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SB 132 - Sponsor Statement

Alaska Education Facilities, Maintenance, and Construction Tax

From 1919-1980, Alaska had an annual employment head tax for the purpose of collecting revenues to fund schools. The tax went through numerous transformations, but it always charged an equal amount to each employed individual. When it was repealed in 1980, the tax was \$10 per person which has the equivalent value of \$38.80 today. This bill proposes a \$30 tax.

Senate Bill 132 proposes to revive the repealed head tax on employed individuals, both resident and nonresident, with income from a source in Alaska. The Alaska Education Facilities, Maintenance, and Construction Tax would collect \$30 from each person employed in the state. The tax would be withheld from an employee's first paycheck each year while self-employed individuals would be required to remit payment to the Alaska Department of Revenue. The tax would be deductible on an individual's federal income tax return.

According to the most recent statistics from the Alaska Department of Labor and Workforce Development and the U.S. Census Bureau, there were approximately 390,465 employed individuals in Alaska in 2021. Roughly 20% of those workers who earn their living in Alaska do not reside here resulting in \$2.7 billion in nonresident income that leaves Alaska's economy each year and, in most cases, gets taxed by a nonresident's home state.

It is estimated that this tax would generate north of \$10 million each year. The revenue collected would be deposited into the state's general fund and accounted for separately and intended to pay for the growing maintenance and construction needs of Alaska's schools.

Please join me in supporting this bill.