Revenue Sources
FY 1980-82

Alaska
Department of Revenue

-12/80

January 1981

Jay Hammond, Governor

ALASKA'S REVENUE SOURCES

Compiled by Research Section

Department of Revenue

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Introduction

In accordance with Alaska Statute 37.07.060 (b)(4) the Revenue Source Book is compiled annually to assist the Governor in formulating a proposed comprehensive financial plan for presentation to the State Legislature. Since fiscal year (FY) 1975, responsibility for compiling and publishing this summary of State Revenues has come under the Department of Revenue's jurisdiction. Within the publication are shown prior year actuals, revised current year estimates, and upcoming year projections.

The State receives three major classes of income: Unrestricted, Restricted, and Special Fund Revenues.

1. Unrestricted Revenues are paid into the General Fund and may be appropriated for any purpose. These receipts are listed in the Source Book by type; i.e. Taxes, Licenses and Permits, etc.

2. Restricted Revenues are those received for specific purposes, primarily from the Federal Government. Only budget category totals are given.

3. Special Fund Revenues are those received into statutorily established funds such as the International Airports Revenue Fund.

Anticipated State income is projected through the use of a number of data sources: 1) An econometric model developed by the Department of Revenue's Research Section to forecast unrestricted non-petroleum revenues, 2) A petroleum revenue forecasting model created by the Department's Petroleum Revenue Division, and 3) Estimates from individual State agencies.

The Department of Revenue thanks the various State agencies for their cooperation in computing anticipated revenues for publication in this document.

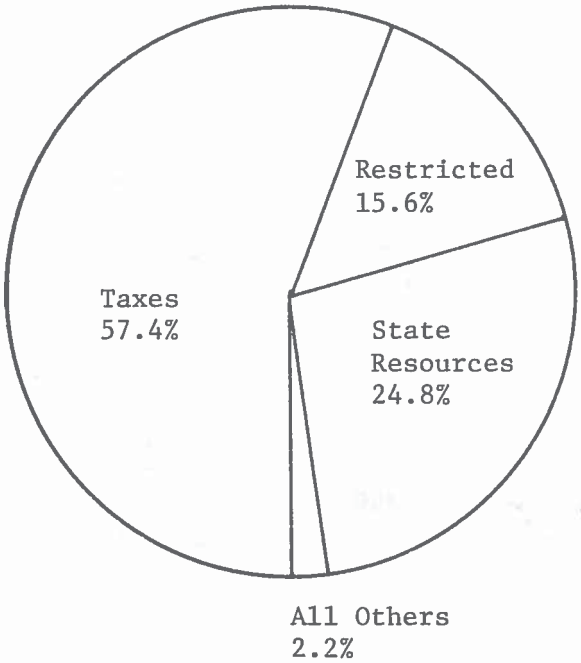
Revenue Summary
In Thousand of Current Dollars

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Estimate
Total Net General Fund Unrestricted Revenues (p. 7)	2,501,200	3,631,000	4,955,100
Total General Fund Restricted Revenues (p. 12)	213,600	274,700	306,500
Total General Fund Revenues (p. 12)	2,714,800	3,905,700	5,261,600
Alaska Permanent Fund (p. 14)	344,800	1,277,300	587,500
Native Claims Fund (p. 18)	131,400	-0-	-0-

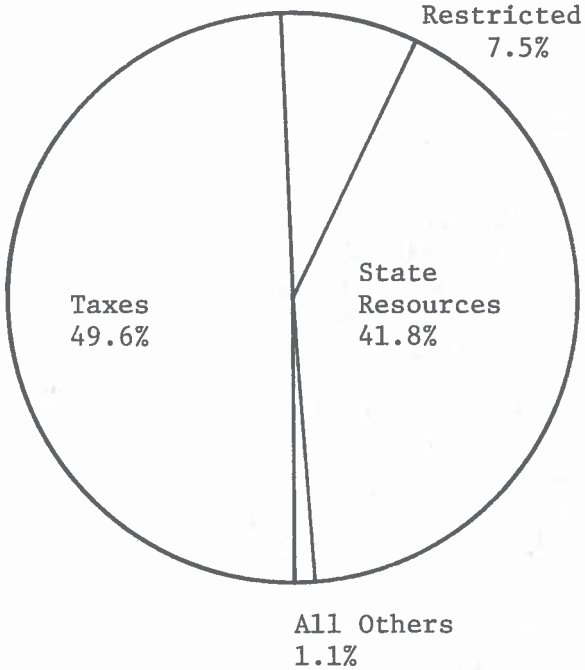
General Fund Components

Historical Comparison

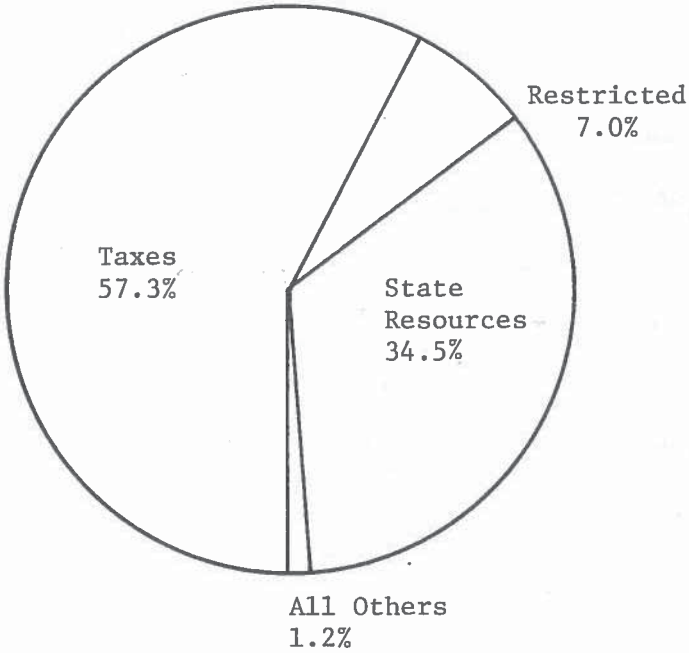
FY 79 ACTUAL



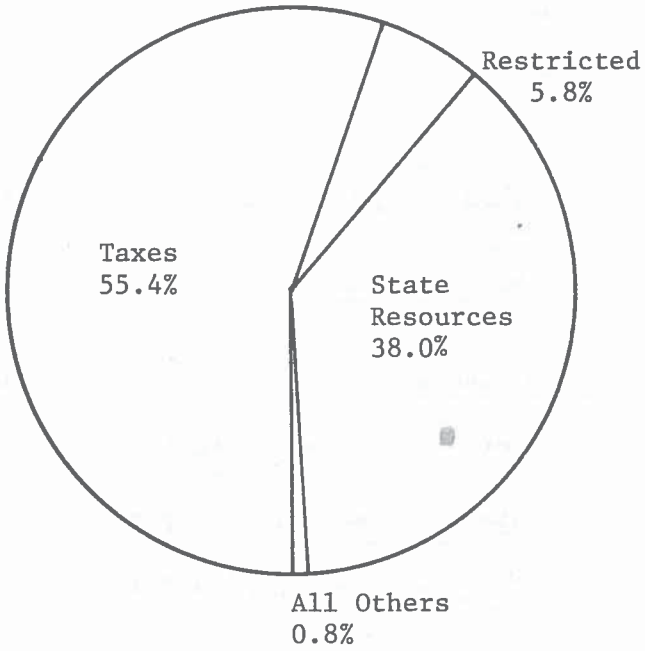
FY 80 ACTUAL



FY 81 PROJECTION



FY 82 PROJECTION



General Fund Unrestricted Revenues

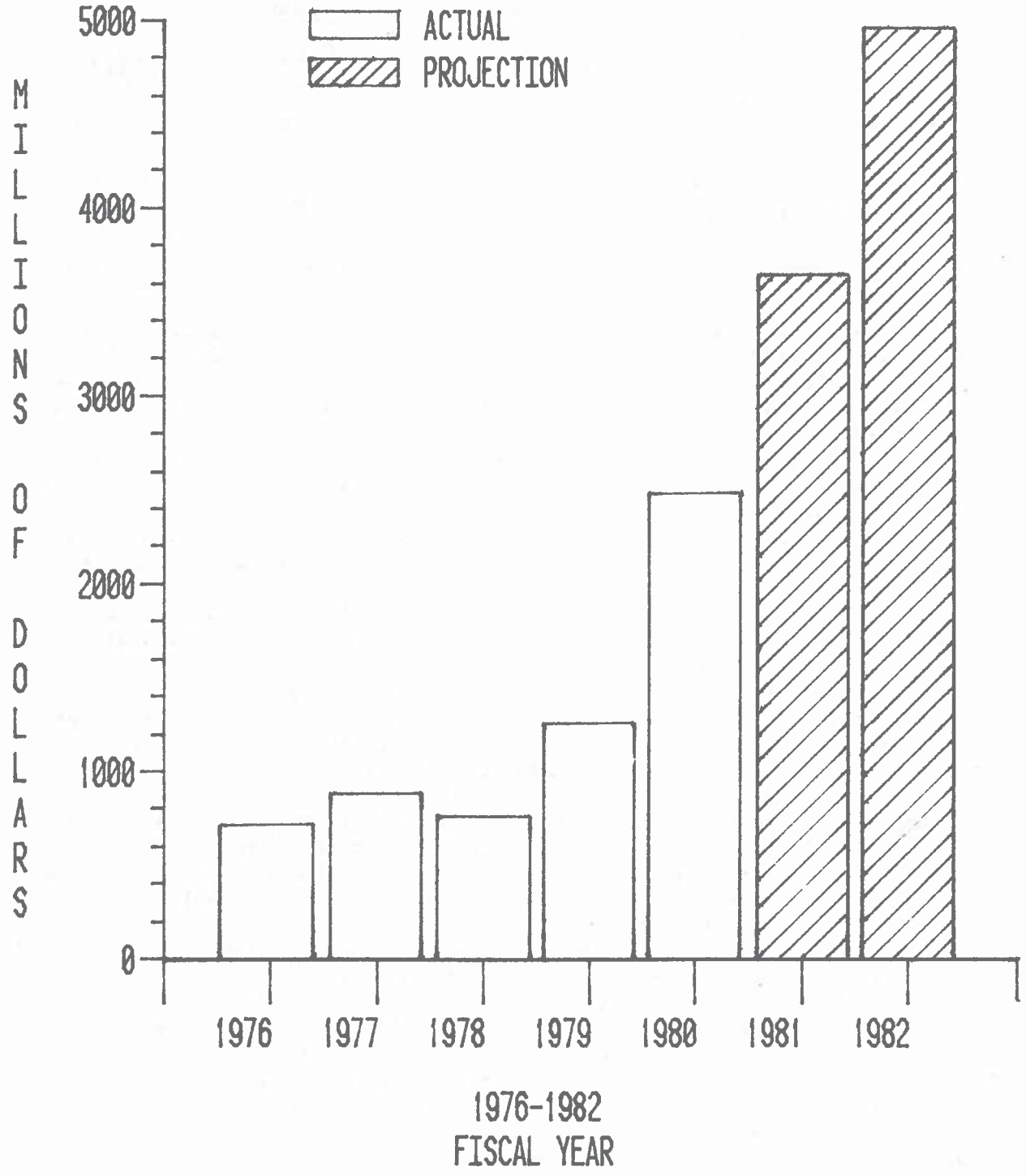
In Thousands of Current Dollars

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Estimate
Taxes			
Income			
Corporate - General	17,900	35,000	36,000
Corporate - Petroleum	547,500	770,000	882,900
Fiduciary(1)	100	-0-	-0-
Individual(1)	100,500	-0-	-0-
Gross Receipts			
Alaska Business License	4,200	5,300	3,200
Fish - Canned Salmon(2)	4,300	12,100(3)	6,600
Fish - Shorebased(2)	7,600	10,400(3)	7,800
Fish - Floating(2)	2,700	4,000(3)	3,100
Salmon Enhancement(4)	-0-	-0-	1,500
Insurance Companies	10,400	11,300	12,500
Other	2,100	2,600	2,900
Severance			
Gravel,Timber, etc.	1,600	1,300	3,000
Oil & Gas Production(5)	506,200	1,178,200	1,747,100
Oil & Gas Conservation	300	600	600
Property			
Oil & Gas	168,900	170,000	170,000
Vehicle Registration	100	200	200
Sale/Use			
Alcoholic Beverages	7,400	7,900	8,200
Fuel Taxes - Aviation	4,000	4,100	4,300
Fuel Taxes - Highway	18,900	18,500	20,900
Fuel Taxes - Marine	3,200	3,400	3,600
Tobacco Products	1,600	1,700	1,800
Other			
Estate	200	200	200
School(6)	2,600	-0-	-0-
Total Taxes	1,412,300	2,236,800	2,916,400
Licenses & Permits			
Business	8,100	8,300	9,700
Non-Business	10,700	12,000	12,500
Total Licenses & Permits	18,800	20,300	22,200
Intergovernmental Receipts			
Federal Shared Revenues(5) (7)	4.800	19,400(8)	8,000
State Resource Revenue			
Sale/Use			
Bonus Sales	342,400(7) (9)	6,400(10)(11)(12)	-0-(11)

Investment Earnings	119,900	195,000	195,000
Rents(7)	3,000	2,500	4,000
Royalties(5)(7)	688,200	1,098,700(13)	1,757,100
Sale of State Property	5,700	9,300	5,600
Facilities Related Charges			
Airports	800	600	800
Ferry System - Southeast	18,700	21,600	24,400
Ferry System - Southwest	2,400	2,400	2,700
Other	4,100	4,300	4,700
Service Related Charges			
Court System	2,800	3,100	3,300
Other Service Related Charges	2,000	3,600	3,900
Total State Resources Revenues	1,190,000	1,347,500	2,001,500
Miscellaneous Revenues	6,700	7,000	7,000
Total Gross Unrestricted Revenues	2,632,600	3,631,000	4,955,100
Less: Native Claims Payments	131,400(14)	-0-	-0-
Total Net Unrestricted Revenues	2,501,200	3,631,000	4,955,100

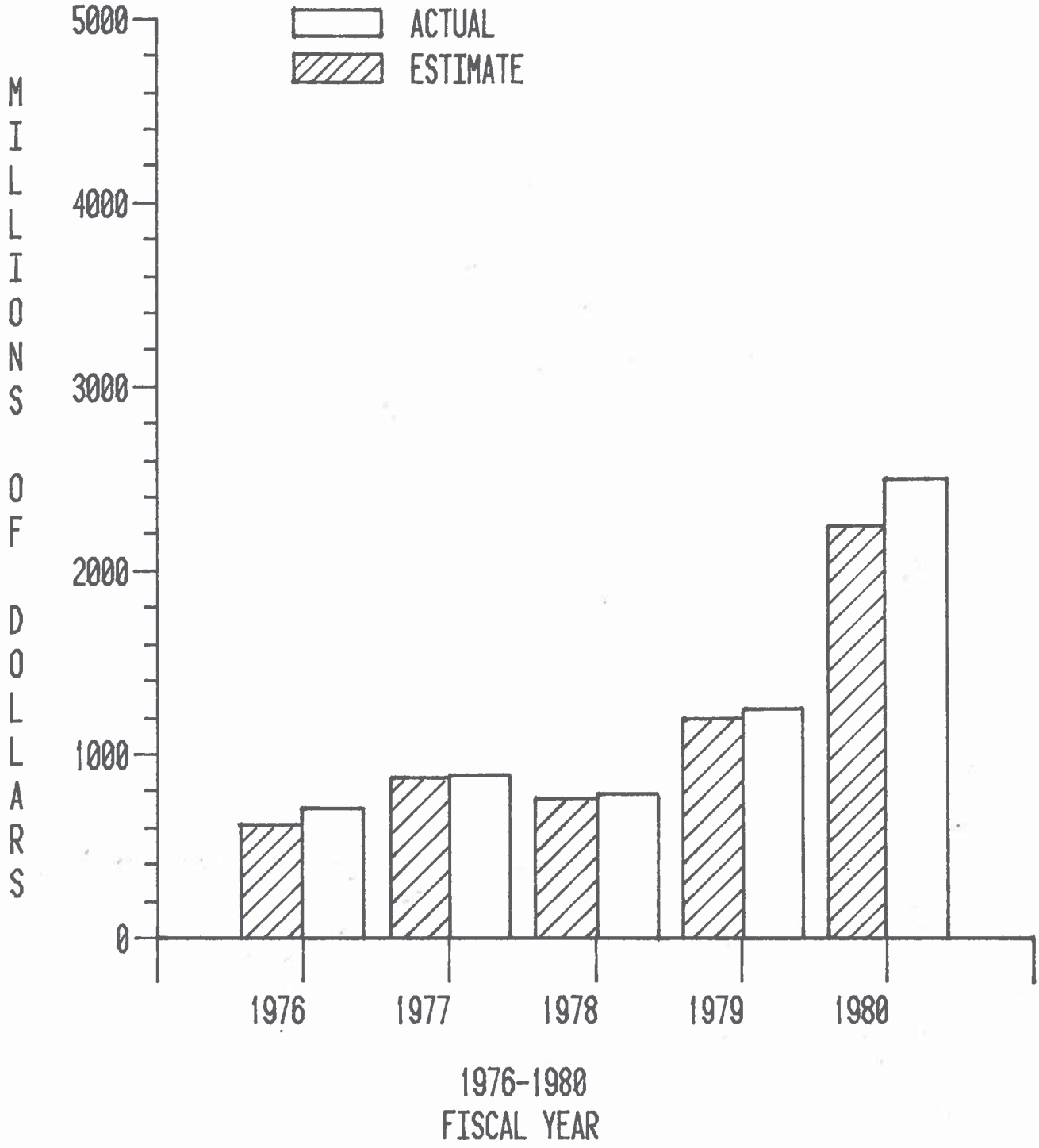
1) Ch. 1 SSSLA 1980, repeals the Alaska Net Income Tax for individuals and fiduciaries and provides for individuals to continue receiving tax credits for political contributions and household and dependent care service, retroactive to January 1, 1980. Ch. 2 SSSLA 1980, provides refunds of 1979 individual income taxes.
2) Ch. 79 SLA 1979, effective June 30, 1979. FY 1980 represents a transition period with six months of collections under old tax rates and six months of collections under new tax rates.
3) FY 1981 represents additional revenue collected due to fisheries processors filing a substantial amount of 1979 tax return extensions which are not expected to be collected until FY 1981.
4) Ch. 154 SLA 1980, effective July 2, 1980, levies either a 2 percent or 3 percent Salmon Enhancement Tax to be determined by qualified regional aquaculture associations.
5) Assumes gradual decontrol of oil prices by October 1, 1981.
6) Repealed by Ch. 64 SLA 1980, retroactive to January 1, 1980. Some insignificant amounts of revenue are expected to be collected in FY 1981 due to employers still collecting in calendar year 1980.
7) Net of 25 percent Permanent Fund contribution.
8) Anticipated revenue ($9.8 million) due to State's winning Court decision may not be collected because of appeal to the Supreme Court.
9) Reflects bonuses for undisputed State lands in the Beaufort Sea lease sale. Another $110.9 million associated with the Dinkum Sands is subject to an agreement with the United States regarding its allocation.
10) Reflects lease sale of $12,771,301.22 held September 16, 1980.
11) The Department of Natural Resources projects additional lease sales to be held in 1981 and 1982. However, bonus bids are impossible to anticipate prior to the sales and therefore no estimates are included in this report.
12) Net of 50 percent Permanent Fund contribution by Ch. 18 SLA 1980.
13) The FY 1981 royalty value reflects the retroactive payment due the State, by the North Slope producers, for the recently negotiated settlement regarding field costs previously deducted from the royalty wellhead value.
14) Native Claims Settlement Fund payments out of current royalties have historically been treated as if they were not received, and the figure reflects the total amount of such payments during FY 1980. An additional $292,585,066.52 was paid as an appropriation on June 30, 1980, thereby fulfilling the total $500,000,000 obligation under Sec. 6 of the Alaska Native Claims Settlements Act, but the money for this appropriation is counted as received under the historic practice.

Unrestricted Revenues



Unrestricted Revenues

Historical Comparison



Revenue Breakdown

The total gross General Fund unrestricted revenues for Fiscal Years 1980, 1981 and 1982 are projected to be $2,632.6 million, $3,631.0 million, and $4,955.1 million, respectively. As a result of Native Claims payment deductions, these gross amounts correspond to total net General Fund unrestricted revenues of $2,501.2 million, $3,631.0 million, and $4,955.1 million, respectively, as shown in the preceding table.

The following table depicts a breakdown of gross General Fund unrestricted revenues in terms of petroleum versus non-petroleum revenues based on the December estimates:

Petroleum vs. Non-Petroleum Revenues

(In Millions of Current Dollars)

Gross Petroleum Revenues

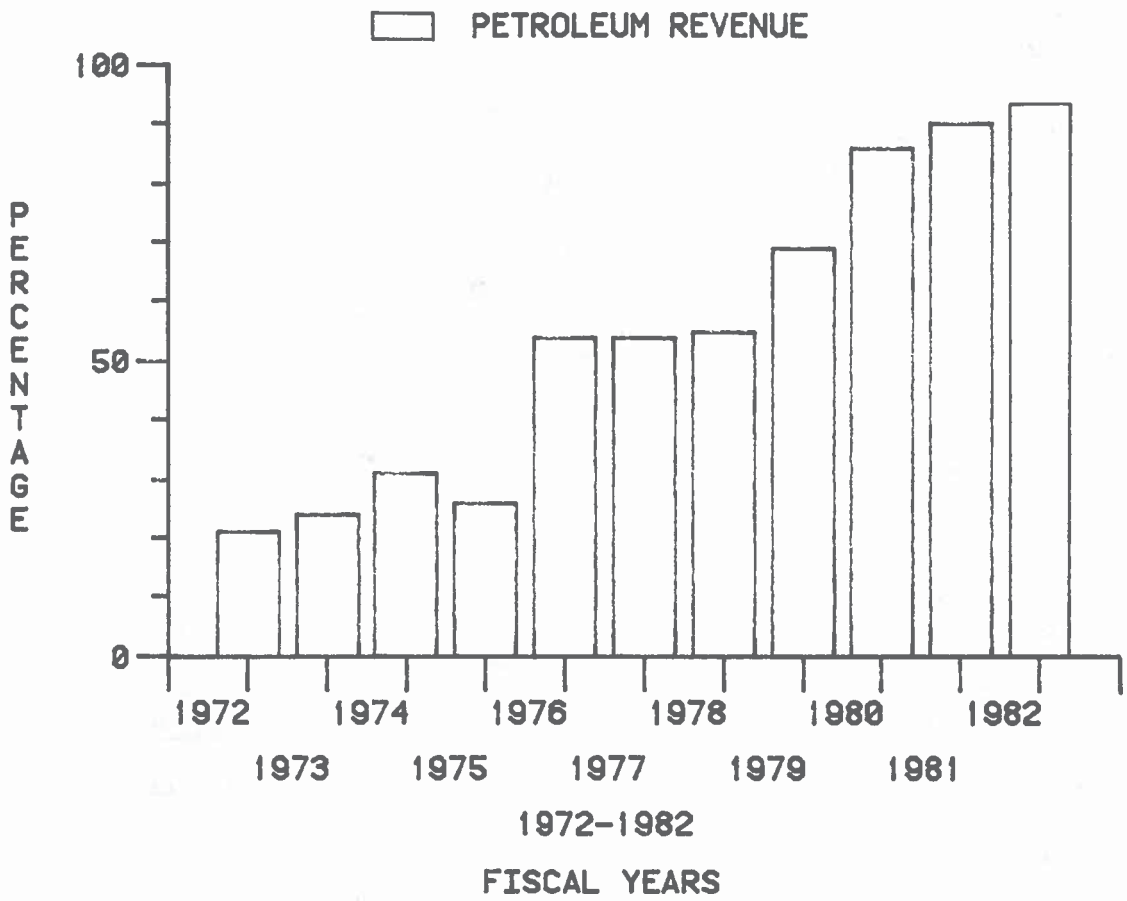
	FY 80	FY 81	FY 82
Corporate Petroleum	547.5	770.0	882.9
Severance Tax	506.5	1,178.8	1,747.7
Royalties	688.2	1,098.7	1,757.1
Property Tax	168.9	170.0	170.0
Bonus Sale	342.4	6.4	0.0
	2,253.5	3,223.9	4,557.7

Gross Non-Petroleum Revenues

	FY 80	FY 81	FY 82
Taxes	189.4	118.0	115.8
Licenses & Permits	18.8	20.3	22.2
Intergovernmental Receipts	4.8	19.4	8.0
State Resources Revenues	159.4	242.4	244.4
Miscellaneous Revenues	6.7	7.0	7.0
	379.1	407.1	397.4
Total Gross General Fund Unrestricted Revenues	2,632.6	3,631.0	4,955.1

Petroleum Revenues

Historical Comparison of Gross General Fund Unrestricted Petroleum Revenues as Percentages of Gross General Fund Unrestricted Revenues (in Millions of Current Dollars)



Fiscal Year	Total Gross General Fund Unrestricted Revenues	Total Gross General Fund Unrestricted Petroleum Revenues	Percent
1972	219.2	47.1	21
1973	208.1	49.3	24
1974	255.1	79.3	31
1975	333.3	87.6	26
1976	709.7	386.1	54
1977	874.1	472.5	54
1978	787.4	430.3	55
1979	1,178.5	819.0	69
1980	2,632.6	2,253.5	86
1981*	3,631.0	3,223.9	89
1982*	4,955.1	4,557.7	92

* Estimate

Restricted Revenues

In Thousands of Current Dollars

Federal Grants-in-Aid	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Estimate
I. Education	30,700	38,300	38,700
II. Social Services	60,000	112,400	129,400
III. Health	21,400	3,500	3,000
IV. Natural Resources	6,500	12,400	13,800
V. Public Protection	4,800	5,500	5,900
VI. Administration of Justice	2,600	2,300	1,300
VII. Development	2,400	3,800	3,800
VIII. Transportation	69,500	77,000	80,700
IX. General Government	400	400	400
Total Federal Grants-in-Aid	198,300	255,600	277,000
Other Grants-in-Aid			
I. Education	1,600	400	500
II Social Services	300	1,800	2,000
III. Health	200	-0-	-0-
IV. Natural Resources	600	3,000	8,900
V. Public Protection	1,700	1,200	1,300
VI. Administration of Justice	100	100	100
VII. Development	1,300	700	800
VIII. Transportation	1,000	1,400	1,600
IX. General Government	2,800	2,700	3,900
Total Other Grants-in-Aid	9,600	11,300	19,100
Miscellaneous Restricted Revenue-All Categories	5,700	7,800	10,400
Total Restricted Revenue (1)	213,600	274,700	306,500
Total Net Unrestricted Revenue	2,501,200	3,631,000	4,955,100
Total General Fund Revenue (2)	2,714,800	3,905,700	5,261,600

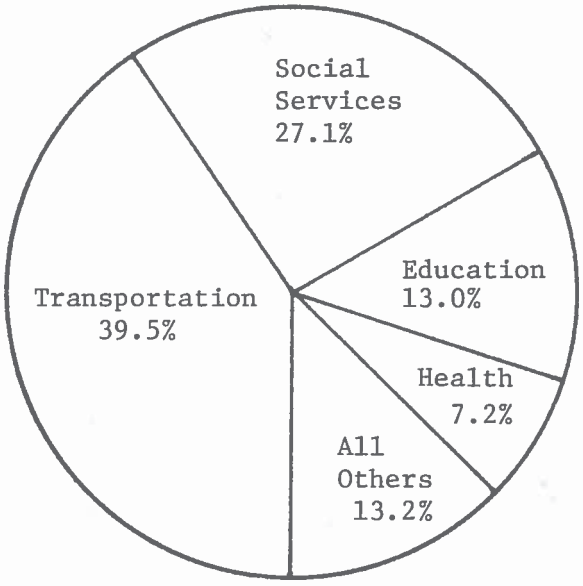
(1) Restricted Revenue figures may not agree with those shown in the Governor's budget due to categorical differences between the budget and accounting system.

(2) Actual and estimated revenues are reported herein on a cash basis and therefore may not agree with those given in the State's Annual Report which used a modified accrual basis.

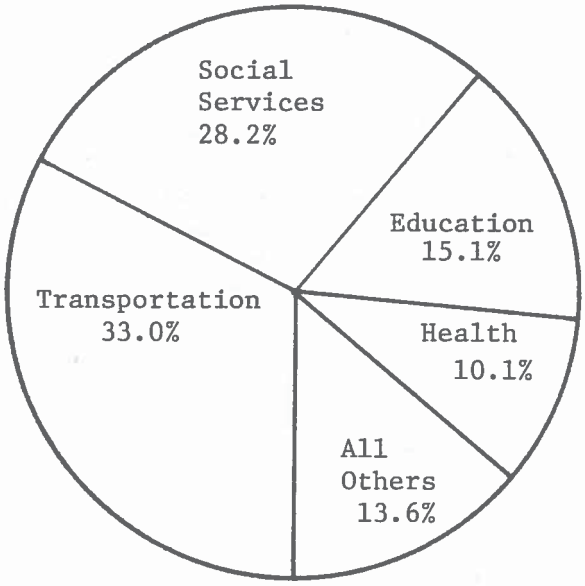
Restricted Revenues

Historical Comparison

FY 79 ACTUAL



FY 80 ACTUAL



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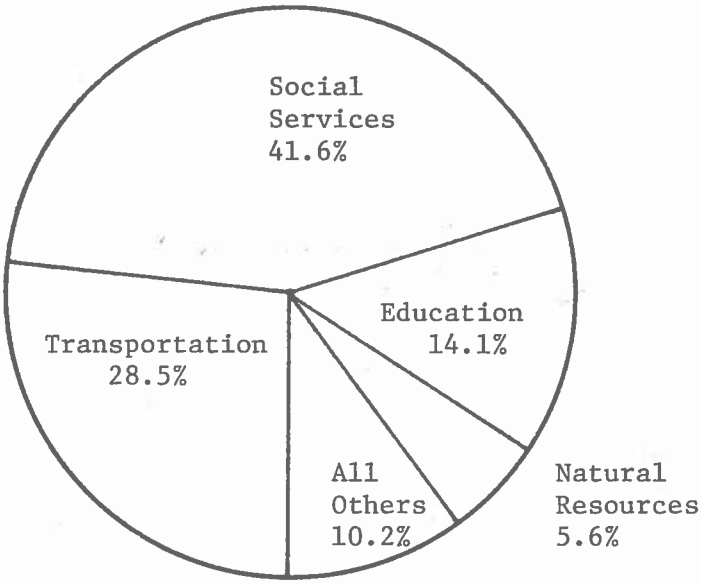

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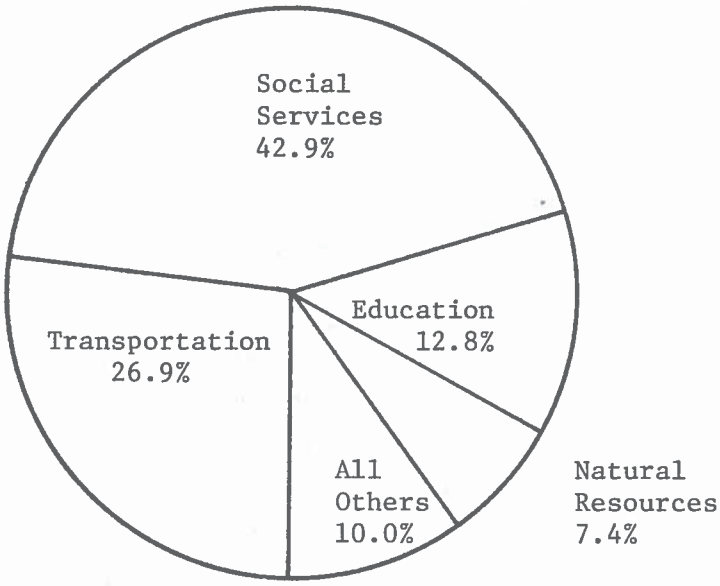
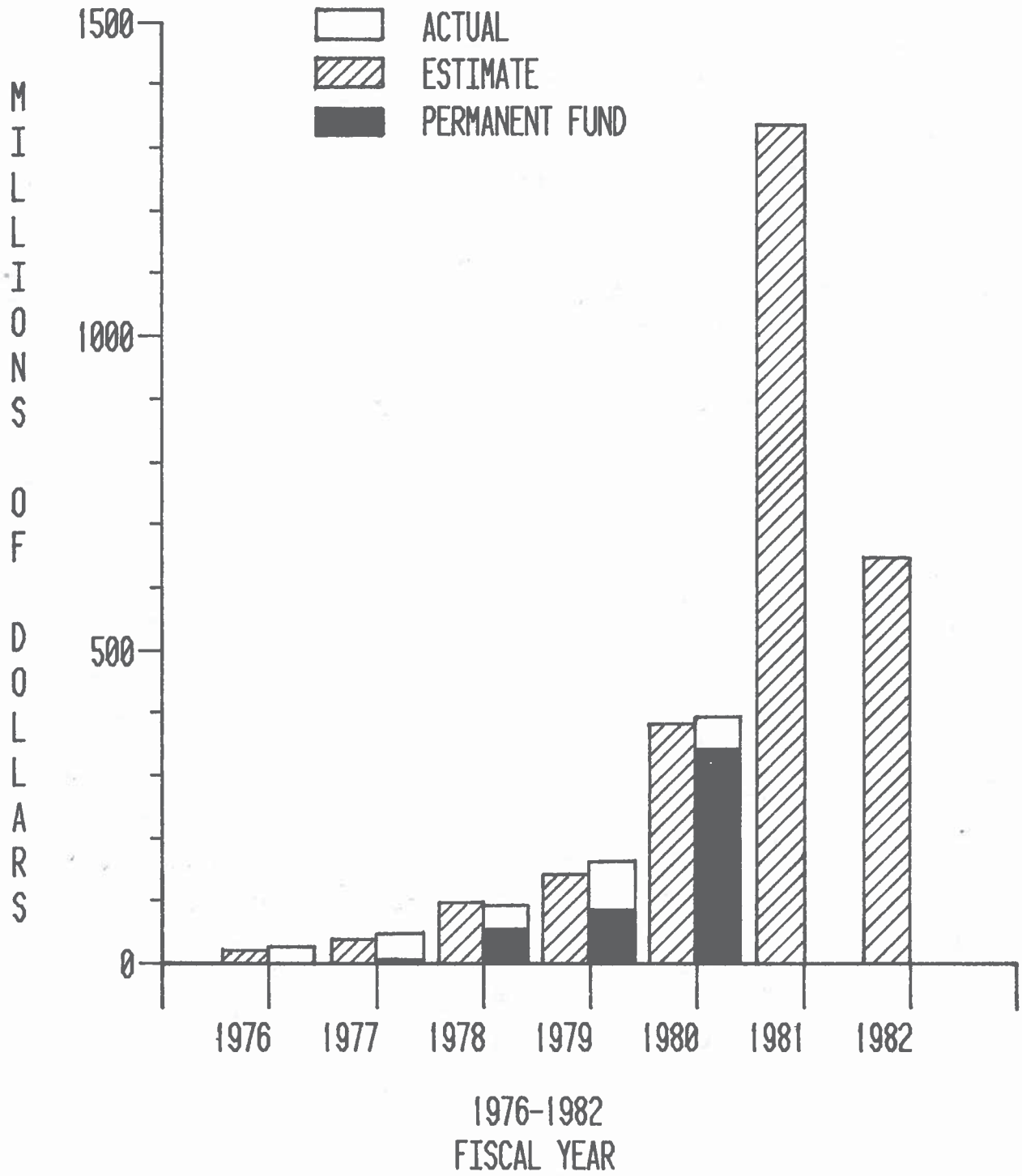


Special Funds
In Thousands of Current Dollars

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Estimate
Enterprise Funds			
Agriculture Loan Fund	400	800	1,100
Alternative Technology and Energy Loan Fund(1)	-0-	-0-	100
Bulk Fuel Loan Fund(2)	-0-	-0-	100
Child Care Facility Loan Fund	-0-	-0-	-0-
Commercial Fish Loan Fund	100	1,400	2,500
Fisheries Enhancement Loan Fund(3)	-0-	-0-	-0-
Historical District Loan Fund	-0-	-0-	-0-
International Airport Revenue Fund	27,600	29,600	30,100
Medical Malpractice Loan Fund	-0-	200	200
Mining Loan Fund(4)	-0-	-0-	-0-
Residential Energy Conservation Loan Fund(5)	-0-	100	100
Scholarship Loan Fund	200	500	500
Small Business Loan Fund	500	2,100	3,600
Tourism Loan Fund	100	500	700
Water Resources Loan Fund(6)	100	-0-	-0-
World War II Veterans Loan Fund	2,200	2,000	1,800
Total Enterprise Funds	31,200	37,200	40,800
Special Revenue Funds			
Alaska Permanent Fund	344,800	1,277,300(7)(8)(9)	587,500
Federal Revenue Sharing Fund	7,800	3,800(10)	-0-
Fish & Game Fund	8,700	10,900	11,500
Marine Coastal Damage Fund	-0-	-0-	-0-
School Fund	2,700	2,900	3,000
Training & Building Fund	400	500	500
Total Special Revenue Fund	364,400	1,295,400	602,500
Total Special Funds	395,600	1,332,600	643,300

1) Ch. 83 SLA 1980, effective July 1, 1980.
2) Ch. 83 SLA 1980, effective June 13, 1980.
3) Ch. 190 SLA 1976, effective June 19, 1976.
4) Ch. 106 SLA 1980, effective June 21, 1980.
5) Ch. 83 SLA 1980, effective July 1, 1980.
6) Repealed by Ch. 83 SLA 1980 with the fund balance lapsing into the General Fund, effective June 13, 1980.
7) Includes $900,000,000 appropriated to the Alaska Permanent Fund in FY 1981.
8) Anticipated revenues ($3.2 million) due to State's winning Court decision may not be collected because of appeal to the Supreme Court.
9) The FY 1981 Permanent Fund contribution reflects the retroactive payment due the State, by the North Slope producers, for the recently negotiated settlement regarding field costs previously deducted from the royalty welhead valve.
10) Federal funding expires September 30, 1980. Reauthorization was pending at the time of publication.

Special Funds
Historical Comparison



Alaska Permanent Fund Contributions

Inception to Date

	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981
July		794,995.01	7,502,051.26	10,692,715.90	73,815,667.41
August		2,521,153.06	5,919,366.32	17,708,447.48	118,431,979.94
September		4,021,045.20	5,844,160.01	17,327,178.30	181,873,959.53
October		4,831,261.69	5,895,954.01	16,537,475.13	80,318,945.90
November		4,979,386.81	5,983,431.49	17,457,131.59	81,058,413.83
December		4,217,990.44	6,157,251.64	38,079,084.53	
January		4,215,503.35	6,464,609.73	113,926,615.55	
February		4,145,894.12	6,785,168.90	21,060,774.83	
March	1,530,416.42	3,648,367.18	6,292,339.61	20,607,758.22	
April	815,439.57	5,088,252.18	7,953,713.53	23,040,206.02	
May	788,450.99	5,603,327.04	9,065,491.87	21,783,285.17	
June	822,403.54	6,376,079.60	10,043,535.99	26,565,267.13	
Total	3,956,710.52	50,443,255.68	83,907,074.36	344,785,939.85 1/	535,498,966.61
Cumulative Fund Balance as of November 30, 1980					1,018,591,947.02

Interest Earnings Transferred to General Fund

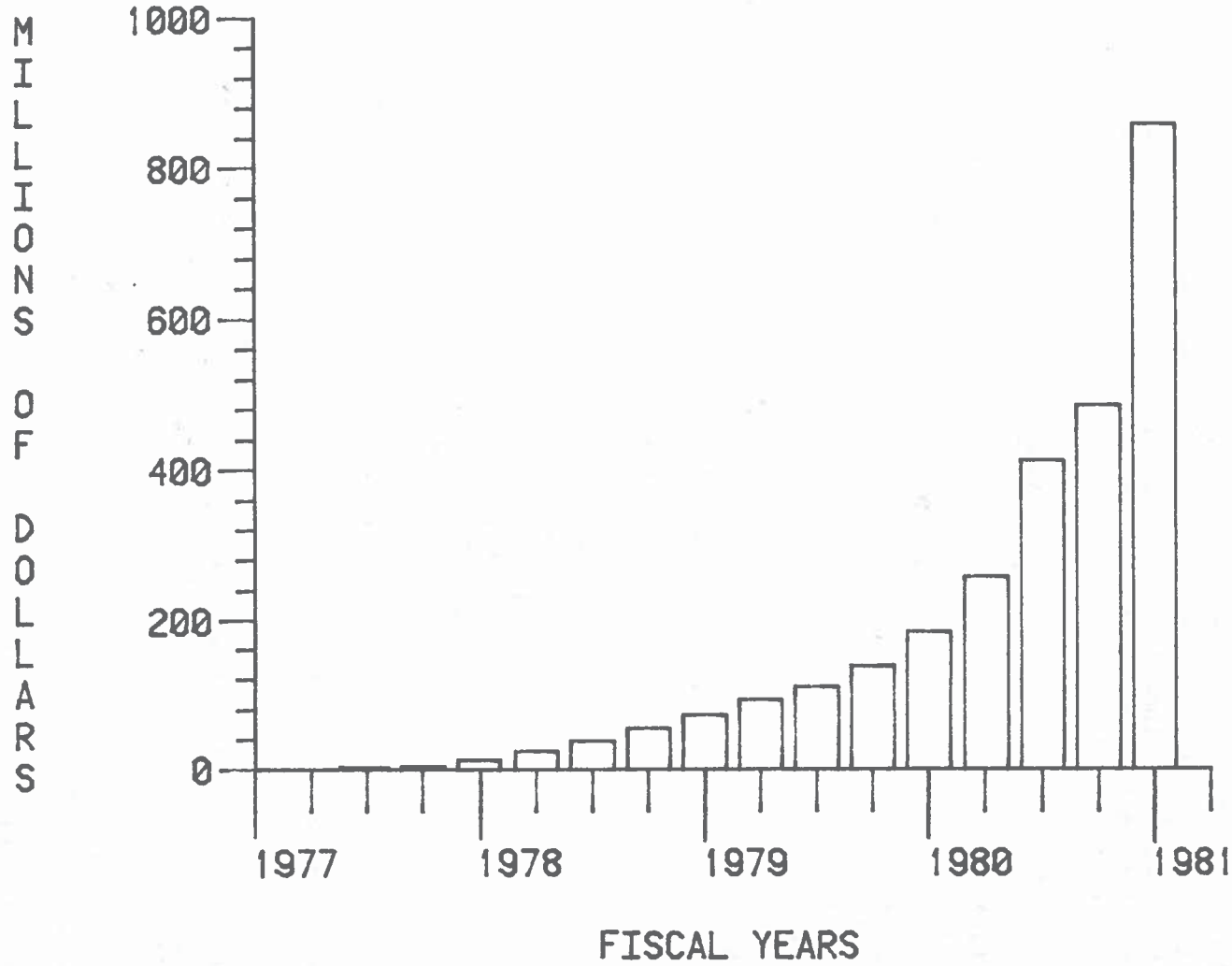
First Quarter (July-Sept.)		12,370.79	605,651.99	1,938,034.46	11,198,300.70
Second Quarter (Oct.-Dec.)		148,250.03	1,282,489.03	3,428,220.15	
Third Quarter (Jan.-Mar.)		115,436.96	962,645.91	6,682,092.76	
Fourth Quarter (Apr.-June)	27,019.00	624,376.03	2,852,138.75	2,393,102.77 2/	
Total	27,019.00	900,433.81	5,702,925.68	14,441,450.14	11,198,300.70
Total Amount of Income Transferred to General Fund as of September 30, 1980					32,270,129,33

1/ Includes $114,546,830.13 as 25 percent of bonuses and lease rentals for the undisputed State portion of the Beaufort Sea lease sale. Litigation over the legality of that sale is still pending.

2/ Another $9,234,109.73 was transferred during September 1980 for the balance due the General Fund in June 1980 from the Permanent Fund as provided for by law.

Alaska Permanent Fund

Historical Comparison of Cumulative Balance



Alaska Permanent Fund

The Alaska Permanent Fund was established by a constitutional amendment effective February 21, 1977. The amendment stated that contributions to the fund must consist of at least 25 percent of mineral lease rentals, royalties, royalty sale proceeds, Federal mineral revenue sharing payments and bonuses received by the State. Recently enacted legislation (Ch. 18 SLA 1980) has modified this contribution rate to the Permanent Fund from 25 percent to 50 percent. As a result, any future revenues transferable from Beaufort Sea production and any future lease sale bonuses will be subject to the 50 percent rate. Furthermore, on May 21, 1980, a special appropriation (Ch. 35 SLA 1980) was signed appropriating $900 million from the General Fund to the Permanent Fund with payments beginning July 1, 1980.

Native Claims Payments

Inception to Date

Alaska Native Claims Fund

Under the terms of Sec. 9 of the Alaska Native Claims Settlement Act regarding mineral leases, the State was obligated to pay into the Alaska Native Fund two percent of the gross value of royalties received by the State for minerals produced or removed from State lands and two percent of all rentals and bonuses from such leases. The same conditions were imposed on the Federal Government for mineral leases on Federal lands in Alaska. State payments have continued to June 30, 1980. THIS OBLIGATION HAS BEEN FULLY DISCHARGED.

		Amount of Payment
Fiscal Year 1972		-0- 1/
" " 1973		462,661.00
" " 1974		-0-
" " 1975		1,609,614.00
" " 1976		133,400.00
" " 1977		161,070.00
" " 1978		22,829,548.97 2/
" " 1979		45,592,774.90
" " 1980		131,417,690.84
July	5,622,146.54	
August	6,322,264.81	
September	10,745,561.93	
October	10,247,234.46	
November	10,050,684.02	
December	10,884,022.61	
January	11,493,342.35	
February	11,665,986.84	
March	12,922,484.11	
April	12,599,024.95	
May	14,189,463.14	
June	14,675,475.08	
Total Amount Paid by the State through June 30, 1980		$202,206,759.71
Total Amount Paid by the Federal Bureau of Land Management through June 30, 1980 in behalf of the State		$ 5,208,173.77
Special Appropriation Transferred by the State on June 30, 1980		$292,585,066.52
Total to the Native Claims Fund through June 30, 1980		$500,000,000.00

1/ The Alaska Native Claims Settlement Act became effective December 18, 1971.

2/ Oil-flow through the pipeline from Prudhoe Bay began June 20, 1977. Responsibility for payments to the Claims Fund was transferred to the Department of Revenue, effective July 1, 1977. Since that date, time between payments has averaged 30 days.

Recent Tax Changes

INDIVIDUAL AND FIDUCIARY

During the last session, the Alaska Legislature enacted a bill (Ch. 22 SLA 1980) which provided individual income tax relief through the use of exemptions from the income tax on a pro-rata basis depending upon the number of years for which taxes were paid in Alaska. However, the constitutionality of the program was successfully challenged in the State Supreme Court. As a result, the Governor convened a Special Session of the State Legislature during which the Legislature repealed the Alaska Net Income Tax (AS 43.20) for individuals and fiduciaries and provided refunds for taxes paid in 1979, as well as for refunds of 1980 withholding and 1980 estimated tax payments. See Ch. 1 and Ch. 2 SSSLA 1980. Furthermore, the new statute provides for individuals to continue receiving refundable tax credits for political contributions and household and dependent care service.

SCHOOL

Ch. 64 SLA 1980 repealed the school tax (AS 43.45), retroactive to January 1, 1980. The Department of Revenue will refund the school tax withheld for the 1980 tax year.

Revenue Sources

Income Taxes

CORPORATE - GENERAL

Rate is 5.4% on the Alaska taxable income plus 4% surtax on that part of the taxable income over $50,000.

Due Date	Allocation
15 days following 3rd month after the close of the tax year	General Fund

CORPORATE - PETROLEUM

The tax is on the taxable income of a corporation engaged in the production or transportation of crude oil or natural gas at the rate of 5.4% of taxable income and a surtax of 4.0% of taxable income.

Due Date	Allocation
September 30 of year following the tax year (four quarterly installments of the estimated tax liability are required by regulation prior to this date.)	General Fund

INDIVIDUAL AND FIDUCIARY

Alaska Net Income Tax for individuals and fiduciaries was repealed by CH. 1 SSSLA 1980, retroactive to January 1, 1979.

(Income Taxes administered by the Department of Revenue)

Gross Receipts Taxes

BUSINESS LICENSE

License fee for each business is $25.00. In addition, national and state banks, trust companies, and savings and loan associations are taxed 7% of net income.

Due Date	Allocation
March 1	General Fund

(Administered by the Department of Revenue)

COMMERCIAL FISH

Includes tax receipts for raw fish, shore-based and floating fisheries businesses.

-Raw fish tax for canned salmon is 4.5% of value

-Shore-based fisheries businesses are taxed at the rate of 3% of value, except a 1% tax is levied when developing commercial fish species are processed.

-Floating fisheries businesses are taxed at 5% of value, except a 3% tax is levied when developing commercial fish species are processed.

Due Date	Allocation
Various dates	General Fund/Shared with political subdivisions

(Administered by the Department of Revenue)

SALMON ENHANCEMENT

Limited entry permit holders within qualified regional aquaculture associations are levied a tax rate of either 2% or 3% of value of salmon.

Due Date	Allocation
By last day of month for prior month	General Fund

(Administered by the Department of Revenue)

INSURANCE PREMIUM

The following rates are on gross premiums less certain deductibles as permitted by AS 21.09.210 and 21.66.110.

Life companies	3%
P & C Companies	3%
Domestic Companies	1 1/2%
Net Hospital Service	6%
Title Companies	1%
Surplus	3%
Direct/Unauthorized	3%

Due Date	Allocation
April 1 for preceding year	General Fund

(Administered by the Department of Commerce)

Severance Taxes

OIL PRODUCTION

Tax is levied upon the producer of oil from each lease or property less any part exempt from taxation. It is based on either the percentage-of-value amount or the cents-per-barrel amount, whichever is greater, multiplied by an economic limit factor.

1. Percentage-of-value amount equals 12.25 percent of the product's value at point of production.

2. Cents-per-barrel amount equals $0.60 per barrel of oil crude and $0.80 per barrel for all other oil.

Due Date	Allocation
Monthly - 20th day of month for prior month	General Fund

GAS PRODUCTION

The tax is levied on all gas produced from each lease or property, less any part exempt from taxation. The base tax rate for gas is $0.64 per thousand cubic feet of taxable gas or 10 percent of the gross value of taxable production calculated at the point of production, whichever is greater, multiplied by an economic limit factor.

Due Date	Allocation
Monthly - 20th day of month for prior month	General Fund

(Oil and Gas Production Taxes are administered by the Department of Revenue)

Property Taxes

OIL AND GAS

The oil and gas property tax is levied on the full and true value of taxable property at 20 mills.

Due Date	Allocation
June 30	General Fund

(Administered by the Department of Revenue)

VEHICLE REGISTRATION

Tax is levied at various rates as established by the municipalities which elect the program with the State acting as collection agent. The revenue to the State from this source is limited to the actual costs of collection (approximately 5% of gross).

Due Date	Allocation
Time of original registration and at each annual renewal	General Fund

(Administered by the Department of Public Safety)

Sales/Use Taxes

FUEL

Tax is levied on aviation fuel, highway fuel, and marine fuel at the following rates.

Aviation fuel:	4¢ per gallon on aviation gas and 2 1/2¢ per gallon on aviation jet fuel.
Highway fuel:	Gasoline and diesel fuel is taxed at the rate of 8¢ per gallon. "Off-highway" users may claim a refund of 6¢ per gallon on motor fuel within one year of purchase if the 8¢ tax was paid.
Marine fuel:	Rate is 5¢ per gallon for fuel used in engines for the propulsion of boats and watercraft.

Due Date	Allocation
By last day of month for prior month	General Fund

(Fuel Taxes are administered by the Department of Revenue)

ALCOHOLIC BEVERAGE

Tax rates are based on alcoholic content: Malt beverages (1% or more alcohol) $0.25 per gallon; wine (21% or less alcohol) $0.60 per gallon; hard liquor (more than 21% alcohol) $4.00 per gallon.

Due Date	Allocation
By last day of month for prior month	General Fund

(Administered by the Department of Revenue)

CIGARETTE

A tax of 4 mills is levied on each cigarette imported or acquired in the State. Additional license fees are:

Manufacturers	$5
Vending Machine Operator	$25
Direct-Buying Retailer	$25
Buyer	$25
Distributor	$25

Due Date	Allocation
By last day of month for prior month	1 1/2 mills of total tax collected goes to General Fund; 2 1/2 mills of tax collected and license fees go to School Fund.

(Administered by the Department of Revenue)

Other Taxes

SCHOOL

School Tax was repealed by Ch. 64 SLA 1980, retroactive to January 1, 1980.

Licenses and Permits

BUSINESS

Includes receipts from alcoholic beverage licenses, commercial fishing licenses, professional and occupational licenses, and various regulatory permits.

Due Dates	Allocation
Various	General Fund/Revenues from alcoholic beverage licenses shared with political subdivisions.

(Administered by several departments)

NON-BUSINESS

Includes receipts from hunting, trapping and sports fishing licenses, motor vehicle instruction permits, title transfers, registration fees, and driver licenses.

Due Dates	Allocation
Various	General Fund/Special Fund

(Fish and Game licenses administered by the Department of Revenue)

(Motor vehicle licenses administered by the Department of Public Safety)

Intergovernmental Receipts

FEDERAL SHARED REVENUE

Includes receipts from the Federal Government on timber sales and mineral rents and royalties. The State's share is a percentage of the proceeds derived from these Federal lands.

Due Date	Allocation
Federal cut-off dates are June 30 and December 30. Share received 4-6 weeks after cut-off date.	General Fund 25% to Permanent Fund 50% to Permanent Fund (Royalties and Bonuses received on leases issued after December 1, 1979 and February 15, 1980 per Ch 18 SLA 1980)

(Administered by the Department of Natural Resources)

State Resource Revenue

INVESTMENT EARNINGS

Includes interest at varying rates from the State's investment portfolio, and interest on bank deposits.

Due Date	Allocation
Various dates	General Fund

(Administered by the Department of Revenue)

ROYALTIES

Includes royalties from hard minerals, oil and gas.

Due Dates	Allocation
Monthly	75% General Fund 25% Permanent Fund

(Administered by the Department of Natural Resources)

FACILITIES RELATED CHARGES

These include receipts from airports, the ferry system, food services, hospital fees, and other State facilities charges.

Due Dates	Allocation
Various	General Fund

(Administered by several Departments)

SERVICE RELATED CHARGES

Includes receipts from statutory inspection fees, the Court system, and other State service charges.

Due Date	Allocation
Various	General Fund

(Administered by several Departments)

Federal Tax Leakages Associated With 1979 State Income Tax Refunds

By
Lance R. Rovig, Economist
and
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The following report is the result of research efforts to ascertain the tax leakages to the Federal government as a result of the repeal of the individual income tax enacted by the 1980 Special Legislative Session.

Federal Tax Leakages Associated With 1979 State Income Tax Refunds

Resident and nonresident Alaskan taxpayers who itemized their Federal deductions in tax year 1979 will have to pay Federal taxes in tax year 1980 on their 1979 State income tax refunds. The refunds must be included on the 1980 Federal Form 1040 as taxable income to the extent that the State tax deduction decreased Federal taxes owed in 1979. Persons who did not claim the State tax as an itemized deduction in tax year 1979 do not have to include the refunds as Federal taxable income for tax year 1980. For reasons explained below, it was assumed throughout this analysis that the same number of returns which itemized at the State level also itemized at the Federal level.

State income taxes recorded to date for tax year 1979 by residents and nonresidents are presented in a series of tables. These tables are based on data captured as of December 1, 1980 and although incomplete do represent the bulk of taxes paid. The basic conclusions of this report, therefore, should not be substantially affected once all the data is captured. Tables I through VI show resident taxes paid by filing status. These are resident returns which itemized their Alaska deductions and which will probably have to pay Federal taxes on their 1979 State income tax refunds. Table B gives a breakdown of resident taxes paid by Federal adjusted gross income categories for returns which itemized and for returns which took the standard deduction. Tables C and D show nonresident taxes paid by Federal adjusted gross income categories for returns which itemized and for returns which took the standard deduction. Nonresident returns were further disaggregated into instate and out of State returns.

Resident and Nonresident Returns:

As shown in Table A, of the $92,601,302 in taxes paid and refunded on returns for tax year 1979, residents paid $82,531,737, or 89%, and nonresidents paid $10,069,565,or 11%. Of the 187,124 total returns, 148,004, or 79%, were resident and 39,120, or 21%, were nonresident returns. This amounts to an average tax paid of $494.87 for residents and nonresidents combined, or an average tax of $557.63 for residents and $257.40 for nonresidents.

As shown on Tables C and D approximately 21,281 nonresident returns, or 54%, itemized their deductions and 17,839, or 46%, took the standard deduction. Table B shows that 92,006, or 62%, of the resident returns took the standard deduction and did not itemize in tax year 1979. And, 55,998, or 38%, of the resident returns itemized their Alaska deductions and probably claimed the State tax as a deduction against their 1979 Federal taxable income.

Itemized Resident Returns:

Although only 38% of the resident returns itemized their deductions they paid 67% of the resident taxes. Resident returns that itemized paid $55,240,070 of the $82,531,737 of taxes paid by residents in tax year 1979. This is an average tax paid of $986 per itemized resident return.

The tax leakage to the Federal government as a result of refunding 1979 taxes paid by Alaskan residents who itemized is estimated to be $24,186,038. Thus, the average tax leakage is $432 per itemized resident return. This leakage is 29% of the $82,531,737 refunded to residents and is 44% of the $55,240,070 refunded to those residents who itemized deductions on their 1979 tax returns.

NG-MARGINAL FED TAX RATE OF ITEMIZING RESIDENTS

Itemized Nonresident Returns:

As explained below, the Federal tax leakage for nonresident returns was determined by using resident returns. Nonresident returns are restricted with regard to the itemized deductions that they can claim on their Alaska tax returns, and these restrictions make it difficult to estimate Federal taxable income from data on the nonresident State returns. Of the $10,069,565 in nonresident taxes paid in 1979, $6,355,677, or 63% came from returns which itemized. This is an average tax paid of $299 per itemized nonresident return. Assuming that 44% of these refunds are paid in Federal taxes, as is the case for resident returns which itemized, then approximately $2,796,497 would be the tax leakage associated with nonresident returns which itemized. This represents an average tax leakage of $131 per itemized nonresident return.

Methodology:

Because the State does not collect data on Federal taxable income and since Federal and State taxable income differ somewhat, State taxable income was adjusted to estimate Federal taxable income. For example, State taxable income includes Federal cost of living allowances whereas Federal taxable income does not. Items exempt from State taxation include interest on federal securities, armed services pay, certain pensions and annuities, national guard pay and income from the sale of halibut taken outside of Alaskan waters. In addition, the State tax is not included in Federal taxable income but it is included in State taxable

income. Finally, the standard deduction is included in Federal taxable income because it is subtracted out of taxable income automatically in the tax tables and tax rate schedules. Thus, Federal taxable income was computed as Federal adjusted gross income plus the standard deduction minus 1979 State income taxes withheld minus personal exemptions minus allowable State deductions.

Federal taxes were computed by applying the appropriate tax rate to Federal taxable income. The tax rate that was applied to Federal taxable income was selected according to the taxable income and filing status reported on each return. By adding the 1979 State refund to Federal taxable income the new taxable income and the appropriate new tax rate associated with it was estimated. The new tax rate was then applied to the State refund to calculate the Federal leakage for each return by filing status. For example, a refund of $800 on an itemized return for a single taxpayer that had $18,200 in taxable income would result in $19,000 taxable income. The additional $800 would be taxed at a rate of 34% or $272, which is one tax bracket higher than the 30% rate which applied to taxable income over $15,000 before the tax refund. This $272 is the federal tax leakage associated with the $800 State income tax refund. Of the 55,998 itemizing resident returns 49,100 remain in the same tax bracket, 6,838 jump one tax bracket and 60 returns jump two tax brackets as a result of adding 1979 State income tax refunds. Federal tax schedules X, Y and Z were used to make the tax computations for the tables presented in this report.

Accuracy of Estimates:

As shown in Table A, there were 2,405 resident returns and 840 nonresident returns categorized as having zero adjusted gross income (AGI). There are several reasons for this phenomenon. First, some returns may have negative taxable income or income and deductions which are equal. Second, the data on some returns may not have been completely captured (keypunched). And finally, returns received after August either did not contain any tax data other than the amount of tax to be refunded, or in the interest of quick and efficient handling of tax refunds, the data on these returns was not keypunched for the computerized record.

Because State taxes are allowed as a deduction against Federal taxable income but not allowed as a deduction against State taxable income, a few returns which itemized at the Federal level may not have itemized at the State level. Since the number of State resident returns which itemized was used as the surrogate for the number of Federal returns which itemized in 1979, the Federal leakage associated

with 1979 State income tax refunds may be slightly understated. However, Federal individual income tax statistics for tax years 1972 through 1977 indicate that approximately the same percentage of returns itemized in Alaska at the Federal level as were itemized at the State level for tax year 1979.

Some residents who itemized their Federal deductions may file amended returns and claim the standard deduction, if in so doing they can retain more money by keeping the full tax refund as opposed to itemizing deductions on their 1979 Federal tax returns. Finally, since Federal taxable income was computed from State tax data, only resident returns were used in the calculations. Nonresident returns are restricted with regard to the itemized deductions that they may claim on their Alaska tax returns. Itemized deductions are allowed only to the extent that they are paid from income earned in Alaska or directly connected with property having a taxable situs in Alaska. Thus, nonresident State deductions are less than Federal deductions. Consequently, Federal taxable income (and the Federal tax leakage associated with it) if calculated as Federal adjusted gross income plus the standard deduction minus 1979 State income taxes withheld minus personal exemptions minus allowable State deductions, would be overstated for nonresident returns.

TABLE I

1979 Itemizing Residents Estimate Of Tax Leakage

Summary

Filing Status	Returns	Estimated Federal Taxable Income	Alaska State Tax Paid	Estimated Tax Leakage
Single	12,415	$ 200,601,536	$ 9,773,914	$ 4,173,041
Married-Joint	39,476	1,170,493,498	42,730,912	18,887,549
Married-Separate	838	10,507,790	425,234	198,551
Unmarried-Head of Household	3,168	56,803,812	2,261,403	906,711
Widow(er)	101	1,712,322	48,607	20,187
Totals	55,998	$1,440,118,959	$55,240,070	$24,186,038

TABLE II

1979 Itemizing Residents Estimate Of Tax Leakage

Filing Single

Estimated Federal Taxable Income Range	Returns	Estimated Federal Taxable Income	Alaska State Tax Paid	Estimated Tax Leakage
$ 0	247	$ 0	$ 0	$ 0
1- 2,300	2,089	3,047,898	191,298	0
2,301- 3,400	552	1,506,559	39,064	1,273
3,401- 4,400	379	1,467,718	6,462	634
4,401- 6,500	545	2,923,656	13,661	1,502
6,501- 8,500	541	4,025,641	31,706	4,393
8,501- 10,800	527	5,046,188	40,275	8,421
10,801- 12,900	560	6,526,200	120,260	27,676
12,901- 15,000	605	8,260,527	189,407	48,956
15,001- 18,200	1,033	16,627,903	526,945	156,821
18,201- 23,500	1,687	33,834,372	1,367,286	462,111
23,501- 28,800	1,370	33,910,252	1,693,226	652,035
28,801- 34,100	942	27,871,593	1,620,435	699,322
34,101- 41,500	716	25,085,318	1,636,917	787,068
41,501- 55,300	474	20,635,719	1,474,514	798,125
55,301- 81,800	126	7,552,414	593,336	367,967
81,801-108,300	16	1,372,581	131,327	88,496
108,301- +	6	906,994	97,796	68,239
Totals	12,415	$200,601,536	$9,773,914	$4,173,041

TABLE III

1979 Itemizing Residents Estimate Of Tax Leakage

Filing Jointly

Estimated Federal Taxable Income Range	Returns	Estimated Federal Taxable Income	Alaska State Tax Paid	Estimated Tax Leakage
$ 0	753	$ 0	$ 0	$ 0
1- 3,400	1,506	1,897,131	551,885	0
3,401- 5,500	626	2,654,946	110,979	3,415
5,501- 7,600	678	4,440,780	28,764	2,741
7,601- 11,900	1,848	18,273,618	48,827	6,550
11,901- 16,000	2,367	33,139,137	79,615	16,536
16,001- 20,200	2,938	53,037,911	397,439	95,086
20,201- 24,600	3,910	86,587,757	1,325,390	367,610
24,601- 29,900	5,235	139,707,838	3,197,448	1,018,301
29,901- 35,200	5,342	168,461,698	5,135,562	1,875,101
35,201- 45,800	8,056	309,911,902	12,136,572	5,174,723
45,801- 60,000	4,456	218,125,352	10,834,659	5,243,567
60,001- 85,600	1,360	87,574,466	5,237,655	2,790,715
85,601-109,400	223	20,102,976	1,391,654	812,280
109,401-162,400	132	15,667,371	1,266,199	800,969
162,401-215,400	26	4,340,635	391,907	262,787
215,401- +	20	6,569,980	596,357	417,167
Totals	39,476	$1,170,493,498	$42,730,912	$18,887,549

TABLE IV

1979 Itemizing Residents Estimate Of Tax Leakage

Filing Separately

Estimated Federal Taxable Income Range	Returns	Estimated Federal Taxable Income	Alaska State Tax Paid	Estimated Tax Leakage
$ 0	54	$ 0	$ 0	$ 0
1- 1,700	117	94,954	3,124	0
1,701- 2,750	30	64,934	86	12
2,751- 3,800	34	110,961	33	5
3,801- 5,950	64	308,428	11,794	1,385
5,951- 8,000	57	391,703	813	171
8,001- 10,000	50	446,470	5,644	1,329
10,001- 12,300	57	624,798	10,530	2,938
12,301- 14,950	56	740,845	16,569	5,267
14,951- 17,600	53	827,305	27,139	9,830
17,601- 22,900	115	2,213,209	86,348	36,804
22,901- 30,000	81	2,015,730	98,601	47,615
30,001- 42,800	52	1,746,648	101,264	54,161
42,801- 54,700	10	452,918	28,971	16,888
54,701- 81,200	7	385,366	26,088	16,549
81,201-107,700	1	83,522	8,230	5,596
107,701- +	0	0	0	0
Totals	838	$10,507,790	$425,234	$198,551

TABLE V

1979 Itemizing Residents Estimate Of Tax Leakage

Filing Head Of House

Estimated Federal Taxable Income Range	Returns	Estimated Federal Taxable Income	Alaska State Tax Paid	Estimated Tax Leakage
$ 0	110	$ 0	$ 0	$ 0
1- 2,300	180	213,806	11,037	0
2,301- 4,400	103	348,772	7,242	370
4,401- 6,500	140	764,472	714	114
6,501- 8,700	170	1,314,324	2,692	485
8,701- 11,800	314	3,208,540	30,270	6,648
11,801- 15,000	347	4,572,816	85,193	20,396
15,001- 18,200	355	5,729,100	161,623	41,753
18,201- 23,500	509	10,199,334	348,245	107,155
23,501- 28,800	383	9,497,937	396,836	140,806
28,801- 34,100	230	6,871,403	344,876	142,442
34,101- 44,700	219	8,030,576	455,163	207,932
44,701- 60,600	84	3,969,547	248,438	131,115
60,601- 81,800	14	894,503	62,764	36,428
81,801-108,300	6	526,585	41,823	26,322
108,301-161,300	2	227,769	19,907	13,537
161,301- +	2	434,329	44,583	31,208
Totals	3,168	$56,803,812	$2,261,403	$906,711

TABLE VI

1979 Itemizing Residents Estimate Of Tax Leakage

Filing Widow

Estimated Federal Taxable Income Range	Returns	Estimated Federal Taxable Income	Alaska State Tax Paid	Estimated Tax Leakage
$ 0	7	$ 0	$ 0	$ 0
1- 3,400	14	19,837	0	0
3,401- 5,500	6	27,903	5	1
5,501- 7,600	8	54,270	0	0
7,601- 11,900	10	99,159	103	19
11,901- 16,000	9	127,227	727	153
16,001- 20,200	10	176,120	2,593	613
20,201- 24,600	13	282,511	6,433	1,801
24,601- 29,900	5	132,440	3,673	1,150
29,901- 35,200	6	186,045	6,205	2,234
35,201- 45,800	9	349,588	12,159	5,073
45,801- 60,000	2	94,736	4,990	2,445
60,001- 85,600	1	62,180	4,313	2,329
85,601-109,400	1	100,306	7,406	4,370
109,401-215,400	0	0	0	0
215,401- +	0	0	0	0
Totals	101	$1,712,322	$48,607	$20,187

TABLE A

1979 Resident Returns

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	2,405	$ 190,276	$ 999,101
1- 5,000	25,751	6,486,443	63,685
5,001- 10,000	20,164	61,262,549	177,703
10,001- 15,000	18,006	112,689,187	1,771,070
15,001- 20,000	15,695	167,264,902	3,758,809
20,001- 25,000	13,111	188,315,241	5,109,024
25,001- 30,000	11,097	207,485,192	6,408,912
30,001- 35,000	9,734	220,577,934	7,354,175
35,001- 40,000	8,318	223,583,054	8,259,171
40,001- 45,000	6,942	215,642,962	8,735,178
45,001- 50,000	5,220	184,580,094	8,159,131
50,001- 60,000	6,597	269,899,159	13,204,322
60,001- 100,000	4,455	239,885,717	13,919,790
100,001- +	509	60,010,940	4,611,756
Subtotal	148,004	$2,167,873,650	$82,531,737

1979 Nonresident Returns

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	840	$ 3,308,470	$ 176,164
1- 5,000	6,530	3,326,848	61,254
5,001- 10,000	8,648	20,175,524	295,477
10,001- 15,000	6,186	28,239,117	604,111
15,001- 20,000	4,535	29,531,979	715,370
20,001- 25,000	3,187	28,036,155	791,047
25,001- 30,000	2,387	25,939,577	824,290
30,001- 35,000	1,832	24,598,141	867,064
35,001- 40,000	1,361	22,755,027	893,874
40,001- 45,000	999	19,459,837	837,390
45,001- 50,000	665	14,783,572	683,632
50,001- 60,000	909	25,559,573	1,301,446
60,001- 100,000	795	25,223,909	1,438,842
100,001- +	246	7,977,416	579,604
Subtotal	39,120	$278,915,145	$10,069,565
Total	187,124	$2,446,788,795	$92,601,302

TABLE B

1979 Residents Itemizing Deductions

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	1,769	$ 27,206	$ 987,098
1- 5,000	3,196	1,164,575	31,957
5,001- 10,000	2,068	4,084,880	39,273
10,001- 15,000	2,901	13,346,909	138,146
15,001- 20,000	3,943	34,729,763	632,211
20,001- 25,000	4,868	62,258,014	1,487,078
25,001- 30,000	5,547	95,701,706	2,677,870
30,001- 35,000	5,953	126,816,594	3,928,027
35,001- 40,000	5,856	151,429,874	5,313,850
40,001- 45,000	5,383	161,623,207	6,261,470
45,001- 50,000	4,309	148,681,669	6,395,904
50,001- 60,000	5,732	230,444,696	11,079,094
60,001- 100,000	4,017	212,891,786	12,285,905
100,001- +	456	51,856,046	3,982,187
Subtotal	55,998	$1,295,056,925	$55,240,070

1979 Residents Taking Standard Deduction

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	636	$ 163,070	$ 11,913
1- 5,000	22,555	5,321,868	31,728
5,001- 10,000	18,096	57,177,669	138,430
10,001- 15,000	15,105	109,342,278	1,632,924
15,001- 20,000	11,752	132,535,139	3,126,598
20,001- 25,000	8,243	126,057,227	3,621,946
25,001- 30,000	5,550	111,783,486	3,731,042
30,001- 35,000	3,781	93,761,340	3,425,148
35,001- 40,000	2,462	72,153,180	2,945,321
40,001- 45,000	1,559	54,019,755	2,473,708
45,001- 50,000	911	35,898,425	1,763,227
50,001- 60,000	865	39,454,463	2,125,228
60,001- 100,000	438	26,993,931	1,633,885
100,001- +	53	8,154,894	629,569
Subtotal	92,006	$872,816,725	$27,291,667
Total	148,004	$2,167,873,650	$82,531,737

TABLE C

1979 Nonresident Itemizing, Out of State Returns

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	8	$ 144,907	$ 3,807
1- 5,000	1,957	649,956	7,095
5,001- 10,000	3,240	6,797,436	102,668
10,001- 15,000	2,439	10,104,460	216,445
15,001- 20,000	2,042	12,289,841	288,444
20,001- 25,000	1,501	12,118,852	324,986
25,001- 30,000	1,246	12,474,520	386,331
30,001- 35,000	1,040	12,845,702	429,564
35,001- 40,000	812	13,000,383	492,411
40,001- 45,000	639	11,655,928	484,634
45,001- 50,000	445	9,151,045	406,963
50,001- 60,000	613	15,850,082	779,038
60,001- 100,000	587	17,483,202	952,707
100,001- +	177	6,296,239	456,581
Subtotal	16,746	$140,862,553	$5,331,674

1979 Nonresident Itemizing, Instate Returns

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	7	$ 105,675	$ 3,863
1- 5,000	408	83,890	250
5,001- 10,000	983	1,715,981	16,097
10,001- 15,000	888	3,310,517	57,319
15,001- 20,000	668	3,765,440	78,015
20,001- 25,000	468	3,679,822	92,624
25,001- 30,000	343	3,737,080	112,379
30,001- 35,000	267	3,511,647	116,887
35,001- 40,000	164	2,770,186	101,793
40,001- 45,000	129	2,598,264	102,551
45,001- 50,000	59	1,256,673	55,350
50,001- 60,000	90	2,594,570	124,180
60,001- 100,000	53	1,980,188	118,452
100,001- +	8	559,177	44,243
Subtotal	4,535	$31,669,110	$1,024,003
Total	21,281	$172,531,663	$6,355,677

TABLE D

1979 Nonresident Standard Deduction, Out of State Returns

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	623	$ 2,399,673	$ 153,012
1- 5,000	3,087	2,050,696	45,693
5,001- 10,000	3,142	8,586,396	137,234
10,001- 15,000	2,050	11,063,999	256,043
15,001- 20,000	1,268	9,629,063	258,569
20,001- 25,000	912	9,238,049	287,859
25,001- 30,000	606	7,375,499	252,090
30,001- 35,000	422	6,417,023	260,253
35,001- 40,000	329	6,064,177	262,288
40,001- 45,000	210	4,720,094	229,446
45,001- 50,000	150	4,117,236	208,263
50,001- 60,000	191	6,680,722	377,045
60,001- 100,000	151	5,577,647	355,354
100,001- +	58	924,223	57,909
Subtotal	13,199	$84,844,497	$3,141,058

1979 Nonresident Standard Deduction, Instate Returns

Federal AGI Range	Returns	Alaska Taxable Income	Alaska State Tax Paid
$ 0	202	$ 658,215	$ 15,482
1- 5,000	1,078	542,306	8,216
5,001- 10,000	1,283	3,075,711	39,378
10,001- 15,000	809	3,760,141	74,304
15,001- 20,000	557	3,847,635	90,342
20,001- 25,000	306	2,999,432	85,578
25,001- 30,000	192	2,352,478	73,490
30,001- 35,000	103	1,823,769	60,360
35,001- 40,000	56	920,281	37,382
40,001- 45,000	21	485,551	20,759
45,001- 50,000	11	258,618	13,056
50,001- 60,000	15	434,199	21,183
60,001- 100,000	4	182,872	12,329
100,001- +	3	197,777	20,871
Subtotals	4,640	$21,538,985	$572,830
Total	17,839	$106,383,482	$3,713,888