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ALASKA DEPARTMENT OF REVENUE
TAX DIVISION

2014
ANNUAL REPORT

This annual report covers fiscal year 2014, which ended June 30, 2014.

The purpose of this report is to provide an overview of programs administered by the Tax Division (Division) and statistics of revenue collections and other information related to those programs.

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MISSION AND OVERVIEW

The mission of the Tax Division is to collect taxes, inform stakeholders, and regulate charitable gaming. The programs administered by the Tax Division generate a significant portion of General Fund revenue used for funding state government and programs throughout Alaska. These programs include:

Corporate Income Tax

Excise Taxes
Alcoholic Beverages
Commercial Passenger Vessel
Motor Fuel
Tire Fee
Tobacco
Vehicle Rental

Fisheries Taxes
Common Property Fishery
Dive Fishery Management
Fisheries Business
Fishery Resource Landing
Salmon Enhancement
Seafood Development
Seafood Marketing

Oil and Gas Taxes
Conservation Surcharge
Production
Property

Other Taxes
Electric Cooperative
Estate
Large Passenger Vessel Gambling
Mining License
Regulatory Cost Charges
Telephone Cooperative

Other Programs
Film Production Tax Credit Administration
Charitable Gaming
Revenue Forecasting
Salmon Price Reporting

RETROSPECT

During FY 2014, the Tax Division (Division) experienced changes with challenges, but multiple successes. The Division underwent computer system changes, office space and location changes and business processes changes. However, these changes and challenges brought about the implementation of a new and vastly improved integrated revenue system, a newly remodeled working environment, tax and fee sharing with local governments, and revenue recovery from audits. Below are the details of these successes and accomplishments:

• There was a successful implementation of the first phase of the new Tax Revenue Management System (TRMS). As part of the implementation, approximately 24,000 customer records and 113,000 returns were converted from the existing databases into the new system. Revenue Online, TRMS web interface, was made available to eight excise tax types and corporate income tax and allowed taxpayers to apply for licenses, file and pay taxes, upload documents, correspond with the Division, and view tax accounts and balances online. During the fiscal year, the second phase for Oil and Gas Production Tax was nearing finalization and development for the third and final phase for Fisheries Related Taxes and Charitable Gaming began.

• The Division provided assistance and testimony on legislation to effect changes in Alaska's oil and gas production tax.

• The Division provided information and testimony on proposed changes to fish taxes and credits, vehicle rental tax, mining license tax revenues, film production tax credits and the corporate income tax rate.

• The Division continued to provide critical resources in support of project development regarding a gas line.

• Shared taxes and fees of approximately $51 million were distributed to 126 communities through Alaska.

• Implementation of the Universal Space Standards began in the Anchorage office, Atwood Building. Phase One (West half of the 5th floor) was completed and Phase Two (East half of the 5th floor) began.

• The Division assessed nearly $129.1 million in additional production tax and interest liabilities as the result of closing multiple audits in 2013.

• Closed appeals from approximately 83 taxpayers with assessments in all tax types and charitable gaming.

HB 140 (CH 87 SLA 14) – ADMINISTRATION

This law amends the Administrative Procedure Act codified in AS 44.62. The adoption process for new regulations now requires agencies to provide "good faith" estimates of the aggregate cost to comply with proposed regulations for private persons, municipalities, and other state agencies in addition to the state agency of implementation. The statute further requires that the reason for the proposed regulation must identify legal authority that justifies the need for a change in regulations. The law now requires that the Administrative Regulations Review Committee receive a copy of the final regulations concurrent with the Governor's office prior to being filed with the Lieutenant Governor. The division is allowed to communicate with interested parties in writing during the public comment period and must make a good faith effort to answer questions posed more than 10 days before the end of the public comment period.

HB 193 (CH 74 SLA 14) – TOBACCO TAX; VEHICLE RENTAL TAX

New subsections were added to AS 43.50.150 and AS 43.52.080 granting the Department of Revenue the authority to collect, supervise, and enforce tobacco taxes in a manner that would allow the department to enter into agreements with a municipality to administer tobacco taxes on behalf of the municipality. These agreements may allow the department and a municipality to jointly administer cigarette stamps and audit taxpayers for cigarette/tobacco taxes. The law requires municipalities to reimburse the state for administration costs if the municipality decides to enter into an agreement with the department. The Department of Revenue may also share taxpayer information with municipalities relating to tobacco and vehicle rental tax.

HB 231 (CH 66 SLA 14) – ADMINISTRATION

This law removes the administration of cattle brand registration from the Department of Revenue responsibilities under AS 44.25.020.

HB 268 (CH 22 SLA 14) – CHARITIBLE GAMING

Changes to AS 05.15 relating to games of chance and contests of skill allows the department to issue permits for bull moose derbies and expands the definition of "ice classic" to include Snow Town Ice Classic.

HB 278 (CH 15 SLA 14) – CORPORATE INCOME TAX; MINING LICENSE TAX; FISHERIES BUSINESS TAX; RESOURCE LANDING TAX

The legislature passed legislation further expanding qualifying Education Tax Credits to include cash contributions to a public or private nonprofit elementary or secondary school in the state, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, or an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 – 50b for direct instruction, research, and educational support purposes. In addition, tax credits are available for cash contributions accepted for a facility by a public or private nonprofit elementary or secondary school in the state, funding for a scholarship awarded by a nonprofit organization to a dual-credit student for certain educational expenses, for a residential school in the state approved by the Department of Education and Early Development, or certain qualified childhood early learning and development programs. Tax credits are also available for cash contributions for science, technology, engineering and math (STEM) programs by a nonprofit agency or school district for school staff and for students in grades kindergarten through 12 in the state and for the operation of a nonprofit organization dedicated to providing educational opportunities that foster public service leadership for future generations of residents of the state.

HB 287 (CH 108 SLA 14) – CORPORATE INCOME TAX

The legislature passed HB 287 enacting the Qualified In-state Oil Refinery Infrastructure Expenditures Tax Credit that grants a credit of the lesser of 40% of qualified infrastructure expenditures incurred in the state during the year, or $10,000,000 for each instate refinery incurring qualified expenditures.

HB 306 (CH 61 SLA 14) – ADMINISTRATION; FISHERIES BUSINESS TAX; FISHERY RESOURCE LANDING TAX;

This legislation mandated the Department of Revenue provide an indirect expenditure report of foregone revenue (tax credit or other credit, exemption, discount, deduction, or differential allowance) to the legislature every two years with agencies staggered to be reviewed every six years. HB 306 also repealed certain existing tax credits (Winn Brindle scholarship credit, education credit, salmon development credit, CDQ credit, and film credit) over the next 5 – 6 years if the legislature does not reauthorize the credits before their sunset dates.

SB 71 (CH 69 SLA 14) – FISHERIES BUSINESS TAX; FISHERY RESOURCE LANDING TAX

The legislature passed a bill that changed the due date for the Fishery Resource Landing Tax from a set date of April 1st to thirty (30) days after the Tax Division publishes the statewide average pricelist. This bill also changed the methodology for determining the value of salmon for the Common Property Fishery Assessment and amended the Salmon Product Development Tax Credit to include herring products.

SB 138 (CH 14 SLA 14) – OIL AND GAS PRODUCTION TAX

The Alaska Legislature passed SB 138 which is the enabling legislation to allow the State of Alaska to participate as an equity owner in the Alaska Liquefied Natural Gas (AKLNG) project. The goal of AKLNG is to commercialize North Slope natural gas reserves from the Prudhoe Bay and Point Thomson fields. Among the goals of AKLNG is for the state to receive its royalty gas in kind (RIK) and production tax as gas (TAG) in lieu of receiving royalty and tax payments from the producers supplying the gas to the project. The determination to receive the gas molecules in lieu of cash is subject to a best interest finding. The intent is that the state will receive an amount of gas which is commensurate with its equity ownership in AKLNG infrastructure. AKLNG infrastructure includes a gas treatment plant (GTP) located on the North Slope, an 800 mile natural gas pipeline and a natural gas liquefaction facility located in Nikiski. As an equity owner, and a recipient of the RIK and TAG, the State will bear the burden of marketing and monetizing its portion of the gas. The legislation includes several changes to the oil and gas production tax statutes which take effect on and after January 1, 2022. A summary of the significant changes are:

1) The production tax for gas produced on and after January 1, 2022 is equal to 13 percent of the gross value at the point of production of the taxable gas.

2) The production tax on oil produced on and after January 1, 2022 is 35% of the annual production tax value of the taxable oil. The production tax value of the oil taxable under AS 43.55.011(e)(3) includes the producer's lease expenditures under AS 43.55.165 for the calendar year incurred to explore for, develop, or produce oil and gas deposits in the state that includes land north of 68 degrees North latitude as adjusted under AS 43.55.170.

3) The minimum tax will only be applicable to oil produced on and after January 1, 2022 from leases or properties that include land north of 68 degrees North latitude.

4) For gas produced on and after January 1, 2022, a producer may make an election to pay the production tax as gas (TAG) for gas produced from oil and gas leases modified under AS 38.05.180(hh.) in lieu of the tax otherwise levied for the gas by AS 43.55.011(e).

DIVISION FUNCTIONS

During FY 2014, the Tax Division was staffed by one-hundred twenty-eight full-time, one part-time, and one non-permanent or college intern positions. The Division's FY 2014 operating budget was $17.1 million.

The Division is organized according to the functional groups of Accounting and Collections, Imaging and Data Management, Alaska Film Office, Appeals, Corporate Income Tax, Excise Tax, Oil & Gas Production Tax, Economic Research, Fisheries Tax, Charitable Gaming, Oil and Gas Property Tax, and the support groups of Administrative Support and Information Technology.

OVERVIEW

The Division maintains offices in both Juneau and Anchorage.

Tax returns and payments, except oil and gas property and oil and gas production tax returns, are processed in Juneau. Juneau operations consist of Imaging and Data Management, Accounting and Collections, Fisheries Tax Examination and Audit, Corporate Income Tax Examination, and Charitable Gaming Licensing and Examination.

The Juneau office also maintains records for minerals related settlement payments received by the state that are required to be directed to the Constitutional Budget Reserve Fund (CBRF).

Anchorage operations consist of Oil and Gas Production Tax Audit and Examination, Corporate Income Tax Audit, Excise Tax Audit and Examination, Charitable Gaming Audit, Economic Research, Oil and Gas Property Tax Assessment and Audit, and Appeals.

ACCOUNTING AND COLLECTIONS

The Accounting and Collections unit processes and deposits payments, and reconciles revenues recorded in the Division's tax database to the state's accounting system (AKSAS). Accounting and Collections applies payments, processes assessment letters, issues refunds, makes corrections to accounts, and processes AKSAS financial journal entries when required.

Accounting and Collections processes financial journal entries to ensure that tax revenues are deposited into certain funds as required by the Alaska Constitution and statutes.

The unit also collects delinquent tax accounts and takes enforcement actions such as filing liens, levying assets, and garnishing Permanent Fund Dividends. The unit approves tax clearances from state agencies that are making final payment on state contracts, summarizes and reports financial data, and provides financial oversight and control of agency accounting functions.

In addition, the unit distributes taxes and fees to municipalities in accordance with statutory requirements, and periodically issues warrants to communities for the statutory portion of tax collected. The amount shared is based upon where the tax or fee is derived. The following taxes and fees are subject to sharing:

- Aviation Motor Fuel
- Commercial Passenger Vessel
- Electric Cooperative
- Fisheries Business
- Fishery Resource Landing
- Telephone Cooperative
- Alcoholic Beverage

The Division publishes an annual shared tax report which summarizes the amounts shared with each community. The annual report is available online at www.tax.alaska.gov. This report includes information regarding the shared taxes and fees program.

IMAGING AND DATA MANAGEMENT

The Imaging and Data Management (IDM) group consists of four distinct, but related components: incoming and outgoing mail processing; imaging; data entry; and forms creation and revision. The group currently processes all the Division's incoming and outgoing mail, including tax returns, license and permit applications, and payments. The group captures the images of forms such as tax returns, license applications and reports, and enters the information into databases for subsequent examination and/or audit. Finally, the group reviews and revises all tax forms and instructions for public use, and performs system design and testing.

ALASKA FILM OFFICE

The Alaska Film Office administers the Alaska Film Production Incentive Program. This entails reviewing film tax credit applications, and examining and auditing cost reports to make recommendations to the Film Commission for credit approval.

APPEALS

The Appeals unit conducts informal conferences on protested assessments, issues informal conference decisions, and participates in formal hearings before the Office of Administrative Hearings. In addition, Appeals provides assistance to all programs and tax types administered by the Division.

AUDIT AND EXAMINATION

The audit units are the Division's core technical and analytical resource that provides support for many functions in the Division. Audit drafts and applies statutes and regulations, conducts special projects, and provides support to Appeals.

The audit and examination functions are conducted within the following groups:

Corporate Income

The Corporate Income Tax group examines and audits corporate net income tax returns, including oil and gas corporate income tax returns.

The unit conducts compliance activities such as securing returns from businesses required to file tax returns, comparing internal data with information from external agencies (Alaska Department of Commerce, Community and Economic Development) to identify potential taxpayers, and follows up on compliance leads from internal and external sources. The group also assists with updating corporate tax return forms to reflect changes in federal and Alaska tax laws.

Excise Taxes

The Excise Tax unit licenses mining operations, alcoholic beverage manufacturers and distributors, tobacco manufacturers and distributors, and motor fuel qualified dealers. The unit examines and audits returns for the following tax types: alcoholic beverages, commercial passenger vessel, large passenger vessel gambling, mining license, motor fuel, tire fee, tobacco, and vehicle rental.

Fisheries Taxes

The Fish Tax unit examines and audits returns for the following tax types: fisheries business, fishery resource landing, salmon enhancement, seafood development, dive fishery management, seafood marketing assessments and common property fishery assessments.

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

The unit administers the fish processor surety bonding program as surety against future claims from employees, fishermen, and tenders.

The unit also administers the salmon production and wholesale salmon price report program, examines reports filed by large processors, and publishes: 1) tri-annual price reports, 2) annual price reports, and 3) annual production reports.

Oil & Gas Production Tax

The Oil and Gas Production Tax unit examines and audits oil and gas production tax returns and tax credit certificate applications. The unit is responsible for assessing additional tax due, issuing tax credits for exploration, credits for capital expenditures, and credits for certain losses. Cash purchases of eligible tax credit certificates are also processed by this unit.

Each quarter, the unit calculates prevailing values for gas produced from the Cook Inlet and from the Alaska North Slope.

Monthly data collected by the unit includes current oil and gas sales contracts and invoices, lease expenditure data, joint interest billings, and production data. These data are used in audits and economic analyses.

The unit also assists in the issuance of Advisory Bulletins on oil and gas matters, regulatory interpretations, and assists in development and drafting of regulations.

CRIMINAL INVESTIGATIONS

The Criminal Investigation Unite (CIU) investigates suspected violations of Tax and Gaming statutes and regulations for the Excise/Audit Group in the Tax Division. Of these tax types, Tobacco, Gaming and Vehicle Rental, and Motor Fuel taxes make up the majority of CIU's tax program cases and compliance work.

ECONOMIC RESEARCH

The Economic Research group is responsible for monitoring and forecasting state revenues.

The Revenue Sources Book is published annually by the Economic Research group. The publication contains historical and forecasted revenue information to assist the governor and legislature in developing the state's budget. It can be found at tax.alaska.gov. The economists work with other state agencies to compile information for the publication. The Revenue Sources Book is updated each spring.

This group also publishes and reports important oil and gas data including average Alaska North Slope crude oil prices and daily production.

Economic Research monitors trends and forecasts tariffs of oil and gas pipelines and marine transportation costs. The group also assists in economic analysis for valuation of oil and gas pipelines for property tax purposes.

The Economic Research group analyzes, and makes recommendations on potential changes to the state's tax structure and fiscal system. This group estimates and presents the fiscal impact of changing taxes on stakeholders.

CHARITABLE GAMING

The Charitable Gaming unit issues annual permits to not-for-profit organizations to conduct gaming activities and licenses operators to conduct gaming activities on behalf of permittees. Gaming also issues licenses to pull-tab manufacturers and distributors.

The unit processes reports and monitors financial compliance of permittees, operators, and distributors. The unit conducts compliance audits to insure gaming activities are conducted within the scope of gaming laws.

In addition, the unit publishes an annual report that includes more detailed information and descriptions of the program. The report is available at tax.alaska.gov.

INFORMATION TECHNOLOGY

The Information Technology unit maintains databases and provides technical computer support to the Division. The unit also maintains online applications, the Division's websites, imaging systems, and provides assistance in forms publishing.

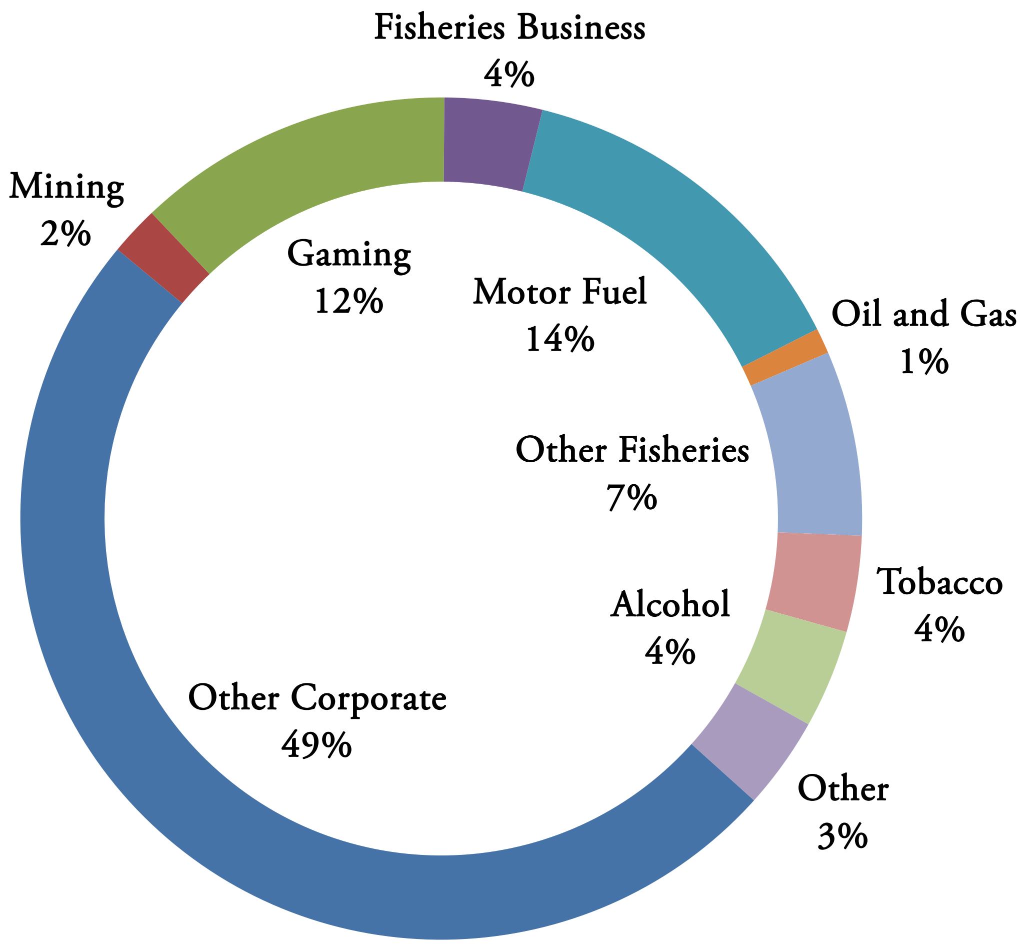
The unit researches, coordinates, develops and implements technical upgrades that enhance customer service to Alaska's taxpayers.

OIL & GAS PROPERTY TAX

The Oil and Gas Property Tax Group conducts appraisals on all property in Alaska being used in the exploration, production and pipeline transportation of unrefined oil and gas for statewide central assessment purposes. It then levies a 20 mill (2%) property tax on those assessments. It also performs compliance and collection functions.

TAX RETURNS FILED

By Tax Program during Fiscal Year 2014



Total Tax Returns Filed 29,529

Oil and Gas	**262**
Production	60
Corporate Income	29
Property	150
Other Corporate Income	**12,032**
Motor Fuel	**3,339**
Tobacco	**900**
Alcoholic Beverages	**922**

Fisheries Business	**915**
Other Fisheries	**1,730**
Salmon Enhancement	938
Seafood Marketing	448
Seafood Development	186
Fishery Resource Landing	78
Dive Fishery Management	52
Common Property Fish Assessment	28

Mining	**461**
Charitable Gaming*	**2,972**
Other	**863**
Vehicle Rental	429
Tire Fee	273
CPV Excise	132
Electric Cooperative	16
Telephone Cooperative	7
LPV Gambling	6

**Annual financial statements and reports filed by permittees, operators, multiple-beneficiary permittees, distributors and manufacturers.*

STATEMENT OF REVENUES

Listed in order of total amount Fiscal Year 2014 total receipts.

REVENUES	FY 2014	% FUND	FY 2013	% FUND	FY 2012	% FUND
Oil & Gas Production[1]	$2,718,297,646	75.41%	$4,112,265,118	79.08%	$6,131,605,503	83.39%
Oil & Gas Corporate Income[1]	336,565,993	9.34%	541,369,380	10.41%	571,772,010	7.78%
Oil and Gas Property[1, 2]	128,085,796	3.55%	99,282,078	1.91%	215,414,779	2.93%
Other Corporate Income	99,869,191	2.77%	112,486,134	2.16%	98,492,182	1.34%
Tobacco[3]	66,897,381	1.86%	69,574,661	1.34%	71,405,625	0.97%
Fisheries Business[5]	51,552,226	1.43%	45,054,419	0.87%	53,097,514	0.72%
Motor Fuel[5]	42,085,852	1.17%	42,056,832	0.81%	40,980,346	0.56%
Alcoholic Beverages[6]	37,833,475	1.05%	39,591,090	0.76%	38,692,797	0.53%
Mining License[1]	23,457,300	0.65%	46,787,690	0.90%	40,695,833	0.55%
Commercial Passenger Vessel[4, 5]	18,350,028	0.51%	17,174,502	0.33%	16,372,480	0.22%
Salmon Enhancement	12,779,417	0.35%	8,454,033	0.16%	10,060,538	0.14%
Fishery Resource Landing[5]	12,583,645	0.35%	13,381,669	0.26%	12,013,308	0.16%
Regulatory Cost Charges	10,625,846	0.29%	9,144,029	0.18%	8,510,552	0.12%
Seafood Marketing Assessment	10,233,058	0.28%	9,563,546	0.18%	9,710,180	0.13%
Oil & Gas Conservation Surcharge	8,769,150	0.24%	7,797,770	0.15%	9,448,398	0.13%
Vehicle Rental	8,283,497	0.23%	8,382,991	0.16%	8,529,633	0.12%
Large Passenger Vessel Gambling	6,656,902	0.18%	5,983,333	0.12%	5,155,954	0.07%
Gaming	2,548,336	0.07%	2,452,446	0.05%	2,586,847	0.04%
Telephone Cooperative[5]	2,191,094	0.06%	2,222,538	0.04%	2,067,213	0.03%
Electric Cooperative[5]	2,001,497	0.06%	2,072,147	0.04%	2,046,510	0.03%
Seafood Development	1,886,066	0.05%	1,795,302	0.03%	1,915,156	0.03%
Tire Fee	1,321,529	0.04%	1,400,879	0.03%	1,419,884	0.02%
Common Property Fishery Assessment	1,055,835	0.03%	1,309,148	0.03%	0	0.00%
Dive Fishery Management	539,638	0.01%	772,526	0.01%	682,534	0.01%
Total	$3,604,470,398	100.00%	$5,200,374,261	100.00%	$7,352,675,776	100.00%

[1] Includes amounts transferred to the Constitutional Budget Reserve Fund.
[2] Amount is net of credits for local government property tax paid to municipalities.
[3] Includes amounts transferred to the School Fund and Tobacco Use Education and Cessation Fund.
[4] Includes amounts transferred to the Regional Cruise Ship Impact Fund.
[5] Prior to sharing with municipalities. See Revenue Collection Detail for amounts shared under each program.
[6] Includes amounts transferred to the Alcohol and Other Drug Abuse Treatment and Prevention Fund.

REVENUE DISTRIBUTIONS OTHER THAN TO THE GENERAL FUND

REVENUES	FY 2014	% FUND	FY 2013	% FUND	FY 2012	% FUND
Constitutional Budget Reserve Fund						
Oil & Gas Production	112,416,140	79.4%	69,794,551	39.5%	(5,058,795)	-5.0%
Oil & Gas Corporate	28,943,370	20.4%	106,805,732	60.5%	2,956,805	2.9%
Mining	166,087	0.1%	56,308	0.0%	53,648	0.1%
Oil & Gas Property	18,911	0.0%	21,122	0.0%	104,235,535	102.0%
Total CBRF	141,544,508	100.0%	176,677,713	100.0%	102,187,193	100.0%
School Fund	21,006,793	100.0%	21,611,515	100.0%	22,549,956	100.0%
Alcohol and Other Drug Abuse Treatment and Prevention Fund	19,529,322	100.0%	19,772,471	100.0%	19,330,107	100.0%
Tobacco Use Education and Cessation Fund	3,050,080	100.0%	3,137,465	100.0%	3,273,499	100.0%

Note: Amounts above are included in program revenues on page 9. These amounts were required to be transferred to the designated funds identified above under provisions of the Alaska Constitution or Alaska Statutes.

REVENUE COLLECTIONS DETAIL

Listed alphabetically.

All receipts are General Fund unless otherwise designated.

	FY 2014	FY 2013	FY 2012
ALCOHOLIC BEVERAGES TAX			
Liquor	20,120,677	$21,001,209	$20,139,046
Beer	10,837,519	11,373,704	11,562,357
Wine	5,594,883	5,874,936	5,788,517
Beer qualifying for reduced tax rate	1,277,276	1,287,948	1,193,074
Penalties, Interest and Refunds	3,121	53,293	9,804
Total Receipts	**37,833,475**	**39,591,090**	**38,692,797**
Amount transferred to Alcohol and Other Drug Abuse Treatment and Prevention Fund	(19,529,322)	(19,772,471)	(19,330,107)
Amount Retained in General Fund	**$18,304,153**	**$19,818,619**	**$19,362,690**
CHARITABLE GAMING TAX AND FEES			
Pull-Tab Tax	$2,045,558	$1,968,587	$2,068,951
Net Proceeds Fee	353,163	339,874	373,421
License and Permit Fees	149,615	143,985	144,475
Total Receipts	**$2,548,336**	**$2,452,446**	**$2,586,847**
COMMERCIAL PASSENGER VESSEL EXCISE TAX			
Tax	18,344,315	$17,172,200	$16,371,209
Penalties and Interest	5,774	2,302	1,271
Total Receipts	**$18,350,089**	**$17,174,502**	**$16,372,480**
Taxes shared to municipalities	(15,858,558)	(14,394,385)	(14,165,215)
Amount Retained in General Fund	**$2,491,531**	**$2,780,117**	**$2,207,265**
COMMON PROPERTY FISHERY ASSESSMENT			
Total Receipts*	**$1,055,835**	**$1,309,148**	**$0**
*Established July 1, 2012			
DIVE FISHERY MANAGEMENT ASSESSMENT			
Total Receipts*	**$539,638**	**$772,526**	**$682,534**

* All receipts are derived from Southeast Alaska Management Area A

	FY 2014	FY 2013	FY 2012
ELECTRIC COOPERATIVE TAX			
Total Receipts	**$2,001,497**	**$2,072,147**	**$2,046,510**
Taxes shared	(1,964,614)	(2,037,896)	(2,016,815)
Amount Retained by State	**$36,883**	**$34,251**	**$29,696**
FISHERIES BUSINESS TAX			
Established			
Shore-based	$34,375,661	$34,797,124	$38,007,287
Floating	6,498,425	5,578,323	7,356,146
Cannery	10,295,427	6,478,824	5,151,867
Developing			
Shore-based	37,743	50,442	65,474
Floating	525	493	725
Total Tax	**51,207,781**	**46,905,206**	**50,581,499**
Prepayments	522,200	454,134	2,405,470
Penalties and Interest	414,312	404,333	995,246
License Fees	10,925	11,575	12,250
Less Credits			
Winn Brindle	(239,769)	(238,749)	(175,338)
Alaska Education Credit	(760,599)	(650,000)	(650,015)
Salmon Product Development	397,376	(1,832,081)	(71,598)
Total Receipts	**51,552,226**	**45,054,419**	**53,097,514**
Fisheries Business Tax Shared			
Direct to Municipalities	(24,912,169)	(23,165,321)	(24,576,578)
DCCED* Municipal Allocation	(1,581,457)	(1,898,248)	(2,075,432)
Amount Retained by State	**$25,058,599**	**$19,990,850**	**$26,445,504**

* Department of Commerce, Community and Economic Development

	FY 2014	FY 2013	FY 2012
FISHERY RESOURCE LANDING TAX			
Tax Before Credits	$14,033,092	$14,746,626	$13,298,352
Penalties, Interest and Refunds	165,354	57,913	17
Less Credits			
Alaska Education Credit	(949,771)	(932,500)	(838,167)
CDQ Contributions	(665,030)	(490,371)	(446,894)
Total Receipts	**12,583,645**	**13,381,669**	**12,013,308**
Fishery Resource Landing Tax Shared			
Direct to Municipalities	(5,148,589)	(7,016,532)	(4,825,254)
DCCED* Municipal Allocation	(302,237)	(826,348)	(860,942)
Amount Retained by State	**$7,132,819**	**$5,538,789**	**$6,327,112**

* Department of Commerce, Community and Economic Development

	FY 2014	FY 2013	FY 2012
LARGE PASSENGER VESSEL GAMBLING TAX			
Tax	$6,656,902	$5,953,845	$5,155,954
Penalties and Interest	0	29,488	0
Total Receipts	**$6,656,902**	**$5,983,333**	**$5,155,954**
MINING LICENSE TAX			
General Fund			
Tax	24,733,940	$53,017,927	$46,792,131
Penalties and Interest	232,055	32,361	6,926
Mineral Exploration Incentive Credit	0	(5,975,341)	(5,873,944)
Alaska Education Credit	(1,674,782)	(343,564)	(282,928)
Total Receipts - General Fund	**23,291,213**	**46,731,382**	**40,642,185**
Constitutional Budget Reserve Fund (CBRF)	166,087	56,308	53,648
Total Receipts - All Funds	**$23,457,300**	**$46,787,690**	**$40,695,833**
MOTOR FUEL TAX			
Highway	32,997,249	$31,816,999	$30,640,300
Marine	4,833,280	5,560,885	5,864,080
Jet	3,732,799	4,161,673	3,893,422
Aviation	448,979	480,195	534,871
Total Tax	**42,012,307**	**42,019,752**	40,932,673
Penalties and Interest	73,545	37,080	47,673
Total Receipts	**42,085,852**	**42,056,832**	**40,980,346**
Aviation Tax Shared	(155,296)	(162,346)	(145,658)
Amount Retained by State	**$41,930,556**	**$41,894,486**	**$40,834,688**
OIL & GAS CORPORATE INCOME TAX			
General Fund			
Tax	$316,632,417	$436,259,337	$542,800,061
Penalties and Interest	(6,134,956)	833,672	26,578,144
Gas Exploration and Development Credit	0	0	0
Alaska Education Credit	(2,874,839)	(2,529,361)	(563,000)
Total Receipts - General Fund	**307,622,622**	**434,563,648**	**568,815,205**
Constitutional Budget Reserve Fund - CBRF	28,943,370	106,805,732	2,956,805
Total Receipts - All Funds	**$336,565,993**	**$541,369,380**	**$571,772,010**

	FY 2014	FY 2013	FY 2012
OIL AND GAS PRODUCTION TAX AND SURCHARGES			
General Fund			
Production Tax	$2,605,881,507	$4,042,470,567	$6,136,664,298
Conservation Surcharge	8,769,150	7,797,770	9,448,398
Total Receipts - General Fund	**2,614,650,656**	**4,050,268,337**	**6,146,112,696**
Constitutional Budget Reserve Fund - CBRF	112,416,140	69,794,551	(5,058,795)
Total Receipts - All Funds	**$2,727,066,796**	**$4,120,062,888**	**$6,141,053,900**
OIL AND GAS PROPERTY TAX			
General Fund			
Property Tax	$545,634,535	$528,608,662	$489,458,832
Credit for Municipal Taxes Paid	(417,567,650)	(429,347,706)	(378,279,588)
Total Receipts - General Fund	**128,066,886**	**99,260,956**	**111,179,244**
Constitutional Budget Reserve Fund - CBRF	18,911	21,122	104,235,535
Total Receipts - All Funds	**$128,085,796**	**$99,282,078**	**$215,414,779**
OTHER CORPORATE INCOME TAX			
Tax	104,468,136	112,242,300	97,625,356
Penalties and Interest	(2,517,717)	2,976,911	1,908,541
Alaska Education Credit	(2,081,228)	(2,733,077)	(1,041,715)
Total Receipts - General Fund	**$99,869,191**	**$112,486,134**	**$98,492,182**
REGULATORY COST CHARGES			
Total Receipts	**$10,625,846**	**$9,144,029**	**$8,510,552**
SALMON ENHANCEMENT TAX			
Tax by Aquacultural Region			
Southern Southeast	$3,811,215	$1,798,660	$2,566,327
Northern Southeast	2,955,019	2,447,312	3,039,301
Prince William Sound	3,220,208	2,166,531	1,859,754
Kodiak	1,337,253	1,005,789	968,183
Cook Inlet	809,065	698,605	1,108,174
Chignik	639,093	329,024	515,130
Total Tax	**12,771,853**	**8,445,920**	**10,056,869**
Penalties and Interest	7,564	8,113	3,669
Total Receipts	**$12,779,417**	**$8,454,033**	**$10,060,538**

	FY 2014	FY 2013	FY 2012
SEAFOOD DEVELOPMENT ASSESSMENT			
Tax by Development Region			
Bristol Bay (Drift Gillnet)	$544,487	1,184,028	$1,374,015
Prince William Sound (Drift Gillnet)	1,328,648	$579,480	525,176
Prince William Sound (Set Gillnet)	12,406	30,940	16,748
Penalties and Interest	525	854	(783)
Total Receipts	**$1,886,066**	**$611,273**	**$1,915,156**
SEAFOOD MARKETING ASSESSMENT			
Fisheries Business	$7,852,737	$7,600,819	$8,031,441
Fishery Resource Landing	2,380,320	1,962,726	1,678,739
Total Receipts	**$10,233,058**	**$9,563,546**	**$9,710,180**
TELEPHONE COOPERATIVE TAX			
Total Receipts	**$2,191,094**	**$2,222,538**	**$2,067,213**
Taxes shared	(1,971,302)	(2,071,131)	(1,913,065)
Amount Retained by State	**$219,793**	**$151,407**	**$154,147**
TIRE FEE			
Non-Studded	993,281	$1,008,990	$1,048,855
Studded	324,771	373,455	351,003
Penalties and Interest	3,477	18,435	20,026
Total Receipts	**$1,321,529**	**$1,400,879**	**$1,419,884**
TOBACCO TAX			
Cigarette	55,238,631	$57,247,497	$59,630,927
Tobacco Products	12,152,537	12,599,764	12,035,633
Penalties and Interest	55,563	81,041	87,812
Cigarette License Fees	3,539	4,950	4,975
Deductions and Stamp Discounts	(552,889)	(358,591)	(353,722)
Total Receipts	**66,897,381**	**69,574,661**	**71,405,624**
School Fund*	(21,006,793)	(21,611,515)	(22,549,956)
Tobacco Use Education and Cessation Fund	(3,050,080)	(3,137,465)	(3,273,499)
Amount Retained in General Fund	**$42,840,508**	**$44,825,681**	**$45,582,170**
VEHICLE RENTAL TAX			
Passenger	$7,878,448	$8,002,079	$8,132,668
Recreational	396,337	360,782	359,002
Penalties and Interest	8,712	20,130	37,963
Total Receipts	**$8,283,497**	**$8,382,991**	**$8,529,633**

* All cigarette license fees are included in this amount.

PROGRAM DETAIL

Listed alphabetically.

ALCOHOLIC BEVERAGE TAX

AS 43.60

DESCRIPTION

Alaska levies a tax on alcoholic beverages sold in Alaska. The tax is collected primarily from wholesalers and distributors of alcoholic beverages.

RETURNS

Taxpayers file returns and pay tax monthly. The returns and payment are due by the last day of the month following the month of sale.

EXEMPTIONS

Sales to facilities operated by one of the uniformed services of the United States are exempt if they fall within the guidelines of 4 USC 107.

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 five cents per gallon. Taxpayers filed alcoholic beverage tax returns monthly.

1937 - The territorial legislature enacted a tax on liquor at a rate of fifty cents per gallon. At the same time, the rate for wine increased to fifteen cents 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.

2002 - 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 USC. 5051(a)(2) (small breweries) to pay tax at the lower rate of thirty-five 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:

	PER GALLON			
YEAR	LIQUOR	WINE	BEER (MALT BEVERAGES)	BEER (SMALL BREWERIES)
1933	-	$0.05	$0.05	-
1937	$0.50	$0.15	-	-
1941	$1.00	-	-	-
1945	$1.60	-	-	-
1946	$2.00	-	-	-
1947	$3.00	$0.25	$0.10	-
1957	$3.50	$0.50	$0.25	-
1961	$4.00	$0.60	-	-
1983	$5.60	$0.85	$0.35	-
2002	$12.80	$2.50	$1.07	$0.35

FY 2014 ALCOHOL STATISTICS

PRODUCT	GALLONS	TAX COLLECTED
Liquor	1,640,739	$20,120,677
Beer, Malt Beverage & Cider	10,364,001	10,837,519
Wine	2,310,985	5,594,883
Beer, Small Brewery	3,856,606	1,277,276
Penalties, Interest and Refunds		3,121
Total		**37,833,475**
Transferred to Alcohol and Other Drug Abuse Treatment and Prevention Fund		(19,529,322)
Total Tax Collections – General Fund		**$18,304,153**
Number of Returns		922
Number of Taxpayers		61

CHARITABLE GAMING

AS 05.15

DESCRIPTION

Municipalities and qualified nonprofit organizations are eligible to conduct gaming activities as set out in the Alaska Gaming Reform Act. The purpose of these activities is to derive public benefit in the form of money for these entities. Qualified organizations include: civic or service organizations; religious, charitable, fraternal, veterans, labor, political, or educational organizations; police or fire departments and companies; dog mushers' associations, outboard motor associations, and fishing derby and nonprofit trade associations. Gaming activities include primarily the sale of pull-tabs, bingo and raffles.

The Charitable Gaming Program issues permits and licenses to conduct gaming activities, collects fees and taxes, conducts audits, investigates complaints, and provides educational outreach to municipalities and qualified organizations.

RATE

Permits are issued annually with fees ranging from $20 to $100. Licenses are issued annually with fees ranging from $500 to $2,500. A 3% tax on pull-tabs sold by distributors is collected on a monthly basis. A 1% fee on net proceeds is collected annually from permittees if their gross receipts exceed $20,000.

RETURNS

Monthly, quarterly, and annual returns are filed by permittees and licensees conducting gaming depending on the amount of gross receipts and the type of permit/license. Manufacturers and distributors file monthly reports. Operators must file monthly reports to permittees.

DISPOSITION OF REVENUE

The Division deposits permit and license fees, pull-tab taxes, and net proceeds fees into the General Fund.

HISTORY

1960 - The legislature legalized gaming and gave oversight for all gaming activities to the Department of Revenue.

1984 - The Department authorized pull-tabs by regulation.

1988 - The legislature legalized operators, authorized pull-tabs, and increased prize limits.

1989 - Under Administrative Order, gaming functions transferred to the Department of Commerce, Community and Economic Development.

1993 - Under administrative order, gaming functions transferred back to the Department of Revenue and organized as a separate gaming division.

- HB 168 significantly changed various aspects of the statutes governing charitable gaming in Alaska. Third-party vendors were brought under statutory control which allows permittees to contract with them directly to sell pull-tabs and the Department was authorized to issue Multiple-Beneficiary Permits (MBP). MBPs enable two to six permittees to conduct gaming activities jointly. Minimum payments increased from 15% to 30% of adjusted gross income for pull-tab games and require a minimum of 10% of adjusted gross income for all other activities.

1995 - The legislature legalized cruise ship gambling activities in Alaska waters during the 1995 season. The gaming statutes required that cruise ships pay a fee to game in Alaska, and this generated more than $500,000 in revenue during the 1995 season. This law expired after 1995.

1996 - The legislature authorized three new gaming activities – "Sled Dog Race Classic", "Deep Freeze Classic", and "Snow Machine Classic." The legislature also created the "McGrath Kuskokwim River Ice Classic", and the "Creamer's Field Goose Classic." The legislature prohibited the donation of net proceeds from pull-tabs and bingo activities to registered lobbyists and certain political organizations.

FY 2014 STATISTICS

Taxes and Fees Collected	**$2,548,336**		
APPLICATIONS*	ONLINE	PAPER	TOTAL
Permittees	445	796	1,241
Operators	0	32	32
Multiple-beneficiary Permittees	4	14	18
Distributors	8	1	9
Manufacturers	7	2	9
Total Applications	**464**	**845**	**1,309**

Reports*	
Permittees	2,601
Operators	101
Multiple-beneficiary Permittees	72
Distributors	116
Manufacturers	82
Total Reports	**2,972**

* Based on fiscal year 2014.

COMMERCIAL PASSENGER VESSEL (CPV) EXCISE TAX

AS 43.52.200 – 295

DESCRIPTION

Alaska imposes an excise tax on travel on commercial passenger vessels, typically cruise ships that have 250 or more berths and provide overnight accommodations in the state's marine waters. Passengers traveling on qualified commercial passenger vessels are liable for the tax.

RATE

The commercial passenger vessel excise tax rate is $34.50 per passenger, per voyage.

RETURNS

Cruise ship companies and commercial passenger vessel owners file returns and pay taxes monthly. The due date is the last day of the month following the month in which the voyages ended.

EXEMPTIONS

The CPV excise tax does not apply to passengers onboard a commercial passenger vessel that does not anchor or moor in state marine waters with the intent to allow passengers to disembark.

DISPOSITION OF REVENUE

The Division deposits all proceeds from the CPV excise tax into the Commercial Vessel Passenger (CVP) Tax Account in the general fund. Subject to appropriation by the legislature from this account, the Division distributes $5 per passenger to each of the first seven ports of call in Alaska. The tax is further reduced by any municipal taxes, imposed on a passenger, that were in effect prior to December 17, 2007.

HISTORY

2006 - The CPV excise tax was enacted by 2006 Primary Election Ballot Measure No. 2. The measure was approved by voters at the primary election of August 26, 2006. The results of the election were certified September 18, 2006 and the initiative's provisions became effective December 17, 2006.

2010 - During the 2010 legislative session, the CPV tax was reduced from $46 to $34.50 per passenger. The tax was further reduced by any municipal taxes imposed on a passenger that were in effect prior to December 17, 2007. This legislation increased the number of ports of call which may receive $5 per passenger from 5 to 7 and removed the provision that prohibited a port of call from sharing in the CPV revenue if it imposed its own tax. The legislation also repealed the regional cruise ship impact fund. These changes are effective for the 2011 cruise season.

FY 2014 STATISTICS

Tax Collections	**$18,350,089**
Shared Taxes	(15,858,558)
Number of Returns	132
Number of Taxpayers	10

COMMON PROPERTY FISHERY ASSESSMENT

AS 16.10.455

DESCRIPTION

The Common Property Fishery Assessment is a cost recovery fisheries assessment, a program authorized in 2006 and allows hatcheries to establish a common property fishery and recoup costs through an assessment on fishery resources taken in the terminal harvest area. This program was first used in 2012 for the Hidden Falls hatchery in Southeast Alaska.

RATE

A person subject to the Common Property Fishery Assessment under AS 16.10.455 shall pay an assessment at a rate determined by the department annually, on the value of the salmon taken in a terminal harvest area that is subject to a Common Property Fishery Assessment.

RETURNS

Buyers are responsible for the collection of the Common Property Fishery Assessment and file an annual return for each business location. The due date is October 31 of the year in which the common property fishery was conducted.

A buyer making a bonus or other additional payment to a person after October 31 for salmon purchased in the previous reporting period shall collect the assessment and file a return of the bonus or additional payment made. The buyer shall file the return no later than the last day of the month following the month in which a bonus or additional payment was made.

HISTORY

The legislature adopted the Common Property Fishery Assessment in 2006. This program was first used in 2012 for the Hidden Falls hatchery in Southeast Alaska.

FY 2014 STATISTICS

Tax Collections	**$1,055,835**
Number of Returns	8
Number of Taxpayers	7

CORPORATE INCOME TAX

AS 43.20

DESCRIPTION

Alaska levies a corporate income tax on Alaska taxable income.

For purposes of computing taxable income, Alaska, like many states, adopts the federal Internal Revenue Code (IRC) by reference, unless excluded or modified by specific Alaska statutes.

For a corporation doing business only in Alaska, its taxable income is federal taxable income with certain Alaska modifications.

A corporation that does business both inside and outside Alaska apportions a percentage of the corporation's total income to Alaska using a formula. The Alaska percentage or "apportionment factor" is an average of three factors: property, payroll, and sales, inside and outside the state.

When a corporation is part of a group of corporations that operates as a unit to conduct a business, the taxpayer must apportion to Alaska a percentage of the combined incomes of all of the corporations in the "unitary" or "combined" group.

For unitary groups that are not oil and gas companies, Alaska adopts "water's edge combination." The combined group generally includes only those corporations with significant U.S. activity.

Oil and gas companies combine on a worldwide basis. Also, oil companies use a "modified" apportionment formula of property, sales, and extraction. The extraction factor is the production of oil and gas in Alaska divided by production everywhere.

RATE

Alaska taxes corporate income at graduated rates ranging from 0% to 9.4% divided over ten tax brackets.

RETURNS AND PAYMENTS

Corporations file returns annually, with the return due three and one-half months after the close of the tax year, one month after the federal tax return is due. Alaska honors the federal filing extensions.

Corporations must make quarterly estimated payments and the total tax is due two and one-half months from the end of the tax year. There are no extensions to pay the tax. Estimated payments of more than $100,000 and payments accompanying a return greater than $150,000 must be made online or by wire transfer.

EXEMPTIONS

Generally, Alaska follows the IRC when determining an entity's taxable status.

Alaska adopts the flow-through federal provisions that exempt S-Corporations from tax. Federally, S-Corporations are treated as partnerships and S-Corporation shareholders report their proportionate share of the corporation's earnings.

Certain small corporations are exempt from corporate income tax. These are corporations that have less than $50,000,000 in assets and that meet certain industry requirements.

Alaska treats Limited Liability Companies (LLCs) as partnerships if they file as partnerships federally.

Electric and telephone cooperatives pay tax under AS 10.25 and are exempt from the corporate income tax.

CREDITS

Under Alaska's blanket adoption of the IRC, taxpayers can claim all federal incentive credits. Federal credits that refund other federal taxes are not allowed. Multistate taxpayers apportion their total federal incentive credits.

Alaska specific credits include education, minerals exploration incentive, gas storage facility, LNG storage facility, veteran employment tax credit, and film production tax credits.

For specific information concerning these credits, see the Description of Credits section.

DISPOSITION OF REVENUE

The Division deposits most corporate net income tax collections into the General Fund. For oil and gas corporations only, the Division deposits collections from audit assessments into the Constitutional Budget Reserve Fund.

HISTORY

1949 - The territorial legislature enacts the Alaska Net Income Tax Act. It is 10% of the federal income tax liability on income earned in Alaska. The tax applies to individuals and corporations.

1959 - Alaska adopts the Uniform Division of Income for Tax Purposes Act (UDITPA) within AS 43.20. This is a model statute that was developed by the states to address concerns of the U.S. Congress that states were collectively taxing more than 100% of the earnings of multistate corporations. UDITPA requires multistate corporations to apportion a percentage of their total income to the state by the apportionment formula of property payroll and sales. The standard UDITPA formula apportions 100% of the corporation's income among the states where the taxpayer does business.

1970 - Alaska enacts the Multistate Tax Compact in AS 43.19, and becomes one of the early members of the Multistate Tax Commission. The Compact incorporates the standard three-factor apportionment formula of UDITPA. A main purpose of the Compact and the Commission is to promote the enactment of UDITPA, and the uniform application of UDITPA apportionment formula by the states. Uniform application of UDITPA promotes the full reporting of income by taxpayers and avoids the taxation of the same income by more than one state.

1975 - The legislature repeals the original tax and makes major revisions. Alaska enacts its own tax rates rather than basing the tax on the federal tax liability. Alaska adopts the federal Internal Revenue Code ("IRC") by reference, unless excluded, or modified by other Alaska statutes. The tax rate was 5.4% of Alaska taxable income with a surtax of 4% based on federal surtax exemptions. For 1975, the surtax exemption was $50,000.

1978 - The legislature finds that the standard three-factor apportionment formula does not fairly reflect Alaska income for oil and gas corporations. Alaska enacts AS 43.21, and requires oil and gas companies to calculate Alaska taxable income using separate accounting. The oil and gas companies challenge AS 43.21.

1980 - The legislature repeals the parts of AS 43.20 that impose the individual income tax and retains the exemption for S-Corporations.

1981 - In an effort to stem the growing amount of disputed oil and gas income taxes and related litigation, the legislature seeks a compromise tax method. The legislature repeals separate accounting under AS 43.21, and enacts AS 43.20.072 (later renumbered AS 43.20.144) the current "modified" apportionment formula for oil and gas corporations. The modified formula drops the payroll factor and adds the "extraction factor." The legislature also enacts the current graduated tax rate structure with a maximum rate of 9.4%.

1987 - The legislature enacts the Alaska Education Credit.

1991 - The legislature enacts "water's edge combination" with AS 43.20.073. Water's edge apportionment does not apply to oil and gas taxpayers, who continue to report on a worldwide combined basis.

1998 - The Department of Revenue wins the OSG Bulkships case. The Alaska Supreme Court holds that AS 43.20 does not adopt the IRC Section 883 by reference. Federally, Section 883 exempts from tax foreign corporations that operate ships and aircraft, and avoids double taxation. The Court says that formulary apportionment in AS 43.19 also avoids double taxation and therefore AS 43.19 is an exception to Section 883. During the next session, the legislature specifically adopts Section 883 and grants explicit tax exemption to the foreign corporations operating cargo ships, cruise ships, and aircraft in Alaska.

2006 - A voter initiative that subjects cruise ship operators to Alaska corporate income tax passes in August 2006. Prior to the initiative, cruise ship operators were exempt from taxation through the Department's adoption of IRC Section 883.

2008 - The legislature amends the education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska, and by a state-operated vocational technical education and training school.

- The legislature authorizes tax credits for qualified film production expenditures incurred in Alaska. Tax credits may be sold, transferred, exchanged, or conveyed, and must be used within three years after being granted by DCCED. The maximum of credits claimed by all taxpayers over the life of the credit program may not exceed $100 million.

2010 - The legislature amends the education credit by increasing the maximum credit allowed from $150,000 to $5 million effective January 1, 2011. In addition, the legislature expands contributions eligible for the credit to include contributions made for construction and maintenance of facilities by state operated vocational education schools and two or four-year colleges. The increase in the credit from $150,000 to $5 million expires December 31, 2013. On January 1, 2014, the maximum credit allowed will revert to $150,000.

- The legislature expands the Gas Exploration and Development Credit, increasing it from 10% to 25% effective January 1, 2010. The utilization limit was raised from 50% to 75% of the tax liability.

- The legislature authorizes tax credits for expenditures to establish gas storage in Alaska. The available credit is $1.50 per 1,000 cubic feet of gas storage capacity, with a maximum credit available of $15,000,000 or 25% of costs incurred to establish the facility. This is a refundable tax credit.

2011 - The legislature enacted legislation extending the date that the $5 million annual education credit limit expires from December 31, 2013 to December 31, 2020. It is then scheduled to return to $150,000. In addition, the legislature expanded contributions eligible for the credit to include contributions made after June 30, 2011 to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

- The legislature enacted the veteran employment tax credit, providing a credit of $3,000 for hiring a disabled veteran, or $2,000 for hiring a veteran who is not disabled.

- The legislature enacted the LNG (Liquefied Natural Gas) Storage Facility Tax Credit, granting a credit for costs incurred to establish an LNG storage facility in Alaska. The available credit is equal to 50% of the costs incurred, not to exceed $15,000,000. This is a refundable tax credit.

- The legislature passed legislation exempting certain small corporations from the corporate income tax. For tax years beginning after 12/31/11, corporations that have assets less than $50,000,000 and that meet certain other requirements are exempt from paying corporate income tax. Certain industries are excluded from the exemption.

2013 – The legislative passed SB 7 that related to the taxable corporate income and the ability of certain film productions to receive tax credits. In addition, tax brackets for corporations under AS 43.20.011 were amended.

- The legislature enacted SB 83 that retroactively exempts income received by regional aquaculture associations, and income received by salmon hatchery permit holders from the sale of salmon, salmon eggs or from a cost recovery fishery from corporate income tax beginning June 30, 2007 by amending AS 43.20.012.

- The legislature passed legislation exempting certain small corporations from the corporate income tax. For tax years beginning after 12/31/11, corporations that have assets less than $50,000,000 and that meet certain other requirements are exempt from paying corporate income tax. Certain industries are excluded from the exemption.

FY 2014 STATISTICS

Oil and Gas Corporate Returns	
Number of Returns	52
Number of Taxpayers	32
Other than Oil and Gas Corporate Returns	
Number of Returns	12,886
Number of Taxpayers	11,760
Total - All Returns	
Number of Returns	12,938
Number of Taxpayers	11,792

CORPORATE INCOME TAX LIABILITIES STATISTICS - ORIGINAL RETURNS

	OIL AND GAS CORPORATIONS			NON-OIL AND GAS CORPORATIONS			ALL CORPORATIONS		
TAX LIABILITY REPORTED	# FILERS	AMOUNT	% TOTAL	# FILERS	AMOUNT	% TOTAL	# FILERS	AMOUNT	% TOTAL
Above $1 million	11	$455,828,286	99.9%	26	$76,730,558	61.5%	37	$532,558,844	91.7%
$500,000 - $1 million	0	0	0.0%	20	13,421,784	10.8%	20	$13,421,784	2.3%
$100,000 - $499,999	1	416,256	0.1%	91	20,788,668	16.7%	92	$21,204,924	3.6%
$50,000 - $99,999	0	0	0.0%	87	6,270,699	5.0%	87	$6,270,699	1.1%
$10,000 - $49,999	1	23,793	0.0%	235	5,716,601	4.6%	236	$5,740,394	1.0%
$1,000 - $9,999	0	0	0.0%	445	1,654,840	1.3%	445	$1,654,840	0.3%
$100 - $999	1	179	0.0%	444	173,256	0.1%	445	$173,435	0.0%
$1 - $99	0	0	0.0%	1015	27,771	0.0%	1,015	$27,771	0.0%
Zero Tax	15	0	0.0%	9375	0	0.0%	9,390	$0	0.0%
Total	29	$456,268,514	100.0%	11,738	$124,784,177	100.0%	11,767	$581,052,691	100.0%

Note: This figure shows the amount of total tax liability as reported on original corporate income tax returns filed during FY 2014. The Tax Division accounts for, and reports revenue based on receipt date of payments. Corporate taxpayers are required to make estimated tax payments throughout the year. Therefore, corporate income tax revenue reported in the Revenue Collections Detail on page 13 and this figure may be different. The difference between revenue reported in the two figures is due primarily to estimated tax payments received in a preceding or subsequent fiscal year.

CORPORATIONS FILING ACTIVITY

FISCAL YEAR	2014	2013	2012
Total Returns Filed	12,061	14,035	16,330

DETAIL OF FY 2014 FILING ACTIVITY

ENTITY TYPE	ORIGINAL	AMENDED	TOTAL
General Corporate	5,584	258	5,842
Subchapter S	5,073	27	5,100
Exempt organizations	333	8	341
Homeowners Assoc.	744	1	745
Other[1]	4	0	4
Total Non-Oil and Gas	**11,738**	**294**	**12,032**
Oil and Gas	**29**	**0**	**29**
Grand Total	11,767	294	12,061

FY 2014 TAXPAYERS

ENTITY TYPE	# TAXPAYERS
Non-Oil and Gas	11,738
Oil and Gas	29

[1] Entities that filed federal returns other than categories listed above, i.e. Foreign, Political, Cooperative, etc.

DIVE FISHERY MANAGEMENT ASSESSMENT

AS 43.76.150

DESCRIPTION

The dive fishery management assessment is an elective assessment on the value of fisheries resources taken using dive gear. The assessment only applies to designated management areas and species, and is assessed at a rate elected by a vote of permit holders.

RATE

Southeast Alaska region commercial dive fishermen elected the following rates for the Southeast Alaska administrative area (Management Area A):

Geoduck 7%

Sea Cucumber 5%

Sea Urchin 7%

RETURNS

Buyers file returns and pay tax quarterly. The due date is the last day of the month following the calendar quarter of purchase.

Buyers file returns for bonus payments made to fishermen after the close of the fishing season. Returns for these payments are due with additional taxes by the last day of the month following the bonus payment.

Fishermen selling to unlicensed buyers, or exporting from the region file returns and pay taxes annually. The due date is March 31, following the year of sale or export.

DISPOSITION OF REVENUE

The Division deposits all revenue derived from the dive fishery management assessment into the General Fund.

Under AS 43.76.200, the legislature may appropriate dive fishery management assessment revenue to the Department of Fish and Game for the purpose of funding the regional dive fishery development association.

HISTORY

1997 - The legislature enacted the dive fishery management assessment statute effective June 1997.

1999 - The Southeast Regional Dive Fishery Association elected a dive fishery management assessment on geoducks, sea cucumbers and sea urchins harvested in the Southeast Alaska administrative area (Management Area A). The assessment, effective April 1999, set rates of 5% for geoduck and sea cucumber and 7% for sea urchin.

2004 - The legislature authorized three additional rates: 2%, 4%, and 6%. Geoduck fishermen subsequently elected to increase the geoduck assessment to 7% from November 1, 2004 through October 31, 2006.

2005 - The legislature authorized an annual filing due date of March 31 for dive fishermen who export or sell to unlicensed buyers, effective January 1, 2005.

2006 - Geoduck fishermen elected to continue the 7% assessment on geoducks after October 31, 2006.Area A). The assessment, effective April 1999, set rates of 5% for geoduck and sea cucumber and 7% for sea urchin.

FY 2014 STATISTICS

Tax Collections	**$539,638**
Number of Returns	52
Number of Taxpayers	19

ELECTRIC COOPERATIVE TAX

AS 10.25.555

DESCRIPTION

Alaska levies an electric cooperative tax on kilowatt-hours furnished by qualified electric cooperatives recognized under AS 10.25.

RATE

The electric cooperative tax is based on a rate per kilowatt hour (kWh), and on the length of time the cooperative has furnished electricity to consumers as follows:

RETURNS

Electric cooperatives file calendar year returns that are due with payment before March 1 of the following year.

EXEMPTIONS

All qualified electric cooperatives are subject to the cooperative tax. Cooperatives pay the electric cooperative tax in lieu of corporate net income tax.

DISPOSITION OF REVENUE

The Division deposits all revenue derived from electric cooperative taxes into the General Fund.

Electric cooperative taxes sourced from within municipalities are shared 100% to respective municipalities, less the amount expended by the state in their collection.

LENGTH	RATE PER KWH
Less than 5 years	.25 mill
5 years or longer	.5 mill

Note: (1 mill = $0.001)

The state retains electric cooperative taxes sourced from outside of municipalities.

HISTORY

1959 - The legislature enacted the electric cooperative tax as part of the “Electric and Telephone Cooperative Act” which was adopted to promote cooperatives around the state. The due date for filing electric cooperative tax returns was April 1 of the following year.

1960 - The legislature changed the due date for paying taxes to March 1.

1980 - The legislature changed the tax base for calculating the electric cooperative tax from gross revenue to kWh. The legislature adopted the current mill rates.

FY 2014 STATISTICS

Tax Collections	**$2,001,497**
Number of Returns	16
Number of Taxpayers	15

ESTATE TAX

AS 43.31

DESCRIPTION

Historically, Alaska levied an estate tax on the transfer of an estate upon death. However, in 2001, the federal Economic Growth and Tax Relief Reconciliation Act was enacted. As a consequence of the federal act, the state tax credit was phased out gradually over a four-year period. The state tax credit no longer applies to estates of decedents whose date of death is January 1, 2005 or later. However, the Division may continue to collect tax from estates greater than the $1.5 million exemption where the date of death was prior to January 1, 2005, as a result of returns filed, audits, or other enforcement activities.

FISHERIES BUSINESS TAX

AS 43.75

DESCRIPTION

Alaska levies a fisheries business tax (also known as the "raw fish tax") on fisheries businesses and persons who process fisheries resources in, or export unprocessed fisheries resources from Alaska. The tax is based on the price paid to commercial fishermen for the raw resource, or fair market value when there is no arms-length transaction prior to processing or export. The Division collects fisheries business taxes from processors and persons who export unprocessed fishery resources from Alaska.

RATE

Fisheries business tax rates are based on the location and type of processing activity and whether a fishery resource is classified as "established" or "developing" by the Alaska Department of Fish and Game. Rates are as follows:

PROCESSING ACTIVITY

ESTABLISHED	RATE
Floating	5%
Salmon Cannery	4.5%
Shore-based	3%

DEVELOPING	RATE
Floating	3%
Shore-based	1%

RETURNS

Fisheries businesses file calendar year returns that are due with payment on March 31 of the following year.

After filing the calendar year return, taxpayers file returns to report post-season bonus payments made to fishermen. Returns for these payments are due with additional taxes by the last day of the month following the month of bonus payments.

EXCLUSION

Commercial fishermen who process fish on board their vessels are excluded from the tax if they sell to a licensed processor.

CREDITS

The following credits are available for use against the liability of this specific tax education, scholarship contributions, scholarship contributions, and salmon product development tax credits.

For specific information concerning these credits, see the Description of Credits section.

DISPOSITION OF REVENUE

The Division deposits all revenue derived from the fisheries business tax into the General Fund. The legislature may appropriate revenue from the tax for revenue sharing described below:

PROCESSING ACTIVITY INSIDE MUNICIPALITY

The Division shares 50% of tax collected with the incorporated city or organized borough in which the processing took place. If an incorporated city is within an organized borough, the Division divides the 50% shareable amount equally between the incorporated city and the organized borough equally.

FY 2014 STATISTICS

Tax Collections and License Fees	**$51,552,226**

Including penalties, interest and credits.

FISHERIES BUSINESS LICENSES ISSUED	ONLINE	PAPER	TOTAL
Direct Marketer	194	10	204
Shore-based	148	4	152
Catch/Processor	46	1	47
Floating	34	0	34
Cannery	24	0	24
Exporter	15	0	15
Total	**461**	**15**	**476**

Number of Returns	915
Number of Taxpayers	420

PROCESSING ACTIVITY OUTSIDE MUNICIPALITY

The Division shares 50% of tax collected from processing activities outside an incorporated city or an organized borough through an allocation program administered by the Department of Commerce, Community and Economic Development.

HISTORY

1899 - The U.S. Congress adopted a "salmon case" tax to fund fisheries-related activities in pre-territorial Alaska. The Organic Act passed in 1912 established an organized territorial government in Alaska. In 1913, the First Territorial Legislature adopted the "salmon pack" tax which applied to salmon canneries based on canned salmon ($0.07 per case); and the "cold storage" tax which applied to other fisheries and was based on business receipts. Between 1913 and 1949, the legislature amended the tax several times by changing tax rates and expanding the tax base to include different fisheries.

1949 - The territorial legislature restructured the fisheries business tax to be based on value of the fisheries rather than volumes (case or business receipts). The new "raw fish" tax applied to salmon (4%), crab and clams (2%), and other fishery products (1%) processed in canneries.

1951 - The territorial legislature enacted a fishery business license requirement with a $25 license fee, a tax on floating processors at 4% of value and increased the tax rate for salmon canneries to 6%.

1962 - The legislature adopted provisions for sharing taxes (10%) and requiring calendar year returns for all businesses.

1967 - The tax rate on salmon canneries was amended to 3% and provisions were adopted requiring security for a fishery business license under certain conditions.

1979 - The legislature adopted the modern tax structure with different tax rates for established and developing species, as well as increasing the shared tax percentage to 20%.

1981 - The shared tax percentage was increased to 50%.

1986 - The legislature authorized a fisheries business tax credit of up to 50% of fisheries business taxes for capital expenditures associated with constructing and improving shore-side processing operations. The tax credit program was effective for 1987 through 1989 with a carryforward provision through 1991. Taxpayers claimed approximately $47.5 million of credits under this program. The legislature also enacted the A.W. "Winn" Brindle scholarship credit allowing a credit of up to 5% of fisheries business taxes due.

1987 - The legislature enacted the Alaska education tax credit program allowing a tax credit on educational contributions of up to $100,000 against fisheries business taxes due.

1990 - The legislature enacted provisions for a civil penalty for processing without a license. The Division may progressively assess penalties in increments of up to $5,000 for each infraction to a maximum of $25,000 for the fifth and subsequent assessments. The legislature also enacted a provision that authorized sharing of 50% of taxes sourced from processing activities in the unorganized borough, effective July 1992.

1991 - The legislature restructured the Alaska education credit and increased the maximum amount to $150,000.

1993 - The Department of Labor surety bond program transferred to the Department of Revenue under Executive Order 85, effective July 1, 1994.

1995 - The legislature reduced the amount of surety bonding for small processors from $10,000 to $2,000.

2001 - The legislature modified the tax payment security requirements necessary to obtain a fisheries business tax license. The legislature expanded the existing requirement for a whole-salmon exporter to include any exporter of any unprocessed fisheries resource. Under the legislation, exporters of unprocessed fish can obtain a fisheries business license by posting a $50,000 surety bond and paying their taxes monthly.

2002 - The legislature authorized credits of up to 50% for contributions of not more than $100,000 and 75% of the next $100,000 in contributions made to the Alaska Veterans' Memorial Endowment Fund. The tax credit expired July 1, 2003.

2003 - The legislature authorized a Salmon Product Development/Utilization (SPDU) Credit that allows tax credits against fisheries business taxes for expenditures promoting the value added processing of salmon products and the utilization of salmon waste in Alaska. The amount of the tax credit cannot exceed 50% of the taxpayer's fisheries business liability for processing of salmon during the tax year.

- Effective June 11, 2003, and retroactive to January 1, 2003, the SPDU legislation sunsetted on December 31, 2005. Unused credits earned may be carried forward for three years.

- The legislature authorized monthly payment of the fisheries taxes in lieu of existing forms of security or prepayment as a prerequisite to being licensed. Fisheries businesses that elect the monthly payment option must post a $50,000 bond or have $100,000 equity in real property in the state. The provisions of this legislation took effect September 8, 2003.

2004 - Legislation authorized a new Direct Marketing Fisheries Business License and tax structure set at the shore based rate of 1% of the value of developing fish species and 3% of the value of established fish species. The provisions of this legislation took effect January 1, 2005.

2005 - Effective May 18, 2005, the legislature modified the surety and tax payment requirements for obtaining a fisheries business license. The legislature reduced the amount of surety bonding for small primary fish buyers from $10,000 to $2,000. The legislation also added requisites for obtaining a fisheries business license. Before being issued a license, a fisheries business must have fully paid (including penalties and interest) taxes administered by the Division, seafood marketing assessments, employment security contributions, OSHA penalties, and municipal fishery taxes.

2006 - The legislature extended the Salmon Product Development Credit for expenditures made through December 31, 2008. The Salmon Utilization Credit was not extended.

2008 - The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

- The legislature extended the salmon product development tax credit program by three years. The legislation extended the ending date for placing specified property in service to qualify for the credit from December 31, 2008 to December 31, 2011. This legislation expanded the list of qualified property to include conveyors used for producing value-added salmon products and requires that the Department of Revenue develop and implement procedures for pre-determining if investments qualify for the salmon product development tax credit.

2010 - The legislature amended the education credit by increasing the maximum credit allowed from $150,000 to $5 million effective January 1, 2011. In addition, the legislature expanded contributions eligible for the credit to include contributions made for construction and maintenance of facilities by state operated vocational education schools and two or four-year colleges. The increase in the credit from $150,000 to $5 million expires December 31, 2013. The maximum credit allowed was to revert to $150,000 on January 1, 2014. That date was extended in 2011 (see below).

- The legislature extended the salmon product development tax credit program by four years. The legislation extended the last date for placing qualified property in service from December 31, 2011 to December 31, 2015. The legislation expanded the list of qualified property to include ice making machines.

- The legislature authorized the Department to withhold or suspend a fisheries business license if a fisheries business fails to pay the permit buyback fee imposed by the National Marine Fisheries Service under 16 U.S.C. 1861a.

2011 - The legislature extended the date that the $5 million annual education credit limit expires from January 1, 2014 to January 1, 2021. It is then scheduled to return to $150,000. In addition, the legislature expanded contributions eligible for the credit to include contributions made after June 30, 2011 to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

FISHERY RESOURCE LANDING TAX

AS 43.77

DESCRIPTION

Alaska levies a fishery resource landing tax on fishery resources processed outside of and first landed in Alaska, based on the unprocessed value of the resource. The unprocessed value is determined by multiplying a statewide average price per pound (derived from Alaska Department of Fish and Game data) by the unprocessed weight.

The Division collects the fishery resource landing tax primarily from factory trawlers and floating processors that process fishery resources outside of the state's 3-mile limit and bring their products into Alaska for transshipment.

RATE

Tax rates are based on whether the resource is classified as "established" or "developing" by the Alaska Department of Fish and Game. Tax rates are:

RETURNS

Taxpayers file returns and pay tax on a calendar year basis with a due date of March 31 of the following year. Taxpayers are required to make quarterly estimated tax payments that are due on the last day of each calendar quarter.

The Division grants an automatic extension to file the landing return if it does not provide statewide average prices to taxpayers at least 30 days prior to the due date. If the extension applies, the due date is the last day of the month following the month in which the Division issues statewide average prices.

EXEMPTIONS

Unprocessed fishery resources landed in the state are exempt from the fishery resource landing tax, but may be subject to the fisheries business tax.

CREDITS

The following are available for use against the liability of this specific tax: education, scholarship contributions, CDQ, and other taxes credits.

For specific information concerning these credits, see the Description of Credits section.

DISPOSITION OF REVENUE

The Division deposits all revenue from the fishery resource landing tax into the General Fund. The legislature may appropriate revenue from the tax for revenue sharing as described below:

Landings Inside Municipality - The Division shares 50% of taxes from landings within a municipality with the respective municipalities in which landings occurred. If a municipality is within a borough, the

Division divides the 50% shareable amount between the municipality and borough.

Landings Outside Municipality - The Division shares 50% of the taxes from landings outside a municipality (unorganized borough) through an allocation program administered by the Alaska Department of Commerce, Community and Economic Development.

HISTORY

1993 - The legislature enacted the fishery resource landing tax effective January 1994. The rate was 3.3% of the unprocessed value of the resource. The Department of Revenue adopted regulations regarding administration of the tax, effective April 1994.

1994 - The American Factory Trawler Association (AFTA) filed litigation challenging the constitutionality of the landing tax.

1995 - The Alaska Supreme Court rejected AFTA's request based on AFTA's failure to exhaust administrative remedies with the Department of Revenue.

1996 - The landing tax was restructured to mirror the fisheries business tax program. The legislature revised the tax rate to 3% for established species and 1% for developing species. The 0.3% portion of the previous 3.3% tax rate was incorporated into seafood marketing assessment statutes (AS 16.51). The legislature also amended the landing tax statutes to provide for tax credits for education and A.W. "Winn" Brindle scholarship contributions. All changes were retroactive to January 1994, the inception date of the landing tax.

1997 - AFTA dismissed its challenge to the landing tax and in June, the state issued a formal hearing decision upholding the constitutionality of the tax. Shared tax amounts from calendar year 1994 and 1995 returns, previously held in escrow, were released to municipalities.

1999 - The American Fisheries Act (P.L. 105-277) required a fishery cooperative to execute a contract with each cooperative member that obligated the member to make a payment to the state for pollock harvested in the Alaska pollock fishery that is not landed in Alaska. AS 43.77.015 required that those payments are treated as if they were landing taxes.

2001 - The legislature amended landing tax statutes to require quarterly payment of estimated fishery resource landing taxes, effective calendar year 2002.

2002 - The legislature authorized credits of up to 50% for contributions of not more than $100,000 and 75% of the next $100,000 in contributions made to the Alaska Veterans' Memorial Endowment Fund. The tax credit expired July 1, 2003.

2008 - The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

2010 - The legislature amended the education credit by increasing the maximum credit allowed from $150,000 to $5 million effective January 1, 2011. In addition, the legislature expanded contributions eligible for the credit to include contributions made for construction and maintenance of facilities by state operated vocational education schools and two or four-year colleges. The increase in the credit from $150,000 to $5 million expires December 31, 2013. The maximum credit allowed was to revert to $150,000 on January 1, 2014. That date was extended in 2011 (see below).

2011 - The legislature enacted legislation extending the date that the $5 million annual education credit limit expires from January 1, 2014 to January 1, 2021. It is then scheduled to return to $150,000. In addition, the legislature expanded contributions eligible for the credit to include contributions made after June 30, 2011 to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

FY 2014 STATISTICS

Tax Collections	**$12,583,645**
Including penalties, interest and credits.	
Number of Returns	78
Number of Taxpayers	63

LARGE PASSENGER VESSEL (LPV) GAMBLING TAX

AS 43.35

DESCRIPTION

Alaska imposes a tax on the adjusted gross income of gambling activities aboard large passenger vessels in the state. Gambling activities include the use of playing cards, dice, roulette wheels, coin-operated instruments or machines, or other objects or instruments used for gaming or gambling, and any other gambling activities aboard large passenger vessels in Alaska. The tax is imposed on the operator of gaming or gambling activities.

RATE

The large passenger vessel gambling tax rate is 33% of the adjusted gross income. Adjusted gross income means gross income less prizes awarded and federal and municipal taxes paid or owed on the income.

RETURNS

Operators of gaming and gambling activities on large passenger vessels file calendar year returns that are due April 15 of the following year.

EXEMPTIONS

There are no exemptions for the LPV gambling tax.

DISPOSITION OF REVENUE

The Division deposits all proceeds from the LPV gambling tax into the Commercial Vessel Passenger (CVP) tax account in the General Fund.

HISTORY

2006 - The LPV gambling tax was enacted by 2006 Primary Election Ballot Measure No. 2. The measure was approved by voters at the primary election of August 26, 2006. The results of the election were certified September 18, 2006 and the initiative's provisions became effective December 17, 2006.

2010 - The legislature created the "large passenger vessel gaming and gambling tax account" as a subaccount of the CVP tax account and directed all proceeds from the LPV Gambling tax to be deposited in this new account.

FY 2014 STATISTICS

Tax Collections	**$6,656,902**
Number of Returns	6
Number of Taxpayers	6

MINING LICENSE TAX

AS 43.65

DESCRIPTION

Alaska levies a mining license tax on mining net income and royalties received in connection with mining properties and activities in Alaska. The Division collects mining license taxes primarily from businesses engaged in coal and hard rock mining.

RATES

MINING NET INCOME	RATE
$0 - $40,000	No Tax
$40,001 - $50,000	$1,200 plus 3% over $40,000
$50,001 - $100,000	$1,500 plus 5% over $50,000
Over $100,000	$4,000 plus 7% over $100,000

RETURNS

Mining licensees file annual returns based on the mining business' fiscal year. Calendar year returns and payment of tax are due April 30. Fiscal year returns and payment are due before the first day of the fifth month after the close of the fiscal year.

EXEMPTIONS

New mining operations are exempt from the mining license tax for a period of three and a half years after production begins.

Quarry rock, sand and gravel, and marketable earth mining operations are exempt from the mining license tax effective January 1, 2012.

CREDITS

The following are available for use against the liability of this specific tax: education, film credit and minerals exploration incentive tax credits.

For specific information concerning these credits, see the Description of Credits on page 89.

DISPOSITION OF REVENUE

The Division deposits revenue from the mining license tax into the General Fund. Payments received after a tax assessment are deposited into the Constitutional Budget Reserve Fund (CBRF).

HISTORY

The mining license tax dates back to 1913 and the legislature restructured it several times over the years. The original mining license tax, enacted in 1913, imposed a 0.5% tax on mining net income of more than $5,000. There was no tax on net income less than $5,000.

1915 - The territorial legislature increased the tax rate to 1%. The tax-free net income base remained at $5,000.

1927 - The tax-free net income base was increased to $10,000 and a three-tier tax rate structure was adopted with rates ranging from 1% to 1.75% for net income of more than $1 million.

1935 - The territorial legislature restructured the tax to an eight-tier tax structure with rates ranging from 0.75% to 4% for net income of more than $1 million. The legislature decreased tax-free net income to $5,000.

1937 - The tax-free net income base was eliminated and all net income was subject to tax. A nine-tier tax structure was adopted with tax rates ranging from 0.75% to 8% for net income of more than $1 million.

1947 - The mining license tax was restructured by reinstating a tax-free net income base of $1,000 and restructuring the tax rates to a five-tier structure with rates ranging from 4% to 8% for net income of more than $100,000.

1951 - The legislature authorized a 3½ year exemption for new mining operations. This exemption does not apply to sand and gravel mining operations.

1953 - The tax-free net income base was increased to $10,000 and rates changed to range from 3% to 7% for net income of more than $100,000.

1955 - The rate structure as it exists today was adopted.

1987 - The Alaska education tax credit program was enacted allowing for a tax credit up to $100,000.

1991 - The Alaska education credit was restructured and the maximum amount was increased to $150,000.

1995 - The legislature authorized the minerals exploration incentive credit. The credit is limited to $20 million and taxpayers may apply the credit against 50% of mining license liabilities over a 15-year period.

2002 - The legislature authorized credits of up to 50% for contributions of not more than $100,000 and 75% of the next $100,000 in contributions made to the Alaska Veterans' Memorial Endowment Fund. The tax credit expired July 1, 2003.

2008 - The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

2010 - The legislature amended the education credit by increasing the maximum credit allowed from $150,000 to $5 million effective January 1, 2011. In addition, the legislature expanded contributions eligible for the credit to include contributions made for construction and maintenance of facilities by state operated vocational education schools and two or four-year colleges. The increase in the credit from $150,000 to $5 million expires December 31, 2013. On January 1, 2014, the maximum credit allowed will revert to $150,000.

2011 - The legislature enacted legislation extending the date that the $5 million annual education credit limit expires from January 1, 2014 to January 1, 2021. It is then scheduled to return to $150,000. In addition, the legislature expanded contributions eligible for the credit to include contributions made after June 30, 2011 to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

2012 - The legislature enacted legislation exempting quarry rock, sand and gravel, and marketable earth mining operations from the mining license tax. This legislation has a retroactive effective date of January 1, 2012.

2013 - The legislature authorized the use of Alaska film tax credits against taxpayers' mining license tax liability.

FY 2014 STATISTICS

Tax Collections	
General Fund	$23,291,213
Constitutional Budget Reserve Fund	$166,087
Total	**$23,457,300**
Number of Returns	461
Number of Taxpayers	366

MOTOR FUEL TAX

AS 43.40

DESCRIPTION

Alaska levies a motor fuel tax on motor fuel sold, transferred, or used within Alaska. The Division collects motor fuel taxes primarily from wholesalers and distributors that hold "qualified dealer" licenses issued by the Division.

RATES

RETURNS

FUEL TYPE	RATE PER GALLON
Highway	$0.08
Marine	$0.05
Aviation Gasoline	$0.047
Jet Fuel	$0.032

Taxpayers file returns and make payments monthly. There are four separate returns: diesel, gasoline, aviation, and gasohol.

The due date is the last day of the month following the month of sale or taxable use. Taxpayers may deduct 1% of the tax due, limited to a maximum of $100 per return, as a credit for timely filing.

REFUNDS

Consumers may claim a refund for the full tax rate if the consumer paid the full tax rate at the time of purchase and then used the fuel for exempt purposes. Consumers may also claim a partial refund of the tax if a higher rate was paid at the time of purchase or if the consumer used the fuel for partially exempt purposes.

Resellers, usually retailers, may claim a refund for the full tax if the reseller paid the tax, and then sold the fuel for exempt use and did not collect the tax.

EXEMPTIONS

In addition to sales between qualified dealers, the following sales and use are exempt from motor fuel tax: heating, federal, state, and local government agencies, foreign flights (jet fuel), exports, charitable institutions, bunker fuel (residual fuel oil or #6 fuel oil.

DISPOSITION OF REVENUE

The Division deposits revenue derived from motor fuel taxes into the General Fund. Revenue from each category of fuel is accounted for separately in the Division's tax accounting system. For example, proceeds from tax on motor fuel used in boats and watercraft are deposited in a special watercraft fuel tax account and proceeds from tax on motor fuel used in highway vehicles are deposited in a special highway fuel tax account within the General Fund.

The Division shares with the respective municipalities 60% of taxes attributable to aviation fuel sales at municipally owned or operated airports. All other proceeds of the taxes on aviation fuel are deposited into a special aviation fuel tax account.

HISTORY

The motor fuel tax dates back to 1945 when the legislature imposed a tax of $0.01 per gallon on all motor fuel. Over time, the legislature enacted separate tax rates for each of the fuel types as they exist today. Motor fuel tax rates have changed as in the table on the following page.

1994 - The legislature enacted a tax decrease for bunker fuel. The tax rate decreases from $0.05 to $0.01 per gallon on bunker fuel sales exceeding 4.1 million gallons. The tax decrease expired on June 30, 1998.

1997 - The legislature repealed the gasohol exemption. The legislature enacted a provision that reduces the tax on gasohol from $0.08 to $0.02 per gallon in areas and at times when the use of gasohol is required. However, gasohol has not been required since the winter of 2002-2003 and gasohol is currently taxed at the full tax rate of $0.08 per gallon.

- Legislation was also passed that fully exempted gasohol blended with at least 10% alcohol derived from wood or seafood waste. This legislation expired on June 30, 2004.

- The legislature expanded the foreign flight exemption to include flights originating from foreign countries in addition to the existing exemption for flights with a foreign destination. This legislation included a permanent exemption for bunker fuel (residual fuel oil known as #6 fuel oil) which nullified the 1994 bunker fuel tax rate reduction.

1998 - The legislature authorized taxpayers to take a "bad debt" credit for sales deemed to be worthless and for sales to persons who file bankruptcy. This provision expired July 1, 2008.

2003 - The legislature enacted legislation that made it easier for the state to issue motor fuel excise tax refunds for credit card purchases made by federal, state, and local government agencies.

2004 - The provision that exempted gasohol blended with at least 10% alcohol derived from wood or seafood waste from the motor fuel tax expired on June 30, 2004. Currently all gasohol is taxed at the rate of $0.08 per gallon.

2008 - In special session, the legislature suspended the motor fuel tax on all fuel types effective September 1, 2008 through August 31, 2009. Motor fuel distributors were required to file monthly reports of all fuel sales during the period of suspension.

2009 - The motor fuel tax was reinstated effective September 1, 2009

FY 2014 STATISTICS

Tax Collections	
Highway	$32,997,249
Marine Fuel	4,833,280
Jet Fuel	3,732,799
Aviation Gasoline	448,979
Penalties & Interest	73,545
Total Receipts	**$42,085,852**
Less Aviation Fuel Tax Shared	$(155,296)
Total Amount Retained by State	**$41,930,556**

MOTOR FUEL TYPE	GALLONS
Highway	379,572,822
Marine Fuel	102,852,004
Jet Fuel	130,031,397
Aviation Gasoline	9,973,348
Gasohol	0

Gallons noted may not compute if calculated as: Gallons X Tax Rate = Tax Collected

Gallons are recorded on the tax return and calculated based on the return tax period, whereas tax collections are calculated based on the amount received within a time period, and may include payments or refunds from a previous tax period.

Number of Returns	3,339
Number of Taxpayers	243

YEAR	HIGHWAY	GASOHOL	MARINE	AVIATION GASOLINE	JET FUEL
1945	$0.01	-	$0.01	$0.01	-
1947	$0.02	-	$0.02	$0.02	-
1955	$0.05	-	$0.05	$0.03	-
1957	-	-	$0.02	-	$0.015
1960	$0.07	-	$0.03	-	-
1961	$0.08	-	-	-	-
1964	$0.07	-	-	-	-
1968	-	-	-	$0.04	$0.025
1970	$0.08	-	-	-	-
1971	-	-	$0.04	-	-
1977	-	-	$0.05	-	-
1994	-	-	-	$0.047	$0.032
1997	-	$0.08 / $0.02*	-	-	-

**$0.02 November through February where required*

OIL CONSERVATION SURCHARGES

AS 43.55.201/300

DESCRIPTION

Conservation surcharges apply to all oil production in Alaska and are in addition to oil and gas production taxes. Surcharges apply to each barrel of oil produced in the state less any oil the ownership or right to which is exempt from taxation.

RATE AND DISPOSITION OF REVENUE

Each taxable barrel ("bbl") of oil is subject to the following two surcharges:

1) Conservation Surcharge (AS 43.55.201) of $0.01 per barrel. Revenue derived from this surcharge may be appropriated to the response account in the oil and hazardous substance release prevention and response fund. This surcharge is suspended when the balance of the fund is over $50 million per AS 43.55.221.

2) Additional Conservation Surcharge (AS 43.55.300) or $0.04 per barrel. Revenue derived from this additional surcharge may be appropriated to the oil and hazardous substance release prevention account in the oil and hazardous substance release prevention and response fund.

HISTORY

1989 - Following the grounding of the Exxon Valdez, this tax was enacted in order to provide a hazardous substance release emergency fund. A $0.05/bbl hazardous release surcharge is imposed on oil production until the newly created hazardous substance release fund achieves a balance of $50 million.

1994 - The hazardous release surcharge is modified to the so-called "split nickel" with an ongoing charge of $0.03/bbl and an additional charge of $0.02/bbl whenever the hazardous substance release fund balance falls below $50 million.

2006 - The legislature set the Conservation Surcharge rate at $0.01/bbl and the Additional Conservation Surcharge rate at $0.04/bbl.

FY 2014 STATISTICS

Total Conservation Surcharge Collections*

* The Oil Conservation Surcharge is reported on the same return and by the same taxpayers as is Alaska's, Oil and Gas Production Tax (AS 43.55). The Division has not segregated program cost and staffing related to each individual tax. The Division reports the total production tax cost and staffing in the Oil and Gas Production Tax section.

OIL AND GAS PRODUCTION TAX

AS 43.55

DESCRIPTION

Alaska levies an annual tax on oil and gas production tax value derived from production activities in the state.

The legislature amended oil and gas production tax statutes in a special session that ended November 2007 that culminated in the passage of Alaska's Clear and Equitable Share (ACES).

Like the PPT legislation enacted in 2006, ACES tax was levied on the production tax value of oil and gas production.

With regard to administrative changes, ACES required more thorough reporting from companies. Taxpayers were required to report volumes and expenditures used to calculate their estimated monthly installment payments. Annually, on March 31, taxpayers submit tax filings that "true up" any tax liabilities or overpayments made throughout the year. At the same time, they also submit an annual information report.

The ACES legislation provided for audit masters who are exempt from the state classified pay scale. In FY 2013, the Division employed four audit masters. The law also extended the length of time the auditors have to complete production tax audits from three to six years.

The majority of the ACES tax was retroactive to July 1, 2007, although some provisions are retroactive to the implementation of the PPT (April 1, 2006). One section of the law, impacting tax credits for exploration, was effective July 1, 2008. Section AS 43.55.028 and related citations were effective January 1, 2008.

The More Alaska Production Act (MAPA) was signed into law on May 21, 2013 and is effective January 1, 2014. Major provisions of this law are described on page 7. The detail in this section reflects FY 2014 law under MAPA.

RATE

During the first half of FY 14, beginning July 1 through December 31, 2013, the production tax rate under ACEs was in effect. The production tax rate was comprised of a base rate of 25% of the production tax value (PTV) plus a progressivity index. The progressivity index kicked in when the monthly PTV per BTU equivalent barrel (BTUEB) was more than \$30, at a rate of 0.4% for each dollar up to \$92.50. When the monthly PTV per BTUEB exceeded \$92.50, the progressive tax rate was reduced to .1% for each dollar up to \$342.50. The maximum of the combined progressivity rate tranches for a particular month was capped at 50%. The maximum combined production tax rate for a particular month including the base rate plus progressivity tranches was capped at 75%. During the second half of FY14, beginning January 1, 2014 through June 30, 2014, the production tax rate as revised by SB 21, was 35% of the production tax value of the oil and gas.

RETURNS

Oil and gas taxpayers make calendar year filings that are due with payment no later than March 31 of the following year. Taxpayers are required to make monthly estimated payments, based on activity in the prior month, which are due the last day of the following month. Taxpayers are also required to submit monthly information reports that summarize production volumes, production tax values, lease expenditures incurred and credits applied.

EXEMPTIONS

The tax on oil and gas is levied on all production except for state and federal royalty production. Oil and gas used on a lease or property for drilling, production, or repressuring is not taxed.

CREDITS

The following credits are available for use against the liability of this specific tax: exploration incentive, assignable exploration incentive, education, qualified capital expenditure, carried-forward annual loss, transitional investment expenditure, new area development, small producer, alternative credit for exploration, and Cook Inlet jack-up rig tax credits and cash purchases of tax credit certificates.

For specific information concerning these credits, see the Description of Credits section.

DISPOSITION OF REVENUE

All revenue derived from the Oil and Gas Production Tax is deposited in the General Fund except that payments received as a consequence of an assessment or litigation are deposited in the Constitutional Budget Reserve Fund (CBRF).

HISTORY

1955 - The legislature enacts an oil and gas production tax of 1% of production value.

1967 - A 1% disaster production tax is enacted to provide relief after the Fairbanks flood.

1968 - The legislature increases oil and gas production tax from 1% to 3% of production value.

1970 - The legislature repealed the disaster oil and gas production tax. The legislature changes the oil production tax to a graduated tax with rates of 3% on the first 300 barrels per day per well, 5% on the next 700 barrels per day per well, 6% on the next 1500 barrels per day per well and 8% on production exceeding 2500 barrels per day per well.

1972 - The legislature establishes a minimum oil production tax based on “cents per barrel” equivalent to % of value tax on oil with wellhead value of $2.65 per barrel.

1973 - The legislature revises the “stairstep” rate schedule to lower production levels. The legislature indexes the cents per barrel minimum to the wholesale price index for crude oil published by the US Bureau of Labor Statistics.

1977 - The legislature raises the nominal gas production tax rate to 10%. The legislature raises the nominal oil production tax rate to 12.25% and adopts the oil and gas economic limit factors.

1981 - As part of legislation that repealed the separate accounting oil and gas corporation income tax, the nominal tax rate on oil produced prior to 1981 was raised to 15% and fields coming into production after 1981 are taxed at 12.25% for five years after which the rate increases to 15%. The oil economic limit factor is now subject to a rounding rule so that if the calculated factor is greater than or equal to 0.7 during the first 10 years of production, the factor is set to 1.0.

1989 - The legislature changes the economic limit factor for oil production taxes to include a field size factor in the formula, fixes the production at the economic limit (not rebuttable) at 300 barrels per well per day, and drops the rounding rule. The legislature fixes production at the economic limit for gas production at 3000 mcf per well per day.

2002 - The legislature authorized credits of up to 50% for contributions of not more than $100,000 and 75% of the next $100,000 in contributions made to the Alaska Veterans’ Memorial Endowment Fund. The tax credit expired July 1, 2003.

2003 - To encourage drilling for oil and gas within the state, AS 43.55.025 provided a new tax credit for exploration costs. The minimum credit is 20% and the maximum 40% for qualified expenditures.

2005 - Prudhoe Bay area oil fields are aggregated for purposes of calculating the economic limit factor, effective February 1, 2005.

- To expand the tax credit for exploration enacted the previous year, the deadline was extended until July 1, 2010 for qualifying work south of the Brooks Range (i.e. non-North Slope). New rules also changed the 3 mile and 25 mile rules for the Cook Inlet allowing closer distances between potential exploration targets and existing wells and production units.

- The legislature extended and amended the requirements applicable to the credit that may be claimed for certain oil and gas exploration expenses incurred in Cook Inlet against oil and gas production taxes. This legislation also amended the credit against those taxes for certain exploration expenditures from leases or properties in the state. The legislation was signed into law July 21, 2005 with an immediate effective date.

2006 - In August 2006, legislation was passed during a special session that made sweeping revisions to the oil and gas production tax. The Petroleum Production Tax (PPT) established new tax rates on oil and gas production; repealed the economic limit factor; and provided numerous credits for certain qualifying expenditures and taxpayers.

2007 - The legislature amended PPT legislation in a special session that ended November 2007 and culminated in

Like the PPT legislation enacted in 2006, the ACES tax is levied on the production tax value of oil and gas produced in the state. The base tax rate under ACES is 25% (it was 22.5% under PPT) and the progressive surcharge tax rate under ACES is 0.4% for every dollar the production tax value per barrel exceeds $30 (it was 0.25% on production tax values exceeding $40 per barrel under PPT). For production tax values greater than $92.50 per barrel, the progressivity rate changes to 0.1% for every additional dollar of production tax value.

2008 - The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

- The alternative credit for exploration was increased from 20 to 30% for certain projects and an oil and gas tax credit fund was established for the cash purchases of tax credit certificates.

2010 - The legislature amended the alternative tax credit provisions to add tax credits for drilling exploration wells using a jack-up rig in the Cook Inlet. The first three unaffiliated persons drilling wells that penetrate and evaluate prospects in the pre-Tertiary zone are entitled to credits of 100%, 90% or 80%, respectively of the first $25 million of exploration expenditures. Other changes include a new 40% tax credit for well lease expenditures incurred south of 68 degrees North latitude, elimination of the splitting of tax credits for lease expenditures incurred in the state south of 68 degrees North latitude after June 30, 2010, and elimination of the future investment requirement for the purchase of transferable tax credit certificates by the state.

The legislature amended the education credit by increasing the maximum credit allowed from $150,000 to $5 million effective January 1, 2011. In addition, the legislature expanded contributions eligible for the credit to include contributions made for construction and maintenance of facilities by state operated vocational education schools and two or four-year colleges. The increase in the credit from $150,000 to $5 million expires December 31, 2013. The maximum credit allowed was to revert to $150,000 on January 1, 2014. That date was extended in 2011 (see below).

2011 - The legislature enacted legislation extending the date that the $5 million annual education credit limit expires from January 1, 2014 to January 1, 2021. It is then scheduled to return to $150,000 In addition, the legislature expanded contributions eligible for the credit to include contributions made after June 30, 2011 to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

2012 - The legislature enacted legislation that established a corporate income tax credit for a liquefied natural gas storage facility to be paid out of the oil and gas credit fund. Also, it established a limitation on tax for oil and gas produced from leases or properties outside the Cook Inlet sedimentary basin that do not include land north of 68 degrees North latitude. The tax limitation is set to expire in 2022. Further, exploration tax credits were established for drilling of exploration wells and seismic exploration expenditures in specific areas. These are referred to as the Middle Earth Basin credits.

2013 – On 5/21/2013, SB 21 or the More Alaska Production Act (MAPA) was signed into law. Major provisions of this law are: (1) Production tax rate amended to 35% of the annual PTV in AS 43.55.011(e), and eliminates the progressivity index under AS 43.55.011(g) effective 1/1/2014. (2) Established AS 43.55.160(f), which defined production subject to the grow value reduction (GVR). The GVR is 20% of the Gross Value at the Point of Production (GVPP) for production which qualifies. (3) Establishes AS 43.55.160(g) which is an additional 10% reduction in GVPP for lease or properties qualifying under AS 43.55.160(f) which all leases have greater than a 12.5% royalty. (4) Amends qualified capital expenditure (QCE) credits for area north of 68 degrees North latitude. The law eliminates credits for QCI's incurred after 12/21/2013; however, QCE credits for expenditures incurred sough of 68 degrees North latitude remain. Amends qualified capital expenditures incurred south of 68 degrees North latitude are allowed to remain. (5) Changed the timing of applicability of credits so that 100% of credits based on expenditures incurred north of 68 degrees North latitude after 1/1/2013 are available for immediate use. (6) Carry-forward annual loss credits incurred north of 68 degrees north latitude increase to 45% of excess lease expenditures beginning 1/12014 through 12/31/2015, and decrease to 35% of excess lease expenditures beginning 1/1/2016. The credit for annual losses incurred sough of 68 degrees

North latitude remains at 25%. (7) Establishes new non-transferable tax credits based on oil production for lease or properties north of 68 degrees North latitude beginning 1/1/2014. Under AS 43.55.024(i), established a $5 per barrel credit for oil which qualifies for the GVR under AS 43.55.160(f). The credit ranges from $8 to $0 based on the average GVPP per barrel each month. (8) Extended the sunset date for the alternative tax credit for oil and gas exploration from 7/1/2016 to 1/1/2022 in AS 43.55.025(b) for exploration wells drilled outside of the Cook Inlet sedimentary basin and south of 68 degrees North latitude. This extension does not apply to the basin credits for exploration wells in AS 43.55.025(m) or the basin credits for seismic exploration in AS 43.55.025(n). (9) Extends the sunset of tax limitation on production from leases or properties outside of the Cook Inlet Sedimentary basin and do not include land that is north of 68 degrees North latitude in AS 43.55.011(p) from 2022 to 2027. (10) Changes the interest on delinquent tax liabilities to three percentage points above rate charged member banks in the 12th Federal Reserve District, and interest is no longer compounded quarterly.

FY 2014 STATISTICS

Tax Collections	
General Fund	$2,614,650,656
Constitutional Budget Reserve Fund	112,416,140
Total	**$2,727,066,796**

Number of Returns	60
Number of Taxpayers	55

OIL AND GAS PROPERTY TAXES

(Exploration, Production and Pipeline Transportation Properties)

AS 43.56

DESCRIPTION

Alaska levies an oil and gas property tax on the value of taxable exploration, production and pipeline transportation property in the state. The Division has established procedures for the three distinct classes of property.

- **Exploration Property** - valued on the estimated price which the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer, both conversant with the property and with prevailing general price levels;
- **Production Property** - valued on the basis of replacement cost of similar new property, less depreciation based on the economic life of the proven reserves; and
- **Pipeline Transportation Property** - generally valued on its economic value relative to the reserves feeding into the pipeline.

RATE

The state tax rate is 20 mills, or 2%, of the assessed value.

RETURNS

Taxpayers file annual returns reporting taxable property as of January 1 of the assessment year. Returns are due on or before January 15. Payment is due on or before June 30.

EXEMPTIONS

Oil and gas reserves, oil or gas leases, and the lease or rights to explore or produce oil or gas are exempt, as are intangible drilling and exploration expenditures. Certain aircraft, motor vehicles, communication facilities, and buildings may be exempt even though they are associated with oil or gas exploration, production, or pipeline transportation. Oil or gas pipeline transportation systems owned and operated by a public utility are exempt.

CREDITS

The following are available for use against the liability of this specific tax: education credit and municipal property taxes paid.

For specific information concerning these credits, see the Description of Credits section.

DISPOSITION OF REVENUE

The Division deposits revenue from oil and gas property taxes into the General Fund. Payments received after a tax assessment are deposited into the Constitutional Budget Reserve Fund (CBRF).

HISTORY

The legislature enacted this tax in 1973 during the first special session of the eighth legislature. The state assists local governments by assessing property subject to the tax, ensuring uniform treatment of all taxable property.

2008 - The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

2010 - The legislature amended the education credit by increasing the maximum credit allowed from $150,000 to $5 million effective January 1, 2011. In addition, the legislature expanded contributions eligible for the credit to include contributions made for construction and maintenance of facilities by state operated vocational education schools and two or four-year colleges. The increase in the credit from $150,000 to $5 million expires December 31, 2013. On January 1, 2014, the maximum credit allowed will revert to $150,000.

2011 - The legislature enacted legislation extending the date that the $5 million annual education credit limit expires from January 1, 2014 to January 1, 2021. It is then scheduled to return to $150,000 In addition, the legislature expanded contributions eligible for the credit to include contributions made after June 30, 2011 to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

FY 2014 STATISTICS

Property Taxes Billed	$545,634,535
Less Municipal Tax Credit	(417,567,650)
General Fund	**$128,066,886**
Constitutional Budget Reserve Fund	18,911
Total Tax Collections	**$128,085,796**
Number of Returns	150
Number of Taxpayers	150

REGIONAL SEAFOOD DEVELOPMENT TAX

AS 43.76.350

DESCRIPTION

The seafood development tax is an elective tax levied on certain fishery resources using specific gear types sold in or exported from designated seafood development regions. Fishermen pay seafood development taxes to licensed buyers at the time of sale or to the Division for resources sold to unlicensed buyers or exported from Alaska. Buyers remit taxes collected from fishermen to the Division.

RATE

Commercial fishermen harvesting salmon elected tax rates for the following development regions and gear types:

REGION	RATE	EFFECTIVE
Prince William Sound (drift gillnet)	1%	2005
Bristol Bay (drift gillnet)	1%	2006
Prince William Sound (set gillnet)	1%	2009

RETURNS

Buyers file returns and pay the tax monthly. The due date is the last day of the month following the month of purchase. Buyers file returns for bonus payments made to fishermen after the close of the fishing season. Returns for these payments are due with additional taxes by the last day of the month following the bonus payment. Fishermen selling to unlicensed buyers or exporting from Alaska file returns and pay taxes annually. The due date is March 31 following the year of sale or export.

EXEMPTIONS

Resources harvested under special harvest area permit (typically, salmon harvested on behalf of salmon hatcheries) are exempt from the seafood development tax.

DISPOSITION OF REVENUE

The Division deposits all seafood development tax revenue into the General Fund.

Under AS 43.76.380(d), the legislature may appropriate seafood development tax revenue to provide financing for qualified regional seafood development associations.

HISTORY

2004 - The legislature adopted the Seafood Development Tax Act. The Act authorized a tax of between 0.5% and 2%, upon election by commercial fishermen harvesting within designated regions, on fishery resources transferred to buyers in or exported from Alaska.

2005 - Commercial salmon drift gillnet fishermen in the Prince William Sound seafood development region elected a 1% tax.

2006 - Commercial salmon drift gillnet fishermen in the Bristol Bay seafood development region elected a 1% tax.

2009 - Commercial salmon set gillnet fishermen in the Prince William Sound Seafood Development Region elected a 1% tax.

FY 2014 STATISTICS

Tax Collections	**$1,886,066**
Including interest and penalties	
Number of Returns	186
Number of Taxpayers	36

REGULATORY COST CHARGES

Utilities AS 42.05.254(e) Pipeline AS 42.06.286(c)

DESCRIPTION

Alaska levies regulatory cost charges (RCC) on regulated utilities. The charges fund the Regulatory Commission of Alaska (RCA) that regulates utilities and pipeline carriers in Alaska. Regulated utilities collect charges from consumers and remit the collections to the Tax Division.

RATE

Rates are available on the Alaska Regulatory Commission's web site at https://rca.alaska.gov/RCAWeb/RCALibrary/FormsLibrary.aspx. Select the RCC Quarterly Report Form for calendar year of interest to obtain rates for that period.

RETURNS

Quarterly returns and payment of RCCs are due on the 30th day following the calendar quarter. Utilities and carriers are required to file a copy of the return with RCA.

EXEMPTIONS

Utilities not regulated by RCA are exempt from the RCC program.

DISPOSITION OF REVENUE

The Division deposits all revenue derived from the RCC program into the General Fund. The legislature may make appropriations from the General Fund to fund RCA based on regulatory cost charges collected.

HISTORY

1992 - The Alaska legislature enacted the RCC program to fund RCA's costs of regulating utilities. The RCC legislation provided for a sunset date of December 1994. Rates went into effect through regulations which became effective November 1992.

1994 - In the fall of 1994, RCA promulgated regulations which established RCC rates for FY 1995 on an annualized basis. The regulations took effect December 1994.

1995 - The legislature reauthorized the RCC program that became effective June 1995. In October 1995, RCA adopted regulations to reestablish quarterly payments.

1999 - The legislature authorized separate RCC rates for each regulated utility and changed the methodology for calculating rates.

2007 - Alaska Regulatory Commission implemented online report filing through their web site. RCA assumed responsibility for processing returns and collecting data; the Division continues to collect revenue as required by statute.

FY 2014 STATISTICS

Total RCC Collections	**$10,625,846**
Electric, Telephone, Pipeline Carriers and Other Utilities	

SALMON ENHANCEMENT TAX

AS 43.76

DESCRIPTION

The salmon enhancement tax is an elective tax levied on salmon sold in or exported from established aquaculture regions in Alaska. Fishermen pay salmon enhancement taxes to licensed buyers at the time of sale, or to the Division for salmon sold to unlicensed buyers or exported from the region. Buyers remit taxes collected from fishermen to the Division.

RATE

Commercial fishermen elected tax rates for the following regional aquaculture associations:

REGION	RATE	EFFECTIVE
Southern Southeast	3%	1981
Northern Southeast	3%	1981
Cook Inlet	2%	1981
Prince William Sound	2%	1985
Kodiak	2%	1988
Chignik	2%	1991

RETURNS

Buyers file returns and pay the tax monthly. The due date is the last day of the month following the month of purchase.Buyers file returns for bonus payments made to fishermen after the close of the fishing season. Returns for these payments are due with additional taxes by the last day of the month following the bonus payment.

Fishermen selling to unlicensed buyers or exporting from the region file returns and pay taxes annually. The due date is March 31 following the year of sale or export.

EXEMPTIONS

Salmon harvested under a special harvest area permit (typically, salmon harvested on behalf of salmon hatcheries) are exempt from the salmon enhancement tax.

DISPOSITION OF REVENUE

The Division deposits all salmon enhancement tax revenue into the General Fund.

Under AS 43.76.025(c), the legislature may appropriate salmon enhancement tax revenue to provide financing for qualified regional aquaculture associations.

HISTORY

The legislature adopted the Salmon Enhancement Act in 1980. The Act authorized a 2% or 3% tax, upon election by commercial fishermen within established aquaculture regions, on salmon transferred to buyers in Alaska. Commercial fishermen in Southern and Northern Southeast aquaculture regions elected a 3% tax and Cook Inlet region elected a 2% tax.

1981 - The legislature amended the Act to subject salmon exported from Alaska to the tax.

1985 - Commercial fishermen in the Prince William Sound aquaculture region elected a 2% tax.

1988 - Commercial fishermen in the Kodiak aquaculture region elected a 2% tax.

1989 - The legislature amended statutes to allow for a 1% tax.

1991 - Commercial fishermen in the Chignik aquaculture region elected a 2% tax.

2004 - The legislature authorized additional salmon enhancement tax rates, subject to permit holder elections held by qualified regional associations. In addition to the current 1%, 2%, or 3% options, 10 additional options were made available ranging from 4% to 30%. This legislation clarified who must pay the Salmon Enhancement Tax. When a buyer does not withhold the tax, fishermen must pay the tax with an annual return. The legislation took effect January 1, 2005.

FY 2014 STATISTICS

Tax Collections	**$12,779,417**
Including interest and penalties	
Number of Returns	938
Number of Taxpayers	212

SEAFOOD MARKETING ASSESSMENT

AS 16.51.120

DESCRIPTION

Alaska levies a seafood marketing assessment on seafood processed or first landed in Alaska. The state also levies the assessment on unprocessed fisheries products exported from Alaska. The Division collects the assessment from seafood processors and fishermen who export fishery resources out of Alaska.

RATE

The seafood marketing assessment is 0.5% of the value of seafood products exported from, processed, or first landed in Alaska.

RETURNS

Taxpayers file calendar year returns with payment before April 1 of the following year. Taxpayers file monthly returns for postseason (bonus) payments made to fishermen after the filing of the calendar year return. Returns for these payments are due with additional assessments by the last day of the month following the bonus payments.

EXEMPTIONS

Processors and fishermen who produce less than $50,000 worth of seafood products during a calendar year are exempt from the assessment.

DISPOSITION OF REVENUE

The Division deposits all seafood marketing assessments into the General Fund. The legislature may appropriate funds to the Alaska Seafood Marketing Institute

HISTORY

1981 - The legislature enacted an elective seafood marketing assessment of 0.1%, 0.2% or 0.3% (elected by large processors in Alaska). In 1981, processors elected a 0.3% assessment to take effect in calendar year 1982.

1996 - The legislature amended seafood marketing assessment statutes to include fishery resources landed in Alaska. The legislation was retroactive to January 1994. Prior to FY 96, revenue collected from the 0.3% portion of the original 3.3% landing tax rate was accounted for in a separate account designated as (landing tax) seafood marketing assessments.

2004 - The legislature directed the Alaska Seafood Marketing Institute (ASMI) to hold elections and determine whether to retain the assessment and a second election to determine whether to increase the assessment from 0.3% to 0.5%. Elections were held as prescribed by 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.

FY 2014 STATISTICS

Assessment Collections	**$10,233,058**
Number of Returns	448
Number of Taxpayers	148

TELEPHONE COOPERATIVE TAX

AS 10.25.550

DESCRIPTION

Alaska levies a telephone cooperative tax on gross revenue of qualified telephone cooperatives under AS 10.25. The Division collects taxes from cooperatives.

RATE

The telephone cooperative tax rate is based on revenue and the length of time in which the cooperative has furnished telephone service to consumers as follows:

LENGTH	PERCENT OF REVENUE
Less than 5 years	1%
5 years or longer	2%

RETURNS

Telephone cooperatives file calendar year returns that are due with payment before March 1 of the following year.

EXEMPTIONS

All qualified telephone cooperatives are subject to the cooperative tax. Cooperatives pay the telephone cooperative tax in lieu of corporate net income tax.

DISPOSITION OF REVENUE

The Division deposits revenue from the telephone cooperative tax into the General Fund.

Telephone cooperative taxes sourced from within municipalities are shared 100% to respective municipalities less the amount expended by the state for collection of taxes.

The state retains telephone cooperative taxes sourced from outside of municipalities.

HISTORY

1959 - The legislature enacted the telephone cooperative tax as part of the "Electric and Telephone Cooperative Act" to promote cooperatives around the state. The due date for filing telephone cooperative tax returns was April 1 of the following year.

1960 - The legislature changed the due date for filing returns to "before March 1."

FY 2014 STATISTICS

Tax Collections	**$2,191,094**
Number of Returns	7
Number of Taxpayers	6

TIRE FEE

AS 43.98.025

DESCRIPTION

Alaska imposes a tire fee on all new tires sold in Alaska. An additional tire fee is imposed on the sale of tires with metal studs weighing more than 1.1 grams each (heavy studs). The additional tire fee also applies to the installation of heavy studs in new or used tires. The Division collects tire fees primarily from tire dealerships.

RATE

A $2.50 tire fee applies to each new tire. An additional $5 fee applies to each studded tire or stud installation ($7.50 total tire fee for new studded tires).

RETURNS

Taxpayers are required to file returns and remit fees quarterly. Returns and payment are due 30 days following the calendar quarter in which the new tires were sold or studs were installed.

Taxpayers may retain 5% of the amount collected, limited to a maximum of $900 per quarter, to cover expenses associated with collecting and remitting fees.

EXEMPTIONS

The following tires and services are exempt if the purchaser provides the tire seller with a certificate of use:

- Tires and services sold to federal, state or local government agencies for official use.
- Tires for resale.

The $2.50 tire fee does not apply to used tires and certain replacements of defective tires.

DISPOSITION OF REVENUE

The Division deposits all revenue from the tire fee into the General Fund.

HISTORY

2003 - The legislature enacted the tire fee, effective 9/26/2003.

FY 2014 STATISTICS

New tires (non-studded)	$993,281
Studded tires and stud installations	324,771
Penalties & Interest	3,477
Tax Collections	**$1,321,529**
Number of Returns	273
Number of Taxpayers	75

TOBACCO TAX

AS 43.50

DESCRIPTION

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 other tobacco products tax is levied on tobacco products (other than cigarettes) imported into the state for sale. The Division collects tobacco taxes primarily from licensed wholesalers, distributors and retailers.

RATES

Cigarettes - See rates table below. The cigarette tax must be paid through the purchase of cigarette tax stamps. A stamp must be affixed to the bottom of every pack of cigarettes imported into the state for sale or personal consumption.

Nonparticipating Manufacturer (NPM) Equity Tax- An additional tax of 12.5 mills ($0.25 per pack of 20 cigarettes) is levied on each cigarette imported or acquired from a manufacturer that did not sign the tobacco Master Settlement Agreement (MSA). All revenue collected from this tax is deposited in the General Fund.

Other Tobacco Products (OTP)- The tax rate on OTP, which includes tobacco products other than cigarettes such as cigars and chewing tobacco, is 75% of the wholesale price. The wholesale price is the established price at which a manufacturer sells tobacco products to a distributor. The Division may adjust the wholesale price upon which tax was calculated if the wholesale price was not established in an arm's-length transaction.

CIGARETTE TAX RATES SINCE JULY 1, 2007

	PER CIGARETTE		PER 20
Base Rate (School Fund)	38 mills	$0.038	$0.76
Additional Tax (General Fund)	62 mills	$0.062	$1.24
Total	100 mills	$0.10	$2.00

RETURNS

Taxpayers must pay the cigarette tax by purchasing cigarette tax stamps. The other tobacco products tax is paid at the time a tax return is filed. Tax returns are required to be filed on a monthly basis and are due the last day of the month following the month that cigarette tax stamps were purchased or other tobacco products were imported into the state for sale.

Taxpayers that purchase cigarette tax stamps are entitled to a stamp discount of 3% on the first $1,000,000 and 2% on the second $1,000,000 of cigarette tax stamps purchased in a calendar year. The total stamp discount in each calendar year may not exceed $50,000. Taxpayers who import other tobacco products for sale may deduct 0.4% of the other tobacco products tax due to cover expenses of accounting and filing returns. There is no limit on this deduction.

EXEMPTIONS

Sales to authorized military personnel by a military exchange, commissary, or ship store, and sales by an Indian reservation business located within an Indian reservation to members of the reservation are not subject to the tax.

DISPOSITION OF REVENUE

Cigarette Taxes – Revenue from the base rate is deposited in the School Fund. Revenue from the additional tax is initially deposited into the General Fund. Of the amount deposited in the General Fund, 8.9% of the revenue is deposited into the Tobacco Use Education and Cessation Fund, a subfund of the General Fund.

The Division deposits all cigarette and tobacco products license fees into the School Fund, to be used for the rehabilitation, construction, repair and associated insurance costs of state school facilities.

The Division deposits all revenue from OTP into the General Fund.

HISTORY

The tobacco tax dates to 1949 when the legislature enacted a tax of $0.03 per pack on cigarettes and $0.02 per ounce on tobacco. There were no exemptions provided in the tax legislation.

1951 - The legislature increased the cigarette tax to $0.05 per pack.

1955 - The legislature eliminated the tobacco products tax and, although the cigarette tax rate remained at $0.05, the legislature converted the rate to a mill rate per cigarette (2.5 mills per cigarette). The legislature enacted a 1% deduction provision to cover accounting expenses.

The legislature also created the School Fund and directed all proceeds from the cigarette tax be deposited in this fund.

1961 - The legislature increased the cigarette tax to 4 mills per cigarette ($0.08 per pack). The legislature dedicated revenue from the additional $0.03 to the General Fund.

1977 - The legislature exempted military sales from the cigarette tax.

1983 - The Department of Revenue adopted regulations exempting sales of cigarettes by Indian Reservation businesses to members of the reservation.

1985 - The legislature increased the cigarette tax to 8 mills per cigarette ($0.16 cents per pack).

1988 - The legislature enacted the tobacco products tax imposing a tax of 25% of the product wholesale price. The legislature authorized taxpayers to deduct 1% of the tax to cover accounting expenses.

1989 - The legislature increased the cigarette tax rate to 14.5 mills ($0.29 per pack of 20).

1997 - Effective October 1, 1997, the legislature increased the cigarette tax rate to 50 mills or $1 per pack of 20; and the tobacco products tax rate was increased to 75% of wholesale price. The legislature reduced the deduction percentage to cover accounting expenses from 1% to 0.4%.

1999 - Effective June 3, 1999, Alaska became a signatory to the nationwide tobacco Master Settlement Agreement (MSA). The MSA is an agreement between 46 states, including the State of Alaska, and certain cigarette manufacturers which have voluntarily agreed to reimburse states for costs associated with cigarette smoking. The agreement applies only to "participating manufacturers" (those manufacturers who have agreed to participate in the settlement).

The agreement includes language to prevent "nonparticipating manufacturers" (those manufacturers who have not agreed to participate in the settlement) from deriving short-term profits and from becoming judgment-proof before liability arises. This language requires every nonparticipating manufacturer to place funds in an escrow account for each cigarette sold in the state. Per the agreement, the state is responsible to obtain data to determine the amount required to be placed in an escrow account by each nonparticipating manufacturer.

2001 - Effective July 1, 2001, the Department of Revenue gained new tools to enforce the nationwide MSA signed by the major cigarette manufacturers and states. It allows the Department to share information with other states and entities that may aid in the enforcement of the agreement. It also prohibits tobacco products licensees from importing and selling cigarettes in Alaska made by nonparticipating manufacturers that fail to comply with the agreement.

2003 – The legislature required all cigarette manufacturers to certify to the Division that they are either a signatory to the tobacco MSA or in compliance with AS 45.53. The Division is required to post on its website a list of the compliant cigarette manufacturers and their brands. Only those brands of cigarettes included in the list may be sold in Alaska.

2004 - Effective January 1, 2004, the cigarette tax must be paid through the use of cigarette tax stamps. An Alaska cigarette tax stamp must be affixed to each cigarette pack prior to sale, distribution or consumption. Cigarettes found in the state that do not bear a cigarette tax stamp are contraband and subject to immediate seizure by the Department of Revenue or any other law enforcement agency in the state. Additionally, the sale of cigarettes at less than cost is prohibited.

During a special session in June 2004, the legislature passed legislation that:

- Increased the cigarette tax by 30 mills to $0.08 per cigarette or $1.60 per pack of 20 cigarettes, effective January 1, 2005.
- Levied an additional tax of 12.5 mills or $0.25 per pack of 20 cigarettes on cigarettes imported into the state for sale or personal consumption if the cigarettes were manufactured by a NPM. A NPM is a manufacturer that did not sign the tobacco MSA. Revenue from the entire cigarette tax increase and the additional tax on NPM product is deposited in the General Fund.
- Required 8.9% of cigarette tax revenue deposited in the General Fund to be deposited into the Tobacco Use Education and Cessation Fund, effective January 1, 2005. Amounts deposited in the fund may be

appropriated by the legislature for tobacco use education and cessation programs.

- Increased the cigarette tax by 10 mills to $0.09 per cigarette or $1.80 per pack of 20 cigarettes, effective July 1, 2006. The revenue from this increase will be deposited in the General Fund.
- Increased the cigarette tax by 10 mills to $0.10 per cigarette or $2.00 per pack of 20 cigarettes, effective July 1, 2007. The revenue from this increase will be deposited in the General Fund.

2008 - Effective August 1, 2008, only fire-safe certified cigarettes can be imported into Alaska.

2010 - The legislature changed the methodology for establishing the minimum price at which cigarettes must be sold.

FY 2014 STATISTICS

Tax Collections	
Cigarettes	$55,238,631
Tobacco Products	12,152,537
Penalties & Interest	55,563
License Fee Collections	3,539
Accounting Expense & Tax Stamp Deduction	(552,889)
Total Collections by Product	**$66,897,381**

Tax Collections by Fund	
General Fund	$42,840,508
School Fund	21,006,793
Tobacco Use Education and Cessation Fund	3,050,080
Total Tax Collections All Funds	**$66,897,381**

Cigarettes Sold or Imported into the State – (Individual Cigarettes) as Reported on Returns*	
Total Cigarettes	552,548,995
Military and Indian Exempt Sales	(4,674,586)
Credits for Returns	(1,630,510)
Taxable Cigarettes	546,243,899

*Excludes cigarettes for which tax stamps were purchased, but not yet sold or imported into the state

Tobacco Products as Reported on Returns	
Total Wholesale Value Reported	$17,589,890
Military and Indian Exempt Sales	(147,589)
Credits for Returns	(325,857)
Taxable Wholesale Value of Tobacco Products	$17,116,444

Number of Returns	900
Number of Taxpayers	78

VEHICLE RENTAL TAX

AS 43.52

DESCRIPTION

Alaska levies an excise tax on fees and costs charged for the lease or rental of a passenger or recreational vehicle if the lease or rental does not exceed a period of 90 consecutive days. The tax is levied on individuals renting vehicles and is collected by the rental/lease agency.

RATE

VEHICLE TYPE	RATE (FEES & COSTS)
Passenger	10%
Recreational	3%

RETURNS

Vehicle rental/lease agencies file tax returns and remit taxes quarterly. The returns and payments are due the last day of the month following the end of the calendar quarter in which the rental/lease agencies collected the tax.

EXEMPTIONS

Vehicle rental tax does not apply to:

- rentals or leases to federal, state, local, or foreign government agencies or employees on official business
- trucks with a gross vehicle weight rating greater than 8,500 pounds used for moving personal property and for vehicles provided to customers by automobile dealers as replacement transportation during warranty, recall or service contract repairs
- taxi cabs are excluded from the tax under AS 43.52.099. Specifically, taxi cabs do not meet the definition of a "passenger vehicle." There is no exemption certificate required for taxi cabs. Similarly, rental trucks and replacement transportation do not meet the "passenger vehicle" definition. However, there is an exemption certificate required for these transactions.

DISPOSITION OF REVENUE

The Division deposits all revenue from the vehicle rental tax into a special vehicle rental account in the General Fund. The legislature may appropriate the balance in the vehicle rental tax account for tourism development and marketing.

HISTORY

2003 - The legislature enacted the vehicle rental tax on August 20, 2003. The tax became effective January 1, 2004.

2004 - The legislature exempted the rental of taxicabs by taxicab drivers from the vehicle rental tax. Effective May 8, 2004 and retroactive to January 1, 2004, the Division refunded any tax collected or remitted for taxi cab rentals between January 1 and May 8, 2004.

2006 - The legislature exempted trucks rented by individuals for moving personal property and for vehicles provided to customers by automobile dealers as replacement transportation during warranty, recall or service contract repairs, effective January 27, 2006.

2013 - Effective May 10, 2013, the legislature excluded motorcycles and motor-driven cycles as defined by AS 28.90.990 from the tax.

FY 2014 STATISTICS

Passenger vehicle rental	$7,878,448
Recreational vehicle rental	$396,337
Penalties & interest	$8,712
Total Tax Collections	**$8,283,497**
Number of Returns	429
Number of Taxpayers	123

APPEALS

The Appeals Group consists of five appeals officers and a supervisor. The appeals officers and supervisor conduct informal conferences and issue informal conference decisions in taxpayer appeals of assessments for all tax types administered by the Division along with charitable gaming appeals. Appeals officers work with Department of Law attorneys to resolve issues related to audit and compliance actions. Appeals officers also participate with Department of Law attorneys as a team to represent the Division in formal hearings before the Office of Administrative Hearings and in settlement negotiations. Appeals officers also advise audit staff regarding issues involved in active or past litigation.

Oil and gas production tax cases and corporate income tax cases are a priority due to the complexity of the issues, and the amount of tax revenue involved. These cases require more resources to complete than the other tax types administered by the Division.

FY 2014 STATISTICS

	TAX PERIODS*	TAXPAYER COUNT
Beginning Inventory	218	63
Plus New Cases	216	78
Less Closed Cases	238	83
Ending Inventory	**196**	**58**

** Tax periods correspond to periodic tax return filing requirements of taxpayers. One taxpayer may have several tax periods in appeals at the same time.*

AUDIT FUNCTION

The income audit group is responsible for auditing corporate income taxes, including oil and gas corporate income tax returns.

The production audit group is responsible for auditing oil and gas production tax returns.

The excise audit group is responsible for auditing excise tax returns including alcoholic beverages, commercial passenger vessel, large passenger vessel, mining license, motor fuel, vehicle rental and tobacco taxes, and tire fees.

The gaming audit group is responsible for financial compliance of permittees, operators and distributors.

The fish audit group is responsible for auditing fisheries-related tax returns including fisheries business, fishery resource landing, salmon enhancement, seafood development taxes, dive fishery management and seafood marketing assessments.

FY 2014 STATISTICS

TAX TYPE	AUDIT COLLECTIONS
Production Audit	
Oil and Gas Production[1]	$112,416,140
Oil and Gas Property	18,911
Total Production Audit	**$112,435,051**
Income Audit (Corporate Net Income)	
Oil and Gas Corporations	$28,943,370
Other Corporations	1,345,235
Total Income Audit	**$30,288,605**
Fish Audit	
Fisheries Business	$2,446,498
Fishery Resource Landing	0
Other fisheries taxes	0
Total Fish Audit	**$2,446,498**
Excise Audit	
Motor Fuel	$8,561
Mining	166,087
Total Excise Audit	**$174,648**
Total	**$145,344,802**

[1] The amount reported is net revenue collected and is net of a current year refund of taxes overpaid in a previous fiscal year. Revenue from the prepayment of potential tax liability was recognized in the prior period when it was received.

SALMON PRICE REPORTS

AS 43.80

DESCRIPTION

Alaska requires large processors that sell salmon products at wholesale to provide production and price information to the Fish Tax unit. This information is used to publish average wholesale price information for the legislature and public.

REPORTS

Processors selling salmon products at wholesale are required to file price reports on salmon for the periods January–April, May–August, and September–December. The tri-annual reports are due by the end of the month following the tri-annual period.

Processors must also file annual reconciliation reports by January 31 of the following year.

EXEMPTIONS

Processors excluded from the tax under AS 43.75.017, and processors that sell 1,000,000 pounds or less of salmon products annually are exempt from the report filing requirements.

HISTORY

1980 - The legislature enacted salmon price reporting requirements for salmon canneries. Effective September 10, 1980, the Department of Revenue was required to compute and report to the legislature the average wholesale prices obtained for canned salmon reported by Alaska salmon canneries during the months of August, September, October, November and December for the previous five years.

1983 - The legislature imposed a semi-annual report filing requirement on salmon canneries. Effective July 9, 1983, salmon canneries were required to report prices received for canned salmon for the periods October–March and April–September. Reports were due by the end of the month following the semi-annual reporting period and were required to list products by case and specified can sizes. The legislation required the Department of Revenue to calculate monthly and annual wholesale price averages for each species of salmon in each unit category and to report to the legislature by the 15th day of each legislative session.

1998 - The legislature expanded the reporting requirement to thermally processed salmon products and limited the reporting requirement to processors selling more than 240,000 pounds of thermally processed salmon products at wholesale during the calendar year. The legislation replaced the semi-annual filing with a tri-annual filing, and required processors to report all container sizes of thermally processed salmon. Effective September 1, 1998, all salmon canneries were required to report prices received for thermally processed salmon for the periods January–April, May–August and September–December. The reports were due by the end of the month following the tri-annual reporting period and were required to list thermally processed salmon products by whatever sizes sold.

2000 - The legislature broadened the reporting requirement to include all processed salmon products and increased the reporting requirement to include only those processors selling more than 1,000,000 pounds of salmon products at wholesale. Effective September 1, 2000, large processors were required to provide areas of production for each salmon product sold at wholesale. The legislation requires salmon processors to file an annual report summarizing yearly activity, and requires the Department of Revenue to provide average wholesale prices paid for salmon products by March 15 of each year.

FY 2014 STATISTICS

Number of Reports	102
Number of Filers	35

HISTORICAL OVERVIEW OF TAX PROGRAMS

Programs listed alphabetically.

TAX TYPE	LEGAL REFERENCE	FIRST ENACTED	ORIGINAL TAX	CURRENT TAX STRUCTURE	MOST RECENT CHANGE
Alcoholic Beverages	AS 43.60	1933	Per Gallon Wine $0.05 Beer $0.05	Per Gallon Liquor $12.80 Wine $2.50 Beer (Malt Beverage) and Cider $1.07 Beer (Small Breweries) $0.35	2002 - Effective 10/1/2002, tax rates increased for alcoholic beverages as referenced under current tax structure.
Charitable Gaming	AS 05.15	1960		$20 annual permit fee for new and renewal permittees. $50 renewal permit fee for permittees with $20,000 to $100,000 in gross receipts. $100 renewal permit fee for permittees with over $100,000 in gross receipts. $500 annual operator license fee. $1,000 annual distributor fee. $2,500 annual manufacturer license fee. 3% tax of an amount equal to the gross receipts less prizes awarded on each series of pull tabs distributed. 1% on net proceeds.	2014 - Changes to AS 05.15 relating to games of chance and contests of skill allows the department to issue permits for bull moose derbies and expands the definition of "ice classic" to include Snow Town Ice Classic.
Commercial Passenger Vessel (CPV)	AS 43.52	2006	$46/passenger	$34.50/passenger	2010 - Effective 10/31/10, tax reduced from $46 to $34.50 per passenger. The number of ports of call for sharing increased from 5 to 7. Regional cruise ship impact fund repealed.
Common Property Fishery Assessment	AS 16.10.455	2006		Assessment rate determined by the department annually.	
Conservation Surcharge on Oil	AS 43.55	1989	$0.05/bbl	$0.01/bbl increasing to $0.04¢/bbl when fund balance drops below $50m	2006 - rates changed to $0.01/bbl and $0.04/bbl.
Corporate Income	AS 43.20	1949	10% of federal income tax liability	0% to 9.4% of net income	2013 - The tax brackets in AS 43.20.011 were amended. Retroactively exempted income received by regional aquaculture associations, and income received by salmon hatchery permit holders; from the sale of salmon, salmon eggs or from a cost recovery fishery from corporate income tax beginning June 30, 2007 by amending AS 43.20.012.

TAX TYPE	LEGAL REFERENCE	FIRST ENACTED	ORIGINAL TAX	CURRENT TAX STRUCTURE	MOST RECENT CHANGE
Dive Fishery Management Assessment	AS 43.76.150	1997	Voluntary tax of 1%, 3%, 5%, or 7% of value	SE AK Mgmt Area A Geoduck - 7% Sea Cucumber - 5% Sea Urchin - 7%	2005 - The legislature authorized an annual filing due date of March 31 for dive fishermen who export or sell to unlicensed buyers, effective January 1, 2005.
Electric Cooperative	AS 10.25.555	1959	1% of gross revenue if operating < 5 years 2% of gross revenue if operating ≥ 5 years	1/4 mill ($.00025) per kWh if < 5 years; 1/2 mill ($.0005) per kWh if ≥ 5 years	1980 - tax base on kWh rather than gross revenue.
Estate	AS 43.31	1919	(Inheritance Tax) Based on value of property	State tax credit on federal estate tax return attributable to Alaska	2001 - The federal Economic Growth and Tax Relief Reconciliation Act was enacted. As a consequence of the federal act, the state tax credit was phased out gradually over a four-year period. The state tax credit no longer applies to estates of decedents whose date of death is January 1, 2005 or later. However, the Division may continue to collect tax from estates for years prior to January 1, 2005, as a result of returns filed, audits, or other enforcement activities.
Fisheries Business	AS 43.75	1913	$0.07 per case of canned salmon; Other -- dollar amount based on revenue	Floating 5%[1] and 3%[2] of value; Shore-based 3%[1] and 1%[2] of value; Cannery 4.5% of value; Direct Market 3%[1] and 1%[2] of value	2011 - Effective 7/1/2011, eligible contributions for education credit expanded to include contributions to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for K-12 public schools and Alaska Sea Life Center. Sunset provision reverting $5 million annual credit limit back to $150,000 extended to 2021.
Fishery Resource Landing	AS 43.77	1993	3.3% of unprocessed value	3% of value[1] 1% of value[2]	2011 - Effective 7/1/2011, eligible contributions for education credit expanded to include contributions to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for K-12 public schools and a facility in the state that qualifies as a coastal ecosystem learning center under the coastal American Partnership.Sunset provision reverting $5 million annual credit limit back to $150,000 extended to 2021.

[1] Established species
[2] Developing species

TAX TYPE	LEGAL REFERENCE	FIRST ENACTED	ORIGINAL TAX	CURRENT TAX STRUCTURE	MOST RECENT CHANGE
Large Passenger Vessel Gambling (LPV)	AS 05.16	2006	33% of adjusted gross income from gambling activities	33% of adjusted gross income from gambling activities	2010 - Large passenger vessel gaming and gambling tax account (sub-account of CPV tax account) established.
Mining License	AS 43.65	1913	5% tax on mining net income of more than $5,000	On net income <$40,000 no tax. >$40,001 $1,200 plus 3% >$50,001 $1,500 plus 5% >$100,000 $4,000 plus 7%	2012 - Effective 1/1/2012, quarry rock, sand and gravel, and marketable earth mining operations are exempt from the mining license tax.
Motor Fuel	AS 43.40	1945	$0.01 per gallon on all fuels	Highway - $0.08gallon Marine - $0.05/gallon Aviation Gas- $0.047/gallon Jet Fuel - $0.032/gallon	2009 - The motor fuel tax was reinstated effective September 1, 2009.
Oil & Gas Production	AS 43.55	1955	1% of production value	During the first half of FY 14, beginning July 1 through December 31, 2013, the production tax rate under ACEs was in effect. The production tax rate was comprised of a base rate of 25% of the production tax value (PTV) plus a progressivity index. The progressivity index kicked in when the monthly PTV per BTU equivalent barrel (BTUEB) was more than $30, at a rate of 0.4% for each dollar up to $92.50. When the monthly PTV per BTUEB exceeded $92.50, the progressive tax rate was reduced to .1% for each dollar up to $342.50. The maximum of the combined progressivity rate tranches for a particular month was capped at 50%. The maximum combined production tax rate for a particular month including the base rate plus progressivity tranches was capped at 75%. During the second half of FY14, beginning January 1, 2014 through June 30, 2014, the production tax rate as revised by SB 21, was 35% of the production tax value of the oil and gas.	2013 - Effective 2014, production tax rate is 35% of the PTV. Production is subject to the gross value reduction (GVR), which is 20% of the Gross Value at the Point of Production (GVPP) for production which qualifies. An additional 10% reduction in GVPP exists for qualifying leases or properties where a royalty for all leases is greater than 12.5%. Qualified capital expenditure (QCE) credits for areas north of 68 degrees North latitude were eliminated for QCE's incurred after December 31, 2013. For further detail, see SB 21 on pages 7-8.

TAX TYPE	LEGAL REFERENCE	FIRST ENACTED	ORIGINAL TAX	CURRENT TAX STRUCTURE	MOST RECENT CHANGE
Oil & Gas Property	AS 43.56	1973	20 mills on full and true value	20 mills on full and true value	2010 - Effective 1/1/2011, maximum education credit increased from $150,000 to $5 million. Eligible contributions for credit expanded to include contributions for construction and maintenance of university, college or vocational education facilities.
Regulatory Cost Charge	AS 42.05.253 (Utilities) AS 42.06.285 (Pipelines)	1992	Electric Utilities: $.000626/kWh Other Utilities: .653% gross revenue Pipelines: .653% gross revenue	See RCA website at rca.alaska.gov	2007 - Alaska Regulatory Commission implemented online report filing through their web site. RCA assumed responsibility for processing returns and collecting data; the division continues to collect revenue as required by statute.
Salmon Enhancement	AS 43.76	1980	Voluntary tax of 1%, 2% or 3% of value as elected by fishermen in an aquaculture region	Southern Southeast - 3% Northern Southeast - 3% Cook Inlet - 2% Pr. William Sound - 2% Kodiak - 2% Chignik - 2%	2004 - SB 286 clarified the incidence of the tax; when selling to a buyer who does not withhold the tax, fishermen must now pay the tax on an annual return. Ten additional rates ranging from 4% to 30%

TAX TYPE	LEGAL REFERENCE	FIRST ENACTED	ORIGINAL TAX	CURRENT TAX STRUCTURE	MOST RECENT CHANGE
Seafood Development	AS 43.76.350	2005	Voluntary tax of 0.5% - 2% of value as elected by fishermen in seafood development region	Pr. William Sound 1% (drift & set gillnet) Bristol Bay 1% (drift gillnet)	2009 - Commercial salmon set gillnet fishermen in the Prince William Sound seafood development region elected a 1% tax.
Seafood Marketing	AS 16.51.120	1981	Voluntary assessment of .1%, .2% or .3% of value as elected by processors	Rate set at 0.5% effective January 1, 2005.	2004 - SB 273 directed a member election of the Alaska Seafood Marketing Institute (ASMI). Fall election determined retention of Seafood Marketing Assessment and increased the rate to 0.5%.
Telephone Cooperative	AS 10.25.550	1959	1% of gross revenue if operating < 5 years; 2% of gross revenue if operating ≥ 5 years or longer	1% of gross revenue if operating < 5 years; 2% of gross revenue if operating ≥ 5 years	1960 - The legislature changed the due date for filing returns to "before March 1."
Tire Fee	AS 43.98	2003	$2.50 per new tire for highway-use motor vehicles Additional $5 per tire with studs over 1.1 grams	$2.50 per new tire for highway-use motor vehicles; Additional $5 per tire with studs over 1.1 grams	No changes since tire fee enacted in 2003.
Tobacco	AS 43.50	1949	Cigarettes - $0.03 per pack of 20; Tobacco - $0.02 per ounce	100 mills/cigarette ($2.00 per pack of 20) Tobacco - 75% of wholesale price	2010 - The legislature changed the methodology for establishing the minimum price at which cigarettes must be sold.
Vehicle Rental	AS 43.52	2004	10% on passenger vehicle rentals of 90 days or less 3% on recreational vehicle rentals of 90 days or less	10% on passenger vehicle rentals of 90 days or less 3% on recreational vehicle rentals of 90 days or less	2013 - The legislature exempts motorcycles and motor-driven cycles.

REPEALED TAX PROGRAMS

Programs listed alphabetically.

TAX TYPE	LEGAL REFERENCE	FIRST ENACTED	ORIGINAL TAX	CURRENT TAX STRUCTURE	MOST RECENT CHANGE
Business License	AS 43.70	1949	$25 license fee plus .5% of gross receipts > $20,000 plus .25% of gross receipts > $50,000	Repealed 1979 Reinstated 1988 and transferred to DCCED	Tax repealed effective January 1, 1979. License program transferred to DCCED by Executive Order effective July 1, 1988.
Coin-operated Devices	AS 43.35	1941	12.5% of gross receipts on coin-operated machines	Repealed	Tax repealed effective January 1, 1999.
Individual Income	AS 43.20	1949	10% of federal income tax liability	Repealed	Tax repealed retroactive to 1979.
Oil & Gas Conservation	AS 43.57	1955	5 mills per barrel of oil or 50,000 cubic feet of natural gas	Repealed	Tax repealed effective July 1, 1999.
Salmon Marketing	AS 43.76	1993	1% of value of salmon	1% of value of salmon	Repealed effective January 1, 2005.
School	AS 43.45	1919	$5 tax on each male person	Repealed	Tax repealed retroactive to 1980.

STATE TAX RATE COMPARISONS

As of January 2015

ALCOHOL - LIQUOR

STATE	RATE ($ PER GALLON)	RANK*	STATE	RATE ($ PER GALLON)	RANK*
Alabama	Footnote[1]	N/A	Montana	Footnote[1]	N/A
Alaska	**12.80**	**2**	Nebraska	3.75	17
Arizona	3.00	22	Nevada	3.60	19
Arkansas	2.50	25	New Hampshire	Footnote[1]	N/A
California	3.30	20	New Jersey	5.50	9
Colorado	2.28	30	New Mexico	6.06	6
Connecticut	5.40	10	New York	6.44	5
Delaware	3.75	17	North Carolina	Footnote[1]	N/A
Florida	6.50	4	North Dakota	2.50	25
Georgia	3.79	16	Ohio	Footnote[1]	N/A
Hawaii	5.98	7	Oklahoma	5.56	8
Idaho	Footnote[1]	N/A	Oregon	Footnote[1]	N/A
Illinois	8.55	3	Pennsylvania	Footnote[1]	N/A
Indiana	2.68	24	Rhode Island	5.40	10
Iowa	Footnote[1]	N/A	South Carolina	2.72	23
Kansas	2.50	25	South Dakota	3.93	15
Kentucky	1.92	32	Tennessee	4.40	13
Louisiana	2.50	28	Texas	2.40	29
Maine	Footnote[1]	N/A	Utah	Footnote[1]	N/A
Maryland	1.50	33	Vermont	Footnote[1]	N/A
Massachusetts	4.05	14	Virginia	Footnote[1]	N/A
Michigan	Footnote[1]	N/A	Washington	14.27	1
Minnesota	5.03	12	West Virginia	Footnote[1]	N/A
Mississippi	Footnote[1]	N/A	Wisconsin	3.25	21
Missouri	2.00	31	Wyoming	Footnote[1]	N/A

[1] Sales are through state stores. Revenue is generated from various taxes, fees and net profits.

* Out of 32 states which levy a per gallon tax, highest to lowest.

N/A - Not Applicable

Source: Federation of Tax Administrators (FTA) - www.taxadmin.org

ALCOHOL - WINE

STATE	RATE ($ PER GALLON)	RANK*	STATE	RATE ($ PER GALLON)	RANK*
Alabama	1.7	5	Montana	1.06	12
Alaska	**2.50**	**1**	Nebraska	0.95	16
Arizona	0.84	21	Nevada	0.70	25
Arkansas	0.75	22	New Hampshire	Footnote[1]	N/A
California	0.20	45	New Jersey	0.88	19
Colorado	0.28	42	New Mexico	1.70	4
Connecticut	0.72	23	New York	0.30	39
Delaware	0.97	15	North Carolina	1.00	14
Florida	2.25	2	North Dakota	0.50	31
Georgia	1.51	6	Ohio	0.32	38
Hawaii	1.38	10	Oklahoma	0.72	24
Idaho	0.45	34	Oregon	0.67	26
Illinois	1.39	9	Pennsylvania	Footnote[1]	N/A
Indiana	0.47	33	Rhode Island	1.40	8
Iowa	1.75	3	South Carolina	0.90	18
Kansas	0.30	39	South Dakota	0.93	17
Kentucky	0.50	31	Tennessee	1.21	11
Louisiana	0.11	46	Texas	0.20	44
Maine	0.60	27	Utah	Footnote[1]	N/A
Maryland	0.40	36	Vermont	0.55	28
Massachusetts	0.55	28	Virginia	1.51	6
Michigan	0.51	30	Washington	0.87	20
Minnesota	0.30	39	West Virginia	1.00	13
Mississippi	0.35	37	Wisconsin	0.25	43
Missouri	0.42	35	Wyoming	Footnote[1]	N/A

[1] Sales are through state stores. Revenue is generated from various taxes, fees and net profits.

* Out of 46 states which impose a per gallon tax, highest to lowest.

N/A - Not Applicable

Source: Federation of Tax Administrators (FTA) - www.taxadmin.org

ALCOHOL - BEER

STATE	RATE ($ PER GALLON)	RANK*	STATE	RATE ($ PER GALLON)	RANK*
Alabama	0.53	6	Montana	0.14	38
Alaska	**1.07**	**2**	Nebraska	0.31	15
Arizona	0.16	31	Nevada	0.16	31
Arkansas	0.23	22	New Hampshire	0.30	16
California	0.20	25	New Jersey	0.12	39
Colorado	0.08	46	New Mexico	0.41	10
Connecticut	0.24	21	New York	0.14	37
Delaware	0.16	34	North Carolina	0.62	5
Florida	0.48	7	North Dakota	0.16	31
Georgia	0.32	13	Ohio	0.18	28
Hawaii	0.93	3	Oklahoma	0.40	11
Idaho	0.15	35	Oregon	0.08	44
Illinois	0.23	23	Pennsylvania	0.08	46
Indiana	0.12	40	Rhode Island	0.11	41
Iowa	0.19	27	South Carolina	0.77	4
Kansas	0.18	28	South Dakota	0.27	17
Kentucky	0.08	45	Tennessee	1.15	1
Louisiana	0.32	13	Texas	0.20	25
Maine	0.35	12	Utah	0.41	9
Maryland	0.09	43	Vermont	0.27	18
Massachusetts	0.11	41	Virginia	0.26	20
Michigan	0.20	24	Washington	0.26	19
Minnesota	0.15	36	West Virginia	0.18	30
Mississippi	0.43	8	Wisconsin	0.06	48
Missouri	0.06	49	Wyoming	0.02	50

Source: Federation of Tax Administrators (FTA) - www.taxadmin.org

HIGHWAY GASOLINE

STATE	RATE (¢ PER GALLON)	OTHER TAX[1] (¢ PER GALLON)	TOTAL (¢ PER GALLON)	RANK	STATE	RATE (¢ PER GALLON)	OTHER TAX[1] (¢ PER GALLON)	TOTAL (¢ PER GALLON)	RANK
Alabama	16	2	18.00	42	Montana	27		27.00	16
Alaska	**8**		**8.00**	**50**	Nebraska	25.6	0.9	26.50	17
Arizona	18	1	19.00	38	Nevada	23	0.805	23.81	27
Arkansas	21.5	0.3	21.80	32	New Hampshire	22.2	1.625	23.83	26
California	36	6.5	42.50	2	New Jersey	10.5	4	14.50	49
Colorado	22		22.00	30	New Mexico	17	1.875	18.88	40
Connecticut	25		25.00	21	New York	8	17.8	25.80	19
Delaware	23		23.00	28	North Carolina	37.5	0.25	37.75	3
Dist of Columbia	4	24.525	28.53	13	North Dakota	23		23.00	28
Florida	7.5	11.8	19.30	37	Ohio	28		28.00	14
Georgia	17		17.00	45	Oklahoma	16	1	17.00	45
Hawaii	25	1	26.00	18	Oregon	30		30.00	10
Idaho	19	1.1	20.10	35	Pennsylvania	50.5		50.50	1
Illinois	18		18.00	42	Rhode Island	32	1	33.00	6
Indiana	21	1	22.00	30	South Carolina	16	0.75	16.75	47
Iowa	24	1.03	25.03	20	South Dakota	22	2	24.00	23
Kansas	26.2	1.4	27.60	15	Tennessee	20	1.4	21.40	33
Kentucky	20	0.125	20.13	34	Texas	20		20.00	36
Louisiana	30		30.00	10	Utah	24.5		24.50	22
Maine	30.3		30.30	9	Vermont	12.1	19.87	31.97	8
Maryland	24		24.00	23	Virginia	16.2		16.20	48
Massachusetts	19		19.00	38	Washington	37.5		37.50	4
Michigan	28.5	0.1	28.60	12	West Virginia	20.5	14.1	34.60	5
Minnesota	18	0.4	18.40	41	Wisconsin	30.9	2	32.90	7
Mississippi	17	0.3	17.30	44	Wyoming	23	1	24.00	23
Missouri	17	0.3	17.3	44					

[1] Includes state sales tax, gross receipts tax and underground storage tank taxes.

Source: Federation of Tax Administrators (FTA) - www.taxadmin.org

AVIATION FUEL

STATE	JET FUEL (¢ PER GALLON)	RANK[1]	AVIATION GAS (¢ PER GALLON)	RANK[2]	STATE	JET FUEL (¢ PER GALLON)	RANK[1]	AVIATION GAS (¢ PER GALLON)	RANK[2]
Alabama	9.5	14	3.5	22	Montana	4.0	36	4.0	19
Alaska	**4.7**	**35**	**3.2**	**24**	Nebraska	5.0	30	3.0	25
Arizona	5.0	30	N/A	N/A	Nevada	2.0	39	1.0	34
Arkansas	Sales Tax	N/A	Sales Tax	N/A	New Hampshire	4.0	36	2.0	28
California	18.0	9	2.0	28	New Jersey	6.0	26	6.0	14
Colorado	6.0	26	4.0	19	New Mexico	17.0	10	Sales Tax	N/A
Connecticut	N/A	N/A	N/A	N/A	New York	7.3	21	7.3	12
Delaware	23.0	6	N/A	N/A	North Carolina	Sales Tax	N/A	Sales Tax	N/A
Florida	6.9	24	Sales Tax	N/A	North Dakota	8.0	**18**	8.0	10
Georgia	7.5	20	7.5	11	Ohio	Sales Tax	N/A	Sales Tax	N/A
Hawaii	2.0	39	2.0	28	Oklahoma	0.1	43	0.1	36
Idaho	7.0	22	6.0	14	Oregon	9.0	15	1.0	34
Illinois	1.1	42	1.1	33	Pennsylvania	5.9	29	2.0	28
Indiana	29.0	4	11.0	7	Rhode Island	N/A	N/A	N/A	N/A
Iowa	8.0	18	3.0	25	South Carolina	Sales Tax	N/A	Sales Tax	N/A
Kansas	24.0	5	26.0	1	South Dakota	6.0	26	4.0	19
Kentucky	31.1	2	Sales Tax	N/A	Tennessee	1.4	41	1.4	32
Louisiana	Sales Tax	N/A	Sales Tax	N/A	Texas	20.0	7	20.0	2
Maine	30.0	3	3.4	23	Utah	9.0	15	9.0	9
Maryland	7.0	22	7.0	13	Vermont	19.0	8	Sales Tax	N/A
Massachusetts	31.6	1	15.8	3	Virginia	5.0	30	5.0	17
Michigan	3.0	38	3.0	25	Washington	11.0	13	11.0	7
Minnesota	5.0	30	15.0	6	West Virginia	15.2	11	15.2	4
Mississippi	6.4	25	5.3	16	Wisconsin	15.2	11	15.2	4
Missouri	9.0	15	N/A	N/A	Wyoming	5.0	30	5.0	17

[1] Out of 36 states with tax rates

[2] Out of 42 states with tax rates

Source: Federation of Tax Administrators (FTA) - www.taxadmin.org

CIGARETTE

STATE	RATE ($ PER PACK)	RANK	STATE	RATE ($ PER PACK)	RANK
Alabama (a)	0.43	46	Montana	1.70	18
Alaska	**2.00**	**11**	Nebraska	0.64	37
Arizona	2.00	11	Nevada	0.80	34
Arkansas	1.15	29	New Hampshire	1.78	17
California	0.87	32	New Jersey	2.70	9
Colorado	0.84	33	New Mexico	1.66	20
Connecticut	3.40	4	New York (a)	4.35	1
Delaware	1.60	21	North Carolina	0.45	44
Florida (b)	1.34	26	North Dakota	0.44	45
Georgia	0.37	47	Ohio	1.25	28
Hawaii	3.20	5	Oklahoma	1.03	30
Idaho	0.57	41	Oregon	1.31	27
Illinois (a)	1.98	16	Pennsylvania	1.60	21
Indiana	1.00	31	Rhode Island	3.50	3
Iowa	1.36	25	South Carolina	0.57	41
Kansas	0.79	35	South Dakota	1.53	23
Kentucky (c)	0.60	39	Tennessee (a) (c)	0.62	38
Louisiana	0.36	48	Texas	1.41	24
Maine	2.00	11	Utah	1.70	18
Maryland	2.00	11	Vermont	2.75	8
Massachusetts	3.51	2	Virginia (a)	0.30	49
Michigan	2.00	11	Washington	3.03	6
Minnesota (d)	2.90	7	West Virginia	0.55	43
Mississippi	0.68	36	Wisconsin	2.52	10
Missouri (a)	0.17	50	Wyoming	0.60	39

(a) Counties and cities may impose an additional tax on a pack of cigarettes: in Alabama, $0.01 to $0.06; Illinois, $0.10 to $0.15; Missouri, $0.04 to $0.07; New York City, $1.50; Tennessee, $0.01; and Virginia, $0.02 to $0.15.

(b) Florida's rate includes a surcharge of $1 per pack.

(c) Dealers pay an additional enforcement and administrative fee of $0.01 per pack in Kentucky and $0.05 in Tennessee.

(d) In addition, Minnesota imposes an in lieu cigarette sales tax determined annually by the Department.

Source: Federation of Tax Administrators (FTA) - www.taxadmin.org

TOBACCO PRODUCTS

STATE	RATE	STATE	RATE
Alabama (1) Cigars	$0.03 - $0.405/10 cigars	Mississippi	15% Manufacturer Price
Tobacco/Snuff	$0.01 - $0.08/ounce	Missouri	10% Manufacturer Price
Alaska	**75% Wholesale Price**	Montana	50% Wholesale Price
Arizona Cigars	$0.337 - $1.10/10 cigars	Nebraska	20% Wholesale Price
Tobacco/Snuff	23.8¢/ounce	Nevada	30% Wholesale Price
Arkansas	68% Manufacturer Price	New Hampshire	48% Wholesale Price
California *(2)*	30.80% Wholesale Price	New Jersey	30% Wholesale Price
Colorado	40% Manufacturer Price	New Mexico	25% Product Value
Connecticut *(3)*	50% Wholesale Price	New York	75% Wholesale Price
Delaware	15% Wholesale Price	North Carolina	12.8% Wholesale Price
Florida *(4)*	85% Wholesale Price	North Dakota	
Georgia Little Cigars	$0.025/10 cigars	Cigars & Tobacco	28% Wholesale Price
Other Cigars	23% Wholesale Price	Chew Tobaacco/Snuff	$0.16 - $0.60/ounce
Tobacco	10% Wholesale Price	Ohio	17% Wholesale Price
Hawaii (5) Cigars	50% Wholesale Price	Oklahoma Cigars	$0.36-$1.20/10 cigars
Tobacco/Snuff	70% Wholesale Price	Tobacco/Snuff	60% - 80% Factory List Price
Idaho	40% Wholesale Price	Oregon	65% Wholesale Price
Illinois	36% Wholesale Price	Pennsylvania	N/A
Indiana	24% Wholesale Price	Rhode Island	80% Wholesale Price
Iowa *(5)*	50% Wholesale Price	South Carolina	5% Manufacturer Price
Kansas	10% Wholesale Price	South Dakota	35% Wholesale Price
Kentucky	15% Wholesale Price	Tennessee	6.6% Wholesale Price
Louisiana Cigars	8%-20% Manufacturer Price	Texas (6) Cigars	$0.01 - $0.15/10 cigars
Tobacco/Snuff	20%-33% Manufacturer Price	Tobacco/Snuff	$1.22/ounce
Maine Chew Tob./Snuff	$2.02 / ounce	Utah	86% Manufacturer Price
Smoking Tob./Cigars	20% Wholesale Price	Vermont	92% Manufacturer Price
Maryland Cigars	70% Wholesale Price	Virginia	10% Wholesale Price
Tobacco/Snuff	30% Wholesale Price	Washington	95% Wholesale Price
Massachusetts	40% Wholesale Price	West Virginia	7% Wholesale Price
Michigan	32% Wholesale Price	Wisconsin	71% Manufacturer Price
Minnesota	95% Wholesale Price	Wyoming *(7)*	20% Wholesale Price

Tobacco products include chewing tobacco and snuff.

(1) Alabama's cigar tax rate rises with the retail price; the rate on smoking tobacco and snuff depends on package weight.

(2) California adjusts the tax rate annually, effective July 1st each year.

(3) Connecticut taxes snuff tobacco at $1.00 per ounce.

(4) Florida's rate includes a 60% surtax.

(5) Little cigars are taxed as cigarettes.

(6) The Texas rate on tobacco is scheduled to increase on September 1, 2012.

(7) Or 10% of retail price in Wyoming.

CORPORATE INCOME

STATE	RATE (%)	TAX BRACKETS LOWEST	TAX BRACKETS HIGHEST	NUMBER OF BRACKETS
Alabama	6.5	Flat Rate		1
Alaska	**0 - 9.4**	**$25,000**	**$222,000**	**10**
Arizona	6.500	Flat Rate		1
Arkansas	1.0 - 6.5	$3,000	$100,001	6
California	8.8	Flat Rate		1
Colorado	4.63	Flat Rate		1
Connecticut	7.5	Flat Rate		1
Delaware	8.7	Flat Rate		1
Florida	5.5	Flat Rate		1
Georgia	6.0	Flat Rate		1
Hawaii	4.4 - 6.4	$25,000	$100,001	3
Idaho	7.4	Flat Rate		1
Illinois	9.5	Flat Rate		1
Indiana	7.5	Flat Rate		1
Iowa	6.0 - 12.0	$25,000	$250,001	4
Kansas	4.0	Flat Rate		1
Kentucky	4.0 - 6.0	$50,000	$100,001	3
Louisiana	4.0 - 8.0	$25,000	$200,001	5
Maine	3.5 - 8.93	$25,000	$250,000	4
Maryland	8.25	Flat Rate		1
Massachusetts	8.0	Flat Rate		1
Michigan	6.0	Flat Rate		1
Minnesota	9.8	Flat Rate		1
Mississippi	3.0 - 5.0	$5,000	$10,001	3
Missouri	6.25	Flat Rate		1

CORPORATE INCOME

STATE	RATE (%)	TAX BRACKETS LOWEST	TAX BRACKETS HIGHEST	NUMBER OF BRACKETS
Montana	6.75	Flat Rate		1
Nebraska	5.58 - 7.81	$100,000		2
Nevada	No Corporate Income Tax			N/A
New Hampshire	8.5	Flat Rate		1
New Jersey	9.0	Flat Rate		1
New Mexico	4.8 - 7.3	$500,000	$1,000,000	3
New York	7.1	Flat Rate		1
North Carolina	6.0	Flat Rate		1
North Dakota	1.48 - 4.53	$25,000	$50,001	3
Ohio	Tax Based on Commercial Activity			N/A
Oklahoma	6.0	Flat Rate		1
Oregon	6.6 - 7.6	$10,000,000		2
Pennsylvania	9.99	Flat Rate		1
Rhode Island	9.0	Flat Rate		1
South Carolina	5.0	Flat Rate		1
South Dakota	No Corporate Income Tax			N/A
Tennessee	6.5	Flat Rate		1
Texas	Tax Based on Capital and Surplus			N/A
Utah	5.0	Flat Rate		1
Vermont	6.0 - 8.5	$10,000	$25,000	3
Virginia	6.0	Flat Rate		1
Washington	No Corporate Income Tax			N/A
West Virginia	6.5	Flat Rate		1
Wisconsin	7.9	Flat Rate		1
Wyoming	No Corporate Income Tax			N/A

INDIVIDUAL INCOME*

STATE	RATE (%)	TAX BRACKETS LOWEST	HIGHEST	NUMBER OF BRACKETS
Alabama	2.00 - 5.00	$500	$3,001	3
Alaska		**No State Income Tax**		
Arizona	2.59 - 4.54	$10,000	$150,001	5
Arkansas	1.00 - 7.00	$4,199	$34,600	6
California	1.00 - 12.30	$7,582	$508,500	9
Colorado	4.63	Flat Rate		1
Connecticut	3.00 - 6.70	$10,000	$250,000	6
Delaware	2.20 - 6.60	$5,000	$60,001	6
Florida		No State Income Tax		
Georgia	1.00 - 6.00	$750	$7,001	6
Hawaii	1.40 - 11.00	$2,400	$200,001	12
Idaho	1.60 - 7.40	$1,409	$10,568	7
Illinois	5.00	Flat Rate		1
Indiana	3.40	Flat Rate		1
Iowa	0.36 - 8.98	$1,515	$68,175	9
Kansas	2.70 - 4.80	$15,000		2
Kentucky	2.00 - 6.00	$3,000	$75,001	6
Louisiana	2.00 - 6.00	$12,500	$50,001	3
Maine	0.00 - 7.95	$5,200	$20,900	3
Maryland	2.00 - 5.75	$1,000	$250,000	8
Massachusetts	5.20	Flat Rate		1
Michigan	4.25	Flat Rate		1
Minnesota	5.35 - 9.85	$24,680	$152,541	4
Mississippi	3.00 - 5.00	$5,000	$10,001	3
Missouri	1.50 - 6.00	$1,000	$9,001	10

* Rates apply to unmarried individuals

INDIVIDUAL INCOME*

STATE	RATE (%)	TAX BRACKETS LOWEST	TAX BRACKETS HIGHEST	NUMBER OF BRACKETS
Montana	1.00 - 6.90	$2,700	$16,400	7
Nebraska	2.46 - 6.84	$3,000	$29,000	4
Nevada	No State Income Tax			
New Hampshire	State Income Tax of 5% on Dividends and Interest Income Only			
New Jersey	1.40 - 8.97	$20,000	$500,000	6
New Mexico	1.70 - 4.90	$5,500	$16,001	4
New York	4.00 - 8.82	$8,200	$1,029,250	8
North Carolina	5.80			1
North Dakota	1.22 - 3.22	$36,900	$405,100	5
Ohio	0.53 5.39	$5,000	$200,000	9
Oklahoma	0.50 - 5.25	$1,000	$8,701	7
Oregon	5.00 - 9.90	$3,250	$125,000	4
Pennsylvania	3.07	Flat Rate		1
Rhode Island	3.75 - 5.99	$59,600	$135,500	3
South Carolina	0.00 - 7.00	$2,880	$14,400	6
South Dakota	No State Income Tax			
Tennessee	State Income Tax of 6% on Dividends and Interest Income Only			
Texas	No State Income Tax			
Utah	5.00	Flat Rate		1
Vermont	3.55 - 8.95	$36,900	$405,100	5
Virginia	2.00 - 5.75	$3,000	$17,001	4
Washington	No State Income Tax			
West Virginia	3.00 - 6.50	$10,000	$60,000	5
Wisconsin	4.40 - 7.65	$7,500	$225,000	4
Wyoming	No State Income Tax			

*Rates apply to unmarried individuals

SALES

STATE	RATE (%)	STATE	RATE (%)
Alabama	4.000	Montana	none
Alaska	**none**	Nebraska	5.500
Arizona	5.600	Nevada	6.85 (6)
Arkansas	6.500	New Hampshire	none
California	7.500	New Jersey	7.000
Colorado	2.900	New Mexico	5.125
Connecticut	6.350	New York	4.000
Delaware	none	North Carolina	4.750
Florida	6.000	North Dakota	5.000
Georgia	4.000	Ohio	5.750
Hawaii	4.000	Oklahoma	4.500
Idaho	6.000	Oregon	none
Illinois	6.250	Pennsylvania	6.000
Indiana	7.000	Rhode Island	7.000
Iowa	6.000	South Carolina	6.000
Kansas	6.150	South Dakota	4.000
Kentucky	6.000	Tennessee	7.000
Louisiana	4.000	Texas	6.250
Maine	5.500	Utah	5.95 (5)
Maryland	6.000	Vermont	6.000
Massachusetts	6.250	Virginia	5.300
Michigan	6.000	Washington	6.500
Minnesota	6.875	West Virginia	6.000
Mississippi	7.000	Wisconsin	5.000
Missouri	4.225	Wyoming	4.000

DESCRIPTION OF CREDITS

Credits listed alphabetically.
Effective fiscal year 2014

Alternative Credit for Exploration - AS 43.55.025 - Taxpayers that incur qualified exploration expenditures are eligible for this credit, which is 30% (20% for work performed prior to July 1, 2008) or 40%, depending on the qualifications of the exploration project. Taxpayers must obtain pre-approval from and submit certain data to the Department of Natural Resources as part of the application process. Credit applications under AS 43.55.025 are audited prior to issuance of the credit certificates. Certificates must be eventually issued, but the credit may also be applied to tax prior to the issuance of a certificate.

Note that this credit has been available since 2003 - pre-dating the oil and gas tax law revisions of 2006 and 2007. The scope of this credit is more specific than that provided for under AS 43.55.023.

This credit is applicable to Oil and Gas Production Tax.

Carried-Forward Annual Loss - AS 43.55.023(b) - Taxpayers that incur lease expenditures that are not deductible in calculating production tax values generate a "loss carryforward" and they may apply for a tax credit in the amount of 25% of that loss. When certificated, half of the credit is available for use in the calendar year it is issued and the other half may be used in the years following. If not certificated, the entire credit may be applied on the taxpayer's annual filing. These credits are transferable.

This credit is applicable to Oil and Gas Production Tax.

CDQ - Taxpayers that harvest a fishery resource under a community development quota (CDQ) may claim a credit of up to 45.45% of fishery resource landing taxes for contributions to Alaska nonprofit corporations that are dedicated to fisheries industry-related expenditures.

This credit is applicable to Fishery Resource Landing Tax.

Cook Inlet Jack-Up Rig Credit - AS 43.55.025(a)(5) was passed by the legislature in 2010 to incentivize investment in a jack-up rig for use in Cook Inlet. The credit is available to the first three unaffiliated persons that drill an offshore exploration well for oil or gas in Cook Inlet. Credit under this program will be granted for the lesser of 100% of exploration expenditures or $25 million to the first person who drills a qualifying well under the program. Credit for the lesser of 90% of exploration expenditures or $22.5 million is available to the second person, and credit for the lesser of 80% of exploration expenditures or $20 million is available to the third person who drills a qualifying well under the program.

Credit under this program may be granted in the form of a cash reimbursement from the state or it may be applied against tax liabilities. If the drilling under this program results in sustained production of oil or gas, 50% of the amount of the credit received shall be repaid to the state over a 10-year period.

This credit is applicable to Oil and Gas Production Tax.

Education - Taxpayers are allowed a non-transferrable, non-refundable credit for cash contributions to Alaska universities and accredited nonprofit Alaska two-year or four-year colleges for facilities, direct instruction, research, and educational support purposes. The tax credit can also be taken for donations to a school district or state-operated vocational technical education and training school for vocational education courses, programs, and facilities. Donations for Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership also qualify. Contributions to the Alaska Higher Education Investment Fund established in 2012 qualify. The credit is 50% of the first $100,000, 100% of the contribution over $100,000 and up to $300,000 and 50% of the remaining amount over $300,000. The total allowable credit per year for all affiliated taxpayers may not exceed $5 million.

Qualifying education tax credits to include cash contributions by taxpayers to a public or private nonprofit elementary or secondary school in the state, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, or an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 – 50b for direct instruction, research, and educational support purposes. In addition, tax credits for certain taxpayers are available for cash contributions accepted for a facility by a public or private nonprofit elementary or secondary school in the state, funding for a scholarship awarded by a nonprofit organization to a dual-credit student for certain educational expenses, for a residential school in the state approved by the Department of Education and Early Development, or certain qualified childhood early learning and development programs. Tax credits are also available for cash contributions by certain taxpayers for science, technology, engineering and math (STEM) programs by a nonprofit agency or school district for school staff and for students in grades kindergarten through 12 in the state and for the operation of a nonprofit organization dedicated to providing educational opportunities that foster public service leadership for future generations of residents of the state.

This credit is applicable to Corporate Income Tax, Fisheries Business Tax, Fishery Resource Landing Tax, Mining License Tax, Oil and Gas Production Tax, and Oil and Gas Property Tax.

Exploration Incentive - AS 38.05.180(i) - Lessees of state land drilling an exploratory well or conducting certain seismic exploration on that land are eligible for this credit. The credit is 50% of the cost of the exploration expenditures and may not exceed 50% of the production tax or state royalty against which it is applied. This credit is administered by the Department of Natural Resources, but may be applied to oil and gas production tax.

This credit is applicable to Oil and Gas Production Tax.

Exploration Incentive (Assignable) - AS 41.09.010 - This is a distinct incentive program administered by the Department of Natural Resources. The credit is available to be claimed against royalty obligations, corporate income tax and production tax. Taxpayers may take a credit up to 50% on state land (or 25% on non state lands) of eligible oil and gas exploration expenditures. An approved incentive credit under this statute may not exceed $5 million per project and is limited to $30 million per taxpayer.

This credit is applicable to Oil and Gas Production Tax.

Film Production - Taxpayers may take a credit for certain expenses incurred in producing films in Alaska. The credit is administered by the Department of Revenue. This credit may be transferred.

This credit is applicable to Corporate Income Tax, Fisheries Business Tax, Fishery Resource Landing Tax, Oil and Gas Property Tax, Insurance Premium Tax and Title Insurance Tax.

This credit is applicable to Corporate Income Tax.

Gas Exploration and Development - Taxpayers may take a corporate income tax credit for 25% of qualifying expenditures incurred in exploration and development of natural gas reserves in Alaska, except for the North Slope. The credit may be applied against 75% of the tax liability.

This credit is applicable to Corporate Income Tax.

Gas Storage Facility Tax Credit - A person may claim a credit for costs incurred to establish a gas storage facility in Alaska. The available credit is $1.50 per 1,000 cubic feet of gas storage capacity, with a maximum credit available of $15,000,000 or 25% of costs incurred to establish the facility. This is a refundable tax credit, subject to AS 43.55.028.

This credit is applicable to Corporate Income Tax.

LNG Storage Facility Tax Credit - A person may claim a credit for costs incurred to establish a LNG (Liquefied Natural Gas) storage facility in Alaska. The available credit is equal to 50% of the costs incurred, not to exceed $15,000,000. This is a refundable tax credit, subect to AS 43.55.028.

This credit is applicable to Corporate Income Tax.

Minerals Exploration Incentive - Taxpayers may claim a credit for eligible costs of exploration activities related to determining existence, location, extent, or quality of a locatable mineral or coal deposit. An approved exploration incentive credit may not exceed $20 million and must be applied within fifteen tax years after the credit is approved. Application of the credit is limited to the lesser of 50% of the taxpayer's mining license tax liability or 50% of its corporate tax liability.

Municipal property taxes paid - Taxpayers receive a credit against state oil and gas property tax for property taxes paid to municipalities on taxable property. The credit is limited to the amount of state tax otherwise due.

This credit is applicable to Oil and Gas Property Tax.

New Area Development - AS 43.55.024(a) - Taxpayers that produce in areas outside the Cook Inlet and south of 68 degrees north latitude are eligible for a tax credit of not more than $6 million per year. This credit sunsets the later of 2016 or the ninth calendar year after first year of production. The credit is not certificated and is not transferable.

This credit is applicable to Oil and Gas Production Tax.

Other Taxes - Taxpayers that paid taxes on fishery resources to another jurisdiction may claim a credit against the fishery resource landing tax. The credit, equal to the amount of taxes paid in the other jurisdiction, may not exceed the fishery resource landing tax.

This credit is applicable to Fishery Resource Landing Tax.

Qualified Capital Expenditure - AS 43.55.023(a) - Taxpayers that incur qualified capital expenditures may apply for a 20% credit, however, not more than half of the credit may be applied against a tax levied by AS 43.55.011(e) for a single calendar year. This credit, when certificated, is transferable. Taxpayers may also apply the 20% credit to their annual oil and gas production tax filings without certification.

In 2010, the legislature passed AS 43.55.023(l), which allows credit of 40% of qualified well lease expenditures incurred south of 68 degrees North latitude for oil or gas operations. These credits can be applied against production tax liabilities, transferred to another company, or purchased by the state.

This credit is applicable to Oil and Gas Production Tax.

Scholarship Contributions - Taxpayers that contribute to the A.W. “Winn” Brindle memorial scholarship account may claim a tax credit for the amount of contribution not to exceed 5% of their tax liability.

This credit is applicable to Fisheries Business Tax and Fishery Resource Landing Tax.

Salmon Product Development - Taxpayers are allowed tax credits against the fisheries business tax on salmon for expenditures promoting the development of salmon products. The credit on salmon for expenditures promoting the development of salmon products was extended to December 31, 2015.

This credit is applicable to Fisheries Business Tax.

Small Producer - AS 43.55.024(c) - Taxpayers with Alaska oil and gas production less than 100,000 BTU equivalent barrels a day are eligible for a small producer credit. When average oil and gas production is no more than 50,000 barrels per day, the credit is $12 million per year. When production exceeds 50,000 barrels per day, but is less than 100,000 barrels per day, the credit is allocated based on production volumes. This credit sunsets the later of 2016 or the ninth calendar year after first year of production. The credit is not certificated and is not transferable.

This credit is applicable to Oil and Gas Production Tax.

Transitional Investment Expenditure - AS 43.55.023(i) - The “TIE” credit is generated by qualified capital expenditures made during the period April 1, 2001, through March 31, 2006. The credit is 20% of those qualified capital expenditures, not to exceed one-tenth of qualified capital expenditures incurred after March 31, 2006 and before January 1, 2008. Producers and explorers without commercial production in Alaska before January 1, 2008 are eligible for this credit. TIE credit is not transferable and is available until 2013.

This credit is applicable to Oil and Gas Production Tax.

Veteran Employment Tax Credit - Taxpayers may take a credit for the employment of a veteran. The available credit is $3,000 for hiring a disabled veteran or $2,000 for a veteran who is not disabled.

This credit is applicable to Corporate Income Tax.

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V2: Errata on motor fuel tax collections corrected