

**ALASKA LEGISLATURE**

**2264**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002**

1 funds to carry out the purposes set out in AS 41.41.010(a).

2 (b) The principal and interest on the revenue bonds or notes authorized and  
3 issued under (a) of this section are payable from corporation funds. Bond anticipation  
4 notes may be payable from the proceeds of the sale of bonds or from the proceeds of  
5 the sale of other bond anticipation notes or, in the event bond or bond anticipation note  
6 proceeds are not available, the notes may be paid from other funds or assets of the  
7 corporation.

8 (c) Bonds or notes may be additionally secured by a pledge of a grant or  
9 contribution from the federal government, or a corporation, association, institution, or  
10 person, or a pledge of money, income, or revenues of the corporation from any source.

11 (d) Bonds or bond anticipation notes of the corporation may be issued in one  
12 or more series and shall be dated, bear interest at the rate or rates per year or within the  
13 maximum rate, be in the denomination, be in the form, either coupon or registered,  
14 carry the conversion or registration provisions, have the rank or priority, be executed  
15 in the manner and form, be payable at the times, from the sources, and in the medium  
16 of payment and place or places within or outside the state, be subject to authentication  
17 by a trustee or fiscal agent, and be subject to the terms of redemption with or without  
18 premium, as the resolution of the corporation may provide. Bond anticipation notes  
19 shall mature at the time or times that are determined by the corporation. Bonds shall  
20 mature at a time not exceeding a number of years from their date that is determined by  
21 the corporation. Before the preparation of definitive bonds or bond anticipation notes,  
22 the corporation may issue interim receipts or temporary bonds or bond anticipation  
23 notes, with or without coupons, exchangeable for bonds or bond anticipation notes  
24 when these definitive bonds or bond anticipation notes have been executed and are  
25 available for delivery.

26 (e) Bonds or bond anticipation notes may be sold in the manner and on the  
27 terms the corporation determines.

28 (f) If an officer whose signature or a facsimile of whose signature appears on a  
29 bond, note, or coupon attached to them ceases to be an officer before the delivery of  
30 the bond, note, or coupon, the signature or facsimile is valid the same as if the officer  
31 had remained in office until delivery.

1           **Sec. 41.41.310. Covenants.** (a) In a resolution of the corporation authorizing  
2 or relating to the issuance of bonds or bond anticipation notes, the corporation has  
3 power by provisions in the resolution that will constitute covenants of the corporation  
4 and contracts with the holders of the bonds or bond anticipation notes to

5                   (1) pledge to a payment or purpose all or a part of its revenues to  
6 which its right then exists or may thereafter come into existence, and the money  
7 derived from the revenues, and the proceeds of bonds or notes;

8                   (2) covenant as to the use and disposition of payments of principal or  
9 interest received by the corporation on loans or other investments held by the  
10 corporation;

11                   (3) covenant as to establishment of reserves or sinking funds and the  
12 making of provision for and the regulation and disposition of the reserves or sinking  
13 funds;

14                   (4) covenant with respect to or against limitations on a right to sell or  
15 otherwise dispose of property of any kind;

16                   (5) covenant as to bonds and notes to be issued, and their limitations,  
17 terms, and conditions, and as to the custody, application, and disposition of the  
18 proceeds of the bonds and notes;

19                   (6) covenant as to the issuance of additional bonds or notes, or as to  
20 limitations on the issuance of additional bonds or notes and the incurring of other  
21 debts;

22                   (7) covenant as to the payment of the principal of or interest on the  
23 bonds or notes, as to the sources and methods of the payment, as to the rank or priority  
24 of the bonds or notes with respect to a lien or security, or as to the acceleration of the  
25 maturity of the bonds or notes;

26                   (8) provide for the replacement of lost, stolen, destroyed, or mutilated  
27 bonds or notes;

28                   (9) covenant as to the redemption of bonds or notes and privileges of  
29 their exchange for other bonds or notes of the corporation;

30                   (10) covenant to create or authorize the creation of special funds of  
31 money to be held in pledge or otherwise for operating expenses, payment or

1 redemption of bonds or notes, reserves, or other purposes;

2 (11) establish the procedure, if any, by which the terms of a contract or  
3 covenant with or for the benefit of the holders of bonds or notes may be amended or  
4 abrogated, the amount of bonds or notes the holders of which must consent to  
5 amendment or abrogation, and the manner in which the consent may be given;

6 (12) covenant as to the custody of property or investments, their  
7 safekeeping and insurance, and the use and disposition of insurance money;

8 (13) agree with a corporate trustee that may be a trust company or  
9 bank having the powers of a trust company within or outside the state as to the  
10 pledging or assigning of revenue or funds to which or in which the corporation has  
11 rights or an interest; the agreement may further provide for other rights and remedies  
12 exercisable by the trustee as may be proper for the protection of the holders of a bond  
13 or note of the corporation and not otherwise in violation of law and may provide for  
14 the restriction of the rights of an individual holder of bonds or notes of the  
15 corporation;

16 (14) appoint and provide for the duties and obligations of a paying  
17 agent or paying agents or other fiduciaries as the resolution may provide within or  
18 outside the state;

19 (15) limit the rights of the holders of a bond or note to enforce a pledge  
20 or covenant securing the bonds or notes;

21 (16) make covenants other than and in addition to the covenants  
22 expressly authorized in this section of like or different character, and to make  
23 covenants to do or refrain from doing acts and things as may be necessary or  
24 convenient and desirable in order to better secure bonds or notes or that, in the  
25 absolute discretion of the corporation, will tend to make bonds or notes more  
26 marketable, notwithstanding that the covenants, acts, or things may not be enumerated  
27 in this section.

28 **Sec. 41.41.320. Limitations of issuance of bonds.** (a) The corporation may  
29 not issue bonds in an amount that exceeds the amount of bonds authorized to be issued  
30 by the legislature.

31 (b) This section does not apply to the issuance by the corporation of refunding

1 bonds or to the issuance by the corporation of bonds the proceeds of which are  
2 intended to be used to refinance the loans held by the corporation.

3 **Sec. 41.41.330. Independent financial advisor.** In negotiating the private  
4 sale of bonds or bond anticipation notes to an underwriter, the corporation may retain  
5 a financial advisor. A financial advisor retained under this section must be  
6 independent from the underwriter.

7 **Sec. 41.41.340. Validity of pledge.** (a) The pledge of assets or revenue of the  
8 corporation to the payment of the principal or interest on an obligation of the  
9 corporation is valid and binding from the time the pledge is made, and the assets or  
10 revenue are immediately subject to the lien of the pledge without physical delivery or  
11 further act. The lien of a pledge is valid and binding against all parties having claims  
12 in tort, contract, or otherwise against the corporation, irrespective of whether those  
13 parties have notice of the lien of the pledge.

14 (b) This section does not prohibit the corporation from selling assets subject to  
15 a pledge, except that a sale may be restricted by the trust agreement or resolution  
16 providing for the issuance of the obligations.

17 **Sec. 41.41.350. Capital reserve funds.** (a) For the purpose of securing one  
18 or more issues of its obligations, the corporation may establish one or more special  
19 funds, called "capital reserve funds," and shall pay into those capital reserve funds (1)  
20 money appropriated and made available by the state for the purpose of those funds, (2)  
21 proceeds of the sale of its obligations, to the extent provided in the resolution or  
22 resolutions of the corporation authorizing their issuance, and (3) other money that may  
23 be made available to the corporation for the purposes of those funds from another  
24 source. All money held in a capital reserve fund, except as provided in this section,  
25 shall be used as required solely for the payment of the principal of obligations or of  
26 the sinking fund payments with respect to those obligations; the purchase or  
27 redemption of obligations; the payment of interest on obligations; or the payment of a  
28 redemption premium required to be paid when those obligations are redeemed before  
29 maturity. However, money in a fund may not be withdrawn from that fund at any time  
30 in an amount that would reduce the amount of that fund to less than the capital reserve  
31 requirement set out in (b) of this section, except for the purpose of making, with

1 respect to those obligations, payment, when due, of principal, interest, redemption  
2 premiums, and the sinking fund payments for the payment of which other money of  
3 the corporation is not available. Income or interest earned by, or increment to, a  
4 capital reserve fund due to the investment of the fund or other amounts in it may be  
5 transferred by the corporation to other funds or accounts of the corporation to the  
6 extent that the transfer does not reduce the amount of the capital reserve fund below  
7 the capital reserve fund requirement.

8 (b) If the corporation decides to issue obligations secured by a capital reserve  
9 fund, the obligations may not be issued if the amount in the capital reserve fund is less  
10 than a percent, not exceeding 10 percent of the principal amount of all of those  
11 obligations secured by that capital reserve fund then to be issued and then outstanding  
12 in accordance with their terms, as may be established by resolution of the corporation,  
13 called the "capital reserve fund requirement," unless the corporation, at the time of  
14 issuance of the obligations, deposits in the capital reserve fund from the proceeds of  
15 the obligations to be issued or from other sources an amount that, together with the  
16 amount then in the fund, will not be less than the capital reserve fund requirement.

17 (c) In computing the amount of a capital reserve fund for the purpose of this  
18 section, securities in which all or a portion of the funds are invested shall be valued at  
19 par or, if purchased at less than par, at amortized costs as the term is defined by  
20 resolution of the corporation authorizing the issue of the obligations or by some other  
21 reasonable method established by the corporation by resolution. Valuation on a  
22 particular date must include the amount of interest earned or accrued to that date.

23 (d) To assure the continued operation and solvency of the corporation for the  
24 carrying out of its corporate purposes, provision is made in (a) of this section for the  
25 accumulation in capital reserve funds of an amount equal to their capital reserve fund  
26 requirement.

27 (e) The chair of the corporation shall annually, no later than January 2, make  
28 and deliver to the governor and chairs of the house and senate finance committees a  
29 certificate stating the sum, if any, required to restore a capital reserve fund to the  
30 capital reserve fund requirement. The legislature may appropriate that sum, and all  
31 sums appropriated during the current fiscal year by the legislature for the restoration

1 shall be deposited by the corporation in the appropriate capital reserve fund.

2 (I) Nothing in this section creates a debt or liability of the state.

3 **Sec. 41.41.360. Remedies.** A holder of obligations or coupons attached to  
4 them issued under the provisions of this chapter, and a trustee under a trust agreement  
5 or resolution authorizing the issuance of the obligations, except as restricted by a trust  
6 agreement or resolution, either at law or in equity, may enforce all rights granted  
7 hereunder or under the trust agreement or resolution, or under another contract  
8 executed by the corporation under this chapter, and may enforce and compel the  
9 performance of all duties required by this chapter or by the trust agreement or  
10 resolution to be performed by the corporation or by an officer of it.

11 **Sec. 41.41.370. Negotiable instruments.** All obligations and interest  
12 coupons attached to them are negotiable instruments under the laws of this state,  
13 subject only to applicable provisions for registration.

14 **Sec. 41.41.380. Obligations eligible for investment.** Obligations issued  
15 under the provisions of this chapter are securities in which all public officers and  
16 public bodies of the state and its political subdivisions, all insurance companies, trust  
17 companies, banking associations, investment companies, executors, administrators,  
18 trustees, and other fiduciaries may properly and legally invest funds, including capital  
19 in their control or belonging to them. These obligations may be deposited with a state  
20 or municipal officer of an agency or political subdivision of the state for a purpose for  
21 which the deposit of bonds, notes, or obligations of the state is authorized by law.

22 **Sec. 41.41.390. Refunding bonds.** (a) The corporation may provide for the  
23 issuance of refunding bonds for the purpose of refunding an obligation then  
24 outstanding that have been issued under the provisions of this chapter, including the  
25 payment of redemption premium on them and interest accrued or to accrue to the date  
26 of redemption of the obligations. The issuance of the bonds, the maturities and other  
27 details of them, the rights of the holders of them, and the rights, duties, and obligations  
28 of the corporation in respect of them are governed by the provisions of this chapter  
29 that relate to the issuance of obligations insofar as those provisions may be  
30 appropriate.

31 (b) Refunding bonds may be sold or exchanged for outstanding bonds issued

1 under this chapter, and, if sold, the proceeds may be applied, in addition to another  
2 authorized purpose, to the purchase, redemption, or payment of the outstanding  
3 obligations. Pending the application of the proceeds of refunding bonds, with any  
4 other available funds, to the payment of the principal, accrued interest, and redemption  
5 premium on the obligations being refunded, and, if so provided or permitted in the  
6 resolution authorizing the issuance of the refunding bonds or in the trust agreement  
7 securing them, to the payment of any interest on the refunding bonds and expenses in  
8 connection with the refunding, the proceeds may be invested in direct obligations of,  
9 or obligations the principal of and the interest on which are unconditionally  
10 guaranteed by, the United States that mature or that will be subject to redemption, at  
11 the option of the holders of them, not later than the respective dates when the  
12 proceeds, together with the interest accruing on them, will be required for the purposes  
13 intended.

14 **Sec. 41.41.400. Credit of state not pledged.** (a) Obligations issued under  
15 the provisions of this chapter do not constitute a debt, liability, or obligation of the  
16 state or of a political subdivision of the state or a pledge of the faith and credit of the  
17 state or of a political subdivision of the state but are payable solely from the revenue  
18 or assets of the corporation. Each obligation issued under this chapter must contain on  
19 its face a statement that the corporation is not obligated to pay it or the interest on it  
20 except from the revenue or assets of the corporation and that neither the faith and  
21 credit nor the taxing power of the state or of a political subdivision of the state is  
22 pledged to the payment of the principal of or the interest on the obligation.

23 (b) Expenses incurred by the corporation in carrying out the provisions of this  
24 chapter are payable from funds provided under this chapter, and liability may not be  
25 incurred by the corporation in excess of these funds.

26 **Sec. 41.41.410. Officers not liable.** A board member or other officer of the  
27 corporation is not subject to personal liability or accountability by reason of having  
28 executed or issued an obligation.

#### 29 **Article 4. Property of the Corporation.**

30 **Sec. 41.41.450. Property of the corporation.** The corporation may acquire,  
31 by purchase, lease, or gift, upon terms that it considers proper, land, structures, real or

1 personal property rights, rights-of-way, franchises, easements, and other interests in  
 2 land it considers necessary or convenient for the financing of the project or a part of  
 3 the project.

4 **Article 5. General Provisions.**

5 **Sec. 41.41.900. Tax exemption.** (a) The exercise of the powers granted by  
 6 this chapter will be in all respects for the benefit of the people of the state, for their  
 7 well-being and prosperity, and for the improvement of their social and economic  
 8 conditions. The corporation is not required to pay a tax or assessment on property  
 9 owned by the corporation under the provisions of this chapter or on the income from  
 10 it.

11 (b) All obligations issued under this chapter are declared to be issued by a  
 12 body corporate and public of the state and for an essential public and governmental  
 13 purpose, and the obligations, and the interest and income on and from the obligations,  
 14 and all fees, charges, funds, revenues, income, and other money pledged or available  
 15 to pay or secure the payment of the obligations, or interest on the obligations, are  
 16 exempt from state taxation except for transfer, inheritance, and estate taxes.

17 **Sec. 41.41.990. Definitions.** In this chapter,

18 (1) "board" means the board of directors of the Alaska Gas  
 19 Corporation;

20 (2) "corporation" means the Alaska Gas Corporation;

21 (3) "project" means the gas transmission pipeline, together with all  
 22 related property and facilities, to extend from the Prudhoe Bay area on the North Slope  
 23 of Alaska to the interior of Alaska and from there either along a route proximate to the  
 24 Alaska Highway to interconnect with a gas transmission pipeline in Canada or to  
 25 tidewater at a point on Prince William Sound, or both, and includes planning, design,  
 26 and construction of the pipeline and related facilities.

27 \* **Sec. 3.** AS 39.25.110(11) is amended by adding a new subparagraph to read:

28 (G) Alaska Gas Corporation;

29 \* **Sec. 4.** AS 39.50.200(b) is amended by adding a new paragraph to read:

30 (57) the board of directors and executive director of the Alaska Gas  
 31 Corporation (AS 41.41.020).

1 \* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to  
2 read:

3 DEVELOPMENT OF PROJECT PLAN. (a) The Joint Committee on Natural Gas  
4 Pipelines of the Twenty-Second Alaska State Legislature (Legislative Resolve 32) shall  
5 submit a report to the governor, the speaker of the house, and the president of the senate no  
6 later than the first day of the First Regular Session of the Twenty-Third Alaska State  
7 Legislature based on conclusions drawn by qualified engineering, consulting, and other  
8 entities considered appropriate as to whether the construction and operation of a natural gas  
9 transmission pipeline project, as defined in AS 41.41.990, added by sec. 2 of this Act, by a  
10 public corporation is feasible.

11 (b) The feasibility study must be a general description of the requirements and current  
12 status of the requirements set out in (a) of this section with respect to gas supply, engineering,  
13 technical, financial, regulatory, and market access matters relating to the project. In addition,  
14 the plan must include the following specific items and findings and recommendations on each  
15 item:

16 (1) the proposed methods and procedures by which the project will be  
17 financed, including the amounts and times of issuance of bonds by the corporation;

18 (2) the method of securing the bonds;

19 (3) projected debt service requirements of the bonds;

20 (4) projected revenues, for the period of time during which reasonable  
21 projections can be made, that will be available to the corporation to meet debt service  
22 requirement;

23 (5) documentation that contractors have undertaken

24 (A) to use their best efforts to advertise for, recruit, and employ  
25 qualified residents of the state;

26 (B) to subcontract with existing licensed Alaska firms within the state  
27 and, in subcontracting with those firms, to encourage the contractors to employ and,  
28 when necessary, train existing state residents;

29 (C) to enter into contracts with Alaska-licensed vendors, contractors,  
30 and suppliers for the provision of supplies and services; and

31 (D) to conduct quarterly audits of the performance of the contractors

1 under (A) - (C) of this paragraph and to report the results of these audits to the  
2 legislature and other interested state officials in a timely manner;

3 (6) the estimated number of Alaska workers who will be employed under the  
4 provisions of (5) of this subsection, the estimated total number of workers to be employed on  
5 the project during construction, the estimated dollar volume of contracts that will be let to  
6 Alaska contractors or firms under the provisions of (5) of this subsection, and the estimated  
7 total dollar volume of contracts that will be let for the project during construction; and

8 (7) documentation that the necessary documents and exhibits have been filed  
9 before the appropriate federal regulatory agencies.

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

12 INITIAL APPOINTMENTS OF MEMBERS OF ALASKA GAS CORPORATION  
13 BOARD OF DIRECTORS. Of the members first appointed under AS 41.41.020(a), enacted  
14 by sec. 2 of this Act,

15 (1) two members shall be appointed to four-year terms;

16 (2) one member shall be appointed to a three-year term;

17 (3) two members shall be appointed to two-year terms; and

18 (4) one member shall be appointed to a one-year term.

**НВ**

**303**

HFIN

FILE

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 15, 2002

FURTHER REFERRALS:

Date of Committee Action: 3/25/02

The FINANCE Committee considered:

HB 303

HOUSE BILL NO. 303

STATE SALES TAX

"An Act relating to the levy and collection of a sales tax; and providing for an effective date."

Recommends it be replaced with CS HB 303 (FIN)  Same Title  New Title  
 For Senate Bills with new title:  Technical Title  New Title: HCR \_\_\_\_\_

- attach amendments
- add new referral to \_\_\_\_\_ Committee
- Letter of Intent \_\_\_\_\_ Committee

- List of Abbrev. for Depts.:
- ADM
  - CED
  - COR
  - CRT
  - EED
  - DEC
  - DFG
  - GOV
  - HSS
  - LAA
  - LAW
  - LWF
  - MVA
  - DNR
  - DPS
  - REV
  - DOT
  - UA

<b>NEW FISCAL NOTES</b>				
*For Chief Clerk's Office Use Only				
List by Dept(s):	*FN#	Fiscal	Indct.	Zero
Rel		✓		

<b>PREVIOUS FISCAL NOTES</b>				
List by Dept(s):	FN#	Fiscal	Indct.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
<i>(Signature)</i>	Burde	✓			
<i>(Signature)</i>	Whitaker	✓			
<i>(Signature)</i>	HARRIS			X	
<i>(Signature)</i>	CROFT		✓		
<i>(Signature)</i>	DAVIES		✓		
<i>(Signature)</i>	MOSES		✓		
<i>(Signature)</i>	Lancaster	✓			
<i>(Signature)</i>	HUDSON		✓		
<i>(Signature)</i>	FOSTER		X		
Chair: <i>(Signature)</i>	mwdw	✓			
Chair: <i>(Signature)</i>	Williams			X	

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: CSHB 303(FIN)  
 Bill Version: \_\_\_\_\_  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Statewide Sales Tax BRU: Revenue Operations  
 Component: Tax Division  
 Sponsor: Representative Whitaker  
 Requester: House Finance Committee Component Number: 2476

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

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	2,389.4	3,774.5	3,774.5	3,774.5	3,774.5	3,774.5
Travel	80.0	70.0	70.0	70.0	70.0	70.0
Contractual	875.5	954.0	983.5	983.5	983.5	983.5
Supplies	75.3	91.0	91.0	91.0	91.0	91.0
Equipment	520.0	67.5	15.0	15.0	15.0	15.0
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>3,940.2</b>	<b>4,957.0</b>	<b>4,934.0</b>	<b>4,934.0</b>	<b>4,934.0</b>	<b>4,934.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>1,904.0</b>	<b>427.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES (increase)</b>	<b>100,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	5,844.2	5,384.5	4,934.0	4,934.0	4,934.0	4,934.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>5,844.2</b>	<b>5,384.5</b>	<b>4,934.0</b>	<b>4,934.0</b>	<b>4,934.0</b>	<b>4,934.0</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time	65	72	72	72	72	72
Part-time						
Temporary						

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

The Department of Revenue estimates the 3% year-round statewide sales tax in this legislation would generate approximately \$240 million a year in state revenues. Uncertainties over the effect of limiting the sales tax to the first \$2,000 of a sales or service invoice, and the lack of detailed statistics on the sales of goods and services in Alaska corresponding to the exemptions granted in this legislation make it difficult to provide a better estimate of revenues -- the actual revenues could be higher. The revenue estimate for FY2003 assumes five months of collections in the first fiscal year, starting with February receipts from January's collections.

The cost projections assume the new Sales Tax Section would take over space in the State Office Building in Juneau currently occupied by the Permanent Fund Dividend Division and would take over space in the Atwood Building in Anchorage currently occupied by the Alcoholic Beverage Control Board. These moves would allow the Sales Tax Section to share premises (and staff) with the department's Tax Division. The estimated cost of relocating the Dividend Division and ABC Board are a combined one-time relocation expense of approximately \$325,000 and an annual operating budget increase of perhaps \$150,000 a year (due to the higher rents for private property as opposed to state-owned buildings). The capital costs are reflected in this fiscal note; the ABC and Dividend Division operating budget increments are not reflected in this fiscal note and would be requested in a supplemental appropriation next year.

Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469  
 Division: Department of Revenue Date/Time 3/25/2002 6:30 p.m.  
 Approved by: Larry Persily, Deputy Commissioner Date 3/25/2002  
 Agency: Department of Revenue

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: CSHB 303(STA)  
 Bill Version: \_\_\_\_\_  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Statewide Sales Tax BRU: Revenue Operations  
 Component: Tax Division  
 Sponsor: Representative Whitaker  
 Requester: House Finance Committee Component Number: 2476

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

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	2,003.1	3,162.7	3,162.7	3,162.7	3,162.7	3,162.7
Travel	46.0	40.0	40.0	40.0	40.0	40.0
Contractual	702.5	829.1	854.1	904.1	904.1	904.1
Supplies	38.0	63.0	63.0	63.0	63.0	63.0
Equipment	448.0	56.0				
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>3,237.6</b>	<b>4,150.8</b>	<b>4,119.8</b>	<b>4,169.8</b>	<b>4,169.8</b>	<b>4,169.8</b>

<b>CAPITAL EXPENDITURES</b>	<b>1,087.0</b>	<b>427.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES (increase)</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	4,324.6	4,578.3	4,119.8	4,169.8	4,169.8	4,169.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>4,324.6</b>	<b>4,578.3</b>	<b>4,119.8</b>	<b>4,169.8</b>	<b>4,169.8</b>	<b>4,169.8</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time	56	63	63	63	63	63
Part-time						
Temporary						

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

\*\* The Department of Revenue estimates the 3% year-round statewide sales tax in this legislation would generate between \$250 million and \$350 million a year in new state revenues. Uncertainties over how to interpret some of the tax exemptions in this legislation, and additional uncertainties over the effect of the provision limiting the sales tax to the first \$2,000 of a purchase or service, make it difficult to provide a better estimate of revenues.

The Department of Revenue also believes there are significant problems with this legislation, which would need to be addressed to provide a workable statewide sales tax. Specifically, the department believes the state should take over all administration and collection of municipal sales taxes in order to better manage Alaska's sales tax program for businesses statewide while also joining a nationwide effort for streamlined sales taxes to deal with the increase in mail-order and internet sales. These issues and more are explained in the attached pages.

Prepared by: Brett Fried, Economist & Chuck Harlamert, Revenue Audit Supervisor Phone 4C5-3682  
 Division: Tax Division Date/Time 3/19/2002 8 p.m.  
 Approved by: Larry Persily, Deputy Commissioner Date 3/19/2002  
 Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

## **CSHB303(STA) – Department of Revenue**

This legislation provides a skeletal framework for a statewide sales tax program. It is incomplete and would create significant administration problems — and considerable problems for businesses charged with collecting the tax. Among the issues:

### **Municipal Taxation Issues**

- The Department of Revenue believes the only way for a state sales tax to operate efficiently, and to avoid placing undue burdens on businesses, would be for the state to take over collection and administration of all municipal sales taxes in Alaska. This would mean a common set of laws and regulations for state and municipal sales taxes — although the rates could be different. The state then would forward to the municipalities their share of collections in each jurisdiction. This change in state law would bring Alaska into conformity with the nationwide effort to provide certainty and uniformity among sales tax laws within each state. *(See explanation of Uniform Multi-State Tax Agreement later in this fiscal note).*
- Although this legislation allows individual municipalities to opt in and have the state collect their local sales and use tax, it makes no provision for municipal taxes outside of the general sales tax, such as hotel bed tax, rental car tax, fish taxes and retail alcohol tax. Is it the intent of the legislature that the state should also take over those municipal taxes?
- The bill should contain some provisions governing joint enforcement and collection of municipal and state sales taxes. What if a community is dissatisfied with the state's enforcement and audits efforts allocated to the municipal sales tax? If the program is to operate efficiently, the state should be given autonomy for audit selection and should be the sole arbiters of tax disputes. Otherwise, businesses could be subject to two sets of enforcers with possibly differing opinions on the same tax issues.
- The language in Section 1, Lines 10 and 11, requiring that a municipal sales tax must be "consistent with AS 43.44" should refer to all of Title 43 in order to include all administrative provisions including rates of penalty and interest.
- The "reasonable fee" provision for what the state may charge municipalities for collecting the sales tax could become a point of dispute. Disputes over the state's costs could lead some municipalities to opt out of the program, creating confusion for businesses — another reason in favor of turning over all sales tax administration to the state.

### **Taxation of Services**

- The legislation should better define services and the point of taxation for services. Is it where the service is performed, or the location of the individual or business ordering the service? The bill also needs to provide rules for services delivered in interstate commerce.
- What about services between related parties? Do we want to tax services provided by BP PLC to BP Exploration Alaska?

## **CSHB303(STA) – Department of Revenue**

### Use Tax

- Although the legislation allows the state to administer and collect a municipal use tax, there is no provision for a state use tax. This encourages importing products into the state to avoid the sales tax on goods purchased in Alaska.
- If the legislature wants to include a state use tax in this bill, it would make sense to amend state law to require the payment of the use tax on motor vehicles purchased outside Alaska. This would serve to eliminate the price advantage out-of-state car and truck dealers might have over Alaska businesses that would be required to collect the sales tax.
- Every state that imposes a statewide sales tax also has a use tax. In general, a use tax is a tax on the initial use, storage or consumption of tangible personal property in the state. Enforcing use taxes is difficult, particularly with the growth of internet sales. Most states are addressing this and other sales and use tax issues by passing versions of a Model Sales and Use Tax Act. *(See explanation of Uniform Multi-State Tax Agreement later in this fiscal note).*

### Definitions of Taxable and Tax-Exempt Sales and Services

- The legislation lacks definitions needed for the administration of the tax. For example:
  - What is meant by “educational services” in the legislation’s list of tax-exempt purchases and services? College and university tuition? Any class offered by any business or self-proclaimed school, regardless of accreditation, religious affiliation or venue? Would tutoring be exempt? And what about educational computer software?
  - Petroleum products would be exempt under the legislation, but does that include aspirin, Vaseline, products made of carbon fiber and other petroleum or carbon-based products?
  - Is a commercial operation, such as a salmon bake at an old mine site, considered an “historic site” for tax-exempt status under the legislation?
  - Are club dues taxable?
  - Under this legislation, Girl Scout cookies would be taxable, as would any other sale by a nonprofit organization for fund-raising purposes.
  - It’s also possible that under this legislation the state would have collected sales tax on the sale of Arco’s assets to Phillips.
  - Is the sales tax on a vehicle lease due up front, or strung out based on the stream of lease payments?
  - Are barter exchanges subject to sales tax?

## **CSHB303(STA) – Department of Revenue**

### Resale

- There is no provision in this legislation for resale or tax-exempt certificates. Such certificates are essential for the state and businesses for the administration of tax-exempt purchases. Without a tax-exempt certificate, the business could be held liable for the taxes if the state determines the sale should have been taxed. For example, there is vast uncertainty regarding tax liability if a sale is made for resale and the product is subsequently used by the purchaser rather than incorporated into a product for taxable sale. Requiring a resale certificate would protect the business from any tax liability.
- Does the “sale for resale” exemption apply if the resale is to occur outside the state?
- Does “sale for resale” apply to items that do not become an integral part of another product (for resale), such as packaging?
- What about a new home? Under this bill, “construction services” are exempt. Does that mean homebuyers would pay sales tax to contractors on the value of the building materials originally purchased at a lumber yard as tax-exempt for resale, but not on the value of the labor?

### \$2,000 Cap on the Taxable Transaction

- If a lawyer submits interim bills under \$2,000 each for a large, ongoing case, would all of the bills be fully taxable under this legislation, even if the total cost of services provided on the case exceeded \$2,000? And what if the lawyer submitted only one bill for the entire project — would the \$2,000 limit apply, even if the work stretched out over several months?
- The same problem would arise in furniture and large appliance purchases. If the transaction include several items totaling far in excess of \$2,000, could the business and consumer take advantage of the \$2,000 cap by writing up the items on a single invoice and calling it a “set”?

### Uniform Multi-State Tax Agreement

Businesses nationwide and other states are working hard to win nationwide adoption of a Streamlined Sales and Use Tax Agreement.

One of the major reasons for the push is to address the issue of lost state and municipal sales tax revenues to mail-order and internet commerce. The retail industry has made it clear that it wants to see a set of uniform sales tax rules nationwide as a condition of working with the states to collect sales taxes on interstate commerce. The growth of mail-order and internet sales is costing states and municipalities billions of dollars a year in lost sales tax revenues.

The agreement, which has been adopted by about 20 states, requires:

*“States to administer any and all sales and use taxes levied by local jurisdictions within the state so that sellers collecting and remitting these taxes will not have to register or file returns with, remit funds to, or be subject to independent audits from local taxing jurisdictions.”*

## **CSHB303(STA) – Department of Revenue**

### Enforcement and Audit Issues

- There is no authority under this legislation for the department to use sampling in its audits of taxpayers. Sampling would make the audit process easier for the department and the taxpayer.
- There is no requirement for sellers to register with the state. Without such a provision, the state would be unable to track businesses responsible to collect and remit the sales tax — making it easier for businesses, particularly at-home or part-time businesses to avoid the tax.

### Revenue Estimate

How the department arrived at its estimate of \$250 million to \$350 million:

- The U.S. Economic Census estimates that the total value of all sales, receipts or revenue for Alaska establishments in 1997 was more than \$35 billion. We excluded the mining and wholesale sectors as a result of the exemption of goods and services for resale. Professional, scientific and technical services and most transportation services were also excluded for this same reason.
- If we adjust for the remaining exemptions, and exclude finance and insurance (insurance is potentially precluded by state law and “financial” sales are not defined in this legislation), and assume that petroleum products is more narrowly defined as fuel, then we arrive at a rough estimate of \$9 billion in taxable sales.
- Clearly, some goods and services excluded here would probably not be exempt under this bill, but some goods and services included in our estimate would probably be exempt.
- One reason this estimate is so rough is that the exemptions are so broadly defined.

The difficulty in estimating the effect of the \$2,000 cap are:

- We are not aware of any direct method to estimate the reduction in revenue as a result of the exclusion of “that part of a single item or the periodic selling price of a single service that exceeds \$2,000” from taxable sales. Because there is no estimate of the volume of sales or services, or the amount of each sale or service, it is very difficult to adjust revenue estimates for the \$2,000 cap. Also, because the definition of a single item is related to function and service related to time, it is not absolutely clear, for some goods and services, what constitutes a single sale or service.
- We can offer a couple of examples of Alaska municipalities with a cap. The City of Kodiak limits sales tax to the first \$500 of the sales price. In 2001, retail sales, rentals and services in Kodiak totaled \$279 million. Exemptions for sales, rental or services in excess of \$500 per item totaled \$54 million, or 19% of total sales. That compares to Juneau, where the limit is \$7,500, or 2% of taxable sales in 2001. We believe the \$2,000 limit of CSHB303(STA) would fall somewhere between Juneau's 2% and Kodiak's 19% exemption of taxable sales.

## **CSHB303(STA) – Department of Revenue**

### **Proposed Sales Tax Bills**

The Department of Revenue has at least two draft sales tax bills it could share with interested legislators — one was prepared by a consultant three years ago, and one was prepared by a Tax Division staff member. The department also could obtain tax statutes from other states and information from national tax administrator organizations to assist the legislature.

The department could meet with legislators and staff at any time to discuss the details of drafting a workable, comprehensive statewide sales tax.

### **Operating and Capital Budget Request**

- Operating expenditure projections are based on the assumption that the tax is imposed on January 1, 2003.
- The projections do not include the cost of collecting municipal sales taxes.

The cost projections assume:

- The new sales tax section would take over space in the State Office Building in Juneau currently occupied by the Permanent Fund Dividend Division and would take over space in the Atwood Building in Anchorage currently occupied by the Alcoholic Beverage Control Board. These moves would allow the new sales tax section to share premises (and staff) with the department's Tax Division. The estimated cost of relocating the Dividend Division and ABC Board are a combined one-time relocation expense of approximately \$325,000 and an annual operating budget increase of perhaps \$200,000 a year (due to the higher rents of private property as opposed to state-owned buildings).
- The sales tax section also would staff small field offices in Fairbanks and one other community (to be determined).

Adopted 3/22/02

**CS FOR HOUSE BILL NO. 303(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SECOND LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

Offered:

Referred:

Sponsor(s): REPRESENTATIVES WHITAKER, Fate, Lancaster

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the levy and collection of a sales tax and a use tax and to levy and  
2 collection of municipal sales and use taxes; and providing for an effective date."

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

4 \* Section 1. AS 29.05.210(b) is amended to read:

5 (b) The department shall provide assistance to each borough and unified  
6 municipality incorporated after December 31, 1985, in

7 (1) establishing the initial sales and use tax assessment [AND  
8 COLLECTION DEPARTMENT] if the borough or unified municipality has adopted a  
9 sales or use tax;

10 (2) determining the initial property tax assessment roll if the borough  
11 or unified municipality has adopted a property tax, including contracting for appraisals  
12 of property needed to complete the initial assessment.

13 \* Sec. 2. AS 29.10.200(50) is amended to read:

14 (50) AS 29.45.650 [AS 29.45.650(c), (d), (e), AND (f)] (sales and use

1 tax);

2 \* Sec. 3. AS 29.10.200(51) is amended to read:

3 (51) AS 29.45.700 [AS 29.45.700(d)] (sales and use tax);

4 \* Sec. 4. AS 29.35.170 is amended to read:

5 Sec. 29.35.170. Assessment and collection of taxes. (a) A borough shall  
6 assess [AND COLLECT] property, sales, and use taxes and collect taxes, other than  
7 general sales and use taxes, that are levied in its boundaries, subject to AS 29.45.

8 (b) Taxes, other than general sales and use taxes, levied by a city shall be  
9 collected by a borough and returned in full to the levying city. This subsection applies  
10 to home rule and general law municipalities.

11 \* Sec. 5. AS 29.45.650 is repealed and reenacted to read:

12 Sec. 29.45.650. Sales and use taxes. A borough may levy a general sales tax  
13 on the sale of goods, on the sale of real property, on rents, and on services provided in  
14 the borough and taxable under AS 43.44.010(a), and a general use tax on the storage,  
15 use, or consumption of tangible personal property in the borough taxable under  
16 AS 43.44.010(b), with the exemptions provided in AS 43.44.020. A borough may  
17 also levy a specific sales tax on the rental of overnight accommodations for fewer than  
18 30 consecutive days.

19 \* Sec. 6. AS 29.45.700 is repealed and reenacted to read:

20 Sec. 29.45.700. Power of levy. A city may levy sales and use taxes in the  
21 manner provided for boroughs.

22 \* Sec. 7. AS 29.45 is amended by adding a new section to read:

23 **Article 5A. Collection of Sales and Use Taxes by the State.**

24 **Sec. 29.45.750. Collection of municipal sales and use taxes by the state.**

25 The Department of Revenue shall collect sales and use taxes levied by a municipality  
26 under AS 29.45.650 or 29.45.700 and remit the proceeds to the municipality. The  
27 Department of Revenue may use its administrative authority under AS 43.05 and its  
28 enforcement and collection authority under AS 43.10 to collect general sales and use  
29 taxes levied by a municipality under AS 29.45.650 or 29.45.700.

30 \* Sec. 8. AS 43 is amended by adding a new chapter to read:

31 **Chapter 44. Sales and Use Taxes.**

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**Sec. 43.44.010. Levy of sales and use taxes; tax rate.** (a) A sales tax is levied on the sale of goods, on the sale of real property, on rents, and on services performed for consideration ~~in the state.~~ *goods or use of*

(b) A use tax is levied on the storage, use, or consumption of ~~tangible personal property~~ *Real property* acquired on or after January 1, 2003, or on the storage, use, or consumption in the state of ~~a tangible personal property~~ or service stored, used, or consumed, the sale of which, if it had occurred in this state, would be subject to tax under (a) of this section. The use tax is not levied if the tax under (a) of this section has been paid on the property.

(c) The rate of the sales tax is three percent of the price of goods sold, the price of real property sold, rents, and the value of services performed. The rate of the use tax is three percent of the value of the ~~tangible personal property~~ or service stored, used, or consumed.

**Sec. 43.44.020. Exemptions.** The tax levied under AS 43.44.010 does not apply to

- (1) goods sold, real property sold, rents, or services performed that are
  - (A) explicitly exempted from taxation under another provision of state law; or
  - (B) exempt from taxation under federal law, including sales to the federal government, and purchases made with
    - (i) food coupons, food stamps, or other types of certificates issued under 7 U.S.C. 2011 - 2036 (Food Stamp Act); and
    - (ii) food instruments, food vouchers, or other types of certificates issued under 42 U.S.C. 1786 (special supplemental nutrition program for women, infants, and children);
- (2) sales of goods, ~~real property,~~ *or* <sup>or</sup> services for resale, including the ~~sale of property~~ *↓ Transformation* that will become an ingredient or component part of property *goods* manufactured, processed, or fabricated for resale;
- (3) electricity, natural gas, water and sewer utility services, and fuel for heating or electrical generation;
- (4) funeral, cemetery, and crematory goods and services;

1 (5) health care services provided by a person licensed or certified to  
2 provide those services under AS 08, by a public home care provider as that term is  
3 defined in AS 47.05.017(c), by a health care facility operating under a certificate of  
4 need issued under AS 18.07, by a hospital licensed under AS 18.20, or by an assisted  
5 living home licensed under AS 47.33;

6 (6) prescription drugs, devices, and supplies prescribed by a person  
7 licensed to prescribe those goods under AS 08;

8 (7) the following sales and services provided by banks, savings and  
9 loan associations, credit unions, <sup>brokerage firms</sup> and investment banks:

10 (A) services associated with any deposit accounts, including  
11 service fees, not sufficient funds fees, and attachment fees;

12 (B) fees for the purchase of bank checks, money orders,  
13 traveler's checks, and similar products for payment;

14 (C) loan fees and points associated with loan transactions;

15 (D) pass-through charges on loan transactions that include sales  
16 tax;

17 (E) services associated with the sale, exchange, or transfer of  
18 currency, stocks, bonds, and other securities; <sup>+ purchases</sup> <sup>interest earned + paid</sup>

19 (8) sales by federal, state, or local government entities;

20 (9) wages, salaries, commissions, and any other form of remuneration  
21 paid to employees for personal services;

22 (10) educational services provided by a non-exempt or exempt  
23 religious or other private school reporting to the commissioner of education and early  
24 development under AS 14.45.030 or 14.45.110(b) or by a postsecondary educational  
25 institution authorized to operate under AS 14.48;

26 (11) refined petroleum products taxed under AS 43.40;

27 (12) real estate rentals of 30 consecutive days or more;

28 (13) construction services;

29 (14) admission to museums and historic sites;

30 (15) sales made to an entity described in 2 <sup>add to</sup> U.S.C. 501(c)(3) (Internal  
31 Revenue Code) and exempt from federal income tax under 26 U.S.C. 501(a);

1 (16) sales made by an entity described in 26 U.S.C. 501(c)(3) (Internal  
2 Revenue Code) and exempt from federal income tax under 26 U.S.C. 501(a) if the  
3 income from the sale is exempt from federal income taxation;

4 (17) casual and isolated sales or rentals by a seller who does not  
5 regularly engage in the business of selling goods or services, or making rentals, but  
6 only if

7 (A) the total sales do not exceed \$1,000 a year and the sales of  
8 goods do not occur for more than 14 days in a calendar year and are not made  
9 through a dealer; or

10 (B) the sales of goods are made by a licensed business to sell  
11 business equipment used in the business and not held as inventory;

12 (18) sales of insurance and bonds of guaranty and fidelity, and  
13 commissions on those sales.

14 **Sec. 43.44.030. Maximum value or amount of transaction subject to tax.**

15 (a) The sales and use taxes levied under AS 43.44.010 shall be applied only to the first  
16 \$2,000 of each separate sale, rent, or service transaction, except as otherwise provided  
17 in this section.

18 (b) Except as provided in (f) of this section for long-term personal property  
19 leases, the payment of rent, whether for real or personal property, in excess of \$2,000  
20 and for more than one month, shall be treated as several separate transactions covering  
21 the rental or lease for one month each.

22 (c) A transaction involving payment for services to be rendered or delivered  
23 over a period of more than one month for a consideration in excess of \$2,000 shall be  
24 treated as several separate transactions occurring once each month over the period of  
25 time that the service is rendered or delivered.

26 (d) Services provided on account and billed to the purchaser on a monthly  
27 basis are subject to application of the tax on a maximum of \$2,000 of each monthly  
28 billing, for each account.

29 (e) Each night's rental of overnight accommodations for fewer than 30  
30 consecutive days total shall be considered a separate transaction and the maximum tax  
31 computation shall be calculated on a per room per night basis.

1 (f) Long-term personal property leases shall be treated as one transaction for  
2 each year and for each fractional year, or for the lease term, whichever is longer. The  
3 tax paid for a fraction of a year shall equal the tax paid for a whole year. The sales tax  
4 for the entire long-term personal property lease shall be due and collected at the time  
5 of the first payment. The taxes may not be refunded if the lease terminates earlier than  
6 on its terms. An extension of the initial lease term shall be treated as a new long-term  
7 personal property lease. For purposes of this subsection, a long-term personal  
8 property lease is a lease that grants use of the property for a period of more than one  
9 month; a long-term personal property lease does not include month-to-month rental  
10 agreements.

11 **Sec. 43.44.040. Collection of sales tax.** (a) A seller shall add the amount of  
12 the tax levied by this chapter to the total price of goods, rentals, or services subject to  
13 the tax, and the tax shall be stated separately on any sales receipt, invoice, or other  
14 record of the sale or rental, except as provided in (d) of this section.

15 (b) A seller shall collect the tax from the purchaser and remit the tax collected  
16 to the department not later than 30 days following the last day of the month in which  
17 the tax was collected.

18 (c) A seller remitting the tax collected under this chapter to the department  
19 within 30 days after the last day of the month in which the tax was collected and filing  
20 a complete and timely return on a form prescribed by the department may retain one  
21 percent of the amount collected to cover expenses associated with collecting and  
22 remitting the tax.

23 (d) A person may not include the tax in the sales price except for sales by  
24 coin-operated devices, sales of food and beverages at concession stands, bars, and  
25 movable vendor carts, metered sales where the sales price is computed by the metering  
26 device, general admission tickets and cover charges to places of amusement, parks,  
27 movies, plays, concerts, bars, and other events, and as otherwise determined or  
28 allowed by the department.

29 **Sec. 43.44.050. Payment of use tax.** A buyer subject to the use tax shall  
30 remit the tax to the department not later than 30 days following the last day of the  
31 month in which the taxable storage, use, or consumption occurs.

1           **Sec. 43.44.060. Accounting.** The department shall deposit the proceeds of the  
2 sales and use tax levied under this chapter in the general fund of the state.

3           **Sec. 43.44.070. Exemption certificate.** The department shall provide for an  
4 exemption certificate for a purchaser who is exempt from payment of the tax under  
5 AS 43.44.020(2) or (15). The purchaser shall present the original exemption  
6 certificate or a copy to the seller. The certificate must include the name and address of  
7 the purchaser and a signature line for the purchaser. The exemption certificate for a  
8 purchaser exempt under AS 43.44.020(2) must also describe

9                   (1) the general character of property or service sold by the purchaser in  
10 its regular course of business; and

11                   (2) the property or service purchased for resale.

12           **Sec. 43.44.080. Nexus.** (a) A business that has nexus with Alaska for sales  
13 tax purposes but is not required to hold a business license under AS 43.70 must  
14 register with the department for the collection and remittance of the sales and use tax  
15 under this chapter.

16                   (b) To the fullest extent permitted by the Constitution of the United States, a  
17 person that takes advantage of an economic market or opportunity in the state and that  
18 possesses a legally sufficient minimum contact with the state and a substantial nexus  
19 with the state, regardless of whether the person has a physical presence in the state,  
20 shall collect the sales and use taxes imposed by this chapter and remit the taxes to the  
21 department as required by this chapter.

22   \* **Sec. 9.** The uncoded law of the State of Alaska is amended by adding a new section to  
23 read:

24           **TRANSITION: REGULATIONS.** The Department of Revenue may proceed to adopt  
25 regulations necessary to implement the provisions of this Act. The regulations take effect  
26 under AS 44.62 (Administrative Procedure Act), but not before the effective date of the  
27 provision being implemented. In adopting regulations, the department shall strive for  
28 consistency with the Streamlined Sales Tax Project.

29   \* **Sec. 10.** Section 9 of this Act takes effect immediately under AS 01.10.070(c).

30   \* **Sec. 11.** Except as provided in sec. 10 of this Act, this Act takes effect January 1, 2003.

*Hild*AMENDMENT~~3~~ 4

OFFERED IN THE HOUSE

TO: CSHB 303, Draft Version "W"

1 Page 4, line 3 . through page 5, line 2:

2 Delete all material and insert:

3 "(c) The rate of the sales tax shall be applied to the price of goods sold, the  
4 price of real property sold, rents, and the value of services performed. The rate of the  
5 use tax shall be applied to the value of the goods or services stored, used, or  
6 consumed. The applicable tax rate for a calendar year is:

7 (1) zero if the average price of Alaska crude oil, West Coast delivery  
8 for the most recent 24-month period beginning October 1 and ending September 30  
9 was more than \$28 a barrel;

10 (2) one-half of one percent if the average price of Alaska crude oil,  
11 West Coast delivery for the most recent 24-month period beginning October 1 and  
12 ending September 30 was more than \$27 a barrel, but not more than \$28;

13 (3) one percent if the average price of Alaska crude oil, West Coast  
14 delivery for the most recent 24-month period beginning October 1 and ending  
15 September 30 was more than \$26 a barrel, but not more than \$27;

16 (4) one and one-half percent if the average price of Alaska crude oil,  
17 West Coast delivery for the most recent 24-month period beginning October 1 and  
18 ending September 30 was more than \$25 a barrel, but not more than \$26;

19 (5) two percent if the average price of Alaska crude oil, West Coast  
20 delivery for the most recent 24-month period beginning October 1 and ending  
21 September 30 was more than \$24 a barrel, but not more than \$25;

22 (6) two and one-half percent if the average price of Alaska crude oil,  
23 West Coast delivery for the most recent 24-month period beginning October 1 and

1 ending September 30 was more than \$23 a barrel, but not more than \$24;

2 (7) three percent if the average price of Alaska crude oil, West Coast  
3 delivery for the most recent 24-month period beginning October 1 and ending  
4 September 30 was not more than \$23.

5 (d) As soon as practicable after September 30 of each year, the department  
6 shall publish the applicable tax rate under this section for the following calendar year."

passed  
8-3

3/25/02

22-LS1206\W.1  
Kurtz  
3/25/02

AMENDMENT \

OFFERED IN THE HOUSE

TO: CSHB 303(FIN), Draft Version "W"

1 Page 4, line 31, through page 5, line 2:

2 Delete all material and insert:

3 "(c) The rate of the sales tax shall be applied to the price of goods sold, the  
4 price of real property sold, rents, and the value of services performed. The rate of the  
5 use tax shall be applied to the value of the goods or services stored, used, or  
6 consumed. The applicable tax rate for a calendar year is:

7 (1) three percent if, on September 30 of the previous year, the  
8 unaudited balance in the budget reserve fund created by art. IX, sec. 17, Constitution  
9 of the State of Alaska, was equal to or less than \$2,000,000,000;

10 (2) two percent if, on September 30 of the previous year, the unaudited  
11 balance in the budget reserve fund created by art. IX, sec. 17, Constitution of the State  
12 of Alaska, was more than \$2,000,000,000 but not more than \$2,500,000,000;

13 (3) one percent if, on September 30 of the previous year, the unaudited  
14 balance in the budget reserve fund created by art. IX, sec. 17, Constitution of the State  
15 of Alaska, was more than \$2,500,000,000; but not more than \$3,000,000,000; or

16 (4) zero if, on September 30 of the previous year, the unaudited  
17 balance in the budget reserve fund created by art. IX, sec. 17, Constitution of the State  
18 of Alaska, was more than \$3,000,000,000. ] DELETE

19 (d) As soon as practicable after September 30 of each year, the department  
20 shall publish the applicable tax rate under this section for the following calendar year."

Adopted

22-LS1206 W.1  
Kurtz  
3/25/02

AMENDMENT \

OFFERED IN THE HOUSE

TO: CSHB 303(FIN), Draft Version "W"

1 Page 4, line 31, through page 5, line 2:

2 Delete all material and insert:

3 "(c) The rate of the sales tax shall be applied to the price of goods sold, the  
4 price of real property sold, rents, and the value of services performed. The rate of the  
5 use tax shall be applied to the value of the goods or services stored, used, or  
6 consumed. The applicable tax rate for a calendar year is:

7 (1) three percent if, on September 30 of the previous year, the  
8 unaudited balance in the budget reserve fund created by art. IX, sec. 17, Constitution  
9 of the State of Alaska, was equal to or less than \$2,000,000,000;

10 (2) two percent if, on September 30 of the previous year, the unaudited  
11 balance in the budget reserve fund created by art. IX, sec. 17, Constitution of the State  
12 of Alaska, was more than \$2,000,000,000 but not more than \$2,500,000,000;

13 (3) one percent if, on September 30 of the previous year, the unaudited  
14 balance in the budget reserve fund created by art. IX, sec. 17, Constitution of the State  
15 of Alaska, was more than \$2,500,000,000; but not more than \$3,000,000,000; or

16 (4) zero if, on September 30 of the previous year, the unaudited  
17 balance in the budget reserve fund created by art. IX, sec. 17, Constitution of the State  
18 of Alaska, was more than \$3,000,000,000.

19 (d) As soon as practicable, <sup>September</sup> September 30 of each year, the department  
20 shall publish the applicable tax rate under this section for the following calendar year."

AMENDMENT 2

OFFERED IN THE HOUSE

TO: CSHB 303, Draft Version "W"

1 Page 7, line 3, following "sales":

2 Insert ";

3 (19) sales of goods, sales of real property, rents, and services  
4 performed for consideration, and storage, use, or consumption in the state of goods or  
5 a service stored, used, or consumed, on or after October 1 and before April 1 of the  
6 following year"

W/D

22-LS1206 W.3

Kurtz

3 25 02

AMENDMENT 3

OFFERED IN THE HOUSE

TO: CSHB 303, Draft Version "W"

1 Page 4, line 31, through page 5, line 2:

2 Delete all material and insert:

3 "(c) The rate of the sales tax shall be applied to the price of goods sold, the  
4 price of real property sold, rents, and the value of service performed. The rate of the  
5 use tax shall be applied to the value of the goods or services stored, used, or  
6 consumed. The applicable tax rate for a calendar year is:

7 (1) zero if the average price of Alaska crude oil, West Coast delivery  
8 for the most recent 24-month period beginning October 1 and ending September 30  
9 was more than \$28 a barrel;

10 (2) one-half of one percent if the average price of Alaska crude oil,  
11 West Coast delivery for the most recent 24-month period beginning October 1 and  
12 ending September 30 was more than \$27 a barrel, but not more than \$28;

13 (3) one percent if the average price of Alaska crude oil, West Coast  
14 delivery for the most recent 24-month period beginning October 1 and ending  
15 September 30 was more than \$26 a barrel, but not more than \$27;

16 (4) one and one-half percent if the average price of Alaska crude oil,  
17 West Coast delivery for the most recent 24-month period beginning October 1 and  
18 ending September 30 was more than \$25 a barrel, but not more than \$26;

19 (5) two percent if the average price of Alaska crude oil, West Coast  
20 delivery for the most recent 24-month period beginning October 1 and ending  
21 September 30 was more than \$24 a barrel, but not more than \$25;

22 (6) two and one-half percent if the average price of Alaska crude oil,  
23 West Coast delivery for the most recent 24-month period beginning October 1 and

1 ending September 30 was more than \$23 a barrel, but not more than \$24;

2 (7) three percent if the average price of Alaska crude oil, West Coast  
3 delivery for the most recent 24-month period beginning October 1 and ending  
4 September 30 was not more than \$23.

5 (d) As soon as practicable after September 30 of each year, the department  
6 shall publish the applicable tax rate under this section for the following calendar year."

3-8

~~Meta~~

Failed

22-LS1206\W.2  
Kurtz  
3/25/02

AMENDMENT

~~2~~ 3

OFFERED IN THE HOUSE

TO: CSHB 303, Draft Version "W"

1 Page 7, line 3, following "sales":

2 Insert ";

3 (19) sales of goods, sales of real property, rents, and services  
4 performed for consideration, and storage, use, or consumption in the state of goods or  
5 a service stored, used, or consumed, on or after October 1 and before April 1 of the  
6 following year"

# ALASKA STATE AFL-CIO

2501 Commercial Drive · Anchorage, Alaska 99501 · 907-258-6284 · Fax 274-0570

MANO FREY  
Executive President



BRUCE LUDWIG  
Secretary / Treasurer

March 21, 2002

To: The Alaska Legislature,

There are numerous reasons for the state to implement an Income Tax – just like the old days, instead of a sales tax:

- The most onerous tax for the poor and disadvantaged is the sales tax. For necessities of life they will pay the same in taxes as the wealthy. That is not fair!!
- A sales tax is not tax deductible. An income tax is fairer for those who itemize their federal tax returns.
- The communities in Alaska that have a tax, other than property tax, utilize a sales tax. In Wrangell they have a seven percent (7%) sales tax. If the state initiates an additional three percent (3%) the people in that community would be paying **TEN PERCENT (10%) IN TAXES! UNBELIEVEABLE**
- The thousands of non-residents working in Alaska would pay little or no sales taxes. Because they buy so few products in Alaska. We, as a state, could at least recapture from them some of the cost of infrastructure that is spent on them now if they were paying an income tax.
- We could truthfully say, as we testify at Legislative hearings "as a tax payer". We cannot say that now.

Just a few thoughts – I will be happy to expand these points.

Thank you,

Mano Frey  
Executive President  
Alaska AFL-CIO



**DON VALESKO**  
Business Manager/  
Secretary-Treasurer

**JIM ASHTON**  
Assistant Business Manager

**HEADQUARTERS**  
2510 Arctic Blvd.  
Anchorage, Alaska 99503  
FAX (907) 279-7171  
(907) 276-7211

2122 Airport Way  
Fairbanks, Alaska 99701  
FAX (907) 456-1771  
(907) 452-5024

710 West 9th Street  
Juneau, Alaska 99901  
FAX (907) 586-5757  
(907) 586-6993

March 21, 2002

Dear Members of the Alaska State Legislature,

I believe the mechanism by which the new revenues are derived should be generated in complete fairness to all working Alaskans. I want to urge you to seriously consider an income tax as the best option for fulfilling the revenue needs of our state government needs.

A sales tax has a much greater adverse effect upon those who make less while having a far lesser impact upon those in higher income brackets. It really is regressive when you think of the purchasing power that someone on a minimum wage has compared to someone with the ability to earn a comfortable living.

If an income tax were enacted, we would also be realizing revenue from many seasonal and non-resident workers who enjoy working in Alaska while residing in another state. It's a common fact that many oil field, fishermen and other workers barely spend a thin dime in our great state while enjoying the benefits of our state operated airports, highway systems, and public safety measures.

Too often those same seasonal and non-resident workers have their paychecks deposited in an outside bank. If a sales tax were enacted, their yearly total expenditures in Alaska would probably amount to less revenue generated than that of a typical tourist.

I sincerely hope that you come to the conclusion that a progressive income tax will enhance revenues from everyone who shares in Alaska's wealth and lucrative employment far better than a regressive sales tax, which would hurt our lower income working Alaskans and their families.

Thank you for your consideration. If you have any questions, please do not hesitate to call upon me.

Sincerely,

Don Valesko  
Business Manager



## Anchorage Central Labor Council AFL-CIO

Valerie Baffone  
President

P.O. Box 91136  
Anchorage, AK 99509-1136  
(907) 276-7211  
(907) 279-7171 Fax  
Email: val@local71.com

March 21, 2002

The Honorable Elden Mulder and  
The Honorable Bill Williams  
Co-Chairmen  
House Finance Committee  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear House Finance Committee Members:

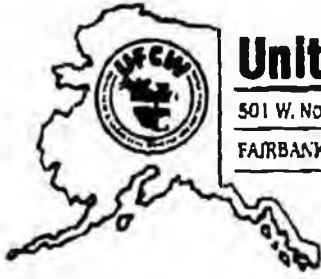
The issue of Alaska's fiscal gap is of major concern to working Alaskans. We fully recognize the need for the state to resolve this issue.

The Anchorage Central Labor Council supports the implementation of a statewide income tax in order to help pay for state services. An income tax based on adjusted federal taxes would help to capture lost income from out-of-state workers and have the added benefit of being a deductible expense from federal income tax.

We commend the committee in its efforts to address this problem. The time has indeed come for our leadership to "step up to plate" and address the issue of revenue increases and redistribution of existing state funds.

Sincerely,

Valerie K. Baffone  
President  
Anchorage Central Labor Council



## United Food & Commercial Workers Union Local 1496

501 W. Northern Lights Blvd., Suite 200, Anchorage, AK 99503 (907) 258-1496 Toll Free 1-800-478-1496 Fax (907) 276-1798

FAIRBANKS BRANCH: P.O. Box 71349, Fairbanks, AK 99707 (907) 456-6571 Fax (907) 456-2392 [www.alaska.net/~ulcw1496](http://www.alaska.net/~ulcw1496)

**WALTER E. STUART**  
President

**PETE BOEHLEN**  
Secretary-Treasurer

March 21, 2002

Alaska State Legislature  
Attention: Finance Committee

Dear Committee Members:

I am writing to let you know that I support a state income tax as the most favorable and beneficial way to create more revenue for Alaska. I believe that a state income tax makes the most sense of the options that are available to implement.

Sincerely,

A handwritten signature in cursive script that reads 'Walter E. Stuart'.

Walter E. Stuart  
President  
UFCW Local 1496

WES/ds



# Inlandboatmen's Union of the Pacific

MARINE DIVISION -- INTERNATIONAL LONGSHORE & WAREHOUSE UNION  
 NATIONAL OFFICE • 1711 W. NICKERSON ST. STE. D • SEATTLE, WA 98119 • (206) 284-6001 • FAX: (206) 284-5043



## Memo

March 21, 2002

**To:** Members of the Legislative Finance Committee

**From:** Inlandboatmen's Union of the Pacific

**Re:** Additional Revenue Sources

On behalf of the members of the Inlandboatmen's Union of the Pacific who reside throughout the State of Alaska we wish to inform the Legislative Finance Committee that we support a statewide income tax. There is no fairer way to spread the cost of government than to address it to all those that find and receive work within Alaska. As you are aware there are substantial amounts of seasonal workers who take advantage of our public resources and services that both municipal and State Government provides to all residents. But it is our year round residents that end up with the cost through property taxes and cuts to our State Government Budget. We, the life-long, year-round residents of Alaska believe we need to seek other sources of revenue and not depend on the taxation of oil as our sole source of income.

A sales tax is not an appropriate option. A sales tax should be left for our municipalities to fund the further cuts to their subsidies. A sales tax will adversely affect those that can not afford it the most, our working class families. They are our backbone of our State and to allow us to be straddled with the increases to the cost of government in the years ahead is not what this State needs. What we need is our responsible leadership in our Legislature to make history-making decisions this year. Decisions to act now with a fiscal responsible budget and not more budget cutting.

Sincerely,

Darryl Tseu, Regional Director  
 Alaska Region

### REGIONAL OFFICES

**PORT BOUND**  
 1 W. Nickerson, Ste. D  
 Seattle, WA 98119  
 (206) 284-6040  
 NY: (206) 284-5043

**REGION 37**  
 1711 W. Nickerson, Ste. D  
 Seattle, WA 98119  
 (206) 284-5321  
 FAX: (206) 284-5043

**COLUMBIA RIVER**  
 2435 NW Front Ave.  
 Portland, OR 97209  
 (503) 228-8000  
 FAX: (503) 223-2836

**SAN FRANCISCO**  
 430 Harrison Street  
 San Francisco, CA 94106  
 (415) 898-1234  
 FAX: (415) 898-1298

**HAWAII**  
 1001 Dillingham Blvd., Rm 217  
 Honolulu, HI 96817  
 (808) 847-0611  
 FAX: (808) 847-8061

**SOUTHERN CALIFORNIA**  
 1811 N. Gaffey, Ste. A-6  
 San Pedro, CA 90721  
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 FAX: (310) 521-9094

**KETCHIKAN**  
 Post Office Box 6300  
 Ketchikan, AK 99901  
 (907) 225-6360  
 FAX: (907) 225-8268

**JUNEAU**  
 3017 Clinton Drive, Ste 201  
 Juneau, AK 99801  
 (907) 780-8644  
 FAX: (907) 780-8646

Income Tax vs. Sales Tax

	Income							
	lower limit	-	20	30	50	75	100	200
	upper limit	20	30	50	75	100	200	
	mean	10	25	40	60	88	150	400
<b>Income Tax (HB 413)</b>								
number of returns	327,510	142,308	38,368	54,758	43,651	24,213	20,174	4,038
total tax liability (000)	1,899,496	54,658	68,910	212,533	318,641	303,884	479,292	461,578
average tax liability	5,800	384	1,796	3,881	7,300	12,550	23,758	114,309
state tax per return	20%	77	359	776	1,460	2,510	4,752	22,862
<b>Total State Revenue (000)</b>	<b>379,899</b>	<b>10,932</b>	<b>13,782</b>	<b>42,507</b>	<b>63,728</b>	<b>60,777</b>	<b>95,858</b>	<b>92,316</b>
	379,899		24,714			167,012		188,174
DOR Projections 2/27/02	376,360		21,178			167,008		188,174
Note: DOR projections exclude returns with income less than \$10,000								
% Returns		43%	12%	17%	13%	7%	6%	1%
% Liability		3%	4%	11%	17%	16%	25%	24%
this percent of returns pay		43%	55%	72%	85%	93%	99%	100%
this percent of the revenue		3%	7%	18%	34%	50%	76%	100%
<b>Sales Tax (HB 303)</b>								
average gross income		10,000	25,000	40,000	60,000	88,000	150,000	400,000
federal tax		(384)	(1,796)	(3,881)	(7,300)	(12,550)	(23,758)	(114,309)
disposable income		9,616	23,204	36,119	52,700	75,450	126,242	285,691
% spent on taxable items		56%	53%	49%	46%	46%	45%	43%
taxable spending		5,411	12,203	17,752	24,207	34,657	56,248	123,472
state sales tax	3.0%	162	366	533	726	1,040	1,687	3,704
total paid by Alaskans (000)	172,182	23,100	14,046	29,162	31,700	25,174	34,042	14,957
nonresidents	15%							
<b>Total State Revenue (000)</b>	<b>198,009</b>							
% in income bracket		43%	12%	17%	13%	7%	6%	1%
% Liability		12%	7%	15%	16%	13%	17%	8%
this percent of Alaskans pay		43%	55%	72%	85%	93%	99%	100%
this percent of the revenue		12%	19%	33%	49%	62%	79%	87%
<b>Individual Comparison</b>								
sales tax	3%	162	366	533	726	1,040	1,687	3,704
income tax	20%	77	359	776	1,460	2,510	4,752	22,862
pay more under income tax		(86)	(7)	244	734	1,470	3,064	19,158

Income Tax vs. Sales Tax

	income	taxable					
	53,028						
	6,964	6,964					
	591	591					
	6,360						
	3,264						
	2,485						
	1,096						
	900	900					
	738	738					
	2,661	2,661					
	2,490	2,490					
	4,276						
	1,334						
	3,172	3,172					
	1,030						
	2,530						
	3,392	3,392					
	710	710					
	274	274					
	701	701					
	468	468					
	1,297	1,297					
	1,837						
	4,459						
	53,029	24,358	46%				
		3%					
		731	tax paid				

Table 24. Selected western metropolitan statistical areas: Average annual expenditures and characteristics, Consumer Expenditure Survey, 1999-2000

Item	All consumer units in the West	Los Angeles	San Francisco	San Diego	Portland	Seattle	Honolulu	Anchorage	Phoenix	Denver
Number of consumer units (in thousands) ....	24,158	5,377	2,757	878	1,044	1,430	294	101	1,223	1,106
Consumer unit characteristics:										
Income before taxes <sup>1</sup> .....	\$47,086	\$52,776	\$64,818	\$52,898	\$49,035	\$51,292	\$51,906	\$54,506	\$47,492	\$55,168
Age of reference person .....	46.6	47.1	47.6	47.5	47.3	48.5	52.6	43.9	47.2	44.4
Average number in consumer unit:										
Persons .....	2.6	2.8	2.5	2.6	2.5	2.4	2.7	2.6	2.5	2.5
Children under 18 .....	.7	.8	.6	.7	.7	.6	.6	.8	.7	.7
Persons 65 and over .....	.3	.3	.3	.3	.2	.3	.4	.2	.3	.2
Carners .....	1.4	1.5	1.4	1.4	1.4	1.4	1.5	1.5	1.3	1.5
Vehicles .....	2.0	1.9	1.8	2.0	2.2	2.3	1.6	2.5	1.8	2.3
Percent homeowner .....	60	52	60	55	64	64	56	60	64	64
Average annual expenditures .....										
Food .....	\$41,933	\$44,748	\$55,040	\$47,338	\$44,331	\$43,602	\$41,972	\$53,028	\$41,991	\$46,002
Food at home .....	5,508	5,490	7,442	5,243	5,655	6,543	5,771	6,964	5,486	5,676
Food away from home .....	3,257	3,187	4,355	2,725	3,362	3,839	3,278	4,400	2,895	3,279
Cereals and bakery products .....	482	455	681	422	527	573	485	604	453	489
Meats, poultry, fish, and eggs .....	807	870	1,106	650	750	902	828	1,044	828	808
Dairy products .....	355	342	420	286	378	409	308	466	348	347
Fruits and vegetables .....	588	604	800	496	568	741	649	794	520	561
Other food at home .....	1,025	917	1,349	871	1,139	1,213	1,009	1,557	946	1,073
Food away from home .....	2,250	2,303	3,086	2,518	2,293	2,703	2,493	2,498	2,591	2,397
Alcoholic beverages .....	407	337	781	406	519	427	409	591	467	621
Housing .....	14,086	16,550	19,682	17,011	14,654	14,644	14,084	17,504	13,123	15,773
Shelter .....	8,746	10,203	12,963	10,996	9,095	9,489	9,717	10,720	7,793	10,110
Owned dwellings .....	5,393	5,958	8,266	6,423	6,100	5,781	5,704	6,360	4,974	5,910
Rented dwellings .....	2,788	3,828	3,963	4,102	2,359	2,896	3,404	3,264	2,341	2,916
Other lodging .....	565	507	734	471	636	812	610	1,096	478	1,284
Utilities, fuels, and public services .....	2,202	2,290	2,226	2,104	2,344	2,225	2,113	2,485	2,599	2,311
Household operations .....	864	1,429	1,477	1,013	812	660	630	900	577	794
Housekeeping supplies .....	492	481	595	479	451	636	497	738	538	473
Household furnishings and equipment .....	1,781	2,056	2,421	2,419	1,953	1,634	1,127	2,661	1,616	2,084
Apparel and services .....	2,021	2,450	3,137	2,020	1,517	1,917	1,974	2,490	1,979	2,178
Transportation .....	7,873	7,701	9,726	9,982	7,800	7,401	5,775	9,812	8,858	8,340
Vehicle purchases (net outlay) .....	3,462	2,933	4,409	5,323	3,304	2,766	1,553	4,278	4,223	3,257
Gasoline and motor oil .....	1,291	1,383	1,424	1,349	1,248	1,300	1,071	1,334	1,118	1,196
Other vehicle expenses .....	2,605	2,924	2,992	2,684	2,658	2,657	2,101	3,172	2,965	3,141
Public transportation .....	515	461	900	625	590	679	1,050	1,030	552	746
Health care .....	1,982	1,833	2,030	1,927	1,984	2,514	2,211	2,530	2,168	2,045
Entertainment .....	2,181	1,962	2,290	2,888	2,718	2,301	1,997	3,392	2,042	2,548
Personal care products and services .....	582	674	692	669	48	579	702	710	627	599
Reading .....	173	148	230	210	2	209	182	274	181	193
Education .....	701	695	967	575	824	609	906	701	562	617
Tobacco products and smoking supplies .....	239	204	222	249	239	366	230	468	261	324
Miscellaneous .....	957	1,220	1,023	768	832	930	978	1,297	883	1,075
Cash contributions .....	1,297	1,447	904	810	2,265	1,061	1,926	1,837	1,584	1,103
Personal insurance and pensions .....	3,927	4,038	5,915	4,580	4,623	4,100	4,826	4,459	3,770	4,909
Life and other personal insurance .....	356	370	354	545	378	421	655	496	364	524
Pensions and Social Security .....	3,571	3,668	5,561	4,035	4,245	3,679	4,171	3,963	3,406	4,385

<sup>1</sup> Components of income and taxes are derived from "complete income reporters" only; see glossary.

# Selected Historical and Other Data

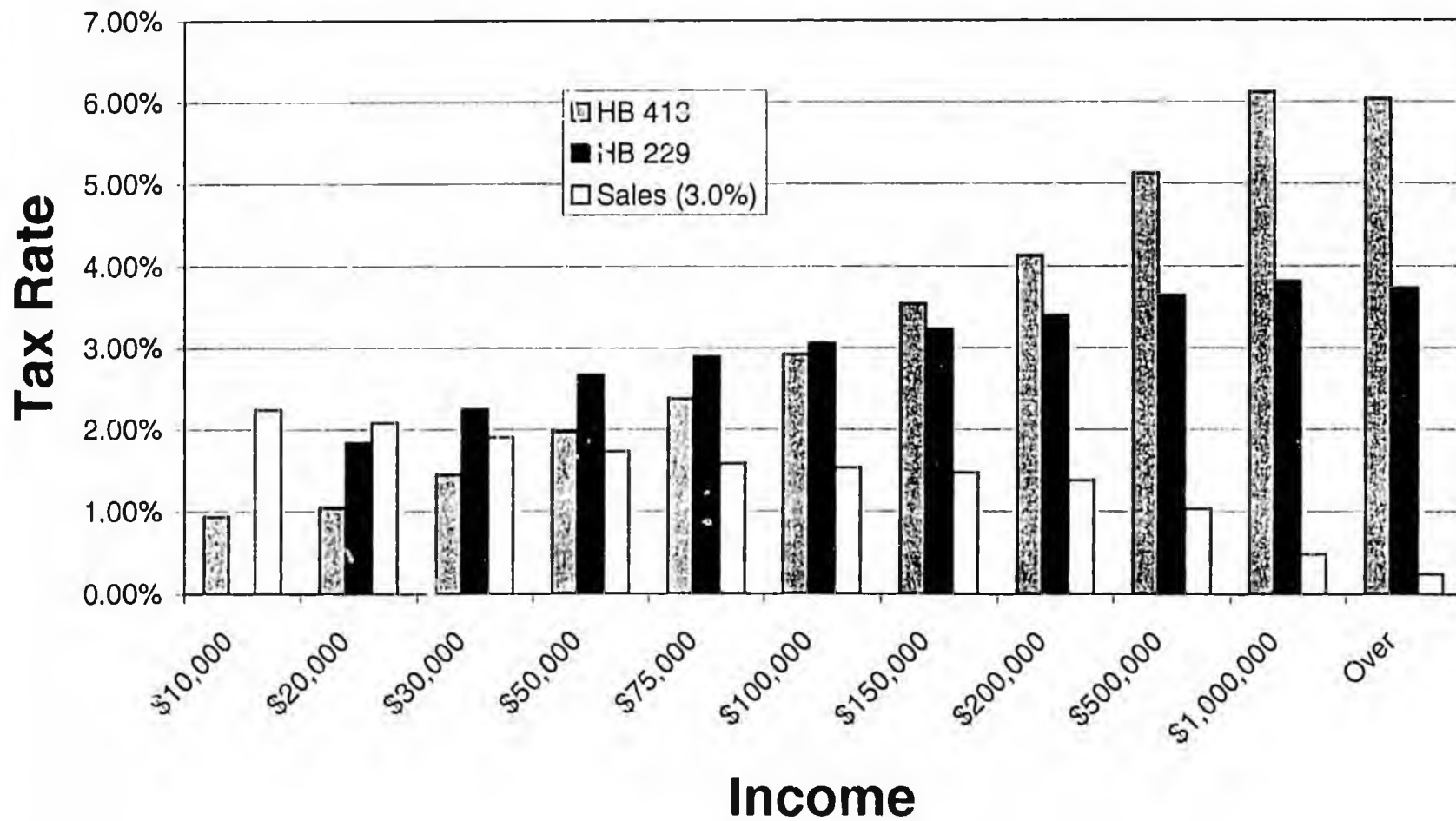
**Table 2.--Individual Income and Tax Data, by State and Size of Adjusted Gross Income, Tax Year 1999--Continued**

(Money amounts are in thousands of dollars)

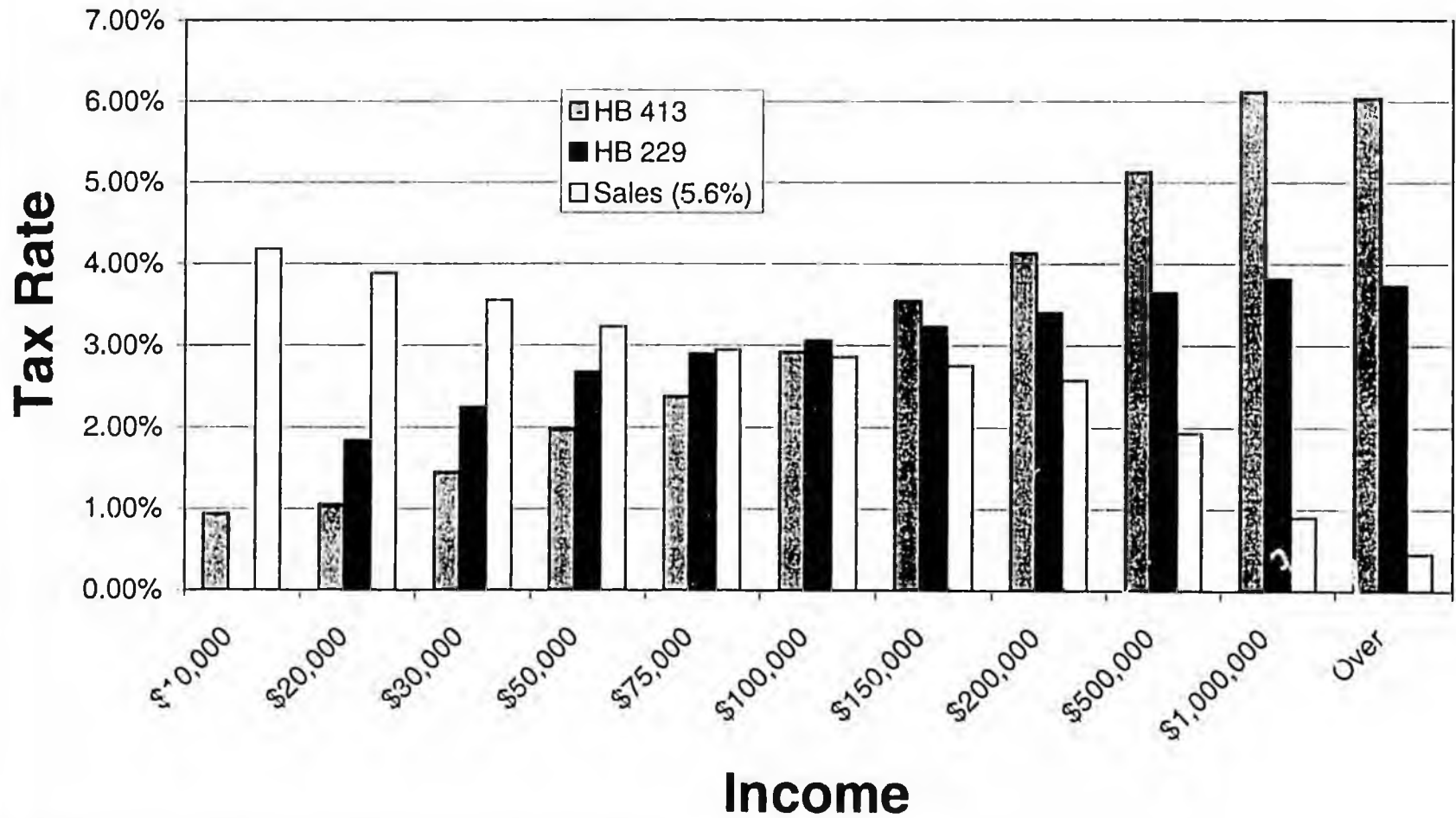
State and item	All returns	Size of adjusted gross income						
		Under \$20,000 <sup>1</sup>	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>ALASKA</b>								
Number of returns.....	327,510	142,308	38,388	54,758	43,651	24,213	20,174	4,038
Number of joint returns.....	114,889	10,461	10,187	22,818	29,707	20,485	17,790	3,481
Number with paid preparer's signature.....	152,273	57,181	17,455	28,249	22,804	13,160	12,119	3,295
Number of exemptions <sup>2</sup> .....	628,223	178,085	74,447	119,754	116,842	70,858	58,980	11,277
Adjusted gross income (AGI) <sup>3</sup> .....	13,047,088	814,333	951,183	2,155,628	2,879,870	2,081,488	2,595,511	1,068,128
Salaries and wages in AGI: <sup>4</sup> Number.....	255,982	88,372	34,288	49,838	39,705	22,371	18,323	3,298
Amount.....	9,142,495	898,604	737,304	1,889,913	2,053,814	1,587,358	1,774,064	601,440
Taxable interest: <sup>5</sup> Number.....	173,197	50,474	16,182	31,327	32,337	20,440	18,531	3,818
Amount.....	289,711	29,028	16,323	32,740	45,295	37,338	61,902	78,084
Tax-exempt interest: <sup>6</sup> Number.....	8,600	1,197	479	996	1,478	1,289	2,122	1,039
Amount.....	54,924	2,537	2,198	3,645	6,838	6,097	12,248	21,357
Dividends: <sup>7</sup> Number.....	88,444	28,009	8,787	13,781	15,374	10,695	12,480	3,308
Amount.....	221,880	23,883	9,958	21,038	28,687	23,810	47,413	87,338
Business or profession net income (less loss): <sup>8</sup>								
Number.....	55,937	15,071	6,018	10,477	10,374	5,955	5,865	1,474
Amount.....	611,073	20,890	38,586	76,323	94,887	72,807	153,889	153,901
Number of farm returns.....	1,271	241	83	196	254	174	243	78
Net capital gain (less loss) in AGI: <sup>9</sup> Number.....	69,334	17,883	4,824	10,110	12,654	9,352	11,407	3,304
Amount.....	864,867	28,537	10,778	28,345	49,719	54,628	158,833	337,948
Taxable Individual Retirement Arrangements Distributions: <sup>10</sup> Number.....	13,945	1,438	1,184	2,798	3,534	2,803	2,076	318
Amount.....	154,118	6,024	8,128	18,583	31,580	29,956	45,375	18,473
Pensions and annuities in AGI: <sup>11</sup> Number.....	42,830	6,338	4,587	6,646	9,695	6,533	5,902	931
Amount.....	814,880	44,881	50,984	137,395	188,638	159,363	184,896	38,843
Social Security benefits in AGI: <sup>12</sup> Number.....	18,597	334	1,975	4,370	4,282	2,232	1,885	539
Amount.....	120,739	1,061	3,631	22,820	40,829	23,731	21,203	7,376
Total statutory adjustments: <sup>13</sup> Number.....	64,229	18,863	8,874	14,185	12,228	5,528	5,638	1,962
Amount.....	150,270	13,575	11,774	23,820	28,493	17,980	33,126	23,421
Self-employment retirement plan: <sup>14</sup> Number.....	4,061	144	169	434	748	709	1,237	810
Amount.....	33,960	377	520	1,859	3,548	4,246	12,701	10,910
Total itemized deductions: <sup>15</sup> Number.....	78,633	3,880	4,340	14,878	21,408	18,179	16,462	2,796
Amount.....	1,158,768	46,271	46,450	163,772	281,448	241,749	278,979	101,095
Medical and dental expenses: <sup>16</sup> Number.....	10,135	2,119	1,438	2,878	2,353	807	542	39
Amount.....	54,479	12,801	7,096	12,852	11,340	5,174	4,511	706
Taxes paid: <sup>17</sup> Number.....	74,919	3,208	3,648	13,828	20,495	16,796	15,181	2,775
Amount.....	199,488	8,000	8,779	28,217	45,823	41,632	51,629	21,308
Interest paid: <sup>18</sup> Number.....	72,334	2,934	3,853	13,150	20,017	15,428	14,624	2,530
Amount.....	642,600	20,009	23,128	90,860	164,884	140,705	164,400	48,816
Contributions: <sup>19</sup> Number.....	65,208	2,176	3,081	11,259	17,594	14,224	14,278	2,819
Amount.....	198,057	3,420	5,870	21,628	40,333	37,449	53,812	35,847
Taxable income: <sup>20</sup> Number.....	292,159	108,137	37,432	54,570	43,609	24,204	20,189	4,038
Amount.....	9,538,878	390,357	621,434	1,432,939	1,936,543	1,590,803	2,121,925	1,542,378
Total tax credits: <sup>21</sup> Number.....	93,834	18,789	13,860	21,479	20,627	12,551	7,170	1,378
Amount.....	80,793	5,983	10,111	20,839	22,288	12,872	8,675	3,225
Child care credit: <sup>22</sup> Number.....	14,182	773	1,877	3,428	3,880	2,417	1,755	262
Amount.....	5,921	218	650	1,399	1,817	1,114	810	123
Earned income credit: <sup>23</sup> Number.....	30,374	22,232	7,973	189	--	--	--	--
Amount.....	40,058	32,748	7,298	11	--	--	--	--
Excess earned income credit (refundable): <sup>24</sup>								
Number.....	21,952	19,435	4,487	30	--	--	--	--
Amount.....	32,709	28,485	4,222	2	--	--	--	--
Income tax: <sup>25</sup> Number.....	282,325	102,931	34,075	53,403	43,618	24,185	20,186	4,037
Amount.....	1,898,478	54,858	68,910	212,533	318,641	303,864	479,292	461,578
Total tax liability: <sup>26</sup> Number.....	200,648	109,181	36,098	53,828	43,558	24,189	20,188	4,038
Amount.....	2,008,015	85,455	77,258	229,489	330,015	318,662	503,051	475,214
Tax due at time of filing: <sup>27</sup> Number.....	128,786	65,427	9,551	15,489	14,855	10,570	10,892	2,302
Amount.....	288,081	20,878	10,484	25,128	34,523	33,883	65,604	75,384
Overpayments: <sup>28</sup> Number.....	182,908	88,313	27,874	37,940	27,504	12,657	7,892	818
Amount.....	286,441	89,277	38,950	58,542	60,085	31,790	28,374	13,413

See notes at end of this section.

## Average Tax Rates at Various Levels of Income



## Average Tax Rates at Various Levels of Income



Tax Year 1999, United States Selected Income and Tax Items for Individual Income Tax Returns: Forms 1040, 1040A & 1040EZ.

By State and Size of Adjusted Gross Income, Filing/Processing Period: January 1, 2000 to December 31, 2000

(Amounts are in thousands of dollars)

Alaska	Total Returns	Size of Adjusted Gross Income										
		Under \$10,000	\$10,000 - \$20,000	\$20,000 - \$30,000	\$30,000 - \$50,000	\$50,000 - \$75,000	\$75,000 - \$100,000	\$100,000 - \$150,000	\$150,000 - \$200,000	\$200,000 - \$500,000	\$500,000 - \$1,000,000	\$1,000,000 and Over
1 Returns Count	325,204	92,596	47,406	38,368	54,758	43,651	24,213	16,249	3,925	3,356	486	196
2 AGI Amount	13,210,727	373,924	704,049	951,163	2,155,626	2,679,870	2,081,458	1,925,253	670,258	952,339	328,253	388,534
3 Average AGI	40.623	4.038	14.851	24.791	39.366	61.393	85.964	118.484	170.766	283.772	675.418	1,982.316
4												
5 Taxable Income:												
6 Number of Returns	224,567	**	40,545	37,432	54,570	43,609	24,204	16,246	3,923	3,356	486	196
7 Amount	9,424,788	**	276,668	521,434	1,432,939	1,938,543	1,590,903	1,552,844	569,081	866,932	313,009	362,435
8 Average Taxable Income			6.824	13.930	26.259	44.453	65.729	95.583	145.061	258.323	644.051	1,849.158
9												
10 Federal Income Tax:												
11 Amount	1,899,365	17,568	36,979	68,910	212,533	318,641	303,864	340,888	138,404	243,956	100,375	117,247
12 Average Tax	5.841	0.190	0.780	1.796	3.881	7.300	12.550	20.979	35.262	72.692	206.533	598.199
13 Average Tax Rate		4.7%	5.3%	7.2%	9.9%	11.9%	14.6%	17.7%	20.6%	25.6%	30.6%	30.2%
14												
15 Income Tax (HB 229)	4%	of Federal Taxable Income										
16 State Tax per Return			0.273	0.557	1.050	1.778	2.629	3.823	5.803	10.333	25.762	73.966
17 Average Tax Rate			1.84%	2.25%	2.67%	2.97%	3.06%	3.23%	3.40%	3.64%	3.81%	3.73%
18 State Revenue (000)	379,705	0	12,939	21,379	57,515	77,616	63,660	62,125	22,775	34,677	12,520	14,497
19 Note: State revenue excludes returns with a loss and does not adjust for tax rate adjustments that have occurred since 1999												
20												
21 % Returns	100%	28%	15%	12%	17%	13%	7%	5%	1%	1%	0%	0%
22 % Tax Liability	100%	0%	3%	6%	15%	20%	17%	16%	6%	9%	3%	4%
23 This % of returns pays		28%	43%	55%	72%	85%	93%	88%	99%	100%	100%	100%
24 this % of the revenue		0%	3%	9%	24%	45%	61%	78%	84%	93%	96%	100%
25												
26 % Returns > \$10,000	232,608		20%	16%	24%	19%	10%	7%	2%	1%	0%	0%
27 % Tax Liability	379,705		3%	6%	15%	20%	17%	16%	6%	9%	3%	4%
28 This % of returns pays			20%	37%	60%	79%	90%	97%	98%	100%	100%	100%
29 this % of the revenue			3%	9%	24%	45%	61%	78%	84%	93%	96%	100%
30												
31 Sales Tax (HB 303)	3.0%											
32 average gross income		4.038	14.851	24.791	39.366	61.393	85.964	118.484	170.766	283.772	675.418	1,982.316
33 federal tax		-0.190	-0.780	-1.796	-3.881	-7.300	-12.550	-20.979	-35.262	-72.692	-206.533	-598.199
34 disposable income		3.849	14.071	22.995	35.485	54.093	73.415	97.505	135.504	211.080	468.885	1,384.117
35 % spent on taxable items		60%	56%	53%	49%	46%	46%	46%	45%	36%	18%	9%
36 taxable spending		2.317	7.918	12.093	17.440	24.847	33.722	44.787	60.374	75.238	93.565	123.340
37 state sales tax		0.070	0.238	0.363	0.523	0.745	1.012	1.344	1.811	2.257	2.507	3.700
38 total paid by Alaskans (000)	155,760	6,437	11,261	13,919	28,650	32,538	24,495	21,833	7,109	7,575	1,218	725
39 Business Tax Payers (30%)	46,728											
40 State Revenue	202,488											
41 % of revenue		4%	7%	9%	18%	21%	16%	14%	5%	5%	1%	0%
42 indirect payments	46,728	1,931	3,378	4,176	8,595	9,761	7,349	6,550	2,133	2,272	766	218
43 indirect payments per return		0.021	0.071	0.109	0.157	0.224	0.303	0.403	0.543	0.677	0.352	1.110
44 total sales tax per return		0.090	0.309	0.472	0.680	0.969	1.315	1.747	2.355	2.934	3.259	4.810
45 Average Tax Rate		2.2%	2.1%	1.9%	1.7%	1.6%	1.5%	1.5%	1.4%	1.0%	0.5%	0.2%
46	225,652	202,488	8,368	14,639	18,095	37,245	42,299	31,844	28,382	9,242	9,847	1,584
47 Note: State revenue excludes taxes paid by nonresidents												
48 % Returns	100%	28%	15%	12%	17%	13%	7%	5%	1%	1%	0%	0%
49 % Tax Liability	100%	4%	7%	9%	18%	21%	16%	14%	5%	5%	1%	0%
50 This % of returns pays		28%	43%	55%	72%	85%	93%	98%	99%	100%	100%	100%
51 this % of the revenue		4%	11%	20%	39%	60%	75%	89%	94%	99%	100%	100%
52												
53 % Returns > \$10,000	232,608		20%	16%	24%	19%	10%	7%	2%	1%	0%	0%
54 % Tax Liability	194,120		8%	9%	19%	22%	16%	15%	5%	5%	1%	0%
55 This % of returns pays			20%	37%	60%	79%	90%	97%	98%	100%	100%	100%
56 this % of the revenue			8%	17%	36%	58%	74%	89%	94%	99%	100%	100%
57												
58 Individual Comparison												
59 sales tax		0.090	0.309	0.472	0.680	0.969	1.315	1.747	2.355	2.934	3.259	4.810
60 income tax		0	0.273	0.557	1.050	1.778	2.629	3.823	5.803	10.333	25.762	73.966
61 pay more under income tax		(0.090)	(0.036)	0.086	0.370	0.809	1.314	2.077	3.448	7.399	22.503	69.156
62												
63 Sales tax rate		2.24%	2.08%	1.90%	1.73%	1.58%	1.53%	1.47%	1.38%	1.03%	0.48%	0.24%
64 Income tax rate		0.00%	1.84%	2.25%	2.67%	2.90%	3.06%	3.23%	3.40%	3.64%	3.81%	3.73%
65 income rate/sales rate		0%	88%	118%	154%	183%	200%	210%	246%	352%	790%	1538%

Tax Year 1999, United States Selected Income and Tax Items for Individual Income Tax Returns: Forms 1040, 1040A & 1040EZ

By State and Size of Adjusted Gross Income, Filing/Processing Period: January 1, 2000 to December 31, 2000

(Amounts are in thousands of dollars)

Alaska	Total Returns	Size of Adjusted Gross Income										
		\$0.01	\$10,000	\$20,000	\$30,000	\$50,000	\$75,000	\$100,000	\$150,000	\$200,000	\$500,000	\$1,000,000 and Over
		Under \$10,000	Under \$20,000	Under \$30,000	Under \$50,000	Under \$75,000	Under \$100,000	Under \$150,000	Under \$200,000	Under \$500,000	Under \$1,000,000	and Over
1 Returns Count	325,204	92,596	47,406	38,368	54,758	43,651	24,213	16,249	3,925	3,356	486	196
2 AGI Amount	13,210,727	373,924	704,049	951,163	2,155,626	2,679,870	2,081,458	1,925,253	670,258	952,339	328,253	388,534
3 Average AGI	40,623	4,038	14,851	24,791	39,366	61,393	85,964	118,484	170,766	283,772	675,418	1,982,316
4												
5 Taxable Income:												
6 Number of Returns	224,567	**	40,545	37,432	54,570	43,609	24,204	16,246	3,923	3,356	486	196
7 Amount	9,424,788	**	276,668	521,434	1,432,939	1,938,543	1,590,903	1,552,844	565,081	866,932	313,009	352,435
8 Average Taxable Income			6,824	13,930	26,259	44,453	65,729	95,583	145,063	258,323	644,051	1,849,158
9												
10 Federal Income Tax:												
11 Amount	1,899,365	17,568	36,979	68,910	212,533	318,641	303,864	340,888	138,404	243,956	100,375	117,247
12 Average Tax	5,841	0.190	0.780	1.796	3.881	7.300	12.550	20.979	35.262	72.692	206.533	598.199
13 Average Tax Rate		4.7%	5.3%	7.2%	9.9%	11.9%	14.6%	17.7%	20.5%	25.6%	30.6%	30.2%
14												
15 Income Tax (HB 229)		4% of Federal Taxable Income										
16 State Tax per Return			0.273	0.557	1.050	1.778	2.629	3.823	5.803	10.333	25.762	73.966
17 Average Tax Rate			1.84%	2.25%	2.67%	2.90%	3.06%	3.23%	3.40%	3.64%	3.81%	3.73%
18 State Revenue (000)	379,705	0	12,939	21,379	57,515	77,616	63,660	62,125	22,775	34,677	12,520	14,497
19 Note: State revenue excludes returns with a loss and does not adjust for tax rate adjustments that have occurred since 1999												
20												
21 % Returns	100%	28%	15%	12%	17%	13%	7%	5%	1%	1%	0%	0%
22 % Tax Liability	100%	0%	3%	6%	15%	20%	17%	16%	8%	9%	3%	4%
23 This % of returns pays		28%	43%	55%	72%	85%	93%	98%	99%	100%	100%	100%
24 this % of the revenue		0%	3%	9%	24%	45%	61%	78%	84%	93%	96%	100%
25												
26 % Returns > \$10,000	232,608		20%	16%	24%	19%	10%	7%	2%	1%	0%	0%
27 % Tax Liability	379,705		3%	6%	15%	20%	17%	16%	6%	9%	3%	4%
28 This % of returns pays			20%	37%	60%	79%	90%	97%	98%	100%	100%	100%
29 this % of the revenue			3%	9%	24%	45%	61%	70%	64%	93%	96%	100%
30												
31 Sales Tax (HB 303)		5.6%										
32 average gross income		4,038	14,851	24,791	39,366	61,393	85,964	118,484	170,766	283,772	675,418	1,982,316
33 federal tax		-0.190	-0.780	-1.796	-3.881	-7.300	-12.550	-20.979	-35.262	-72.692	-206.533	-598.199
34 disposable income		3,849	14,071	22,995	35,485	54,093	73,415	97,505	135,504	211,080	468,885	1,384,117
35 % spent on taxable items		60%	56%	53%	49%	46%	45%	46%	45%	35%	18%	9%
36 taxable spending		2,317	7,918	12,093	17,440	24,847	33,722	44,787	60,374	75,238	83,565	123,340
37 state sales tax		0.130	0.443	0.677	0.977	1.391	1.808	2.508	3.381	4.213	4.680	6.907
38 total paid by Alaskans (000)	290,752	12,015	21,020	25,982	53,480	60,737	45,724	40,754	13,270	14,140	2,274	1,354
39 Business Tax Payers (30%)	87,226											
40 State Revenue	377,978											
41 % of revenue		4%	7%	9%	18%	21%	16%	14%	5%	5%	1%	0%
42 indirect payments	87,226	3,605	6,306	7,795	16,044	18,221	13,717	12,226	3,981	4,242	682	406
43 indirect payments per return		0.039	0.133	0.203	0.293	0.417	0.567	0.752	1.014	1.264	1.404	2.072
44 total sales tax per return		0.169	0.576	0.880	1.270	1.309	2.455	3.261	4.395	5.477	6.084	8.979
45 Average Tax Rate		4.2%	3.9%	3.6%	3.2%	2.9%	2.9%	2.8%	2.6%	1.9%	0.9%	0.5%
46	421,591	377,978	15,620	27,326	33,777	69,524	78,958	59,442	52,980	17,251	18,382	2,957
47 Note: State revenue excludes taxes paid by nonresidents												
48 % Returns	100%	28%	15%	12%	17%	13%	7%	5%	1%	1%	0%	0%
49 % Tax Liability	100%	4%	7%	9%	18%	21%	16%	14%	5%	5%	1%	0%
50 This % of returns pays		28%	43%	55%	72%	85%	93%	98%	99%	100%	100%	100%
51 this % of the revenue		4%	11%	20%	39%	60%	75%	89%	94%	99%	100%	100%
52												
53 % Returns > \$10,000	232,608		20%	16%	24%	19%	10%	7%	2%	1%	0%	0%
54 % Tax Liability			8%	9%	19%	22%	16%	15%	5%	5%	1%	0%
55 This % of returns pays			20%	37%	60%	79%	90%	97%	98%	100%	100%	100%
56 this % of the revenue			8%	17%	36%	58%	74%	89%	94%	99%	100%	100%
57												
58 Individual Comparison												
59 sales tax		0.169	0.576	0.880	1.270	1.809	2.455	3.261	4.395	5.477	6.084	8.979
60 income tax		0	0.273	0.557	1.050	1.778	2.629	3.823	5.803	10.333	25.762	73.966
61 pay more under income tax		(0.169)	(0.303)	(0.323)	(0.219)	(0.031)	0.174	0.563	1.407	4.856	19.679	64.987
62												
63 Sales tax rate		4.18%	3.88%	3.55%	3.23%	2.95%	2.86%	2.75%	2.57%	1.93%	0.90%	0.45%
64 Income tax rate		0.00%	1.84%	2.25%	2.67%	2.90%	3.06%	3.23%	3.40%	3.64%	3.81%	3.73%
65 income rate/sales rate		0%	47%	63%	83%	98%	107%	117%	132%	189%	423%	824%

Tax Year 1999, United States Selected Income and Tax Items for Individual Income Tax Returns: Forms 1040, 1040A & 1040EZ.

By State and Size of Adjusted Gross Income, Filing/Processing Period: January 1, 2000 to December 31, 2000

(Amounts are in thousands of dollars)

Alaska	Total Returns	Size of Adjusted Gross Income										
		\$0.01 Under \$10,000	\$10,000 Under \$20,000	\$20,000 Under \$30,000	\$30,000 Under \$50,000	\$50,000 Under \$75,000	\$75,000 Under \$100,000	\$100,000 Under \$150,000	\$150,000 Under \$200,000	\$200,000 Under \$500,000	\$500,000 Under \$1,000,000	\$1,000,000 and Over
1 Returns Count	325,204	92,596	47,406	38,368	54,758	43,651	24,213	16,249	3,925	3,356	486	196
2 AGI Amount	13,210,727	373,924	704,049	951,163	2,155,626	2,679,870	2,081,458	1,925,253	670,258	952,339	328,253	388,534
3 Average AGI	40,623	4,038	14,851	24,791	39,366	61,393	85,964	118,484	170,766	283,772	675,418	1,982,316
9												
10 Federal Income Tax:												
11 Amount	1,899,365	17,568	36,979	68,910	212,533	318,641	303,864	340,888	138,404	243,956	100,375	117,247
12 Average Tax	5,941	0,190	0,780	1,796	3,881	7,300	12,550	20,979	35,262	72,692	206,533	598,199
13 Average Tax Rate		4.7%	5.3%	7.2%	9.9%	11.9%	14.6%	17.7%	20.6%	25.6%	30.6%	30.2%
14												
15 Income Tax (HB 413)	20%	of Federal Tax Liability										
16 State Tax per Return		0,038	0,156	0,359	0,776	1,460	2,510	4,196	7,052	14,538	41,307	119,640
17 Average Tax Rate		0.94%	1.05%	1.45%	1.97%	2.38%	2.92%	3.54%	4.13%	5.12%	6.12%	6.04%
18 State Revenue (000)	379,873	3,514	7,396	13,782	42,507	63,728	60,773	68,178	27,681	48,791	20,075	23,449
19 Note: State revenue excludes returns with a loss and does not adjust for tax rate adjustments that have occurred since 1999.												
20												
21 % Returns	100%	28%	15%	12%	17%	13%	7%	5%	1%	1%	0%	0%
22 % Tax Liability	100%	1%	2%	4%	11%	17%	16%	18%	7%	13%	5%	6%
23 This % of returns pays		28%	43%	55%	72%	85%	93%	98%	99%	100%	100%	100%
24 this % of the revenue		1%	3%	6%	18%	34%	50%	68%	76%	89%	94%	100%
25												
26 % Returns > \$10,000	232,608		20%	16%	24%	19%	10%	7%	2%	1%	0%	0%
27 % Tax Liability	376,359		2%	4%	11%	17%	16%	18%	7%	13%	5%	6%
28 This % of returns pays			20%	37%	60%	79%	90%	97%	98%	100%	100%	100%
29 this % of the revenue			2%	6%	17%	34%	50%	68%	75%	86%	94%	100%
30												
31 Sales Tax (HB 303)	3.0%											
32 average gross income		4,038	14,851	24,791	39,366	61,393	85,964	118,484	170,766	283,772	675,418	1,982,316
33 federal tax		-0,190	-0,780	-1,796	-3,881	-7,300	-12,550	-20,979	-35,262	-72,692	-206,533	-598,199
34 disposable income		3,849	14,071	22,995	35,485	54,093	73,415	97,505	135,504	211,080	468,885	1,384,117
35 % spent on taxable items		60%	56%	53%	49%	46%	46%	46%	45%	36%	18%	9%
36 taxable spending		2,317	7,918	12,093	17,440	24,847	33,722	44,787	60,374	75,238	83,565	123,340
37 state sales tax		0,070	0,238	0,363	0,523	0,745	1,012	1,344	1,811	2,257	2,507	3,700
38 total paid by Alaskans (000)	155,760	6,437	11,261	13,919	28,650	32,538	24,495	21,833	7,109	7,575	1,218	725
39 Business Tax Payers (30%)	46,728											
40 State Revenue	202,488											
41 % of revenue		4%	7%	9%	18%	21%	16%	14%	5%	5%	1%	0%
42 indirect payments	46,728	1,931	3,378	4,176	8,595	9,761	7,349	6,550	2,133	2,372	366	218
43 indirect payments per return		0,021	0,071	0,109	0,157	0,224	0,303	0,403	0,543	0,677	0,752	1,110
44 total sales tax per return		0,090	0,309	0,472	0,680	0,969	1,315	1,747	2,355	2,934	3,259	4,810
45 Average Tax Rate		2.2%	2.1%	1.9%	1.7%	1.6%	1.5%	1.5%	1.4%	1.0%	0.5%	0.2%
46	202,488	8,368	14,639	18,095	37,245	42,299	31,844	28,382	9,242	9,847	1,584	943
47 Note: State revenue excludes taxes paid by nonresidents												
48												
49 % Returns	100%	28%	15%	12%	17%	13%	7%	5%	1%	1%	0%	0%
50 % Tax Liability	100%	4%	7%	9%	18%	21%	16%	14%	5%	5%	1%	0%
51 This % of returns pays		28%	43%	55%	72%	85%	93%	98%	99%	100%	100%	100%
52 this % of the revenue		4%	11%	20%	39%	60%	75%	89%	94%	99%	100%	100%
53												
54 % Returns > \$10,000	232,608		20%	16%	24%	19%	10%	7%	2%	1%	0%	0%
55 % Tax Liability	194,120		8%	9%	19%	22%	16%	15%	5%	5%	1%	0%
56 This % of returns pays			20%	37%	60%	79%	90%	97%	98%	100%	100%	100%
57 this % of the revenue			8%	17%	36%	58%	74%	89%	94%	99%	100%	100%
58												
59 Individual Comparison												
60 sales tax		0,090	0,309	0,472	0,680	0,969	1,315	1,747	2,355	2,934	3,259	4,810
61 income tax		0,038	0,156	0,359	0,776	1,460	2,510	4,196	7,052	14,538	41,307	119,640
62 pay more under income tax		(0,052)	(0,153)	(0,112)	0,096	0,491	1,195	2,449	4,698	11,604	38,048	114,830
63												
64 Sales tax rate		2.24%	2.08%	1.90%	1.73%	1.59%	1.53%	1.47%	1.38%	1.03%	0.48%	0.24%
65 Income tax rate		0.94%	1.05%	1.45%	1.97%	2.38%	2.92%	3.54%	4.13%	5.12%	6.12%	6.04%
66 income rate/sales rate		42%	51%	76%	114%	151%	191%	240%	300%	495%	1267%	2487%

**Department of Revenue**  
**Comparison of \$240 Million State Individual Income Tax vs. Sales Tax Proposals**

	Child under age 14	Child age 14	Teenager with summer job	Single parent earning \$11/hour	Single taxpayer	Retiree with Soc. Sec. Income	Single income family - renting	Dual income family with \$150k mortgage	Dual income family with \$225k mortgage	Dual income family with \$300k mortgage	Dual income family with \$600k mortgage
Wages			2,700	22,650	65,000		32,500	65,000	130,000	250,000	520,000
Interest Income	150	150	150		400	5,000		400	2,000	10,000	20,000
Taxable Pension						8,000					
Gross Social Security						12,000					
Permanent Fund Dividend	1,850	1,850	1,850	1,850	1,850	1,850	3,700	3,700	3,700	3,700	3,700
Longevity Bonus						6,000					
Dependents							2	2	2	2	2
Child Care Expenses				4,000				8,000	8,000	8,000	8,000
Property Tax								3,100	4,650	6,200	12,400
Mortgage Interest								11,500	17,250	23,000	46,000
Charitable Contributions								1,000	3,000	10,000	25,000
<b>Federal Return Values</b>											
Adjusted Gross Income	2,000	2,000	4,700	24,500	66,850	21,775	36,200	69,100	135,700	273,700	553,700
Taxable Income	1,250	1,250	1,750	12,050	59,400	13,225	17,000	41,900	99,283	234,083	482,923
Tax Before Credits	191	126	176	1,811	12,961	1,984	2,554	6,289	21,651	65,847	160,866
Tax After Credits	191	126	176	83	12,961	1,984	1,354	4,129	20,691	64,887	159,906

Alaska Income or Sales Tax	HB 413 - 13.5% FTL (Governor)	HB 229 - 2.7% FTI (Fiscal Caucus)	HB 303 - 3% Sales Tax
\$	\$ 25	\$ 33	\$ 28
% of adj gross Income	1.25%	1.65%	1.40%
	\$ 17	\$ 33	\$ 28
	0.85%	1.65%	1.40%
	\$ 23	\$ 47	\$ 80
	0.49%	1.00%	1.70%
	\$ 11	\$ 323	\$ 400
	0.04%	1.32%	1.63%
	\$ 1,737	\$ 1,592	\$ 870
	2.60%	2.38%	1.30%
	\$ 145	\$ 354	\$ 350
	0.67%	1.63%	1.61%
	\$ 182	\$ 456	\$ 480
	0.50%	1.26%	1.33%
	\$ 553	\$ 1,123	\$ 780
	0.80%	1.63%	1.13%
	\$ 2,772	\$ 2,661	\$ 1,700
	2.04%	1.96%	1.25%
	\$ 8,695	\$ 6,273	\$ 2,600
	3.18%	2.29%	0.95%
	\$ 21,427	\$ 12,942	\$ 3,800
	3.87%	2.34%	0.69%

Tax Rate on Federal Taxable Income	HB 413 - 13.5% FTL (Governor)	HB 229 - 2.7% FTI (Fiscal Caucus)	HB 303 - 3% Sales Tax
	2.0%	2.7%	2.2%
	1.4%	2.7%	2.2%
	1.3%	2.7%	4.5%
	0.1%	2.7%	3.3%
	2.9%	2.7%	1.4%
	1.1%	2.7%	2.6%
	1.1%	2.7%	2.8%
	1.3%	2.7%	1.8%
	2.8%	2.7%	1.7%
	3.7%	2.7%	1.1%
	4.4%	2.7%	0.7%

AGI = Adjusted Gross Income  
 FTL = Federal Tax Liability  
 FTI = Federal Taxable Income

**Assumptions:**

- 1) All family examples assume two children. Dual-income family examples assume annual child care expense of \$4,000 per child.
- 2) All results are based on Alaska Permanent Fund dividend and federal tax law and rates in effect for 2001.
- 3) Analysis does not include the effect of a federal itemized deduction for the Alaska tax paid.
- 4) Sales tax analysis assumes children and adults will spend half their dividend on purchases and save the other half.
- 5) Sales tax analysis assumes all mortgages are 30-year at 7.25%, and bases other spending assumptions on statistical averages for income groups.

**Department of Revenue**  
**Comparison of \$360 Million State Individual Income Tax vs. Sales Tax Proposals**

	Child under age 14	Child age 14	Teenager with summer job	Single parent earning \$11/hour	Single taxpayer	Retiree with Soc. Sec. Income	Single income family - renting	Dual income family with \$150k mortgage	Dual income family with \$225k mortgage	Dual income family with \$300k mortgage	Dual income family with \$600k mortgage
Wages			2,700	22,650	65,000		32,500	65,000	130,000	260,000	520,000
Interest Income	150	150	150		400	5,000		400	2,000	10,000	20,000
Taxable Pension						8,000					
Gross Social Security						12,000					
Permanent Fund Dividend	1,850	1,850	1,850	1,850	1,850	1,850	3,700	3,700	3,700	3,700	3,700
Longevity Bonus						6,000					
Dependents							2	2	2	2	2
Child Care Expenses				4,000				8,000	8,000	8,000	8,000
Property Tax								3,100	4,650	6,200	12,400
Mortgage Interest								11,500	17,250	23,000	46,000
Charitable Contributions								1,000	3,000	10,000	25,000
<b>Federal Return Values</b>											
Adjusted Gross Income	2,000	2,000	4,700	24,500	66,850	21,775	36,200	69,100	135,700	273,700	553,700
Taxable Income	1,250	1,250	1,750	12,050	59,400	13,225	17,000	41,900	99,283	234,083	482,923
Tax Before Credits	191	126	176	1,811	2,961	1,984	2,554	6,289	21,651	65,847	160,866
Tax After Credits	191	126	176	83	12,961	1,984	1,354	4,129	20,691	64,887	159,906

**Alaska Income or Sales Tax**

HB 413 - 20% FTL (Governor)	\$ 38	\$ 25	\$ 35	\$ 17	\$ 2,592	\$ 217	\$ 271	\$ 826	\$ 4,138	\$ 12,977	\$ 31,981
% of adj gross Income	1.90%	1.25%	0.74%	0.07%	3.88%	1.00%	0.75%	1.20%	3.05%	4.74%	5.78%
HB 229 - 4% FTI (Fiscal Caucus)	\$ 50	\$ 50	\$ 70	\$ 482	\$ 2,376	\$ 529	\$ 680	\$ 1,676	\$ 3,971	\$ 9,363	\$ 19,317
% of adj gross Income	2.50%	2.50%	1.49%	1.97%	3.55%	2.43%	1.88%	2.43%	2.93%	3.42%	3.49%
HB 303 - 4.5% Sales Tax	\$ 42	\$ 42	\$ 120	\$ 600	\$ 1,305	\$ 475	\$ 720	\$ 1,170	\$ 2,550	\$ 3,900	\$ 5,700
% of adj gross Income	2.10%	2.10%	2.55%	2.45%	1.95%	2.18%	1.99%	1.69%	1.88%	1.42%	1.03%

**Tax Rate on Federal Taxable Income**

HB 413 - 20% FTL (Governor)	3.0%	2.0%	2.0%	0.1%	4.4%	1.6%	1.6%	2.0%	4.2%	5.5%	6.6%
HB 229 - 4% FTI (Fiscal Caucus)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
HB 303 - 4.5% Sales Tax	3.3%	3.3%	6.8%	4.9%	2.1%	2.1%	4.2%	2.7%	2.5%	1.6%	1.1%

AGI = Adjusted Gross Income

FTL = Federal Tax Liability

FTI = Federal Taxable Income

**Assumptions:**

- 1) All family examples assume two children. Dual-income family examples assume annual child care expense of \$4,000 per child.
- 2) All results are based on Alaska Permanent Fund dividend and federal tax law and rates in effect for 2001.
- 3) Analysis does not include the effect of a federal itemized deduction for the Alaska tax paid.
- 4) Sales tax analysis assumes children and adults will spend half their dividend on purchases and save the other half.
- 5) Sales tax analysis assumes all mortgages are 30-year at 7.25%, and bases other spending assumptions on statistical averages for income groups.

**Department of Revenue**  
**Comparative Analysis of Alaska State individual Income Tax Proposals**

	Child under age 14	Child age 14	Teenager with summer job	Single parent earning \$11/hour	Single taxpayer	Retiree with Soc. Sec. Income	Single income family - renting	Dual income family with \$150k mortgage	Dual income family with \$225k mortgage	Dual income family with \$300k mortgage	Dual income family with \$600k mortgage
Wages			2,700	22,650	65,000		32,500	65,000	130,000	260,000	520,000
Interest Income	150	150	150		400	5,000		400	2,000	10,000	20,000
Taxable Pension						8,000					
Gross Social Security						12,000					
Permanent Fund Dividend	1,850	1,850	1,850	1,850	1,850	1,850	3,700	3,700	3,700	3,700	3,700
Longevity Bonus						6,000					
Dependents							2	2	2	2	2
Child Care Expenses				4,000				8,000	8,000	8,000	8,000
Property Tax								3,100	4,650	6,200	12,400
Mortgage Interest								11,500	17,250	23,000	46,000
Charitable Contributions								1,000	3,000	10,000	25,000
<b>Federal Return Values</b>											
Adjusted Gross Income	2,000	2,000	4,700	24,500	66,850	21,775	36,200	69,100	135,700	273,700	553,700
Taxable Income	1,250	1,250	1,750	12,050	59,400	13,225	17,000	41,900	99,283	234,083	482,923
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Tax After Credits	191	126	176	83	12,961	1,984	1,354	4,129	20,691	64,887	159,906

**Alaska Income or Sales Tax**

HB 413 - 20% FTL (Governor)	\$ 38	\$ 25	\$ 35	\$ 17	\$ 2,592	\$ 217	\$ 271	\$ 826	\$ 4,138	\$ 12,977	\$ 31,981
% of adj gross Income	1.90%	1.25%	0.74%	0.07%	3.88%	1.00%	0.75%	1.20%	3.05%	4.74%	5.78%
HB 229 - 4% FTI (Fiscal Caucus)	\$ 50	\$ 50	\$ 70	\$ 482	\$ 2,376	\$ 529	\$ 680	\$ 1,676	\$ 3,971	\$ 9,363	\$ 19,317
% of adj gross Income	2.50%	2.50%	1.49%	1.97%	3.55%	2.43%	1.88%	2.43%	2.93%	3.42%	3.49%
HB 303 - 3% Sales Tax	\$ 28	\$ 28	\$ 80	\$ 400	\$ 870	\$ 350	\$ 480	\$ 780	\$ 1,700	\$ 2,600	\$ 3,800
% of adj gross Income	1.40%	1.40%	1.70%	1.63%	1.30%	1.61%	1.33%	1.13%	1.25%	0.95%	0.69%

**Tax Rate on Federal Taxable Income**

HB 413 - 20% FTL (Governor)	3.0%	2.0%	2.0%	0.1%	4.4%	1.6%	1.6%	2.0%	4.2%	5.5%	6.6%
HB 229 - 4% FTI (Fiscal Caucus)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
HB 303 - 3% Sales Tax	2.2%	2.2%	4.5%	3.3%	1.4%	2.6%	2.8%	1.8%	1.7%	1.1%	0.7%

AGI = Adjusted Gross Income

FTL = Federal Tax Liability

FTI = Federal Taxable Income

**Assumptions:**

- 1) All family examples assume two children. Dual-income family examples assume annual child care expense of \$4,000 per child.
- 2) All results are based on Alaska Permanent Fund dividend and federal tax law and rates in effect for 2001.
- 3) Analysis does not include the effect of a federal itemized deduction for the Alaska tax paid.
- 4) Sales tax analysis assumes children and adults will spend half their dividend on purchases and save the other half.
- 5) Sales tax analysis assumes all mortgages are 30-year at 7.25%, and bases other spending assumptions on statistical averages for income groups.

22-GH2115\C.1  
Craver  
6/24/02

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE DAVIS

TO: CSHB 3001(FIN), Draft Version "C"

Page 1, line 5:

Delete "commission chair to establish"

Insert "establishment of"

Page 4, lines 7 - 8:

Delete "chair of the Regulatory Commission of Alaska shall appoint"

Insert "president of the senate, speaker of the house of representatives, and the governor shall jointly appoint the members of"

1 Page 4, line 12:

Delete "chair"

Insert "persons jointly making the appointments"

**HB**

**303**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/10/02

FURTHER:

RECEIVED

MAY 12 2002

SENATE FINANCE

DATE TURNED IN TO OFFICE: 12 May 2002

Finance Committee considered 2d CS FOR HOUSE BILL NO. 303(RLS)  
 HB 303 INDIVIDUAL INCOME TAX

"An Act relating to taxation of individual income; 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#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
Revenue	5/25/02	2,940.2		#2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Lynne Green</i>		✓		
<i>D. Williams</i>		<del> </del>	✓	
<i>Gary Wilber</i>		✓		
<i>Mary W. Ford</i>		✓		
<i>Brew G. Skusey</i>		✓		
<i>Tom Huff</i>			✓	
<i>W. Allen Austin</i>			✓	
COCHAIR: <i>Charles Powell</i>		✓		
COCHAIR: <i>Pell Hall</i>			✓	

MAY 1 2 2002

SENATE FINANCE  
SUBCOMMITTEE

# FISCAL NOTE

**STATE OF ALASKA  
2002 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSHB 303(FIN)  
 (H) Publish Date: 3/26/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Statewide Sales Tax BRU: Revenue Operations  
 Component: Tax Division  
 Sponsor: Representative Whitaker  
 Requester: House Finance Committee Component Number: 2476

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

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	2,389.4	3,774.5	3,774.5	3,774.5	3,774.5	3,774.5
Travel	80.0	70.0	70.0	70.0	70.0	70.0
Contractual	875.5	954.0	983.5	983.5	983.5	983.5
Supplies	75.3	91.0	91.0	91.0	91.0	91.0
Equipment	520.0	67.5	15.0	15.0	15.0	15.0
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>3,940.2</b>	<b>4,957.0</b>	<b>4,934.0</b>	<b>4,934.0</b>	<b>4,934.0</b>	<b>4,934.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>1,904.0</b>	<b>427.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES (Increase)</b>	<b>100,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>
--------------------------------------	------------------	------------------	------------------	------------------	------------------	------------------

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	5,844.2	5,384.5	4,934.0	4,934.0	4,934.0	4,334.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>5,844.2</b>	<b>5,384.5</b>	<b>4,934.0</b>	<b>4,934.0</b>	<b>4,934.0</b>	<b>4,934.0</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time	65	72	72	72	72	72
Part-time						
Temporary						

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

The Department of Revenue estimates the 3% year-round statewide sales tax in this legislation would generate approximately \$240 million a year in state revenues. Uncertainties over the effect of limiting the sales tax to the first \$2,000 of a sales or service invoice, and the lack of detailed statistics on the sales of goods and services in Alaska corresponding to the exemptions granted in this legislation make it difficult to provide a better estimate of revenues – the actual revenues could be higher. The revenue estimate for FY2003 assumes five months of collections in the first fiscal year, starting with February receipts from January's collections.

The cost projections assume the new Sales Tax Section would take over space in the State Office Building in Juneau currently occupied by the Permanent Fund Dividend Division and would take over space in the Atwood Building in Anchorage currently occupied by the Alcoholic Beverage Control Board. These moves would allow the Sales Tax Section to share premises (and staff) with the department's Tax Division. The estimated cost of relocating the Dividend Division and ABC Board are a combined one-time relocation expense of approximately \$325,000 and an annual operating budget increase of perhaps \$150,000 a year (due to the higher rents for private property as opposed to state-owned buildings). The capital costs are reflected in this fiscal note; the ABC and Dividend Division operating budget increments are not reflected in this fiscal note and would be requested in a supplemental appropriation next year.

Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469  
 Division: Department of Revenue Date/Time 3/25/2002 6:30 p.m.  
 Approved by: Larry Persily, Deputy Commissioner Date 3/25/2002  
 Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/10/02

FURTHER:

REMITTED OUT

MAY 12 2002

SENATE FINANCE  
COMMITTEE

DATE TURNED IN TO OFFICE: 12 May 2002

Finance Committee considered **2d CS FOR HOUSE BILL NO. 303(RLS)**  
**HB 303 INDIVIDUAL INCOME TAX**

"An Act relating to taxation of individual income; 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#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
Revenue	3/25/02	3940.2		#2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>		✓		
<i>[Signature]</i>		<del> </del>	✓	
<i>[Signature]</i>		✓		
<i>[Signature]</i>		✓		
<i>[Signature]</i>		✓		
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>		✓		
COCHAIR: <i>[Signature]</i>			✓	

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/10/02

FURTHER:

REPORTED OUT  
 MAY 12 2002  
 SENATE FINANCE  
 COMMITTEE

DATE TURNED IN TO OFFICE: 12 May 2002

Finance Committee considered **2d CS FOR HOUSE BILL NO. 303(RLS)**  
**HB 303 INDIVIDUAL INCOME TAX**

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- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
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- Senate Bill:**  
 same title  
 new title
- House Bill:**  
 same title  
 technical title  
 new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
REVENUE	3/25/02	3,940.2		#2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>		✓		
<i>[Signature]</i>		<del> </del>	✓	
<i>[Signature]</i>		✓		
<i>[Signature]</i>		✓		
<i>[Signature]</i>		✓		
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>		✓		
COCHAIR: <i>[Signature]</i>			✓	

MAY 12 2002

SENATE FINANCE COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 303(FIN)  
(H) Publish Date: 3/26/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title: Statewide Sales Tax BRU: Revenue Operations  
Component: Tax Division  
Sponsor: Representative Whitaker  
Requester: House Finance Committee Component Number: 2476

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

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	2,389.4	3,774.5	3,774.5	3,774.5	3,774.5	3,774.5
Travel	80.0	70.0	70.0	70.0	70.0	70.0
Contractual	875.5	954.0	983.5	983.5	983.5	983.5
Supplies	75.3	91.0	91.0	91.0	91.0	91.0
Equipment	520.0	67.5	15.0	15.0	15.0	15.0
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>3,940.2</b>	<b>4,957.0</b>	<b>4,934.0</b>	<b>4,934.0</b>	<b>4,934.0</b>	<b>4,934.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>1,904.0</b>	<b>427.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES (Increase)</b>	<b>100,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>
--------------------------------------	------------------	------------------	------------------	------------------	------------------	------------------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	5,844.2	5,384.5	4,934.0	4,934.0	4,934.0	4,934.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>5,844.2</b>	<b>5,384.5</b>	<b>4,934.0</b>	<b>4,934.0</b>	<b>4,934.0</b>	<b>4,934.0</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time	65	72	72	72	72	72
Part-time						
Temporary						

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

The Department of Revenue estimates the 3% year-round statewide sales tax in this legislation would generate approximately \$240 million a year in state revenues. Uncertainties over the effect of limiting the sales tax to the first \$2,000 of a sales or service invoice, and the lack of detailed statistics on the sales of goods and services in Alaska corresponding to the exemptions granted in this legislation make it difficult to provide a better estimate of revenues - the actual revenues could be higher. The revenue estimate for FY2003 assumes five months of collections in the first fiscal year, starting with February receipts from January's collections.

The cost projections assume the new Sales Tax Section would take over space in the State Office Building in Juneau currently occupied by the Permanent Fund Dividend Division and would take over space in the Atwood Building in Anchorage currently occupied by the Alcoholic Beverage Control Board. These moves would allow the Sales Tax Section to share premises (and staff) with the department's Tax Division. The estimated cost of relocating the Dividend Division and ABC Board are a combined one-time relocation expense of approximately \$325,000 and an annual operating budget increase of perhaps \$150,000 a year (due to the higher rents for private property as opposed to state-owned buildings). The capital costs are reflected in this fiscal note; the ABC and Dividend Division operating budget increments are not reflected in this fiscal note and would be requested in a supplemental appropriation next year.

Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469  
Division: Department of Revenue Date/Time 3/25/2002 6:30 p.m.  
Approved by: Larry Persily, Deputy Commissioner Date 3/25/2002  
Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

MAY 13 2002

SENATE FINANCE  
COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 303(FIN)  
(H) Publish Date: 3/26/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title: Statewide Sales Tax BRU: Revenue Operations  
Component: Tax Division  
Sponsor: Representative Whitaker  
Requester: House Finance Committee Component Number: 2476

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

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OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	2,389.4	3,774.5	3,774.5	3,774.5	3,774.5	3,774.5
Travel	80.0	70.0	70.0	70.0	70.0	70.0
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Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>3,940.2</b>	<b>4,957.0</b>	<b>4,934.0</b>	<b>4,934.0</b>	<b>4,934.0</b>	<b>4,934.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>1,904.0</b>	<b>427.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES (increase)</b>	<b>100,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>	<b>240,000.0</b>
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Other (Specify Type)						
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Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time	65	72	72	72	72	72
Part-time						
Temporary						

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

The Department of Revenue estimates the 3% year-round statewide sales tax in this legislation would generate approximately \$240 million a year in state revenues. Uncertainties over the effect of limiting the sales tax to the first \$2,000 of a sales or service invoice, and the lack of detailed statistics on the sales of goods and services in Alaska corresponding to the exemptions granted in this legislation make it difficult to provide a better estimate of revenues – the actual revenues could be higher. The revenue estimate for FY2003 assumes five months of collections in the first fiscal year, starting with February receipts from January's collections.

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Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469  
Division: Department of Revenue Date/Time 3/25/2002 6:30 p m  
Approved by: Larry Persily, Deputy Commissioner Date 3/25/2002  
Agency: Department of Revenue

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# FISCAL NOTE

**STATE OF ALASKA  
2002 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
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 Component: Tax Division  
 Sponsor: Representative Whitaker  
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Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469  
 Division: Department of Revenue Date/Time 3/25/2002 6:30 p.m.  
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**2002 LEGISLATIVE SESSION**

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Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469  
 Division: Department of Revenue Date/Time 3/25/2002 6:30 p.m.  
 Approved by: Larry Persily, Deputy Commissioner Date 3/25/2002  
 Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

Page 1 of 1

COMMITTEE COPY

## How the Alaska Fair Tax Works

The Alaska Fair Tax is a broad-based revenue measure to help fix the fiscal gap and to preserve healthy Permanent Fund dividends far into the future. It combines the best features of sales and income taxes and, as part of an overall fiscal plan, would help protect the Permanent Fund and Budget Reserve Fund for another generation of Alaskans.

Like a sales tax . . .

everyone pays something; and  
the amount is similar to what individuals would pay under a sales tax.

Like an income tax . . .

it's deductible on many federal tax returns (you can't deduct sales taxes);  
it doesn't interfere with existing sales taxes in 97 communities; and  
workers who earn money in Alaska but live Outside would pay.

Most tax returns will be simple enough to fit on a single piece of paper and only take a minute to fill out. You'll just copy Line 33 from your federal tax return (adjusted gross income) and then look up the amount on the state tax table. Adjusted gross income is all income minus IRA contribution, alimony, student loan interest and a few other items. The tax would be withheld from wages.

The amount the Alaska Fair Tax would raise statewide would depend on how much is in the Constitutional Budget Reserve. If state revenues improve through higher oil prices or new development such as the natural gas pipeline and refill the Budget Reserve Fund, the Alaska Fair Tax rate would go down so the state doesn't collect any more money than is needed for essential public services and an adequate reserve.

Here's how much you would pay if the tax were set to raise \$250 million a year:

If your adjusted gross income is:	Your tax* would be:	Your effective tax rate would be:
\$4,000	\$55	1.35%
\$25,000	\$467	1.88%
\$40,000	\$860	2.19%
\$65,000	\$1,412	2.17%
\$100,000	\$2,025	2.02%
\$150,000	\$2,869	1.91%
\$285,000	\$3,951	1.39%
\$675,000	\$4,965	0.73%

\*If you itemize on your federal taxes, this amount would be deductible.

The Alaska Fair Tax calculates income taxes to approximately equal the amount individuals would pay under a moderate sales tax. But, unlike a sales tax, the income tax would be deductible on the federal tax returns for many Alaskans. Unlike a sales tax, the variable rate schedule of the Alaska Fair Tax would not impose an unduly heavy burden on low-income Alaskans. And, unlike a traditional income tax, it would not penalize the success of higher-income Alaskans.

# Alaska Fair Tax

## How the Alaska Fair Tax Works

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### How much will I pay?

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AK FAIR TAX (amounts in thousands)			Base mult=0.54										
Income (lower) ----->	0.000	10.000	20.000	30.000	50.000	75.000	100.000	150.000	200.000	500.000	1000.000		
Average AGI ----->	4.038	14.851	24.791	39.366	61.393	85.964	118.484	170.766	283.772	675.418	1982.316		
Income (upper) ----->	10.000	20.000	30.000	50.000	75.000	100.000	150.000	200.000	500.000	1000.000	over		
Base bracket rate	1.00%	1.50%	2.00%	2.00%	1.30%	1.30%	1.25%	1.10%	0.30%	0.05%	0.04%		
No. of returns/bracket	92,596	47,406	38,368	54,758	43,651	24,713	16,249	3,925	3,356	486	196		
Eff rate (bracket max)	0.54%	0.68%	0.81%	0.92%	0.85%	0.81%	0.77%	0.72%	0.39%	0.21%			
Bracket rate	0.54%	0.81%	1.08%	1.08%	0.70%	0.70%	0.68%	0.59%	0.16%	0.03%	0.02%		
Bracket amount max	0.054	0.081	0.108	0.216	0.176	0.176	0.338	0.297	0.486	0.135			
Cum amount max	0.054	0.135	0.243	0.459	0.635	0.810	1.148	1.445	1.931	2.066			
Cum amount ave AGI	0.022	0.093	0.187	0.344	0.539	0.711	0.935	1.271	1.580	1.978	2.278		
Eff rate @ ave AGI	0.54%	0.63%	0.75%	0.87%	0.88%	0.83%	0.79%	0.74%	0.56%	0.29%	0.11%		
Eff. sales rate (303)	2.24%	2.08%	1.90%	1.73%	1.58%	1.53%	1.47%	1.38%	1.03%	0.48%	0.24%	Total Rev	
Bracket revenue	2019	4423	7165	18845	23527	17227	15189	4988	5303	961	446	\$100,093	
<b>NOTES:</b>												Alaskans Pay	
Income (lower) ----->	Lower limit of income bracket											Sales	\$93,087
Average AGI ----->	Average Adjusted Gross Income (AGI) within bracket											Fair	\$75,070
Income (upper) ----->	Upper limit of income bracket											Savings	\$18,017
Base bracket rate	Base tax rate on income within bracket limits (base rate X base mult factor = bracket rate)												
No. of returns/bracket	Total tax returns with AGI falling within bracket												
Eff rate (bracket max)	Effective tax rate for a taxpayer whose AGI is at the upper limit of the bracket												
Bracket rate	Tax rate for all income within bracket (note that all taxpayers with income in a bracket pay the same rate for the income in that bracket)												
Bracket amount max	Maximum amount of tax for income within bracket												
Cum amount max	Total tax owed if AGI = upper limit of bracket												
Cum amount ave AGI	Total tax owed if AGI = average for bracket												
Eff rate @ ave AGI	Effective tax rate for a taxpayer whose AGI is average for the bracket												
Eff. sales rate (303)	Average sales tax paid expressed as a percentage of AGI (3% sales tax from HB 303)												
Bracket revenue	Total revenue from returns with AGI within bracket												
Total Rev	Total revenue from all brackets												4/22/2002

AK FAIR TAX (amounts in thousands)		Base mult=0.945										
Income (lower) ----->	0.000	10.000	20.000	30.000	50.000	75.000	100.000	150.000	200.000	500.000	1000.000	
Average AGI ----->	4.038	14.851	24.791	39.366	61.393	85.964	118.484	170.766	283.772	675.418	1982.316	
Income (upper) ----->	10.000	20.000	30.000	50.000	75.000	100.000	150.000	200.000	500.000	1000.000	over	
Base bracket rate	1.00%	1.50%	2.00%	2.00%	1.30%	1.30%	1.25%	1.10%	0.30%	0.05%	0.04%	
No. of returns/bracket	92,596	47,406	38,368	54,758	43,651	24,213	16,249	3,925	3,356	486	196	
Eff rate (bracket max)	0.95%	1.18%	1.42%	1.61%	1.48%	1.42%	1.34%	1.26%	0.68%	0.36%		
Bracket rate	0.95%	1.42%	1.89%	1.89%	1.23%	1.23%	1.18%	1.04%	0.28%	0.05%	0.04%	
Bracket amount max	0.095	0.142	0.189	0.378	0.307	0.307	0.591	0.520	0.851	0.236		
Cum amount max	0.095	0.236	0.425	0.803	1.110	1.418	2.008	2.528	3.378	3.615		
Cum amount ave AGI	0.038	0.163	0.327	0.602	0.943	1.245	1.636	2.224	2.765	3.461	3.986	
Eff rate @ ave AGI	0.95%	1.10%	1.32%	1.53%	1.54%	1.45%	1.38%	1.30%	0.97%	0.51%	0.20%	
Eff. sales rate (303)	2.24%	2.08%	1.90%	1.73%	1.58%	1.53%	1.47%	1.38%	1.03%	0.48%	0.24%	Total Rev
Bracket revenue	3533	7740	12539	32979	41172	30147	26581	8729	9281	1682	781	\$175,164
<b>NOTES:</b>												Alaskans Pay
Income (lower) ----->	Lower limit of income bracket										Sales	\$162,902
Average AGI ----->	Average Adjusted Gross Income (AGI) within bracket										Fair	\$131,373
Income (upper) ----->	Upper limit of income bracket										Savings	\$31,529
Base bracket rate	Base tax rate on income within bracket limits (base rate X base mult factor = bracket rate)											
No. of returns/bracket	Total tax returns with AGI falling within bracket											
Eff rate (bracket max)	Effective tax rate for a taxpayer whose AGI is at the upper limit of the bracket											
Bracket rate	Tax rate for all income within bracket (note that all taxpayers with income in a bracket pay the same rate for the income in that bracket)											
Bracket amount max	Maximum amount of tax for income within bracket											
Cum amount max	Total tax owed if AGI = upper limit of bracket											
Cum amount ave AGI	Total tax owed if AGI = average for bracket											
Eff rate @ ave AGI	Effective tax rate for a taxpayer whose AGI is average for the bracket											
Eff. sales rate (303)	Average sales tax paid expressed as a percentage of AGI (3% sales tax from HB 303)											
Bracket revenue	Total revenue from returns with AGI within bracket											
Total Rev	Total revenue from all brackets											4/22/2002

AK FAIR TAX (amounts in thousands)			Base mult: 1.35										
Income (lower) ----->	0.000	10.000	20.000	30.000	50.000	75.000	100.000	150.000	200.000	500.000	1000.000		
Average AGI ----->	4.038	14.851	24.791	39.366	61.393	85.964	118.484	170.766	283.772	675.418	1982.316		
Income (upper) ----->	10.000	20.000	30.000	50.000	75.000	100.000	150.000	200.000	500.000	1000.000	over		
Base bracket rate	1.00%	1.50%	2.00%	2.00%	1.30%	1.30%	1.25%	1.10%	0.30%	0.05%	0.04%		
No. of returns/bracket	92,596	47,406	38,368	54,758	43,651	24,213	16,249	3,925	3,356	486	196		
Eff rate (bracket max)	1.35%	1.69%	2.03%	2.30%	2.12%	2.03%	1.91%	1.81%	0.97%	0.52%			
Bracket rate	1.35%	2.03%	2.70%	2.70%	1.76%	1.76%	1.69%	1.49%	0.41%	0.07%	0.05%		
Bracket amount max	0.135	0.203	0.270	0.540	0.439	0.439	0.844	0.743	1.215	0.338			
Cum amount max	0.135	0.338	0.608	1.148	1.586	2.025	2.869	3.611	4.826	5.164			
Cum amount ave AGI	0.055	0.233	0.467	0.860	1.347	1.779	2.337	3.177	3.951	4.945	5.694		
Eff rate @ ave AGI	1.35%	1.57%	1.88%	2.19%	2.19%	2.07%	1.97%	1.86%	1.39%	0.73%	0.29%		
Eff. sales rate (303)	2.24%	2.08%	1.90%	1.73%	1.58%	1.53%	1.47%	1.38%	1.03%	0.48%	0.24%	Total Rev	
Bracket revenue	5048	11057	17912	47113	58817	43067	37973	12470	13258	2403	1116	\$250,234	
<b>NOTES:</b>												Alaskans Pay	
Income (lower) ----->	Lower limit of income bracket											Sales	\$232,717
Average AGI ----->	Average Adjusted Gross Income (AGI) within bracket											Fair	\$187,675
Income (upper) ----->	Upper limit of income bracket											Savings	\$45,042
Base bracket rate	Base tax rate on income within bracket limits (base rate X base mult factor = bracket rate)												
No. of returns/bracket	Total tax returns with AGI falling within bracket												
Eff rate (bracket max)	Effective tax rate for a taxpayer whose AGI is at the upper limit of the bracket												
Bracket rate	Tax rate for all income within bracket (note that all taxpayers with income in a bracket pay the same rate for the income in that bracket)												
Bracket amount max	Maximum amount of tax for income within bracket												
Cum amount max	Total tax owed if AGI = upper limit of bracket												
Cum amount ave AGI	Total tax owed if AGI = average for bracket												
Eff rate @ ave AGI	Effective tax rate for a taxpayer whose AGI is average for the bracket												
Eff. sales rate (303)	Average sales tax paid expressed as a percentage of AGI (3% sales tax from HB 303)												
Bracket revenue	Total revenue from returns with AGI within bracket												
Total Rev	Total revenue from all brackets												4/22/2002

# SENATE COMMITTEE REPORT

DATE: 5/3/02

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: 5/10/02

State Affairs Committee considered 2d CS FOR HOUSE BILL NO. 303(RLS)  
*HB 303 INDIVIDUAL INCOME TAX*

"An Act relating to taxation of individual income; 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#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
DOR	3/25/02	- \$		2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>		✓		
<i>[Signature]</i>		✓		
<i>[Signature]</i>				✓
CHAIR: <i>[Signature]</i>		✗		

## MEMO TO FILE

DATE: May 10, 2002

TO: Finance Committee

BILL/RES. NO.: **HB 303 Individual Income Tax**

ATTENTION: Heidi, Vicki  
Senate Secretary's Office

This bill/resolution has not yet received a do pass recommendation.

Please leave this note in the file.

Thank you.

**HB**

**304**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 19, 2002

FURTHER REFERRALS:

Date of Committee Action: 3/22/02

The FINANCE Committee considered:

HB 304

HOUSE BILL NO. 304

PERMANENT FUND INCOME

Rescinded

"An Act relating to disposition of income of the permanent fund; and providing for an effective date."

Recommends it be replaced with CS HB 304 (FIN) | Same Title |  New Title  
 For Senate Bills with new title:  Technical Title |  New Title: HCR

- attach amendments
- add new referral to \_\_\_\_\_ Committee
- Letter of Intent \_\_\_\_\_ Committee

- List of Abbrev. for Depts.:
- ADM
  - CED
  - COR
  - CRT
  - EED
  - DEC
  - DFG
  - GOV
  - HSS
  - LAA
  - LAW
  - LWF
  - MVA
  - DNR
  - DPS
  - REV
  - DOT
  - UA

<u>NEW FISCAL NOTES</u>				
*For Chief Clerk's Office Use Only				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
REV	1			✓

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	Bunde	✓			
	Whitaker	✓			
	HARRIS	✓			
	CROFT		✓		
	DAVIES				✓
	MOSES		✓		
	Lancaster	✓			
	Hudson	✓			
	FOSTER				X
Chair:	Mulder	✓			
Chair:	Williams	✓			

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: HB 304  
(H) Publish Date: 3/19/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title: Permanent Fund Income BRU: Permanent Fund Corp  
Sponsor: Representative Whitaker Component: Permanent Fund Corp  
Requester: House State Affairs Component No. 109

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

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<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>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The proposed legislation would not increase the cost of operations for the Alaska Permanent Fund Corporation.

Prepared by: Robert D. Storer, Executive Director Phone: (907)465-2047  
Division: Alaska Permanent Fund Corporation Date/Time: 2/22/02 2:58 PM  
Approved by: Larry Persily, Deputy Commission Date: 02/22/2002  
Agency: Department of Revenue

AMENDMENT

1

Adopted

Representative Hudson

CS HB 304 (FIN)  
In the House Finance Commi'tee

Page 2, line 17  
Delete "40 [50]"  
Insert "45"

Page 2, line 30  
Delete "40"  
Insert "35"