

**HJR**

**9**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: February 11, 1993

FURTHER REFERRALS:

Date of Committee Action: 4/8/93

The FINANCE Committee considered:

HJR 9

HOUSE JOINT RESOLUTION NO. 9

VOTER APPROVAL FOR NEW TAXES

Proposing an amendment to the Constitution of the State of Alaska prohibiting the imposition of state personal income taxation, state ad valorem taxation on real property, or state retail sales taxation without the approval of the voters of the state.

RECOMMENDATIONS:  the same title  
 be replaced with \_\_\_\_\_  a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) Gov 2/3/93

zero fiscal note \_\_\_\_\_

zero fiscal note(s) Gov 2/3/93

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	Foster	DNP	NR	AM
<i>Eileen P. Mackean</i> Eileen P. Mackean	✓	<i>Richard Foster</i> Richard Foster	*			
<i>James Hanley</i> James Hanley	X	<i>Donald Larson</i> Donald Larson		X		
<i>Mark Martin</i> Mark Martin	✓					

*Eileen P. Mackean*  
 \_\_\_\_\_  
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

N<sup>o</sup> 1  
Bill version: HJR. 9  
(H) Publish Date: 2/3/93

Revision Date: \_\_\_\_\_  
Title: Amendment to the Constitution RE: prohibiting imposition of taxation without voter approval  
Sponsor: Representative Martin  
Requestor: \_\_\_\_\_

Department Affected: Office of the Governor  
BRU: Division of Elections  
Component: General and Primary Elections  
COMPONENT SERIAL NO. 22

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	2.2*	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	2.2*	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	2.2*	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	2.2*	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: 0

ANALYSIS: (Attach a separate page if necessary.) \*This figure covers cost of inclusion of information about this issue in the Official Elections Pamphlet as required by AS 15.58, and programming for DataVote counting of votes cast on the measure. However, only 4 measures can be printed on a single ballot card. Should this measure require printing an additional ballot card, the fiscal impact would be 5.4.

Prepared by: Charlot E. Thickstun, Director *Charlot E. Thickstun* Phone: 465-4611  
Division: Division of Elections Date: 1/15/93

Approved by Commissioner: Lt. Governor John B. Coohill *J. Coohill*  
Agency: Office of the Lt. Governor Date: 1/15/93

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# FISCAL NOTE

No. 2

Bill Version: HJR 9

(H) Publish Date: 2/3/93

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Prohibiting the imposition of state personal income taxation, state ad valorem taxation on real property, or state retail sales taxation without the approval... BRU: Revenue Operations  
 Component: Income & Excise Audit  
 Sponsor: Representative Martin  
 Requestor: Representative Martin COMPONENT SERIAL NO. 113

**Expenditures/Revenues:** (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS: -**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ 0.00

**ANALYSIS:** (Attach a separate page if necessary)

The requirement of voter approval prior to the implementation of certain taxes has no operating budget impact on the Department of Revenue.

Prepared by: Rod R. Mourant Phone: 465-2300  
 Division: Commissioner's Office Date: 1/15/93  
 Approved by Commissioner: Darrel J. Rexwinkel Date: 1/15/93  
 Agency: Revenue

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ELECTIVE DISTRICT 14  
ELMENDORF A.F.B.  
EAST ANCHORAGE  
GOVERNMENT HILL

REP. TERRY MARTIN

HOME  
355 DONNA DR., #11  
ANCHORAGE, AK 99504  
PHONE: 333-6990



Alaska House of Representatives

DURING SESSION  
P.O. BOX V  
STATE CAPITOL BUILDING  
JUNEAU, AK 99811  
PHONE: 465-3783

## SPONSOR SUMMARY

### HJR 9

Requiring the approval of the voters for the imposition of state income tax, state ad valorem tax on real property, or state retail sales taxation

HJR 9 is intended to prevent exorbitant and disproportionate taxes from harming Alaskan residents. Taxation, whether of income, property, or retail merchandise, is not the answer to increasing state revenues.

#### Need for Legislation

At present, Alaskans enjoy paying the lowest annual tax per household in the nation, averaged in our state at \$1,632. Nationwide, the movement to prevent legislatures from implanting tax hikes is spiraling upward. The most recent states to have eliminated the ability of legislatures to impose tax increases without popular vote are: Arizona, Florida, Idaho, Michigan, Colorado, and Oklahoma. The latter two actually require a supermajority to approve any tax increases.

These advances in the elimination of unwarranted taxation are indicative of the national trend. In Alaska, voters are extremely apprehensive about new and elevated taxes. The general viewpoint has been to work in conjunction with the legislature, rather than to grant them full autonomy over taxation. HJR 9 would transfer the final authority of statewide taxation from the legislature to the citizenry.

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## SECTIONAL ANALYSIS

### HJR 9

Requiring the approval of the voters for the imposition of state income tax, state ad valorem tax on real property, or state retail sales taxation

#### Section 1.

Amends Article IX, sec. 1 of the Constitution of the State of Alaska by prohibiting any imposition of state income tax, ad valorem taxation on real property, or retail sales tax, without the approval of the voters of the state.

#### Section 2.

Places the amendment proposed by the resolution before the voters throughout the state in the next general election.

*Initiatives*

# Fiscal Issues Crowd November Ballots

Tax and spending issues are perennial favorites in the initiative states. This year is no exception.

Scott Mackey

A broad range of fiscal matters will be before the voters in at least 13 states this month. Issues range in importance from easing debt restrictions on local governments to a major transfer in budget authority from the legislature to the governor.

Unlike previous years when fiscal ballot initiatives primarily sought to limit taxes and spending, this year's proposals include nearly an equal number of measures that would increase taxes or change the mix of revenue sources to make the state's tax system more progressive.

State voters will make decisions on budget process reforms, state lotteries, liberalizing fiscal restrictions on local governments, and property tax relief. With this mix 1992 may not be the "tax revolt" year that some observers predicted in the wake of widespread state tax increases in 1990 and 1991.

## Budget Process Reforms

Citizens in five states—California, Connecticut, Florida, Missouri and Rhode Island—will vote on changes in the legislative budget process. The most significant change could be in California, where voters will decide

whether or not to give the governor almost unilateral control over the budget process if the Legislature fails to meet certain deadlines.

Legislatures in Connecticut and Rhode Island have placed constitutional amendments before the voters that would impose new limits on state spending. The Rhode Island measure is

*Colorado voters could conceivably approve tax increases and a tax limitation on the same ballot.*

modeled after Delaware's law, which limits general fund appropriations to 98 percent of the revenue estimate and requires additional revenues to be placed in a "rainy day fund." Fund balances could be used for repayment of debt service or capital construction projects only if they exceed 3 percent of the revenue estimate. The Connecticut proposal would limit state spending to the percentage increase in inflation or state personal income, whichever is greater. The General Assembly could override the limit with a three-fifths vote and an emergency declaration by the governor.

Florida voters will decide whether to

approve a statutory "Taxpayers' Bill of Rights" similar to those in 13 other states. Another measure would place new restrictions on Florida's budget process, such as requiring a three-day layover between committee approval and floor consideration of appropriation bills. Missouri voters will decide whether to create a constitutionally protected "rainy day fund."

## Limitations on Legislative Tax Powers

Voters in Arizona and Colorado will decide whether to place new restrictions on the legislature's ability to raise taxes. The Arizona measure would require a two-thirds legislative vote for tax increases; tax measures vetoed by the governor would require a three-fourths majority to override. In Colorado, an initiative would require voter approval for any new tax increases unless they were adopted by a two-thirds legislative vote.

If these initiatives are approved, Arizona and Colorado would join seven other states with supermajority requirements for tax increases. Voters in Oklahoma approved a three-fourths supermajority requirement in a September referendum.

## Property Tax Changes

Property tax limitations will be on the ballot in Colorado, Florida, Idaho and Michigan. The Colorado initiative would require voter approval for property tax increases above certain limits, while the Florida initiative would limit assessment increases to 3 percent per year. Similar to California's Proposition 13, assessments would be brought up to market value when the home is sold or substantial renovations are completed.

The Idaho initiative calls for a cap on

Scott Mackey specializes in state and local tax issues for NCSL.

y taxes at 1 percent of market  
While Idaho is generally a low  
tax state, there are certain areas  
property tax payments greatly  
his 1 percent cap. These areas  
be forced to roll back property

competing initiatives will be on  
ot in Michigan. The "cut and  
posal, sponsored by the gover-

nor, would roll back school taxes by 30  
percent and limit future assessment in-  
creases to 3 percent annually. Another  
measure, referred to the voters by the  
Legislature, would limit annual in-  
creases in state equalized valuation to  
the inflation rate or 5 percent, whichev-  
er is lower.

Four other states have property tax  
measures on the ballot. Kansas voters

will decide whether to amend the  
stitution to allow the Legislature to  
ate a classified assessment sys-  
which allows different types of pro-  
to be valued for tax purposes at d-  
ent levels. The state constitution  
contains a uniformity clause tha-  
quires all property to be treated  
same. Voters in Arkansas, Calif-  
and Oklahoma will consider lin-

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## Governors Take Proposals to the People

Governors in three states, unable to win legislative support for their fiscal agendas, are seeking to bypass the legislature with initiatives on the November ballot. Voters in California, Colorado and Michigan will decide major tax and budget questions that could alter their states' fiscal landscape for many years to come.

In California, Governor Pete Wilson is seeking voter approval of a measure that would substantially alter the balance of power between the legislature and the executive in the budget process. Not surprisingly, the Legislature would come out on the short end of the stick: The measure would reduce the time for legislative consideration of the budget by nearly two months. It would require the Legislature to submit the budget bill to the governor by June 15 and require that the budget be signed into law by July 1. Failure to meet these deadlines would trigger "fiscal emergency" powers that would give the governor almost unilateral control over program expenditures for the fol-

lowing fiscal year. The governor would also have the option of vetoing budget bills that meet the June 15 deadline in order to create the "fiscal emergency" that would give him these expanded powers.

The Wilson initiative would also cut welfare grants by 25 percent. And as a final jab at the Legislature, the initiative would suspend lawmakers' (and the governor's) pay between July 1 and such time as the budget is passed and signed into law.

Colorado Governor Roy Romer was unable to win legislative approval for a tax increase to boost state funding for K-12 education, so he launched an initiative crusade. A ballot measure sponsored by Romer would increase the state sales tax from 3 percent to 4 percent and earmark the proceeds for education.

A school finance reform bill enacted in 1988 committed Colorado to major increases in school funding in the early 1990s. The state finds itself in the same boat as others that promised K-12 mon-

ey during the 1980s that they cannot afford now. While the legislature has boosted school funding substantially, the state has not fully funded the increases required by the 1988 law.

Michigan voters will decide whether to approve a 30 percent rollback in school property taxes proposed by Governor John Engler. Governor Engler's "cut and cap" initiative would also limit the future growth in property assessments to 3 percent annually. The initiative requires the state to make up local school revenues lost because of the 30 percent rollback. However, revenues lost due to the 3 percent limitation on assessment increases would not be reimbursed through state aid. Engler argues that Michigan's property tax burden, which is among the highest in the country, is hurting small businesses and is responsible for Michigan's chronically high unemployment. Opponents, including state teachers' groups, counter that Engler's argument is a red herring and that the initiative would devastate schools.

property tax exemptions.

### Liberalizations of Local Tax Restrictions

Not all of the ballot measures will restrict taxes and spending. Voters in Arizona will decide whether to relax spending and debt restrictions on local governments. Missouri citizens will vote on allowing local governments to pass tax increases with a four-sevenths majority instead of a two-thirds majority. Florida voters will decide whether to give counties the authority to levy a penny sales tax.

In California, a broad tax increase package would significantly weaken the portion of Proposition 13 that limits taxes on business property. The current law limits assessment increases for business property to 2 percent annually, unless the business is sold or substantially renovated. The proposed ballot measure would require business property to be reassessed at full market value every three years, unless the business could

prove that 50 percent of its stock had not changed hands during the 3-year period. Passage of this initiative could provide local governments in California with between \$550 million and \$1.2 billion in new revenue in FY 1994.

In Oregon, voters will decide whether to increase taxes on business property by liberalizing the property tax limits approved in 1990. Under the proposal, business property taxes for schools would be limited to 2 percent of market value. The cap under current law, once fully phased in, is 0.5 percent of value.

### Tax Increases and Tax Shifts

Tax increases will be on the ballot in Arkansas, California, Colorado, Massachusetts, North Dakota and Oklahoma. Included are cigarette tax increases (Arkansas and Massachusetts), sales tax increases (Colorado and North Dakota), and Medicaid provider taxes (Oklahoma). California's "soak the rich" ini-

tiative would raise personal income tax rates and most business taxes while reducing sales taxes by a quarter-cent and repealing the sales tax on candy and snack foods. It would also reinstate the renter credit for higher income renters.

A South Dakota initiative would create a new personal and corporate income tax with graduated rates ranging from 2 percent to 5 percent. It would also repeal the sales tax on food, clothing and utilities and roll back property taxes.

The broad range of fiscal initiatives on the 1992 ballot defy sweeping generalizations. In Colorado, for example, voters could conceivably approve tax increases and a tax limitation on the same ballot. Arizona voters could liberalize local tax restrictions at the same time that they severely restrict state tax options. What seems clear is that governors and citizens of some states are moving to circumvent the legislature in ways that threaten the legislative role in budgeting and policymaking. ■

# Money

# January

Volume 22 Number 1

## COVER STORIES

- 74 HOW TO STOP PAYING 40% OF YOUR INCOME IN TAXES**  
What's more, you could be paying 50% by the end of the decade.
- 76 SMART WAYS TO STAY AHEAD OF THE FEP'S** *by Teresa Tritch*  
These money-saving strategies will work now—and through the '90s.  
■ Box: How to find a great tax pro (and why it's hard). *Page 83*
- 86 SURPRISING TACTICS TO CUT STATE TAXES** *by Deborah Lohse*  
State and local taxes have been climbing 11% faster than the federal bill; you can save a lot with these little-known tips.  
■ Table: How your state taxes rank against the others. *Page 90*
- 96 SLASHING THE TAXES ON YOUR HOME** *by Marguerite T. Smith*  
In many places, perhaps 50% of all property-tax assessments are flat-out wrong. Correcting such errors can save you 10% or more.  
■ Table: How property taxes in 100 localities compare. *Page 99*

## FEATURES

- 104 TODAY'S 11 TOP UTILITY STOCKS** *by Jersey Gilbert*  
With CD yields at a pathetic 3%, check out these topnotch electric utilities. They pay 5% to 7% and promise solid growth.
- 108 THE PERILS OF A SECOND MARRIAGE** *by John Manners*  
Here's what happened when Bob and Gloria Soleim brought children, assets and prior commitments to their wedding.
- 120 WHAT TO ASK YOUR LIFE INSURANCE AGENT** *by Carla A. Fried*  
Get straight answers to these queries before you buy a policy.
- 126 BROKER-SOLD FUNDS WORTH THE PRICE** *by Gary Belsky*  
Despite their up-front fees, these 14 funds are such stunning performers that they still could beat comparable no-load funds.
- 138 1993 FOLDOUT TRAVEL CALENDAR** *by Sandy Sheehy*  
The best places to go for high-value vacations each month this year—featuring treks, trains, trails, tennis and where to loaf.

## DEPARTMENTS

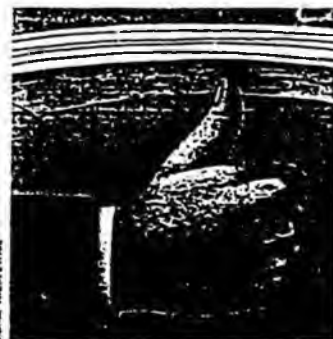
- EDITOR'S NOTES** It's now bank depositor beware. *Page 5*
- YOUR LETTERS** You clamor for repeal of a new withholding tax. *Page 9*
- READERS' POLL** Tell us how you would cut the deficit. *Page 15*
- NEWSLINE** How Clinton's early changes will affect you. *Page 18*
- BANKING SCORECARD** Ducking the higher home-buying fees. *Page 35*
- FUND WATCH** The way to make money in junk bonds. *Page 49*
- WALL STREET** Where new blood may deliver 60%-plus returns. *Page 65*
- MONEY HELPS** Marlys Harris answers your questions. *Page 145*
- MONEY PRO** Shoot for 23% with these stocks. *Page 149*
- FORECAST** Four splendid inexpensive stocks. *Page 152*

Cover photographs by Ken Probst

## NEW READERS' POLL



TELL US YOUR IDEAS.  
Page 15



SAFE JUNK BOND FUNDS  
Page 49



THE BARGAIN STOCKS  
Page 152

could risk having New York State and City insist that they are due taxes on your interest, dividends and capital gains as well as the income from your job. While New Jersey will give you a credit for the New York taxes, your final bill will be the same as if you lived in Manhattan.

It can be difficult to prove that you aren't actually a resident of the high-tax state even though you own a home there. The reason: If you spend more than half the year in the high-tax state, you meet the definition of resident used by many states. You can try to prove otherwise by, say, showing that you vote in the other state, register your car there and belong to social clubs and send your kids to schools there. But fewer and fewer revenue-hungry states accept such evidence as conclusive. In the end, you may have to either pay up or give up your second home. "Domicile is a state of mind," says Gattegno, "but the burden of proof is all yours."

■ **If you're married, don't automatically file a standard joint state return.** Ten states (Arkansas, Delaware, Iowa; Kentucky, Maryland, Mississippi, Missouri, Montana, Tennessee and Virginia) and the District of Columbia give a special break to married couples in which both spouses have income and file a joint federal return. These states let a couple calculate each spouse's state tax separately—at lower effective rates than if they filed jointly—and file a so-called joint-separate return. For example, a Virginia couple with one spouse earning \$40,000 and the other \$20,000, two children and \$10,000 in itemized deductions would pay a 1992 state tax of \$2,434 by filing jointly. With a joint-separate return, however, the couple would pay only \$2,204, a \$230 saving. "Two-earner couples should calculate their taxes both ways to find the lower tax," advises Kenneth Zemsky, a partner with Ernst & Young in New York City.

■ **Look into triple-tax-exempt bonds.** If you're in the 28% federal tax bracket or higher and live in a state with heavy income taxes, you might consider buying municipal bonds issued in your home state. That's because they are triple-tax-free: Any income they generate is exempt from federal, state and local taxes. (Only Indiana, Utah and, in some cases, North Dakota exempt income from other states' munis.) For example, Fidelity's New York Tax-Free High-Yield Fund, which, despite its name, invests primarily in investment-grade bonds, is 100% tax-exempt for residents of New York State. For top-bracket taxpayers—a combined effective rate of 39.51% if they live in New York City—the fund's current 5.39% yield is equivalent to 8.91% from a taxable investment. (For more about investing in municipal bonds, see page 82.)

■ **Consider investing in Treasury securities.** While income from Treasury bills, notes and bonds is taxed federally, it is free of all state and local taxes. You can buy Treasuries direct from the Federal Reserve

## FROM \$1,632 IN ALASKA TO \$10,016 IN NEW YORK

What's the difference between living in Alaska and in New York? For a typical two-income family of four that subscribes to MONEY, as much as 17 feet of snow a year and \$8,384 in state and local taxes—the widest gap in our fourth annual study of such taxes.

The table at right lists the tax load of a family that earned \$72,385 in 1992, plus \$2,782 in interest, \$455 in dividends and \$1,472 in capital gains. They spent \$35,112 on food, clothing, prescription drugs, household goods, a new car (\$12,456) and other items. Their two autos consumed 1,912 gallons of gas.

The first two columns show each state's rank and the family's combined bill for state and local income, sales, property and gas taxes. The third column grades each state on the likelihood of tax increases in 1993 or 1994, according to tax experts: A, no major tax hikes expected (seven states); B, moderate chance (16); C, strong probability (15); and D, best bet (13). Property taxes are estimates of this family's bill in each state. Tax rates in the comments column are for couples filing jointly in 1992.

All state income tax estimates were provided by the state and local tax group of Ernst & Young, the international accounting and management consulting firm.

—Deborah Lohse

Other sources: Venex Inc.; A Fair City From Fair by Citizens for Tax Justice and the Institute on Taxation and Economic Policy. Notes: <sup>1</sup>Additional local income tax may also be assessed. <sup>2</sup>Local income tax calculated on state return. <sup>3</sup>"None" means state imposes no death tax. "0" means no tax applies to trusts or child heir.

Rank	State	State and Local Income, Sales, Property and Gas Taxes	Grade	Comments
1	Alaska	\$1,632	A	
2	Wyoming	\$1,632	A	
3	Nevada	\$1,632	A	
4	Florida	\$1,632	A	
5	Tennessee	\$1,632	A	
6	South Dakota	\$1,632	A	
7	New Hampshire	\$1,632	A	
8	Texas	\$1,632	A	
9	Washington	\$1,632	A	
10	North Dakota	\$1,632	A	
11	Delaware	\$1,632	A	
12	Alabama	\$1,632	B	
13	Louisiana	\$1,632	B	
14	Mississippi	\$1,632	B	
15	New Mexico	\$1,632	C	
16	West Virginia	\$1,632	C	
17	Missouri	\$1,632	C	
18	South Carolina	\$1,632	C	
19	Arizona	\$1,632	C	
20	Indiana	\$1,632	C	
21	Kentucky	\$1,632	C	
22	Montana	\$1,632	C	
23	Oklahoma	\$1,632	C	
24	Kansas	\$1,632	C	
25	Pennsylvania	\$1,632	C	
26	Iowa	\$1,632	C	
27	Arkansas	\$1,632	D	
28	Illinois	\$1,632	D	
29	Virginia	\$1,632	D	
30	North Carolina	\$1,632	D	
31	Colorado	\$1,632	D	
32	Georgia	\$1,632	D	
33	New Jersey	\$1,632	D	
34	Michigan	\$1,632	D	
35	California	\$1,632	D	
36	Idaho	\$1,632	D	
37	Nebraska	\$1,632	D	
38	Ohio	\$1,632	D	
39	Utah	\$1,632	D	
40	Vermont	\$1,632	D	
41	Hawaii	\$1,632	D	
42	Minnesota	\$1,632	D	
43	Rhode Island	\$1,632	D	
44	Connecticut	\$1,632	D	
45	Oregon	\$1,632	D	
46	Maryland	\$1,632	D	
47	Maine	\$1,632	D	
48	Massachusetts	\$1,632	D	
49	Wisconsin	\$1,632	D	
50	District of Columbia	\$1,632	D	
51	New York	\$10,016	D	

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Tax on earned income: For base income married earning \$35,000; For base income married earning \$50,000; For base income married earning \$75,000; For base income married earning \$100,000. Sales tax: Highest combined state and local rates. Death tax on: \$400,000 estate left to spouse; \$600,000 estate left to child.

Total annual tax on typical household	Grade for risk of future decline in sales tax	For base income married earning \$35,000	For base income married earning \$50,000	For base income married earning \$75,000	For base income married earning \$100,000	State sales tax rate	Local sales tax rate	Highest combined state and local rates	Death tax on \$400,000 estate left to spouse	Death tax on \$600,000 estate left to child	Comments
\$1,632	A	None	None	None	None	0.00%	7.00%	\$1,479	None	None	Most tax revenue from the oil and gas industry
2,945	B	None	None	None	None	3.00%	5.00%	1,451	None	None	Most tax revenue from oil company and sales taxes
3,539	B	None	None	None	None	6.50%	7.00%	1,161	None	None	Most tax revenue from sales, gambling and gas taxes
3,846	0	None	None	None	None	6.00%	7.00%	1,730	None	None	Most tax revenue from sales, use and admissions taxes
4,038	C	None	None	None	None	7.00%	8.75%	1,147	0	0	Certain interest and dividend income taxed at 6%
4,284	C	None	None	None	None	4.00%	8.00%	2,331	0	\$41,250	Primary source of tax revenue: sales and gas taxes
4,591	0	None	None	None	None	0.00%	0.00%	4,023	0	0	Dividends and interest over \$2,400 taxed at 5%
4,647	0	None	None	None	None	6.25%	8.25%	2,245	None	None	Revenue mainly from sales and oil company taxes
4,694	C	None	None	None	None	7.00%	9.20%	1,890	None	None	Revenue mostly from sales, property and corporate taxes
5,292	B	\$751	\$721	\$1,547	\$2,399	5.00%	6.90%	1,948	None	None	Top rate: 12% on taxable income over \$50,000
5,354	C	1,812	1,822	3,351	4,950	0.00%	0.00%	1,234	0	31,250	Top rate: 7.7% on taxable income over \$40,000
5,552	0	1,267	1,652	2,442	3,222	4.00%	9.50%	617	None	None	Top rate: 5% on taxable income over \$6,700
5,752	0	895	1,185	1,329	2,456	4.00%	10.00%	925	0	17,050	Top rate: 6% on taxable income over \$50,000
5,792	B	1,185	1,251	2,339	3,427	7.00%	7.00%	1,200	0	0	Top rate: 5% on taxable income over \$10,000
5,948	B	1,329	1,489	3,038	4,824	5.12%	6.875%	902	None	None	Top rate: 8.5% on taxable income over \$41,600
5,981	B	1,260	1,695	3,230	4,855	5.00%	5.00%	522	None	None	Top rate: 6.5% on taxable income over \$60,000
6,047	C	1,265	1,660	2,612	3,552	4.22%	7.725%	1,154	None	None	Top rate: 6% on taxable income over \$9,000
6,531	C	1,728	2,005	3,485	4,964	5.00%	6.60%	1,381	None	None	Top rate: 7% on taxable income over \$10,600
6,637	B	1,271	1,402	2,436	3,578	5.00%	8.50%	1,781	None	None	Top rate: 7% on taxable income over \$300,000
6,712	C	1,156	1,564	2,414	3,264	5.00%	5.00%	1,613	0	24,950	Rate: a flat 3.4% of federal AGI, with modifications
6,744	B	1,841	2,131	3,436	4,742	5.00%	5.00%	1,137	0	45,350	Top rate: 6% on taxable income over \$8,000
6,781	0	1,552	2,199	3,776	5,393	0.00%	0.00%	2,301	0	0	Top rate: 1% on taxable income over \$57,600
6,907	C	1,885	2,051	3,574	5,097	4.50%	9.50%	1,062	0	17,725	Top rate: 7% on taxable income over \$21,000
6,935	A	1,530	1,395	2,755	4,153	4.90%	6.90%	1,923	0	21,750	Top rate: 6.45% on taxable income over \$60,000
6,969	B	1,033	1,475	2,213	2,950	5.00%	7.00%	2,069	\$35,850	36,000	Rate: a flat 2.8% on a broad base of taxable income
7,006	A	1,667	1,967	3,176	4,468	5.00%	6.00%	2,052	0	39,825	Top rate: 9.98% on taxable income over \$47,700
7,074	B	1,690	2,289	3,312	5,335	4.50%	7.50%	902	None	None	Top rate: 7% on taxable income over \$25,000
7,125	0	1,020	1,323	2,045	2,767	6.25%	3.75%	2,357	None	None	Rate: a flat 3% of modified federal AGI; 2.75% in 1993
7,217	B	1,537	2,091	3,312	4,563	4.50%	4.50%	2,159	None	None	Top rate: 5.75% on taxable income over \$17,000
7,263	B	1,973	2,274	3,797	5,320	6.00%	6.00%	1,232	0	7,000	Top rate: 7.75% on taxable income over \$100,000
7,268	A	1,455	1,716	2,904	3,852	3.00%	9.00%	1,284	None	None	Rate: a flat 5% of modified federal taxable income
7,301	C	1,682	1,991	3,296	4,602	4.00%	5.00%	1,637	None	None	Top rate: 6% on taxable income over \$10,000
7,371	A	750	997	1,791	3,178	5.00%	5.00%	3,772	0	0	Top rate: 7% on taxable income over \$150,000
7,493	B	1,513	1,914	3,064	4,214	4.00%	4.00%	2,966	0	34,300	Rate: a flat 4.6% of taxable income
7,605	C	1,512	1,159	2,897	4,920	7.25%	8.50%	1,998	None	None	Top rate: 11% on taxable income over \$414,400
7,634	A	2,119	2,272	4,033	5,817	5.00%	7.00%	1,492	None	None	Top rate: 8.2% on taxable income over \$40,000
7,728	0	1,371	1,545	2,951	4,466	5.00%	6.50%	2,703	0	5,850	Top rate: 6.92% on taxable income over \$45,000
7,751	0	1,065	1,396	2,648	4,153	5.00%	7.00%	1,537	2,100	30,100	Top rate: 6.9% on taxable income over \$100,000
7,892	A	1,339	2,242	3,596	4,943	6.00%	7.25%	1,751	None	None	Top rate: 7.2% on taxable income over \$7,500
7,962	0	1,562	1,494	3,323	5,332	5.00%	5.00%	2,750	None	None	Top rate: 34% of federal income tax above \$13,100
8,272	C	2,783	3,015	5,182	7,358	4.00%	4.00%	1,079	None	None	Top rate: 10% on taxable income over \$41,000
8,311	C	2,041	2,326	4,067	5,607	6.50%	7.50%	2,027	None	None	Top rate: 8.5% on taxable income over \$83,300
8,314	C	1,476	1,418	3,038	4,761	7.00%	7.00%	2,928	None	None	Rate: 27.5% of modified federal tax liability
8,389	C	1,377	1,071	3,037	4,590	6.00%	6.00%	3,245	0	37,895	Rate: a flat 4.5% of taxable income
8,390	0	2,469	2,930	4,889	5,847	0.00%	0.00%	2,910	None	None	Top rate: 5% on taxable income over \$10,000
8,568	B	2,295	2,814	4,446	6,078	5.00%	5.00%	2,096	5,000	5,000	Top rate, with local surtax: 9% over \$150,000
8,611	0	2,030	1,965	3,907	5,384	5.00%	5.00%	2,495	None	None	Top rate: 9.89% on taxable income over \$75,000
8,764	B	1,952	2,594	4,082	5,569	5.00%	5.00%	2,732	23,500	55,500	Rate on earned income is 5.95%; unearned, 12%
8,770	B	2,113	2,474	3,985	5,554	5.00%	5.50%	2,813	None	None	Top rate: 6.93% on taxable income over \$20,000
9,348	C	2,505	2,856	4,829	6,978	6.00%	5.00%	2,296	None	None	Top rate: 9.5% on taxable income over \$20,000
10,016	0	1,846	2,157	4,108	5,821	4.00%	3.50%	3,255	0	25,500	Top rate: 7.875% on taxable income over \$26,000

# **NFIB** Alaska

National Federation of  
Independent Business

POSITION PAPER

OF

NATIONAL FEDERATION OF INDEPENDENT BUSINESS  
(NFIB/ALASKA)

IN SUPPORT

OF

HJR 9 PROPOSING AN AMENDMENT TO THE CONSTITUTION  
PROHIBITING THE IMPOSITION OF STATE TAXES WITHOUT  
THE APPROVAL OF THE VOTERS OF THE STATE.

State Office  
9159 Skywood Lane  
Juneau, AK 99801  
(907) 789-4278



The Guardian of  
Small Business

CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS RESA JERREL, AND I AM THE STATE DIRECTOR FOR NATIONAL FEDERATION OF INDEPENDENT BUSINESS - NFIB/ALASKA. I AM HAPPY TO BE HERE TODAY TO TESTIFY IN FAVOR OF HJR 9.

NFIB/ALASKA IS COMPRISED OF 5,000 SMALL AND INDEPENDENT BUSINESS OWNERS. THE LEGISLATIVE AGENDA OF NFIB/ALASKA IS DETERMINED BY OUR BALLOT. THE BALLOT IS OUR ANNUAL POLL OF OUR MEMBERS ON A SERIES OF ISSUES DEEMED CRITICAL TO SMALL BUSINESS. A MAJORITY VOTE, OF THE MEMBERS IN RESPONSE TO THE POLL, SETS OUR POLICY AND POSITION ON LEGISLATIVE ISSUES. WE THEN SHARE THE RESULTS OF OUR POLL WITH THE LEGISLATURE AND ADMINISTRATION. THERE IS NOT ENOUGH SPACE ON THE ANNUAL POLL TO PLACE EVERY POSSIBLE ISSUE BEFORE OUR MEMBERS. THEREFORE, WE ALSO USE THE PREVIOUS YEARS BALLOT RESULTS AS GUIDANCE ON ISSUES.

ALTHOUGH WE HAVE NOT POLLED OUR MEMBERS ON THIS SPECIFIC RESOLUTION, WE DO HAVE RESULTS ON THE ISSUE OF TAXES THAT GIVES US A VERY GOOD IDEA OF WHERE THEY STAND.

ON THE 1993 STATE BALLOT THE MEMBERS OVERWHELMINGLY VOTED, (93%) TO REDUCE STATE GOVERNMENT SPENDING BEFORE INCREASING PRESENT TAXES OR IMPOSING NEW TAXES.

ALSO, IN 1990 THE MEMBERS VOTED CLEARLY TO REJECT, (80%) THE REINSTATEMENT OF THE STATE PERSONAL INCOME TAX.

NFIB/ALASKA THANKS YOU FOR THE OPPORTUNITY TO COMMENT ON THIS LEGISLATION. IF YOU HAVE ANY QUESTIONS I WOULD BE HAPPY TO TRY AND ANSWER THEM.