8361481.80
$0 TO $10000	53355	22.06	248499609.00	305298080.85	51103488.58	78669.00	153385050.00	182077568.76	168834035.70
$10001 TO $20000	49490	20.46	668214244.00	769719577.88	361711133.07	91714.00	178824750.00	196100662.73	156198215.60
$20001 TO $30000	36082	14.92	822338578.00	943559133.02	567599932.03	82151.00	160156933.31	178839871.42	110198161.10
$30001 TO $40000	28778	11.90	971451140.00	1072829850.36	711225185.16	77343.00	150610013.87	177719720.9[illegible]	73655960.10
$40001 TO $50000	22390	9.26	973365388.00	1068241985.88	746097930.25	65702.00	127937517.15	165810358.80	44977736.20
$50001 TO $60000	15856	6.56	815676730.00	923230676.83	661901490.79	48533.00	94469411.63	152000537.48	23540605.70
$60001 TO $70000	11225	4.64	683752605.00	777522186.01	575697419.09	35348.00	68617104.41	118871746.80	12946000.00
$70001 TO $80000	7883	3.26	542298283.00	636844305.28	482688052.22	25290.00	48879109.84	94435768.96	7230400.00
$80001 TO $90000	5208	2.15	398926188.00	485165674.57	376776961.75	16585.00	31662349.51	69861199.66	4521200.00
$90001 TO $100000	3243	1.34	256764893.00	349859148.04	277822663.84	10278.00	19120685.92	48547255.19	2540200.00
$100001 TO $150000	4837	2.00	425160325.00	668888559.51	548327386.29	15373.00	25887775.21	87967948.02	3339400.00
$150001 TO $200000	412	0.17	40720223.00	91310515.75	80761636.75	1223.00	743708.82	9273420.18	245100.00
$200001 TO $300000	55	0.02	4709336.00	22032721.97	20473845.20	128.00	6049.24	1497327.53	22000.00
$300001 TO $400000	93	0.04	15285945.00	44902551.74	41886181.28	297.00	0.00	2880620.46	69000.00
OVER $400000	79	0.03	17348776.00	75394772.03	71074644.61	260.00	1950.00	4216627.42	28000.00
TOTAL	241864	100	6910821433.00	8173120946.79	5584670039.37	556699.00	1075395474.20	1512078933.40	616707496.20

AGI GROUP	TAX LIABILITY PFD TAXABLE SUM	PAID FROM FEDRL TAX SUM	TAX LIABILITY PFD NONTAXABLE SUM	LEAKAGE TO MUNICAPALITI-ES SUM
LOSS	805951.00	200322.54	786573.72	13324.86
$0 TO $10000	4438624.10	113000.43	3349095.35	36028.81
$10001 TO $20000	26219840.58	777091.59	23464027.34	218233.57
$20001 TO $30000	39176979.56	2773480.06	36688166.92	455076.67
$30001 TO $40000	46660490.14	5659491.37	44654047.80	646396.23
$40001 TO $50000	47545498.74	8515129.86	45797643.19	730658.97
$50001 TO $60000	42090912.62	9815037.85	40718882.46	704807.30
$60001 TO $70000	37811798.08	9620499.84	36507427.15	790003.65
$70001 TO $80000	34225035.73	9042808.09	33091264.77	794083.68
$80001 TO $90000	28681819.09	7906701.10	27886221.43	636653.01
$90001 TO $100000	22072167.13	6419023.32	21578111.24	430551.89
$100001 TO $150000	45828246.99	13580189.39	45096326.12	791755.21
$150001 TO $200000	6892991.47	1896647.98	6837739.72	88859.21
$200001 TO $300000	1000047.14	273130.16	996071.02	7574.74
$300001 TO $400000	4355330.30	1167429.82	4339951.93	34468.44
OVER $400000	6134956.01	1717787.68	6123717.63	29168.83
TOTAL	393940688.69	79477771.07	377915267.78	6407645.08

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
AGI GROUP			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
LOSS	2878	1.19	9141.48	-21498.36	3308.58	2.71	5244.29	7636.66	4393.84
$0 TO $10000	53355	22.06	4657.48	5748.09	957.80	1.47	2874.80	3412.57	3299.22
$10001 TO $20000	49490	20.46	13502.01	15587.05	7308.77	1.85	3613.35	3962.43	3600.95
$20001 TO $30000	36082	14.92	22790.83	26205.61	15730.83	2.28	4438.69	4956.48	4013.63
$30001 TO $40000	28778	11.90	33756.73	37330.10	24714.20	2.69	5233.51	6175.54	4292.56
$40001 TO $50000	22390	9.26	43473.22	47761.87	33322.82	2.93	5714.05	7405.55	4509.95
$50001 TO $60000	15856	6.56	51442.78	58303.17	41744.54	3.06	5957.96	9586.31	4710.01
$60001 TO $70000	11225	4.64	60913.37	69341.14	51287.08	3.15	6112.88	10589.91	4726.54
$70001 TO $80000	7883	3.26	68793.39	80930.78	61231.52	3.21	6200.57	11979.67	4759.97
$80001 TO $90000	5208	2.15	76598.73	93283.15	72345.81	3.18	6079.56	13414.21	4840.69
$90001 TO $100000	3243	1.34	79175.11	107947.90	85668.41	3.17	5895.99	14969.86	4875.[illegible]
$100001 TO $150000	4837	2.00	87897.52	138371.65	113361.05	3.18	5352.03	18186.47	5129.65
$150001 TO $200000	412	0.17	98835.49	221627.47	196023.39	2.97	1805.12	22508.30	4713.46
$200001 TO $300000	55	0.02	85624.29	400594.94	372251.73	2.33	109.99	27224.14	4400.00
$300001 TO $400000	93	0.04	164365.00	482823.14	450389.05	3.19	0.00	30974.41	5750.00
OVER $400000	79	0.03	219604.76	966599.64	899679.05	3.29	24.68	53375.03	4666.67
TOTAL	241864	100	28573.17	33870.36	23090.13	2.30	4446.28	6251.77	3795.61

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITIES
	MEAN	MEAN	MEAN	MEAN
AGI GROUP				
LOSS	280.04	69.60	273.31	4.63
$0 TO $10000	83.19	2.12	62.77	0.68
$10001 TO $20000	529.80	15.70	474.12	4.41
$20001 TO $30000	1085.78	76.87	1016.80	12.61
$30001 TO $40000	1621.39	196.66	1551.67	22.46
$40001 TO $50000	2123.51	380.31	2045.45	32.63
$50001 TO $60000	2654.57	619.01	2568.04	44.45
$60001 TO $70000	3368.53	857.06	3252.33	70.38
$70001 TO $80000	4341.63	1147.13	4197.80	100.73
$80001 TO $90000	5507.26	1518.18	5354.50	122.25
$90001 TO $100000	6806.10	1979.35	6653.75	132.76
$100001 TO $150000	9474.52	2807.56	9323.20	163.69
$150001 TO $200000	16730.56	4603.51	16596.46	215.68
$200001 TO $300000	18182.68	4966.00	18110.38	137.72
$300001 TO $400000	46831.51	12553.01	46666.15	370.63
OVER $400000	77657.67	21744.15	77515.41	369.23
TOTAL	1628.77	328.61	1562.51	26.49

TABLE 21
1989 TAX ALTERNATIVE TWO
LOW ECONOMIC SCENARIO

AGI GROUP	N	PCTN	WAGE & SALARY SUM	ADJ GROSS INCOME SUM	TAXABLE INCOME SUM	NUMBER OF EXEMPTIONS SUM	VALUE OF EXEMPTIONS SUM	ITEMIZED DEDUCTIONS SUM	STANDARD DEDUCTIONS SUM
LOSS	2727	1.14	24579758.00	-59527626.97	8539877.59	7470.00	14846327.64	21084905.50	8367769.76
$0 TO $10000	49750	20.81	232987396.00	286672325.82	43820769.88	73786.00	147556000.00	176304462.61	163787805.25
$10001 TO $20000	48252	20.19	656298356.00	751585286.54	343897257.30	89031.00	178042000.00	195143890.35	157531673.01
$20001 TO $30000	35369	14.80	812405077.00	923763680.84	548745272.46	79515.00	159008000.00	177599705.33	112547490.52
$30001 TO $40000	28712	12.01	985741252.00	1070678566.88	706774140.62	76053.00	151948000.00	176830167.86	77262576.00
$40001 TO $50000	22522	9.42	989322698.00	1074621071.55	746927729.42	65638.00	131085200.65	166106723.06	48722923.85
$50001 TO $60000	15948	6.67	819697745.00	928255468.79	661843839.95	48377.00	96615931.55	153682669.80	25767530.03
$60001 TO $70000	11568	4.84	704321793.00	801060959.06	589753611.64	36355.00	72433344.64	123148975.88	14463323.70
$70001 TO $80000	8326	3.48	572604837.00	673113198.20	507520192.42	26733.00	53047841.18	100359852.33	8500826.94
$80001 TO $90000	5626	2.35	431283215.00	523202734.79	404613126.68	17881.00	35189627.87	75257881.92	5220974.82
$90001 TO $100000	3642	1.52	288673205.00	394794853.94	311889364.95	11567.00	22348398.95	55279979.96	2997955.44
$100001 TO $150000	5790	2.42	512296742.00	802432875.56	655680697.13	18561.00	32805332.25	105314904.19	4263216.36
$150001 TO $200000	541	0.23	56662960.00	119475168.33	105190074.84	1648.00	1339483.93	12180009.57	375576.60
$200001 TO $300000	64	0.03	6216251.00	25806499.57	24055611.52	148.00	0.00	1675688.05	24070.20
$300001 TO $400000	106	0.04	18829475.00	48952894.76	45458394.83	356.00	346.64	3326953.30	95235.00
OVER $400000	90	0.04	17208477.00	94194971.63	89647513.03	285.00	4000.00	4430533.40	79197.60
TOTAL	239033	100	7129129237.00	8459082929.26	5794357474.22	553404.00	1096269835.30	1547727303.11	630008145.07

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	SUM	SUM	SUM	SUM
LOSS	702031.58	175564.55	683889.89	11448.01
$0 TO $10000	3907670.17	95409.30	2866945.57	35723.00
$10001 TO $20000	25131022.67	761567.21	22309042.40	216444.60
$20001 TO $30000	38084505.38	2722826.15	35507304.99	450738.36
$30001 TO $40000	46436544.11	5733877.52	44337287.36	649397.15
$40001 TO $50000	47580392.01	8541177.00	45726616.09	740189.09
$50001 TO $60000	41919178.52	9754354.03	40472479.53	700788.28
$60001 TO $70000	38684465.03	9862651.70	37266681.00	808872.49
$70001 TO $80000	35971210.18	9522570.45	34697611.36	836398.06
$80001 TO $90000	30788824.69	8482168.65	29873813.72	674914.07
$90001 TO $100000	25023309.82	7264074.17	24426740.57	487725.29
$100001 TO $150000	55248384.16	16364553.68	54303123.36	955908.56
$150001 TO $200000	9220857.89	2567027.92	9139769.09	120569.23
$200001 TO $300000	1426380.41	374095.26	1420133.61	12528.72
$300001 TO $400000	4950982.18	1303539.32	4931836.98	37320.01
OVER $400000	7656004.34	2090602.80	7643409.54	35157.00
TOTAL	412731763.13	85616059.73	395606685.05	6774121.92

AGI GROUP	N	PCTN	WAGE & SALARY MEAN	ADJ GROSS INCOME MEAN	TAXABLE INCOME MEAN	NUMBER OF EXEMPTIONS MEAN	VALUE OF EXEMPTIONS MEAN	ITEMIZED DEDUCTIONS MEAN	STANDARD DEDUCTIONS MEAN
LOSS	2727	1.14	9813.48	-21885.16	3131.60	2.74	5444.20	7731.91	4575.05
$0 TO $10000	49750	20.81	4683.16	5787.85	880.82	1.48	2965.95	3543.81	3438.61
$10001 TO $20000	48252	20.19	13601.47	15610.54	7127.11	1.85	3689.84	4044.27	3731.03
$20001 TO $30000	35369	14.80	22969.41	26168.20	15514.87	2.25	4495.69	5021.34	4141.43
$30001 TO $40000	28712	12.01	34332.03	37342.30	24615.98	2.65	5292.14	6158.75	4420.31
$40001 TO $50000	22522	9.42	43926.95	47771.55	33164.36	2.91	5820.32	7375.31	4631.02
$50001 TO $60000	15948	6.67	51398.15	58278.22	41500.12	3.03	6058.18	9636.49	4883.91
$60001 TO $70000	11568	4.84	60885.36	69343.92	50981.47	3.14	6261.53	10645.66	4926.20
$70001 TO $80000	8326	3.48	68773.10	81019.88	60956.06	3.21	6371.35	12053.79	4985.82
$80001 TO $90000	5626	2.35	76658.94	93146.29	71918.44	3.18	6254.82	13376.80	5054.19
$90001 TO $100000	3642	1.52	79262.27	108489.93	85636.84	3.18	6136.30	15178.47	5133.49
$100001 TO $150000	5790	2.42	88479.58	138637.33	113243.64	3.21	5665.86	18189.10	5329.02
$150001 TO $200000	541	0.23	104737.45	220841.35	194436.37	3.05	2475.94	22513.88	5216.34
$200001 TO $300000	64	0.03	97128.92	403226.56	375868.93	2.31	0.00	26182.63	4814.04
$300001 TO $400000	106	0.04	177636.56	461819.76	428852.78	3.36	3.27	31386.35	6349.00
OVER $400000	90	0.04	191205.30	1070397.40	996083.48	3.17	44.44	49228.15	4949.85
TOTAL	239033	100	29824.87	35468.60	24240.83	2.32	4586.27	6474.95	3954.83

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICIPALITIES
	MEAN	MEAN	MEAN	MEAN
AGI GROUP				
LOSS	257.44	64.38	250.78	4.20
$0 TO $10000	78.55	1.92	57.63	0.72
$10001 TO $20000	520.83	15.78	462.34	4.49
$20001 TO $30000	1076.78	76.98	1003.91	12.74
$30001 TO $40000	1617.32	199.70	1544.21	22.62
$40001 TO $50000	2112.62	379.24	2030.31	32.87
$50001 TO $60000	2628.49	611.63	2537.78	43.94
$60001 TO $70000	3344.09	852.58	3221.53	69.92
$70001 TO $80000	4320.35	1143.71	4167.38	100.46
$80001 TO $90000	5472.60	1507.67	5309.96	119.96
$90001 TO $100000	6870.76	1994.53	6706.96	133.92
$100001 TO $150000	9542.04	2826.35	9378.78	165.10
$150001 TO $200000	17044.10	4744.97	16894.21	222.86
$200001 TO $300000	22287.19	5845.24	22189.59	195.76
$300001 TO $400000	46707.38	12297.54	46526.76	352.08
OVER $400000	85066.71	23228.92	84926.77	390.63
TOTAL	1726.67	358.18	1655.03	28.34

TABLE 22
1990 TAX ALTERNATIVE TWO
LOW ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
			SUM	SUM	SUM	SUM	SUM	SUM	SUM
AGI GROUP									
LOSS	2622	1.13	25526126.00	-54911695.16	11333431.23	7222.00	14955107.50	21076660.44	8483328.04
$0 TO $10000	45296	19.52	209413184.00	260591560.84	35461641.15	67414.00	140990635.47	168623004.08	158474657.30
$10001 TO $20000	44893	19.34	607363524.00	699222851.80	309927139.85	81794.00	171067780.80	188890844.23	159317118.76
$20001 TO $30000	33958	14.63	775758196.00	888313489.07	520665780.64	74942.00	156725679.60	174641883.02	113826028.76
$30001 TO $40000	27907	12.03	956564806.00	1048705076.59	680127666.79	72648.00	151780933.34	175199547.49	79145947.52
$40001 TO $50000	22315	9.62	978808639.00	1064817448.92	733981817.95	64267.00	134250481.18	166743279.85	51893937.69
$50001 TO $60000	16087	6.93	828475374.00	936611011.46	663039984.41	48500.00	101311016.69	155989373.02	28052083.90
$60001 TO $70000	11938	5.14	724824159.00	826709341.16	605454012.30	37315.00	77766208.92	127314481.14	16394745.37
$70001 TO $80000	8778	3.78	604631162.00	710172238.27	532791585.96	28093.00	58339638.05	106166096.46	9759494.30
$80001 TO $90000	6192	2.67	471880182.00	576217347.26	443325723.96	19739.00	40637328.28	83488960.27	6193680.48
$90001 TO $100000	4132	1.78	328407845.00	444702445.62	350006028.77	13145.00	26701728.73	61964092.34	3612900.38
$100001 TO $150000	6952	3.00	609539110.00	964848535.81	785154740.35	22506.00	41902973.58	127339108.48	5737862.54
$150001 TO $200000	709	0.31	77427061.00	153190549.32	133381755.73	2237.00	2413340.31	16365853.28	561657.74
$200001 TO $300000	79	0.03	8081215.00	27081756.16	25212211.63	198.00	9600.75	1756743.78	47173.20
$300001 TO $400000	110	0.05	17519133.00	53161612.12	48748186.34	372.00	2370.19	4237455.58	72153.50
OVER $400000	100	0.04	18918257.00	100847567.87	95247484.78	312.00	2091.60	5456164.19	73015.70
TOTAL	232068	100	7243137973.00	8692281137.11	5973859191.81	540704.00	1118856914.97	1585253547.67	641645785.17

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	SUM	SUM	SUM	SUM
AGI GROUP				
LOSS	979376.38	252567.04	959792.56	12628.02
$0 TO $10000	3194810.41	76204.66	2311315.50	26252.62
$10001 TO $20000	22661326.86	667333.04	20094771.21	192979.90
$20001 TO $30000	36134707.09	2594426.43	33697112.96	430943.18
$30001 TO $40000	44710987.17	5562748.90	42706914.26	631522.73
$40001 TO $50000	46527081.87	8280929.74	44725800.30	718932.01
$50001 TO $60000	41818057.52	9738912.28	40380361.70	698390.70
$60001 TO $70000	39453490.26	10040080.45	38019166.95	821172.09
$70001 TO $80000	37511896.94	9915432.48	36184081.85	876826.09
$80001 TO $90000	33613074.03	9237383.37	32607070.06	749865.10
$90001 TO $100000	27878020.81	8141973.68	27202004.64	548547.11
$100001 TO $150000	67371725.94	19921207.82	66221059.54	1173940.48
$150001 TO $200000	12079913.30	3383405.01	11968795.70	171088.77
$200001 TO $300000	1747435.14	468883.74	1737637.14	16742.36
$300001 TO $400000	5287819.24	1404220.39	5268020.84	45525.68
OVER $400000	9341921.02	2615737.89	9326069.42	37472.70
TOTAL	430311643.96	92301446.89	413409974.63	7152829.54

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
AGI GROUP									
LOSS	2622	1.13	9735.36	-20990.71	4322.44	2.75	5703.70	8038.39	4828.30
$0 TO $10000	45296	19.52	4623.22	5778.60	782.89	1.49	3112.65	3722.69	3619.63
$10001 TO $20000	44893	19.34	13529.14	15611.83	6903.69	1.82	3810.57	4207.58	3881.24
$20001 TO $30000	33958	14.63	22844.64	26213.99	15332.64	2.21	4615.28	5142.88	4313.39
$30001 TO $40000	27907	12.03	34276.88	37342.75	24371.22	2.60	5438.81	6277.98	4594.03
$40001 TO $50000	22315	9.62	43863.26	47773.23	32891.86	2.88	6016.15	7472.25	4786.82
$50001 TO $60000	16087	6.93	51499.68	58301.34	41215.89	3.01	6297.69	9696.61	5092.05
$60001 TO $70000	11938	5.14	60715.71	69348.99	50716.54	3.13	6514.17	10664.64	5131.38
$70001 TO $80000	8778	3.78	68880.29	81005.16	60696.24	3.20	6646.12	12094.57	5193.98
$80001 TO $90000	6192	2.67	76208.04	93223.97	71596.53	3.19	6562.88	13483.36	5280.21
$90001 TO $100000	4132	1.78	79479.15	107650.07	84706.20	3.18	6462.18	14996.15	5320.91
$100001 TO $150000	6952	3.00	87678.24	138827.13	112939.40	3.24	6027.47	18316.90	5597.91
$150001 TO $200000	709	0.31	109206.01	216065.65	188126.59	3.16	3403.87	23083.01	5506.45
$200001 TO $300000	79	0.03	102293.86	342807.04	319141.92	2.51	121.53	22237.26	5896.65
$300001 TO $400000	110	0.05	159264.85	483287.38	443165.33	3.38	21.55	38522.32	6559.41
OVER $400000	100	0.04	189182.57	1018662.30	952474.85	3.12	20.92	54561.64	5616.59
TOTAL	232068	100	31211.27	37538.41	25741.85	2.33	4821.25	6830.99	4149.31

AGI GROUP	TAX LIABILITY PFD TAXABLE MEAN	PAID FROM FEDRL TAX MEAN	TAX LIABILITY PFD NONTAXABLE MEAN	LEAKAGE TO MUNICAPALITI-ES MEAN
LOSS	373.52	96.33	366.05	4.82
$0 TO $10000	70.53	1.68	51.03	0.58
$10001 TO $20000	504.79	14.86	447.61	4.30
$20001 TO $30000	1064.10	76.40	992.32	12.69
$30001 TO $40000	1602.14	199.33	1530.33	22.63
$40001 TO $50000	2085.01	371.09	2004.29	32.22
$50001 TO $60000	259[illegible]49	605.39	2510.12	43.41
$60001 TO $70000	3304.87	841.02	3184.72	68.79
$70001 TO $80000	4273.40	1129.58	4122.13	99.89
$80001 TO $90000	5428.47	1491.83	5266.00	121.10
$90001 TO $100000	6746.86	1970.47	6583.25	132.76
$100001 TO $150000	9690.98	2865.54	9525.47	168.86
$150001 TO $200000	17037.96	4772.08	16881.24	241.31
$200001 TO $300000	22119.43	5935.24	21995.41	211.93
$300001 TO $400000	48071.08	12765.64	47891.10	413.87
OVER $400000	93419.21	26157.38	93260.69	374.73
TOTAL	1854.25	397.73	1781.42	30.82

TABLE 23
1991 TAX ALTERNATIVE TWO
LOW ECONOMIC SCENARIO

			WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
	N	PCTN	SUM	SUM	SUM	SUM	SUM	SUM	SUM
AGI GROUP									
LOSS	2419	1.07	22722616.00	-48966407.45	9697792.17	6664.00	14468915.64	19574019.26	8189143.56
$0 TO $10000	42107	18.55	193833384.00	241699360.09	29806371.81	62257.00	136176587.00	163415328.15	155432229.09
$10001 TO $20000	42552	18.74	573637888.00	663765627.54	285202344.27	76780.00	167937635.00	185411324.71	158306421.37
$20001 TO $30000	32994	14.53	751855480.00	861414298.61	497522399.55	71271.00	155885061.00	173732249.71	115890927.74
$30001 TO $40000	27248	12.00	933776569.00	1016421637.12	658895697.42	69442.00	151728471.99	172656130.28	81040430.83
$40001 TO $50000	21843	9.62	956248447.00	1042692481.52	713241840.92	61808.00	135056358.54	165878703.87	54379153.88
$50001 TO $60000	16104	7.09	828050505.00	938350265.57	660747128.36	47990.00	104844269.40	156683042.18	30406753.84
$60001 TO $70000	12292	5.41	746748943.00	851055079.46	619440346.65	38192.00	83306535.04	131753600.07	18235957.04
$70001 TO $80000	9227	4.06	634749096.00	745792375.32	556753370.83	29334.00	63852393.40	111702118.27	11195935.36
$80001 TO $90000	6585	2.90	504345180.00	613002694.62	469110985.06	20956.00	45309622.99	89242122.52	7094186.64
$90001 TO $100000	4516	1.99	358621482.00	489577935.00	383977340.94	14463.00	30759375.32	68386060.98	4302698.44
$100001 TO $150000	7982	3.52	707583864.00	1107770863.76	898085467.76	25739.00	51258246.52	146445074.28	7255194.80
$150001 TO $200000	917	0.40	95826032.00	202428533.36	176850429.20	2895.00	3572277.85	20661826.31	804320.92
$200001 TO $300000	91	0.04	8526371.00	34485304.75	32249030.01	211.00	6936.16	2118138.57	87348.32
$300001 TO $400000	91	0.04	14471967.00	44541391.74	41317990.67	306.00	3398.36	3078402.71	89206.50
OVER $400000	82	0.04	18777337.00	81885809.63	78164222.52	259.00	0.00	3599987.11	59946.20
TOTAL	227050	100	7349775161.00	8885917250.63	6111062758.12	528567.00	1144166084.22	1614338128.97	652769854.54

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	SUM	SUM	SUM	SUM
LOSS	779018.17	195788.69	761225.61	11333.70
$0 TO $10000	2723817.51	65986.97	1949983.01	25258.31
$10001 TO $20000	20866072.63	616826.03	18498297.84	180513.13
$20001 TO $30000	34475269.53	2462403.14	32147589.70	407991.63
$30001 TO $40000	43140127.20	5409102.47	41229857.96	602692.90
$40001 TO $50000	44875887.18	7922280.81	43158242.01	700366.15
$50001 TO $60000	41334688.23	9599165.49	39926244.68	684434.11
$60001 TO $70000	40076977.22	10197474.33	38634482.59	824778.37
$70001 TO $80000	39042773.80	10307669.01	37657340.94	907148.12
$80001 TO $90000	35479130.58	9749151.56	34412118.54	800547.78
$90001 TO $100000	30710209.65	8893062.51	29968645.48	597150.97
$100001 TO $150000	76847109.30	22784437.92	75525106.50	1351866.79
$150001 TO $200000	16232508.77	4560646.05	16086559.97	213988.56
$200001 TO $300000	1995882.42	500809.86	1986323.62	15148.54
$300001 TO $400000	4276015.04	1158281.62	4259979.44	35655.37
OVER $400000	7083086.30	1948666.14	7070013.10	37619.61
TOTAL	439938573.54	96371752.59	423272011.00	7396494.04

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
AGI GROUP									
LOSS	2419	1.07	9393.39	-20284.34	4009.01	2.75	5981.36	8091.78	5058.15
$0 TO $10000	42107	18.55	4603.35	5765.59	707.87	1.48	3234.06	3880.95	3778.68
$10001 TO $20000	42552	18.74	13480.87	15631.26	6702.44	1.80	3946.64	4357.29	4047.72
$20001 TO $30000	32994	14.53	22787.64	26162.92	15079.18	2.16	4724.65	5265.57	4470.58
$30001 TO $40000	27248	12.00	34269.55	37354.71	24181.43	2.55	5568.43	6336.47	4759.25
$40001 TO $50000	21843	9.62	43778.26	47788.28	32653.11	2.83	6183.05	7594.14	4978.86
$50001 TO $60000	16104	7.09	51418.93	58344.23	41030.00	2.98	6510.45	9729.45	5287.21
$60001 TO $70000	12292	5.41	60750.81	69338.04	50393.78	3.11	6777.30	10718.65	5347.79
$70001 TO $80000	9227	4.06	68792.58	80950.00	60339.59	3.18	6920.17	12106.01	5427.02
$80001 TO $90000	6585	2.90	76590.00	93246.53	71239.33	3.18	6880.73	13552.33	5503.64
$90001 TO $100000	4516	1.99	79411.31	108457.67	85025.98	3.20	6811.20	15143.06	5646.59
$100001 TO $150000	7982	3.52	88647.44	138853.20	112513.84	3.22	6421.73	18346.91	5888.96
$150001 TO $200000	917	0.40	104499.49	220750.85	192857.61	3.16	3895.61	22531.98	5786.48
$200001 TO $300000	91	0.04	93696.38	378959.39	354384.95	2.32	76.22	23276.25	5823.22
$300001 TO $400000	91	0.04	159032.60	489465.84	454043.85	3.36	37.34	33828.60	6371.89
OVER $400000	82	0.04	228991.91	998607.43	953222.23	3.16	0.00	43902.28	5449.65
TOTAL	227050	100	32370.73	39219.30	26915.05	2.33	5039.27	7110.06	4339.59

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	MEAN	MEAN	MEAN	MEAN
AGI GROUP				
LOSS	322.04	80.94	314.69	4.69
$0 TO $10000	64.69	1.57	46.31	0.60
$10001 TO $20000	490.37	14.50	434.72	4.24
$20001 TO $30000	1044.90	74.63	974.35	12.37
$30001 TO $40000	1583.24	198.51	1513.13	22.12
$40001 TO $50000	2054.47	362.69	1975.84	32.06
$50001 TO $60000	2566.73	596.07	2479.28	42.50
$60001 TO $70000	3260.41	829.60	3143.06	67.10
$70001 TO $80000	4231.36	1117.12	4081.21	98.31
$80001 TO $90000	5387.87	1480.51	5225.83	121.57
$90001 TO $100000	6800.31	1969.23	6636.10	132.23
$100001 TO $150000	9627.55	2854.48	9461.93	169.36
$150001 TO $200000	17701.75	4973.44	17542.60	233.36
$200001 TO $300000	21932.77	5503.41	21827.73	166.47
$300001 TO $400000	46989.18	12728.37	46812.96	391.82
OVER $400000	86379.10	23764.22	86219.67	458.78
TOTAL	1937.63	424.45	1864.22	32.58

TABLE 24
1992 TAX ALTERNATIVE TWO
LOW ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY SUM	ADJ GROSS INCOME SUM	TAXABLE INCOME SUM	NUMBER OF EXEMPTIONS SUM	VALUE OF EXEMPTIONS SUM	ITEMIZED DEDUCTIONS SUM	STANDARD DEDUCTIONS SUM
AGI GROUP									
LOSS	2264	1.03	21510055.00	-48921117.13	8114347.25	6330.00	14384194.44	18863524.74	8114243.02
$0 TO $10000	38092	17.35	173424469.00	218101755.25	23788322.16	56474.00	129185347.20	155174388.06	147773688.14
$10001 TO $20000	39603	18.04	531457697.00	618621308.98	257937418.47	70168.00	160509454.00	179307812.24	155171903.87
$20001 TO $30000	31514	14.35	715441887.00	822644758.59	467034651.20	66914.00	153042727.60	170561026.02	117073787.49
$30001 TO $40000	26099	11.89	884436553.00	969951666.68	620734000.89	65254.00	149178971.20	169210251.67	81851749.25
$40001 TO $50000	21295	9.70	925620350.00	1017112468.21	690264912.17	59416.00	135753966.36	163329146.61	56694376.20
$50001 TO $60000	16056	7.31	824716113.00	935551453.61	654404147.90	47366.00	108233956.20	157095074.37	32668999.51
$60001 TO $70000	12422	5.66	752396329.00	862414743.02	624635880.11	38291.00	87347154.61	133696562.59	20038019.25
$70001 TO $80000	9564	4.36	657913473.00	773528676.35	573470189.91	30524.00	69524885.52	116622587.60	12781926.80
$80001 TO $90000	7028	3.20	536363704.00	655823705.91	500347250.32	22269.00	50447780.07	95256782.34	8289646.80
$90001 TO $100000	4866	2.22	385216038.00	526313960.95	409804453.11	15613.00	34820123.27	74625087.75	5142120.00
$100001 TO $150000	9346	4.26	835105299.00	1304899322.58	1055418619.10	30255.00	63751156.73	171645717.94	8996436.00
$150001 TO $200000	1171	0.53	126341782.00	258367717.96	224494628.73	3716.00	5403653.06	26731036.17	1093440.00
$200001 TO $300000	143	0.07	13834587.00	50797706.62	47043251.32	378.00	28787.04	3532868.26	131494.40
$300001 TO $400000	37	0.02	5966913.00	17275554.88	16280573.60	110.00	0.00	939781.28	47270.00
OVER $400000	84	0.04	16066422.00	77910048.33	73140582.27	275.00	0.00	4644666.06	65788.00
TOTAL	219584	100	7405811671.00	9060393730.75	6246913228.49	513353.00	1161612157.31	1641236313.68	655934888.73

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	SUM	SUM	SUM	SUM
AGI GROUP				
LOSS	669330.40	168998.96	653945.35	10295.72
$0 TO $10000	2193775.97	56995.08	1550346.78	20175.82
$10001 TO $20000	18854038.22	542939.34	16709237.19	161323.28
$20001 TO $30000	32381416.26	2303961.33	30193582.61	380239.40
$30001 TO $40000	40620982.75	5067769.78	38835094.14	560592.36
$40001 TO $50000	43273139.70	7569076.77	41634999.33	654888.96
$50001 TO $60000	40769515.62	9444555.49	39390426.99	675415.71
$60001 TO $70000	40155833.34	10247933.97	38727810.99	821261.87
$70001 TO $80000	39920002.91	10554881.98	38500523.09	932517.45
$80001 TO $90000	37491451.70	10273439.10	36362104.97	852659.55
$90001 TO $100000	32767620.79	9502986.87	31967502.75	653833.45
$100001 TO $150000	91033657.39	27143717.93	89476021.79	1577162.60
$150001 TO $200000	20920648.69	5853790.82	20730171.89	280600.49
$200001 TO $300000	3719224.83	986462.36	3700364.83	29540.97
$300001 TO $400000	1611082.08	451102.98	1604982.48	7164.13
OVER $400000	6699342.54	1846610.18	6685901.34	32511.12
TOTAL	453081063.19	102015222.92	436723016.50	7650182.87

AGI GROUP	N	PCTN	WAGE & SALARY MEAN	ADJ GROSS INCOME MEAN	TAXABLE INCOME MEAN	NUMBER OF EXEMPTIONS MEAN	VALUE OF EXEMPTIONS MEAN	ITEMIZED DEDUCTIONS MEAN	STANDARD DEDUCTIONS MEAN
LOSS	2264	1.03	9500.91	-21656.09	3584.08	2.80	6353.44	8331.95	5334.81
$0 TO $10000	38092	17.35	4552.78	5750.26	624.50	1.48	3391.40	4073.67	3968.89
$10001 TO $20000	39603	18.04	13419.63	15652.98	6513.08	1.77	4052.96	4527.63	4226.50
$20001 TO $30000	31514	14.35	22702.35	26162.22	14819.91	2.12	4856.34	5412.23	4644.13
$30001 TO $40000	26099	11.89	33887.76	37219.94	23783.82	2.50	5715.89	6483.40	4953.21
$40001 TO $50000	21295	9.70	43466.56	47816.86	32414.41	2.79	6374.92	7669.84	5198.93
$50001 TO $60000	16056	7.31	51364.98	58340.70	40757.61	2.95	6741.03	9784.20	5498.91
$60001 TO $70000	12422	5.66	60569.66	69515.94	50284.65	3.08	7031.65	10762.89	5567.66
$70001 TO $80000	9564	4.36	68790.62	81006.25	59961.33	3.19	7269.44	12193.91	5658.22
$80001 TO $90000	7028	3.20	76318.11	93462.12	71193.40	3.17	7178.11	13553.90	5748.71
$90001 TO $100000	4866	2.22	79164.82	108206.00	84217.93	3.21	7155.80	15336.02	5863.31
$100001 TO $150000	9346	4.26	89354.30	139680.94	112927.31	3.24	6821.22	18365.69	6103.42
$150001 TO $200000	1171	0.53	107892.21	220638.53	191711.89	3.17	4614.56	22827.53	6177.63
$200001 TO $300000	143	0.07	96745.36	355228.72	328973.79	2.64	201.31	24705.37	6261.64
$300001 TO $400000	37	0.02	161267.92	466906.89	440015.50	2.97	0.00	25399.49	6752.86
OVER $400000	84	0.04	191266.93	927500.58	870721.22	3.27	0.00	55293.64	5980.73
TOTAL	219584	100	33726.55	41346.55	28448.85	2.34	5290.06	7474.30	4557.79

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	MEAN	MEAN	MEAN	MEAN
LOSS	295.64	74.65	288.85	4.55
$0 TO $10000	57.59	1.50	40.70	0.53
$10001 TO $20000	476.08	13.71	421.92	4.07
$20001 TO $30000	1027.52	73.11	958.10	12.07
$30001 TO $40000	1556.42	194.17	1487.99	21.48
$40001 TO $50000	2032.08	355.44	1955.15	30.75
$50001 TO $60000	2539.21	588.23	2453.32	42.07
$60001 TO $70000	3232.64	824.98	3117.68	66.11
$70001 TO $80000	4173.99	1103.61	4025.57	97.50
$80001 TO $90000	5334.58	1461.79	5173.89	121.32
$90001 TO $100000	6734.00	1952.94	6569.56	134.37
$100001 TO $150000	9740.39	2904.31	9573.72	168.75
$150001 TO $200000	17865.63	4998.97	17702.96	239.62
$200001 TO $300000	26008.57	6898.34	25876.68	206.58
$300001 TO $400000	43542.76	12191.97	43377.90	193.63
OVER $400000	79754.08	21983.45	79594.06	387.04
TOTAL	2063.36	464.58	1988.87	34.84

Liability to Collections

The projected time pattern generated from 1970 - 1979 accounting data can be used to translate the projected tax year collections presented in the tables below into gross receipts (col. 2), refunds (col. 3), and net receipts (col. 4) by quarter and fiscal year. The U. S. Consumer Price Index (col. 5) is used to deflate or inflate the net receipts in nominal dollars to real 1986 dollars (col. 6) so we can compare estimated 1988 through 1992 projected fiscal year collections to actual collections from 1975 through 1979.

TABLE 25
(PFD TAXABLE)
LIABILITY TO COLLECTIONS
TAX ALTERNATIVE TWO

	----------USING HISTORICAL DATA----------						----------					
FY/Q	GROSS RECEIPTS ($a nom)	REFUNDS ($a nom)	NET RECEIPTS ($a nom)	CPI	NET REC $86 ($a real)	FY/Q	GROSS RECEIPTS ($a nom)	REFUNDS ($a nom)	NET RECEIPTS ($a nom)	CPI	NET REC $86 ($a real)
86				325.98		86				325.98	
75/1	$18	$1	$17			88/1	$0	$1	($1)		
/2	$25	$0	$25			/2	$0	$0	($0)		
/3	$27	$2	$25			/3	$1	$3	($1)		
/4	$34	$14	$21			/4	$79	$6	$73		
TOTAL	$104	$16	$87	155.16	$184	TOTAL	$80	$9	$71	338.66	$68
76/1	$36	$2	$34			89/1	$105	$5	$99		
/2	$46	$1	$45			/2	$138	$2	$136		
/3	$47	$13	$34			/3	$134	$16	$118		
/4	$50	$16	$34			/4	$112	$36	$76		
TOTAL	$178	$31	$147	166.17	$288	TOTAL	$489	$60	$429	354.17	$395
77/1	$53	$3	$50			90/1	$110	$6	$103		
/2	$62	$1	$61			/2	$144	$2	$142		
/3	$77	$15	$63			/3	$141	$20	$121		
/4	$60	$22	$38			/4	$117	$44	$73		
TOTAL	$252	$41	$210	175.80	$390	TOTAL	$512	$72	$440	370.39	$387
78/1	$46	$3	$43			91/1	$114	$5	$109		
/2	$43	$1	$42			/2	$151	$2	$149		
/3	$42	$6	$36			/3	$147	$16	$131		
/4	$50	$25	$25			/4	$120	$35	$86		
TOTAL	$181	$36	$146	187.62	$253	TOTAL	$532	$57	$475	387.35	$400
79/1	$43	$10	$33			92/1	$117	$5	$112		
/2	$42	$1	$41			/2	$154	$2	$152		
/3	$42	$15	$27			/3	$150	$15	$135		
/4	$47	$31	$16			/4	$121	$34	$87		
TOTAL	$174	$57	$117	205.22	$186	TOTAL	$542	$55	$486	405.09	$391

TABLE 26
1988 TAX ALTERNATIVE TWO
MODERATE ECONOMIC SCENARIO

AGI GROUP	N	PCTN	WAGE & SALARY SUM	ADJ GROSS INCOME SUM	TAXABLE INCOME SUM	NUMBER OF EXEMPTIONS SUM	VALUE OF EXEMPTIONS SUM	ITEMIZED DEDUCTIONS SUM	STANDARD DEDUCTIONS SUM
LOSS	3100	1.17	28281141.00	-61444490.96	11505727.51	8295.00	16031015.29	23199403.58	8920079.40
$0 TO $10000	59403	22.42	270128023.00	338555016.00	56644579.29	85667.00	167031150.00	202316548.83	188501300.20
$10001 TO $20000	54784	20.68	728576580.00	851035482.08	404898280.60	98951.00	192938850.00	216241954.99	174005920.40
$20001 TO $30000	39411	14.88	891007933.00	1030107863.38	623992788.56	88043.00	171646333.31	194628692.21	119972065.00
$30001 TO $40000	31031	11.71	1030650179.00	1150799371.58	764557341.66	81746.00	159257939.75	191698072.98	79069707.80
$40001 TO $50000	23954	9.04	1032909499.00	1142649829.99	799475004.57	69458.00	135255859.46	178033078.14	48153836.10
$50001 TO $60000	17163	6.48	882968616.00	998647869.19	718014053.73	51769.00	100765961.63	163584738.02	25302837.20
$60001 TO $70000	12206	4.61	742422172.00	844152753.33	625583999.21	38244.00	74256265.58	128844532.84	14164300.00
$70001 TO $80000	8524	3.22	588115204.00	688799061.32	522169281.65	27190.00	52566559.84	102377161.71	7935050.00
$80001 TO $90000	5672	2.14	432324512.00	528886838.01	411022653.00	17968.00	34313376.56	76079694.81	4994400.00
$90001 TO $100000	3549	1.34	282732742.00	381335884.95	301526506.32	11218.00	20913480.42	54197458.58	2602100.00
$100001 TO $150000	5427	2.05	473620536.00	748821667.34	614044733.23	17285.00	29172404.62	98084229.49	3845000.00
$150001 TO $200000	470	0.18	47369847.00	101944043.67	90063530.18	1404.00	906224.67	10364538.82	322800.00
$200001 TO $300000	49	0.02	4666366.00	18125990.20	16787484.76	116.00	8474.81	1277530.62	15200.00
$300001 TO $400000	95	0.04	15666462.00	46314279.44	42683468.92	339.00	0.00	3489810.52	47100.00
OVER $400000	83	0.03	17633031.00	85184874.61	81601792.58	256.00	0.00	3467582.03	42900.00
TOTAL	264921	100	7469072843.00	8893916334.10	6084571225.77	597949.00	1155063895.95	1647885028.16	677894596.10

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	SUM	SUM	SUM	SUM
AGI GROUP				
LOSS	972072.33	241851.04	952116.26	13567.82
$0 TO $10000	4911733.32	108083.62	3692978.82	37470.19
$10001 TO $20000	29287030.43	849348.23	26274323.13	234957.70
$20001 TO $30000	42994516.14	3006364.63	40318484.26	484075.52
$30001 TO $40000	50012330.48	5997923.94	47901413.64	669000.41
$40001 TO $50000	50634865.30	9001474.60	48807081.38	766785.45
$50001 TO $60000	45311118.80	10591465.47	43852614.64	757167.45
$60001 TO $70000	40883976.47	10406263.18	39478360.87	852135.39
$70001 TO $80000	36916400.99	9775562.15	35699709.32	856265.07
$80001 TO $90000	31083418.35	8564669.69	30223628.41	684473.50
$90001 TO $100000	23861775.68	6935813.05	23322764.78	471942.64
$100001 TO $150000	51072372.14	15162504.26	50255547.89	874205.83
$150001 TO $200000	7696761.81	2110076.07	7633238.68	98691.36
$200001 TO $300000	860059.27	216817.24	855962.40	8676.17
$300001 TO $400000	4575422.69	1266656.87	4559285.32	38550.91
OVER $400000	7365341.55	2027675.23	7352912.93	39587.82
TOTAL	428439195.76	86262549.26	411180422.73	6887553.23

AGI GROUP	N	PCTN	WAGE & SALARY MEAN	ADJ GROSS INCOME MEAN	TAXABLE INCOME MEAN	NUMBER OF EXEMPTIONS MEAN	VALUE OF EXEMPTIONS MEAN	ITEMIZED DEDUCTIONS MEAN	STANDARD DEDUCTIONS MEAN
LOSS	3100	1.17	9122.95	-19878.52	3711.53	2.68	5171.30	7483.68	4340.67
$0 TO $10000	59403	22.42	4547.38	5726.77	953.56	1.44	2811.83	3405.83	3295.25
$10001 TO $20000	54784	20.68	13299.08	15570.76	7390.81	1.81	3521.81	3947.17	3591.75
$20001 TO $30000	39411	14.88	22608.10	26192.07	15832.96	2.23	4355.29	4938.44	3992.81
$30001 TO $40000	31031	11.71	33213.57	37138.13	24638.50	2.63	5132.22	6177.63	4274.73
$40001 TO $50000	23954	9.04	43120.54	47765.65	33375.43	2.90	5646.48	7432.29	4502.04
$50001 TO $60000	17163	6.48	51446.05	58264.17	41835.00	3.02	5871.12	9531.24	4674.46
$60001 TO $70000	12206	4.61	60824.36	69255.29	51252.17	3.13	6083.59	10555.84	4701.06
$70001 TO $80000	8524	3.22	68995.21	80939.96	61258.71	3.19	6166.89	12010.46	4740.17
$80001 TO $90000	5672	2.14	76220.82	93376.91	72465.21	3.17	6049.61	13413.20	4806.93
$90001 TO $100000	3549	1.34	79665.47	107539.73	84960.98	3.16	5892.78	15271.19	4881.99
$100001 TO $150000	5427	2.05	87271.15	138031.64	113146.26	3.19	5375.42	18073.38	5099.47
$150001 TO $200000	470	0.18	100786.91	216902.22	191624.53	2.99	1928.14	22052.21	4966.15
$200001 TO $300000	49	0.02	95231.96	369918.17	342601.73	2.37	172.96	26072.05	5066.67
$300001 TO $400000	95	0.04	164910.13	487518.73	449299.67	3.57	0.00	36734.85	5887.50
OVER $400000	83	0.03	212446.16	1026323.79	983154.13	3.08	0.00	41778.10	4766.67
TOTAL	264921	100	28193.59	33654.15	22967.49	2.26	4360.03	6220.29	3777.50

AGI GROUP	TAX LIABILITY PFD TAXABLE MEAN	PAID FROM FEDRL TAX MEAN	TAX LIABILITY PFD NONTAXABLE MEAN	LEAKAGE TO MUNICAPALITIES MEAN
LOSS	313.57	78.02	307.13	4.38
$0 TO $10000	82.68	1.82	62.17	0.63
$10001 TO $20000	534.59	15.50	479.60	4.29
$20001 TO $30000	1090.93	76.28	1023.03	12.28
$30001 TO $40000	1611.69	193.29	1543.66	21.56
$40001 TO $50000	2113.84	375.78	2037.53	32.01
$50001 TO $60000	2640.05	617.11	2555.07	44.12
$60001 TO $70000	3349.50	852.55	3234.34	69.81
$70001 TO $80000	4330.88	1146.83	4188.14	100.45
$80001 TO $90000	5480.15	1509.99	5328.57	120.68
$90001 TO $100000	6723.52	1954.30	6571.64	132.98
$100001 TO $150000	9410.79	2793.90	9260.28	161.08
$150001 TO $200000	16376.09	4489.52	16240.93	209.98
$200001 TO $300000	17552.23	4424.84	17468.62	177.06
$300001 TO $400000	48162.34	13333.23	47992.48	405.80
OVER $400000	88739.05	24429.82	88589.31	476.96
TOTAL	1617.23	325.62	1552.09	26.00

TABLE 27
1989 TAX ALTERNATIVE TWO
MODERATE ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
			SUM	SUM	SUM	SUM	SUM	SUM	SUM
AGI GROUP									
LOSS	3006	1.12	28070529.00	-64487886.75	12527197.24	8114.00	16054655.29	23485964.55	9031311.99
$0 TO $10000	56662	21.11	257635640.00	324767512.55	49707681.10	82012.00	164004000.00	201516525.51	188252971.03
$10001 TO $20000	54308	20.24	720811102.00	844326250.27	390899175.82	97269.00	194522000.00	221137337.87	180274961.14
$20001 TO $30000	39735	14.81	897217379.00	1038269296.78	622409739.02	87008.00	173964000.00	199618758.65	126400873.11
$30001 TO $40000	31588	11.77	1055289336.00	1174989186.46	777546279.07	81557.00	162894000.00	196678224.06	84411576.09
$40001 TO $50000	24634	9.18	1062494637.00	1175937775.50	818647183.43	70535.00	140867549.44	183764348.07	52882562.28
$50001 TO $60000	17785	6.63	913542735.00	1035260965.56	739312225.99	53447.00	106743931.55	170569901.29	28633225.61
$60001 TO $70000	13042	4.86	791237713.00	903171006.17	666591012.64	40429.00	80564991.87	138267945.76	16448045.34
$70001 TO $80000	9356	3.49	643333916.00	757004148.90	571722995.34	29782.00	59048005.95	112581320.48	9607889.88
$80001 TO $90000	6388	2.38	486846827.00	595002856.86	460538317.14	20259.00	39829895.91	85622644.16	5926512.78
$90001 TO $100000	4223	1.57	333768399.00	456522662.61	360691218.15	13467.00	26015499.13	63676806.25	3515644.80
$100001 TO $150000	6717	2.50	592160693.00	933514844.65	763688792.71	21486.00	37687267.22	122155700.73	5090038.56
$150001 TO $200000	658	0.25	67581334.00	143041504.29	125800597.88	1992.00	1608859.59	14708346.82	472561.20
$200001 TO $300000	78	0.03	6477017.00	32038015.94	30026468.92	180.00	0.00	1916347.02	39757.20
$300001 TO $400000	90	0.03	13946040.00	45523451.28	42368441.86	311.00	346.64	3013862.78	45988.50
OVER $400000	80	0.03	15339488.00	76761347.92	71342843.07	264.00	0.00	5300104.85	40811.40
TOTAL	268350	100	7885752785.00	9471642938.98	6503820169.33	608112.00	1203805002.59	1744014638.84	711074730.90

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	SUM	SUM	SUM	SUM
LOSS	1081575.60	278966.99	1060568.93	14367.79
$0 TO $10000	4426568.31	104804.75	3240924.70	35337.05
$10001 TO $20000	28494209.89	810030.50	25360323.15	223626.97
$20001 TO $30000	43094391.17	3036755.28	40259220.93	484825.70
$30001 TO $40000	50874466.40	6238092.11	48640215.71	676183.42
$40001 TO $50000	51784155.23	9229498.54	49812111.33	770911.98
$50001 TO $60000	46587502.19	10861459.61	44997382.98	771571.41
$60001 TO $70000	43413919.92	11066291.84	41835452.94	895708.56
$70001 TO $80000	40300429.48	10662287.51	38884676.81	936339.68
$80001 TO $90000	34803555.86	9575037.72	33776067.66	764989.03
$90001 TO $100000	28723799.22	8332613.20	28035205.67	560911.27
$100001 TO $150000	64599783.92	19086128.72	63505698.72	1114595.30
$150001 TO $200000	10937780.48	3019728.49	10840637.68	141997.84
$200001 TO $300000	1949921.60	532499.81	1941540.40	18455.30
$300001 TO $400000	4520717.03	1242162.15	4504690.63	33575.76
OVER $400000	6690870.40	1849596.67	6678165.20	34938.32
TOTAL	462283646.70	95925953.89	443372883.43	7478335.37

AGI GROUP	N	PCTN	WAGE & SALARY MEAN	ADJ GROSS INCOME MEAN	TAXABLE INCOME MEAN	NUMBER OF EXEMPTIONS MEAN	VALUE OF EXEMPTIONS MEAN	ITEMIZED DEDUCTIONS MEAN	STANDARD DEDUCTIONS MEAN
LOSS	3006	1.12	9338.17	-21510.30	4167.40	2.70	5340.87	7813.03	4542.91
$0 TO $10000	56662	21.11	4546.89	5759.00	877.27	1.45	2894.43	3556.47	3447.67
$10001 TO $20000	54308	20.24	13272.65	15582.86	7197.82	1.79	3581.83	4071.91	3734.02
$20001 TO $30000	39735	14.81	22580.03	26186.52	15664.02	2.19	4378.10	5023.75	4137.37
$30001 TO $40000	31588	11.77	33407.92	37257.48	24615.24	2.58	5156.83	6226.36	4418.99
$40001 TO $50000	24634	9.18	43131.23	47798.46	33232.41	2.86	5718.42	7459.79	4652.70
$50001 TO $60000	17785	6.63	51365.91	58281.88	41569.43	3.01	6001.91	9590.66	4865.46
$60001 TO $70000	13042	4.86	60668.43	69330.70	51111.10	3.10	6177.35	10601.74	4902.55
$70001 TO $80000	9356	3.49	68761.64	81058.37	61107.63	3.18	6311.24	12033.06	4955.07
$80001 TO $90000	6388	2.38	76212.72	93304.51	72094.29	3.17	6235.11	13403.67	5026.73
$90001 TO $100000	4223	1.57	79035.85	108155.10	85411.13	3.19	6160.43	15078.57	5109.95
$100001 TO $150000	6717	2.50	88158.51	139060.75	113694.92	3.20	5610.73	18186.05	5374.91
$150001 TO $200000	658	0.25	102707.19	217388.30	191186.32	3.03	2445.08	22353.87	5081.30
$200001 TO $300000	78	0.03	83038.68	410743.79	384954.73	2.31	0.00	24568.55	4969.65
$300001 TO $400000	90	0.03	154956.00	505816.13	470760.47	3.46	3.85	33487.36	6569.79
OVER $400000	80	0.03	191743.60	959516.85	891785.54	3.30	0.00	66251.31	5830.20
TOTAL	268350	100	29386.07	35380.50	24236.33	2.27	4485.95	6499.03	3950.48

AGI GROUP	TAX LIABILITY PFD TAXABLE MEAN	PAID FROM FEDRL TAX MEAN	TAX LIABILITY PFD NONTAXABLE MEAN	LEAKAGE TO MUNICAPALITIES MEAN
LOSS	359.81	92.80	352.82	4.78
$0 TO $10000	78.12	1.85	57.20	0.62
$10001 TO $20000	524.68	14.92	466.97	4.12
$20001 TO $30000	1084.54	76.43	1013.19	12.20
$30001 TO $40000	1610.56	197.48	1539.83	21.41
$40001 TO $50000	2102.14	374.67	2022.09	31.29
$50001 TO $60000	2619.48	610.71	2530.07	43.38
$60001 TO $70000	3328.78	848.51	3207.75	68.68
$70001 TO $80000	4307.44	1139.62	4156.12	100.08
$80001 TO $90000	5448.27	1498.91	5287.42	119.75
$90001 TO $100000	6801.75	1973.15	6638.69	132.82
$100001 TO $150000	9617.36	2841.47	9454.47	165.94
$150001 TO $200000	16622.77	4539.25	16475.13	215.80
$200001 TO $300000	24998.99	6826.92	24891.54	236.61
$300001 TO $400000	50230.19	13801.80	50052.12	373.06
OVER $400000	83635.88	23119.96	83477.06	436.73
TOTAL	1722.69	357.47	1652.22	27.87

TABLE 28
1990 TAX ALTERNATIVE TWO
MODERATE ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
			SUM	SUM	SUM	SUM	SUM	SUM	SUM
AGI GROUP									
LOSS	2925	1.09	26365568.00	-59283482.17	11337997.98	7950.00	16496112.09	22824015.78	9373639.40
$0 TO $10000	53944	20.14	244905721.00	308713792.33	43056718.50	77609.00	162308222.67	199670764.38	185244312.37
$10001 TO $20000	52742	19.70	703208749.00	821126187.45	370647855.45	93055.00	194619196.80	220867731.34	186756467.60
$20001 TO $30000	39408	14.72	893115999.00	1028639440.14	609644898.11	84237.00	176173376.40	201989234.29	131116493.43
$30001 TO $40000	31554	11.78	1062534280.00	1173442339.22	770072221.35	80088.00	167362366.65	198689943.63	83535178.35
$40001 TO $50000	24721	9.23	1067862265.00	1177443432.09	812942509.28	69872.00	145995525.29	186123844.48	57144337.87
$50001 TO $60000	18138	6.77	932249695.00	1056722125.05	750862451.92	53910.00	112595198.69	174443483.61	31564743.03
$60001 TO $70000	13563	5.06	822511897.00	939857608.90	690064852.08	41827.00	87163767.72	144311044.92	18607855.21
$70001 TO $80000	10073	3.76	695422872.00	814731935.87	611876117.07	31954.00	66362892.92	121867843.56	11260025.10
$80001 TO $90000	6963	2.60	532100419.00	649054524.68	500150049.99	22062.00	45426453.02	93618955.43	6986209.03
$90001 TO $100000	4660	1.74	370013362.00	504648932.17	397286463.18	14755.00	29914591.71	70727157.77	4049718.93
$100001 TO $150000	7947	2.97	701929743.00	1102871983.44	898160155.21	25661.00	47835041.27	144969873.56	6519886.20
$150001 TO $200000	853	0.32	89488808.00	186064265.47	163004905.63	2641.00	2735090.69	19093369.16	726619.36
$200001 TO $300000	109	0.04	9900570.00	42186195.84	39206127.93	274.00	6330.58	2840137.33	104252.06
$300001 TO $400000	108	0.04	15989348.00	53490334.51	49940619.07	357.00	105.66	3378409.78	109430.25
OVER $400000	74	0.03	14865466.00	74469794.42	70193242.72	240.00	2091.60	4170232.80	76103.10
TOTAL	267782	100	8182464762.00	9874179409.39	6788447185.41	606492.00	1254996363.75	1809586546.80	741175271.40

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	SUM	SUM	SUM	SUM
LOSS	935737.03	237853.17	914902.90	13259.14
$0 TO $10000	3867320.11	91723.07	2803078.17	31091.48
$10001 TO $20000	27017331.22	776745.83	24041674.48	219664.31
$20001 TO $30000	42134371.87	2964518.40	39372827.47	475261.97
$30001 TO $40000	50271861.26	6217708.86	48085139.38	686035.78
$40001 TO $50000	51135570.89	9024039.79	49196957.12	769675.23
$50001 TO $60000	46956525.11	10923974.29	45368966.05	772112.68
$60001 TO $70000	44689728.52	11381565.29	43083899.04	919119.20
$70001 TO $80000	42861356.97	11342896.44	41352998.73	992969.58
$80001 TO $90000	37718007.15	10369219.70	36598827.91	838679.04
$90001 TO $100000	31496523.63	9155554.43	30739304.68	620917.48
$100001 TO $150000	76448228.01	22721651.02	75141594.41	1331737.20
$150001 TO $200000	14654285.71	4063208.42	14522477.31	194269.12
$200001 TO $300000	2595321.11	662832.66	2583517.51	21328.04
$300001 TO $400000	5380987.03	1444756.99	5361381.83	44341.04
OVER $400000	6539864.88	1807322.83	6527923.28	22444.83
TOTAL	484703020.51	103185571.19	465695470.27	7952906.10

AGI GROUP	N	PCTN	WAGE & SALARY MEAN	ADJ GROSS INCOME MEAN	TAXABLE INCOME MEAN	NUMBER OF EXEMPTIONS MEAN	VALUE OF EXEMPTIONS MEAN	ITEMIZED DEDUCTIONS MEAN	STANDARD DEDUCTIONS MEAN
LOSS	2925	1.09	9013.87	-20309.52	3876.24	2.72	5639.70	7803.08	4792.25
$0 TO $10000	53944	20.14	4540.00	5749.72	798.17	1.44	3008.83	3701.45	3599.04
$10001 TO $20000	52742	19.70	13332.99	15603.35	7027.57	1.76	3690.02	4187.70	3868.28
$20001 TO $30000	39408	14.72	22663.32	26149.41	15470.08	2.14	4470.50	5125.59	4274.52
$30001 TO $40000	31554	11.78	33673.52	37239.13	24404.90	2.54	5304.00	6296.82	4572.15
$40001 TO $50000	24721	9.23	43196.56	47687.15	32884.69	2.83	5905.73	7528.98	4800.03
$50001 TO $60000	18138	6.77	51397.60	58337.32	41397.20	2.97	6207.70	9617.57	5051.98
$60001 TO $70000	13563	5.06	60643.80	69377.55	50878.48	3.08	6426.58	10640.05	5086.89
$70001 TO $80000	10073	3.76	69038.31	81043.66	60744.18	3.17	6588.20	12098.47	5179.40
$80001 TO $90000	6963	2.60	76418.27	93375.70	71829.68	3.17	6523.98	13445.20	5244.90
$90001 TO $100000	4660	1.74	79402.01	108317.01	85254.61	3.17	6419.44	15177.50	5314.59
$100001 TO $150000	7947	2.97	88326.38	138813.34	113018.77	3.23	6019.26	18242.09	5596.47
$150001 TO $200000	853	0.32	104910.68	218129.27	191096.02	3.10	3206.44	22384.37	5382.37
$200001 TO $300000	109	0.04	90830.92	387029.32	359689.25	2.51	58.08	26056.31	5486.95
$300001 TO $400000	108	0.04	148049.52	495280.88	462413.14	3.31	0.98	31281.57	6437.07
OVER $400000	74	0.03	200884.68	1020134.17	948557.33	3.24	28.26	56354.50	5854.08
TOTAL	267782	100	30556.44	36956.06	25350.65	2.26	4686.63	6757.69	4117.53

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
AGI GROUP	MEAN	MEAN	MEAN	MEAN
LOSS	319.91	81.32	312.79	4.53
$0 TO $10000	71.69	1.70	51.96	0.58
$10001 TO $20000	512.25	14.73	455.84	4.16
$20001 TO $30000	1069.18	75.23	999.11	12.06
$30001 TO $40000	1593.20	197.05	1523.90	21.74
$40001 TO $50000	2068.51	365.04	1990.09	31.13
$50001 TO $60000	2588.85	602.27	2501.32	42.57
$60001 TO $70000	3294.97	839.16	3176.58	67.77
$70001 TO $80000	4255.07	1126.07	4105.33	98.58
$80001 TO $90000	5416.92	1489.19	5256.19	120.45
$90001 TO $100000	6758.91	1964.71	6596.42	133.24
$100001 TO $150000	9619.76	2859.15	9455.34	167.58
$150001 TO $200000	17179.70	4763.43	17025.18	227.75
$200001 TO $300000	23810.29	6081.03	23702.00	195.67
$300001 TO $400000	49823.95	13377.38	49642.42	410.57
OVER $400000	88376.55	24423.28	88215.18	303.31
TOTAL	1810.07	385.33	1739.08	29.70

TABLE 29
1991 TAX ALTERNATIVE TWO
MODERATE ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
			SUM	SUM	SUM	SUM	SUM	SUM	SUM
AGI GROUP									
LOSS	2826	1.05	26151717.00	-58930891.94	11872666.66	7702.00	16712452.69	22704079.67	9613825.57
$0 TO $10000	51193	19.07	233394604.00	292786918.06	36408907.86	74429.00	162795057.60	198011904.68	188677056.95
$10001 TO $20000	51365	19.14	686318284.00	799113086.17	348699801.46	90083.00	197027867.60	223647139.26	190566584.05
$20001 TO $30000	39219	14.61	889736838.00	1022530539.62	595998716.60	82853.00	181193279.00	205168826.57	136473268.16
$30001 TO $40000	31792	11.85	1071210898.00	1181316606.58	768577005.95	79365.00	173430339.69	202249836.33	93983364.12
$40001 TO $50000	25107	9.35	1086818833.00	1197238525.45	821357692.71	69920.00	152772111.14	190643103.37	62066212.91
$50001 TO $60000	18680	6.96	959615727.00	1087936586.28	767582659.23	55022.00	120208567.00	180798508.82	35065388.29
$60001 TO $70000	14172	5.28	862239297.00	983541884.84	717558041.14	43674.00	95213638.27	151635463.79	21077462.14
$70001 TO $80000	10701	3.99	734 [illegible]610.00	866083961.40	647604945.86	33882.00	73706630.40	129320745.22	13229483.90
$80001 TO $90000	7572	2.82	5761 [illegible]5.00	705032371.02	541238140.72	23906.00	51677673.59	101179027.58	8368573.74
$90001 TO $100000	5223	1.95	412975522.00	565674142.95	443513266.89	16559.00	35189173.36	79515744.94	4880433.00
$100001 TO $150000	9204	3.43	813480190.00	1285842525.18	1043039035.46	29707.00	58979616.15	170026835.97	8268831.12
$150001 TO $200000	1073	0.40	113944305.00	231801267.08	201633784.26	3371.00	4370942.86	24230939.96	901382.44
$200001 TO $300000	143	0.05	15670147.00	52588873.08	48697808.45	349.00	15526.73	3690737.90	134281.32
$300001 TO $400000	44	0.02	7005312.00	22124906.06	20646225.25	142.00	0.00	1412280.81	68730.50
OVER $400000	79	0.03	15733671.00	86653603.57	82178076.31	251.00	0.00	4360327.26	58014.80
TOTAL	268393	100	8505137113.00	10321334905	7096606274.75	611215.00	1323292876.09	1888595502.14	773432893.01

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	SUM	SUM	SUM	SUM
AGI GROUP				
LOSS	1055593.14	278322.34	1036789.11	13723.65
$0 TO $10000	3318606.65	85968.51	2377186.88	30487.72
$10001 TO $20000	25390554.73	712001.77	22560363.53	206268.59
$20001 TO $30000	41266377.95	2928040.45	38549653.04	474539.08
$30001 TO $40000	50123231.75	6218385.55	47962929.83	673221.00
$40001 TO $50000	51450103.85	9080924.39	49523561.14	766299.12
$50001 TO $60000	47732058.89	11083139.22	46125932.31	781126.32
$60001 TO $70000	46114937.63	11757638.98	44471054.74	940522.03
$70001 TO $80000	44953432.37	11896045.57	43375319.88	1039349.89
$80001 TO $90000	40541161.56	11128119.07	39329356.27	899276.75
$90001 TO $100000	35248918.10	10234790.70	34401929.92	686964.56
$100001 TO $150000	88626082.71	26207406.44	87113010.71	1527391.51
$150001 TO $200000	18197218.12	5130469.02	18027938.12	249363.57
$200001 TO $300000	3254277.01	833662.44	3237082.21	30080.94
$300001 TO $400000	2007614.02	505826.92	2000226.42	9389.03
OVER $400000	7109793.94	1966911.04	7097705.14	32630.82
TOTAL	506389962.42	110047652.39	487190039.25	8360634.58

			WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
	N	PCTN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
AGI GROUP									
LOSS	2826	1.05	9253.97	-20904.89	4201.23	2.73	5913.82	8034.00	5009.81
$0 TO $10000	51193	19.07	4559.11	5746.33	711.20	1.45	3180.03	3867.95	3768.72
$10001 TO $20000	51365	19.14	13361.59	15592.75	6788.67	1.75	3835.84	4354.08	4028.64
$20001 TO $30000	39219	14.61	22686.37	26124.95	15196.68	2.11	4620.04	5231.36	4435.99
$30001 TO $40000	31792	11.85	33694.35	37213.85	24175.17	2.50	5455.16	6361.66	4733.01
$40001 TO $50000	25107	9.35	43287.48	47742.49	32714.29	2.78	6084.84	7593.23	4972.06
$50001 TO $60000	18680	6.96	51371.29	58309.39	41091.15	2.95	6435.15	9678.72	5250.10
$60001 TO $70000	14172	5.28	60841.05	69473.89	50632.09	3.08	6718.43	10699.65	5311.86
$70001 TO $80000	10701	3.99	68658.69	81094.00	60518.17	3.17	6887.83	12084.92	5373.47
$80001 TO $90000	7572	2.82	76086.26	93245.92	71478.89	3.16	6824.84	13362.26	5491.19
$90001 TO $100000	5223	1.95	79068.64	108345.94	84915.43	3.17	6737.35	15224.15	5564.92
$100001 TO $150000	9204	3.43	88383.33	139735.11	113324.54	3.23	6408.04	18473.15	5839.57
$150001 TO $200000	1073	0.40	106192.27	216031.00	187915.92	3.14	4073.57	22582.42	5704.95
$200001 TO $300000	143	0.05	109581.45	367754.36	340544.12	2.44	108.58	25809.36	6103.70
$300001 TO $400000	44	0.02	159211.64	502838.77	469232.39	3.23	0.00	32097.29	6873.05
OVER $400000	79	0.03	199160.39	1096881.06	1040228.81	3.18	0.00	55194.02	5801.48
TOTAL	268393	100	31689.12	38541.35	26441.10	2.28	4930.43	7036.68	4308.41

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITI-ES
	MEAN	MEAN	MEAN	MEAN
AGI GROUP				
LOSS	373.53	98.49	366.88	4.86
$0 TO $10000	64.83	1.68	46.44	0.60
$10001 TO $20000	494.32	13.86	439.22	4.02
$20001 TO $30000	1052.20	74.66	982.93	12.10
$30001 TO $40000	1576.60	195.60	1508.65	21.18
$40001 TO $50000	2049.23	361.69	1972.50	30.52
$50001 TO $60000	2555.25	593.32	2469.27	41.82
$60001 TO $70000	3253.95	829.64	3137.95	66.36
$70001 TO $80000	4200.86	1111.68	4053.39	97.13
$80001 TO $90000	5354.09	1469.64	5194.05	118.76
$90001 TO $100000	6748.79	1959.56	6586.62	131.53
$100001 TO $150000	9629.08	2847.39	9464.69	165.95
$150001 TO $200000	16959.20	4781.42	16801.43	232.40
$200001 TO $300000	22757.18	5829.81	22636.94	210.36
$300001 TO $400000	45627.59	11496.07	45459.69	213.39
OVER $400000	89997.39	24897.61	89844.37	413.05
TOTAL	1886.75	410.02	1815.21	31.15

TABLE 30
1992 TAX ALTERNATIVE TWO
MODERATE ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
AGI GROUP			SUM	SUM	SUM	SUM	SUM	SUM	SUM
LOSS	2782	1.03	25603313.00	-59702639.05	10093941.91	7712.00	17534219.64	23117590.28	10112748.75
$0 TO $10000	48792	18.13	223074635.00	278533905.75	31083547.41	71311.00	163121893.20	196487788.19	187724315.76
$10001 TO $20000	50190	18.65	676856501.00	781699606.62	330045403.10	87589.00	200352583.20	223917120.72	194515019.66
$20001 TO $30000	38976	14.48	888895439.00	1015967845.12	583680017.10	80948.00	185153768.80	207987386.91	142916341.15
$30001 TO $40000	32175	11.96	1106841949.00	1198468641.04	775128730.30	78924.00	180405355.49	205316610.90	99733008.05
$40001 TO $50000	25484	9.47	1115540797.00	1217226964.02	830492206.51	70076.00	160127424.80	194024120.63	66688582.03
$50001 TO $60000	18908	7.03	972929669.00	1100596817.88	772178558.60	54889.00	125429476.70	183563174.45	38343422.91
$60001 TO $70000	14503	5.39	880193746.00	1006003243.51	730736458.78	44089.00	100552474.48	156264946.87	23516550.80
$70001 TO $80000	11144	4.14	765860468.00	901551955.07	669984614.85	35168.00	80047845.52	135445269.78	14948299.33
$80001 TO $90000	8039	2.99	611409955.00	749701168.29	571757051.78	25269.00	57239380.77	109355337.09	9596233.60
$90001 TO $100000	5768	2.14	455260282.00	625050219.33	487649380.69	18361.00	40948603.67	88024673.89	6242568.00
$100001 TO $150000	10728	3.99	956129483.00	1494754712.25	1208526139.92	34613.00	72967216.34	197215927.20	10237601.20
$150001 TO $200000	1357	0.50	144745472.00	297047438.64	257914997.04	4346.00	6347380.72	30778660.88	1286368.80
$200001 TO $300000	170	0.06	16224039.00	62192474.87	57614008.24	449.00	45981.68	4302084.94	156614.40
$300001 TO $400000	28	0.01	4277365.00	13337617.96	12565041.78	99.00	0.00	727776.18	28720.00
OVER $400000	85	0.03	18159817.00	82022574.16	77743067.26	307.00	0.00	4151506.90	60416.00
TOTAL	269129	100	8862002930.00	10764452545	7407193165.22	614150.00	1390273605.02	1960679975.81	806106810.44

AGI GROUP	TAX LIABILITY PFD TAXABLE SUM	PAID FROM FEDRL TAX SUM	TAX LIABILITY PFD NONTAXABLE SUM	LEAKAGE TO MUNICAPALITIES SUM
LOSS	894306.50	228027.11	874955.29	12820.32
$0 TO $10000	2870655.80	89809.65	2039692.84	26601.64
$10001 TO $20000	24103632.47	699310.65	21393831.28	202443.26
$20001 TO $30000	40347063.75	2888106.27	37687002.60	467983.11
$30001 TO $40000	50629199.34	6472611.84	48480037.89	703030.23
$40001 TO $50000	51843461.61	9178522.55	49927476.56	782387.09
$50001 TO $60000	47634811.23	11035471.55	46047038.39	775903.75
$60001 TO $70000	46461027.29	11868295.57	44824693.94	946345.94
$70001 TO $80000	46400593.04	12292700.48	44769390.73	1081088.92
$80001 TO $90000	42543464.74	11658924.34	41269268.53	953038.43
$90001 TO $100000	38599128.25	11217342.28	37664612.27	766018.98
$100001 TO $150000	102849627.93	30572553.84	101088336.33	1783178.54
$150001 TO $200000	23850469.80	6638894.66	23631243.00	321607.53
$200001 TO $300000	4628336.61	1217256.26	4605649.41	39350.21
$300001 TO $400000	1380131.80	372734.36	1374979.80	6829.62
OVER $400000	7368541.30	2039368.70	7354566.50	46239.76
TOTAL	532404451.46	118469930.11	513032775.37	8914867.92

			WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	ITEMIZED DEDUCTIONS	STANDARD DEDUCTIONS
	N	PCTN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
AGI GROUP									
LOSS	2782	1.03	9203.20	-21514.46	3628.30	2.77	6302.74	8309.70	5305.74
$0 TO $10000	48792	18.13	4571.95	5735.52	637.06	1.46	3343.21	4027.05	3931.40
$10001 TO $20000	50190	18.65	13485.88	15611.82	6575.92	1.75	3991.88	4461.39	4174.68
$20001 TO $30000	38976	14.48	22806.23	26120.78	14975.37	2.08	4750.46	5336.29	4575.67
$30001 TO $40000	32175	11.96	34400.68	37302.93	24091.03	2.45	5607.00	6381.25	4877.87
$40001 TO $50000	25484	9.47	43774.16	47822.53	32588.77	2.75	6283.45	7613.57	5128.31
$50001 TO $60000	18908	7.03	51455.98	58278.89	40838.72	2.90	6633.67	9708.23	5455.03
$60001 TO $70000	14503	5.39	60690.46	69451.38	50385.19	3.04	6933.22	10774.66	5521.61
$70001 TO $80000	11144	4.14	68724.02	81038.38	60120.66	3.16	7183.04	12154.10	5630.24
$80001 TO $90000	8039	2.99	76055.47	93409.07	71122.91	3.14	7120.21	13603.10	5698.48
$90001 TO $100000	5768	2.14	78928.62	108402.74	84543.93	3.18	7099.27	15260.87	5796.26
$100001 TO $150000	10728	3.99	89124.67	139384.06	112651.58	3.23	6801.57	18383.29	6072.12
$150001 TO $200000	1357	0.50	106665.79	218900.10	190062.64	3.20	4677.51	22681.40	5983.11
$200001 TO $300000	170	0.06	95435.52	365838.09	338905.93	2.64	270.48	25306.38	6264.58
$300001 TO $400000	28	0.01	152763.04	476343.50	448751.49	3.54	0.00	25992.01	7180.00
OVER $400000	85	0.03	213644.91	964971.46	914624.32	3.61	0.00	48841.26	6041.60
TOTAL	269129	100	32928.46	40085.70	27522.84	2.28	5165.83	7285.28	4488.90

	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX	TAX LIABILITY PFD NONTAXABLE	LEAKAGE TO MUNICAPALITIES
AGI GROUP	MEAN	MEAN	MEAN	MEAN
LOSS	321.46	81.97	314.51	4.61
$0 TO $10000	58.83	1.84	41.80	0.55
$10001 TO $20000	480.25	13.93	426.26	4.03
$20001 TO $30000	1035.18	74.10	966.93	12.01
$30001 TO $40000	1573.56	201.17	1506.76	21.85
$40001 TO $50000	2034.35	360.17	1959.17	30.70
$50001 TO $60000	2519.29	583.64	2435.32	41.04
$60001 TO $70000	3203.55	818.33	3090.72	65.25
$70001 TO $80000	4163.73	1103.08	4017.35	97.01
$80001 TO $90000	5292.13	1450.30	5133.63	118.55
$90001 TO $100000	6691.94	1944.75	6529.93	132.80
$100001 TO $150000	9587.03	2849.79	9422.85	166.22
$150001 TO $200000	17575.88	4892.33	17414.33	237.00
$200001 TO $300000	27225.51	7160.33	27092.06	231.47
$300001 TO $400000	49290.42	13311.94	49106.42	243.91
OVER $400000	86688.72	23992.57	86524.31	544.00
TOTAL	1978.25	440.20	1906.27	33.12

Liability to Collections

The projected time pattern generated from 1970 - 1979 accounting data can be used to translate the projected tax year collections presented in the tables below into gross receipts (col. 2), refunds (col. 3), and net receipts (col. 4) by quarter and fiscal year. The U. S. Consumer Price Index (col. 5) is used to deflate or inflate the net receipts in nominal dollars to real 1986 dollars (col. 6) so we can compare estimated 1988 through 1992 projected fiscal year collections to actual collections from 1975 through 1979.

TABLE 31
(PFD TAXABLE)
LIABILITY TO COLLECTIONS
TAX ALTERNATIVE TWO
MODERATE ECONOMIC SCENARIO

FY/Q	GROSS RECEIPTS ($m nom)	REFUNDS ($m nom)	NET RECEIPTS ($m nom)	CPI	NET REC $86 ($m real)
86				325.98	
88/1	$0	$1	($1)		
/2	$0	$0	($0)		
/3	$1	$3	($1)		
/4	$86	$6	$80		
TOTAL	$87	$9	$78	338.66	$75
89/1	$114	$5	$109		
/2	$150	$2	$148		
/3	$146	$16	$130		
/4	$125	$36	$88		
TOTAL	$534	$60	$475	354.17	$437
90/1	$123	$6	$116		
/2	$162	$2	$160		
/3	$158	$20	$138		
/4	$132	$44	$88		
TOTAL	$574	$72	$502	370.39	$442
91/1	$129	$5	$124		
/2	$170	$2	$168		
/3	$165	$16	$150		
/4	$138	$35	$103		
TOTAL	$601	$57	$544	387.35	$458
92/1	$135	$5	$130		
/2	$177	$2	$176		
/3	$172	$15	$157		
/4	$139	$34	$106		
TOTAL	$623	$55	$568	405.09	$457

ALTERNATIVE THREE: FLAT RATES/ FEDERAL TAX BASE, NO EXCLUSIONS OR DEDUCTIONS, HIGH PERSONAL EXEMPTION

A true flat tax has two attributes: (1) it applies the same rate of tax to everyone and to each component of the tax base; and (2) to arrive at the tax base there are no deductions from total income except personal exemptions and strictly defined business expenses.

To raise a certain amount of tax revenue it is necessary to make a trade-off between the size of the personal exemption and the marginal tax rate.(17)

> "A higher exemption may be desirable to secure relief for those at the bottom of the income schedule and to increase progressiveness (with respect to average tax rates). But a higher exemption means that a higher marginal tax rate must be applied to maintain revenues."

Tax Base

As with the previous alternatives, this tax system is tied to the Federal tax law. In this case, however, it is piggybacked to the federal law only for its income inclusion elements. It is not tied to the federal law for exemptions, deductions or income exclusions. The advantage in being tied to the federal system is largely administrative, as discussed previously. The disadvantage is that federal changes can automatically affect state law and revenues dramatically.

The federal law has changed since the Alaska individual income tax was in effect. This proposal assumes that the changes adopted by the federal government will be referenced in Alaska Statute much as they were in 1978-1979, but only for income inclusions. This will result in the expansion of the adjusted gross income; and therefore, the tax base. The specifics of the changes resulting from tax reform at the federal level are available in a number of publications and we will not attempt to discuss those here. The provisions of the new law that we assume would be effective for this proposal are summarized below.

Income Inclusions and Exclusions

Included as total income are wages, salaries, tips, interest income, dividends, income tax refunds, alimony received, business income, capital gains, pensions, IRA and annuity distributions, rents, royalties, partnership, estates, trusts, farm income, unemployment insurance (which we were unable to include in our model), social security benefits and other income. The new Federal law eliminates the $100 - $200 exclusion of dividend income and treats the full amount of capital gain as ordinary income. The Alaska Permanent Fund Dividend is included as income.

New restrictions are now included in the Federal law which define passive and active participation in ventures and set limits for higher income taxpayers on offsetting losses of any kind. Passive losses cannot be used to offset other income except for $25,000 in participatory rental losses. (Passive losses occur particularly in some partnership and rental activities.)

Income Adjustments

Under the new Federal law, only the Keogh plan contributions, savings withdrawal penalties and alimony paid adjustments from income remain. Eliminated is the Two Earner adjustment; while the IRA adjustment is phased out at higher income levels or eliminated if the employer covers the employee with a retirement plan. The moving expense and employee business expense adjustment are now deductions.

Treatment of the Alaska Permanent Fund Dividend

All of the alternatives presented include the Alaska Permanent Fund Dividend as taxable income. The 1988 low case Table 32 indicates a loss of $14.4 million dollars in tax if the PFD is not taxable ($399.8 million with PFD included - $385.5 million with PFD excluded). The taxable income in the tables is with PFD not taxable. Children and other persons not required to file will not pay tax on the PFD. The estimates of the PFD are as follows:

1988	$750
1989	$800
1990	$800
1991	$800
1992	$800

These are rounded values from the December 1986 Long Run Fiscal Model of the Department of Revenue.(18)

Nonresident Apportionment

Nonresident workers apportion their income by source state in this proposal. The apportionment ratio is obtained by dividing Alaska adjusted gross income (income earned in this state or attributable to investments in this state) by total adjusted gross income. The ratio obtained from Alaska to total income is used to adjust exemptions also.

Personal Exemption

The personal exemption in this alternative is set high both as a proxy for a subsistence amount and to respond to family size. The high personal exemption helps to make the effective rates of this proposal more progressive. The exemption value for taxpayer, spouse and dependents is $3,000 each starting in 1988, and is inflation adjusted each year.

Tax Credits

We have not included any tax credits in these proposals. Summaries of the major tax credits effective in Alaska and profiles of the taxpayers and amounts credited have been published previously and are available from this office.(19)

Tax Rates

The tax rate in this alternative was designed to provide a revenue neutral tax compared to alternative one in 1988 only. That is, total revenues are approximately the same as the previous two cases. A six percent tax rate was used for all income. Progressive rates could also be applied to this tax base but it would be difficult to develop a revenue neutral (compared to the other alternatives) case with these rates.

ISSUES

Economic Efficiency

Proponents argue that because a flat tax lowers marginal rates, this reduces the incentive to alter decisions based on tax considerations. Personal, business and investment decisions would be primarily based on economic as opposed to tax considerations. In addition, the lower rates reduce the payoffs to time spent trying to avoid or in some cases evade taxes.

Income Elasticity

Michigan, one state with this type of tax, has found that tax revenues have tended to grow more than in proportion to the growth of income because of the fixed dollar value of exemptions in that state. This responsiveness was found to decrease over time as income rose relative to the value of exemptions. Because the exemption is indexed in this presentation, this source of elasticity is probably not a factor.

Equity

The key to vertical equity or adherence to ability to pay principles in this tax is the size of the personal exemption. The exemption combined with the flat rate determine the progressivity of the system.

In general this type of tax takes the view that income from all sources is equivalent in defining the tax base. Problems of equity arise when certain income flows are excluded from the tax base or are taxed at preferential rates. In Michigan, for instance, there is no subtraction of itemized or standardized deductions. There is however some allowance for tax credits which represents a deviation from this ideal.

The main concerns with a flat rate tax involve its incidence. It may distribute burdens from upper to middle income taxpayers.

Administration and Compliance

The structure of this tax is the simplest of the three presented. The tax base is typically federal adjusted gross income modified by a limited number of additions and subtractions. The use of federal AGI in defining the state tax base simplies the filing process for individuals as well as the administrative costs involved in tax collection. The fact that deductions or adjustments are very limited means that auditing problems are greatly reduced.

Nonresident Taxpayers

This alternative captures the nonresident worker in the tax base fairly effectively. Alaskan employers submit payroll taxes regardless of the residence of the worker. The potential for avoiding estimated payments remains but is no worse or better for this alternative than any other.

The apportionment of nonresident (or part year resident) income seems fair and is consistent with practice generally used in other states.

Intergovernmental Effects

All state income taxes are deductible from Federal income. This causes a leakage of tax from the federal government to the State. The 1988 low case Table 32 below shows is that for every dollar of Alaska tax paid, the taxpayer pays only 80¢ while the Federal government leaks 20¢ of it to the State ($81.6 million in Federal tax leakage / $399.8 million in State tax liability).

Since there are no deductions from this tax, leakage of tax from the State to local government under this alternative is zero. It has been argued that it undermines the ability of local government to levy taxes when they are not deductible from the taxes of higher level governments.

Inflation Effects

Inflation adjustment is present in the exemption amount of this tax alternative. Because the exemption is indexed, this alternative is less distorted by inflation than the previous cases.

TABLE 32
1988 TAX ALTERNATIVE THREE
LOW ECONOMIC SCENARIO

AGI GROUP	N	PCTN	WAGE & SALARY SUM	ADJ GROSS INCOME SUM	TAXABLE INCOME SUM	NUMBER OF EXEMPTIONS SUM	VALUE OF EXEMPTIONS SUM	TAX LIABILITY PFD TAXABLE SUM	PAID FROM FEDRL TAX SUM
LOSS	2878	1.19	26309170.00	-61678792.91	10925054.91	7805.00	23415000.00	674442.88	160867.36
$0 TO $10000	53355	22.06	248499609.00	305298080.85	99873230.57	78669.00	236007000.00	7499842.24	150853.93
$10001 TO $20000	49490	20.46	668214244.00	769719577.88	457938010.39	91714.00	275142000.00	30091066.41	1015019.60
$20001 TO $30000	36082	14.92	822338578.00	943559133.02	659139490.96	82151.00	246453000.00	41876832.22	3559527.46
$30001 TO $40000	28778	11.90	971451140.00	1072829850.36	806086558.39	77343.00	232029000.00	50465208.15	6857070.84
$40001 TO $50000	22390	9.26	973365388.00	1068241985.88	842143343.68	65702.00	197106000.00	52281835.36	10616598.85
$50001 TO $60000	15856	6.56	815676730.00	923230676.83	756425426.83	48533.00	145599000.00	46667980.61	11449069.15
$60001 TO $70000	11225	4.64	683752605.00	777522186.01	656118936.01	35348.00	106044000.00	40294811.16	10444835.94
$70001 TO $80000	7883	3.26	542298283.00	636844305.28	550116555.28	25290.00	75870000.00	33667458.32	9081740.13
$80001 TO $90000	5208	2.15	398926188.00	485165674.57	428142424.57	16585.00	49755000.00	26128240.47	7710371.74
$90001 TO $100000	3243	1.34	256764893.00	349859148.04	314495898.04	10278.00	30834000.00	19142228.88	5775457.18
$100001 TO $150000	4837	2.00	425160325.00	668888559.51	616058559.51	15373.00	46119000.00	37367793.57	11060776.36
$150001 TO $200000	412	0.17	40720223.00	91310515.75	87109765.75	1223.00	3669000.00	5258490.94	1417698.31
$200001 TO $300000	55	0.02	4709336.00	22032721.97	21593221.97	128.00	384000.00	1298923.32	333598.36
$300001 TO $400000	93	0.04	15285945.00	44902551.74	43875801.74	297.00	891000.00	2640693.10	710867.51
OVER $400000	79	0.03	17348776.00	75394772.03	74511272.03	260.00	780000.00	4477066.32	1253578.57
TOTAL	241864	100	6910821433.00	8173120946.79	6424553550.62	556699.00	1670097000.00	399832913.97	81597931.30

	TAX LIABILITY PFD NON-TAXABLE
AGI GROUP	SUM
LOSS	655503.29
$0 TO $10000	5992393.83
$10001 TO $20000	27476280.62
$20001 TO $30000	39548369.46
$30001 TO $40000	48365193.50
$40001 TO $50000	50528600.62
$50001 TO $60000	45385525.61
$60001 TO $70000	39367136.16
$70001 TO $80000	33006993.32
$80001 TO $90000	25688545.47
$90001 TO $100000	18869753.88
$100001 TO $150000	36963513.57
$150001 TO $200000	5226585.94
$200001 TO $300000	1295593.32
$300001 TO $400000	2632548.10
OVER $400000	4470676.32
TOTAL	385473213.04

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
AGI GROUP									
LOSS	2878	1.19	9141.48	-21498.36	3796.06	2.71	8135.86	234.34	55.90
$0 TO $10000	53355	22.06	4657.48	5748.09	1871.86	1.47	4423.33	140.56	2.83
$10001 TO $20000	49490	20.46	13502.01	15587.05	9253.14	1.85	5559.55	608.02	20.51
$20001 TO $30000	36082	14.92	22790.83	26205.61	18267.82	2.28	6830.36	1160.60	98.65
$30001 TO $40000	28778	11.90	33756.73	37330.10	28010.51	2.69	8062.72	1753.60	238.27
$40001 TO $50000	22390	9.26	43473.22	47761.87	37612.48	2.93	8803.31	2335.05	474.17
$50001 TO $60000	15856	6.56	51442.78	58303.17	47705.94	3.06	9182.58	2943.24	722.07
$60001 TO $70000	11225	4.64	60913.37	69341.14	58451.58	3.15	9447.13	3589.74	930.50
$70001 TO $80000	7883	3.26	68793.39	80930.78	69785.18	3.21	9624.51	4270.89	1152.07
$80001 TO $90000	5208	2.15	76598.73	93283.15	82208.61	3.18	9553.57	5016.94	1480.49
$90001 TO $100000	3243	1.34	79175.11	107947.90	96976.84	3.17	9507.86	5902.63	1780.90
$100001 TO $150000	4837	2.00	87897.52	138371.65	127363.77	3.18	9534.63	7725.41	2286.70
$150001 TO $200000	412	0.17	98835.49	221627.47	211431.47	2.97	8905.34	12763.33	3441.02
$200001 TO $300000	55	0.02	85624.29	400594.94	392604.04	2.33	6981.82	23616 `9	6065.42
$300001 TO $400000	93	0.04	164365.00	482823.14	471782.81	3.19	9580.65	28394.55	7643.74
OVER $400000	79	0.03	219604.76	966599.64	943180.66	3.29	9873.42	56671.73	15868.08
TOTAL	241864	100	28573.17	33870.36	26562.67	2.30	6905.11	1653.13	337.37

	TAX LIABILITY PFD NON-TAXABLE
	MEAN
AGI GROUP	
LOSS	227.76
$0 TO $10000	112.31
$10001 TO $20000	555.19
$20001 TO $30000	1096.07
$30001 TO $40000	1680.63
$40001 TO $50000	2256.75
$50001 TO $60000	2862.36
$60001 TO $70000	3507.09
$70001 TO $80000	4187.11
$80001 TO $90000	4932.52
$90001 TO $100000	5818.61
$100001 TO $150000	7641.83
$150001 TO $200000	12685.89
$200001 TO $300000	23556.24
$300001 TO $400000	28306.97
OVER $400000	56590.84
TOTAL	1593.76

TABLE 33
1989 TAX ALTERNATIVE THREE
LOW ECONOMIC SCENARIO

			WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
	N	PCTN	SUM	SUM	SUM	SUM	SUM	SUM	SUM
AGI GROUP									
LOSS	2727	1.14	24579758.00	-59527626.97	9809884.36	7470.00	23436378.00	606401.48	147025.76
$0 TO $10000	49750	20.81	232987396.00	286672325.82	88069777.42	73786.00	231496196.40	6739372.13	129076.45
$10001 TO $20000	48252	20.19	656298356.00	751585286.54	435955207.35	89031.00	279325859.40	28828415.35	978169.32
$20001 TO $30000	35369	14.80	812405077.00	923763680.84	635086366.03	79515.00	249470361.00	40511958.93	3452780.72
$30001 TO $40000	28712	12.01	985741252.00	1070678566.88	795541030.38	76053.00	238608682.20	49942245.23	6833744.51
$40001 TO $50000	22522	9.42	989322698.00	1074621071.55	837795094.35	65638.00	205932661.20	52137305.66	10516112.28
$50001 TO $60000	15948	6.67	819697745.00	928255468.79	753883625.99	48377.00	151777999.80	46599001.56	11417539.17
$60001 TO $70000	11568	4.84	704321793.00	801060959.06	670174890.26	36355.00	114060177.00	41228141.42	10701209.33
$70001 TO $80000	8326	3.48	572604837.00	673113198.20	577039540.20	26733.00	83872114.20	35366324.41	9547836.12
$80001 TO $90000	5626	2.35	431283215.00	523202734.79	458748457.79	17881.00	56099849.40	28031067.47	8233888.00
$90001 TO $100000	3642	1.52	288673205.00	394794853.94	353060972.54	11567.00	36290305.80	21511402.35	6486727.52
$100001 TO $150000	5790	2.42	512296742.00	802432875.56	735564018.56	18561.00	58233281.40	44653105.11	13215558.18
$150001 TO $200000	541	0.23	56662960.00	119475168.33	113539133.13	1648.00	5170435.20	6858283.99	1867478.62
$200001 TO $300000	64	0.03	6216251.00	25806499.57	25266964.37	148.00	464335.20	1520529.86	385680.06
$300001 TO $400000	106	0.04	18829475.00	48952894.76	47668780.36	356.00	1116914.40	2870158.82	758239.78
OVER $400000	90	0.04	17208477.00	94194971.63	93183887.43	285.00	894159.00	5598425.25	1515947.11
TOTAL	239033	100	7129129237.00	8459082929.26	6630387630.47	553404.00	1736249709.59	413002139.01	86187062.92

AGI GROUP	TAX LIABILITY PFD NON-TAXABLE SUM
LOSS	588593.06
$0 TO $10000	5284186.65
$10001 TO $20000	26157312.44
$20001 TO $30000	38105181.96
$30001 TO $40000	47732461.82
$40001 TO $50000	50267705.66
$50001 TO $60000	45233017.56
$60001 TO $70000	40210493.42
$70001 TO $80000	34622372.41
$80001 TO $90000	27524907.47
$90001 TO $100000	21183658.35
$100001 TO $150000	44133841.11
$150001 TO $200000	6812347.99
$200001 TO $300000	1516017.86
$300001 TO $400000	2860126.82
OVER $400000	5591033.25
TOTAL	397823257.83

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
AGI GROUP			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
LOSS	2727	1.14	9013.48	-21885.16	3597.32	2.74	8594.20	222.37	53.91
$0 TO $10000	49750	20.81	4683.16	5787.85	1770.25	1.48	4653.19	135.46	2.59
$10001 TO $20000	48252	20.19	13601.47	15610.54	9034.97	1.85	5788.90	597.46	20.27
$20001 TO $30000	35369	14.80	22969.41	26168.20	17956.02	2.25	7053.36	1145.41	97.62
$30001 TO $40000	28712	12.01	34332.03	37342.30	27707.61	2.65	8310.42	1739.42	238.01
$40001 TO $50000	22522	9.42	43926.95	47771.55	37198.97	2.91	9143.62	2314.95	466.93
$50001 TO $60000	15948	6.67	51398.15	58278.22	47271.36	3.03	9517.06	2921.93	715.92
$60001 TO $70000	11568	4.84	60885.36	69343.92	57933.51	3.14	9859.97	3563.98	925.07
$70001 TO $80000	8326	3.48	68773.10	81019.88	69305.73	3.21	10073.52	4247.70	1146.76
$80001 TO $90000	5626	2.35	76658.94	93146.29	81540.79	3.18	9971.53	4982.42	1463.54
$90001 TO $100000	3642	1.52	79262.27	108489.93	96941.51	3.18	9964.39	5906.48	1781.09
$100001 TO $150000	5790	2.42	88479.58	138637.33	127040.42	3.21	10057.56	7712.11	2282.48
$150001 TO $200000	541	0.23	104737.45	220841.35	209869.01	3.05	9557.18	12677.05	3451.90
$200001 TO $300000	64	0.03	97128.92	403226.56	394796.32	2.31	7255.24	23758.28	6026.25
$300001 TO $400000	106	0.04	177636.56	461819.76	449705.48	3.36	10536.93	27076.97	7153.21
OVER $400000	90	0.04	191205.30	1070397.40	1035376.53	3.17	9935.10	62204.72	16843.86
TOTAL	239033	100	29824.87	35468.60	27738.38	2.32	7263.64	1727.80	360.57

AGI GROUP	TAX LIABILITY PFD NON-TAXABLE MEAN
LOSS	215.84
$0 TO $10000	106.21
$10001 TO $20000	542.10
$20001 TO $30000	1077.36
$30001 TO $40000	1662.46
$40001 TO $50000	2231.94
$50001 TO $60000	2836.28
$60001 TO $70000	3476.01
$70001 TO $80000	4158.34
$80001 TO $90000	4892.45
$90001 TO $100000	5816.49
$100001 TO $150000	7622.43
$150001 TO $200000	12592.14
$200001 TO $300000	23687.78
$300001 TO $400000	26982.33
OVER $400000	62122.59
TOTAL	1664.30

TABLE 34
1990 TAX ALTERNATIVE THREE
LOW ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
			SUM	SUM	SUM	SUM	SUM	SUM	SUM
AGI GROUP									
LOSS	2622	1.13	25526126.00	-54911695.16	12631430.57	7222.00	23696104.20	776545.33	192545.25
$0 TO $10000	45296	19.52	209413184.00	260591560.84	75902800.74	67414.00	221192075.40	5831094.35	111926.72
$10001 TO $20000	44893	19.34	607363524.00	699222851.80	399182024.17	81794.00	268374293.40	26392802.87	871649.76
$20001 TO $30000	33958	14.63	775758196.00	888313489.07	605518798.37	74942.00	245892196.20	38606494.81	3302598.82
$30001 TO $40000	27907	12.03	956564806.00	1040705076.59	767305794.13	72648.00	238365352.80	48158601.82	6604134.27
$40001 TO $50000	22315	9.62	978808639.00	1064817448.92	823665500.45	64267.00	210866453.70	51253641.31	10246684.20
$50001 TO $60000	16087	6.93	828475374.00	936611011.46	754856127.46	48500.00	159133350.00	46660471.65	11467762.79
$60001 TO $70000	11938	5.14	724824159.00	826709341.16	686994825.26	37315.00	122434246.50	42265561.52	10950401.71
$70001 TO $80000	8778	3.78	604631162.00	710172238.27	605107864.37	28093.00	92175942.30	37088439.86	9992461.90
$80001 TO $90000	6192	2.67	471880182.00	576217347.26	502273509.56	19739.00	64765632.90	30693402.57	8972187.55
$90001 TO $100000	4132	1.78	328407845.00	444702445.62	395385348.32	13145.00	43130059.50	24094736.90	7299516.60
$100001 TO $150000	6952	3.00	609539110.00	964848535.81	880548585.81	22506.00	73844436.60	53461427.15	15818060.50
$150001 TO $200000	709	0.31	77427061.00	153190549.32	144821128.62	2237.00	7339820.70	8751043.72	2388607.89
$200001 TO $300000	79	0.03	8081215.00	27081756.16	26328898.36	198.00	649657.80	1585925.90	410426.81
$300001 TO $400000	110	0.05	17519133.00	53161612.1	51767442.92	372.00	1220569.20	3116462.58	830687.85
OVER $400000	100	0.04	18918257.00	100847567.87	99679945.77	312.00	1023703.20	5989628.75	1677096.05
TOTAL	232068	100	7243137973.00	8692281137.11	6831970024.84	540704.00	1774103894.39	424726281.07	91136748.66

AGI GROUP	TAX LIABILITY PFD NON-TAXABLE SUM
LOSS	757885.83
$0 TO $10000	4554168.04
$10001 TO $20000	23950921.45
$20001 TO $30000	36331127.90
$30001 TO $40000	46038347.65
$40001 TO $50000	49419930.03
$50001 TO $60000	45291367.65
$60001 TO $70000	41219689.52
$70001 TO $80000	36306471.86
$80001 TO $90000	30136410.57
$90001 TO $100000	23723120.90
$100001 TO $150000	52832915.15
$150001 TO $200000	8689267.72
$200001 TO $300000	1579733.90
$300001 TO $400000	3106046.58
OVER $400000	5980796.75
TOTAL	409918201.49

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
AGI GROUP									
LOSS	2622	1.13	9735.36	-20990.71	4817.48	2.75	9037.42	296.17	73.43
$0 TO $10000	45296	19.52	4623.22	5778.60	1675.71	1.49	4883.26	128.73	2.47
$10001 TO $20000	44893	19.34	13529.14	15611.83	8891.85	1.82	5978.09	587.90	19.42
$20001 TO $30000	33958	14.63	22844.64	26213.99	17831.40	2.21	7241.07	1136.89	97.26
$30001 TO $40000	27907	12.03	34276.88	37342.75	27495.10	2.60	8541.42	1725.68	236.65
$40001 TO $50000	22315	9.62	43863.26	47773.23	36910.84	2.88	9449.54	2296.82	459.18
$50001 TO $60000	16087	6.93	51499.68	58301.34	46923.36	3.01	9892.05	2900.51	712.86
$60001 TO $70000	11938	5.14	60715.71	69348.99	57546.89	3.13	10255.84	3540.42	917.27
$70001 TO $80000	8778	3.78	68880.29	81005.16	68934.59	3.20	10500.79	4225.16	1138.35
$80001 TO $90000	6192	2.67	76208.04	93223.97	81116.52	3.19	10459.57	4956.94	1449.00
$90001 TO $100000	4132	1.78	79479.15	107650.07	95688.61	3.18	10438.06	5831.25	1766.58
$100001 TO $150000	6952	3.00	87678.24	138827.13	126661.19	3.24	10622.04	7690.08	2275.33
$150001 TO $200000	709	0.31	109206.01	216065.65	204261.11	3.16	10352.36	12342.80	3368.98
$200001 TO $300000	79	0.03	102293.86	342807.04	333277.19	2.51	8223.52	20075.01	5195.28
$300001 TO $400000	110	0.05	159264.85	483287.38	470613.12	3.38	11096.08	28331.48	7551.71
OVER $400000	100	0.04	189182.57	1018662.30	996799.46	3.12	10237.03	59896.29	16770.96
TOTAL	232068	100	31211.27	37538.41	29439.52	2.33	7644.76	1830.18	392.72

	TAX LIABILITY PFD NON-TAXABLE
AGI GROUP	MEAN
LOSS	289.05
$0 TO $10000	100.54
$10001 TO $20000	533.51
$20001 TO $30000	1069.88
$30001 TO $40000	1649.71
$40001 TO $50000	2214.65
$50001 TO $60000	2815.40
$60001 TO $70000	3452.81
$70001 TO $80000	4136.08
$80001 TO $90000	4866.99
$90001 TO $100000	5741.32
$100001 TO $150000	7599.67
$150001 TO $200000	12255.67
$200001 TO $300000	19996.63
$300001 TO $400000	28236.79
OVER $400000	59807.97
TOTAL	1766.37

TABLE 35
1991 TAX ALTERNATIVE THREE
LOW ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
AGI GROUP			SUM	SUM	SUM	SUM	SUM	SUM	SUM
LOSS	2419	1.07	22722616.00	-48966407.45	10987015.69	6664.00	22866849.60	676856.76	163825.43
$0 TO $10000	42107	18.55	193833384.00	241699360.09	67439334.42	62257.00	213628669.80	5197715.78	97522.32
$10001 TO $20000	42552	18.74	573637888.00	663765627.54	372797394.86	76780.00	263462892.00	24633228.14	807840.61
$20001 TO $30000	32994	14.53	751855480.00	861414298.61	581902572.85	71271.00	244559309.40	37084363.59	3177631.61
$30001 TO $40000	27248	12.00	933776569.00	1016421637.12	744495207.88	69442.00	238283278.80	46706478.58	6438839.68
$40001 TO $50000	21843	9.62	956248447.00	1042692481.52	801382007.08	61808.00	212087971.20	49852200.42	9837293.36
$50001 TO $60000	16104	7.09	828050505.00	938350265.57	751251600.77	47990.00	164672886.00	46432584.05	11396083.00
$60001 TO $70000	12292	5.41	746748943.00	851055079.46	702341483.46	38192.00	131052028.80	43210889.01	11198499.43
$70001 TO $80000	9227	4.06	634749096.00	745792375.32	631632394.92	29334.00	100656687.60	38718023.70	10404172.79
$80001 TO $90000	6585	2.90	504345180.00	613002694.62	531339281.02	20956.00	71908418.40	32472244.86	9474439.52
$90001 TO $100000	4516	1.99	358621482.00	489577935.00	433180122.40	14463.00	49628338.20	26397799.34	7960894.27
$100001 TO $150000	7982	3.52	707583864.00	1107770863.76	1007460035.96	25739.00	88320804.60	61169474.16	18142980.98
$150001 TO $200000	917	0.40	95826032.00	202428533.36	191150630.36	2895.00	9933903.00	11549677.82	3153412.68
$200001 TO $300000	91	0.04	8526371.00	34485304.75	33650079.35	211.00	724025.40	2025676.76	508725.98
$300001 TO $400000	91	0.04	14471967.00	44541391.74	43349783.34	306.00	1050008.40	2609483.00	709360.36
OVER $400000	82	0.04	18777337.00	81885809.63	80875477.03	259.00	888732.60	4859824.62	1295762.30
TOTAL	227050	100	7349775161.00	8885917250.63	6985234421.35	528567.00	1813724803.79	433596520.59	94817284.82

	TAX LIABILITY PFD NON-TAXABLE
	SUM
AGI GROUP	
LOSS	659220.94
$0 TO $10000	4046360.07
$10001 TO $20000	22367843.69
$20001 TO $30000	34914154.37
$30001 TO $40000	44669712.47
$40001 TO $50000	48082920.42
$50001 TO $60000	45075096.05
$60001 TO $70000	42140489.01
$70001 TO $80000	37897943.70
$80001 TO $90000	31880356.86
$90001 TO $100000	25990807.34
$100001 TO $150000	60447602.16
$150001 TO $200000	11469037.82
$200001 TO $300000	2019004.76
$300001 TO $400000	2600987.00
OVER $400000	4852528.62
TOTAL	419114065.28

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
AGI GROUP									
LOSS	2419	1.07	9393.39	-20284.34	4541.97	2.75	9453.02	279.81	67.72
$0 TO $10000	42107	18.55	4603.35	5765.59	1601.62	1.48	5073.47	123.44	2.32
$10001 TO $20000	42552	18.74	13480.87	15631.26	8760.98	1.80	6191.55	578.90	18.98
$20001 TO $30000	32994	14.53	22787.64	26162.92	17636.62	2.16	7412.24	1123.97	96.31
$30001 TO $40000	27248	12.00	34269.55	37354.71	27322.93	2.55	8744.98	1714.13	236.31
$40001 TO $50000	21843	9.62	43778.26	47788.28	36688.28	2.83	9709.65	2282.30	452.65
$50001 TO $60000	16104	7.09	51418.93	58344.23	46650.00	2.98	10225.59	2883.30	707.66
$60001 TO $70000	12292	5.41	60750.81	69338.04	57138.10	3.11	10661.57	3515.37	911.04
$70001 TO $80000	9227	4.06	68792.58	80950.00	68454.80	3.18	10908.93	4196.17	1127.58
$80001 TO $90000	6585	2.90	76590.00	93246.53	80689.34	3.18	10920.03	4931.24	1438.79
$90001 TO $100000	4516	1.99	79411.31	108457.67	95921.20	3.20	10989.45	5845.39	1762.82
$100001 TO $150000	7982	3.52	88647.44	138853.20	126216.49	3.22	11065.00	7663.43	2272.99
$150001 TO $200000	917	0.40	104499.49	220750.85	208452.16	3.16	10833.05	12595.07	3438.84
$200001 TO $300000	91	0.04	93696.38	378959.39	369781.09	2.32	7956.32	22260.18	5590.40
$300001 TO $400000	91	0.04	159032.60	489465.84	476371.25	3.36	11538.55	28675.64	7795.17
OVER $400000	82	0.04	228991.91	998607.43	986286.31	3.16	10838.20	59266.15	15801.98
TOTAL	227050	100	32370.73	39219.30	30765.18	2.33	7988.22	1909.70	417.61

AGI GROUP	TAX LIABILITY PFD NON-TAXABLE MEAN
LOSS	272.52
$0 TO $10000	96.10
$10001 TO $20000	525.66
$20001 TO $30000	1058.20
$30001 TO $40000	1639.38
$40001 TO $50000	2201.30
$50001 TO $60000	2799.00
$60001 TO $70000	3428.29
$70001 TO $80000	4107.29
$80001 TO $90000	4841.36
$90001 TO $100000	5755.27
$100001 TO $150000	7572.99
$150001 TO $200000	12507.13
$200001 TO $300000	22186.87
$300001 TO $400000	28582.27
OVER $400000	59177.18
TOTAL	1845.91

TABLE 36
1992 TAX ALTERNATIVE THREE
LOW ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
			SUM	SUM	SUM	SUM	SUM	SUM	SUM
AGI GROUP									
LOSS	2264	1.03	21510055.00	-48921117.13	9130408.10	6330.00	22712040.00	563093.07	135264.50
$0 TO $10000	38092	17.35	173424469.00	218101755.25	57470317.42	56474.00	202628712.00	4445953.22	85154.95
$10001 TO $20000	39603	18.04	531457697.00	618621308.98	343148419.14	70168.00	251762784.00	22656168.33	730792.86
$20001 TO $30000	31514	14.35	715441887.00	822644758.59	550069431.56	66914.00	240087432.00	35042972.27	2992348.87
$30001 TO $40000	26099	11.89	884436553.00	969951666.68	704216004.82	65254.00	234131352.00	44172335.36	6048637.36
$40001 TO $50000	21295	9.70	925620350.00	1017112468.21	775788676.01	59416.00	213184608.00	48252359.64	9463318.93
$50001 TO $60000	16056	7.31	824716113.00	935551453.61	743421985.61	47366.00	169949208.00	45947975.14	11265020.14
$60001 TO $70000	12422	5.66	752396329.00	862414743.02	707250543.02	38291.00	137388108.00	43510424.58	11296425.56
$70001 TO $80000	9564	4.36	657913473.00	773528676.35	650079116.35	30524.00	109520112.00	39852138.98	10685663.71
$80001 TO $90000	7028	3.20	536363704.00	655823705.91	565534173.91	22269.00	79901172.00	34561810.43	10016987.31
$90001 TO $100000	4866	2.22	385216038.00	526313960.95	462990468.95	15613.00	56019444.00	28218532.14	8524256.47
$100001 TO $150000	9346	4.26	835105299.00	1304899322.58	1182252238.58	30255.00	108554940.00	71783246.31	21395259.61
$150001 TO $200000	1171	0.53	126341782.00	258367717.96	243296309.96	3716.00	13333008.00	14702082.60	4003960.49
$200001 TO $300000	143	0.07	13834587.00	50797706.62	49248642.62	378.00	1356264.00	2966486.56	773822.74
$300001 TO $400000	37	0.02	5966913.00	17275554.88	16825674.88	110.00	394680.00	1012852.49	283598.70
OVER $400000	84	0.04	16066422.00	77910048.33	76798548.33	275.00	986700.00	4615400.90	1253467.45
TOTAL	219584	100	7405811671.00	9060393730.75	7137520959.23	513353.00	1841910563.99	442303832.01	98953979.66

	TAX LIABILITY PFD NON-TAXABLE
AGI GROUP	SUM
LOSS	547824.49
$0 TO $10000	3448219.05
$10001 TO $20000	20588905.15
$20001 TO $30000	33004165.89
$30001 TO $40000	42252960.29
$40001 TO $50000	46547320.56
$50001 TO $60000	44605319.14
$60001 TO $70000	42435032.58
$70001 TO $80000	39004746.98
$80001 TO $90000	33932050.43
$90001 TO $100000	27779428.14
$100001 TO $150000	70935134.31
$150001 TO $200000	14597778.60
$200001 TO $300000	2954918.56
$300001 TO $400000	1009540.49
OVER $400000	4607912.90
TOTAL	428251257.55

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
AGI GROUP			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
LOSS	2264	1.03	9500.91	-21656.09	4032.87	2.80	10031.82	248.72	59.75
$0 TO $10000	38092	17.35	4552.78	5750.26	1508.72	1.48	5319.46	116.72	2.24
$10001 TO $20000	39603	18.04	13419.63	15652.98	8664.71	1.77	6357.16	572.08	18.45
$20001 TO $30000	31514	14.35	22702.35	26162.22	17454.76	2.12	7618.44	1111.98	94.95
$30001 TO $40000	26099	11.89	33887.76	37219.94	26982.49	2.50	8970.89	1692.49	231.76
$40001 TO $50000	21295	9.70	43466.56	47816.86	36430.56	2.79	10011.02	2265.90	444.39
$50001 TO $60000	16056	7.31	51364.98	58340.70	46301.82	2.95	10584.78	2861.73	701.61
$60001 TO $70000	12422	5.66	60569.66	69515.94	56935.32	3.08	11060.06	3502.69	909.39
$70001 TO $80000	9564	4.36	68790.62	81006.25	67971.47	3.19	11451.29	4166.89	1117.28
$80001 TO $90000	7028	3.20	76318.11	93462.12	80468.72	3.17	11368.98	4917.73	1425.30
$90001 TO $100000	4866	2.22	79164.82	108206.00	95148.06	3.21	11512.42	5799.12	1751.80
$100001 TO $150000	9346	4.26	89354.30	139680.94	126498.21	3.24	11615.12	7680.64	2289.24
$150001 TO $200000	1171	0.53	107892.21	220638.53	207767.98	3.17	11386.00	12555.15	3419.27
$200001 TO $300000	143	0.07	96745.36	355228.72	344396.10	2.64	9484.36	20744.66	5411.35
$300001 TO $400000	37	0.02	161267.92	466906.89	454747.97	2.97	10667.03	27374.39	7664.83
OVER $400000	84	0.04	191266.93	927500.58	914268.43	3.27	11746.43	54945.25	14922.23
TOTAL	219584	100	33726.55	41346.55	32504.74	2.34	8388.18	2014.28	450.64

	TAX LIABILITY PFD NON-TAXABLE
AGI GROUP	MEAN
LOSS	241.97
$0 TO $10000	90.52
$10001 TO $20000	519.88
$20001 TO $30000	1047.29
$30001 TO $40000	1618.95
$40001 TO $50000	2185.83
$50001 TO $60000	2778.11
$60001 TO $70000	3416.12
$70001 TO $80000	4078.29
$80001 TO $90000	4828.12
$90001 TO $100000	5708.88
$100001 TO $150000	7589.89
$150001 TO $200000	12466.08
$200001 TO $300000	20663.77
$300001 TO $400000	27284.88
OVER $400000	54856.11
TOTAL	1950.28

Liability to Collections

The projected time pattern generated from 1970 - 1979 accounting data can be used to translate the projected tax year collections presented in the tables below into gross receipts (col. 2), refunds (col. 3), and net receipts (col. 4) by quarter and fiscal year. The U. S. Consumer Price Index (col. 5) is used to deflate or inflate the net receipts in nominal dollars to real 1986 dollars (col. 6) so we can compare estimated 1988 through 1992 projected fiscal year collections to actual collections from 1975 through 1979.

TABLE 37
(PFD TAXABLE)
LIABILTITY TO COLLECTIONS
TAX ALTERNATIVE THREE
LOW ECONOMIC SCENARIO

	----------USING HISTORICAL DATA----------										
FY/Q	GROSS RECEIPTS ($a nom)	REFUNDS ($a nom)	NET RECEIPTS ($a nom)	CPI	NET REC $86 ($a real)	FY/Q	GROSS RECEIPTS ($a nom)	REFUNDS ($a nom)	NET RECEIPTS ($a nom)	CPI	NET REC $86 ($a real)
86				325.98		86				325.98	
75/1	$18	$1	$17			88/1	$0	$1	($1)		
/2	$25	$0	$25			/2	$0	$0	($0)		
/3	$27	$2	$25			/3	$1	$3	($1)		
/4	$34	$14	$21			/4	$80	$6	$74		
TOTAL	$104	$16	$87	155.16	$184	TOTAL	$81	$9	$72	338.66	$69
76/1	$36	$2	$34			89/1	$106	$5	$101		
/2	$46	$1	$45			/2	$140	$2	$138		
/3	$47	$13	$34			/3	$136	$16	$120		
/4	$50	$16	$34			/4	$113	$36	$76		
TOTAL	$178	$31	$147	166.17	$288	TOTAL	$495	$60	$435	354.17	$401
77/1	$53	$3	$50			90/1	$110	$6	$103		
/2	$62	$1	$61			/2	$145	$2	$143		
/3	$77	$15	$63			/3	$141	$20	$121		
/4	$60	$22	$38			/4	$116	$44	$72		
TOTAL	$252	$41	$210	175.80	$390	TOTAL	$511	$72	$439	370.39	$386
78/1	$46	$3	$43			91/1	$113	$5	$108		
/2	$43	$1	$42			/2	$149	$2	$147		
/3	$42	$6	$36			/3	$145	$16	$129		
/4	$50	$25	$25			/4	$119	$35	$84		
TOTAL	$181	$36	$146	187.62	$253	TOTAL	$525	$57	$468	387.35	$394
79/1	$43	$10	$33			92/1	$115	$5	$110		
/2	$42	$1	$41			/2	$152	$2	$150		
/3	$42	$15	$27			/3	$148	$15	$132		
/4	$47	$31	$16			/4	$119	$34	$86		
TOTAL	$174	$57	$117	205.22	$186	TOTAL	$534	$55	$478	405.09	$385

TABLE 38
1988 TAX ALTERNATIVE THREE
MODERATE ECONOMIC SCENARIO

			WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
	N	PCTN	SUM	SUM	SUM	SUM	SUM	SUM	SUM
AGI GROUP									
LOSS	3100	1.17	28281141.00	-61444490.96	13050612.80	8295.00	24885000.00	802867.07	192509.44
$0 TO $10000	59403	22.42	270128023.00	338555016.00	112263277.23	85667.00	257001000.00	8426346.28	156500.08
$10001 TO $20000	54784	20.68	728576580.00	851035482.08	513731088.97	98951.00	296853000.00	33682409.78	1117048.92
$20001 TO $30000	39411	14.88	891007933.00	1030107863.38	725125986.45	88043.00	264129000.00	46011697.89	3884640.59
$30001 TO $40000	31031	11.71	1030650179.00	1150799371.58	868683323.79	81746.00	245238000.00	54352999.43	7342828.55
$40001 TO $50000	23954	9.04	1032909499.00	1142649829.99	903678937.79	69458.00	208374000.00	56073826.01	11329421.42
$50001 TO $60000	17163	6.48	882968616.00	998647869.19	820618869.19	51769.00	155307000.00	50611612.15	12440614.93
$60001 TO $70000	12206	4.61	742422172.00	844152753.33	712851753.33	38244.00	114732000.00	43774065.20	11356004.34
$70001 TO $80000	8524	3.22	588115204.00	688799061.32	595524561.32	27190.00	81570000.00	36442563.68	9853284.13
$80001 TO $90000	5672	2.14	432324512.00	528886838.01	467107838.01	17968.00	53904000.00	28503290.28	8394351.80
$90001 TO $100000	3549	1.34	282732742.00	381335884.95	342742384.95	11218.00	33654000.00	20861993.10	6307408.58
$100001 TO $150000	5427	2.05	473620536.00	748821667.34	689442667.34	17285.00	51855000.00	41819080.04	12371937.27
$150001 TO $200000	470	0.18	47369847.00	101944043.67	97122293.67	1404.00	4212000.00	5863922.62	1574844.83
$200001 TO $300000	49	0.02	4666366.00	18125990.20	17725490.20	116.00	348000.00	1066679.41	263407.07
$300001 TO $400000	95	0.04	15666462.00	46314279.44	45156279.44	339.00	1017000.00	2717836.77	753060.43
OVER $400000	83	0.03	17633031.00	85184874.61	84301374.61	256.00	768000.00	5065012.48	1353182.02
TOTAL	264921	100	7469072843.00	8893916334.10	7009126739.06	597949.00	1793847000.00	436076202.17	88691044.41

AGI GROUP	TAX LIABILITY PFD NON-TAXABLE SUM
LOSS	783036.77
$0 TO $10000	6735796.63
$10001 TO $20000	30823865.34
$20001 TO $30000	43507559.19
$30001 TO $40000	52120999.43
$40001 TO $50000	54220736.27
$50001 TO $60000	49237132.15
$60001 TO $70000	42771105.20
$70001 TO $80000	35731473.68
$80001 TO $90000	28026470.28
$90001 TO $100000	20564543.10
$100001 TO $150000	41366560.04
$150001 TO $200000	5827337.62
$200001 TO $300000	1063529.41
$300001 TO $400000	2709376.77
OVER $400000	5058082.48
TOTAL	420547604.34

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
AGI GROUP			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
LOSS	3100	1.17	9122.95	-19878.52	4209.88	2.68	8027.42	258.99	62.10
$0 TO $10000	59403	22.42	4547.38	5726.77	1889.86	1.44	4326.40	141.85	2.63
$10001 TO $20000	54784	20.68	13299.08	15570.76	9377.39	1.81	5418.61	614.82	20.39
$20001 TO $30000	39411	14.88	22608.10	26192.07	18399.08	2.23	6701.91	1167.48	98.57
$30001 TO $40000	31031	11.71	33213.57	37138.13	27994.05	2.63	7903.00	1751.57	236.63
$40001 TO $50000	23954	9.04	43120.54	47765.65	37725.60	2.90	8698.92	2340.90	472.97
$50001 TO $60000	17163	6.48	51446.05	58264.17	47813.25	3.02	9048.94	2948.88	724.85
$60001 TO $70000	12206	4.61	60824.36	69255.29	58401.75	3.13	9399.64	3586.27	930.36
$70001 TO $80000	8524	3.22	68995.21	80939.96	69864.45	3.19	9569.45	4275.29	1159.95
$80001 TO $90000	5672	2.14	76220.82	93376.91	82353.29	3.17	9503.53	5025.26	1479.96
$90001 TO $100000	3549	1.34	79665.47	107539.73	96574.35	3.16	9482.67	5878.27	1777.24
$100001 TO $150000	5427	2.05	87271.15	138031.64	127039.37	3.19	9555.00	7705.75	2279.70
$150001 TO $200000	470	0.18	100786.91	216902.22	206643.18	2.99	8961.70	12476.43	3350.73
$200001 TO $300000	49	0.02	95231.96	369918.17	361744.70	2.37	7102.04	21768.97	5375.65
$300001 TO $400000	95	0.04	164910.13	487518.73	475329.26	3.57	10705.26	28608.81	7926.95
OVER $400000	83	0.03	212446.16	1026323.79	1015679.21	3.08	9253.01	61024.25	16303.40
TOTAL	264921	100	28193.59	33654.15	26457.42	2.26	6771.25	1646.06	334.78

AGI GROUP	TAX LIABILITY PFD NON-TAXABLE MEAN
LOSS	252.59
$0 TO $10000	113.39
$10001 TO $20000	562.64
$20001 TO $30000	1103.94
$30001 TO $40000	1679.64
$40001 TO $50000	2263.54
$50001 TO $60000	2868.80
$60001 TO $70000	3504.10
$70001 TO $80000	4191.87
$80001 TO $90000	4941.20
$90001 TO $100000	5794.46
$100001 TO $150000	7622.36
$150001 TO $200000	12398.59
$200001 TO $300000	21704.68
$300001 TO $400000	28519.76
OVER $400000	60940.75
TOTAL	1587.45

TABLE 39
1989 TAX ALTERNATIVE THREE
MODERATE ECONOMIC SCENARIO

AGI GROUP	N	PCTN	WAGE & SALARY SUM	ADJ GROSS INCOME SUM	TAXABLE INCOME SUM	NUMBER OF EXEMPTIONS SUM	VALUE OF EXEMPTIONS SUM	TAX LIABILITY PFD TAXABLE SUM	PAID FROM FEDRL TAX SUM
LOSS	3006	1.12	28070529.00	-64487886.75	14005505.36	8114.00	25456863.60	860898.06	214771.75
$0 TO $10000	56662	21.11	257635640.00	324767512.55	101609692.50	82012.00	257304448.80	7761324.73	149267.74
$10001 TO $20000	54308	20.24	720811102.00	844326250.27	497945908.19	97269.00	305171760.60	32849617.72	1059389.00
$20001 TO $30000	39735	14.81	897217379.00	1038269296.78	722179079.67	87008.00	272978899.20	45930920.39	3894861.32
$30001 TO $40000	31588	11.77	1055289336.00	1174989186.46	879729725.79	81557.00	255876931.80	55169643.99	7535060.00
$40001 TO $50000	24634	9.18	1062494637.00	1175937775.50	921387941.12	70535.00	221296509.00	57297692.47	11523910.16
$50001 TO $60000	17785	6.63	913542735.00	1035260965.56	842592591.76	53447.00	167684617.80	52065875.51	12790933.05
$60001 TO $70000	13042	4.86	791237713.00	903171006.17	757484094.97	40429.00	126841944.60	46587461.70	12095129.78
$70001 TO $80000	9356	3.49	643333916.00	757004148.90	649899883.50	29782.00	93438046.80	39825449.01	10752217.50
$80001 TO $90000	6388	2.38	486846827.00	595002856.86	522019467.06	20259.00	63560586.60	31892560.02	9347484.76
$90001 TO $100000	4223	1.57	333768399.00	456522662.61	407971046.41	13467.00	42251365.80	24857030.78	7481700.80
$100001 TO $150000	6717	2.50	592160693.00	933514844.65	856114317.05	21486.00	67410176.40	51968539.02	15358197.96
$150001 TO $200000	658	0.25	67581334.00	143041504.29	135868603.49	1992.00	6249700.80	8207508.21	2212744.60
$200001 TO $300000	78	0.03	6477017.00	32038015.94	31378083.94	180.00	564732.00	1888397.04	494919.05
$300001 TO $400000	90	0.03	13946040.00	45523451.28	44406919.88	311.00	975731.40	2672863.19	735332.89
OVER $400000	80	0.03	15339488.00	76761347.92	75814674.32	264.00	828273.60	4555984.46	1262938.77
TOTAL	268350	100	7885752785.00	9471642938.98	7460407534.96	608112.00	1907890588.79	464441766.29	96908859.12

	TAX LIABILITY PFD NON-TAXABLE
AGI GROUP	SUM
LOSS	840330.32
$0 TO $10000	6096581.55
$10001 TO $20000	29876754.49
$20001 TO $30000	43330744.78
$30001 TO $40000	52783783.55
$40001 TO $50000	55283276.47
$50001 TO $60000	50555555.51
$60001 TO $70000	45449045.70
$70001 TO $80000	38993993.01
$80001 TO $90000	31321168.02
$90001 TO $100000	24478262.78
$100001 TO $150000	51366859.02
$150001 TO $200000	8152116.21
$200001 TO $300000	1882685.04
$300001 TO $400000	2664415.19
OVER $400000	4548880.46
TOTAL	447624452.10

AGI GROUP	N	PCTN	WAGE & SALARY MEAN	ADJ GROSS INCOME MEAN	TAXABLE INCOME MEAN	NUMBER OF EXEMPTIONS MEAN	VALUE OF EXEMPTIONS MEAN	TAX LIABILITY PFD TAXABLE MEAN	PAID FROM FEDRL TAX MEAN
LOSS	3006	1.12	9338.17	-21510.30	4659.18	2.70	8468.68	286.39	71.45
$0 TO $10000	56662	21.11	4546.89	5759.00	1793.26	1.45	4541.04	136.98	2.63
$10001 TO $20000	54308	20.24	13272.65	15582.86	9168.92	1.79	5619.28	604.88	19.51
$20001 TO $30000	39735	14.81	22580.03	26186.52	18174.89	2.19	6869.99	1157.19	98.02
$30001 TO $40000	31588	11.77	33407.92	37257.48	27850.12	2.58	8100.45	1746.54	238.54
$40001 TO $50000	24634	9.18	43131.23	47798.46	37403.10	2.86	8983.38	2325.96	467.81
$50001 TO $60000	17785	6.63	51365.91	58281.88	47376.59	3.01	9428.43	2927.52	719.20
$60001 TO $70000	13042	4.86	60668.43	69330.70	58080.36	3.10	9725.65	3572.11	927.40
$70001 TO $80000	9356	3.49	68761.64	81058.37	69463.43	3.18	9986.97	4256.67	1149.23
$80001 TO $90000	6388	2.38	76212.72	93304.51	81718.76	3.17	9950.00	4992.57	1463.29
$90001 TO $100000	4223	1.57	79035.85	108155.10	96606.93	3.19	10005.06	5886.11	1771.66
$100001 TO $150000	6717	2.50	88158.51	139060.75	127454.86	3.20	10035.76	7736.87	2286.47
$150001 TO $200000	658	0.25	102707.19	217388.30	206487.24	3.03	9498.03	12473.42	3362.83
$200001 TO $300000	78	0.03	83038.68	410743.79	402283.13	2.31	7240.15	24210.22	6345.12
$300001 TO $400000	90	0.03	154956.00	505816.13	493410.22	3.46	10841.46	29698.48	8170.37
OVER $400000	80	0.03	191743.60	959516.85	947683.43	3.30	10353.42	56949.81	15786.73
TOTAL	268350	100	29386.07	35380.50	27801.03	2.27	7109.71	1730.73	361.13

	TAX LIABILITY PFD NON-TAXABLE
	MEAN
AGI GROUP	
LOSS	279.55
$0 TO $10000	107.60
$10001 TO $20000	550.14
$20001 TO $30000	1090.49
$30001 TO $40000	1671.01
$40001 TO $50000	2244.19
$50001 TO $60000	2842.60
$60001 TO $70000	3484.82
$70001 TO $80000	4167.81
$80001 TO $90000	4903.13
$90001 TO $100000	5796.42
$100001 TO $150000	7647.29
$150001 TO $200000	12389.23
$200001 TO $300000	24136.99
$300001 TO $400000	29604.61
OVER $400000	56861.01
TOTAL	1668.06

TABLE 40
1990 TAX ALTERNATIVE THREE
MODERATE ECONOMIC SCENARIO

AGI GROUP	N	PCTN	WAGE & SALARY SUM	ADJ GROSS INCOME SUM	TAXABLE INCOME SUM	NUMBER OF EXEMPTIONS SUM	VALUE OF EXEMPTIONS SUM	TAX LIABILITY PTD TAXABLE SUM	PAID FROM FEDRL TAX SUM
LOSS	2925	1.09	26365568.00	-59283482.17	12785719.14	7950.00	26084745.00	787526.79	192237.83
$0 TO $10000	53944	20.14	244905721.00	308713792.33	92333065.77	77609.00	254642889.90	7075103.24	133916.20
$10001 TO $20000	52742	19.70	703208749.00	821126187.45	478190844.15	93055.00	305322760.50	31520753.19	1022498.69
$20001 TO $30000	39408	14.72	893115999.00	1028639440.14	710315166.03	84237.00	276390020.70	45200539.41	3848250.88
$30001 TO $40000	31554	11.78	1062534280.00	1173442339.22	871851394.21	80088.00	262776736.80	54660124.73	7491232.92
$40001 TO $50000	24721	9.23	1067862265.00	1177443432.09	915177720.65	69872.00	229257019.20	56909383.24	11317667.49
$50001 TO $60000	18138	6.77	932249695.00	1056722125.05	854613776.65	53910.00	176884101.00	52803274.60	12963983.69
$60001 TO $70000	13563	5.06	822511897.00	939857608.90	783153088.70	41827.00	137238569.70	48166001.32	12489144.91
$70001 TO $80000	10073	3.76	695422872.00	814731935.87	695239337.97	31954.00	104844269.40	42606056.28	11493425.54
$80001 TO $90000	6963	2.60	532100419.00	649054524.68	566389491.68	22062.00	72387628.20	34606313.50	10117572.39
$90001 TO $100000	4660	1.74	370013362.00	504648932.17	449283663.87	14755.00	48412630.50	27374571.83	8244947.66
$100001 TO $150000	7947	2.97	701929743.00	1102877983.44	1006764962.94	25661.00	84196307.10	61121721.78	18150384.29
$150001 TO $200000	853	0.32	89488808.00	186064265.47	176168480.37	2641.00	8665385.10	10643932.82	2872000.80
$200001 TO $300000	109	0.04	9900570.00	42186195.84	41153574.44	274.00	899021.40	2477230.47	627972.21
$300001 TO $400000	108	0.04	15989348.00	53490334.51	52147781.81	357.00	1171352.70	3139138.91	844963.32
OVER $400000	74	0.03	14865466.00	74469794.42	73576011.52	240.00	787464.00	4421136.69	1225188.64
TOTAL	267782	100	8182464762.00	9874179409.39	7779144079.85	606492.00	1989960901.19	483512808.79	103035387.46

	TAX LIABILITY PFD NON-TAXABLE
	SUM
AGI GROUP	
LOSS	767143.15
$0 TO $10000	5539983.95
$10001 TO $20000	28691450.65
$20001 TO $30000	42618909.96
$30001 TO $40000	52311083.65
$40001 TO $50000	54910663.24
$50001 TO $60000	51276826.60
$60001 TO $70000	46939185.32
$70001 TO $80000	41714360.28
$80001 TO $90000	33983369.50
$90001 TO $100000	26957019.83
$100001 TO $150000	60405897.78
$150001 TO $200000	10570108.82
$200001 TO $300000	2469214.47
$300001 TO $400000	3128866.91
OVER $400000	4414560.69
TOTAL	466748644.79

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
AGI GROUP									
LOSS	2925	1.09	9013.87	-20309.52	4371.19	2.72	8917.86	269.24	65.72
$0 TO $10000	53944	20.14	4540.00	5749.72	1711.65	1.44	4720.50	131.16	2.48
$10001 TO $20000	52742	19.70	13332.99	15603.35	9066.60	1.76	5788.99	597.64	19.39
$20001 TO $30000	39408	14.72	22663.32	26149.41	18024.64	2.14	7013.55	1146.99	97.65
$30001 TO $40000	31554	11.78	33673.52	37239.13	27630.46	2.54	8327.84	1732.27	237.41
$40001 TO $50000	24721	9.23	43196.56	47687.15	37020.25	2.83	9273.78	2302.07	457.82
$50001 TO $60000	18138	6.77	51397.60	58337.32	47117.31	2.97	9752.13	2911.20	714.74
$60001 TO $70000	13563	5.06	60643.80	69377.55	57741.88	3.08	10118.60	3551.28	920.80
$70001 TO $80000	10073	3.76	69038.31	81043.66	69020.09	3.17	10408.45	4229.73	1141.01
$80001 TO $90000	6963	2.60	76418.27	93375.70	81342.74	3.17	10396.04	4970.03	1453.05
$90001 TO $100000	4660	1.74	79402.01	108317.01	96412.80	3.17	10388.98	5874.37	1769.30
$100001 TO $150000	7947	2.97	88326.38	138813.34	126684.91	3.23	10594.73	7691.17	2283.93
$150001 TO $200000	853	0.32	104910.68	218129.27	206528.11	3.10	10158.72	12478.23	3366.94
$200001 TO $300000	109	0.04	90830.92	387029.32	377555.73	2.51	8247.90	22726.89	5761.21
$300001 TO $400000	108	0.04	148049.52	495280.88	482849.83	3.31	10845.86	29066.10	7823.73
OVER $400000	74	0.03	200884.68	1020134.17	994270.43	3.24	10641.41	59745.09	16556.60
TOTAL	267782	100	30556.44	36956.06	29050.29	2.26	7431.27	1805.62	384.77

AGI GROUP	TAX LIABILITY PID NON-TAXABLE MEAN
LOSS	262.27
$0 TO $10000	102.70
$10001 TO $20000	544.00
$20001 TO $30000	1081.48
$30001 TO $40000	1657.83
$40001 TO $50000	2221.22
$50001 TO $60000	2827.04
$60001 TO $70000	3464.51
$70001 TO $80000	4141.21
$80001 TO $90000	4880.56
$90001 TO $100000	5784.77
$100001 TO $150000	7601.09
$150001 TO $200000	12391.69
$200001 TO $300000	22653.34
$300001 TO $400000	28970.99
OVER $400000	59656.23
TOTAL	1743.02

TABLE 41
1991 TAX ALTERNATIVE THREE
MODERATE ECONOMIC SCENARIO

			WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
	N	PCTN	SUM	SUM	SUM	SUM	SUM	SUM	SUM
AGI GROUP									
LOSS	2826	1.05	26151717.00	-58930891.94	13232457.15	7702.00	26428642.80	812253.74	206797.43
$0 TO $10000	51193	19.07	233394604.00	292786918.06	82582252.75	74429.00	255395670.60	6357076.19	122147.60
$10001 TO $20000	51365	19.14	686318284.00	799113086.17	456138304.79	90083.00	309110806.20	30075759.46	960092.44
$20001 TO $30000	39219	14.61	889736838.00	1022530539.62	697377972.92	82853.00	284301784.20	44376178.30	3799309.46
$30001 TO $40000	31792	11.85	1071210898.00	1181316606.58	870469704.91	79365.00	272333061.00	54562460.60	7476603.34
$40001 TO $50000	25107	9.35	1086818833.00	1197238525.45	924169008.81	69920.00	239923488.00	57457212.53	11392842.50
$50001 TO $60000	18680	6.96	959615727.00	1087936586.28	873345010.88	55022.00	188802490.80	53960604.65	13257555.05
$60001 TO $70000	14172	5.28	862239297.00	983541884.84	813410134.24	43674.00	149862963.60	50030000.05	12980124.62
$70001 TO $80000	10701	3.99	734716610.00	866083961.40	734339276.20	33882.00	116262694.80	45002452.57	12088821.85
$80001 TO $90000	7572	2.82	576125158.00	705032371.02	611844727.42	23906.00	82031048.40	37386667.65	10876714.54
$90001 TO $100000	5223	1.95	412975522.00	565674142.95	501083315.95	16559.00	56820552.60	30532038.96	9204619.46
$100001 TO $150000	9204	3.43	813480190.00	1285842525.18	1170104913.78	29707.00	101936599.80	71035590.83	20994394.11
$150001 TO $200000	1073	0.40	113944305.00	231801267.08	218668417.68	3371.00	11567249.40	13214041.06	3616272.24
$200001 TO $300000	143	0.05	15670147.00	52588873.08	51206514.48	349.00	1197558.60	3083478.87	804852.83
$300001 TO $400000	44	0.02	7005312.00	22124906.06	21571247.26	142.00	487258.80	1298258.84	332590.66
OVER $400000	79	0.03	15733671.00	86653603.57	85677122.17	251.00	861281.40	5147539.33	1428588.95
TOTAL	268393	100	8505137113.00	10321334905	8125220381.34	611215.00	2097323150.99	504331613.52	109542327.07

	TAX LIABILITY PFD NON-TAXABLE
	SUM
AGI GROUP	
LOSS	793947.43
$0 TO $10000	4954935.17
$10001 TO $20000	27368298.29
$20001 TO $30000	41842678.38
$30001 TO $40000	52228182.29
$40001 TO $50000	55450140.53
$50001 TO $60000	52400700.65
$60001 TO $70000	48804608.05
$70001 TO $80000	44060356.57
$80001 TO $90000	36710683.65
$90001 TO $100000	30064998.96
$100001 TO $150000	70206294.83
$150001 TO $200000	13120105.06
$200001 TO $300000	3072390.87
$300001 TO $400000	1294274.84
OVER $400000	5140627.33
TOTAL	487513222.88

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
			MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
AGI GROUP									
LOSS	2826	1.05	9253.97	-20904.89	4682.40	2.73	9351.96	287.42	73.18
$0 TO $10000	51193	19.07	4559.11	5746.33	1613.16	1.45	4988.88	124.18	2.39
$10001 TO $20000	51365	19.14	13361.59	15592.75	8880.33	1.75	6017.93	585.53	18.69
$20001 TO $30000	39219	14.61	22686.37	26124.95	17781.64	2.11	7249.08	1131.50	96.87
$30001 TO $40000	31792	11.85	33694.35	37213.85	27380.15	2.50	8566.09	1716.23	235.17
$40001 TO $50000	25107	9.35	43287.48	47742.49	36809.22	2.78	9556.04	2288.49	453.77
$50001 TO $60000	18680	6.96	51371.29	58309.39	46752.94	2.95	10107.20	2888.68	709.72
$60001 TO $70000	14172	5.28	60841.05	69473.89	57395.58	3.08	10574.58	3530.20	915.90
$70001 TO $80000	10701	3.99	68658.69	81094.00	68623.43	3.17	10864.66	4205.44	1129.69
$80001 TO $90000	7572	2.82	76086.26	93245.92	80803.58	3.16	10833.47	4937.49	1436.44
$90001 TO $100000	5223	1.95	79068.64	108345.94	95937.84	3.17	10878.91	5845.69	1762.32
$100001 TO $150000	9204	3.43	88383.33	139735.11	127130.04	3.23	11075.25	7717.90	2281.01
$150001 TO $200000	1073	0.40	106192.27	216031.00	203791.63	3.14	10780.29	12315.04	3370.24
$200001 TO $300000	143	0.05	109581.45	367754.36	358087.51	2.44	8374.54	21562.79	5628.34
$300001 TO $400000	44	0.02	159211.64	502838.77	490255.62	3.23	11074.06	29505.88	7558.88
OVER $400000	79	0.03	199160.39	1096881.06	1084520.53	3.18	10902.30	65158.73	18083.40
TOTAL	268393	100	31689.12	38541.35	30273.59	2.28	7814.37	1879.08	408.14

AGI GROUP	TAX LIABILITY PFD NON-TAXABLE MEAN
LOSS	280.94
$0 TO $10000	96.79
$10001 TO $20000	532.82
$20001 TO $30000	1066.90
$30001 TO $40000	1642.81
$40001 TO $50000	2208.55
$50001 TO $60000	2805.18
$60001 TO $70000	3443.73
$70001 TO $80000	4117.41
$80001 TO $90000	4818.21
$90001 TO $100000	5756.27
$100001 TO $150000	7627.80
$150001 TO $200000	12227.50
$200001 TO $300000	21485.25
$300001 TO $400000	29415.34
OVER $400000	65071.23
TOTAL	1816.42

TABLE 42
1992 TAX ALTERNATIVE THREE
MODERATE ECONOMIC SCENARIO

	N	PCTN	WAGE & SALARY	ADJ GROSS INCOME	TAXABLE INCOME	NUMBER OF EXEMPTIONS	VALUE OF EXEMPTIONS	TAX LIABILITY PFD TAXABLE	PAID FROM FEDRL TAX
AGI GROUP			SUM	SUM	SUM	SUM	SUM	SUM	SUM
LOSS	2782	1.03	25603313.00	-59702639.05	11455782.37	7712.00	27670656.00	705950.06	173310.50
$0 TO $10000	48792	18.13	223074635.00	278533905.75	74264960.12	71311.00	255863868.00	5737763.75	120369.43
$10001 TO $20000	50190	18.65	676856501.00	781699606.62	437070798.72	87589.00	314269332.00	28825677.70	925686.31
$20001 TO $30000	38976	14.48	888895439.00	1015967845.12	685925171.17	80948.00	290441424.00	43635169.17	3766836.16
$30001 TO $40000	32175	11.96	1106841949.00	1198468641.04	876834833.99	78924.00	283179312.00	54942236.59	7650592.62
$40001 TO $50000	25484	9.47	1115540797.00	1217226964.02	932556988.44	70076.00	251432688.00	57968586.39	11463229.55
$50001 TO $60000	18908	7.03	972929669.00	1100596817.88	877852717.88	54889.00	196941732.00	54233083.07	13325054.77
$60001 TO $70000	14503	5.39	880193746.00	1006003243.51	827274559.51	44089.00	158191332.00	50878617.57	13233723.88
$70001 TO $80000	11144	4.14	765860468.00	901551955.07	759264427.07	35168.00	126182784.00	46535497.62	12522147.69
$80001 TO $90000	8039	2.99	611409955.00	749701168.29	647265140.29	25269.00	90665172.00	39550340.42	11447838.10
$90001 TO $100000	5768	2.14	455260282.00	625050219.33	550579703.33	18361.00	65879268.00	33551118.20	10111182.61
$100001 TO $150000	10728	3.99	956129483.00	1494754712.25	1354509524.25	34613.00	124191444.00	82236379.45	24404433.93
$150001 TO $200000	1357	0.50	144745472.00	297047438.64	279447590.64	4346.00	15593448.00	16887239.44	4572845.90
$200001 TO $300000	170	0.06	16224039.00	62192474.87	60351062.87	449.00	1611012.00	3634887.77	947458.93
$300001 TO $400000	28	0.01	4277365.00	13337617.96	12937605.96	99.00	355212.00	778944.36	210569.82
OVER $400000	85	0.03	18159817.00	82022574.16	80793058.16	307.00	1101516.00	4855263.49	1346759.61
TOTAL	269129	100	8862002930.00	10764452545	8468383924.77	614150.00	2203570199.99	524956755.05	116222039.81

AGI GROUP	TAX LIABILITY PFD NON-TAXABLE SUM
LOSS	687346.94
$0 TO $10000	4455897.61
$10001 TO $20000	26224247.92
$20001 TO $30000	41155510.27
$30001 TO $40000	52610090.04
$40001 TO $50000	55953419.31
$50001 TO $60000	52671163.07
$60001 TO $70000	49636473.57
$70001 TO $80000	45555865.62
$80001 TO $90000	38835908.42
$90001 TO $100000	33034782.20
$100001 TO $150000	81270571.45
$150001 TO $200000	16766855.44
$200001 TO $300000	3621063.77
$300001 TO $400000	776256.36
OVER $400000	4847583.49
TOTAL	508103035.48

AGI GROUP	N	PCTN	WAGE & SALARY MEAN	ADJ GROSS INCOME MEAN	TAXABLE INCOME MEAN	NUMBER OF EXEMPTIONS MEAN	VALUE OF EXEMPTIONS MEAN	TAX LIABILITY PFD TAXABLE MEAN	PAID FROM FEDRL TAX MEAN
LOSS	2782	1.03	9203.20	-21514.46	4117.82	2.77	9946.32	253.76	62.30
$0 TO $10000	48792	18.13	4571.95	5735.52	1522.07	1.46	5243.97	117.60	2.47
$10001 TO $20000	50190	18.65	13485.88	15611.82	8708.32	1.75	6261.59	574.33	18.44
$20001 TO $30000	38976	14.48	22806.23	26120.78	17598.65	2.08	7451.80	1119.54	96.65
$30001 TO $40000	32175	11.96	34400.68	37302.93	27252.05	2.45	8801.22	1707.61	237.78
$40001 TO $50000	25484	9.47	43774.16	47822.53	36593.82	2.75	9866.30	2274.71	449.82
$50001 TO $60000	18908	7.03	51455.98	58278.89	46427.58	2.90	10415.79	2868.26	704.73
$60001 TO $70000	14503	5.39	60690.46	69451.38	57041.62	3.04	10907.49	3508.14	912.48
$70001 TO $80000	11144	4.14	68724.02	81038.38	68132.13	3.16	11322.93	4175.83	1123.67
$80001 TO $90000	8039	2.99	76055.47	93409.07	80515.63	3.14	11278.17	4919.81	1424.04
$90001 TO $100000	5768	2.14	78928.62	108402.74	95454.18	3.18	11421.51	5816.77	1752.98
$100001 TO $150000	10728	3.99	89124.67	139384.06	126259.28	3.23	11576.38	7665.58	2274.84
$150001 TO $200000	1357	0.50	106665.79	218900.10	205930.43	3.20	11491.12	12444.54	3369.82
$200001 TO $300000	170	0.06	95435.52	365838.09	355006.25	2.64	9476.54	21381.69	5573.29
$300001 TO $400000	28	0.01	152763.04	476343.50	462057.36	3.54	12686.14	27819.44	7520.35
OVER $400000	85	0.03	213644.91	964971.46	950506.57	3.61	12959.01	57120.75	15844.23
TOTAL	269129	100	32928.46	40085.70	31465.89	2.28	8187.78	1950.58	431.85

	TAX LIABILITY PFD NON-TAXABLE
	MEAN
AGI GROUP	
LOSS	247.07
$0 TO $10000	91.32
$10001 TO $20000	522.50
$20001 TO $30000	1055.92
$30001 TO $40000	1635.12
$40001 TO $50000	2195.63
$50001 TO $60000	2785.65
$60001 TO $70000	3422.50
$70001 TO $80000	4087.93
$80001 TO $90000	4830.94
$90001 TO $100000	5727.25
$100001 TO $150000	7575.56
$150001 TO $200000	12355.83
$200001 TO $300000	21300.38
$300001 TO $400000	27723.44
OVER $400000	57030.39
TOTAL	1887.95

Liability to Collections

The projected time pattern generated from 1970 - 1979 accounting data can be used to translate the projected tax year collections presented in the tables below into gross receipts (col. 2), refunds (col. 3), and net receipts (col. 4) by quarter and fiscal year. The U. S. Consumer Price Index (col. 5) is used to deflate or inflate the net receipts in nominal dollars to real 1986 dollars (col. 6) so we can compare estimated 1988 through 1992 projected fiscal year collections to actual collections from 1975 through 1979.

TABLE 43
(PFD TAXABLE)
LIABILTITY TO COLLECTIONS
TAX ALTERNATIVE THREE
MODERATE ECONOMIC SCENARIO

FY/Q	GROSS RECEIPTS ($m nom)	REFUNDS ($m nom)	NET RECEIPTS ($m nom)	CPI	NET REC $86 ($m real)
86				325.98	
88/1	$0	$1	($1)		
/2	$0	$0	($0)		
/3	$1	$3	($1)		
/4	$87	$6	$82		
TOTAL	$89	$9	$79	338.66	$76
89/1	$116	$5	$111		
/2	$153	$2	$151		
/3	$149	$16	$132		
/4	$126	$36	$89		
TOTAL	$543	$60	$483	354.17	$445
90/1	$123	$6	$117		
/2	$163	$2	$161		
/3	$158	$20	$138		
/4	$132	$44	$88		
TOTAL	$576	$72	$504	370.39	$443
91/1	$128	$5	$123		
/2	$169	$2	$168		
/3	$165	$16	$149		
/4	$137	$35	$103		
TOTAL	$600	$57	$543	387.35	$457
92/1	$134	$5	$129		
/2	$177	$2	$175		
/3	$172	$15	$157		
/4	$139	$34	$105		
TOTAL	$621	$55	$566	405.09	$455

METHOD

General Description of the Modelling Process

Alaska repealed its individual income tax beginning with tax year 1979. Because no data on state tax collections is available after that time the first task of this analysis was the development of a data base. These data sources were examined:

1. Statistics of Income data for years 1964-81.

2. Federal tape data for years 77, 78 and 81 to 85.

3. State income tax tapes for years 76 - 79.

The second step in the analysis was to conveniently and accurately summarize the information in these data bases. Tax analysis needs to consider both the aggregate level of income and the distribution across income classes of that income. Income distributions are frequently analyzed with some variant of lognormal or Pareto frequency distributions. This analysis used the lognormal distribution to analyze and summarize the information in the various available data bases.

The third step in this study was to examine how the parameters describing these income distributions varied over time as economic conditions changed. These historical relationships were then used to forecast how the income distribution might look in future years given a forecast of key economic variables. In addition to the distribution a forecast of the number of joint and non-joint returns was developed, again based on historical relationships to key economic variables.

At this point the analysis can predict the number of returns likely to be received in future years and the distribution of these returns across income classes. In the next step we sampled returns from the most recent federal tape in proportion to the estimated frequencies with adjustments made to reflect probable relationships between state and federal filings. Each return selected in the sample has information on income, exemptions and deductions.

The predicted distribution and the sampled returns provides a characterization of the state income tax base in future years. Tax structures can be varied by changing rates, exemption amounts and deductions. Revenue impacts are determined by running different tax structures against this base of tax returns.

The inflation rates used to index tax structure elements were those in the Petroleum Revenue forecast produced in December 1986.(20)

Data Description, Limitations and Use

Statistics of Income Data

Source: Statistics of Income Individual Income Tax Returns Department of the Treasury Internal Revenue Services

Period of Availability: 1964-81

Type of Information: For all returns and joint returns by adjusted gross income class:

- Number of returns
- Adjusted Gross Income less deficit
- Salaries and wages - number of return and amount
- Total number of exemptions
- Total income tax - number of returns and amount

Description: This series of reports presents information based on a stratified sample of unaudited individual income tax returns filed by U.S. citizens and residents. Estimates in a given year's report are primarily based on returns for that income year but may reflect a small number of late filings from prior years. Data at the state level is based on the state address reported on the tax return.

Limitations:

The sample used to generate the reports is quite small and estimates are subject to some sampling error. While the sampling design insures that a minimum number of returns are selected from a small state like Alaska the presence of variation among possible samples needs to be recognized.

A second problem involves the level of detail presented in the reports. For instance about 80 percent of Federal Income tax paid by Alaskan residents in 1981 came from returns in two income classes $30,000 to 50,000 and $50,000 to 100,000. Given such broad groupings it is difficult to develop summary measures such as means or percentiles to characterize the returns in the income group. For tax estimating purposes it is important to know how returns are distributed within an income class and as a consequence this distribution needs to be estimated.

A final problem is that the data provides no information on persons earning income in Alaska but paying federal tax as a resident of another state.

Alaska Individual Income Tax Data

Source: Alaska Individual Income Tax Computer Tapes Department of Revenue, State of Alaska

Period of Availability: 1976-81, previous years lack complete information

Type of Information: For all returns:
Adjusted Gross Income Federal
Adjusted Gross Income Alaska
Taxable income
Total number of exemptions
Total income tax

Description: The Alaska individual income tax data was collected to help administer the individual income tax program. These tapes include returns from persons owing income tax to the State, regardless of residence. The tapes have information on individual income tax returns submitted during the transaction year, regardless of the tax year of the return.

We combined the records from the same tax year into data sets, assuming that late filers tended to resemble the other records. This assumption was made with all the return data bases and is discussed above in the section on the Federal Income Tax Tapes.

Limitations: The short time span of this data limited its usefulness. The data was collected primarily to account for refunds and payments; and therefore, the accuracy of the basic income information was never verified.

Use: This data was used in a 1977 match with the 1977 Federal data base, as described above. It was also used to develop an out-of-state filer data base. This was used in addition to records from the Statistics of Income and Federal Income Tax analysis as both these are limited to returns filed from Alaskan addresses.

The out-of-state filers are migrants (in or out), non-resident workers, Alaska residents temporarily out of state (such as students or patients), and Alaskans at military stations or with delegations representing the State in various locations (such as Washington D. C.). Non-residents and part-year residents apportion their income, deductions and exemptions based on either percentage of income earned in this state compared to elsewhere, the source of deduction expenditures, or site of property which is the basis for deductions. These records do not resemble the in-state filers and have to be modelled separately.

Federal Income Tax Tapes

Source: Federal Individual Income Tax Computer Tapes, Department of Treasury, Internal Revenue Service

Period of Availability: 1977-84, (1979 and 1980 non-available)

Type of Information: For all returns:
Most fields on the Form 1040 and attached schedules

Description: The Federal individual income tax data was collected to help administer the individual income tax program. The state receives these tapes under the federal infomation exchange program. These tapes include returns from persons submitting their returns from Alaskan addresses. The tapes have information on individual income tax returns submitted during the transaction year and the previous tax year. Before the data is used, all identifying information such as name, social security number, address and character codes was removed from the data set.

Use: The tape data was then used as a benchmark for testing the accuracy of the SOI sample data (see description above). This data was used in a 1977 match with the 1977 Alaska data base, described above.

This was done to identify characteristics of the two groups of taxpayers whose status on the federal tape is inaccurate for state tax purposes: (1) filers who would owe state income tax but do not appear on the federal tax tape, and (2) filers who appear on the federal tape but file no state tax return.

The first group is composed mostly on nonresidents who earn part (or all) of their income in Alaska but file their federal income tax return from an address in another state. This group can also contain both inmigrants and outmigrants, as well as residents temporarily living out of the state (such as students, elected federal officials and their staffs, and Alaskans serving in the military). This group has been significant enough that it was estimated and included in the study data.

The second group is composed mostly of nonresident military living in the state whose income is taxed by the federal government but was not taxed by the state under old law. It also includes people whose only source of income is interest on federal government obligations. This group is small and has relatively small average adjusted gross income, thus no adjustment was made for them.

The latest year of the federal data (1984) was used to estimate the income tax liability generated by different income tax structures. The method for this is described above (see the first page of the METHOD section of this report).

Limitations: The short time span of this data limited its usefulness. The data is compiled on the assumption that late filers from the previous year adequatedly represent late filers for the current year. This same assumption is made when the IRS compiles its Statistics of Income publications. Since the SOI data was used to estimate the income distribution used in this study, the assumption was maintained.

This assumption has two primary disadvantages. First, it only allows for one year of late filers, while state income tax data prior to 1979 shows that multiple year late and amended filing are plentiful. Second, this assumption implies that one year late filers have roughly the same characteristics year to year. Analysis of the data suggests that this has been a fairly reasonable approximation of the past; however, whether this will remain true in an economic downturn or with a change in tax law is not known.

Cash Flow Data

Source: Cash Flow Computer Tapes Department of Revenue, State of Alaska

Period of Availability: 1970-86, (1980 is missing)

Type of Information: For all receipts:
Tax type
Tax amount received
Tax submitter
Date received

Description: The Department of Revenue Cash Flow data is an accounting system used to keep track of all monies that flow through the department.

Use: This data was used to determine the time pattern of payment for each tax year. From this pattern, we can translate the liability information in quarterly gross collections.

PBA Reports

Source: Monthly Revenue Journal, Department of Administration, State of Alaska

Period of Availability: 1969-86

Type of Information: For each month:
Tax type
Tax total received
Tax total refunded

Description: The PBA system was the State's automated accounting system until very recently (1986).

Use: We were unable to use the data tapes but used summary reports on receipts and refunds of individual income taxes to estimate the time pattern of collections. No information on the individual, individual amounts or tax year was available from these summmary reports. The total receipts were used to compare and verify Cash Flow System totals. The refund information was the only good information we had on outflows, and as noted before was not identifiable by tax year. It was used to estimate a relationship between refunds and prior tax year receipts and to develop a quarterly refund pattern.

FOOTNOTES

(1) Petroleum Revenue, Alaska Department of Revenue, December 1986
(2) Ibid.
(3) 1982 Tax Capacity of the Fifty States, Advisory Commission on Intergovernmental Relations, May 1985.
(4) Ibid.
(5) Guide to the New Tax Reform Law, Price Waterhouse, October 1986.
(6) Ibid. p. vii.
(7) Ibid. p. ix.
(8) Ibid.
(9) See data description in the METHOD section of this report.
(10) The Book of the States (1986-87 edition), The Council of State Governments, 1986.
(11) "The Impact of Collapse of the World Oil Market on the Alaska Economy", Scott Goldsmith, Institute for Social and Economic Research, University of Alaska, March 1986.
(12) Revenue Sourcebook, Alaska Department of Revenue, (January 1987).
(13) Fuel, Conservation, & Individual Credits Relative to the Individual Income Tax, Alaska Department of Revenue, (January 1980 and July 1981).
(14) Guide to the New Tax Reform Law, Price Waterhouse, October 1986.
(15) Revenue Sourcebook, Alaska Department of Revenue, (January 1987).
(16) Fuel, Conservation, & Individual Credits Relative to the Individual Income Tax, Alaska Department of Revenue, (January 1980 and July 1981).
(17) Public Finance, Rosen, 1985.
(18) Revenue Sourcebook, Alaska Department of Revenue, (January 1987).
(19) Fuel, Conservation, & Individual Credits Relative to the Individual Income Tax, Alaska Department of Revenue, (January 1980 and July 1981).
(20) Petroleum Revenue, Alaska Department of Revenue, December 1986