

SB

165

SFIN

FILE

SB 165

was referred to the
Senate Finance
Committee

Hearing(s) were held

The bill did not move
from Committee

SENATE FINANCE
COMMITTEE #1
Amendment Number: #1
Bill Number: SB 165
Sponsor: Wilken Date: 4/3/01
Logged In By: Mindy

22-LS0790\A.1
Kurtz
4/28/01

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR WILKEN

TO: SB 165

1 Page 1, following line 4:

2 Insert new material to read:

3 "Article 1. Education Tax in the Organized Borough"

4

5 Page 1, lines 6 - 7:

6 Delete "in the state"

7 Insert "in an organized borough."

8

9 Page 2, following line 15:

10 Insert new bill sections to read:

11 "Article 2. Education Tax in the Unorganized Borough.

12 Sec. 43.45.111. Tax imposed. There is imposed a tax of \$100 a year on each
13 individual 19 years of age or older and employed, including self-employed, in the
14 unorganized borough.

15 Sec. 43.45.121. Collection of tax. (a) The tax imposed under AS 43.45.111
16 shall be paid before February 1 of the calendar year following the year for which it is
17 imposed.

18 (b) An employer shall deduct and send to the department \$50 of the tax from
19 the employee's salary or other compensation on each of the first two regular payrolls
20 after January 1 of each calendar year or, in the case of an employee who begins work
21 and is provided a salary or compensation on a later payroll, on each of the first two
22 payrolls after employment. A deduction of the tax may not be made in the salary or
23 other compensation of a person who provides proof to the employer that the tax
24 imposed under AS 43.45.111 has been paid.

1 (c) The department shall provide a return form for the tax collected under this
2 section.

3 **Sec. 43.45.131. Record of withholding.** An employer who withholds tax
4 under AS 43.45.121 shall furnish to the employee upon request a record of the amount
5 of tax withheld from the employee. The department shall provide a form for that
6 purpose.

7 **Sec. 43.45.141. Disposition of tax proceeds.** (a) The tax collected under
8 AS 43.45.121 shall be deposited into the general fund and accounted for separately.

9 (b) The legislature may appropriate the estimated amounts to be collected and
10 separately accounted for under (a) of this section for education.

11 (c) The deposit required and appropriation authorized by this section are not
12 intended to create a dedication in violation of art. IX, sec. 7, Constitution of the State
13 of Alaska."
14

15 Renumber the following bill section accordingly.



SENATOR ALAN AUSTERMAN

Alaska State Legislature

Interim: 112 Mill Bay Road, Kodiak, Alaska 99615 (907) 486-8872 • *Session:* State Capitol, Juneau, Alaska 99801 (907) 465-2487
senator_alan_austerman@legis.state.ak.us

Sponsor Statement – Senate Bill 165

~Updated April 12, 2001~

"An Act imposing a tax on employment; and providing for an effective date."

SB 165 would impose a tax of \$100 a year on each employed individual age 19 or older, including the self-employed. Under this bill, the employer would deduct \$50 from the employee's salary on each of their first two regular payrolls after January 1 of the calendar year. A provision has been added to prevent this tax from being taken out more than once when the employee provides proof to their new employer that the tax has already been satisfied.

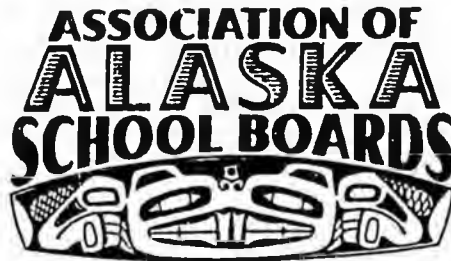
The accompanied fiscal note from the Tax Division of the Department of Revenue states that it will take \$822,500 in general fund money the first year of implementation to operate the new tax program. On the other side of the ledger, they have projected that in the FY2003, over \$38 million will be raised yearly in new revenue as a result of this legislation.

The tax collected under AS 43.45.021 would be deposited into the state's general fund, but accounted for separately. In turn, the legislature may then appropriate the amounts collected under this section for education.

This authorization is not intended to create a dedication of funds in violation of art. IX, sec. 7, of the Constitution of the State of Alaska.

DISTRICT C

Kodiak Archipelago • Southeast Islands



Advocates for Alaska's Youth

Position Paper
SB 165 Education Tax on Employment

April 2001

The Association of Alaska School Boards (AASB) supports legislation that will enhance revenue generating measures of the State of Alaska. SB 165 Education Tax on Employment is one such measure.

Decreased oil production and a dwindling Constitutional Budget Reserve continue to fuel discussion of a long range fiscal plan for Alaska. Over the last five years state policymakers have tightened their collective budget belt. Now it is time to consider the other side of the coin—enhancing state revenues.

AASB's goal is to obtain a stable source of funding for the state's largest constitutionally mandated responsibility—education.

Alaska lawmakers have it within their grasp to address three essential components of education funding:

1. Appropriations based on need (Adequacy Study)
2. Appropriate distribution of funds (School Cost Study)
3. Maintaining buying power (inflation proofing formula/ Funding Task Force)

An education tax on employment, generating in the neighborhood of \$35 million annually, would help underwrite efforts to stabilize education funding.

The vast majority in the education community and the public support recent education reforms—standards and testing of those standards. Alaska has made remarkable gains in these areas. Schools are reporting significant changes in the way they do business. Alaska schools are requesting the support and resources necessary to ensure that every classroom is prepared to deliver on the promise that no child is left behind.

Forward thinking will maximize our financial resources *and* address the fiscal gap. Forward thinking can create a plan for a future that doesn't include cutting essential education services to our children. SB 165 is a step in the right direction.

Introduced by:	Manager Jensen
Requested by:	Assembly
Drafted by:	Borough Clerk
Introduced:	04/05/2001
Adopted:	04/05/2001

**KODIAK ISLAND BOROUGH
RESOLUTION NO. 2001-23**

**A RESOLUTION OF THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH
SUPPORTING SENATE BILL 165 CREATING AN EDUCATION HEAD TAX
AS PART OF SENATE BILL 1 AS A COMPREHENSIVE APPROACH
TO FILL ALASKA'S MOUNTING BUDGET GAP**

WHEREAS, Senate Bill 165 would impose an annual tax of \$100 on each Alaskan worker age 19 or older, including the self-employed; and

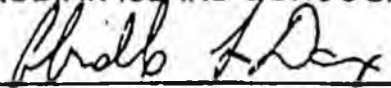
WHEREAS, the collected revenue would be deposited into the state's general fund and accounted for separately. In turn, the legislature may then appropriate the collected revenue, as set forth in this section, to education funding; and

WHEREAS, the Department of Revenue would collect between \$35 and \$36 million annually in new revenue; and


WHEREAS, Senate Bill 1 needs to generate \$29 million to increase the base student allocation for school funding; and the revenue raised would cover the \$29 million costs proposed in Senate Bill 1 which would increase funding for education;

NOW, THEREFORE, BE IT RESOLVED BY THE KODIAK ISLAND BOROUGH ASSEMBLY that the Kodiak Island Borough Assembly urges the Twenty-Second Legislature to adopt Senate Bill 165.

**ADOPTED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH
THIS FIFTH DAY OF APRIL, 2001**

KODIAK ISLAND BOROUGH


Gabrielle LeDoux, Borough Mayor

ATTEST:


Judith A. Nielsen, CMC, Borough Clerk

PO Box 179
Sitka, Alaska 99835
Phone: (907) 747-8622
Fax: (907) 966-1260



April 2, 2001

Senator Alan Austerman
State Capitol
Juneau, AK 99801-1182

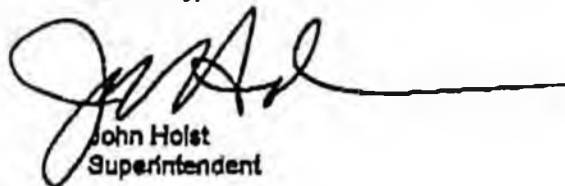
Dear Senator Austerman:

It is a pleasure to endorse your latest bill, SB 165, Head Tax.

There has been far too little discussion about a long-term fiscal plan which must include new sources of revenue. I see this bill simply as a re-instatement of the old "school tax", adjusted for inflation over the time it was originally instituted.

I applaud you for the leadership you are showing by being involved with colleagues who share your interest in the development of a fiscal plan. I am certain that the Sitka School District Board of Education will support your efforts in any way they can.

Sincerely,



John Holst
Superintendent

"Educating Today's Children to Become Tomorrow's Leaders"

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 3/26/01

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4-12-01

Labor and Commerce Committee considered

SENATE BILL NO. 165

"An Act imposing a tax on employment; and providing for an effective date."

and recommends:

be replaced with _____ CS _____ (_____)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DOR	4/11/01	\$.	1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Loren D. Luman</i>			X	
<i>Betty Davis</i>	✓			
CHAIR: <i>Paul E. ...</i>			1	

SENATE FINANCE COMMITTEE

SIGN-IN

SB 165-EDUCATION TAX ON EMPLOYMENT

NAME: Chuck Harlamert Subject/Bill No: SB 165
Co./Dept./Title: Dep. of Revenue Chief of Operations Phone: 465-4773
Address: 11th Floor SOB Zip: _____
Do you wish to testify? ___Yes ___No Respond To Questions

NAME: Neil Slotnick Subject/Bill No: SB 165
Co./Dept./Title: Dept. of Revenue Dpt. Comm. Phone: 465-3669
Address: 11th Floor SOB Zip: _____
Do you wish to testify? ___Yes ___No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? ___Yes ___No ___ Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? ___Yes ___No ___ Respond To Questions