

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

3072 SCOMM 14.2: HOUSE SPECIAL COMMITTEE ON WAYS & MEANS 2005-2006

FY 2004 in Retrospect

Shared taxes and fees increased for the first time since fiscal year 2000. For fiscal year 2004, the increase from the previous year was \$3.8 million. The majority of the increase is attributed to the increase in fisheries taxes collected in this fiscal year; higher values of salmon, halibut, shellfish and ground fish were reported. Amounts shared under other tax and license fee programs for fiscal year 2003 were consistent with previous years.

The Department of Revenue shared taxes and fees with 123 communities throughout Alaska and the Department of Community and Economic Development (DCED). Municipalities and boroughs receiving the largest combined amount of shared taxes and fees for FY 2004:

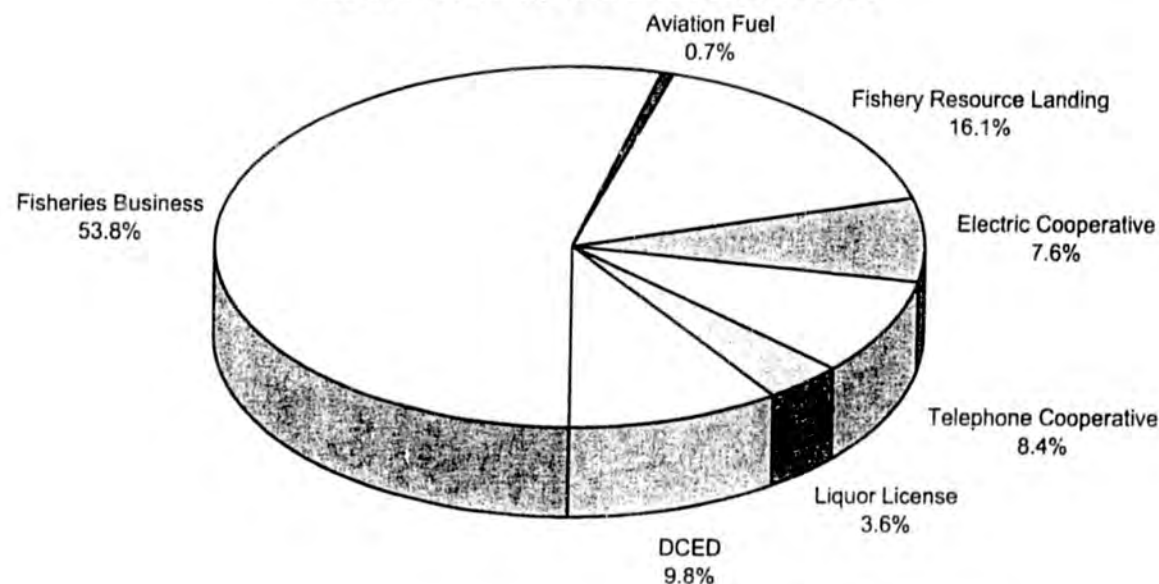
Top Municipalities:

Unalaska	\$ 6,870,075
Anchorage	1,395,392
Aleutians East Borough	1,380,437
Kenai Peninsula Borough	851,275
Kodiak Island Borough	743,410
Others	<u>10,010,137</u>
	21,250,726

Additional sharing through DCED	<u>2,301,684</u>
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Total	<u>\$ 23,552,410</u>
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Chart 1 - Summary of Shared Taxes and Fees



-- Prior Year Comparison --

Tax Type	FY 2004		FY 2003		FY 2002	
	Share Amount	% of Total	Share Amount	% of Total	Share Amount	% of Total
Fisheries Business	\$12,672,941	53.8%	\$10,806,426	55.2%	\$11,158,745	52.8%
Fishery Resource Landing	3,781,803	16.1%	2,628,023	13.4%	4,313,979	20.4%
Telephone Cooperative	1,981,543	8.4%	1,709,074	8.7%	1,283,540	6.1%
Electric Cooperative	1,794,011	7.6%	1,752,988	8.9%	1,719,948	8.1%
Liquor License Fees	855,450	3.6%	840,700	4.3%	861,750	4.1%
Aviation Motor Fuel	164,978	0.7%	169,600	0.9%	158,781	0.7%
Subtotal	\$21,250,726	90.2%	\$17,906,811	91.4%	\$19,496,743	92.2%
Additional Sharing w/DCED:						
Fisheries Business	1,725,251	7.3%	1,362,651	7.0%	1,396,076	6.6%
Fishery Resource Landing	576,433	2.5%	321,440	1.6%	256,648	1.2%
Subtotal	\$2,301,684	9.8%	\$1,684,091	8.6%	\$1,652,724	7.8%
Grand Total	\$23,552,410	100%	\$19,590,902	100%	\$21,149,467	100%

Table 1
Summary of Shared Taxes and Fees by Municipality

Municipality	FY 2004	FY 2003	Difference
Anchorage	\$1,395,392	\$1,352,032	\$43,360
Juneau	362,250	359,273	2,977
Sitka	494,506	383,869	110,637
Total Municipalities	2,252,148	2,095,174	156,974
Borough			
Aleutians East	1,380,437	1,233,959	146,478
Bristol Bay	528,641	463,154	65,487
Denali	51,647	52,462	(815)
Fairbanks North Star	254,464	282,104	12,360
Haines	99,971	125,351	(25,380)
Kenai Peninsula	851,275	707,102	144,173
Ketchikan Gateway	376,252	276,871	99,381
Kodiak Island	743,410	645,835	97,575
Lake and Peninsula	113,987	89,347	24,640
Matanuska-Susitna	695,000	697,648	(2,648)
North Slope	246,673	172,785	73,888
Northwest Arctic	9,130	691	8,439
Yakutat	58,842	98,050	(39,208)
Total Boroughs	5,449,729	4,845,359	604,370
City			
Adak	388,450	364,304	24,146
Akhiok	8	31	(23)
Akutan	643,898	599,706	44,192
Alakanuk	857	779	78
Aleknagik	2,008	1,017	991
Amblar	7,776	555	7,221
Anderson	5,554	5,619	(65)
Anvik	206	202	4
Atka	24,465	19,337	5,128
Barrow	22,487	22,977	(490)
Brevig Mission	388	358	30
Buckland	9,928	0	9,928
Chefornak	19	40	(21)
Chevak	1,139	1,015	124
Chignik	76,649	52,316	24,333
Chuathbaluk	97	86	11
Clark's Point	639	1,551	(912)
Coffman Cove	4,222	1,099	3,123
Cold Bay	2,724	4,816	(2,092)
Cordova	520,899	458,468	62,431
Craig	24,212	18,384	5,828
Deering	5,019	0	5,019
Delta Junction	5,877	4,814	1,063
Dillingham	167,371	142,501	24,870

Table 1
Summary of Shared Taxes and Fees by Municipality

City	FY 2004	FY 2003	Difference
Eek	326	319	7
Egegik	36,409	35,674	735
Elim	601	592	9
Emmonak	5,127	1,206	3,921
Fairbanks	200,666	206,284	(5,618)
False Pass	0	6,058	(6,058)
Fort Yukon	0	1,500	(1,500)
Galena	2,500	1,500	1,000
Gambell	823	819	4
Goodnews Bay	308	322	(14)
Grayling	249	239	10
Holy Cross	337	345	(8)
Homer	207,514	133,368	74,146
Hoonah	137,652	97,241	40,411
Hooper Bay	1,191	1,140	51
Houston	13,595	9,078	4,517
Huslia	413	432	(19)
Hydaburg	2,106	1,741	365
Kake	32,731	0	32,731
Kaltag	319	340	(21)
Kasaan	161	1,199	(1,038)
Kenai	137,738	107,810	29,928
Ketchikan	184,725	173,958	10,767
Kiana	11,297	679	10,618
King Cove	328,953	215,092	113,861
Kivalina	10,249	553	9,696
Klawock	6,416	1,516	4,900
Kobuk	3,822	0	3,822
Kodiak	655,224	525,802	131,422
Kotzebue	137,290	10,031	127,259
Koyuk	629	552	77
Larsen Bay	28,060	24,372	3,688
Lower Kalskag	268	265	3
Manokotak	1,668	1,682	(14)
Marshall	511	508	3
McGrath	5,500	4,000	1,500
Mekoryuk	2,023	2,967	(944)
Mountain Village	1,265	1,215	50
Nenana	8,172	7,352	820
New Stuyahok	605	564	41
Newhalen	241	250	(9)
Nightmute	256	233	23
Nome	26,934	23,788	3,146
Nondalton	317	324	(7)
Noorvik	14,856	992	13,864
North Pole	61,868	59,673	2,195
Nulato	527	532	(5)
Nunapitchuk	539	509	30

Table 1
Summary of Shared Taxes and Fees by Municipality

City	FY 2004	FY 2003	Difference
Old Harbor	337	745	(408)
Palmer	144,774	151,574	(6,800)
Pelican	8,487	48,548	(40,061)
Petersburg	552,967	476,492	76,475
Pilot Point	0	4	(4)
Pilot Station	820	819	1
Port Alexander	2	482	(480)
Port Lions	526	520	6
Quinhagak	8,277	4,592	3,685
Russian Mission	375	377	(2)
Saint George	1,500	0	1,500
Saint Mary's	864	804	60
Saint Michael	650	565	85
Saint Paul	353,227	336,290	16,937
Sand Point	201,048	147,379	53,669
Savoonga	908	874	34
Scammon Bay	486	492	(6)
Selawik	15,903	1,243	14,660
Seldovia	3,500	5,716	(2,216)
Seward	332,753	266,040	66,713
Shageluk	184	183	1
Shaktolik	408	392	16
Shishmaref	857	776	81
Shungnak	6,771	691	6,080
Skagway	12,650	4,550	8,100
Soldotna	41,812	42,826	(1,014)
Stebbins	650	653	(3)
Tanana	0	1,500	(1,500)
Tenakee Springs	224	0	224
Togiak	39,258	7,589	31,669
Toksook Bay	1,850	1,576	274
Unalakleet	2,829	1,890	939
Unalaska	6,870,075	5,381,214	1,488,861
Upper Kalskag	299	294	5
Valdez	399,684	316,922	82,762
Wales	287	276	11
Wasilla	236,756	244,151	(7,395)
Whittier	46,122	66,588	(20,466)
Wrangell	72,856	88,060	(15,204)
Total Cities	13,548,849	10,966,278	2,582,571
Grand Total	<u>\$21,250,726</u>	<u>\$17,906,811</u>	<u>\$3,343,915</u>

Shared Taxes and Fees Overview

Tax Program	Description	Sharing Cycle		FY 2004 Statistics	
		Disbursal Date	Period	Tax Shared	Total Municipalities
Aviation Motor Fuel Tax <i>AS 43.40.010</i>	60% of aviation motor fuel taxes collected at a municipally owned and operated, or leased and operated, airport, less costs for collection, are shared with the municipality. The Tax Division allocates the amounts to municipalities based on informational schedules of sales activity at the municipal airport filed by fuel sellers	July	Preceding Fiscal Year	\$ 164,978	8
Electric Cooperative Tax <i>AS 10.25.570</i>	100% of electric cooperative taxes are shared to cities or organized boroughs where the revenue was earned. Electric cooperative taxes are based on kilowatt-hours sold by qualified electric cooperatives recognized under AS 10.25.020	July	Preceding Fiscal Year	\$ 1,794,011	79
Fisheries Business Tax <i>AS 43.75.130</i>	50% of fisheries business taxes are shared with the municipalities where fishery resources were processed. Taxes are shared as follows: 1) If processing occurred within an incorporated city, which is not located within an organized borough, 50% of the tax collected is shared with the city 2) If processing occurred in an incorporated city, which is located within an organized borough, 25% of the tax collected is shared with the city and 25% of the tax is shared with the borough 3) If processing occurred at a location within an organized borough but not within an incorporated city, 50% of the tax collected is shared with the borough 4) If processing occurred in the unorganized borough, 50% of the tax is shared with municipalities statewide through an allocation program administered by DCED. The amount of FY 2004 fisheries business tax subject to allocation by DCED was \$1,725,251.	August	Preceding Fiscal Year	\$ 12,672,941	57
Fishery Resource Landing Tax <i>AS 43.77.060</i>	50% of fishery resource landing taxes are shared with the municipality where fishery resources were landed. The mechanics for sharing landing taxes are the same as fisheries business taxes, except that the proration applies to boroughs incorporated after January 1, 1994. If landings occurred in the unorganized borough, 50% of the tax is shared with municipalities statewide through an allocation program administered by DCED. The amount of FY 2004 fishery resource landing tax subject to allocation by DCED was \$576,433.	September	Preceding Fiscal Year	\$ 3,781,803	17
Telephone Cooperative Tax <i>AS 10.25.570</i>	100% of telephone cooperative taxes are shared to organized cities or boroughs where the revenue was earned	July	Preceding Fiscal Year	\$ 1,981,543	28
Liquor License Fees <i>AS 04.11.610</i>	100% of biennial license fees, excluding wholesale license fees, are shared to municipalities. Sharing is dependent on municipalities enforcing local, state and federal laws, which relate to the manufacture and sale of alcoholic beverages	January & July	Preceding Six Months	\$ 855,450	39

Total Shared \$ 21,250,726

Table 2
FY 2004 Shared Amounts by Municipality by Tax and License Type

	<i>Total</i>	<i>Aviation Fuel</i>	<i>Electric Co-op</i>	<i>Fisheries Business</i>	<i>Fishery Landing</i>	<i>Telephone Co-op</i>	<i>Liquor License</i>
Municipality							
Anchorage	\$1,395,392	\$19,103	\$662,937	\$42,777	\$0	\$309,425	\$361,150
Juneau	362,250	82,015	0	221,435	0	0	58,800
Sitka	494,506	0	0	474,029	477	0	20,000
Total Municipalities	2,252,148	101,118	662,937	738,241	477	309,425	439,950
Borough							
Aleutians East	1,380,437	0	0	1,365,445	14,992	0	0
Bristol Bay	528,641	0	9,146	450,975	0	58,020	10,500
Denali	51,647	0	17,728	0	0	33,919	0
Fairbanks North Star	294,464	0	294,104	360	0	0	0
Haines	99,971	0	0	94,421	0	0	5,550
Kenai Peninsula	851,275	0	164,084	676,737	6,101	4,353	0
Ketchikan Gateway	376,252	42,360	0	327,692	0	0	6,200
Kodiak Island	743,410	0	26,338	716,677	395	0	0
Lake and Peninsula	113,987	0	928	113,059	0	0	0
Matanuska-Susitna	695,001	0	141,961	386	0	552,654	0
North Slope	246,673	0	0	0	0	246,673	0
Northwest Arctic	9,129	0	692	0	0	8,437	0
Yakutat	58,842	0	0	47,862	1,980	0	9,000
Total Boroughs	5,449,729	42,360	654,981	3,793,614	23,468	904,056	31,250
City							
Adak	388,450	0	0	302,677	82,073	0	3,700
Akhiok	8	0	0	0	8	0	0
Akutan	643,898	0	0	632,084	11,814	0	0
Alakanuk	857	0	857	0	0	0	0

Table 2
FY 2004 Shared Amounts by Municipality by Tax and License Type

	<i>Total</i>	<i>Aviation Fuel</i>	<i>Electric Co-op</i>	<i>Fisheries Business</i>	<i>Fishery Landing</i>	<i>Telephone Co-op</i>	<i>Liquor Licenses</i>
Aleknagik	2,008	0	252	0	0	1,756	0
Ambler	7,776	0	605	0	0	7,171	0
Anderson	5,554	0	970	0	0	4,584	0
Anvik	206	0	206	0	0	0	0
Atka	24,465	0	0	24,402	63	0	0
Barrow	22,487	0	22,487	0	0	0	0
Brevig Mission	388	0	388	0	0	0	0
Buckland	9,928	0	0	0	0	9,928	0
Chefornak	19	0	0	19	0	0	0
Chevak	1,139	0	1,139	0	0	0	0
Chignik	76,649	0	0	76,649	0	0	0
Chuathbaluk	97	0	97	0	0	0	0
Clark's Point	639	0	0	0	0	639	0
Coffman Cove	4,222	0	0	4,222	0	0	0
Cold Bay	2,724	0	0	0	224	0	2,500
Cordova	520,899	0	10,886	448,958	0	50,905	10,150
Craig	24,212	0	0	20,412	0	0	3,800
Deering	5,019	0	0	0	0	5,019	0
Delta Junction	5,877	0	5,877	0	0	0	0
Dillingham	167,371	0	8,139	99,889	0	54,743	4,600
Eek	326	0	326	0	0	0	0
Egegik	36,409	0	0	36,409	0	0	0
Elim	601	0	601	0	0	0	0
Emmonak	5,127	0	1,301	3,826	0	0	0
Fairbanks	200,666	0	124,587	279	0	0	75,800
Galena	2,500	0	0	0	0	0	2,500
Gambell	823	0	823	0	0	0	0
Goodnews Bay	308	0	308	0	0	0	0
Grayling	249	0	249	0	0	0	0
Holy Cross	337	0	337	0	0	0	0
Homer	207,514	0	26,548	156,890	226	0	23,850
Hoonah	137,652	0	0	133,052	0	0	4,600

Table 2
FY 2004 Shared Amounts by Municipality by Tax and License Type

	<i>Total</i>	<i>Aviation Fuel</i>	<i>Electric Co-op</i>	<i>Fisheries Business</i>	<i>Fishery Landing</i>	<i>Telephone Co-op</i>	<i>Liquor License</i>
Hooper Bay	1,191	0	1,159	32	0	0	0
Houston	13,595	0	5,049	0	0	8,546	0
Huslia	413	0	413	0	0	0	0
Hydaburg	2,106	0	0	2,106	0	0	0
Kake	32,731	0	0	32,731	0	0	0
Kaltag	319	0	319	0	0	0	0
Kasaan	161	0	0	161	0	0	0
Kenai	137,738	11,244	28,468	77,026	0	0	21,000
Ketchikan	184,725	0	0	142,925	0	0	41,800
Kiana	11,297	0	700	0	0	10,597	0
King Cove	328,953	0	0	326,453	0	0	2,500
Kivalina	10,249	0	549	0	0	9,700	0
Klawock	6,416	0	0	4,916	0	0	1,500
Kobuk	3,822	0	0	0	0	3,822	0
Kodiak	655,224	3,788	34,312	597,337	387	0	19,400
Kotzebue	137,290	0	10,348	0	0	126,942	0
Koyuk	629	0	629	0	0	0	0
Larsen Bay	28,060	0	0	28,060	0	0	0
Lower Kalskag	268	0	268	0	0	0	0
Manokotak	1,668	0	0	0	0	1,668	0
Marshall	511	0	511	0	0	0	0
McGrath	5,500	0	0	0	0	0	5,500
Mekoryuk	2,023	0	398	1,625	0	0	0
Mountain Village	1,265	0	1,265	0	0	0	0
Nenana	8,172	0	2,086	0	0	586	5,500
New Stuyahok	605	0	575	30	0	0	0
Newhalen	241	0	241	0	0	0	0
Nightmute	256	0	256	0	0	0	0
Nome	26,934	0	0	10,034	0	0	16,900
Nondalton	317	0	317	0	0	0	0
Noorvik	14,856	0	984	0	0	13,872	0
North Pole	61,868	0	55,986	32	0	0	5,800

Table 2
FY 2004 Shared Amounts by Municipality by Tax and License Type

	<i>Total</i>	<i>Aviation Fuel</i>	<i>Electric Co-op</i>	<i>Fisheries Business</i>	<i>Fishery Landing</i>	<i>Telephone Co-op</i>	<i>Liquor License</i>
Nulato	527	0	527	0	0	0	0
Nunapitchuk	539	0	539	0	0	0	0
Old Harbor	337	0	337	0	0	0	0
Palmer	144,774	2,861	20,418	0	0	111,695	9,800
Pelican	8,487	0	0	7,736	751	0	0
Petersburg	552,967	0	0	545,267	0	0	7,700
Pilot Station	820	0	820	0	0	0	0
Port Alexander	2	0	0	2	0	0	0
Port Lions	526	0	526	0	0	0	0
Quinhagak	8,277	0	794	7,483	0	0	0
Russian Mission	375	0	375	0	0	0	0
Saint George	1,500	0	0	0	0	0	1,500
Saint Mary's	864	0	864	0	0	0	0
Saint Michael	650	0	650	0	0	0	0
Saint Paul	353,227	0	0	328,120	24,507	0	600
Sand Point	201,048	0	0	195,686	2,862	0	2,500
Savoonga	908	0	908	0	0	0	0
Scammon Bay	486	0	486	0	0	0	0
Selawik	15,903	0	1,267	0	0	14,636	0
Seldovia	3,500	0	1,400	0	0	0	2,100
Seward	332,753	0	0	310,578	5,875	0	16,300
Shageluk	184	0	184	0	0	0	0
Shaktolik	408	0	408	0	0	0	0
Shishmaref	857	0	857	0	0	0	0
Shungnak	6,771	0	736	0	0	6,035	0
Skagway	12,650	0	0	0	0	0	12,650
Soldotna	41,812	2,163	23,250	699	0	0	15,700
Stebbins	650	0	650	0	0	0	0
Tenakee Springs	224	0	0	224	0	0	0
Togiak	39,258	0	1,147	38,111	0	0	0
Toksook Bay	1,850	0	588	1,262	0	0	0
Unalakleet	2,829	0	1,857	972	0	0	0

Table 2
FY 2004 Shared Amounts by Municipality by Tax and License Type

	<i>Total</i>	<i>Aviation Fuel</i>	<i>Electric Co-op</i>	<i>Fisheries Business</i>	<i>Fishery Landing</i>	<i>Telephone Co-op</i>	<i>Liquor License</i>
Unalaska	6,870,075	0	0	3,226,807	3,629,068	0	14,200
Upper Kalskag	299	0	299	0	0	0	0
Valdez	399,684	0	24,997	215,577	0	142,410	16,700
Wales	287	0	287	0	0	0	0
Wasilla	236,756	1,444	36,704	0	0	182,808	15,800
Whittier	46,122	0	2,402	38,420	0	0	5,300
Wrangell	72,856	0	0	60,856	0	0	12,000
Total Cities	13,548,849	21,500	476,093	8,141,086	3,757,858	768,062	384,250
Grand Total	<u>\$21,250,726</u>	<u>\$164,978</u>	<u>\$1,794,011</u>	<u>\$12,672,941</u>	<u>\$3,781,803</u>	<u>\$1,981,543</u>	<u>\$855,450</u>
 Number of Communities Shared With	 123	 8	 79	 57	 17	 28	 39

Table 3
Aviation Motor Fuel Tax

	<i>FY2004</i>	<i>FY2003</i>	<i>FY2002</i>	<i>FY2001</i>	<i>FY 2000</i>	<i>Total All Years</i>
Municipality						
Anchorage (Merrill Field)	\$19,103	\$19,191	\$18,480	\$18,142	\$16,675	\$91,591
Juneau	82,015	86,724	85,897	81,732	84,505	420,873
Total Municipalities	101,118	105,915	104,377	99,874	101,180	512,464
Borough						
Ketchikan Gateway	42,360	42,532	38,327	43,006	29,008	195,233
Total Borough	42,360	42,532	38,327	43,006	29,008	195,233
City						
Kenai	11,244	7,627	7,006	8,509	9,360	43,746
Kodiak	3,788	3,820	3,513	4,131	6,184	21,436
Palmer	2,861	5,410	1,200	1,794	1,543	12,808
Soldotna	2,163	2,635	2,372	2,290	1,968	11,428
Wasilla	1,444	1,661	1,986	1,781	872	7,744
Total Cities	21,500	21,153	16,077	18,505	19,927	97,162
Grand Total¹	<u>\$164,978</u>	<u>\$169,600</u>	<u>\$158,781</u>	<u>\$161,385</u>	<u>\$150,115</u>	<u>\$804,859</u>
 Cost of Collection	 \$6,494	 \$8,771	 \$9,717	 \$4,171	 \$6,007	 \$38,631
 Number of Communities Shared With	 8	 8	 8	 8	 8	 8

¹ Net of cost of collection.

Table 4
Electric Cooperative Tax

	<i>FY 2004</i>	<i>FY 2003</i>	<i>FY 2002</i>	<i>FY 2001</i>	<i>FY 2000</i>	<i>Total All Years</i>
Municipality						
Anchorage	\$662,937	\$641,284	\$625,784	\$618,133	\$612,281	\$3,160,419
Total Municipalities	662,937	641,284	625,784	618,133	612,281	3,160,419
Borough						
Bristol Bay	9,146	8,438	9,257	9,494	9,572	45,907
Denali	17,728	18,001	18,210	17,608	15,900	87,447
Fairbanks North Star	294,104	281,941	283,715	285,940	283,594	1,429,294
Kenai Peninsula	164,084	172,902	166,347	146,169	148,732	798,234
Kodiak Island	26,338	26,202	26,854	13,623	12,843	105,860
Lake and Peninsula	928	1,352	747	1,013	797	4,837
Matanuska-Susitna	141,961	136,170	129,245	123,570	122,890	653,836
Northwest Arctic	692	691	688	625	641	3,337
Total Boroughs	654,981	645,697	635,063	598,042	594,969	3,128,752
City						
Alakanuk	857	779	736	696	703	3,771
Aleknagik	252	247	246	338	348	1,431
Ambler	605	555	529	542	554	2,785
Anderson	970	962	953	1,026	1,067	4,978
Anvik	206	202	212	203	216	1,039
Barrow	22,487	22,977	24,039	24,147	24,525	118,175
Brevig Mission	388	358	344	313	260	1,663
Chevak	1,139	1,015	882	784	765	4,585
Chuathbaluk	97	86	90	0	86	359
Cordova	10,886	11,163	10,896	11,164	11,250	55,359
Delta Junction	5,877	4,814	4,598	4,550	5,301	25,140
Dillingham	8,139	7,979	7,968	8,111	8,346	40,543
Eek	326	319	322	289	295	1,551
Elim	601	592	494	422	412	2,521
Emmonak	1,301	1,206	1,146	1,199	1,199	6,051
Fairbanks	124,587	124,021	122,338	120,324	121,815	613,085

Table 4
Electric Cooperative Tax

	<i>FY 2004</i>	<i>FY 2003</i>	<i>FY 2002</i>	<i>FY 2001</i>	<i>FY 2000</i>	<i>Total All Years</i>
Gambell	823	819	896	916	869	4,323
Goodnews Bay	308	322	320	286	310	1,546
Grayling	249	239	241	237	250	1,216
Holy Cross	337	345	373	338	359	1,752
Homer	26,548	24,280	22,396	22,724	23,011	118,959
Hooper Bay	1,159	1,140	1,157	1,130	1,084	5,670
Houston	5,049	395	380	266	190	6,280
Huslia	413	432	417	395	370	2,027
Kaltag	319	340	341	351	331	1,682
Kenai	28,468	29,322	28,957	29,062	29,433	145,242
Kiana	700	679	663	646	621	3,309
Kivalina	549	553	517	507	498	2,624
Kodiak	34,312	34,256	35,167	35,220	35,489	174,444
Kotzebue	10,348	10,031	10,058	10,179	10,201	50,817
Koyuk	629	552	556	532	554	2,823
Lower Kalskag	268	265	265	266	225	1,289
Marshall	511	508	508	485	448	2,460
Mekoryuk	398	396	381	365	381	1,921
Mountain Village	1,265	1,215	1,171	1,148	1,154	5,953
Nenana	2,086	2,157	2,088	1,929	1,796	10,056
New Stuyahok	575	564	574	533	522	2,768
Newhalen	241	250	255	294	294	1,334
Nightmute	256	233	255	219	193	1,156
Nondalton	317	324	334	355	423	1,753
Noorvik	984	992	832	815	808	4,431
North Pole	55,986	55,073	54,046	47,563	47,646	260,314
Nulato	527	532	520	536	537	2,652
Nunapitchuk	539	509	500	477	475	2,500
Old Harbor	337	336	333	331	340	1,677
Palmer	20,418	19,686	18,940	18,844	18,328	96,216
Pilot Station	820	819	667	597	575	3,478
Port Lions	526	520	498	583	481	2,608

Table 4
Electric Cooperative Tax

	<i>FY 2004</i>	<i>FY 2003</i>	<i>FY 2002</i>	<i>FY 2001</i>	<i>FY 2000</i>	<i>Total All Years</i>
Quinhagak	794	730	687	623	579	3,413
Russian Mission	375	377	336	306	308	1,702
Saint Mary's	864	804	838	695	683	3,884
Saint Michael	650	565	553	528	508	2,804
Savoonga	908	874	837	800	760	4,179
Scammon Bay	486	492	505	476	457	2,416
Selawik	1,267	1,243	1,100	1,104	1,002	5,716
Seldovia	1,400	1,416	1,469	1,531	1,481	7,297
Shageluk	184	183	180	154	156	857
Shaktolik	408	392	388	377	384	1,949
Shishmaref	857	776	771	727	714	3,845
Shungnak	736	691	674	653	625	3,379
Soldotna	23,250	23,196	22,811	22,426	22,107	113,790
Stebbins	650	653	686	643	603	3,235
Togiak	1,147	1,124	1,163	1,151	1,158	5,743
Toksook Bay	588	574	558	508	545	2,773
Unalakleet	1,857	1,845	1,952	1,975	2,060	9,689
Upper Kalskag	299	294	297	295	284	1,469
Valdez	24,997	25,804	26,002	26,282	26,300	129,385
Wales	287	276	265	250	265	1,343
Wasilla	36,704	35,463	33,834	34,422	31,781	172,204
Whittier	2,402	2,876	2,796	2,927	2,589	13,590
Total Cities	476,093	466,007	459,101	451,090	450,687	2,302,978
Grand Total ¹	<u>\$1,794,011</u>	<u>\$1,752,988</u>	<u>\$1,719,948</u>	<u>\$1,667,265</u>	<u>\$1,657,937</u>	<u>\$8,592,149</u>
Cost of Collection	\$3,078	\$3,262	\$4,268	\$2,278	\$911	\$13,797
Number of Communities Shared With	79	79	79	78	79	79

¹ Net of cost of collection

Table 5
Fisheries Business Tax

	<i>FY2004</i>	<i>FY2003</i>	<i>FY 2002</i>	<i>FY 2001</i>	<i>FY 2000</i>	<i>To'al All Years</i>
Municipality						
Anchorage	\$42,777	\$31,642	\$17,289	\$22,553	\$47,066	\$161,327
Juneau	221,435	218,549	189,554	238,262	175,840	1,043,640
Sitka	474,029	361,336	498,107	596,166	536,121	2,465,759
Total Municipalities	738,241	611,527	704,950	856,981	759,027	3,670,726
Borough						
Aleutians East	1,365,445	1,212,887	934,034	1,354,864	1,409,784	6,277,014
Bristol Bay	450,975	385,254	494,491	918,305	1,439,586	3,688,611
Fairbanks North Star	360	163	0	0	319	842
Haines	94,421	114,501	165,686	191,323	238,339	804,270
Kenai Peninsula	676,737	512,894	482,232	210,869	811,345	2,694,077
Ketchikan Gateway	327,692	234,339	374,535	312,454	408,607	1,657,627
Kodiak Island	716,677	573,595	759,211	1,282,125	923,772	4,255,380
Lake and Peninsula	113,059	87,995	161,968	246,046	357,468	966,536
Matanuska-Susitna	386	0	15	0	0	401
Yakutat	47,862	91,550	73,894	124,659	137,327	475,292
Total Boroughs	3,793,614	3,213,178	3,446,066	4,640,643	5,726,547	20,820,050
City						
Adak	302,677	322,497	185,603	0	0	810,777
Akutan	632,084	580,806	534,413	595,846	501,904	2,845,053
Angoon	0	0	3,081	0	2,411	5,492
Atka	24,402	19,337	13,433	16,218	11,466	84,856
Bethel	0	0	4,740	15,331	73,833	93,904
Chefornak	19	40	249	17	0	325
Chignik	76,649	52,316	82,644	126,568	235,538	573,715
Clark's Point	0	0	40,458	133,445	60,896	234,799
Coffman Cove	4,222	1,099	0	0	149	5,470
Cordova	448,958	386,605	437,955	549,830	516,438	2,339,786
Craig	20,412	4,784	4,230	5,918	23,979	59,323
Dillingham	99,889	78,807	49,069	176,288	202,898	606,951
Egegik	36,409	35,674	78,419	32,118	29,544	212,164
Emmonak	3,826	0	0	2,223	11,156	17,205
Fairbanks	279	163	0	0	0	442
False Pass	0	6,058	7,122	61,187	85,764	160,131

Table 5
Fisheries Business Tax

	<i>FY2004</i>	<i>FY2003</i>	<i>FY 2002</i>	<i>FY 2001</i>	<i>FY 2000</i>	<i>Total All Years</i>
Galena	0	0	0	0	153	153
Goodnews Bay	0	0	0	0	4,676	4,676
Haines	0	0	1,655	5,361	1,536	8,552
Homer	156,890	89,038	46,756	825	21,340	314,849
Hoonah	133,052	94,741	117,119	129,655	112,931	587,498
Hooper Bay	32	0	0	0	4,924	4,956
Hydaburg	2,106	1,741	0	0	1,654	5,501
Kake	32,731	0	106,354	23,524	48,619	211,228
Kaltag	0	0	267	0	0	267
Kasaan	161	1,199	0	0	0	1,360
Kenai	77,026	53,561	85,088	47,261	149,524	412,460
Ketchikan	142,925	141,758	276,572	253,049	328,763	1,143,067
King Cove	326,453	211,092	184,041	318,189	432,412	1,472,187
Klawock	4,916	1,516	700	2,062	702	9,896
Kodiak	597,337	467,426	562,000	841,405	616,528	3,084,696
Larsen Bay	28,060	24,372	16,784	55,415	102,160	226,791
Marshall	0	0	0	1,011	508	1,519
Mekoryuk	1,625	2,571	2,011	3,951	103	10,261
Nenana	0	0	0	0	49	49
New Stuyahok	30	0	0	0	0	30
Nome	10,034	8,988	2,043	0	0	21,065
North Pole	82	0	0	0	319	401
Palmer	0	0	15	0	0	15
Pelican	7,736	48,065	39,420	27,695	29,407	152,323
Petersburg	545,267	467,342	606,898	471,020	673,037	2,763,564
Pilot Point	0	4	12	3,054	89	3,159
Port Alexander	2	482	0	0	0	484
Port Heiden	0	0	0	0	4	4
Port Lions	0	0	0	152	1,411	1,563
Quinhagak	7,483	3,862	5,514	3,591	0	20,450
Saint George	0	0	0	136,933	446,984	583,917
Saint Paul	328,120	313,336	212,556	289,428	1,781,341	2,924,781
Sand Point	195,686	141,763	103,564	135,373	149,285	725,671
Savoonga	0	0	0	790	0	790
Seldovia	0	0	14	0	0	14
Seward	310,578	239,554	239,760	351,549	259,273	1,400,714

Table 5
Fisheries Business Tax

	FY2004	FY2003	FY 2002	FY 2001	FY 2000	Total All Years
Soldotna	699	595	1,160	189	13	2,656
Tenakee Springs	224	0	0	800	534	1,558
Togiak	38,111	6,465	74,257	157,601	333,574	610,008
Toksook Bay	1,262	1,002	4,206	1,664	1,134	9,268
Unalakleet	972	45	2,190	9,536	10,239	22,982
Unalaska	3,226,807	2,913,343	2,510,541	2,833,916	2,957,811	14,442,418
Valdez	215,577	127,552	245,372	258,379	274,316	1,121,196
Whittier	38,420	57,262	46,449	67,271	54,918	264,320
Wrangell	60,856	74,860	72,995	59,241	55,473	323,425
Total Cities	8,141,086	6,981,721	7,007,729	8,204,879	10,611,720	40,947,135
Grand Total	<u>\$12,672,941</u>	<u>\$10,806,426</u>	<u>\$11,158,745</u>	<u>\$13,702,505</u>	<u>\$17,097,294</u>	<u>\$65,437,911</u>
Number of Communities Shared With	57	52	55	54	61	73
Additional Sharing with DCED	\$1,725,251	\$1,362,651	\$1,396,076	\$1,350,886	\$1,403,629	\$5,513,243

Table 6
Fishery Resource Landing Tax

	<i>FY 2004</i>	<i>FY 2003</i>	<i>FY 2002</i>	<i>FY 2001</i>	<i>FY 2000</i>	<i>Total All Years</i>
Municipality						
Sitka	\$477	\$2,883	\$3,005	\$800	\$265	\$7,430
Total Municipalities	477	2,883	3,005	800	265	7,430
Borough						
Aleutians East	14,992	21,072	11,696	17,142	17,448	82,350
Kenai Peninsula	6,101	16,883	23,509	22,861	8,882	78,236
Kodiak Island	395	36,788	37,162	5,219	24,592	104,156
Lake and Peninsula	0	0	1,019	0	0	1,019
Yakutat	1,980	0	9,612	0	2,244	13,836
Total Boroughs	23,468	74,743	82,998	45,222	53,166	279,597
City						
Adak	82,073	41,807	72,841	0	0	196,721
Akhiok	8	31	0	0	0	39
Akutan	11,814	18,900	11,206	15,983	17,448	75,351
Atka	63	0	2,706	8,989	9,846	21,604
Clark's Point	0	72	0	0	0	72
Cold Bay	224	816	0	0	0	1,040
Homer	226	0	0	4,765	87	5,078
Kodiak	387	0	15,987	3,260	17,102	36,736
Old Harbor	0	409	0	0	0	409
Pelican	751	483	26	176	0	1,436
Petersburg	0	0	0	0	857	857
Port Lions	0	0	320	0	0	320
Saint Paul	24,507	18,954	20,392	16,567	72,529	152,949
Sand Point	2,862	1,016	490	0	0	4,368
Seward	5,875	7,738	28,273	18,096	8,795	68,777
Unalaska	3,629,068	2,460,171	4,075,735	2,881,455	2,713,203	15,759,632
Total Cities	3,757,858	2,550,397	4,227,976	2,949,291	2,839,667	16,325,389
GRAND TOTAL	<u>\$3,781,803</u>	<u>\$2,628,023</u>	<u>\$4,313,979</u>	<u>\$2,995,313</u>	<u>\$2,893,298</u>	<u>\$16,612,416</u>
Number of Communities Subject to Sharing	17	15	16	12	13	19
Additional Sharing with DCED	\$576,433	\$321,440	\$256,648	\$246,740	\$210,866	\$1,612,127

Table 7
Telephone Cooperative Tax

	<i>FY 2004</i>	<i>FY 2003</i>	<i>FY 2002</i>	<i>FY 2001</i>	<i>FY 2000</i>	<i>Total All Years</i>
Municipality						
Anchorage	\$309,425	\$314,365	\$209,740	\$265,596	\$286,707	\$1,385,833
Total Municipalities	309,425	314,365	209,740	265,596	286,707	1,385,833
Borough						
Bristol Bay	58,020	54,662	53,816	52,462	55,222	274,182
Denali	33,919	34,461	22,992	32,388	27,490	151,250
Kenai Peninsula	4,353	4,423	2,951	2,705	3,416	17,848
Matanuska-Susitna	552,654	561,478	374,610	448,918	438,862	2,376,522
North Slope	246,673	172,785	146,423	117,560	96,022	779,463
Northwest Arctic	8,437	0	3,103	3,412	3,042	17,994
Total Boroughs	904,056	827,809	603,895	657,445	624,054	3,617,259
City						
Aleknagik	1,756	770	1,641	1,554	1,871	7,592
Ambler	7,171	0	2,330	3,016	2,755	15,772
Anderson	4,584	4,657	3,107	3,825	5,146	21,319
Buckland	9,928	0	4,142	4,021	3,974	22,065
Clark's Point	639	1,479	1,094	1,036	935	5,183
Cordova	50,905	47,400	46,182	41,492	41,936	227,915
Deering	5,019	0	1,853	2,228	1,785	10,885
Dillingham	54,743	51,115	49,763	46,610	41,151	243,382
Houston	8,546	8,683	5,793	6,599	6,358	35,979
Kiana	10,597	0	4,670	3,486	4,003	22,756
Kivalina	9,700	0	3,203	2,868	2,679	18,450
Kobuk	3,822	0	1,432	1,241	1,500	7,995
Kotzebue	126,942	0	50,050	61,036	57,210	295,238
Manokotak	1,668	1,682	1,640	2,072	2,338	9,400
Nenana	586	595	397	94	0	1,672
Noorvik	13,872	0	6,101	4,711	5,296	29,980

Table 7
Telephone Cooperative Tax

	<i>FY 2004</i>	<i>FY 2003</i>	<i>FY 2002</i>	<i>FY 2001</i>	<i>FY 2000</i>	<i>Total All Years</i>
Palmer	111,695	113,478	75,711	104,024	76,059	480,967
Selawik	14,636	0	5,964	4,897	5,475	30,972
Seward	0	948	632	189	0	1,769
Shungnak	6,035	0	1,802	2,099	2,105	12,041
Valdez	142,410	150,366	77,984	132,120	115,425	618,305
Wasilla	182,808	185,727	123,914	151,767	110,934	755,150
Total Cities	768,062	566,900	469,905	580,985	488,935	2,874,787
Grand Total¹	<u>\$1,981,543</u>	<u>\$1,709,074</u>	<u>\$1,283,540</u>	<u>\$1,504,026</u>	<u>\$1,399,696</u>	<u>\$7,877,879</u>
Cost of Collection²	\$13,360	\$13,360	\$17,566	\$1,922	\$27,392	\$73,600
Number of Communities Shared With	28	18	29	29	27	29

¹ Net of cost of collection

² Costs of collection are based on the last full fiscal year. The FY 2000 increase is due to a major dispute with taxpayers which significant audit and appeals resources were applied.

Table 8
Liquor License Fees

	<i>FY 2004</i>	<i>FY 2003</i>	<i>FY 2002</i>	<i>FY 2001</i>	<i>FY 2000</i>	<i>Total All Years</i>
Municipality						
Anchorage	\$361,150	\$345,550	\$342,150	\$344,300	\$356,000	\$1,749,150
Juneau	58,800	54,000	59,200	53,700	65,200	290,900
Sitka	20,000	19,650	18,800	18,450	21,300	98,200
Total Municipalities	439,950	419,200	420,150	416,450	442,500	2,138,250
Borough						
Bristol Bay	10,500	14,800	11,750	14,800	13,000	64,850
Haines	5,550	10,850	10,850	10,700	12,650	50,600
Ketchikan Gateway	6,200	0	2,500	0	0	8,700
Kodiak Island	0	9,250	0	0	0	9,250
Yakutat	9,000	6,500	6,800	4,000	7,100	33,400
Total Boroughs	31,250	41,400	31,900	29,500	32,750	166,800
City						
Adak	3,700	0	3,700	0	0	7,400
Cold Bay	2,500	4,000	0	4,000	0	10,500
Cordova	10,150	13,300	15,050	13,300	16,550	68,350
Craig	3,800	13,600	5,800	11,100	5,800	40,100
Dillingham	4,600	4,600	4,000	5,200	4,000	22,400
Fairbanks	75,800	82,100	92,750	94,650	92,750	438,050
Fort Yukon	0	1,500	0	1,500	0	3,000
Galena	2,500	1,500	3,100	0	3,100	10,200
Homer	23,850	20,050	17,700	19,450	20,550	101,600
Hoonah	4,600	2,500	4,000	0	4,000	15,100
Kenai	21,000	17,300	26,400	17,300	26,400	108,400
Ketchikan	41,800	32,200	45,500	34,700	56,400	210,600
King Cove	2,500	4,000	2,500	4,000	2,500	15,500
Klawock	1,500	0	1,500	0	1,500	4,500
Kodiak	19,400	18,300	21,000	19,800	22,500	101,000
McGrath	5,500	4,000	5,500	0	4,000	19,000

Table 8
Liquor License Fees

	FY 2004	FY 2003	FY 2002	FY 2001	FY 2000	Total All Years
Nenana	5,500	4,600	5,500	4,600	4,000	24,200
Nome	16,900	14,800	19,400	14,800	17,900	83,800
North Pole	5,800	4,600	7,300	4,600	7,300	29,600
Palmer	9,800	13,000	10,200	15,100	11,500	59,600
Pelican	0	0	2,500	0	600	3,100
Petersburg	7,700	9,150	9,550	8,100	11,600	46,100
Saint George	1,500	0	1,500	0	3,000	6,000
Saint Paul	600	4,000	600	4,000	600	9,800
Sand Point	2,500	4,600	2,500	4,600	3,100	17,300
Seldovia	2,100	4,300	1,500	4,600	2,750	15,250
Seward	16,300	17,800	19,400	17,900	19,400	90,800
Skagway	12,650	4,550	9,850	8,200	8,300	43,550
Soldotna	15,700	16,400	12,300	15,400	17,100	76,900
Tanana	0	1,500	0	1,500	0	3,000
Unalaska	14,200	7,700	14,200	7,700	15,000	58,800
Valdez	16,700	13,200	17,300	13,500	17,300	78,000
Wasilla	15,800	21,300	13,900	20,700	13,900	85,600
Whittier	5,300	6,450	5,300	3,950	5,300	26,300
Wrangell	12,000	13,200	8,400	13,200	8,000	54,800
Total Cities	384,250	380,100	409,700	387,450	426,700	1,988,200
GRAND TOTAL	<u>\$855,450</u>	<u>\$840,700</u>	<u>\$861,750</u>	<u>\$833,400</u>	<u>\$901,950</u>	<u>\$4,293,250</u>

**Number of Communities
Shared With**

39	38	39	34	34	46
-----------	-----------	-----------	-----------	-----------	-----------

Appendix A - Shared Taxes and Fees Statutes

Aviation Motor Fuel Tax

AS 43.40.010. TAX ON TRANSFERS OR CONSUMPTION OF MOTOR FUEL AND EXPENDITURE OF PROCEEDS. (e) Sixty per cent of the proceeds of the revenue from the taxes on aviation fuel, excluding the amount determined to have been spent by the state in its collection, shall be refunded to a municipality owning and operating or leasing and operating an airport in the proportion that the revenue was collected at the municipal airport. All other proceeds of the taxes on aviation fuel shall be paid into a special aviation fuel tax account in the state general fund. The legislature may appropriate funds from this account for aviation facilities.

Electric Cooperative Tax

AS 10.25.570. REFUND TO LOCAL GOVERNMENTS. The proceeds of the telephone cooperative gross revenue tax and the electric cooperative tax, less the amount expended by the state in their collection, shall be refunded to an organized borough or a city of any class incorporated under state law, in the proportion that the revenue was earned within the city or the borough area outside the city.

However, taxes collected on gross revenue earned by a telephone cooperative or on the sale of electricity by an electric cooperative outside a city or organized borough shall be retained by the state and deposited into its general fund.

Fisheries Business Tax

AS 43.75.130. REFUND TO LOCAL GOVERNMENTS. (a) Except as provided in (d) of this section, the commissioner of revenue shall pay

(1) to each unified municipality and to each city located in the unorganized borough, 50 percent of the amount of tax revenue collected in the municipality from taxes levied by this chapter;

(2) to each city located within a borough, 25 percent of the amount of tax revenue collected in the city from taxes levied by this chapter; and

(3) to each borough

(A) 50 percent of the amount of tax revenue collected in the area of the borough outside cities from taxes levied by this chapter; and

(B) 25 percent of the amount of tax revenue collected in cities located within the borough from taxes levied by this chapter.

(b) For purposes of this section, tax revenue collected under AS 43.75.015 from a person entitled to a credit under AS 43.75.032 shall be calculated as if the person's tax had been collected without applying the credit.

(c) *[Repealed, Sec 7 Ch 79 SLA 1986]*

(d) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, the commissioner shall pay

(1) to each city that is located in a borough incorporated after June 16, 1987 the following percentages of the tax revenue collected in the city from taxes levied under this chapter:

(A) 45 percent of the taxes collected during the calendar year after the calendar year in which the borough is incorporated;

(B) 40 percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 35 percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 30 percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) to each borough that is incorporated after June 16, 1987 the following percentages of the tax revenue collected in the cities located within the borough from taxes levied under this chapter:

(A) 5 percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) 10 percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

Appendix A - Shared Taxes and Fees Statutes

Fisheries Business Tax (Continued)

(C) 15 percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 20 percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated.

(e) Notwithstanding the provisions of (d) of this section, a city may adopt an ordinance to transfer a portion of the funds received under (d)(1) of this section to the borough in which the city is located.

(f) In this section, "tax revenue collected" includes the amount credited against taxes under AS 43.75.018.

AS 43.75.137. ADDITIONAL REFUND. To the extent that appropriations are available for the purpose, and notwithstanding the requirement of AS 37.07.080(e) that approval of the office of management and budget is required, an amount equal to 50 percent of the tax revenue that is collected under this chapter from fisheries businesses and is not subject to division with a municipality under AS 43.75.130 shall be transmitted each fiscal year, without the approval of the office of management and budget, by the department to the Department of Community and Economic Development for disbursement to eligible municipalities under AS 29.60.450.

Fishery Resource Landing Tax

AS 43.77.060. REVENUE SHARING. (a) Subject to appropriation by the legislature and except as provided in (b) of this section, the commissioner of revenue shall pay to each

(1) unified municipality and to each city located in the unorganized borough, 50 percent of the amount of tax revenue collected in the municipality from taxes levied under this chapter on the fishery resource landed in the municipality and accounted for under AS 43.77.050(b);

(2) city located within a borough, 25 percent of the amount of tax revenue collected in the city from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b); and

(3) borough

(A) 50 percent of the amount of tax revenue collected from taxes levied under this chapter on fishery resources landed in the area of the borough outside cities and accounted for under AS 43.77.050(b); and

(B) 25 percent of the amount of tax revenue collected from taxes levied under this chapter on fishery resources landed in cities located within the borough and accounted for under AS 43.77.050(b).

(b) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and subject to appropriation by the legislature, the commissioner shall pay to each

(1) city that is located in a borough incorporated after the effective date of this Act (*January 1, 1994*), the following percentages of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b):

(A) 45 percent of the tax revenue collected during the calendar year after the calendar year in which the borough is incorporated;

(B) 40 percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 35 percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 30 percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) borough that is incorporated after the effective date of this Act (*January 1, 1994*), the following percentages of the tax revenue collected from taxes levied under this chapter on

Appendix A - Shared Taxes and Fees Statutes

Fishery Resource Landing Tax (Continued)

fishery resources landed in the cities located within the borough and accounted for under AS 43.77.050(b):

(A) five percent of the tax revenue collected during the calendar year in which the borough is incorporated;

(B) 10 percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 15 percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 20 percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated.

(c) Notwithstanding the provisions of (b) of this section, a city may adopt an ordinance to transfer a portion of the funds received under (b)(1) of this section to the borough in which the city is located.

(d) To the extent that appropriations are available for the purpose, and notwithstanding the requirement of AS 37.07.080(e) that approval of the office of management and budget is required, an amount equal to 50 percent of the tax revenue that is collected under this chapter and is not subject to division with a municipality under (a) -- (c) of this section shall be transmitted each fiscal year, without the approval of the office of management and budget, by the department to the Department of Community and Economic Development for disbursement to eligible municipalities under AS 29.60.450.

Telephone Cooperative Tax

AS 10.25.570. REFUND TO LOCAL GOVERNMENTS. The proceeds of the telephone cooperative gross revenue tax and the electric cooperative tax, less the amount expended by the state in their collection, shall be refunded to an organized borough or a city of any class incorporated under state law, in the

proportion that the revenue was earned within the city or the borough area outside the city.

However, taxes collected on gross revenue earned by a telephone cooperative or on the sale of electricity by an electric cooperative outside a city or organized borough shall be retained by the state and deposited into its general fund.

Liquor License Fees

AS 04.11.610. REFUND TO MUNICIPALITIES.

(a) Biennial license fees, excluding annual wholesale fees and biennial wholesale license fees, collected within a municipality shall be refunded semi-annually to the municipality.

(b) If the officers of a municipality fail to actively enforce local ordinances, laws of the United States and the state, and the regulations relating to the manufacture and sale of alcoholic beverages in the state, the commissioner of revenue may deny the refund provided for under (a) of this section until the board finds the enforcement of the ordinances, laws and regulations is resumed.

(c) The Department of Revenue shall recover any amounts erroneously refunded under (a) of this section. The Department of Revenue shall schedule repayments of erroneously refunded amounts over a sufficient period of time to minimize financial hardship to the municipality involved.

Appendix B

Unified Municipalities and Boroughs

<u><i>Municipality/Borough</i></u>	<u><i>Classification</i></u>	<u><i>Date Incorporated</i></u>
Aleutians East Borough	Second Class	October 23, 1987
Municipality of Anchorage	Unified Home Rule	September 15, 1975
Bristol Bay Borough	Second Class	October 2, 1962
Denali Borough	Home Rule	December 7, 1990
Fairbanks North Star Borough	Second Class	January 1, 1964
Haines Borough	Home Rule	August 29, 1968
City and Borough of Juneau	Unified Home Rule	July 1, 1970
Kenai Peninsula Borough	Second Class	January 1, 1964
Ketchikan Gateway Borough	Second Class	September 6, 1963
Kodiak Island Borough	Second Class	September 24, 1963
Lake and Peninsula Borough	Home Rule	April 26, 1989
Matanuska-Susitna Borough	Second Class	January 1, 1964
North Slope Borough	Home Rule	July 2, 1972
Northwest Arctic Borough	Home Rule	June 2, 19
City and Borough of Sitka	Unified Home Rule	December 2, 1971
City and Borough of Yakutat	Home Rule	September 22, 1992

*Source: 2004 Alaska Municipal Officials
Directory*

Appendix C

Cities Within Organized Boroughs

Aleutians East Borough

Akutan
Cold Bay
False Pass
King Cove
Sand Point

Denali Borough

Anderson

Fairbanks North Star Borough

Fairbanks
North Pole

Kenai Peninsula Borough

Homer
Kachemak
Kenai
Seldovia
Seward
Soldotna

Ketchikan Gateway Borough

Ketchikan
Saxman

Kodiak Island Borough

Akhiok
Kodiak
Larsen Bay
Old Harbor
Ouzinkie
Port Lions

Lake and Peninsula Borough

Chignik
Egegik
Newhalen
Nondalton
Pilot Point
Port Heiden

Matanuska-Susitna Borough

Houston
Palmer
Wasilla

North Slope Borough

Anaktuvuk Pass
Atkasuk
Barrow
Kaktovik
Nuiqsut
Point Hope
Wainwright

Northwest Arctic Borough

Ambler
Buckland
Deering
Kiana
Kivalina
Kobuk
Kotzebue
Noorvik
Selawik
Shungnak

Source: 2004 Alaska Municipal Officials Directory

Appendix D Incorporated Cities Within Alaska

Home Rule Cities

Cordova
Fairbanks
Kenai
Ketchikan
Kodiak
Nenana
North Pole
Palmer
Petersburg
Seward
Valdez
Wrangell

First Class Cities

Barrow
Craig
Dillingham
Galena
Homer
Hoonah
Hydaburg
Kake
King Cove
Klawock
Nome
Pelican
St. Mary's
Sand Point
Seldovia
Skagway
Soldotna
Tanana
Unalaska
Wasilla

Second Class Cities

Adak
Akhiok
Akiak
Akutan
Alakanuk
Aleknagik
Allakaket
Ambler
Anaktuvuk Pass
Anderson
Angoon
Aniak
Anvik
Atka
Atkasuk

Second Class Cities

Bethel
Bettles
Brevig Mission
Buckland
Chefornak
Chevak
Chignik
Chuathbaluk
Clark's Point
Coffman Cove
Cold Bay
Deering
Delta Junction
Diomed
Eagle
Eek
Egegik
Ekwok
Elim
Emmonak
False Pass
Fort Yukon
Gambell
Golovin
Goodnews Bay
Grayling
Gustavus¹
Holy Cross
Hooper Bay
Houston
Hughes
Huslia
Kachemak
Kaktovik
Kaltag
Kasaan
Kiana
Kivalina
Kobuk
Kotlik
Kotzebue
Koyuk
Koyukuk
Kupreanof
Kwethluk
Larsen Bay
Lower Kalskag
Manokotak
Marshall
McGrath
Mekoryuk

Second Class Cities

Mountain Village
Napakiak
Napaskiak
New Stuyahok
Newhalen
Nightmute
Nikolai
Nondalton
Noorvik
Nuiqsut
Nulato
Nunam Iqua
Nunapitchuk
Old Harbor
Ouzinkie
Pilot Point
Pilot Station
Platinum
Point Hope
Port Alexander
Port Heiden
Port Lions
Quinhagak
Ruby
Russian Mission
St. George
St. Michael
St. Paul
Savoonga
Saxman
Scammon Bay
Selawik
Shageluk
Shaktolik
Shishmaref
Shungnak
Stebbins
Teller
Tenakee Springs
Thorne Bay
Togiak
Toksook Bay
Unalakleet
Upper Kalskag
Wainwright
Wales
White Mountain
Whittier

Organized Under Federal Law

Metlakatla

¹ Incorporated April 1, 2004

5. Mining Taxes

MEMORANDUM

State of Alaska
Department of Revenue

TO: Brett Fried
DATE: February 7, 2005
THRU:
TELEPHONE NO 465-3695
FROM: Tim Cottongim
SUBJECT: Mining Tax
Income Shifting

During the House Ways and Means Committee hearing on February 4, 2005 Representative Seaton asked whether it's possible that Alaska mining companies sell mined products to related companies at less than market value, thereby understating their gross revenue. The short answer is yes, it's possible. A definitive answer to Rep. Seaton's question would require an audit of the taxpayer's records to identify the buyer as well as the grade and mineral content of the resources sold. The mere sale to a related party is not in and of itself conclusive of undervaluation. We would also need to determine the quality of the resource being sold. Taxpayer's are not required to identify buyers or quality of mined products on the tax return.

Representative Wilson asked if a net income tax on mining was the norm. I'm attaching a chart of taxes imposed by the states as well as Canadian provinces, downloaded from the following website:

<http://www.westernmine.com/westernmine/taxcost.htm>

If more details are needed DNR can fax us the relevant pages from their subscription (about 30 pages).

Cost Data Center

Mining Cost Service

Mining Equipment Costs

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STATE/PROVINCIAL MINING TAXES

U.S. and Canada

The most significant state taxes applicable to the U.S. mining industry can be loosely categorized as follows:

- corporate income taxes
- property taxes
- sales and use taxes
- special taxes on mine production or income

Mining Cost Service contains explanations and current rates for all of these taxes in the 31 states with significant mining industries as well as for taxes in all the Canadian Provinces. The following table provides a quick reference to the taxes that apply to mining in each of these states.

State	Income Tax	Property Tax	Sales and Use Tax	Mining and Other Taxes
Alabama	yes	yes	yes	Coal severance tax Local coal severance tax Iron ore severance tax Minerals severance tax
Alaska	yes	no* *In some organized boroughs and cities	no*	Mining license tax Production royalty on Alaska state lands
Arizona	yes	yes	yes	Severance tax on metalliferous minerals
Arkansas	yes	yes	yes	Severance tax on all natural resources Additional tax on coal Additional tax on stone and crushed rock
California	yes	yes	yes	Hazardous waste disposal fee

				EPA ID annual verification fee Environmental fee Facility fee Generator fee Onsite treatment facility fee Manifest fee
State	Income Tax	Property Tax	Sales and Use Tax	Mining and Other Taxes
Colorado	yes	yes	yes	Severance tax on metallic minerals, oil shale, and coal
Georgia	yes	yes	yes	Corporation net worth tax
Idaho	yes	yes	yes	Mine license tax
Illinois	yes	yes	yes	Personal property replacement tax
Indiana	yes	yes	yes	none
Kentucky	yes	yes	yes	Coal severance tax, Natural resource severance and processing tax
Maine	yes	yes	yes	Mining excise tax on metallic minerals
Michigan	yes	yes	yes	Low grade iron ore tax (in lieu of property tax)
Minnesota	yes	yes	yes	Ad Valorem tax on unmined natural iron ore Ad Valorem tax on unmined taconite Taconite production tax Ad Valorem tax on severed mineral interests Ad Valorem tax on auxiliary mining lands for taconite operations Net proceeds tax on minerals other than taconite or iron ore Aggregate material tax
State	Income Tax	Property Tax	Sales and Use Tax	Mining and Other Taxes
Missouri	yes	yes	yes	Mine inspection fees Metallic minerals waste management fee Industrial mineral mine land reclamation fee Coal mine land reclamation fee
Montana	yes	yes	no	Metal mines license tax Micaceous mineral mines license tax Resource indemnity and ground water assessment tax (RIGWAT) Cement and gypsum producers license tax Coal severance tax Coal gross proceeds tax Net proceeds tax on mines and mining claims not incl. coal and metal mines Metal gross proceeds tax
Nevada	no	yes	yes	Business license tax Proceeds of minerals tax
New Mexico	yes	yes	yes	Severance tax on all natural resources Resource extraction taxes

State	Income Tax	Property Tax	Sales and Use Tax	Ad valorem tax on copper Processor's tax on natural resources
				Mining and Other Taxes
North Carolina	yes	yes	yes	Highway use tax
North Dakota	yes	yes	yes	Coal severance tax Coal conversion facility privilege tax
Oregon	yes	yes	no	none
Pennsylvania	yes	yes	yes	Capital stock and franchise tax
South Carolina	yes	yes	yes	none
South Dakota	no	yes	yes	Energy minerals severance tax Minerals severance tax Conservation tax (for energy minerals)
Tennessee	yes	yes	yes	Coal severance tax Local minerals severance tax
Utah	yes	yes	yes	Corporate franchise tax Minerals severance tax

State	Income Tax	Property Tax	Sales and Use Tax	Mining and Other Taxes
Virginia	yes	yes	yes	Reclamation tax on coal
Washington	no	yes	yes	Business and occupation tax
West Virginia	yes	yes	yes	Severance tax on all natural resources Recapture tax Business franchise tax
Wisconsin	yes	yes	yes	Occupation tax on iron ore concentrates Occupation tax on coal Net proceeds occupation tax on mining of metallic minerals
Wyoming	no	yes	yes	Excise and severance tax on coal, oil shale, crude oil and gas, trona, uranium and other minerals

The most significant provincial taxes applicable to the **Canadian mining industry** are:

- corporate income taxes
- capital taxes
- property taxes
- sales taxes (In some provinces these are harmonized with the federal GST)
- special mining taxes

Province	Income Tax	Capital Tax	Property Tax	Sales Tax	Special Mining Taxes
Alberta	yes	no	yes	no	Minerals royalty
British			yes		Mineral tax

Columbia	yes	yes		yes	
Manitoba	yes	yes	yes	yes	Mining tax
New Brunswick	yes	yes	yes	yes	Metallic minerals tax
Newfoundland/ Labrador	yes	no	yes	no	Mining tax
Northwest Territories	yes	no	yes	no	Mining tax
Nova Scotia	yes	yes	yes	yes	Mining tax
Nunavit	yes	no	yes	no	Mining tax
Ontario	yes	yes	yes	yes	Mining tax
Prince Edward Island	yes	no	yes	yes	
Quebec	yes	yes	yes	yes	Mining tax
Saskatchewan	yes	yes	yes	yes	Mining tax Uranium royalty Potash production tax Coal Crown royalty Freehold production tax
Yukon Territory	yes	no	yes	no	Gold royalty Mining royalty

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6. Timber Export Values

Alaska Department of Revenue - Tax Division

Prepared by Brett Fried
Prepared on February 4, 2005

Value of Timber Exports From Alaska								
	1996	1997	1998	1999	2000	2001	2002	2003
Timber Exports								
Rough Wood	\$ 388.1	\$ 369.2	\$ 156.2	\$ 193.9	\$ 184.4	\$ 141.6	\$ 119.7	\$ 141.3
Fuel in Log/Chips	17.5	12.6	9.5	14.3	18.4	11.2	8.0	7.3
Lumber	19.9	21.2	5.6	13.4	5.5	2.3	0.9	3.2
Other	0.4	0.4	0.6	0.9	1.2	0.3	0.5	0.4
Total	\$ 425.9	\$ 403.4	\$ 171.9	\$ 222.5	\$ 209.5	\$ 155.4	\$ 129.1	\$ 152.2

Source: U.S. Census Bureau, Foreign Trade Division.

7. Timber Taxes Overview

State Timber Taxes Overview

Prepared by Dan Stickel 02/07/05

Timber Tax Types:

Ad valorem property tax (Current Use) - A tax, duty, or fee which varies based on the value of the products, services, or property on which it is levied.

Flat property tax - under this system the same amount of money per acre is collected on any acre of timberland without regard to its timber productivity or timber use value.

Yield Tax - is a tax on the value of the harvested timber. The tax is collected after the timber is harvested.

Severance Tax - is a flat tax on a specific unit of volume harvested (i.e., board feet, cubic feet, cords, tonnage etc.). The tax is collected after the timber is harvested.

State Timber Taxes:

State	Tax System	Available Details
Alabama	Ad valorem, Severance	Forest lands assessed at 10% of current use value. Severance tax varies based on wood type; pine lumber taxed at \$0.50 per 1,000 board feet.
Alaska	No Tax on Timber	
Arizona	Flat tax, Severance	Forest lands assessed at 25% of cash value. Severance tax is \$2.13 per 1,000 board feet for ponderosa pine and \$1.51 for other wood types.
Arkansas	Ad valorem, Severance	Forest lands assessed at 20% of current use value. There is a \$0.15 per acre forest fire protection tax. Severance tax is \$0.178 per ton for pine and \$0.125 per ton for other wood types.
California	Ad valorem, Yield	Tax is 1% on published value; values range from \$32 to \$279 per acre based on forest regions defined in statute. Yield tax is 2.9% of value.
Colorado	Ad valorem	Assessed at 13% of current use value.
Connecticut	Ad valorem, Yield	Up to 10 mill tax on value of land used for timber. Yield tax of 2 to 10 percent of timber proceeds, based on duration of forest land classification. Conveyance tax of 1 to 10 percent on forest land sold during first 10 years of ownership.
Delaware	Ad valorem, exemption	\$0.26 to \$0.455 per \$100 of current use value; 30-year exemption.
Florida	Ad valorem	Forest lands assessed based on full current use value.
Georgia	Ad valorem, Yield	Land assessed at 40% of current use value. For yield tax, county tax rate is applied to fair market value when harvested.
Hawaii	Ad valorem	\$4.93 to \$9.89 per \$1,000 taxable value; land valued based on agricultural productivity.
Idaho	Ad valorem, Yield	Tax is 1% of bare land value. Yield tax is 3% of value.
Illinois	Ad valorem, Yield	Land valued based on productivity; assessed at approximately 5.6% of economic value. Yield tax is 4% of gross value.
Indiana	Ad valorem, Flat	Forests classified as woodlands assessed at 1/3 of value. Other classifications are assessed at \$1.00 per acre.
Iowa	Ad valorem, exemption	Assessed based on current use value. Certain forest, fruit, prairies, and wetlands exempt.
Kansas	Ad valorem	Tax based on mill rate times 30 percent of productive use value.
Kentucky	Ad valorem	Tax is \$0.135 per \$100 of current use value.
Louisiana	Ad valorem, Severance	Local mill rate times current use value. Also \$0.08 per acre forest protection tax. \$4.89 to \$43.18 per ton severance tax.
Maine	Ad valorem	Forest land valued at \$32.90 to \$360.50 per acre based on wood type and county; assessment based on value times local assessment rate.
Maryland	Ad valorem	Agricultural land and forest conservation land assessed at 50% of current use value; other land at 40% of market value.

Alaska Department of Revenue - Tax Division

State	Tax System*	Available Details
Massachusetts	Flat tax, Yield	Forest land taxed at local rate times 5% times market value. Yield tax is 8% of value.
Michigan	Flat tax, Yield	Private forests taxed at \$1.00 per acre; commercial forests taxed at \$1.10 per acre. Yield tax is 5% of assessed value of timber.
Minnesota	Flat tax	Property tax rebate of at least \$1.50 per forest acre when enrolled in sustainable forest program.
Mississippi	Ad valorem	Taxed at 15% of current use value.
Missouri	Flat tax, Yield	Flat tax of \$3.00 per acre; \$1.00 per acre if enrolled prior to 1974; Yield tax is 6%.
Montana	Ad valorem, Severance	Tax based on a portion of current use value. Severance tax is \$0.15 per 1,000 board feet.
Nebraska	Ad valorem	Assessed at 80% of current use value.
Nevada	Ad valorem	Assessed at 35% of current use value.
New Hampshire	Flat tax, Yield	Land valued at \$44 to \$170 per acre depending on forest type and stewardship. Yield tax is 10% of value.
New Jersey	Ad valorem	Taxed based on current use value.
New Mexico	Ad valorem, Yield	Taxed based on current use value, Yield tax is 0.125% of value.
New York	Ad valorem, Flat, Yield	Forest lands may exempt up to 80% of assessed value. Yield tax is 6% of value.
N. Carolina	Ad valorem, Severance	Taxed based on current use value. Severance tax of up to \$0.50 per 1,000 board feet.
N. Dakota	Flat tax	Tax is \$0.50 per acre.
Ohio	Ad valorem, Flat	Agricultural forest land taxed based on current use (generally \$100 per acre); stewardship land taxed at 50% of assessed value with a \$50 enrollment fee.
Oklahoma	Ad valorem	Taxed based on current use value.
Oregon	Ad valorem	Taxed at full value based on productivity.
Pennsylvania	Ad valorem	Taxed at full value based on productivity.
Rhode Island	Ad valorem, exemption	Taxed based on current use value; Under 300 acres of certain tree types can obtain an exemption.
S. Carolina	Ad valorem, Severance	Assessed at 4% of market value; Severance tax of up to \$0.50 per 1,000 board feet.
S. Dakota	Ad valorem	Taxed based on current use value.
Tennessee	Ad valorem	Taxed at 25% of current use value.
Texas	Ad valorem	Taxed based on productivity value.
Utah	Ad valorem	Taxed based on current use value.
Vermont	Ad valorem	Taxed based on current use value.
Virginia	Ad valorem, Severance	Taxed based on current use value. Severance tax of up to \$1.15 per 1,000 board feet.
Washington	Ad valorem, Yield	Taxed based on current use value. Yield tax is 5%.
W. Virginia	Ad valorem, Yield	Taxed based on productivity value. Yield tax is 3.22%.
Wisconsin	Flat tax, Yield	Flat tax is \$0.83 per acre; Yield tax is 10%.
Wyoming	Ad valorem	Taxed at 9.5% of productivity value.

Source: All information is as reported by the National Timber Tax Website, www.timbertax.org, accessed on 02/04/05

Note: Timber tax laws are complex and have many caveats. The tax information listed here is for general information purposes, as reported by the National Timber Tax Website. Many tax structures include the concept of "current use" or "productivity" value. This approach to tax valuation considers the income, production potential, or quality of land, as opposed to fair market value, when making assessments for property tax purposes.

State of Alaska January 25, 2005 Certificate of Participation

Overview

The State Bond Committee (SBC) determined late last year that certain outstanding Certificates of Participation (COP's, also called bonds) offered savings sufficient to pursue a refinancing (refunding). Four series were identified as current refunding candidates, including the Palmer Fire Facility (DNR), the Fairbanks Courthouse (Court System), the Anchorage Health Lab (H&SS), and the Soldotna Maintenance Facility (DOT). In a current refunding, all outstanding bonds are called.

The SBC authorized a competitive Internet auction. Some issuers would have instead chosen a negotiated sale given the complexity of calling these 4 separate bond issues. Legal and financial documents were compiled by SBC with assistance of SBC bond counsel and financial advisor.

The refunding issue was pre-qualified for bond insurance by providing information to financial guaranty firms, and asking them to bid on what it would cost for them to insure the bonds to the AAA level. The bonds were rated as a low AA (a notch below the state's general obligation credit rating because the debt service is subject to annual appropriation), and qualifying for insurance allows the winning bidder to purchase insurance for some or all of the maturities. Also, having an insurer ready to insure the bonds at a low cost doesn't hurt marketability.

Pricing

The January 25th auction closed at 8 am Alaska time during a SBC meeting. Market conditions are a main consideration on auction day. On the 25th, the market was moving away (interest rates were trending up from 5 to 10 basis points) from the SBC, a situation that proponents of negotiated sales say argues for a negotiated sale rather than an auction. Despite market conditions, a record number (10) of underwriting firms bid on the COP's. The winning bid was 10 basis points below the next highest bid, a significant difference but not an unlikely event given the large number of bidders. The winning firm was obviously much more willing to take risk on this day than most firms. In a negotiated sale, the SBC would have taken all the market condition risk.

The winning bidder resells the bonds to investors of course, and the spread (amount the bidder keeps) was only \$1.60 per bond (\$1,000) for these bonds which means that for risk, working up the bid, underwriter's counsel, and placing the bonds with investors through their sales force, the firm will receive \$41,160. A recent spread on a comparably sized State of Alaska public corporation bond issue sold by negotiation was \$8.95 per bond which would have resulted in a fee of \$230,240 for this sale. Negotiated sales can and often do bring unnecessary costs to public debt issuers.

The refunding COP's will carry a true interest cost of just over 3.1%, and provide savings in debt service to the GF of \$1,167,718, or about \$136,000 per year; not a solution to the fiscal gap but a good morning's work and a direct benefit of state fiscal policies.

As a rule, SBC financings are closed using fax machines and the Internet. The expensive traditions of having officials travel to a major city for a day or two, and the once almost obligatory closing dinner, do not comport with Department of Revenue and SBC practices today.

HOUSE WAYS AND MEANS COMMITTEE
ALASKA CORPORATE INCOME TAX BRIEFING
FEBRUARY 4, 2005

Statute/Regulations: AS 43.20.073/15 AAC 20

FY 04 Collections: \$39.5 million

Taxpayers: Generally Large Multistate Corporations (Annual Report Table 5, p.29)

Basic Features: Water's Edge Combination and Apportionment of Federal Taxable Income.

"Apportionment" means AK taxable income is determined by formula, as opposed to separate accounting of income and expense within AK.

"Combination" means the apportionment formula is applied to the total federal taxable income of the *combined group of unitary* corporations, not just the corporate affiliate doing business in AK.

"Water's edge" means only the income and factors of affiliated corporations doing business in the US are combined (as opposed to worldwide combination and apportionment which includes foreign subsidiaries).

Basic Formula:

US Federal Consolidated Taxable Income
multiplied by *Alaska Apportionment Factor (%)* =
Alaska Taxable Income
multiplied by AK tax rate (graduated rates, 9.4% max.) =
Alaska Tax (before credits).

Alaska Apportionment Factor = average of three factors considered to be the activities producing income:

$$\frac{\text{AK Property}}{\text{US Property}} + \frac{\text{AK Payroll}}{\text{US Payroll}} + \frac{\text{Alaska Sales}}{\text{US Sales}} \quad \text{divide by 3} = \text{AK factor (\%)}$$

Status Report

- Non-oil and gas corps are second priority to oil and gas.
- Limited audit resources currently available.
- Current efforts is to focus on known problems by using IRS tax shelter information and single issue "slam dunk" audits (i.e. inclusion of tax haven corporations).
- Division plan is to rebuild auditor ranks - new positions requested, training program in development.
- Professional contract planned to review water's edge audit procedures.

House Ways and Means Committee
Excise Tax Overview
February 4, 2005

Tax Type	Overview	Number of Taxpayers FY 2004	Tax Rates	Actual Revenue FY 2004	Projected Revenue FY 2005	Projected Revenue FY 2006
Motor Fuel	Alaska levies the motor fuel tax on motor fuel sold, transferred or used within Alaska. The Division collects motor fuel taxes primarily from wholesalers and distributors who hold "qualified dealer" licenses issued by the Division.	255	Highway - \$.08/gallon Marine - \$.05/gallon Aviation Gasoline - \$.047/gallon Jet Fuel - \$.032/gallon	\$41,367,326	\$39,500,000	\$39,500,000
Tire Fee	Effective September 26, 2003, Alaska began levying a tire fee on all new tires sold in Alaska. The fee applies to retail sales in Alaska of each new tire for motor vehicles designed for highway use. Effective July 1, 2004, an additional tire fee is imposed on the sale of tires with metal studs or spikes weighing more than 1.1 grams each ("heavy studs"). The studded tire fee also applies to the installation of heavy studs in a new or used tire. The Division collects tire fees primarily from tire dealerships.	131	Sale of new tire - \$2.50 per tire Studded tire fee (sale or installation) - \$5.00 per tire (Note: The total fee on a new studded tire is \$7.50 per tire.)	\$826,674	\$2,600,000	\$2,600,000
Vehicle Rental	Alaska levies an excise tax on costs and fees charged for the lease or rental of a passenger or recreational vehicle if the lease or rental period does not exceed 90 consecutive days. The tax is levied upon the individual renting the vehicle and collected by the rental/lease agency.	122	Passenger vehicle - 10% Recreational vehicle - 3%	\$2,711,572	\$6,700,000	\$6,700,000
Tobacco	Alaska levies a tax on cigarettes and other tobacco products. The cigarette tax is levied on cigarettes imported into the state for sale or personal consumption. The tobacco products tax is levied on other tobacco products (other than cigarettes) imported into the state for sale. The Division collects tobacco taxes primarily from licensed wholesalers, distributors, and retailers.	102	Cigarette Tax thru 12/31/04 - \$.05/cigarette 1/1/05 - 6/30/06 - \$.08/cigarette 7/1/06 - 6/30/07 - \$.09/cigarette 7/1/07 and after - \$.10/cigarette Other Tobacco Products Tax 75% of the wholesale price	\$48,856,173	\$51,800,000	\$64,000,000
Alcoholic Beverage	Alaska levies a tax on the first sale of alcoholic beverages in Alaska. The division collects alcoholic beverage taxes primarily from wholesalers and distributors.	27	Liquor - \$12.80/gallon Wine - \$2.50/gallon Beer & Hard Cider - \$1.07/gallon Small Brewery Beer - \$.35/gallon	\$32,746,144	\$31,800,000	\$31,800,000
Total Revenues - All Excise Tax Types				\$126,507,889	\$132,400,000	\$144,600,000

HOUSE WAYS AND MEANS COMMITTEE
ALASKA FISH TAX BRIEFING
FEBRUARY 4, 2005

Fisheries Business Tax

Statute/Regulations: AS 43.75/15 AAC 75

FY 04 Collections:	\$29.24 million
Less Amount Shared with Municipalities:	<u>(14.39)</u> million
Amount Retained by State:	<u>\$14.84</u> million

Number of Taxpayers: 525

Basic Features: Imposed on in-state processors and exporters of unprocessed fish. The tax is based on actual price paid (if an in-state purchase to an unrelated party) or market value of the raw (unprocessed) fish.

Tax Rates: Floating processors – 5%
Salmon canneries – 4.5%
Shore based processors – 3%

(The tax rates on "developing" species are discounted 2 percentage points)

Resource Landing Tax

Statute/Regulations: AS 43.77/15 AAC 77

FY 04 Collections:	\$6.86 million
Less Amount Shared with Municipalities:	<u>(4.36)</u> million
Amount Retained by State:	<u>\$2.50</u> million

Number of Taxpayers: 42

Basic Features: Imposed on out-of-state floating processors that first land their fish in the state. The tax is based on the "statewide average price" established by the Department of Fish & Game.

Tax Rate: All processors – 3%

(The tax rate on "developing" species is discounted 2 percentage points.)

Seafood Marketing Assessment Tax

Statute/Regulations: AS 16.51/15 AAC 116.600-700

FY 04 Collections:

From Fisheries Business taxpayers	\$2.80 million
From Fishery Resource Landing taxpayers	.49 million
Total:	<u>\$3.29</u> million

Number of Taxpayers: 211

Basic Features: Imposed on in-state processors and exporters of unprocessed fish, and out-of-state floating processors that first land their fish in the state. The tax from fisheries business and fishery resource landing taxpayers is based on valuation rules for the respective tax type, and applies only if total value exceeds \$50,000. Proceeds from this tax fund the Alaska Seafood Marketing Institute (ASMI).

Tax Rate: All processors – .5%

(This rate took effect January 1, 2005. The previous rate was .3%.)

Salmon Enhancement Tax

Statute/Regulations: AS 43.76.001-040/15 AAC 76

FY 04 Collections: \$3.03 million

Number of Taxpayers: 195

Basic Features: Paid by fishermen on salmon sold in or exported from established aquaculture regions. The tax is based on actual price paid (if the sale is within the region to an unrelated party) or market value of the salmon. Proceeds from this tax are appropriated to the applicable regional aquaculture association.

Tax Rate:

Southern Southeast Aquaculture Region – 3%
Northern Southeast Aquaculture Region – 3%
Cook Inlet Aquaculture Region – 2%
Prince William Sound Aquaculture Region – 2%
Kodiak Aquaculture Region – 2%
Chignik Aquaculture Region – 2%

Dive Fishery Management Assessment Tax

Statute/Regulations: AS 43.76.150-210

FY 04 Collections: \$.25 million

Number of Taxpayers: 16

Basic Features: Paid by dive fishers on geoducks, sea cucumbers and sea urchins sold in or exported from established dive fishery development regions. The tax is based on actual price paid (if the sale is within the region to an unrelated party) or market value of the resource.

Tax Rate:

Southeast Dive Fishery Development Region

Geoduck – 7%

Sea Cucumber – 5%

Sea Urchin – 7%

(The tax rate on geoducks took effect October 1, 2004. The previous rate was 5%.)

1/28/05

to LEG library -

References were
also made to charts
in the Fall Revenue
Forecast Booklet.

Giving Austerman
Ways + Means
Committee Aide

Table 2-8. Difference Between Unrestricted General Purpose Revenue and General Fund Budget "The Gap" (1)
\$ million

Fiscal Year	Total Unrestricted General Purpose Revenue	General Fund Appropriation	"Gap"
Actual 2004	2,361.7	2,319.1	42.6
2005	2,985.5	2,332.5	653.0
2006	2,300.6	2,332.5	(31.9)
2007	1,986.9	2,332.5	(345.6)
2008	1,700.5	2,332.5	(632.0)
2009	1,615.6	2,332.5	(716.9)
2010	1,588.6	2,332.5	(743.9)
2011	1,603.1	2,332.5	(729.4)
2012	1,549.2	2,332.5	(783.3)
2013	1,475.2	2,332.5	(857.3)
2014	1,416.2	2,332.5	(916.3)
2015	1,348.6	2,332.5	(983.9)

(1) The FY 2005-2015 budget of \$2,332.5 million is simply a reference point for analysis. Any budget estimate used to determine "The Gap" will have its detractors — some will contend spending should be cut, while others will argue just as strongly that spending should be increased to reflect inflation and population growth.

Table 2-9. When Would the CBRF Be Gone? ⁽¹⁾

Annual State Budget	State Spending and Oil Price Variables				Fall 2004		
	\$18/bbl	\$23/bbl	\$25/bbl	\$28/bbl	DOR Forecast	\$30/bbl	\$32/bbl
\$2.2 billion	Dec-2007	Apr-2009	Feb-2010	Mar-2012	Mar-2012	Apr-2014	Jul-2016
\$2.3 billion	Sep-2007	Sep-2008	May-2009	Nov-2010	Feb-2011	Jun-2012	Jul-2014
\$2.4 billion	Jul-2007	May-2008	Nov-2008	Dec-2009	Apr-2010	Jan-2011	Sep-2012
\$2.5 billion	May-2007	Jan-2008	Jun-2008	Apr-2009	Sep-2009	Jan-2010	Apr-2011

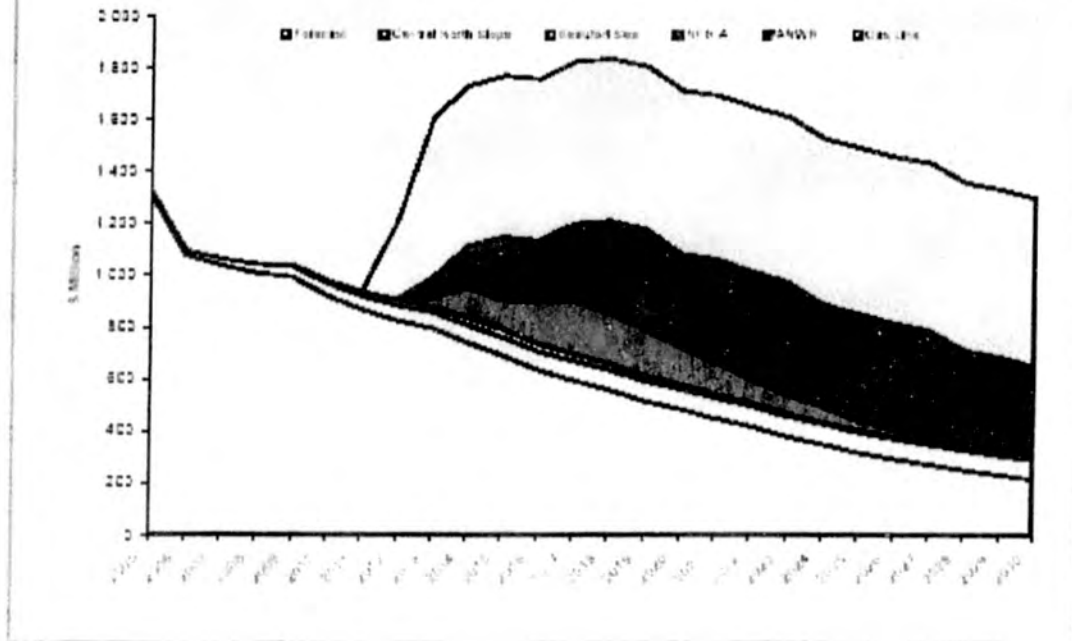
(1) Department of Revenue fall 2004 forecast; Fiscal Driver Model of Oil Revenue and CBRF Performance. FY 2005 deposits to the CBRF are not included. Matrix budget and price starts in FY 2006

When Would the CBRF Reach \$1 Billion?⁽¹⁾

Annual State Budget					Fall 2004		
	\$18 bbl	\$23 bbl	\$25 bbl	\$28 bbl	DOR Forecast	\$30 bbl	\$32 bbl
\$2.2 billion	Dec/06	Sep/07	Apr/08	Nov/09	Jun/10	Dec/11	Sep/14
\$2.3 billion	Sep/06	Apr/07	Aug/07	Aug/08	May/09	Sep/09	Aug/11
\$2.4 billion	Aug/06	Feb/07	May/07	Mar/08	Dec/08	Jan/09	May/10
\$2.5 billion	Jul/06	Dec/06	Feb/07	Sep/07	Jul/08	Apr/08	Mar/09

(1) Department of Revenue fall 2004 forecast, Fiscal Driver Model of Oil Revenue and CBRF Performance. FY 2005 deposits to the CBRF are not included. Matrix budget and price starts in FY 2006.

Figure 3-6. Possible Increases to the State's Severance Tax and Royalty Revenue from Future Exploration and Gas Line Project



STATE OF ALASKA
DEPARTMENT OF REVENUE
Tax Division



Fiscal Year 2004
ANNUAL REPORT OF DIVISION OPERATIONS

On the internet at:
www.tax.state.ak.us

Frank Murkowski
Governor

William A. Corbus
Commissioner

2004 Annual Report of Division Operations

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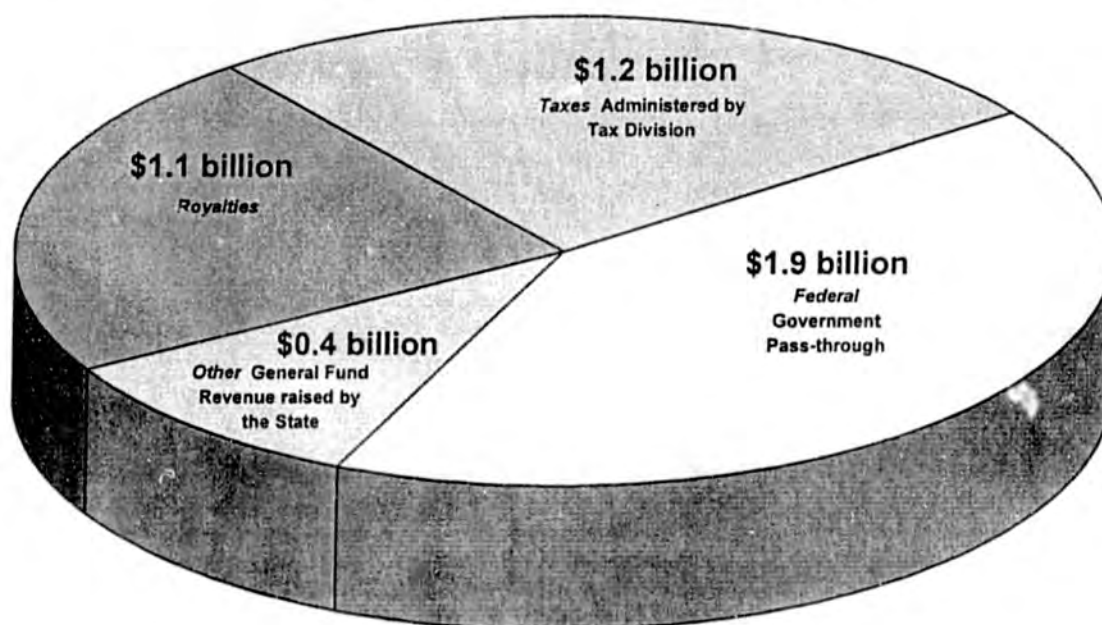
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TAX DIVISION OVERVIEW

The Tax Division continues to have extensive responsibility for administering the tax programs that help pay for a significant portion of state government. After federal dollars, taxes administered by the Tax Division is the next largest category of General Fund revenues, followed by oil and gas royalties and the small but all purpose "other". See the chart below for a detail of FY 2004 General Fund revenues of \$4.6 billion dollars. (Source: October 2004 preliminary data from the Alaska State Accounting System.)

Preliminary FY 2004 General Fund Revenue Chart



Tax programs administered by the Division

Oil and Gas Taxes

- Oil and Gas Corporate Income
- Oil and Gas Production
- Oil and Gas Property
- Oil and Gas Surcharge

Excise Taxes

- Alcoholic Beverage
- Cigarette/Tobacco
- Mining License
- Motor Fuel
- Tire
- Vehicle Rental

Other Taxes

- Alaska Regulatory Commission Fees
- Electrical Coop
- Estate
- Telephone Coop

Corporate Income Taxes (Non-Oil and Gas)

- Corporate Income

Fisheries Taxes

- Dive Fisheries
- Fisheries Business
- Fisheries Resource Landing
- Salmon Enhancement
- Salmon Marketing
- Seafood Marketing

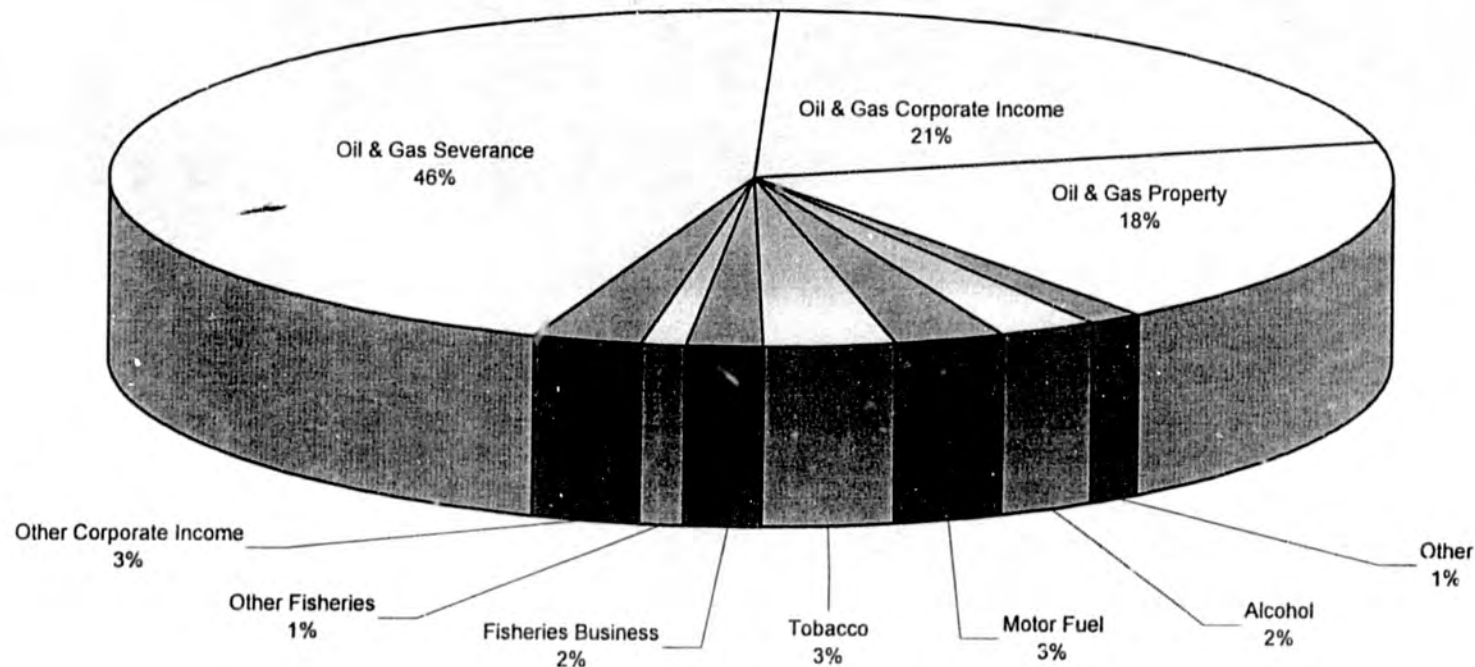
Other Programs

- Charitable Gaming
- Salmon Price Reporting
- Revenue Sources Reporting

Table 1
Three Year Comparison of Revenue Collections

FUND SOURCE	FY 04	% Fund Total	FY 03	% Fund Total	FY 02	% Fund Total
General Fund (including sub funds)						
Oil and Gas						
Production Tax	\$642,819,003	45.6%	\$589,731,934	49.1%	\$486,740,276	43.3%
Property ¹	266,210,393	18.8%	268,844,716	22.4%	270,354,442	24.1%
Corporate Income	298,832,852	21.2%	151,088,300	12.5%	178,386,310	15.9%
Conservation Surcharge	9,052,517	0.6%	9,232,859	0.8%	9,597,043	0.9%
Total Oil and Gas	1,216,914,765	86.2%	1,018,897,809	84.8%	945,078,071	84.1%
Motor Fuel ²	41,367,326	2.9%	37,352,972	3.1%	40,352,396	3.6%
Corporate Income - Other than Oil and Gas	39,546,080	2.8%	47,712,454	3.9%	53,449,415	4.8%
Alcoholic Beverages	32,746,144	2.3%	25,360,808	2.1%	12,889,256	1.1%
Fisheries Business ²	29,244,605	2.1%	26,002,713	2.2%	25,292,371	2.3%
Tobacco	15,990,447	1.1%	16,287,785	1.4%	15,534,977	1.4%
Fishery Resource Landing ²	6,860,773	0.5%	9,876,465	0.8%	7,223,775	0.6%
RCA Regulatory Cost Charges	5,655,595	0.4%	5,839,379	0.5%	5,855,577	0.5%
Seafood Marketing	3,294,577	0.2%	2,989,931	0.2%	2,698,456	0.2%
Mining License	3,224,684	0.2%	351,387	0.0%	466,430	0.0%
Salmon Enhancement ²	3,033,565	0.2%	2,422,051	0.2%	3,701,801	0.3%
Gaming	2,423,278	0.2%	2,585,507	0.2%	2,512,205	0.2%
Estate	2,250,662	0.2%	1,221,757	0.1%	3,117,413	0.3%
Vehicle Rental	2,711,572	0.2%	0	0.0%	0	0.0%
Telephone Cooperative ²	2,101,198	0.1%	1,836,740	0.2%	1,352,643	0.1%
Salmon Marketing	1,963,779	0.1%	1,412,041	0.1%	1,986,718	0.2%
Electric Cooperative ²	1,861,290	0.1%	1,817,958	0.2%	1,786,712	0.2%
Tire Fee	826,674	0.1%	0	0.0%	0	0.0%
Dive Fisheries	253,503	0.0%	204,738	0.0%	192,110	0.0%
Total General Fund	1,412,270,517	100.0%	1,202,172,495	100.0%	1,123,490,326	100.0%
¹ Includes credit for municipal property tax paid (\$218,798,614 in FY 2004, \$220,096,442 in FY 2003 and \$220,713,351 in FY 2002)						
² Prior to sharing with municipalities or aquaculture associations						
Constitutional Budget Reserve Fund (CBRF)						
Oil and Gas Severance	4,236,962	50.6%	3,681,970	17.6%	24,243,395	27.0%
Oil & Gas Corporate Income	4,035,122	48.3%	17,221,507	82.2%	65,649,583	73.0%
Oil and Gas Property	87,868	1.1%	(2,929)	0.0%	0	0.0%
Mining License	0	0.0%	44,867	0.2%	0	0.0%
Total CBRF	8,359,952	100.0%	20,945,415	100.0%	89,892,978	100.0%
School Fund						
Tobacco	32,865,726	100.0%	30,606,828	100.0%	30,272,141	100.0%
Cigarette License Fees	4,740	0.0%	5,520	0.0%	3,220	0.0%
Total School Fund	32,870,466	100.0%	30,612,348	100.0%	30,275,361	100.0%
Total All Funds	\$1,453,500,935	100.0%	\$1,253,730,25^P	100.0%	\$1,243,658,665	100.0%

Chart I
Tax Division Collections



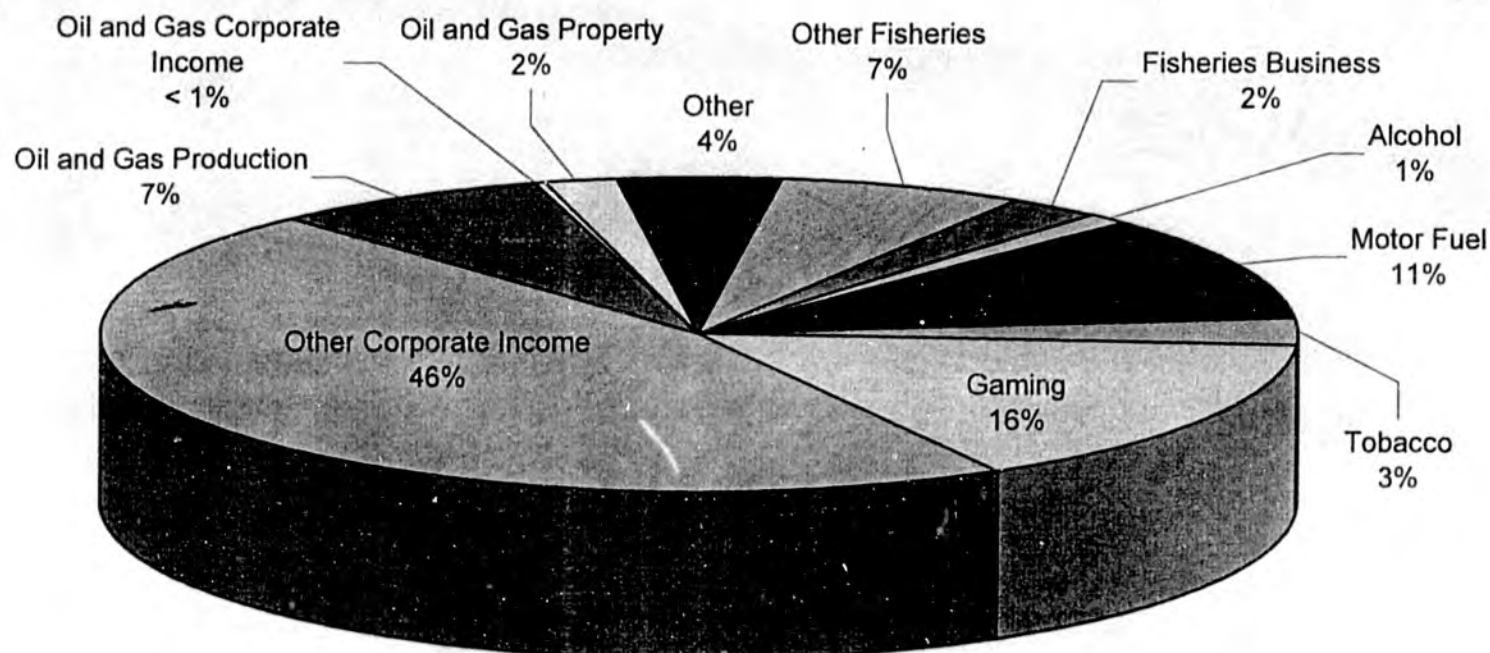
Total Tax Collections: \$ 1,453,500,935

Oil & Gas Severance includes the production tax and the conservation surcharge on oil and gas.

Other Fisheries includes resource landing, dive fisheries, salmon enhancement and marketing taxes, and seafood marketing assessment collections.

Other includes RCC, estate, electric and telephone cooperative, gaming, mining license tax, tire and vehicle tax.

Chart 2
Tax Returns Filed



(figures include original and amended returns)

Total Tax Returns Filed: 31,461					
Oil and Gas		Other Fisheries		Other	
Production	2,318	Salmon Marketing	900	Estate	48
Corporate Income	69	Salmon Enhancement	885	Electric Cooperative	18
Property	687	Seafood Marketing	276	Mining License	144
		Fishery Resource Landing	62	Telephone Cooperative	9
		Dive Fisheries	42	APUC Reg Cost Charges	523
Other Corporate Income	14,619	Fisheries Business	782	Tire Fee	389
				Vehicle Rental	201
Motor Fuel	3,401	Tobacco	862	Gaming	4,935
Alcohol	291				

2004 NEW LEGISLATION

The 2004 legislature passed 11 bills that directly affect the Tax Division. The Governor signed the following bills into law:

HB 341 (Ch 156 SLA 2004) - Dive Fishery Management Assessment. Under prior law, qualified regional dive fishery development associations were authorized to impose management assessments at 1%, 3%, 5%, and 7% of the value of fishery resources taken in a dive gear fishery. This bill authorizes three additional rates: 2%, 4%, and 6%.

The bill took effect October 1, 2004.

HB 347 (Ch 29 SLA 2004) - Exempt Taxis from Vehicle Rental Tax. This bill adds taxicabs to the list of vehicles exempt from the vehicle rental tax established last year in HB 271 (Ch 105 SLA 2003) which became effective January 1, 2004.

The bill took effect May 8, 2004 and was made retroactive to January 1, 2004. In the bill, the Department of Revenue is instructed to refund any tax collected or remitted for taxicab rentals between January 1, 2004 and the effective date of the bill.

HB 366 (Ch 162 SLA 2004) - Animal Classics Charitable Gaming. This bill allows the Department of Revenue to issue permits for an animal classic game, providing the animal classic was in existence prior to November 1, 2002. An animal classic is a game of chance relating to certain actions by rodents or chickens.

The bill took effect July 25, 2004.

HB 417 (Ch 138 SLA 2004) - Alaska Natural Gas Development Authority. This bill amends the Act establishing the Alaska Natural Gas Development Authority. The amendment adds a Prudhoe Bay to Cook Inlet pipeline as an option for the Development Authority to review for economic viability.

The bill took effect July 1, 2004.

HB 419 (Ch 53 SLA 2004) - Regional Seafood Development Associations Tax. This bill authorizes qualified regional seafood development associations to hold an election to impose seafood development taxes of 0.5% to 2% of the value of fishery resources taken in a fishery. The bill establishes processes for imposition of, changes to, or termination of seafood development taxes. The bill also establishes seafood development regions and indicates upon whom tax liability falls.

The bill took effect September 7, 2004.

SB 241 (Ch 14 SLA 2004) - Appropriation: North Slope Natural Gas. This bill appropriated \$1.65 million to the Department of Revenue for work related to bringing North Slope natural gas to market. Under the Stranded Gas Development Act (SGDA) the Commissioner of Revenue is charged with negotiating a contract for stranded gas development, and the Tax Division devotes significant resources in supporting the Commissioner in his stranded gas responsibilities. Five sponsors including major pipeline companies and the largest lessees of North Slope Gas have applied for consideration under the SGDA, and active negotiations are being carried out with two of those sponsors.

The bill took effect April 9, 2004.

2004 NEW LEGISLATION

SB 273 (Ch 31 SLA 2004) – ASMI Board / Seafood Taxes & Assessments. This bill amends the size of the Alaska Seafood Marketing Institute (ASMI) board to seven governor-appointed members and sets qualifications for members. The bill directs ASMI to hold a member election, to be certified by the Director of Elections with assistance from the Commissioner of the Department of Revenue, to determine whether to retain the assessment. If the assessment is retained, a second vote will determine whether to increase the seafood marketing assessment from 0.3% to 0.5%. If the increase passes, the current 1% Salmon Marketing Tax will end. If the increase fails, the current assessment will remain and the board will increase to nine members. The bill also establishes processes for future changes to and termination of assessments as well as a minimum processing threshold for paying assessments.

The bill was signed into law May 13, 2004 with an immediate effective date.

Note: Elections were held as prescribed in law. The vote retained the Seafood Marketing assessment, increased the Seafood Marketing rate to 0.5% and eliminated the Salmon Marketing Tax effective January 1, 2005.

SB 286 (Ch 147 SLA 2004) – Direct Marketing Fisheries Business / Taxes. This bill authorized a new type of fisheries business license, the direct marketing fisheries business license. The tax rates for holders of this license are set at the shore based rate; 1% of the value of developing commercial fish species and 3% of the value of other commercial fish species. This bill also clarifies who must pay the Salmon Marketing Tax and the Salmon Enhancement Tax. When selling to a buyer who does not withhold the tax, fishermen must now pay the tax on an annual return. The Department of Revenue is directed to adopt regulations necessary to administer the new tax policies.

The section directing the Department of Revenue to adopt necessary regulations took effect July 4, 2004. The regulations, as well as the other provisions of the bill, will take effect January 1, 2005.

SB 291 (Ch 11 SLA 2004) – Unstamped Cigarettes. During the 2003 legislative session, the legislature passed a bill requiring that all cigarettes imported into the state after December 31, 2003 must be affixed with a tax stamp showing that the cigarette tax has been paid. That same bill included a transition period whereby businesses were allowed to sell unstamped cigarettes until March 31, 2004 if the cigarettes had been imported into the state prior to January 1, 2004. This 90-day transition period would have been adequate; however, at the same time, cigarette manufacturers significantly changed their returned goods policies and refused to take unstamped cigarettes back from retailers in the state. Therefore, the legislature passed SB 291 which extended the transition period for selling unstamped cigarettes in the state from March 31, 2004 to June 30, 2004.

The bill took effect April 2, 2004.

SB 322 (Ch 52 SLA 2004) – Salmon Enhancement Tax. This bill authorizes additional salmon enhancement tax rates, subject to elections held by qualified regional associations. In addition to the current 1%, 2% or 3% options, ten additional options are now available, ranging from 4% to 30% of the value of salmon sold or removed from the state.

The bill took effect September 7, 2004.

SB 1001 (Ch 1 FSSLA 2004) – Tobacco Tax; Licensing; Penalties. This bill increases Alaska's tax on cigarettes from \$1.00 per pack of twenty to \$1.60 on January 1, 2005, to \$1.80 on July 1, 2006, and to \$2.00 on July 1, 2007. This bill also imposes an additional tax of \$.25 per pack of twenty on cigarettes produced by manufacturers that did not sign the tobacco Master Settlement Agreement and makes changes to escrow requirements of these same manufacturers.

2004 NEW LEGISLATION

The bill increases license fees for manufacturers and retailers of cigarettes and provides additional tools to the Department of Revenue and law enforcement agencies to combat cigarette smuggling and tax evasion. The bill also allows for seizure of materials, vehicles, money, property and other assets when those assets are used in first degree misconduct involving unstamped cigarettes or stamps.

The bill also changes the cigarette shipping restrictions by allowing businesses that have a cigarette license to mail cigarettes to individuals who have signed an affidavit attesting that they are at least 19 years of age or older.

The bill was signed July 24, 2004. Changes to the cigarette shipping rules were effective immediately. Changes to escrow requirements for tobacco manufacturers took effect July 1, 2004. All other provisions of this bill will take effect January 1, 2005.

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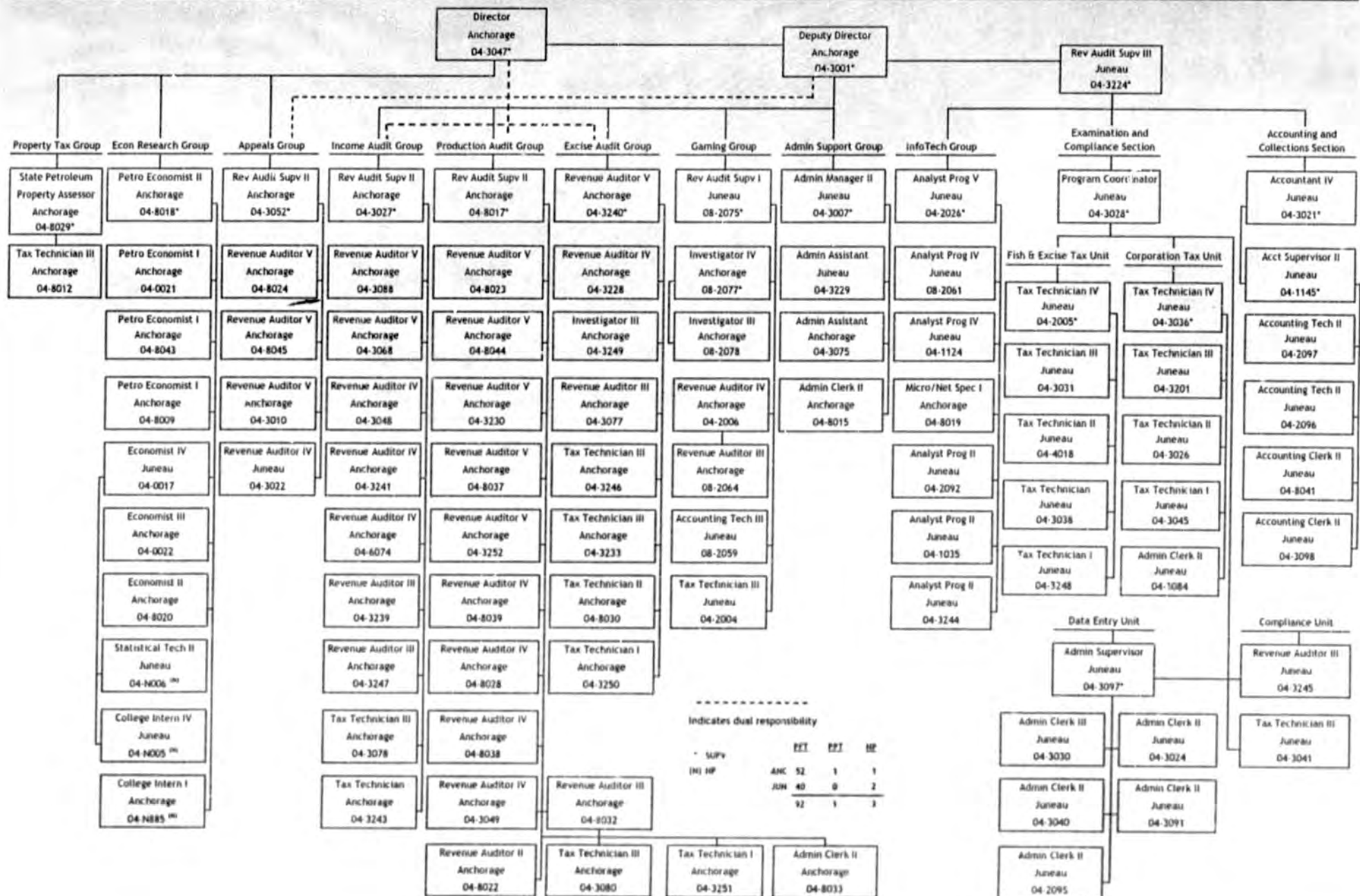
New Units in FY 2005**Fishery Tax and Licensing**

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FY 2004 Tax Division Organization Chart



FUNCTIONS

During fiscal year 2004, the Tax Division was staffed by 92 full time, one permanent part time and three non perm/college intern positions, and maintained offices in Juneau and Anchorage. The Division's FY 2004 operating budget was \$7.13 million. The Division is organized according to the functional groups of **Accounting and Collections, Appeals, Audit, Economic Research, Examination and Compliance** (renamed Examination and Processing in FY 2005), **Fisheries** (new in FY 2005) **Gaming, Investigations** (new in FY 2005), **Property Tax**; and the support groups of **Administrative Support** and **Information Technology**.

OPERATIONS

Operations, staffed by 32 full time positions in Juneau and one position in Anchorage, is responsible for receipt and processing of tax returns and payments other than oil and gas severance and property taxes. The Anchorage based Oil and Gas Severance Audit Group receives oil and gas severance and property tax returns, examines and processes the payments.

Operations oversees four groups: **Accounting and Collections, Examination and Compliance, Fisheries** (new in FY 2005) and **Information Technology**.

In conjunction with provisions for the Constitutional Budget Reserve Fund, *Operations* is responsible for accounting for oil and gas settlement payments received by the state and maintains a database of settlement payments.

Accounting and Collections, staffed by six full time positions, is responsible for receiving and processing tax payments and reconciling Tax Accounting System (TAS) revenues to the state's accounting system (AKSAS).

Accounting and Collections is responsible for processing payments, which includes data capturing payment information into TAS and reconciling activity to deposit summary information. The unit also posts assessments for additional taxes and penalties into TAS.

Accounting and Collections generates management reports as a part of its reconciliation process and for identifying exception items. This section generates special management reports for Division staff upon request.

Accounting and Collections is responsible for enforcement of delinquent accounts. Enforcement activities include contacting taxpayers for payment and taking appropriate actions to collect delinquencies such as filing liens and levying assets.

Accounting and Collections is also responsible for *Shared Taxes and Reporting*.

Shared Tax is responsible for sharing taxes and fees, when applicable, to municipalities in accordance with statutory requirements. Shared Taxes accounts for revenues subject to sharing and periodically issues warrants to communities for their portion of tax collections. The amount shared is based upon where the tax or fee was derived. In FY 2004, the Tax Division shared \$21,250,726 to 123 Alaska communities.

The following taxes and fees are subject to sharing:

- Aviation Motor Fuel Tax*
- Electric Cooperative Tax*
- Fisheries Business Tax*
- Fishery Resource Landing Tax*
- Liquor License Fees*
- Telephone Cooperative Tax*

A Shared Tax Report is prepared annually, which summarizes the amounts shared with each community. The Division distributes the annual report to the public via the Internet. The report is available on the Division's website at www.tax.state.ak.us.

For fisheries business and fishery resource landing tax programs, taxes sourced from activities in the unorganized borough are subject to sharing to municipalities through an allocation program administered by Department of Commerce, Community and Economic Development (Commerce). The Tax Division transmits funds to Commerce each year for allocation. For FY 2004, the Division transmitted \$2,301,684 for additional sharing.

FUNCTIONS

Accounting and Collections is also responsible for *Reporting*. This section is responsible for summarizing and reporting of financial data and providing financial oversight and control of agency accounting functions. This section supports the Division in reporting needs which include: design and modification of accounting systems; evaluation, design and maintenance of appropriate systems of internal accounting controls over tax payments; refunds and disbursement of all tax programs including those taxes subject to sharing and pass through.

Examination and Compliance, staffed by 19 full time positions, is responsible for data entry of tax return information into the Division's Tax Accounting System (TAS), examining selected returns and issuing licenses to taxpayers. As part of the examination process, tax examiners generate assessments for additional taxes and penalties. This unit is also responsible for ensuring taxpayer compliance.

Within Examination and Compliance are two examination units responsible for different tax types: *Corporation Tax*, and *Fish and Excise Tax*.

Corporation Tax is responsible for processing and examining corporation net income tax returns. The unit also receives partnership and other information returns associated with the corporate net income tax.

Corporation Tax examines returns based on priority criteria, which include large dollar tax liabilities, large refund or credit claims and returns with exceptions.

The unit assists in updating corporation tax return forms to reflect changes in federal and Alaska tax laws. The unit maintains corporation tax return files, taxpayer correspondence and estimated payment documents.

Corporation Tax also approves clearances from state agencies that are making final payment on state contracts.

Fish and Excise Tax is responsible for processing and examining returns other than corporation returns and for licensing taxpayers.

The *Fish and Excise Tax* unit also:

Licenses fisheries businesses that process or export fisheries resources from the state. As part of the licensing function, the section accounts for cash prepayments and other forms of security submitted by processors to secure payment of their fisheries business tax liabilities.

Administers the fish processor surety bonding program. This program requires that fisheries processors and buyers secure a \$2,000, \$10,000, \$20,000, \$50,000 or \$100,000 bond, depending on their activity, as surety against future claims from employees and fishers.

Administers the fisheries and mining licensing programs, as well as examination of estate and mining license tax returns.

Compliance is responsible for securing returns from businesses and individuals required to file tax returns with the state.

Compliance compares data from external agencies, such as IRS and Alaska Department of Commerce, Community and Economic Development, against Tax Division files to identify potential taxpayers. *Compliance* also follows up on compliance leads from internal and external sources.

Information Technology is staffed by seven full time positions. The unit maintains the Division's Tax Accounting System (TAS), provides technical support for tax management issues and implements technical support systems specific to a tax environment. This unit provides a crucial technical liaison between the Alaska State Accounting System and the Tax Accounting System. This unit is also responsible for providing technical upgrades that enhance customer service to Alaska's taxpayers.

AUDIT

The audit function consists of three groups based in Anchorage. The Division staffs *Audit - Income Group* with 10 full time positions, *Audit - Oil and Gas Production Group* with 15 full time positions and *Audit - Excise Group* with eight full time positions.

Audit - Income Group is responsible for auditing corporate net income tax (including oil and gas corporate income taxes).

FUNCTIONS

Audit - Oil and Gas Production Group is responsible for auditing oil and gas severance taxes, property taxes, and compliance by the owners of the Trans Alaska Pipeline System with the TAPS settlement methodology in setting their tariffs.

The *Audit - Excise Group* is responsible for licensing and examination functions for Alcohol, Cigarettes and Tobacco, Motor Fuels, Tire Fee and Vehicle Rental. This unit is also responsible for audit of all excise taxes.

The audit groups represent the Division's core technical and analytical resource providing support in many functions of the Division. *Audit* plays a critical role in drafting and implementing regulations, conducts special projects, and provides support to Appeals.

APPEALS

Appeals is located in Anchorage and staffed by five full time positions. *Appeals* conducts conferences on protested assessments and issues informal conference decisions of the Department of Revenue for all programs and tax types administered by the Division.

Appeals represents the department as counsel in disputed cases before the Office of Tax Appeals and represents the Division before a Department Hearing Examiner in gaming and unclaimed property cases.

Appeals works closely with the Department of Law in these and various other matters. *Appeals* performs many special projects in a legal, technical or tax context, including drafting proposed legislation and regulations.

GAMING

Gaming is located in Juneau and Anchorage and is staffed with seven full time positions. *Gaming* is responsible for overseeing charitable gaming activities conducted in the state.

Gaming issues annual permits and licenses to non-profit organizations and operators to conduct charitable gaming activities in the state. The *Gaming* section publishes its own annual report that includes more detailed descriptions of this program.

PROPERTY TAX

The Division staffs the Oil and Gas *Property Tax* group in Anchorage with two full time positions. The unit is responsible for assessment, compliance, audit, collection, and administrative processing of property tax assessments. Many of the unit's duties are performed by municipal authorities under a Memorandum of Agreement (MOA) and by engineering and appraisal experts working under contract. The unit performs compliance and collection functions and is responsible for processing returns. The Division or taxpayers may initiate audits. Audits and appraisals conducted by the unit are typically highly specialized valuations for which the unit uses outside experts on an as needed basis.

ECONOMIC RESEARCH

Economic Research, located in Anchorage and Juneau, is staffed by seven full time positions, one non perm and two college interns. The group is responsible for monitoring and forecasting the state's General Fund revenues.

Economic Research monitors state and national economic conditions and conducts research needed to anticipate economic and business trends that affect tax revenue. The unit works with other state agencies to compile information for the *Revenue Sources Book*, a semi-annual publication that contains historical and forecasted revenue information to assist the governor and legislature in developing the state's budget.

The *Economic Research* group publishes statewide average price information (from data provided by Department of Fish and Game) for fishery resources landed in the state. Taxpayers use the average price information to calculate their fishery resource landing tax liabilities.

The *Economic Research* group prepares and presents to the legislature fiscal notes projecting the costs and revenues from proposed legislation that would affect the state fiscal system.

Table 2 - Revenue Collections Detail

	FY 04	FY 03	FY 02
OIL AND GAS TAXES			
General Fund revenue			
Severance Taxes			
Oil & Gas Production	\$ 642,819,003	\$ 589,731,934	\$ 486,740,276
Oil & Gas Hazardous Release	9,052,517	9,232,859	9,597,043
Credits	0	0	0
Severance tax total	651,871,520	598,964,793	496,337,319
Property Tax	266,210,393	268,844,716	270,354,442
Local credits	(218,798,614)	(220,096,442)	(220,713,351)
Property tax total	47,411,779	48,748,274	49,641,091
Oil & Gas Corporate Income Tax	299,137,852	151,395,925	178,790,762
Alaska Education Credit	(305,000)	(307,625)	(404,452)
Oil & Gas Corporate Income Tax total	298,832,852	151,088,300	178,386,310
Total Oil & Gas Tax Receipts - General Fund	998,116,151	798,801,367	724,364,720
Constitutional Budget Reserve Fund - CBRF			
Oil and Gas Severance Tax	4,236,962	3,681,970	24,243,395
Oil & Gas Corporate Income Tax	4,035,122	17,221,507	65,649,583
Oil and Gas Property	87,868	(2,929)	0
Total Receipts - CBRF	8,359,952	20,900,548	89,892,978
Total Oil & Gas Receipts - All Funds	\$ 1,006,476,103	\$ 819,701,915	\$ 814,257,698
CORPORATE NET INCOME TAX - other than oil & gas corporations			
Corporate Income Tax	40,244,959	48,405,650	54,350,230
Alaska Education Credit	(693,879)	693,196	(900,815)
Veteran's Memorial Fund Credit	(5,000)	0	0
Total Receipts	\$ 39,546,080	\$ 47,712,454	\$ 53,449,415
TOBACCO			
Cigarette	\$ 42,573,286	\$ 40,239,153	\$ 39,760,717
Tobacco Products	6,561,826	6,657,704	6,042,653
Penalties and Interest	76,154	61,263	66,672
Deductions and Stamp Discount	(355,093)	(63,507)	(62,924)
Total Receipts	48,856,173	46,894,613	45,807,118
Less Amount Transferred to School Fund	(32,865,726)	(30,606,828)	(30,272,141)
Amount Retained in General Fund	\$ 15,990,447	\$ 16,287,785	\$ 15,534,977

Table 2 - Revenue Collections Detail

	FY 04	FY 03	FY 02
MOTOR FUEL			
Highway	\$ 30,872,676	\$ 26,518,253	\$ 28,723,637
Marine	5,266,275	5,938,976	5,806,527
Jet Fuel	3,950,421	4,067,223	4,863,137
Aviation Gasoline	1,227,908	834,042	771,289
Total Tax	41,317,280	37,358,494	40,164,590
Penalties and Interest*	50,046	(5,522)	187,806
Total Receipts	41,367,326	37,352,972	40,352,396
Less Aviation Fuel Tax Shared	(164,978)	(169,600)	(158,781)
Amount Retained by State	\$ 41,202,348	\$ 37,183,372	\$ 40,193,615
FISHERIES BUSINESS			
<i>Established</i>			
Shore-based	\$ 18,480,806	\$ 17,128,133	\$ 17,117,467
Floating	4,635,435	3,984,657	4,105,428
Cannery	3,069,518	2,150,977	3,117,556
<i>Developing</i>			
Shore-based	133,286	21,879	22,717
Floating	540	158	200
Total Tax	26,319,585	23,285,804	24,363,368
Prepayments	4,662,239	2,999,554	1,041,507
Penalties and Interest	87,197	30,813	27,756
License Fees	16,613	16,245	15,525
Total Tax Before Credits	31,085,634	26,332,416	25,448,156
Less Credits			
Winn Brindle	(169,121)	(176,114)	(153,991)
Alaska Education Credit	(302,500)	(153,589)	(1,794)
Salmon Product Development and Utilization Credit	(1,369,408)	0	0
Total Receipts	29,244,605	26,002,713	25,292,371
Less Fisheries Tax Shared with Municipalities			
Direct to Municipalities	(12,672,941)	(10,806,426)	(11,158,745)
Department of Community and Economic Development	(1,725,251)	(1,362,651)	(1,396,076)
Amount Retained by State	\$ 14,846,413	\$ 13,833,636	\$ 12,737,550
DEC Seafood Processor License Fees	\$ 402,050	\$ 424,495	\$ 400,316
ALCOHOLIC BEVERAGES			
Liquor	\$ 14,138,141	\$ 11,246,889	\$ 6,565,654
Beer	13,654,111	10,695,105	4,977,703
Wine	4,257,955	3,010,269	1,337,547
Beer Qualifying for Reduced Rate of Tax	691,183	407,277	0
Penalties, Interest and Refunds	4,754	1,268	8,352
Total Receipts	\$ 32,746,144	25,360,808	12,889,256
Less Amount Transferred to Alcohol and Other Drug Abuse Treatment and Prevention Fund	(16,372,730)	(11,222,078)	-
Unrestricted Amount Retained in General Fund	\$ 16,373,414	\$ 14,138,730	\$ 12,889,256

Table 2 - Revenue Collections Detail

	FY 04	FY 03	FY 02
SALMON ENHANCEMENT			
Tax by Aquacultural Region			
Southern Southeast	\$ 821,631	\$ 560,456	\$ 1,329,122
Northern Southeast	732,380	659,790	874,190
Prince William Sound	653,603	559,046	705,283
Kodiak	352,935	279,692	451,211
Cook Inlet	310,497	244,719	165,972
Chignik	129,765	109,035	169,673
Total Tax	3,000,811	2,412,738	3,695,451
Penalties and Interest	32,754	9,313	6,350
Total Receipts	\$ 3,033,565	\$ 2,422,051	\$ 3,701,801
FISHERY RESOURCE LANDING			
Tax Before Credits	\$ 5,091,447	\$ 8,602,123	\$ 6,079,681
Pre-Payments	2,409,115	2,779,920	2,411,160
Penalties, Interest and Refunds	635,352	96,072	518,814
Less Credits			
CDQ Contributions	(370,141)	(396,650)	(227,505)
Winn Brindle	(5,000)	(5,000)	(2,500)
Alaska Education Credit	(900,000)	(1,200,000)	(1,555,875)
Total Receipts	6,860,773	9,876,465	7,223,775
Less Landing Tax Shared with Municipalities			
Direct to Municipalities	(3,781,803)	(2,628,024)	(4,313,979)
Department of Community and Regional Affairs	(576,433)	(321,440)	(256,648)
Amount to be Retained by State	\$ 2,502,537	\$ 6,927,001	\$ 2,653,148
REGULATORY COMMISSION of ALASKA			
Telephone Utilities	2,218,859	2,388,840	2,181,803
Electric Utilities	\$ 1,795,454	\$ 1,488,845	\$ 1,530,750
Other Utilities	1,036,199	1,155,708	1,335,354
Pipeline Carriers	605,083	805,986	807,670
Total Receipts	\$ 5,655,595	\$ 5,839,379	\$ 5,855,577
SALMON MARKETING			
Tax	\$ 1,907,811	\$ 1,406,087	\$ 1,968,797
Penalties and Interest	55,968	5,954	17,921
Total Receipts	\$ 1,963,779	\$ 1,412,041	\$ 1,986,718
SEAFOOD MARKETING ASSESSMENT			
Paid by Fisheries Business taxpayers	\$ 2,799,859	\$ 2,167,147	\$ 2,122,361
Paid by Fishery Resource Landing taxpayers	494,718	822,784	576,095
Total Receipts	\$ 3,294,577	\$ 2,989,931	\$ 2,698,456

Table 2 - Revenue Collections Detail

	FY 04	FY 03	FY 02
MINING LICENSE			
General Fund			
Current Year Tax Before Credits	\$ 3,326,281	\$ 383,691	\$ 497,552
Less Alaska Special Industrial Incentive Credit			
Less Mineral Exploration Incentive Credit	0	(29,736)	(28,282)
Less Alaska Education Credit	(101,597)	(2,568)	(2,840)
Total Receipts - General Fund	3,224,684	351,387	466,430
Constitutional Budget Reserve Fund			
Current Year Tax	0	44,867	0
Total Receipts - CBRF	0	44,867	0
Total Mining License Receipts - All Funds	\$ 3,224,684	\$ 396,254	\$ 466,430
ESTATE			
Total Receipts	\$ 2,250,662	\$ 1,221,757	\$ 3,117,413
CHARITABLE GAMING			
3% Pull Tab Tax	\$ 1,887,015	\$ 2,077,176	\$ 2,045,124
1% Net Proceeds Fee	386,220	370,524	325,218
Licensing Fees	150,043	137,807	141,863
Total Receipts	\$ 2,423,278	\$ 2,585,507	\$ 2,512,205
ELECTRIC COOPERATIVE			
Total Receipts	\$ 1,861,290	\$ 1,817,958	\$ 1,786,712
Less Cooperative Taxes Shared	(1,794,011)	(1,752,988)	(1,719,948)
Amount Retained by State	\$ 67,279	\$ 64,970	\$ 66,764
TELEPHONE COOPERATIVE			
Total Receipts	\$ 2,101,198	\$ 1,836,740	\$ 1,352,643
Less Cooperative Taxes Shared	(1,981,543)	(1,709,074)	(1,283,540)
Amount Retained by State	\$ 119,655	\$ 127,666	\$ 69,103
DIVE FISHERY MANAGEMENT ASSESSMENT			
Southeast Alaska - Management Area A	\$ 253,503	\$ 204,738	\$ 192,110
Total Receipts	\$ 253,503	\$ 204,738	\$ 192,110
CIGARETTE LICENSE FEES			
(Transferred Directly to School Fund)			
Total Receipts	\$ 4,740	\$ 5,520	\$ 3,220

Table 2 - Revenue Collections Detail

	FY 04	FY 03	FY 02
TIRE FEE			
Non-Studded	\$ 826,651		
Studded	0		
Penalties and Interest	23		
Total Receipts	\$ 826,674	N/A	N/A
VEHICLE RENTAL			
Passenger Vehicle	\$ 2,623,614		
Recreational Vehicle	87,557		
Penalties and Interest	401		
Total Receipts	\$ 2,711,572	N/A	N/A

Table 3

Program Revenue and Cost Detail

Tax Programs Detail

(Sorted by Revenue)

	2004 Statistics		2004 Program		2004 Per FTE ²	
	Returns	Revenue	Cost ¹	FTE ²	Revenue	Cost
Tax Program						
Oil and Gas Severance ³	2,318	\$656,108,482	\$2,175,441	24.1	\$27,224,418	\$90,267
Oil and Gas Corporate Income ⁴	69	302,867,974	559,364	7.1	42,657,461	78,784
Oil and Gas Property ⁵	687	266,298,261	388,541	3.1	85,902,665 *	125,336
Tobacco ⁶	862	48,860,913	441,223	5.4	9,048,317	81,708
Motor Fuel	3,401	41,367,326	308,298	4.5	9,192,739	68,511
Corporate Income (non-Oil & Gas)	14,619	39,546,080	1,334,347	20.2	1,957,727	66,057
Alcoholic Beverages ⁷	291	32,746,144	165,157	2.9	11,291,774	56,951
Fisheries Business	782	29,244,605	431,995	7.5	3,899,281	57,599
Fishery Resource Landing	62	6,860,773	40,330	0.6	***	***
Regulatory Cost Charges	523	5,655,595	15,969	0.3	***	***
Seafood Marketing Assessments	276	3,294,577	47,999	0.8	4,118,221	59,999
Mining License	144	3,224,684	12,850	0.2	***	***
Salmon Enhancement	885	3,033,565	36,324	0.6	***	***
Vehicle Rental Tax	201	2,711,572	70,273	1.0	2,711,572	70,273
Estate	48	2,250,662	23,990	0.4	***	***
Telephone Cooperative	9	2,101,198	1,172	0.0	***	***
Salmon Marketing	900	1,963,779	36,324	0.6	***	***
Electric Cooperative	18	1,861,290	3,515	0.1	***	***
Tire Fee	389	826,674	79,318	1.0	826,674	79,318
Dive Fishery	42	253,503	6,524	0.1	***	***
Total Tax Programs	26,526	\$1,451,077,657	\$6,178,954	80.5	\$18,093,238 **	\$76,757 **
Gaming	4,935	\$2,423,278	\$824,946	11.5	\$210,720	\$71,734
Royalty⁸	n/a	n/a	\$133,100	0.0		
Total All Programs	31,461	\$1,453,500,935	\$7,137,000	92.0		

¹ Includes total operating costs of the division.² Full-time equivalent staff position.³ Includes CBRF receipts of \$4,236,962.⁴ Includes CBRF receipts of \$4,035,122.⁵ Includes CBRF receipts of \$87,868.⁶ Includes school fund receipts (tobacco \$32,865,726 and cigarette licenses \$4,740).⁷ Includes alcohol and other drug abuse treatment fund receipts \$16,372,730.⁸ Department of Natural Resources assumed responsibility for collection of revenues for this program in FY2004 and these funds were transferred to them.

* Revenue and cost statistics are not comparable to other programs as some audit functions performed by outside contractors.

** Total revenue and cost per FTE is based on average revenue and costs for all tax programs.

*** Combined program revenues (\$27,205,049) and costs (\$179,998) require 2.9 FTE positions. Combined revenue and cost per FTE are \$9,381,051 and \$62,068 respectively.

Table 4
Revenue Collected From Enforcement Activity

(Sorted by total collections)

Tax Type	Audit	Exam	Total	Staffing (FTE) ¹		Per FTE ¹	
				Audit	Exam	Audit	Exam
Corporate Income	\$4,491,444	\$281,890	\$4,773,334	3.0	4.3	\$1,497,148	\$65,556
Oil and Gas Production	4,236,962	0	4,236,962	11.5	2.1	368,431	**
Oil and Gas Corporate Income	4,035,122	62,742	4,097,864	4.2	0.7	960,743	**
Motor Fuel	23,806	846,656	870,462	0.7	1.0	**	846,656
Tobacco	65,000	56,433	121,433	1.1	2.8	59,091	20,155
Fisheries Business	0	100,874	100,874	0.1	3.4	**	29,669
Oil and Gas Property	87,868	0	87,868	0.0	1.0	**	**
Fishery Resource Landing	0	76,408	76,408	0.1	0.4	**	**
Salmon Enhancement	0	13,570	13,570	0.0	0.3	**	**
Estate	0	13,502	13,502	0.0	0.0	**	**
Seafood Marketing	0	8,773	8,773	0.0	0.4	**	**
Salmon Marketing	0	6,292	6,292	0.0	0.3	**	**
Alcoholic Beverage	0	1,081	1,081	0.8	1.0	**	**
Charitable Gaming	0	0	0	3.3	1.0	**	**
Mining	0	0	0	0.0	0.0	**	**
Telephone/Electric Co-ops	0	0	0	0.0	0.0	**	**
Dive Fisheries	0	0	0	0.0	0.1	**	**
RCA	0	0	0	0.0	0.0	**	**
Tire Fee	0	0	0	0.6	0.1	**	**
Vehicle Rental	0	0	0	0.6	0.1	**	**
Total	\$12,940,202	\$1,468,221	\$14,408,423	26.0	19.0	\$497,700 *	\$77,275 *

¹ Full Time Equivalent staff position

* Total revenue and cost per FTE is based on average revenue and costs for all tax programs.

** Collections per FTE not provided since audit or exam FTE positions allocated to these programs are less than one or there were no collections allocable to FTE positions.

ALCOHOLIC BEVERAGES TAX

AS 43.60

Description

Alaska levies a tax on alcoholic beverages sold in Alaska. The Division collects alcoholic beverage taxes primarily from wholesalers and distributors.

Rates

<i>Product</i>	<i>Current Rate Per Gallon</i>
Liquor (more than 21% alcohol)	\$12.80
Wine (21% alcohol or less)	2.50
Beer (Malt Beverages and Cider)	1.07
Beer (Small Breweries)	0.35

Returns

Taxpayers file returns and pay tax monthly. The returns and payment are due by the last day of the month following the month in which sales were made in the state.

Exemptions

Sales to facilities operated by one of the uniformed services of the United States are exempt.

Disposition of Revenue

The Division deposits all alcoholic beverage tax revenue into the General Fund. The Department of Administration separately accounts for 50% of the tax collected and deposits it into the alcohol and other drug abuse treatment and prevention fund.

History

The alcoholic beverage tax dates back to 1933 when the Legislature enacted a tax on beer and wine at a rate of 5¢ per gallon. Taxpayers filed alcoholic beverage tax returns monthly.

In 1937, the territorial legislature enacted a tax on liquor at a rate of 50¢ per gallon. At the same time, the rate for wine increased to 15¢ per gallon.

Since 1937, the legislature has made minor changes to the alcoholic beverage tax statutes. In addition, between 1937 and 1983, the legislature increased Alaska's tax rates to correspond with rate changes made by other states.

The legislature significantly increased the tax rates on all three alcoholic beverages effective October 1, 2002. However, this legislation allows breweries meeting the qualifications of 26 U.S.C. 5051(a)(2) (small breweries) to pay tax at the lower rate of 35 cents per gallon on the first 60,000 barrels of beer (malt beverages) sold in Alaska. At the same time, the legislature created the alcohol and other drug abuse treatment and prevention fund and directed that 50% of the alcoholic beverage tax be deposited into this fund for alcohol and drug abuse treatment programs.

Between 1937 and 2002, alcoholic beverage tax rates have changed as follows:

<i>Liquor</i>	<i>Per Gallon</i>
1937	\$.50
1941	\$1.00
1945	\$1.60
1946	\$2.00
1947	\$3.00
1957	\$3.50
1961	\$4.00
1983	\$5.60
2002	\$12.80

<i>Wine</i>	<i>Per Gallon</i>
1933	\$.05
1937	\$.15
1947	\$.25
1957	\$.50
1961	\$.60
1983	\$.85
2002	\$2.50

<i>Beer (Malt Beverages)</i>	<i>Per Gallon</i>
1933	\$.05
1947	\$.10
1957	\$.25
1983	\$.35
2002	\$1.07

<i>Beer (Malt Beverages) Produced by Small Breweries</i>	<i>Per Gallon</i>
2002	\$.35

See following page for FY 2004 Statistics.

ALCOHOLIC BEVERAGES TAX

AS 43.60

FY 2004 Statistics

		<i>Product</i>	<i>Gallons</i>	<i>Tax Collected</i>
Tax Collections – Including penalties, interest & refunds	\$32,146,144	Liquor	1,104,542	\$14,138,141
Number of Returns	291	Wine	1,703,182	4,257,955
Number of Taxpayers	27	Beer, Malt Beverages and Cider	12,760,851	13,654,111
Program Cost	\$165,157	Beer, Small Breweries	1,974,809	691,183
Staffing (full-time equivalent)	2.9	Penalties, interest and refunds		4,754
		Total		\$32,746,144

CHARITABLE GAMING AS 05.15

Description

Under Alaska law, municipalities and qualified non-profit organizations may conduct certain charitable gaming activities. The purpose of these activities is to derive public benefit in the form of money for the charities and revenues for the state.

To ensure that the appropriate level of public benefit is being derived, the Division performs the following: 1) issues permits to charities; 2) licenses all operators, distributors and manufacturers; 3) collects fees and taxes; 4) audits various permittees and licensees; 5) inspects gaming locations; and 6) investigates complaints.

Rate

Annual permit and license fees for games of chance and contests of skill are as follows:

Permits:

1. \$20 for an applicant that did not hold a permit during the preceding year;
2. \$20 for an applicant that had gaming gross receipts of less than \$20,000 during the preceding year;
3. \$50 for an applicant that had gaming gross receipts of \$20,000 or more but not exceeding \$100,000 during the preceding year; or
4. \$100 for an applicant that had gaming gross receipts exceeding \$100,000 during the preceding year.

Licenses:

1. \$500 for an operator license applicant;
2. \$1,000 for a distributor license applicant; or
3. \$2,500 for a manufacturer license applicant.

Reports

The Division requires the following reports:

Municipalities and Qualified Organizations issued a permit: Quarterly reports are due the 45th day following each calendar quarter in which the permittee had gross receipts of \$50,000 or more.

Permittees file annual reports on a calendar year basis, accompanied with payment of the *additional* fee, if required under AS 05.15.020(b), by March 15th of the

following year. Under this statute, if the gross receipts for the activities were \$20,000 or more, an additional fee of one percent of the net proceeds received during the preceding year is due.

Operators and Multiple-Beneficiary Permits: Quarterly reports are due on the last business day of the month following each calendar quarter. Annual reports for the calendar year are due no later than February 28 of the following year.

Operator Reports to Permittees are due monthly and must include a daily summary of activity conducted under the permit issued to the authorizing permittee and an accounting of gross receipts, expenses, and net proceeds for the month.

Manufacturers: Each pull-tab manufacturer must report by the last business day of the month on each series of pull-tabs distributed in the preceding month

Distributors: Distributors must collect a tax of 3% of an amount equal to the gross receipts less prices awarded on each series of pull-tabs distributed. Distributors must report by the last business day of each month, each pull-tab series distributed in the preceding month, and pay the taxes collected.

Exemptions

None

Disposition of Revenue

The Division deposits permit and license fees, the 1% net proceeds fee and the 3% pull-tab tax into the General Fund.

History

1960 – The legislature legalizes gaming and gives oversight for all gaming activities to the Department of Revenue.

1984 – The Department authorizes pull-tabs.

1988 – The legislature legalizes operators. Pull-tabs legalized by statute, and prize limits are increased.