# STATE OF ALASKA

## DEPARTMENT OF REVENUE
***Tax Division***

***Fiscal Year 2000***

# ANNUAL REPORT

*On the Internet at:*
www.tax.state.ak.us


Tony Knowles
Governor

Wilson L.Condon
Commissioner

# *2 0 0 0*

*This annual report provides an overview of programs administered by the Tax Division and reports revenue collections and other information related to those programs.  This report also includes highlights and explains the organizational structure of the division.*

*The information covers fiscal year 2000 which ended June 30, 2000.*

*This report reflects the combined activities of the former divisions of Oil and Gas Audit and Income and Excise Audit which merged to form the Tax Division effective April 1, 2000.*

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# *The New Tax Division*

# The New Tax Division

This is the first annual report of the *new* Tax Division.

Formed from the merger of the Oil and Gas Audit Division and Income and Excise Audit Division, the newly created Tax Division unites the administration of all but one of the state's taxes into a single unit. The figure on the next page (the "Tax Division Family Tree"), tracing back to statehood, shows the many predecessor divisions that have had responsibilities in the tax arena. This is the first time a single division has had such exclusive responsibilities for Alaska's taxes.

Tax programs administered by the Division:

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

**Excise Taxes**
- Mining License
- Motor Fuel
- Alcoholic Beverage
- Tobacco

**Other Taxes**
- Alaska Regulatory Commission Fees
- Electrical Coop
- Estate
- Telephone Coop

**Corporate Income Taxes (Non-Oil and Gas)**
- Corporate Income

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

**Regulatory Programs**
- Charitable Gaming
- Oil and Gas Royalty/ Net Profit Share Lease Audits
- Salmon Price Reporting
- Unclaimed Property

**Recently Repealed Tax Types**
- Coin-Operated Devices
- Oil and Gas Conservation

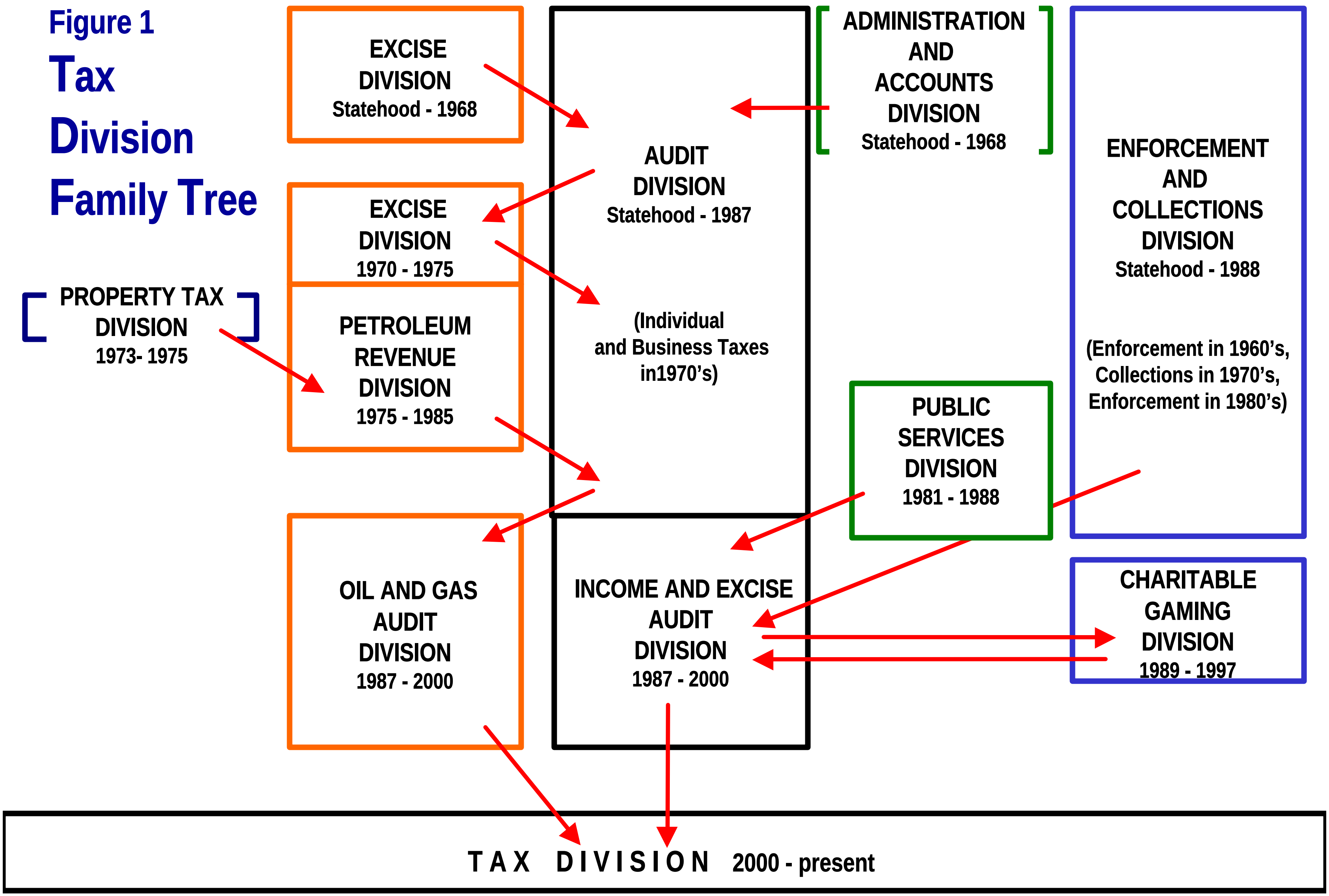


Figure 1
Tax Division Family Tree
EXCISE DIVISION Statehood - 1968
AUDIT DIVISION Statehood - 1987
(Individual and Business Taxes in1970's)
ADMINISTRATION AND ACCOUNTS DIVISION Statehood - 1968
ENFORCEMENT AND COLLECTIONS DIVISION Statehood - 1988
(Enforcement in 1960's, Collections in 1970's, Enforcement in 1980's)
EXCISE DIVISION 1970 - 1975
PROPERTY TAX DIVISION 1973- 1975
PETROLEUM REVENUE DIVISION 1975 - 1985
PUBLIC SERVICES DIVISION 1981 - 1988
OIL AND GAS AUDIT DIVISION 1987 - 2000
INCOME AND EXCISE AUDIT DIVISION 1987 - 2000
CHARITABLE GAMING DIVISION 1989 - 1997
TAX DIVISION 2000 - present

**The New Tax Division (continued)**

The shaded areas on the figure on the next page ("Sources of FY 2000 Unrestricted General Purpose Spending and Tax Division Administrative Responsibility") show the extent of the Division's responsibilities for administering the programs that help pay for state government. In this endeavor, of course, we share responsibilities for the enforcement of Alaska's tax laws with the Department of Law. We also share responsibilities for one of the state's largest revenue stream – oil and gas royalties – with the Department of Natural Resources

For FY 2000, the division's responsibilities covered more than $2 billion of the revenue needed to support the state's $2.3 billion in General Fund unrestricted spending. How? The larger pie chart in the figure on the next page divides that $2.3 billion into four pieces. The first and largest piece is comprised of the taxes directly administered by the division that accounted for $1.1 billion in FY 2000 revenues. The next slice is revenue from oil and gas royalties, which the division has the statutory responsibility to audit, accounting for $732 million to the General Fund. The third slice, which the division had nothing to do with, is $294 million in General Fund revenues from various fees, fines, penalties, licenses, permits and the insurance premium tax administered by the Department of Community and Economic Development. To balance the budget, the state had to draw $315 million from the CBRF to cover its General Fund spending, and that draw is the fourth slice.

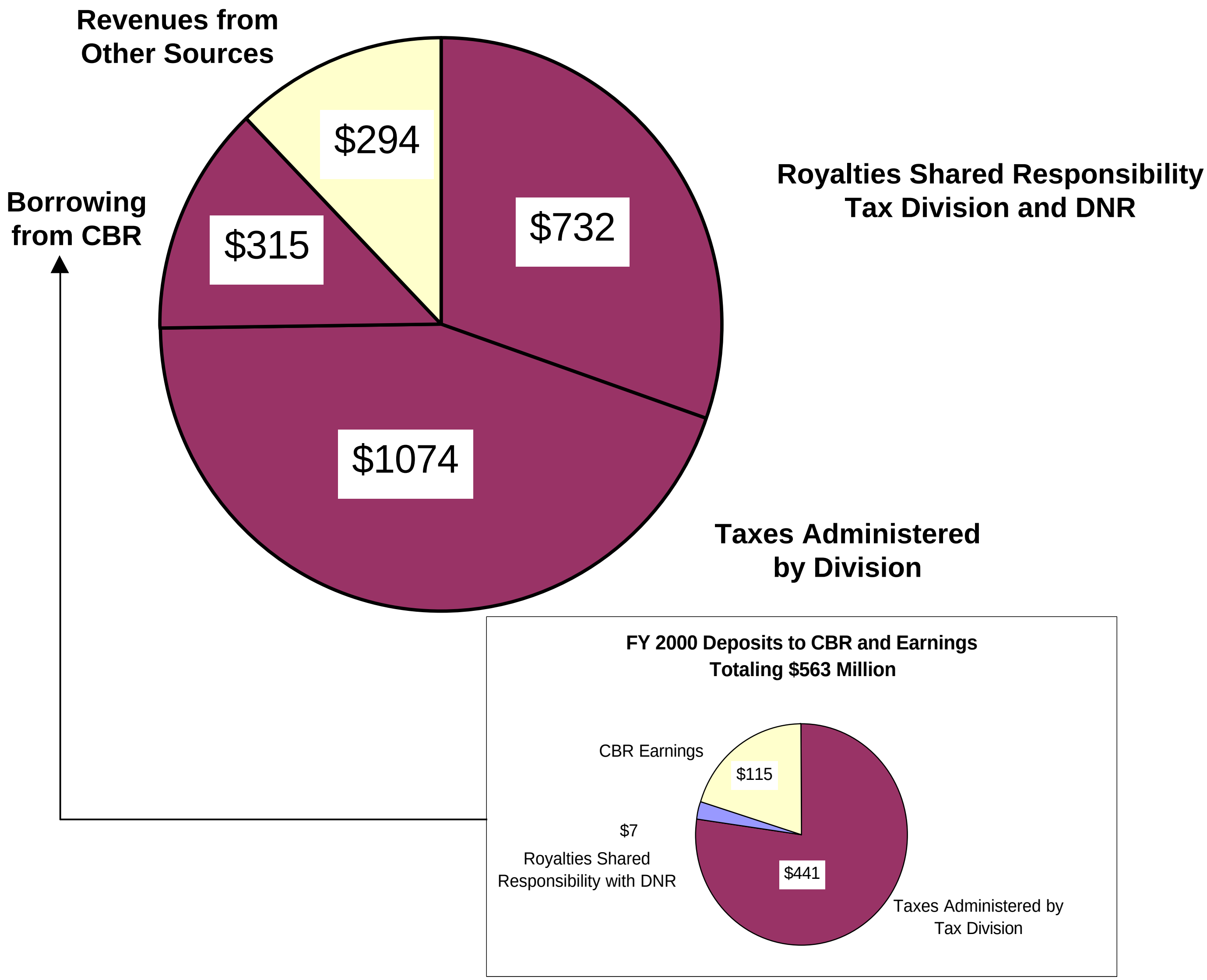
The CBRF is replenished by taxes and royalties collected by the Tax Division, as well as earnings on that money. The smaller pie chart in the figure shows the sources of FY 2000 deposits and earnings on the CBRF balance. For the most part, they are the Tax Division's responsibilities.

Although the division came into being in the middle of Fiscal Year 2000, this annual report shows data as if it had been a single division for the entire year.

The Tax Division has been given an enormous amount of responsibility in administering the taxes that run day to day government in Alaska. This annual report shows how we handled that responsibility.

**Figure 2**

# Sources of FY 2000 Unrestricted General Purpose Spending **($2.4 billion)** and Tax Division Administrative Responsibility



# Executive Summary

# FY 2000 in Retrospect

The Tax Division collected $1.8 billion in FY 2000 (Table 1, Page 7). General Fund collections were $1.33 billion, School Fund collections were $33 million and Constitutional Budget reserve collections were $441 million. General Fund collections increased by 50% from FY 1999 collections, primarily due to higher oil prices.

The Tax Division processed 28,231 tax returns, 6,030 reports and 1,161 licenses during the fiscal year (Chart 2, Page 9). The division continued efforts to enhance revenue, through increased focus on audit and compliance programs, and by streamlining its operations. Where possible, the Tax Division took measures to utilize new technology to bring efficiencies to tax programs.

Two tax-related bills were passed by the 2000 legislature. See Page 10 of this report for Tax Division highlights and details on the legislation that was passed.

**Table 1**
**Three Year Comparison of Revenue Collections**

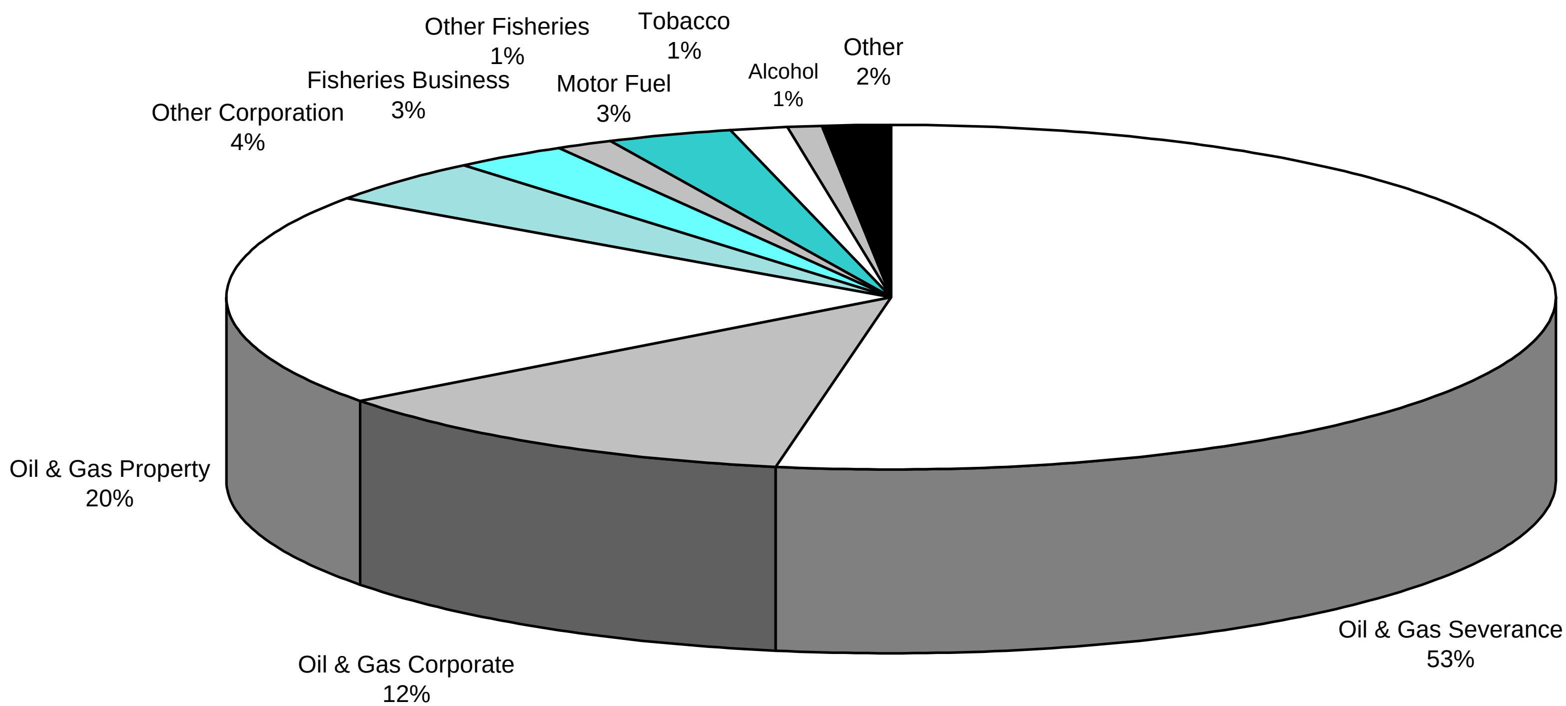
| FUND SOURCE | FY 00 | % Fund Total | FY 99 | % Fund Total | FY 98 | % Fund Total |
|---|---|---|---|---|---|---|
| ***General Fund*** | | | | | | |
| Oil and Gas - | | | | | | |
| Production Tax | $693,160,141 | 51.9% | $358,615,218 | 26.9% | $564,376,958 | 42.3% |
| Conservation Tax | - | 0.0% | 1,444,868 | 0.1% | 1,615,781 | 0.1% |
| Conservation Surcharge | 9,557,925 | 0.7% | 11,075,483 | 0.8% | 11,781,115 | 0.9% |
| Property[1] | 265,964,643 | 19.9% | 271,191,963 | 20.3% | 284,250,707 | 21.3% |
| Corporate Income | 162,659,761 | 12.2% | 145,008,939 | 10.9% | 200,057,790 | 15.0% |
| Total Oil and Gas | 1,131,342,470 | 84.8% | 787,336,471 | 81.8% | 1,062,082,351 | 85.8% |
| Corporate Income - Other than Oil and Gas | 56,298,256 | 4.2% | 53,846,758 | 5.6% | 53,421,942 | 4.3% |
| Motor Fuel | 42,137,861 | 3.2% | 37,724,682 | 3.9% | 35,645,306 | 2.9% |
| Fisheries Business | 36,688,618 | 2.7% | 25,911,888 | 2.7% | 28,464,413 | 2.3% |
| Tobacco | 16,312,091 | 1.2% | 15,233,232 | 1.6% | 15,399,531 | 1.2% |
| Alcoholic Beverages | 12,655,546 | 0.9% | 12,159,513 | 1.3% | 11,771,505 | 1.0% |
| Fishery Resource Landing | 5,278,404 | 0.4% | 5,896,347 | 0.6% | 3,767,704 | 0.3% |
| Salmon Enhancement | 5,142,886 | 0.4% | 3,903,103 | 0.4% | 4,186,701 | 0.3% |
| Unclaimed Property[2] | 5,116,277 | 0.4% | 2,651,606 | 0.3% | 2,408,310 | 0.2% |
| APUC Regulatory Cost Charges | 4,509,745 | 0.3% | 4,274,572 | 0.4% | 3,769,005 | 0.3% |
| Salmon Marketing | 3,687,313 | 0.3% | 2,620,154 | 0.3% | 2,811,707 | 0.2% |
| Seafood Marketing | 3,514,614 | 0.3% | 2,656,959 | 0.3% | 2,878,785 | 0.2% |
| Mining License | 3,449,882 | 0.3% | 633,143 | 0.1% | 1,661,651 | 0.1% |
| Estate | 2,455,527 | 0.2% | 1,726,985 | 0.2% | 5,466,488 | 0.4% |
| Gaming | 2,335,279 | 0.2% | 2,183,155 | 0.2% | 2,133,945 | 0.2% |
| Electric Cooperative | 1,732,813 | 0.1% | 1,660,080 | 0.2% | 1,556,685 | 0.1% |
| Telephone Cooperative | 1,502,251 | 0.1% | 2,008,282 | 0.2% | 794,158 | 0.1% |
| Dive Fisheries | 229,078 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Coin-Operated Devices | 0 | 0.0% | 0 | 0.0% | 72,610 | 0.0% |
| **Total General Fund** | **1,334,388,911** | **100.0%** | **962,426,930** | **100.0%** | **1,238,292,797** | **100.0%** |

[1] *Includes credit for municipal property tax paid ($220,926,762 in FY 2000, $222,351,529 in FY 99, and $232,996,934 in FY 98).*

[2] *Includes refunds to owners and other states ($1,498,923 in FY 2000, $850,087 in FY 99, and $548,468 in FY 98).*

| FUND SOURCE | FY 00 | % Fund Total | FY 99 | % Fund Total | FY 98 | % Fund Total |
|---|---|---|---|---|---|---|
| ***Constitutional Budget Reserve Fund (CBRF)*** | | | | | | |
| Oil & Gas Corporate Income | 423,386,828 | 96.0% | 19,802,312 | 45.1% | 22,167,854 | 9.2% |
| Oil and Gas Severance | 17,518,663 | 4.0% | 24,082,448 | 54.9% | 218,605,098 | 90.7% |
| Mining License | 0 | 0.0% | 0 | 0.0% | 375,575 | 0.2% |
| **Total CBRF** | **440,905,491** | **100.0%** | **43,884,760** | **100.0%** | **241,148,527** | **100.0%** |
| ***School Fund*** | | | | | | |
| Tobacco | 32,986,320 | 100.0% | 32,732,439 | 100.0% | 16,417,149 | 100.0% |
| Cigarette License Fees | 5,320 | 0.0% | 3,395 | 0.0% | 5,695 | 0.0% |
| **Total School Fund** | **32,991,640** | **100.0%** | **32,735,834** | 100.0% | **16,422,844** | **100.0%** |
| ***Total All Funds*** | ***$1,808,286,042*** | ***100.0%*** | ***$1,039,047,524*** | ***100.0%*** | ***$1,495,864,168*** | ***100.0%*** |

## Chart 1
## General Fund Tax Collections



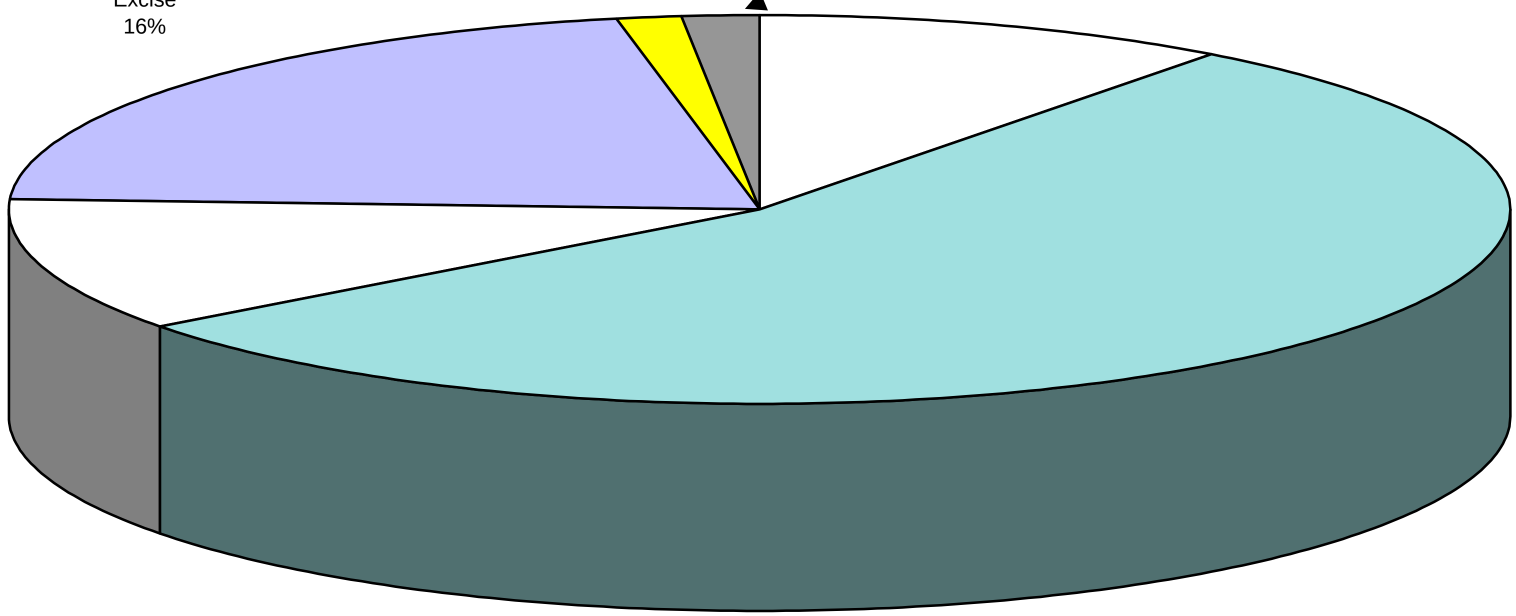

**Total Tax Collections: $1,334,388,911**

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

***Other Fisheries*** *includes salmon enhancement and marketing taxes, and seafood marketing assessment collections.*

***Other*** *includes estate, electric and telephone cooperative, gaming, mining license tax, and unclaimed property collections.*

## Chart 2
## Tax Returns Filed




**Total Tax Returns Filed: 28,231**

| | | | | | |
|---|---|---|---|---|---|
| **Oil and Gas** | **2,918** | **Fisheries** | **3,140** | **Other** | **340** |
| *Severance* | 2,738 | *Salmon Marketing* | 976 | *Estate* | 69 |
| *Oil & Gas Corporate* | 81 | *Fisheries Business* | 722 | *Electric Cooperative* | 16 |
| *Oil & Gas Property* | 99 | *Salmon Enhancement* | 993 | *Mining License* | *248* |
| **Other Corporate** | **15,341** | *Seafood Marketing* | 349 | *Telephone Cooperative* | 7 |
| **Excise** | **5,997** | *Fishery Resource Landing* | 77 | | |
| *Motor Fuel* | 4,419 | *Dive Fisheries* | 23 | | |
| *Tobacco* | 1,239 | **APUC Regulatory Cost Charges** | **495** | | |
| *Alcohol* | 339 | | | | |

## ~ HIGHLIGHTS ~

***Former Oil and Gas Audit and Income and Excise Tax Audit Divisions Merge.*** Effective April 1, 2000 the Tax Division was created by the combination of the two separate audit divisions. The purpose of the merger is to create operational and economic efficiencies through combination of two divisions with a common function. This report is presented as though the merger was effective for the entire fiscal year or years as the case may be.

***Significant Progress in Case Resolution.*** In FY 2000 the division made significant progress in resolving old cases and bringing case load more current. Longstanding production tax disputes were resolved shifting the oldest unresolved tax period in our inventory from 1981 to 1994. One multi-year dispute over Oil and Gas Corporate Income tax resolved during FY 2000 generated more than $400 million for the Constitutional Budget Reserve Fund.

***Improved Public Information Reporting.*** The division worked with the Office of Management and Budget and the Legislative Finance Division to rework the presentation of the total state revenue picture presented in the Revenue Sources Forecast. The quantity and quality of information presented on our website continued to expand.

***Landing Tax Compliance Emphasized.*** The division increased the resources directed toward the Fishery Resource Landing Tax and related issues.

## ~ NEW LEGISLATION ~

The 2000 legislature passed two bills that directly affect the Tax Division. The Governor signed the following bills into law:

**HB 363 (Ch 62 SLA 2000) – Alaska Salmon Production and Wholesale Price Reports.** This bill requires salmon processors who sell more than 1 million pounds of salmon products at wholesale to report its sales and production of salmon products to the division. Processors must report monthly wholesale sales three times a year. Salmon production must be reported annually for the calendar year. The division will accumulate the information and, after editing the data to ensure confidentiality, present it in a report to the legislature. The Alaska Salmon Price Report replaces the report of wholesale thermally processed salmon prices. The more significant changes are:

- Increase reporting to cover six product forms of which thermally processed is one.
- Detailed geographic reporting, by production area versus statewide.
- The expansion of reportable products, offset in part by the new 1 million pound reporting threshold, will require more processors to report.

The bill took effect September 1, 2000.

**HB 37 (Ch 87 SLA 2000) – Gray Market Cigarettes.** This bill prohibits the sale or possession of cigarettes in Alaska if the cigarette package bears a statement, label, sticker or notice indicating that the manufacturer did not intend the cigarettes to be sold in the U.S. The bill also prohibits the sale of cigarettes if the package does not include the U.S. Surgeon General’s health warning. The bill requires cigarette licensees to report to the department on a quarterly basis the number and brand of cigarettes imported into Alaska that were manufactured outside of the U.S.

The bill took effect August 22, 2000.

# *Division Organization*

# Key Contacts

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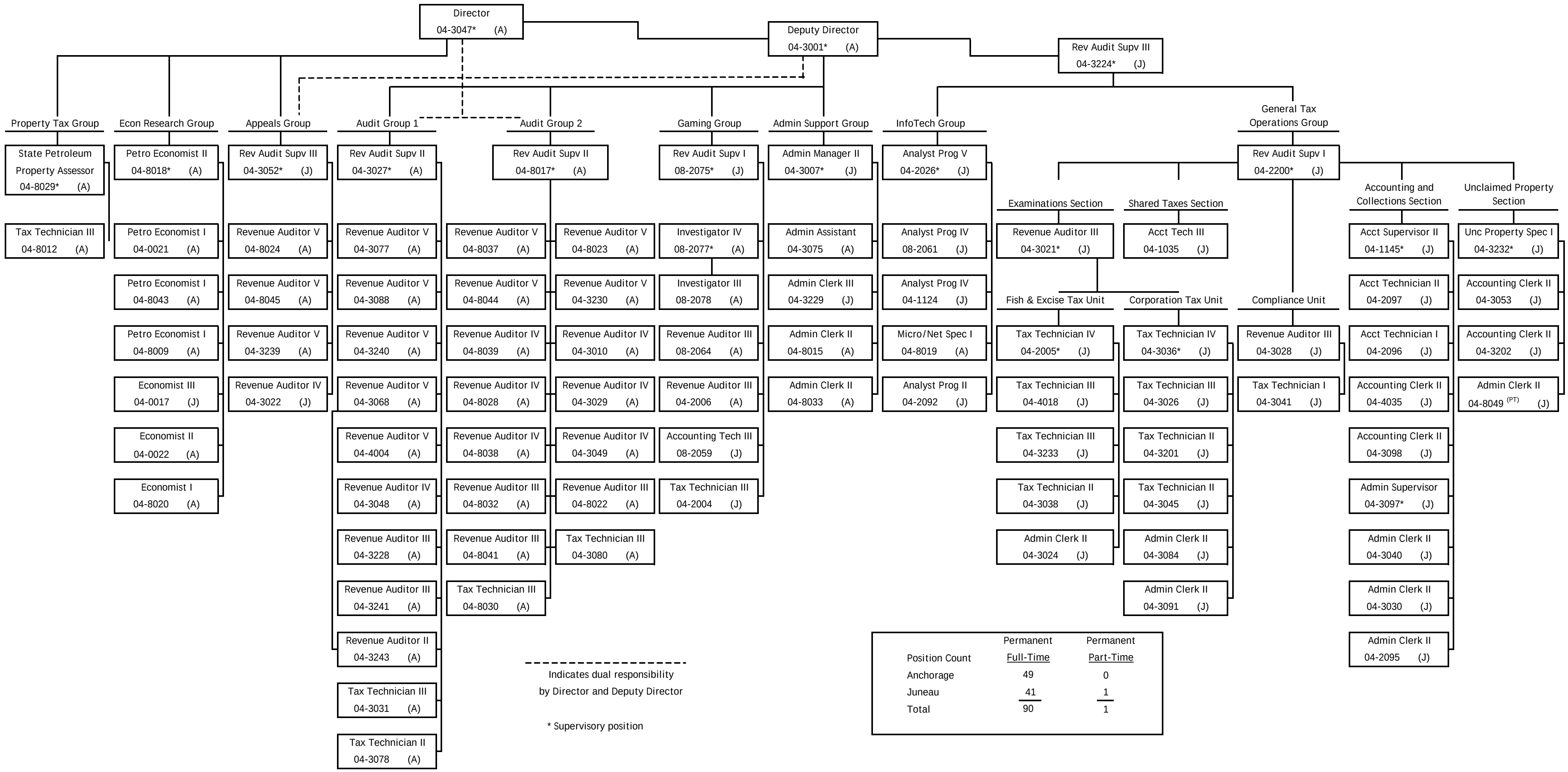
# FY 2000 Organization Chart




| Position Count | Permanent Full-Time | Permanent Part-Time |
|---|---|---|
| Anchorage | 49 | 0 |
| Juneau | 41 | 1 |
| Total | 90 | 1 |

## *FUNCTIONS*

During the fiscal year, the Tax Division was staffed by 90 full-time and 1 seasonal positions, and maintained offices in Juneau and Anchorage. The division's FY 2000 operating budget was $6.6 million. The Division is organized according to the functional groups of **Operations, Audit, Appeals, Gaming, Property Tax,** and **Economic Research;** and the support groups, **Information Technology** and **Administrative Support**.

### OPERATIONS

Operations, located in Juneau and staffed by 34 full-time and 1 seasonal positions (including 4 computer programmers and a manager), is responsible for receipt and processing of all tax returns and payments other that oil and gas severance and property taxes. Oil and gas severance and property tax returns and payments are received and processed by the Anchorage audit group.

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

Operations is comprised of five sections: **Accounting and Collections, Examination and Licensing, Compliance, Shared Taxes and Unclaimed Property.**

**Accounting and Collections**, staffed by 9 full-time positions, is responsible for receiving and processing tax payments, data entry of tax return information into the division's tax accounting system (TAS), and reconciling TAS revenues to the state's accounting system (AKSAS).

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

Accounting and Collections generates management reports as a part of its reconciliation process and for identifying exception items. Special management reports are generated for division staff upon request.

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

**Examination and Licensing**, staffed by 12 full-time positions, is responsible for examining selected returns and issuing licenses to taxpayers. As part of the examination process, tax examiners generate assessments for additional taxes and penalties.

The section is comprised of two examination units: *Corporation Tax, and Fish and Excise Tax*.

***Corporation Tax*** is responsible for processing and examining corporation net income tax returns. In addition to the corporation returns, the unit receives partnership and other information returns associated with the corporate net income tax.

The corporation tax exam group examines returns based on priority criteria which include large dollar tax liabilities, large refund or credit claims and returns with exceptions identified by TAS.

The unit assists in updating corporation tax return forms to reflect changes in federal and Alaska tax laws. The unit maintains corporation tax return files, taxpayer correspondence and estimated payment documents. Returns and related documents older than three years are archived by the unit.

Corporation tax also approves clearances from state agencies who are making final payment on state contracts.

***Fish and Excise Tax*** unit is responsible for processing and examining returns other than corporation returns and for licensing taxpayers. The Fish and Excise Tax unit also:

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

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

- Administers the following licensing programs: motor fuel (qualified dealers), mining, alcoholic beverages and tobacco.

- Examines motor fuel tax refunds requested by consumers who purchased and paid tax on motor fuel but used the fuel for off-highway or exempt purposes.

- Publishes statewide average price information (compiled by Department of Fish and Game) for fishery resources landed in the state. The average price information is used by taxpayers for calculating their fishery resource landing tax liabilities.

**Compliance**, staffed by 2 positions, is responsible for securing returns from businesses and individuals required to file tax returns with the state.

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

**Shared Taxes**, staffed by 1 full-time position, is responsible for sharing taxes and fees, when applicable, to municipalities in accordance with statutory requirements. Shared Taxes accounts for revenues subject to sharing and periodically issues warrants to communities for their portion of tax collections. In addition, the Shared Tax position prepares an annual report, which summarizes salmon enhancement tax data. This data is used by the Department of Community and Economic Development for determining appropriations to regional aquaculture associations.

The following taxes and fees are subject to sharing:

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

Amounts are shared based on the location of where the tax or fee was derived.

For FY 2000, the Tax Division shared $24.1 million to 123 Alaska communities. The division publishes an annual report summarizing amounts shared by community. The annual report is distributed to the public via the Internet. The report is available on the division's website at *www.tax.state.ak.us*.

For fisheries business and fishery resource landing tax programs, taxes sourced from activities in the unorganized borough are subject to sharing to municipalities through an allocation program administered by Department of Community and Economic Development (DCED).

The Tax Division transmits funds to DCED each year for allocation. For FY 2000, the division transmitted $1.6 million for additional sharing.

**Unclaimed Property**, staffed by 3 full-time and 1 seasonal positions, is responsible for administering the state's unclaimed property program under AS 34.45.

Unclaimed property is a fiduciary program which requires that the state hold in trust personal and intangible property presumed to be abandoned or unclaimed as defined under AS 34.45. Intangible property includes money, deposits, checks, stocks, bonds, interest, dividends, etc.

Persons holding unclaimed property, or holders, are required to report and remit property annually to the Unit. Holders are required to make an attempt to locate owners before remitting property to the Unit.

Unclaimed Property attempts to locate persons throughout the year and publishes an annual advertisement each spring to notify Alaskans that they have unclaimed property on file with the state. The advertisement, with a circulation of 227,000 generates thousands of inquiries by Alaskans seeking to claim their property.

Because not all unclaimed property owners are located, amounts received from holders exceed refunds to owners. The Tax Division maintains a minimum balance in the unclaimed property trust account, from which refunds are paid, and periodically transfers excess funds to the General Fund.

Since the program's inception in 1986, the division has transferred approximately $18.5 million to the General Fund.

The Unit maintains an inventory of tangible personal property submitted by holders. The property is stored in a secured vault in Alaska.

## AUDIT

Audit is comprised of two audit groups differentiated by the tax types on which they focus.

***Audit Group 1*** is responsible for auditing the taxes that were administered by the former Income and Excise Tax Division. These include the corporate net income tax (including oil and gas corporate income taxes), fisheries taxes, and excise taxes.

***Audit Group 2*** is responsible for auditing taxes that were administered by the former Oil and Gas Audit Division. These include oil and gas severance and property taxes. Audit Group 2 is also responsible for auditing oil and gas royalties on behalf of the Department of Natural Resources which administers Alaska’s oil and gas royalty program.

Both audit groups are based in Anchorage. Audit Group 1 is staffed by 9 revenue auditors and 2 tax technicians who are supervised by an audit manager. Audit Group 2 consists of 13 revenue auditors and 2 tax technicians supervised by an audit manager.

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

## APPEALS

Appeals is located in Juneau and Anchorage and professionally staffed by 5 full-time positions. Appeals staff conduct conferences on protested assessments and issue informal conference decisions of the Department of Revenue for all tax types administered by the Division, Charitable Gaming, and Unclaimed Property.

Appeals staff represent the Department as counsel in disputed cases before the Office of Tax Appeals and represent the Division before a Department Hearing Examiner in gaming and unclaimed property cases. Appeals staff work closely with the Department of Law in these and various other matters. Appeals staff perform a myriad of special projects in a legal, technical, or tax context and are involved in drafting proposed legislation and regulations.

## GAMING

Gaming is located in Juneau and Anchorage and is staffed by 1 supervisor, 2 investigators, 2 auditors, 1 tax technician and 1 accounting technician. Gaming is responsible for overseeing charitable gaming activities conducted in the state.

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

## PROPERTY TAX

The Oil and Gas Property tax group is located in Anchorage and is staffed by 1 property tax assessor and 1 tax technician. The unit is responsible for assessment, compliance, audit, collection, and administrative processing of property tax assessments. Many of the unit's duties are performed by municipal authorities under an MOA and by engineering and appraisal experts working under contract. The unit performs compliance and collection functions and is responsible for processing returns. Audits may be initiated by the division or the taxpayer. Audits and appraisals conducted by the unit are typically highly specialized valuations for which the unit uses outside experts on an as needed basis.

## ECONOMIC RESEARCH

Economic Research, located in Anchorage and Juneau, is staffed by 7 full-time positions and 1 college intern, a non-permanent position. The group is responsible for monitoring and forecasting the state's General Fund revenues.

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

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

# Tax Programs Detail

## Table 2 - Revenue Collections Detail

| | | FY 2000 | | FY 1999 | | FY 1998 |
|---|---|---|---|---|---|---|
| ***OIL AND GAS TAXES*** | | | | | | |
| General Fund revenue | | | | | | |
| Severance Taxes | | | | | | |
| Oil & Gas Production | $ | 693,160,141 | $ | 358,615,383 | $ | 564,628,142 |
| Oil & Gas Conservation | | - | | 1,444,868 | | 1,615,781 |
| Oil & Gas Hazardous Release | | 9,557,925 | | 11,075,483 | | 11,781,115 |
| Credits | | 0 | | (165) | | (251,184) |
| Severance tax total | | 702,718,066 | | 371,135,569 | | 577,773,854 |
| Property Tax | | 265,964,643 | | 271,191,963 | | 284,250,707 |
| Local credits | | (220,926,762) | | (222,351,529) | | (232,996,934) |
| Property tax total | | 45,037,881 | | 48,840,434 | | 51,253,773 |
| Oil & Gas Corporate Income Tax | | 162,859,823 | | 145,217,589 | | 200,309,040 |
| Alaska Education Credit | | (200,062) | | (208,650) | | (251,250) |
| Oil & Gas Corporate Income Tax total | | 162,659,761 | | 145,008,939 | | 200,057,790 |
| **Total Oil & Gas Tax Receipts - General Fund** | | **910,415,708** | | **564,984,942** | | **829,085,417** |
| Constitutional Budget Reserve Fund - CBRF | | | | | | |
| Severance Tax | | 17,518,663 | | 24,082,448 | | 218,605,098 |
| Oil & Gas Corporate Income Tax | | 423,386,828 | | 19,802,312 | | 22,167,854 |
| **Total Receipts - CBRF*** | | **440,905,491** | | **43,884,760** | | **240,772,952** |
| **Total Oil & Gas Receipts - All Funds** | **$** | **1,351,321,199** | **$** | **608,869,702** | **$** | **1,069,858,369** |

** Does not include $299,726 adjustment (from the 1994 tax period) made in FY 98 from the General Fund to the CBRF.*

| | | FY 2000 | | FY 1999 | | FY 1998 |
|---|---|---|---|---|---|---|
| ***CORPORATE NET INCOME TAX - other than oil & gas corporations*** | | | | | | |
| Corporate Income Tax | | 57,725,752 | | 55,487,278 | | 55,004,667 |
| Alaska Education Credit - Other | | (1,427,496) | | (1,640,520) | | (1,582,725) |
| **Total Receipts** | **$** | **56,298,256** | **$** | **53,846,758** | **$** | **53,421,942** |

| | | FY 2000 | | FY 1999 | | FY 1998 |
|---|---|---|---|---|---|---|
| ***TOBACCO **** | | | | | | |
| Cigarette | $ | 43,772,545 | $ | 43,230,240 | $ | 28,493,462 |
| Tobacco Products | | 5,420,817 | | 4,875,964 | | 3,504,168 |
| Penalties and Interest | | 176,327 | | 48,873 | | 1,394 |
| Less .4% Deductions* * | | (71,278) | | (189,406) | | (182,345) |
| **Total Receipts** | | **49,298,411** | | **47,965,671** | | **31,816,679** |
| Less Amount Transferred to School Fund | | (32,986,320) | | (32,732,439) | | (16,417,149) |
| **Amount Retained in General Fund** | **$** | **16,312,091** | **$** | **15,233,232** | **$** | **15,399,530** |

** Beginning with Fiscal Year 2000, tobacco revenues are recorded on an accrual basis. Fiscal Years 1999 and 1998 are reported on the cash basis. July 1999 revenue not included in the above FY 2000 and FY 99 revenue was $1,143,450.*

*** General Fund only, does not include FY 2000 deductions of $129,814 from School Fund revenues.*

## Table 2 - Revenue Collections Detail

| | FY 2000 | FY 1999 | FY 1998 |
|---|---|---|---|
| ***MOTOR FUEL*** | | | |
| Highway | $ 25,463,515 | $ 25,637,024 | $ 23,924,533 |
| Marine | 6,121,871 | 6,631,548 | 6,184,334 |
| Jet Fuel | 7,443,784 | 4,467,768 | 4,376,469 |
| Aviation Gasoline | 837,169 | 853,039 | 930,976 |
| Total Tax | 39,866,339 | 37,589,379 | 35,416,313 |
| Penalties and Interest | 2,271,522 | 135,303 | 228,993 |
| **Total Receipts** | **42,137,861** | **37,724,682** | **35,645,306** |
| Less Aviation Fuel Tax Shared | (150,115) | (194,653) | (144,240) |
| **Amount Retained by State** | **$ 41,987,746** | **$ 37,530,029** | **$ 35,501,066** |
| ***FISHERIES BUSINESS*** | | | |
| *Established* | | | |
| Shore-based | $ 20,850,730 | $ 14,402,102 | $ 17,915,533 |
| Floating | 9,378,615 | 6,487,405 | 5,955,145 |
| Cannery | 5,959,592 | 4,362,254 | 3,348,301 |
| *Developing* | | | |
| Shore-based | 31,147 | 23,720 | 46,154 |
| Floating | 10,422 | 2,860 | 3,073 |
| Total Tax | 36,230,506 | 25,278,341 | 27,268,206 |
| Prepayments | 749,250 | 767,365 | 1,610,403 |
| Penalties and Interest | 24,087 | 83,661 | (85,556) |
| License Fees | 16,415 | 13,850 | 13,766 |
| Total Tax Before Credits | 37,020,258 | 26,143,217 | 28,806,819 |
| Less Credits | | | |
| Winn Brindle | (317,500) | (231,329) | (261,593) |
| Alaska Education Credit | (14,140) | 0 | (80,813) |
| **Total Receipts** | **36,688,618** | **25,911,888** | **28,464,413** |
| Less Fisheries Tax Shared | | | |
| Department of Revenue | (17,097,294) | (11,645,747) | (12,966,262) |
| Department of Community and Economic Development | (1,403,629) | (1,508,709) | (1,208,039) |
| **Amount Retained by State** | **$ 18,187,695** | **$ 12,757,432** | **$ 14,290,112** |
| **DEC Seafood Processor License Fees*** | **$ 432,338** | **$ 424,190** | **$ 446,685** |

* Effective FY 97, DOR began collecting DEC license fees as a result of implementation of a consolidated processor application form. DOR, DEC and DF&G consolidated their application forms into a single application for the 1997 calendar year.

| | FY 2000 | FY 1999 | FY 1998 |
|---|---|---|---|
| ***ALCOHOLIC BEVERAGES*** | | | |
| Liquor | $ 6,181,862 | $ 6,091,190 | $ 5,802,936 |
| Beer | 5,259,907 | 4,892,770 | 4,840,070 |
| Wine | 1,211,430 | 1,173,088 | 1,124,855 |
| Penalties, Interest and Refunds | 2,347 | 2,465 | 3,645 |
| **Total Receipts** | **$ 12,655,546** | **$ 12,159,513** | **$ 11,771,505** |
| ***SALMON ENHANCEMENT*** | | | |
| Tax by Aquacultural Region | | | |
| Southern Southeast | $ 1,453,543 | $ 1,378,130 | $ 1,219,054 |
| Northern Southeast | 1,083,582 | 800,122 | 889,784 |
| Cook Inlet | 486,826 | 197,903 | 795,511 |
| Prince William Sound | 930,027 | 618,155 | 715,585 |
| Kodiak | 724,245 | 718,675 | 459,200 |
| Chignik | 460,724 | 169,279 | 103,498 |
| Total Tax | 5,138,947 | 3,882,264 | 4,182,632 |
| Penalties and Interest | 3,939 | 20,839 | 4,069 |
| **Total Receipts** | **$ 5,142,886** | **$ 3,903,103** | **$ 4,186,701** |

## Table 2 - Revenue Collections Detail

| | FY 2000 | FY 1999 | FY 1998 |
|---|---|---|---|
| ***FISHERY RESOURCE LANDING*** | | | |
| Tax Before Credits | $ 4,654,176 | $ 4,492,485 | $ 3,452,330 |
| Pre-Payments | 1,044,998 | 1,144,293 | 1,209,982 |
| Penalties, Interest and Refunds | (19,066) | 476,829 | (672,379) |
| Less Credits | | | |
| CDQ Contributions | (86,854) | (35,482) | (65,348) |
| Winn Brindle | (2,752) | (16,528) | (5,000) |
| Alaska Education Credit | (312,098) | (165,250) | (151,881) |
| **Total Receipts** | **5,278,404** | **5,896,347** | **3,767,704** |
| Less Landing Tax Subject to Sharing* | | | |
| Department of Revenue | (2,893,298) | (2,274,380) | (3,057,782) |
| Department of Community and Regional Affairs | (210,866) | (151,627) | (53,273) |
| **Amount to be Retained by State** | **$ 2,174,240** | **$ 3,470,340** | **$ 656,650** |

** Reflects amounts based on returns filed through July 31 following the respective fiscal year. Because landing tax returns were not due until June 30 of each fiscal year, the department did not receive returns until the following fiscal year.*

| | FY 2000 | FY 1999 | FY 1998 |
|---|---|---|---|
| ***UNCLAIMED PROPERTY*** | | | |
| **Total Receipts** | **$ 5,116,277** | **$ 2,651,606** | **$ 2,408,310** |
| Less amount Refunded to Owners and Other States | (1,498,923) | (850,087) | (548,428) |
| Less amount Retained in the Trust Account | (465,554) | (149,719) | (409,082) |
| **Amount Transferred to the General Fund** | **$ 3,151,800** | **$ 1,651,800** | **$ 1,450,800** |
| ***APUC REGULATORY COST CHARGES*** | | | |
| Electric Utilities | $ 1,330,303 | $ 1,253,338 | $ 1,243,813 |
| Telephone Utilities | 1,345,434 | 1,391,419 | 1,075,244 |
| Other Utilities | 1,236,009 | 1,061,041 | 938,865 |
| Pipeline Carriers | 597,999 | 568,774 | 511,084 |
| **Total Receipts** | **$ 4,509,745** | **$ 4,274,572** | **$ 3,769,005** |
| ***SALMON MARKETING*** | | | |
| Tax | $ 3,680,472 | $ 2,614,425 | $ 2,807,991 |
| Penalties and Interest | 6,841 | 5,729 | 3,716 |
| **Total Receipts** | **$ 3,687,313** | **$ 2,620,154** | **$ 2,811,707** |
| ***SEAFOOD MARKETING ASSESSMENT*** | | | |
| Fisheries Business | $ 3,059,133 | $ 2,182,417 | $ 2,449,064 |
| Fishery Resource Landing | 455,481 | 474,542 | 429,721 |
| **Total Receipts** | **$ 3,514,614** | **$ 2,656,959** | **$ 2,878,785** |
| ***MINING LICENSE*** | | | |
| **General Fund** | | | |
| Current Year Tax Before Credits | $ 4,753,274 | $ 2,985,679 | $ 1,811,651 |
| Less Alaska Special Industrial Incentive Credit | (1,239,641) | (2,189,587) | 0 |
| Less Alaska Education Credit | (63,751) | (162,949) | (150,000) |
| **Total Receipts - General Fund** | **3,449,882** | **633,143** | **1,661,651** |
| **Total Receipts - CBRF** | **0** | **0** | **375,575** |
| **Total Receipts - All Funds** | **$ 3,449,882** | **$ 633,143** | **$ 2,037,226** |

## Table 2 - Revenue Collections Detail

| | FY 2000 | FY 1999 | FY 1998 |
|---|---|---|---|
| ***ESTATE*** | | | |
| **Total Receipts** | **$ 2,455,527** | **$ 1,726,985** | **$ 5,466,488** |
| ***GAMING*** | | | |
| 3% Pull Tab Tax | $ 1,916,124 | $ 1,755,115 | $ 1,752,432 |
| 1% Net Proceeds Fee | 288,519 | 292,788 | 274,537 |
| Licensing Fees | 130,636 | 135,252 | 106,976 |
| **Total Receipts** | **$ 2,335,279** | **$ 2,183,155** | **$ 2,133,945** |
| ***ELECTRIC COOPERATIVE*** | | | |
| **Total Receipts** | **$ 1,732,813** | **$ 1,660,080** | **$ 1,556,685** |
| Less Cooperative Taxes Shared | (1,657,937) | (1,589,987) | (1,492,987) |
| **Amount Retained by State** | **$ 74,876** | **$ 70,093** | **$ 63,698** |
| ***TELEPHONE COOPERATIVE*** | | | |
| **Total Receipts** | **$ 1,502,251** | **$ 2,008,282** | **$ 794,158** |
| Less Cooperative Taxes Shared | (1,399,696) | (1,934,655) | (764,027) |
| **Amount Retained by State** | **$ 102,555** | **$ 73,627** | **$ 30,131** |
| ***DIVE FISHERY MANAGEMENT ASSESSMENT*** | | | |
| Southeast Alaska - Management Area A | $ 229,078 | n/a | n/a |
| **Total Receipts** | **$ 229,078** | **n/a** | **n/a** |
| ***CIGARETTE LICENSE FEES*** | | | |
| *(Transfered Directly to School Fund)* | | | |
| **Total Receipts** | **$ 5,320** | **$ 3,395** | **$ 5,695** |
| ***COIN-OPERATED DEVICES**** | | | |
| Tax Receipts | $ 0 | $ 0 | $ 72,545 |
| Penalties and Interest | 0 | 0 | 65 |
| **Total Receipts** | 0 | 0 | **72,610** |
| Less Device Tax Shared | 0 | 0 | (26,973) |
| **Amount Retained by State** | **$ 0** | **$ 0** | **$ 45,637** |

** The coin-operated devices tax was repealed effective January 1, 1999.*

## Table 3
## Program Revenue and Cost Detail

*(Sorted by Revenue)*

| | Returns | Revenue | Program Cost[1] | Program FTE[2] | Per FTE[2] Revenue | Per FTE[2] Cost |
|---|---|---|---|---|---|---|
| **Tax Program** | | | | | | |
| Severance[3] | 2,738 | $720,236,729 | $1,835,641 | 24.1 | $29,848,186 | $76,073 |
| Oil and Gas Corporate Income[4] | 81 | 586,046,589 | 777,824 | 9.1 | 64,510,960 | 85,622 |
| Oil and Gas Property | 99 | 265,964,643 | 478,187 | 2.8 | 94,987,373 | 170,781 |
| Corporate Income *(non-Oil & Gas)* | 15,341 | 56,298,256 | 1,395,392 | 21.9 | 2,566,413 | 63,610 |
| Tobacco[5] | 1,239 | 49,303,731 | 169,454 | 2.2 | 22,082,065 | 75,895 |
| Motor Fuel | 4,419 | 42,137,861 | 347,718 | 5.5 | 7,695,499 | 63,503 |
| Fisheries Business | 722 | 36,688,618 | 205,147 | 3.4 | 10,883,439 | 60,856 |
| Alcoholic Beverages | 339 | 12,655,546 | 32,774 | 0.5 | 25,657,468 | 66,445 |
| Fishery Resource Landing | 77 | 5,278,404 | 83,845 | 1.3 | 4,120,856 | 65,458 |
| Salmon Enhancement | 993 | 5,142,886 | 54,483 | 0.9 | ** | ** |
| APUC Regulatory Cost Charges | 495 | 4,509,745 | 19,030 | 0.4 | ** | ** |
| Salmon Marketing | 976 | 3,687,313 | 52,299 | 0.9 | ** | ** |
| Seafood Marketing Assessments | 349 | 3,514,614 | 38,227 | 0.9 | ** | ** |
| Mining License | 248 | 3,449,882 | 27,273 | 0.5 | ** | ** |
| Estate | 69 | 2,455,527 | 4,670 | 0.1 | ** | ** |
| Electric Cooperative | 16 | 1,732,813 | 2,377 | 0.0 | ** | ** |
| Telephone Cooperative | 7 | 1,502,251 | 2,026 | 0.0 | ** | ** |
| Dive Fishery | 23 | 229,078 | 1,636 | 0.0 | ** | ** |
| **Total Tax Programs** | **28,231** | **1,800,834,486** | **5,528,005** | **74.5** | | |
| | *(Reports)* | | | | | |
| Unclaimed Property Program[6] | 2,291 | 5,116,277 | 153,853 | 3.5 | 1,461,793 | 43,958 |
| Gaming Program | 3,739 | 2,335,279 | 689,416 | 9.4 | 248,434 | 73,342 |
| **Total Gaming & Unclaimed Property** | **6,030** | **7,451,556** | **843,270** | **12.9** | | |
| Royalty[7] | n/a | n/a | 299,744 | 3.1 | 0 | 96,692 |
| **Total All Programs** | **34,261** | **1,808,286,042** | **6,671,020** | **90.5** * | | |

***Tax Programs***
***Total Revenue per FTE $24,172,275***
***Total Cost per FTE $74,201***

***Unclaimed Property and Gaming Programs***
***Total Revenue per FTE $577,640***
***Total Cost per FTE $ 65,370***

[1] Includes total operating costs of the division.
[2] Full-time equivalent staff position
[3] Includes CBRF receipts of $17,518,663
[4] Includes CBRF receipts of $423,386,828.
[5] Includes school fund receipts (tobacco =$32,986,320, cigarette licenses=$5,320).
[6] Includes stock proceeds of $2,255,662 .
[7] Department of Natural Resources collected $1,046,167,643 in revenues from this program during FY 2000. Of this amount, $14,466,335 resulted from audits performed by the Tax Division

* 90 full-time, 1 seasonal (.5 FTE)
** Combined revenues and costs for these programs are $26,224,109 and $202,021, respectively. These programs require 3.7 FTE positions. Combined revenue and cost per FTE are $7,087,597 and $54,600, respectively.

# Table 4
# Collections from Audit and Tax Examiners Assessments

*(Sorted by total collections)*

| Tax Type | Collections from Assessments: Audit | Collections from Assessments: Exam | Collections from Assessments: Total | Staffing (FTE)[1]: Audit | Staffing (FTE)[1]: Exam | Per FTE[1]: Audit | Per FTE[1]: Exam |
|---|---|---|---|---|---|---|---|
| Oil and Gas Corporate Income | $423,386,828 | $ 0 | $423,386,828 | 6.4 | 0.0 | $66,154,192 | $ 0 |
| Severance | 17,518,663 | 1,834 | 17,520,497 | 12.9 | 2.0 | 1,358,036 | 917 |
| Royalty | 14,466,335 | 0 | 14,466,335 | 2.1 | 0.0 | 6,888,731 | 0 |
| Motor Fuel | 3,463,187 | 15,091 | 3,478,278 | 0.8 | 1.3 | 4,328,984 | 11,608 |
| Corporate Income | 796,286 | 1,867,405 | 2,663,691 | 3.3 | 6.2 | 241,299 | 301,194 |
| Tobacco | 76,293 | 70,251 | 146,544 | 1.0 | 0.3 | 76,293 | 234,169 |
| Fisheries Business | 0 | 54,012 | 54,012 | 0.0 | 0.6 | ** | ** |
| Seafood Marketing | 4,137 | 2,788 | 6,925 | 0.0 | 0.1 | ** | ** |
| Estate | 0 | 3,682 | 3,682 | * | * | ** | ** |
| APUC | 0 | 3,178 | 3,178 | 0.0 | 0.1 | ** | ** |
| Fishery Resource Landing | 0 | 2,806 | 2,806 | 0.3 | 0.4 | ** | ** |
| Alcoholic Beverage | 0 | 1,251 | 1,251 | 0.0 | 0.2 | ** | ** |
| Salmon Enhancement | 0 | 115 | 115 | 0.0 | 0.2 | ** | ** |
| Salmon Marketing | 49 | 0 | 49 | 0.0 | 0.2 | ** | ** |
| Oil and Gas Property | 0 | 0 | 0 | 1.0 | 1.0 | 0 | 0 |
| Mining | 0 | 0 | 0 | 0.0 | 0.2 | ** | ** |
| Telephone Cooperatives | 0 | 0 | 0 | * | * | ** | ** |
| **Total** | **$459,711,778** | **$2,022,413** | **$461,734,191** | **27.8** | **12.8** | | |

| | |
|---|---|
| ***Total Audit Collections per Audit FTE*** | ***$16,536,395*** |
| ***Total Exam Collections per Exam FTE*** | ***$158,001*** |

[1]Full -time equivalent staff positior

*Combined audit and exam staff dedicated toward these programs was less than .1 FTE position.
**Collections per FTE not provided since combined FTE positions allocated to these programs are less than one.

## Alcoholic Beverages Tax
***AS 43.60***

**Description**
The alcoholic beverages tax is levied on alcoholic beverages sold in or transferred into Alaska. Alcoholic beverages taxes are collected primarily from wholesalers and distributors.

**Rate**

| | *Per Gallon* |
|---|---|
| Liquor | $5.60 |
| Wine | $.85 |
| Beer | $.35 |

**Returns**
Returns are filed monthly and due with payment of taxes by the last day of the month following the month in which sales were made.

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

**Disposition of Revenue**
All revenue derived from the alcohol beverages tax is deposited in the General Fund.

**History**
The alcohol beverages tax dates back to 1933 when a tax on beer and wine was enacted at a rate of 5¢ per gallon. Alcohol tax returns were required to be filed monthly.

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

Since 1937, minor changes to statutes were made; however, rates were increased significantly in keeping with rate changes made by other states over time. No changes have been made since 1983.

Alcoholic beverages tax rates have changed as follows.

| *Liquor* | *Per Gallon* |
|---|---|
| 1937 | $.50 |
| 1941 | $1.00 |
| 1945 | $1.60 |
| 1946 | $2.00 |
| 1947 | $3.00 |
| 1957 | $3.50 |
| 1961 | $4.00 |
| 1983 | $5.60 |
| *Wine* | |
| 1933 | $.05 |
| 1937 | $.15 |
| 1947 | $.25 |
| 1957 | $.50 |
| 1961 | $.60 |
| 1983 | $.85 |
| *Beer* | |
| 1933 | $.05 |
| 1947 | $.10 |
| 1957 | $.25 |
| 1983 | $.35 |

**FY 2000 Statistics**

| | |
|---|---|
| Tax Collections | $12,655,546 |
| Number of Returns | 339 |
| Number of Taxpayers | 29 |
| | |
| Program Cost | $32,774 |
| Staffing *(full-time equivalent)* | .5 |

| | *Taxable Gallons Sold* |
|---|---|
| Beer | 15,052,093 |
| Wine | 1,425,875 |
| Liquor | 1,103,291 |

## Coin-Operated Devices Tax
***AS 43.35***

The coin-operated device tax was repealed effective January 1, 1999.

**Description**
The coin-operated devices tax was levied on entertainment and amusement devices, such as video game machines, billiards, jukeboxes and

pinball machines which are operated by coin or token. Coin-operated devices taxes were collected primarily from businesses, which place machines in their establishments.

### Rate

Each coin-operated device in operation was taxed based on its classification as defined under statutes as follows:

| Type | Per Year |
|---|---|
| Class 1 | $48 |
| Class 2 | $120 |
| Class 3 | $240 |

*Class 1 devices include video and pinball games, billiards, jukeboxes and other similar amusement and gaming devices.*

*Class 2 devices include coin-operated bingo and gambling machines, which release free plays. These devices are illegal under Alaska law.*

*Class 3 devices include slot machines and other gambling machines, which provide for a cash payout. These devices are illegal under Alaska law.*

### Disposition of Revenue

All revenue from coin-operated devices taxes was deposited in the General Fund.

Fifty percent of taxes sourced from machines placed in municipalities were shared to respective municipalities on an annual basis by the Department.

### History

The coin-operated devices tax originated in 1941. The tax was 12½% of gross receipts of the machine.

1946 - the coin-operated device tax was replaced with a fee and a stamp was issued for each machine. Provisions for quarterly returns and sharing 50% of revenue were adopted.

1947 - provisions for the fee were repealed and the tax restored. The territorial legislature adopted the following rates: amusement devices $50; and gaming devices $200 per year.

1949 - provisions for prorating taxes on a quarterly basis were adopted.

1960 - tax structure and rates were adopted as follows: $48 for class 1; $120 for class 2 and $240 for class 3 devices per year. The tax rates were prorated by month for persons who placed coin-operated devices in operation after January. The filing basis was changed to calendar year.

1998 – tax was repealed effective January 1, 1999

## Conservation Surcharge on Oil
***AS 43.55***

### Description

The Conservation Surcharge on Oil is imposed on all oil production within Alaska. The surcharge is a per barrel tax on oil production intended to fund the oil and hazardous substance release prevention account of the oil and hazardous substance release prevention and response fund. The Oil and Gas Production Tax (AS 43.55), Oil and Gas Conservation Tax (AS 43.57), and Conservation Surcharge on Oil are severance taxes.

### Rate

The surcharge is currently comprised of two components 1) a $.03/bbl charge on all oil production excluding public royalty barrels and 2) an additional $.02/bbl charge on all oil production whenever the balance in the state oil and hazardous substance release prevention and response fund falls below $50 million. The balance of the fund was $50 million or greater for all of FY 2000 so that the surcharge was $.03/bbl for the entire fiscal year.

### History

1989 - Following the grounding of the Exxon Valdez, this tax was enacted in order to provide a hazardous substance release emergency fund. A $.05/bbl hazardous release surcharge is imposed on oil production until such time as the newly created hazardous substance release fund achieved a balance of $50 million.

1994 - the hazardous release surcharge is modified to the so-called “split nickel” with an ongoing charge of $.03/bbl and an additional charge of $.02/bbl whenever the hazardous substance release fund balance falls below $50 million.

**FY 2000 Statistics**

| | |
|---|---|
| Tax Collections | $ 9,557,925 |
| Number of Returns* | 2,738 |
| Number of Taxpayers* | 18 |

* The Conservation Surcharge on Oil is reported on the same return and by the same taxpayers as are Alaska’s other severance taxes: the Oil and Gas Conservation Tax (AS 43.57) and the Oil and Gas Production Tax (AS 43.55). Program cost and staffing related to each individual tax is not segregated. The total severance tax cost and staffing is reported in the discussion of Oil and Gas Production Tax.

## Corporation Net Income Tax (Including Oil & Gas Corporation Net Income Tax) *AS 43.20*

**Description**

Corporation net income tax is levied on net income of corporations that have nexus and derive income from sources within Alaska. Corporations compute their tax liability based on federal taxable income with Alaska adjustments.

Alaska uses an apportionment method to determine the portion of income that is taxable in the state. Corporations other than oil and gas apportion their income to Alaska by using a three-factor formula based on sales, property and payroll. Alaska taxable income is determined by applying the apportionment factor to the corporation’s modified federal taxable income.

A corporation engaged in business solely in Alaska computes its tax liability on 100% of its taxable income.

Multistate corporations apportion income to Alaska under a "water's edge" apportionment method. Oil and gas corporations apportion income on a worldwide apportionment method.

**Rate**

Corporation tax rates are graduated from 1% to 9.4% in $10,000 increments of Alaska taxable income. The maximum rate of 9.4% applies to income over $90,000.

**Returns**

Returns are filed annually based on the corporation's fiscal year. Payment of taxes is due two and a half months from the close of the fiscal year. Tax payments over $150,000 are required to be remitted by wire transfer. The payment due date may not be extended.

Returns are due three and a half months after the close of the fiscal year. Corporations may extend their filing due date by six months.

*Example: The filing due date for calendar year corporations is April 15. Corporations may extend their filing due date to October 15. In any case, payment is due March 15.*

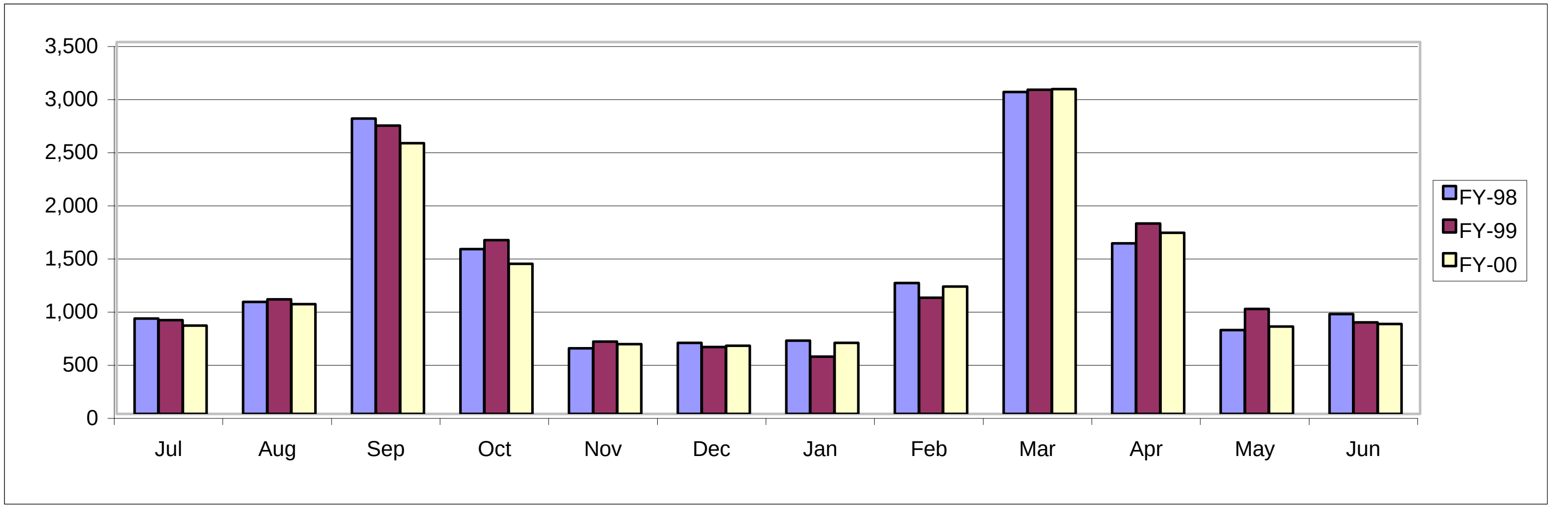
Corporations make quarterly estimated tax payments based on past activity and the current year's accrued tax liability. Estimated payments over $100,000 are required to be remitted by wire transfer.

**Exemptions**

Corporations recognized under Subchapter S of the Internal Revenue Code are generally exempt from corporation income tax, as are limited liability companies (LLCs) that are treated as partnerships for federal tax purposes. Electric and telephone cooperatives, which are required to pay cooperative taxes under AS 10.25, are also exempt.

## Chart 3
## Corporation Filing Activity
***For Fiscal Years 1998, 1999 and 2000***

***Number of returns Filed by Month***




| Fiscal Year | *FY 2000* | *FY 1999* | *FY 1998* |
|---|---|---|---|
| **Total Returns Filed** | 15,422 | 15,947 | 15,853 |

***Detail of FY 2000 Filing Activity***

| Entity Type | Original | Amended | NOL* | Incomplete | Total |
|---|---|---|---|---|---|
| Subchapter C | 7,022 | 615 | 343 | 48 | 8,028 |
| Subchapter S | 5,653 | 61 | 6 | 0 | 5,720 |
| Exempt | 1,082 | 22 | 4 | 0 | 1,108 |
| Homeowners Assoc. | 479 | 2 | 4 | 0 | 485 |
| Oil & Gas | 37 | 44 | 0 | 0 | 81 |
| Total | 14,273 | 744 | 357 | 48 | 15,422 |

*Net operating loss carryback

# Table 5
# Corporation Tax Liabilities Statistics

***Tax liabilities reported on original returns filed in FY00***

| Tax Liability Reported | Oil and Gas Corporations # Filers | Oil and Gas Corporations Amount | Oil and Gas Corporations % Total | Other than Oil and Gas Corporations # Filers | Other than Oil and Gas Corporations Amount | Other than Oil and Gas Corporations % Total | All Corporations # Filers | All Corporations Amount | All Corporations % Total |
|---|---|---|---|---|---|---|---|---|---|
| Above $1 million | 6 | $155,893,416 | 98.03% | 8 | $21,699,006 | 39.49% | 14 | $177,592,422 | 83.00% |
| $500,000 - $1 million | 3 | 2,349,070 | 1.48% | 13 | $8,383,817 | 15.26% | 16 | $10,732,887 | 5.02% |
| $100,000 - $499,999 | 1 | 199,282 | 0.13% | 58 | $13,264,914 | 24.14% | 59 | $13,464,196 | 6.29% |
| $50,000 - $99,999 | 6 | 476,449 | 0.30% | 57 | $3,804,513 | 6.92% | 63 | $4,280,962 | 2.00% |
| $10,000 - $49,999 | 4 | 113,432 | 0.07% | 232 | $5,234,611 | 9.53% | 236 | $5,348,043 | 2.50% |
| $1,000 - $9,999 | 0 | 0 | 0.00% | 611 | $2,220,715 | 4.04% | 611 | $2,220,715 | 1.04% |
| $100 - $999 | 0 | 0 | 0.00% | 784 | $301,513 | 0.55% | 784 | $301,513 | 0.14% |
| $1 - $99 | 1 | 78 | 0.00% | 1,254 | $35,846 | 0.07% | 1,255 | $35,924 | 0.02% |
| Zero Tax | 13 | 0 | 0.00% | 11,222 | $0 | 0.00% | 11,235 | $0 | 0.00% |
| **Total** | **34** | **$159,031,727** | **100.00%** | **14,239** | **$54,944,935** | **100.00%** | **14,273** | **$213,976,662** | **100.00%** |

*Note: Amounts reflect tax liabilities reported on the taxpayer original returns. Liabilities may differ from amounts remitted by the taxpayer during the fiscal year due to timing differences resulting from estimated tax payments, credits and final payment of taxes reported.*

### Credits

*Education* - Taxpayers who make contributions for educational purposes to accredited Alaska universities or colleges may take a tax credit for 50% of the first $100,000 and 100% of the next $100,000 of contributions. The maximum credit is $150,000 per tax year.

*Minerals Exploration Incentive* - Taxpayers may take a credit for 100% of eligible costs of exploration activities related to determining existence, location, extent, or quality of a locatable mineral or coal deposit. An approved minerals exploration incentive credit may not exceed $20 million and must be applied within 15 tax years after the taking of the credit is approved. Application of the credit is limited to 50% of the lesser of the taxpayer’s mining license tax liability or 50% of the taxpayer’s total corporation net income tax liability.

*Oil and Gas Exploration Incentive* - Taxpayers may take a credit for up to 50% of eligible oil and gas exploration costs. An approved oil and gas exploration incentive credit may not exceed $5 million per project and is limited to $30 million per taxpayer. The credit may be applied against 100% of corporation net income taxes due.

*Special Industrial Incentive Investment* - Taxpayers may claim a credit for investment in gas processing and mining projects in Alaska. The credit is calculated as 40% to 100%, of allowable federal investment tax credit and is limited to 60% of Alaska tax. The credit may not be claimed on investments made after December 31, 1994 and may not be carried forward to tax years beginning after December 31, 1999.

### Disposition of Revenue

Revenue derived from corporation net income taxes is deposited in the General Fund except as noted below.

For oil and gas corporations only, revenue received subsequent to a tax assessment issued by the Department is deposited in the Constitutional Budget Reserve Fund.

### History

The corporation net income tax dates back to 1949 when the territorial legislature enacted the "Alaska Net Income Tax Act". The Act imposed a flat tax of 10% of the corporation's federal income tax liability.

<u>1957</u> - the tax rate was increased to 18%.

<u>1975</u> - the original income tax act was repealed and an income tax act based on taxable income rather than federal tax liability was enacted. The tax was equal to 5.4% of taxable income with a surtax of 4% based on federal surtax exemptions. For 1975, the federal surtax exemption was $50,000.

<u>1978</u> - the Alaska legislature enacted a bill requiring oil and gas corporations to calculate taxable income based on a "separate accounting" method which required that the corporations account for Alaska activity only in determining taxable income (AS 43.21).

<u>1981</u> - separate accounting (AS 43.21) was repealed and the modern corporation tax rate structure was adopted (1% - 9.4%). With repeal of AS 43.21, all corporations file returns using worldwide combined reporting and use the same tax rate structure.

<u>1984</u> - the legislature adopted the special industrial incentive investment tax credit.

<u>1987</u> - the Alaska education credit was authorized.

<u>1991</u> - the Alaska legislature enacted a bill requiring corporations, except for oil and gas corporations, to calculate taxable income based on "water's edge" (U.S. domestic income) combined reporting method. Oil and gas corporations continue to use worldwide combined reporting

method. Also, the Alaska education credit maximum was increased from $100,000 to $150,000.

1994 - the legislature authorized the oil and gas exploration incentive credit. The credit is limited to $30 million and may be applied against 100% of corporation taxes due.

1995 - the legislature authorized the minerals exploration incentive credit. The credit is limited to $20 million and may be applied against 50% of corporation taxes due over a 15-year period.

1998 - the legislature enacted a bill exempting earnings from the operation of ships and aircraft between Alaska and foreign countries by foreign corporations

### FY 2000 Statistics

| | |
|---|---|
| Tax Collections – Oil and Gas Corporations | |
| General Fund | $162,659,761 |
| CBRF | $423,386,828 |
| Number of Returns | 81 |
| Number of Taxpayers | 37 |
| Program Cost | $777,824 |
| Staffing (*full-time equivalent*) | 9.1 |
| Tax Collections – Other Corporations | |
| General Fund | $56,298,256 |
| Number of Returns | 15,341 |
| Number of Taxpayers | 12,739 |
| Program Cost | $1,395,392 |
| Staffing (*full-time equivalent*) | 21.9 |

| *Return Type* | *# Filed* |
|---|---|
| Original | |
| Oil and Gas | 37 |
| Other | 14,236 |
| Amended | |
| Oil and Gas | 44 |
| Other | 700 |
| Net Operating Loss Carryback | |
| Oil and Gas | 0 |
| Other | 357 |
| Incomplete | |
| Other | 48 |
| **Total** | **15,422** |

## Dive Fishery Management Assessment Tax
### *AS 43.76.150*

### Description
The dive fishery management assessment is levied on the value of fisheries resources taken using dive gear. The assessment only applies in the management areas, on the species, and at the rate elected by a vote of eligible permit holders.

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

| | |
|---|---|
| Geoduck | 5% |
| Sea Cucumber | 5% |
| Sea Urchin | 7% |

### Returns
Returns are filed quarterly and are due on or before the last day of the month following the calendar quarter during which the fisheries resource was sold or exported.

### Disposition of Revenue
All revenue derived from the dive fishery management assessment is deposited 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 21, 1997.

1999 - the Southeast Regional Dive Fishery Association elects a dive fishery management assessment on geoducks, sea cucumbers and sea urchins harvested in the Southeast Alaska administrative area (Management Area A). The assessment is effective on April 1, 1999 at the rate of 5% for geoduck and sea cucumber and 7% for sea urchin.

**FY 2000 Statistics**

| | |
|---|---|
| Tax Collections | $229,078 |
| Number of Returns | 23 |
| Number of Taxpayers | 13 |
| | |
| Program Cost | $1,636 |
| Staffing *(full-time equivalent is less than .1)* | |

## Electric Cooperative Tax
### *AS 10.25.555*

**Description**

The electric cooperative tax is based on kilowatt-hours furnished by qualified electric cooperatives recognized under AS 10. Taxes are collected from cooperatives.

**Rate**

The electric cooperative tax is based on a mill rate depending on the length of time in which the cooperative has furnished electricity to consumers as follows:

| *Length* | *Rate Per kWh* |
|---|---|
| Less than 5 years | .25 mill |
| 5 years or longer | .5 mill |

*(1 mill = .1¢)*

**Returns**

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

**Exemptions**

All electric cooperatives are subject to the cooperative tax. The electric cooperative tax is paid in lieu of corporation income taxes.

**Disposition of Revenue**

All revenue derived from electric cooperative taxes is deposited in the General Fund. Electric cooperative taxes sourced from within municipalities are shared 100% to respective municipalities. Electric cooperative taxes sourced from outside of municipalities are retained by the state.

**History**

The electric cooperative tax dates back to 1959 when the first Alaska legislature enacted the "Electric and Telephone Cooperative Act" to promote cooperatives around the state. The original electric cooperative tax was based on gross revenue and due by April 1 of the following year. The tax rate was based on the length of time in which the cooperative had provided electricity to consumers.

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

1980 - the tax base for calculating the electric cooperative tax was changed from gross revenue to kilowatt-hours. Current mill rates were also adopted.

**FY 2000 Statistics**

| | |
|---|---|
| Tax Collections | $1,732,813 |
| Number of Returns | 16 |
| Number of Taxpayers | 16 |
| | |
| Program Cost | $2,377 |
| Staffing *(full-time equivalent is less than .1)* | |

## Estate Tax
***AS 43.31***

### Description
The estate tax is levied on the transfer of an estate upon death.

### Rate
The Alaska estate tax is the amount of state credit allowed on the estate's federal return.

### Returns
Estates are required to file returns and pay taxes within 15 months from the decedent's date of death.

The tax due date may be extended in one-year increments, not to exceed 5 years. Interest accrues on the amount of tax due during the extension period. The return due date may be extended for up to 15 years.

### Exemptions
Estates under the federal estate tax unified credit shelter amount ($650,000 in 1999 and $675,000 in 2000) are generally exempt from paying the estate tax.

### Disposition of Revenue
All revenue derived from estate taxes is deposited in the General Fund.

### History
The estate tax dates back to 1919 when the territorial legislature adopted a tax on inheritances and transfers of property from estates. Tax rates varied from 1% to 17.5% of the property's value and were dependent on variable factors that were changed over the years.

1970 - the Alaska legislature repealed the inheritance and transfer tax statutes and enacted the current estate tax statutes. Estate tax statutes tie to the state credit allowed under Internal Revenue Code estate tax laws.

### FY 2000 Statistics

| | |
|---|---|
| Tax Collections | $2,455,527 |
| Number of Returns | 69 |
| Number of Death Certificates Issued | 560 |
| | |
| Program Cost | $4,670 |
| Staffing *(full-time equivalent)* | .1 |

## Fisheries Business Tax
***AS 43.75***

### Description
The fisheries business tax is levied on fisheries businesses and persons who process or export fisheries resources from Alaska. The tax is based on the fisheries value paid to commercial fishers or fair market value when there is no arms length transaction. Fisheries business taxes are collected primarily from fish from Alaska.

### Rate
Fisheries business tax rates are based on processing activity, whether in or outside of the state, and whether a fishery resource is classified as "established" or "developing" by the Alaska Department of Fish and Game.

Rates are as follow:

| *Processing Activity* | *Rate* |
|---|---|
| ***Established*** | |
| Floating | 5% |
| Salmon Cannery | 4.5% |
| Shore-based | 3% |
| ***Developing*** | |
| Floating | 3% |
| Shore-based | 1% |

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

Taxpayers are required to file returns for post-season (bonus) payments made to fishers after the calendar year return is filed. Returns for these payments are due with additional taxes by the last day of the month following the payment.

**Exemptions**
Commercial fishers who process fish to maintain its quality before being sold to a licensed processor are exempt.

**Credits**
*Education* - Taxpayers who make contributions for educational purposes to accredited Alaska universities or colleges may take a tax credit for 50% of the first $100,000 and 100% of the next $100,000 of contributions. The maximum credit is $150,000 for each tax year.

*Scholarship Contributions* - Taxpayers who make contributions to the A.W. "Winn" Brindle memorial scholarship account may take a tax credit for the amount of contributions not to exceed 5% of their tax liability.

**Disposition of Revenue**
All revenue derived from the fisheries business tax is deposited in the General Fund. Revenue from the tax may be appropriated by the legislature for revenue sharing as follows:

*Processing Activity Inside Municipality*
For taxes sourced from processing activities within a municipality, 50% of the taxes are shared to respective municipalities in which processing took place. If a municipality is within a borough, the 50% amount to be shared is generally split equally between the municipality and borough.

*Processing Activity Outside Municipality*
For taxes sourced from processing activities outside a municipality (unorganized borough), 50% of the taxes are shared through an allocation program administered by the Alaska Department of Community and Economic Development.

**History**
The fisheries business tax is the oldest tax in Alaska. In 1899, the U.S. Congress adopted a "salmon case" tax to fund fisheries-related activities in pre-territorial Alaska.

After passage of the Organic Act in 1912, which established an organized territorial government in Alaska, the First Territorial Legislature adopted fisheries taxes in 1913 as follows: "salmon pack" tax which applied to salmon canneries based on canned salmon (7¢ per case); and "cold storage" tax which applied to other fisheries and was based on business receipts. Over the years between 1913 and 1949, the tax was amended 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, i.e. per case, or business receipts. The new "raw fish" tax applied to canneries only (salmon 4%, crab and clams 2%, and other 1% of value).

1951 - the legislature enacted a tax on floating processors at 4% of value. The tax rate for salmon canneries was increased to 6%. Also, licensing requirements for fisheries businesses were enacted. The license fee was established at $25.

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 for security as part of licensing was adopted.

1979 - the legislature adopted the modern tax structure with different tax rates for established and developing species. Also the shared tax percentage was increased to 20%.

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

1986 - the legislature authorized the fisheries business tax credit program which provided for a tax credit of up to 50% of fisheries business taxes due. Under the credit program, processors were allowed a tax credit for capital expenditures associated with constructing and improving shore-side processing operations. The tax credit program was effective for tax years 1987 through 1989 with a carryforward provision through 1991. Approximately $47.5 million of credits were claimed under this program. Also, in 1986 the Winn Brindle scholarship credit was enacted allowing for a credit of up to 5% of fisheries business taxes due.

1987 - the Alaska education tax credit program was enacted allowing for a tax credit up to $100,000 against fisheries business taxes due.

1990 - provisions for a civil penalty (up to $5,000 for each infraction) for processing without a license was enacted. Penalties may be assessed progressively in increments of up to $5,000 up to a maximum of $25,000 for the fifth and subsequent assessments. Also in 1990, the legislature enacted a provision that authorized sharing 50% of taxes sourced from processing activities in the unorganized borough. This program took effect July 1, 1992.

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

1993 - under executive order effective July 1, 1993, the fish processor surety bonding program was transferred from Department of Labor to Department of Revenue.

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

**FY 2000 Statistics**

| | |
|---|---|
| Tax Collections | $36,688,618 |
| Number of Returns | 722 |
| Number of Taxpayers | 463 |
| | |
| Program Cost | $205,147 |
| Staffing *(full-time equivalent)* | 3.4 |

**Fisheries Business Licenses Issued**

| | |
|---|---|
| Shore-based | 213 |
| Floating | 312 |
| Exporter | 64 |
| Total | 589 |

## Fishery Resource Landing Tax
### *AS 43.77*

**Description**

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

Fishery resource landing taxes are collected primarily from factory trawlers and floating processors which process fishery resources outside of the state's 3-mile limit and bring their products into Alaska for transshipment.

**Rate**

Fishery resource landing tax rates are based on whether the resource is classified as “established” or “developing” by the Alaska Department of Fish and Game.

Rates are as follow:

| | Rate |
|---|---|
| Established | 3% |
| Developing | 1% |

### Returns

Returns are filed on a calendar year basis and are due with payment of tax on March 31 of the following year. Taxpayers generally make quarterly estimated tax payments which are due on the last day of each calendar quarter.

The department 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 department issues statewide average prices. The department extended the due date for calendar year 1999 returns to June 30, 2000.

### Exemptions

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

### Credits

*Education* - Taxpayers who make contributions for educational purposes to Alaska universities or colleges may take a tax credit for 50% of the first $100,000 and 100% of the next $100,000 of contributions. The maximum credit is $150,000 for each tax year.

*Scholarship Contributions* - Taxpayers who make contributions to the A.W. "Winn" Brindle memorial scholarship account may take a tax credit for the amount of contributions not to exceed 5% of their tax liability.

*CDQ* - Taxpayers who 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.

*Other Taxes* - Taxes paid to another jurisdiction on fishery resources may be claimed as 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.

### Disposition of Revenue

All revenue derived from the fishery resource landing tax is deposited in the General Fund.

Revenue from the tax may be appropriated by the legislature for revenue sharing as follows.

*Landings Inside Municipality*
For taxes sourced from landings within a municipality, 50% of taxes (3% portion) are shared to respective municipalities in which landings occurred. If a municipality is within a borough, the 50% amount to be shared is generally split equally between the municipality and borough.

*Landings Outside Municipality*
For taxes sourced from landings outside a municipality (unorganized borough), 50% of the taxes are shared through an allocation program administered by the Alaska Department of Community and Regional Affairs.

### History

The fishery resource landing tax was enacted in 1993. The tax became effective January 1, 1994. Department of Revenue adopted regulations regarding administration of the tax. Regulations took effect April 20, 1994.

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

1995 - in May 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 structure of the fisheries business tax program. The rate was revised to 3% for established species and 1% for developing species. The .3% portion of the previous 3.3% tax rate was broken out and incorporated into seafood marketing assessment statutes. Also in 1996, landing tax statutes were amended to provide for tax credits for education and Winn Brindle scholarship contributions. All changes were retroactive to January 1, 1994, the inception date of the landing tax.

1997 - in April 1997, AFTA dismissed its challenge to the landing tax. In June 1997, 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 by municipalities, were released to municipalities.

**FY 2000 Statistics**

| | |
|---|---|
| Tax Collections | $5,278,404 |
| Number of Returns | 77 |
| Number of Taxpayers | 55 |
| | |
| Program Cost | $83,845 |
| Staffing (*full-time equivalent*) | 1.3 |

## Mining License Tax
### *AS 43.65*

**Description**

The mining license tax is levied on mining net income and royalties received in connection with mining properties and activities in Alaska. Mining license taxes are primarily collected from businesses engaged in coal and hard rock mining in the state.

**Rate**

| *Mining Net Income* | *Rate* |
|---|---|
| $0 - 40,000 | No Tax |
| $40,001 - $50,000 | 3% of Net Income |
| $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**

Except for sand and gravel operations, new mining operations are exempt from the mining license tax for a period of 3½ years after production begins.

**Credits**

*Education* - Taxpayers who make contributions for educational purposes to accredited Alaska universities or colleges may take a tax credit for 50% of the first $100,000 and 100% of the next $100,000 of contributions. The maximum credit is $150,000 for each tax year.

*Minerals Exploration Incentive* - Taxpayers may take 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 15 tax years after the credit is approved. Application of the credit is limited to 50% of the lesser of the person's mining license tax liability related to the mining operation or 50% of the person's total mining license tax liability.

*Special Industrial Incentive Investment* - Taxpayers may claim a credit for investment in gas processing and mining projects in Alaska. The credit is calculated as a percentage, from 40% to 100%, of allowable federal investment tax credit and is limited to 60% of Alaska tax. The credit may not be carried forward to tax years beginning after December 31, 1999 (see AS 43.20.042).

**Disposition of Revenue**

All revenue derived from the mining license tax is deposited in the General Fund except that payments received subsequent to a tax assessment are deposited in the Constitutional Budget Reserve Fund (CBRF).

**History**

The mining license tax dates back to 1913 and has been restructured several times over the years. The original mining license tax, enacted in 1913, imposed a .5% tax on mining net income over $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 over $1 million.

1935 - the territorial legislature restructured the tax to an eight-tier tax structure with rates ranging from .75% to 4% for net income over $1 million. The tax-free net income base was decreased 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 .75% to 8% for net income over $1 million.

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

1951 - the 3½ year exemption was enacted whereby new mining operations are exempt from mining tax for a period of 3½ years from the date of production.

1953 - the tax-free net income base was increased to $10,000 and rates changed to range from 3% to 7% for net income over $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 may be applied against 50% of mining license liabilities over a 15-year period.

**FY 2000 Statistics**

| | |
|---|---|
| Tax Collections | |
| General Fund | $3,449,882 |
| CBRF | |
| Number of Returns | 248 |
| Number of Taxpayers | 233 |
| | |
| Program Cost | $27,273 |
| Staffing *(full-time equivalent)* | .5 |

## Motor Fuel Tax
***AS 43.40***

### Description
The motor fuel tax is levied on motor fuel sold, transferred or used within Alaska. Motor fuel taxes are collected primarily from wholesalers and distributors who are licensed as "qualified dealers" with the department.

### Rate

| | Per Gallon |
|---|---|
| Highway | 8¢ |
| Marine | 5¢ |
| Aviation Gasoline | 4.7¢ |
| Jet Fuel | 3.2¢ |
| Gasohol* | 8¢/2¢ |

**2¢ tax applies only to months November through February in the Anchorage area. Otherwise, tax is 8¢ per gallon.*

### Returns
Returns are filed monthly and are due with payment of tax by the last day of the month following the month in which sales were made. Taxpayers are allowed to deduct 1% of the tax due, limited to a maximum of $100, to cover expenses of accounting and filing returns.

### Refunds
Consumers may claim a refund for the full tax rate if used for exempt purposes; or the difference between the tax rate and 2¢ per gallon if used off-highway.

### Exemptions
In addition to sales between qualified dealers, the following end-use sales are exempt from motor fuel tax:

*Heating fuel*
*Federal and state agencies*
*Foreign flights (jet fuel)*
*Exports*
*Power plants/utilities*
*Charitable institutions*
*Gasohol (only fuel blended with alcohol derived from wood or seafood waste)*

### Disposition of Revenue
All revenue derived from motor fuel taxes is deposited in the General Fund. Revenue from each category is separately accounted for in the division's tax accounting system.

Sixty percent of taxes attributable to aviation fuel sales at municipally owned or operated airports are shared with the respective municipalities. Since most aviation fuel is sold at Anchorage and Fairbanks international airports only a small portion of aviation fuel is shared to municipalities.

### History
The motor fuel tax dates back to 1945 when a tax of 1¢ per gallon was imposed on all motor fuel. Over time, the legislature enacted separate tax rates for each of the fuel categories as they exist today.

Motor fuel tax rates have changed as follows:

| Highway | Per Gallon |
|---|---|
| 1945 | 1¢ |
| 1947 | 2¢ |
| 1955 | 5¢ |
| 1960 | 7¢ |
| 1961 | 8¢ |
| 1964 | 7¢ |
| 1970 | 8¢ |
| *Gasohol* | |
| 1997 | 8¢/2¢ |
| | *(2¢ November through February)* |
| *Marine* | |
| 1945 | 1¢ |
| 1947 | 2¢ |
| 1955 | 5¢ |
| 1957 | 2¢ |
| 1960 | 3¢ |
| 1971 | 4¢ |
| 1977 | 5¢ |

Motor fuel tax rates, continued:

| *Aviation Gasoline* | *Per Gallon* |
|---|---|
| 1945 | 1¢ |
| 1947 | 2¢ |
| 1955 | 3¢ |
| 1968 | 4¢ |
| 1994 | 4.7¢ |
| *Jet Fuel* | |
| 1957 | 1.5¢ |
| 1968 | 2.5¢ |
| 1994 | 3.2¢ |

1994 – tax decrease for bunker fuel enacted. Tax rate decreases from 5¢ to 1¢ per gallon on bunker fuel sales exceeding 4.1 million gallons. This tax decrease was scheduled to sunset on June 30, 1998.

1997 - gasohol exemption repealed. The legislature enacted a provision that reduces the tax on gasohol from 8¢ to 2¢ per gallon for areas and times when gasohol use is mandated by law. However, gasohol which is blended with at least 10% alcohol derived from wood or seafood wastes is fully exempt.

Also, the foreign flight exemption was expanded 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 – bad debt credit. Taxpayers were authorized to take a credit for sales deemed to be worthless or to persons who file bankruptcy.

### FY 2000 Statistics

| | |
|---|---|
| Tax Collections | $42,137,861 |
| Number of Returns | 4,419 |
| Number of Taxpayers | 289 |
| | |
| Program Cost | $347,718 |
| Staffing *(full-time equivalent)* | 5.5 |

## Oil and Gas Conservation Tax
***AS 43.57***

### Description

The conservation tax is imposed on all oil and gas produced in Alaska. Traditionally this tax was used as the source of funding for the Alaska Oil and Gas Conservation Commission. The Oil and Gas Production Tax, Conservation Surcharge on Oil (AS 43.55), and Oil and Gas Conservation Tax are severance taxes.

### Rate

This tax was repealed effective FY 2000. In FY 1999, the tax was assessed at the rate of 4 mills ($.004) per barrel of oil production or per 50,000 cubic ft of natural gas. State and federal government royalty production is not subject to this tax.

### History

1955 - the oil and gas conservation tax is enacted at 5 mills per barrel of oil or 50,000 cubic feet of gas produced

1970 - the conservation tax is repealed

1973 - the conservation tax on oil is reenacted at 1.25 mills per barrel of non-public royalty oil produced.

1987 - the conservation tax rate on oil is increased to 4 mills per barrel and applied to gas production at the rate of 4 mills per 50,000 cubic feet of production.

1999 - The conservation tax is repealed.

## Oil and Gas Exploration, Production and Pipeline Transportation Property Tax
***AS 43.56***

### Description
Oil and gas property tax is levied each year on the value of taxable exploration, production, and pipeline transportation property located within the state. Valuation procedures have been established for the three distinct classes of property.

*Exploration Property* is valued at 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* value is determined on the basis of replacement cost of similar new property less depreciation based on the economic life of the proven reserves.

*Pipeline Transportation Property* is generally valued based 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 right 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 that are owned and operated by a public utility are exempt.

### Credits
*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.

*Oil or Gas Property Education Credit*. Taxpayers who make contributions for educational purposes to Alaska universities or colleges may take a tax credit for 50% of the first $100,000 and 100% of the next $100,000 of contributions. The maximum credit is $150,000 for each tax year**.**

### Disposition of Revenue
All net revenue derived from oil and gas property taxes is deposited in the General Fund except as noted below.

Certain revenues received pursuant to a resolution of a dispute with taxpayers are deposited into the CBRF.

### History
Enacted in 1973 during the first special session of the eighth legislature to enhance the capability of the State to enlarge upon its already substantial contributions to financing the services of local governments to their citizens. The State assists local governments by assessing property subject to the tax, insuring uniform treatment of all taxable property.

**FY 2000 Statistics**

| | |
|---|---|
| Tax Collections | |
| General Fund | $265,964,643 |
| Less Municipal Tax Credit | 220,926,762 |
| Net Collections by State | 45,037,881 |
| Number of Returns | 99 |
| Number of Taxpayers | 99 |
| Program Costs | $478,187 |
| Staffing *(full-time equivalent)* | 2.8 |

## Oil and Gas Production Tax
### *AS 43.55*

**Description**

The production tax is imposed on all oil and gas produced in Alaska. The Oil and Gas Conservation Tax (AS 43.57), Conservation Surcharge on Oil (AS 43.55), and Oil and Gas Production Tax are severance taxes.

**Rate**

The rate of taxation for oil varies depending on the vintage of the field and is further subject to the economic limit factor (ELF). The ELF varies depending on field size and well productivity.

The severance tax rate on oil is 12.25% of production value as determined at the point of production, for the first 5 years of production and 15% thereafter for fields coming into production after June 1981, and 15% for fields in production prior to June 1981. There is a minimum tax of $0.80/bbl.

Both the percent of value and the cents per barrel tax rates are subject to the ELF. The appropriate tax rate is multiplied by the ELF to determine the effective tax rate.

The ELF formula results in lower tax rates for smaller low productive fields and higher tax rates for larger highly productive fields. The formula is difficult to characterize in a simple way because it is not only non-linear but is three dimensional since there is a unique ELF for every combination of field size and well productivity. A field that produces 300 bbl/day per well or less has an ELF of zero i.e. no severance taxes are assessed.

Three of Alaska's 21 producing fields have an ELF higher than 0.100:

| *Field* | *ELF* | *Tax Rate* |
|---|---|---|
| Prudhoe | 0.931 | 13.965% |
| Pt. McIntyre | 0.641 | 9.615% |
| Kuparuk | 0.598 | 8.970% |

*These three fields account for more than 99% of all severance tax revenues.*

The severance tax rate on gas is 10% of production value. There is a minimum tax of $.064/mcf. The gas severance tax rate is also subject to an ELF based on daily gas production per well.

**Returns**

Returns are filed monthly and due with payment of taxes on or before the 20th day of the month following the month of production.

**Exemptions**

The tax is levied on all production except for public (government) royalty production.

**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 are deposited in the Constitutional Budget Reserve Fund (CBRF).

**History**

1955 - an oil and gas production tax of 1% of production value is enacted.

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

1968 - the oil and gas production tax is increased from 1% to 3% of production value.

1970 - the disaster oil and gas production tax is repealed. The oil production tax is changed 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 and 8% on production exceeding 2500 barrels per day per well.

1972 - a minimum oil production tax is established based on "cents per barrel" equivalent to percent of value tax on oil with wellhead value of $2.65 per barrel.

1973 - the "stairstep" rate schedule is revised to lower production levels and the cents per barrel minimum is indexed to the wholesale price index for crude oil published by the US Bureau of Labor Statistics.

1977 - the gas production tax nominal rate is raised to 10%. The oil production tax nominal rate is raised to 12.25% and the oil and gas economic limit factors are adopted.

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 .7 during the first 10 years of production, the factor is set to 1.0.

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

**FY 2000 Statistics**

| | |
|---|---|
| Tax Collections | - Production Tax only |
| General Fund | $693,160,141 |
| CBRF | $ 17,518,663 |
| Number of Returns | 2,738 |
| Number of Taxpayers | 18 |
| | |
| Severance Taxes* | |
| Program Cost | $1,835,641 |
| Staffing(*full-time equivelent*) | 24.1 |

* The Oil and Gas Production Tax is reported on the same return and by the same taxpayers as are Alaska's other severance taxes: the Oil and Gas Conservation Tax (AS 43.57) and the Conservation Surcharge on Oil (AS 43.55). Program cost and staffing related to each individual tax is not segregated. Severance tax program cost and staffing represent the resources committed to all three levies.

## Regulatory Cost Charges
### *AS 42.05.253/AS 42.06.285*

**Description**

Regulatory cost charges are user fees levied on utilities to fund APUC's costs of regulating utilities and pipeline carriers in Alaska. Charges are passed on to consumers by regulated utilities, which collect and remit the charges to the Tax Division.

**Rate**

For FY 98, the following rates applied:

| | |
|---|---|
| Electric Utilities | $.00028/kWh |
| Other Utilities and Pipeline Carriers | .568% of revenues |

### 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 their returns with APUC.

### Exemptions

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

### Disposition of Revenue

All revenue derived from the RCC program is deposited in the General Fund. The legislature may make appropriations from the General Fund to fund APUC based on regulatory cost charges collected.

### History

The Alaska legislature enacted the RCC program in 1992 to cover APUC's costs of regulating utilities. The RCC legislation provided for a sunset date of December 31, 1994. Rates went into effect through regulations which became effective November 1, 1992.

<u>1994</u> - on December 31, 1994, the RCC program sunsetted as provided under the 1992 legislation that authorized the regulatory cost charges.
In the fall of 1994, APUC promulgated regulations which established RCC rates for FY 95 on an annualized basis. The regulations took effect December 1, 1994.

<u>1995</u> - the legislature reauthorized the RCC program which became effective June 26, 1995. In the fall of 1995, APUC adopted regulations, effective October 1, 1995, to reestablish quarterly payments.

### FY 2000 Statistics

| | |
|---|---|
| Total RCC Collections | $4,509,745 |
| Number of Returns | 495 |
| Number of Taxpayers | 125 |
| | |
| Program Cost | $19,030 |
| Staffing *(full-time equivalent)* | .4 |

## Salmon Enhancement Tax
***AS 43.76***

### Description

The salmon enhancement tax is an elective tax levied on salmon sold in or exported from established regional aquaculture associations in Alaska. Commercial fishers in each region elect to pay a 2% or 3% tax based on the value of salmon sold in or exported from that region.

Salmon enhancement taxes are paid to processors at the time of sale or paid directly to the Department for salmon exported from the region. Processors remit taxes collected from fishers to the department.

### Rate

Commercial fishers 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

Returns are filed monthly and are due with payment of tax by the last day of the month following the month in which purchases were made or salmon was exported.

Processors are required to file returns for payments, which are made to fishers 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 payment.

### Exemptions
Salmon harvested under a special harvest area permit (typically, salmon harvested by salmon hatcheries) is exempt from the salmon enhancement tax.

### Disposition of Revenue
All revenue derived from the salmon enhancement tax is deposited in 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 established statutes authorizing a 2% or 3% tax, upon election by commercial fishers within established aquaculture regions, on salmon transferred to buyers in Alaska. Commercial fishers 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 fishers in the Prince William Sound aquaculture region elected a 2% tax.

1989 - the legislature amended statutes to allow for a 1% tax. Commercial fishers in the Kodiak aquaculture region elected a 2% tax.

1991 - commercial fishers in the Chignik aquaculture region elected a 2% tax.

### FY 2000 Statistics

| | |
|---|---|
| Tax Collections | $5,142,886 |
| Number of Returns | 993 |
| Number of Taxpayers | 188 |
| | |
| Program Cost | $54,483 |
| Staffing *(full-time equivalent)* | .9 |

## Salmon Marketing Tax
***AS 43.76***

### Description
The salmon marketing tax is levied on all salmon sold in or exported from Alaska. Commercial fishers pay salmon marketing taxes to processors based on value of the salmon at the time of sale or fair market value when there is no arms length transaction. Taxes are paid directly to the department for salmon exported from the state. Processors remit taxes collected from fishers to the department.

### Rate
The salmon marketing tax rate is 1% and is based on ex-vessel value of the salmon.

### Returns
Returns are filed monthly and are due with payment of tax by the last day of the month following the month in which purchases were made or salmon was exported.

### Exemptions
Salmon harvested under a special harvest area permit (typically, salmon harvested by salmon hatcheries) are exempt from the salmon marketing tax.

### Disposition of Revenue
All revenue derived from the salmon marketing tax is deposited in the General Fund.

Under AS 43.76.120(d), the legislature may appropriate salmon marketing tax revenue to the Alaska Seafood Marketing Institute (ASMI) for the purpose of supporting its salmon marketing program.

### History
1993 - the legislature enacted a 1% salmon marketing tax to fund salmon marketing programs administered by ASMI.

The legislation included a sunset date of June 30, 1998.

1998 - the Legislature extended the sunset date to June 30, 2003.

**FY 2000 Statistics**

| | |
|---|---|
| Tax Collections | $3,687,313 |
| Number of Returns | 976 |
| Number of Taxpayers | 188 |
| | |
| Program Cost | $52,299 |
| Staffing (*full-time equivalent*) | .9 |

## Seafood Marketing Assessment
### *AS 16.51.120*

**Description**
The seafood marketing assessment is levied on seafood products produced in Alaska. The assessment is also levied on unprocessed fisheries exported from Alaska. Assessments are generally collected from fisheries processors or landing taxpayers.

**Rate**
The seafood marketing assessment is .3% of the value of seafood products produced in Alaska.

**Returns**
Taxpayers file calendar year returns that are due with payment of the assessment on March 31 of the following year.

Taxpayers are required to file returns for post-season (bonus) payments made to fishermen after the calendar year return was filed. Returns for these payments are due with additional assessments by the last day of the month following the payments.

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

**Disposition of Revenue**
All revenue derived from seafood marketing assessments is deposited in the General Fund.

**History**
1981 - the legislature enacted an elective seafood marketing assessment of .1%, .2% or .3% (elected by large processors in Alaska). In 1981, processors elected a .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 1, 1994. Prior to FY 96, revenue collected from the .3% portion of the original 3.3% landing tax rate was accounted for in a separate account designated as (landing tax) seafood marketing assessments.

**FY 2000 Statistics**

| | |
|---|---|
| Fisheries Business | |
| Assessment Collections | $3,514,614 |
| Number of Returns | 349 |
| Number of Taxpayers | 243 |
| | |
| Program Cost | $38,227 |
| Staffing *(full-time equivalent)* | .9 |

## Telephone Cooperative Tax
### *AS 10.25.550*

**Description**
The telephone cooperative tax is levied on gross revenue of qualified telephone cooperatives under AS 10. Taxes are collected from cooperatives.

**Rate**
The telephone cooperative tax rate is based on the length of time in which the cooperative has

furnished telephone service to consumers as follows:

| Length | % of Revenue |
|---|---|
| Less than 5 years | 1% |
| 5 years or longer | 2% |

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

### Exemptions
All telephone cooperatives are subject to the cooperative tax. The telephone cooperative tax is paid in lieu of corporation income taxes.

### Disposition of Revenue
Revenue from telephone cooperative taxes is deposited in the General Fund.

Telephone cooperative taxes sourced from within municipalities are shared 100% to respective municipalities.

Telephone cooperative taxes sourced from outside of municipalities are retained by the state.

### History
1959 - the Legislature enacted the telephone 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 telephone cooperative tax returns was April 1 of the following year.

1960 - the due date for filing returns was changed to March 1.

### FY 2000 Statistics

| | |
|---|---|
| Tax Collections | $1,502,251 |
| Number of Returns | 7 |
| Number of Taxpayers | 7 |
| | |
| Program Cost | $2,026 |

Staffing *(full-time equivalent less than .1)*

## Tobacco Tax
***AS 43.50***

### Description
The tobacco tax is levied on cigarettes and tobacco products that are sold, imported, or transferred into Alaska. Tobacco taxes are collected primarily from licensed wholesalers and distributors.

### Rate
The tax rate on cigarettes is 50 mills (5¢) per cigarette, or $1 per pack of 20 cigarettes.

The tax rate on Other Tobacco Products, which include tobacco products other than cigarettes such as cigars and chewing tobacco, is 75% of wholesale price.

### Returns
Returns are filed monthly and are due with payment of tax by the last day of the month following the month in which taxable sales, importation, or transfers were made. Taxpayers are allowed to deduct .4% of the tax due to cover expenses of accounting and filing returns.

### Exemptions
Sales to authorized military personnel on a military exchange, commissary, or ship store; and sales to Indians within an Indian reservation are not subject to the tax.

### Disposition of Revenue
Cigarette tax revenue is deposited in funds as follows:

| | |
|---|---|
| School Fund | 38 mills (76%) |
| General Fund | 12 mills (24%) |

All tobacco products revenue is deposited in the General Fund.

All cigarette and tobacco products license fees are deposited in the School Fund.

Revenue deposited in the School Fund is dedicated for rehabilitation, construction, repair and associated insurance costs of state school facilities.

### History

The tobacco tax dates back to 1949 when a tax was enacted imposing a tax of 3 cents per pack of cigarettes and 2 cents per ounce of tobacco. There were no exemptions provided in the tax legislation.

1951 - the cigarette tax was increased to 5 cents per pack.

1955 - the tobacco products tax was eliminated and although the cigarette tax rate remained at 5 cents, it was converted to a mill rate per cigarette (2.5 mills per cigarette). The 1% deduction provision was also enacted.

1961 - the cigarette tax was increased to 4 mills per cigarette (8 cents per pack). Revenue from the additional 3 cents was dedicated to the General Fund.

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

1983 - Department of Revenue adopted regulations exempting sales of cigarettes to Indians within an Indian reservation from the cigarette tax.

1985 - the cigarette tax was increased to 8 mills per cigarette (16 cents per pack).

1988 - the tobacco products tax was enacted imposing a tax at 25% of the product wholesale price. Taxpayers were authorized to deduct 1% the tax due to cover accounting expenses.

1989 - the cigarette tax rate was increased to 14.5 mills (29 cents per pack of 20).

1997 - effective October 1, 1997, the cigarette tax rate was increased to 50 mills or $1 per pack of 20; and the tobacco products tax rate was increased to 75% of wholesale price. The timely filing deduction percentage was reduced from 1% to .4%.

### FY Statistics 2000

| | |
|---|---|
| **Tax Collections by Fund** | |
| General Fund | $16,312,091 |
| School Fund | $32,986,320 |
| **Total Tax Collections by Fund** | **$49,298,411** |
| | |
| **Tax Collections by Product** | |
| Cigarettes | $43,772,545 |
| Other Tobacco Products | $5,420,817 |
| Timely Filing Deductions | (71,278) |
| Penalties & Interest | 176,327 |
| **Total Collections by Product** | **$49,298,411** |
| | |
| **Cigarettes** *(individual cigarettes)* | |
| Reported on Tax Returns | |
| Taxable Cigarettes | 852,711,598 |
| Military and Indian Exempt Sales | 9,870,400 |
| Credits for Returns | 8,189,610 |
| Total Reported on Tax Returns | 870,771,608 |
| Military Sales Not Reported on Tax Returns | 61,159,200 |
| **Total Cigarettes** | **931,930,808** |
| | |
| **Other Tobacco Products** *(value)* | |
| Reported on Tax Returns | |
| Taxable Products | $7,094,328 |
| Military and Exempt Sales | 75,795 |
| Credits for Returns | 103,479 |
| **Total Other Tobacco Products** | **$7,273,602** |
| | |
| License Fee Collections | $5,320 |
| Number of Returns | 1,239 |
| Number of Taxpayers | 415 |
| Program Cost | $169,454 |
| Staffing *(full-time equivalent)* | 2.2 |

## Unclaimed Property
### *AS 34.45*

**Description**

Property is considered unclaimed when a holder has no record of an owner or knows the name of an owner but does not have a correct address. Unclaimed property statutes apply only to intangible and personal property.

Unclaimed property is considered abandoned after it remains unclaimed for a period of time (dormancy period). Following the dormancy period, holders are required to report and remit unclaimed property to the state. Dormancy periods vary by type of property as prescribed by statutes.

Before reporting property to the Tax Division, holders are required to make reasonable efforts in locating owners.

Unclaimed property is held in trust by the state until the property is claimed by its rightful owner. The state attempts to locate owners while property is held in trust. There is no statute of limitations for owners to claim property.

Most unclaimed property is in the form of cash (checking and savings accounts), stocks and bonds (including dividends) and safe-deposit contents. Other property includes utility deposits, traveler checks and wages.

Each year, Unclaimed Property receives reports of thousands of names of persons who cannot be located by holders.

In addition to year-round efforts to locate owners, Unclaimed property attempts to locate owners every winter by publishing their names in major Alaska newspapers. Owner names are published on the Internet under the division’s home page at www.tax.state.ak.us or the National Unclaimed Property website at www.unclaimed.org.

Owners may file a petition at any time to claim properties held under the unclaimed property program. Upon verification, property is promptly returned to its rightful owner.

Unclaimed Property maintains an inventory of safe-deposit contents and other personal property submitted by holders under this program.
Following are abandonment periods for property commonly reported under the unclaimed property program.

| *Type of Property* | *Years* |
|---|---|
| Safe deposit box contents | 1 |
| Utility deposits | 1 |
| Wages | 1 |
| Life insurance proceeds | 2 |
| Customer overpayments | 5 |
| Savings/Checking accounts | 7 |
| Stocks and bonds | 7 |
| Travelers checks | 15 |

**Reports**

Holders are required to report and remit unclaimed property by November 1 each year. The reports include property that is deemed unclaimed as of June 30 each year.

**Exemptions**

The following properties are exempt from the unclaimed property program.

*Unused airline tickets*
*Unemployment compensation overpayments*
*Permanent fund dividends*
*ANCSA (Native) corporation stocks*

**Disposition of Funds**

All funds received through the unclaimed property program are deposited into the Unclaimed Property Trust account in the General Fund.

Because not all unclaimed property owners are located, amounts received from holders exceed refunds to owners. The Tax Division maintains a minimum balance in the trust account and periodically transfers excess funds to the General Fund. Since the program's inception, the division has transferred approximately $18.5 million to the General Fund.

### History

In 1986, the Alaska legislature adopted the Uniform Unclaimed Property Act which went into effect September 7, 1986. Stocks issued by corporations organized under ANCSA were exempted from unclaimed property statutes.

1988 - unused airline tickets were exempted retroactive to September 7, 1986.

1989 - overpaid contributions by employers to the unemployment compensation fund were exempted retroactive to September 7, 1986.

1992 - as part of the 1992 Budget Act (Ch 405 SLA 92), IEAD was ordered to privatize the unclaimed property program effective July 1, 1992. The program was not privatized because vendor proposals to a Request for Proposal issued by the Division exceeded the state's budgeted costs for administering the program. Also in 1992, permanent fund dividends were exempted effective April 1, 1992.

1996 - provisions for simultaneous report and remit were enacted and the aggregate reporting amount was increased to $100. Insurance companies were put on the same reporting cycle as all other holders. Maximum percentages were established for fee finders: 20% for property less than $500; and 10% for property $500 or more.

1997 - Unclaimed Property became part of the *information superhighway*. Information may be obtained via the Internet at www.tax.state.ak.us or the National Association of Unclaimed Property Administrators (NAUPA) website at www.unclaimed.org.

### FY 2000 Statistics

| | FY 2000 | FY 99 | FY 98 |
|---|---|---|---|
| Reports Received | 2,291 | 1,748 | 1,865 |
| Owner Names Reported | 4,665 | 5,495 | 3,192 |
| Inquiries | 6,201 | 8,152 | 3,607 |
| Owners Refunded | 1,110 | 1,443 | 840 |
| Amount Refunded | $1,498,923 | $850,087 | $548,468 |
| Program Cost | | $153,853 | |
| Staffing *(full-time equivalent)* | | 3.5 | |

**Unclaimed Property Trust Account Balance**
*As of June 30, 2000*

| | | |
|---|---|---|
| Beginning Balance as of 7/1/99* | | $ 894,150 |
| Add Deposits | | 5,116,277 |
| Less Transfers and Refunds | | |
| Transfer to General Fund | | (3,151,800) |
| Refunds to Owners | (1,127,441) | |
| Refunds to Other State | (371,482) | |
| Total Refunds | | (1,498,923) |
| Ending Balance as of 6/30/00 | | $1,359,704 |

**Beginning balance includes an adjustment of $360 for funds collected during FY 99 but not reported in the FY 99 Annual Report.*

## Audit Program

The Division's audit program is comprised of two groups. Audit Group 1 is responsible for corporate income (including oil and gas corporation net income taxes), fisheries, and excise taxes. Audit Group 2 is responsible for oil and gas severance taxes and oil and gas royalties collected by the Department of Natural Resources. Both groups continue to successfully stay current with 100% audit coverage of Alaska's major taxpayers representing 75% of state General Fund Revenue in FY 2000.

Collections from audit assessments exceeded 25% of all revenue collected by the Division in FY 2000. Although this very high level of audit collections is not expected to continue in the future, it nevertheless demonstrates the importance of the audit program. These collections and those of past years often represent issues of recurring revenue. Thus, a significant portion of both past and present audit collections are repeated in the form of voluntary payments in subsequent returns.

**FY 2000 Statistics**

| *Tax Type* | *Collections* |
|---|---|
| Audit Group 1 | |
| Corporate Net Income | |
| Oil and Gas | $423,386,828 |
| Other Corporations | 796,286 |
| Other Taxes | 3,543,666 |
| Audit Group 1 Total | $427,726,780 |
| | |
| Audit Group 2 | |
| Production Tax | $ 17,518,663 |
| Royalties | 14,466,335 |
| Audit Group 2 Total | $ 31,984,998 |
| | |
| **Audit Total*** | **$459,711,778** |

**Does not include receipts or refunds resulting from litigation.*

## Appeals Program

Appeals staff continued to operate in cooperation with the Department of Law to expedite and resolve tax issues related to audit actions. Cases were settled with 7 taxpayer groups covering 19 tax periods. Receipts net of refunds totaled $429,788,392 of which all but $72,657 was deposited into the CBRF.

**FY 2000 Statistics**

| | *Tax Periods** | *Taxpayer Count* |
|---|---|---|
| Beginning Inventory | 312 | 90 |
| Increase From Merger (net) | 54 | 6 |
| Plus New Cases | 246 | 31 |
| Less Closed Cases | (305) | (57) |
| Ending Inventory | 307 | 70 |

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

# *Appendices*

# Appendix A

## *Historical Overview of Tax Programs*

| Tax Type | Legal Reference | First Enacted | Original Tax | Last Tax Change | Current Tax Structure | Latest Change |
|---|---|---|---|---|---|---|
| Alcoholic Beverages | AS 43.60 | 1937 | Liquor<br>50¢/gallon | 1983 | Liquor<br>$5.60/gallon | 1983 - tax rates increased |
| | | 1933 | Wine<br>5¢/gallon | | Wine<br>85¢/gallon | |
| | | | Beer<br>5¢/gallon | | Beer<br>35¢/gallon | |
| Conservation Surcharge on Oil | AS 43.55 | 1989 | 5¢/bbl | 1994 | 3¢/bbl increasing 5¢/bbl when fund balance drops below $50m | 1994 - tax rate split based on fund balance |
| Corporation Net Income | AS 43.20 | 1949 | 10% of federal income tax liability | 1982 | 1% to 9.4% of net income | 1998 - certain foreign owned marine vessel and aircraft income exempted |
| Dive Fishery Management Assessment | AS 43.76.150 | 1997 | Voluntary tax of 1, 3, 5, or 7% of value. | 1999 | SE AK Management Area A<br>Geoduck 5%<br>Sea Cucumber 5%<br>Sea Urchin 7% | 1999 - the SE Alaska region elected to assess at current rates. |
| Electric Cooperative | AS 10.25.555 | 1959 | 1% of gross revenue if operating < 5 years | 1980 | 1/4 mill ($.00025) per kWh if < 5 years | 1980 - tax base on kWh rather than gross revenue |
| | | | 2% of gross revenue if operating ≥ 5 years | | 1/2 mill ($.0005) per kWh if ≥ 5 years | |
| Estate | AS 43.31 | 1919 | (Inheritance Tax) Based on value of property | 1970 | State tax credit on federal estate tax return | 1991 - interest on delinquent tax subject to compound interest under AS 43.05.225 |
| Fisheries Business | AS 43.75 | 1913 | 7¢ per case of canned salmon<br>Other - dollar amount based on revenue | 1979 | Floating[1] - 5% of value<br>Cannery[1] - 4.5% of value<br>Shore-based[1] - 3% of value<br>Floating[2] - 3% of value<br>Shore-based[2] - 1% of value | 1995 - Provision for reduced surety bond for small processors |

[1] Established species [2] Developing species

# Appendix A

***Historical Overview of Tax Programs***

| Tax Type | Legal Reference | First Enacted | Original Tax | Last Tax Change | Current Tax Structure | Latest Change |
|---|---|---|---|---|---|---|
| Fishery Resource Landing | AS 43.77 | 1993 | 3.3% of unprocessed value | 1996 | 3% of value[1]<br>1% of value[2] | 1996 - Tax split: 3% to landing tax and .3% to ASMI. 1% for developing species. Credits adopted |
| Mining License | AS 43.65 | 1913 | .5% of net income > $5,000 | 1955 | Tax on net income:<br>No tax if ≤ $40,000<br>3% if > $40,000 and ≤ $50,000<br>5% if > $50,000 and ≤ $100,000<br>7% if > $100,000 | 1995 - minerals exploration incentive credit enacted |
| Motor Fuel | AS 43.40 | 1945 | 1¢ per gallon on all fuels | 1970 | Highway - 8¢/gallon | 1998 - Provision for credit for sales deemed as bad debt or to persons in bankruptcy |
| | | | | 1977 | Marine - 5¢/gallon | |
| | | | | 1994 | Aviation Gas - 4.7¢/gallon | |
| | | | | 1994 | Jet Fuel - 3.2¢/gallon | |
| Oil & Gas Property | AS 43.56 | 1973 | 20 mills on true and fair value | 1973 | 20 mills on true and fair value | 1996 - Oil and gas property education tax credit was enacted |
| Oil & Gas Production Tax | AS 43.55 | 1955 | 1% of production value | 1981 | 12.25% of production value during first five years of production, 15% thereafter | 1989 - ELF formula modified to include a field size factor, fix the 300 bbl/day economic limit, and cease rounding the ELF |
| Regulatory Cost Charge (APUC) | AS 42.05.253 (Utilities)<br>AS 42.06.285 (Pipelines) | 1992 | Electric Utilities $.000626/kWh | 1998 | Electric Utilities $.000280/kWh | 1998 - rates increased by regulation |
| | | | Other Utilities .653% gross revenue | | Other Utilities .568% gross revenue | |
| | | | Pipelines .653% gross revenue | | Pipelines .568% gross revenue | |

[1] Established species [2] Developing species

# Appendix A

***Historical Overview of Tax Programs***

| Tax Type | Legal Reference | First Enacted | Original Tax | Last Tax Change | Current Tax Structure | Latest Change |
|---|---|---|---|---|---|---|
| Salmon Enhancement | AS 43.76 | 1980 | Voluntary tax of 1%; 2% or 3% of value as elected by fishers in an aquaculture region | 1980 | Southern Southeast - 3% | 1991 - Chignik elected 2% tax |
| | | | | 1980 | Northern Southeast - 3% | |
| | | | | 1980 | Cook Inlet - 2% | |
| | | | | 1985 | Pr. William Sound - 2% | |
| | | | | 1989 | Kodiak - 2% | |
| | | | | 1991 | Chignik - 2% | |
| Salmon Marketing | AS 43.76 | 1993 | 1% of value of salmon statewide | N/A | 1% of value of salmon statewide | 1998 - tax sunset date extended to June 30, 2003 |
| Seafood Marketing | AS 16.51.120 | 1981 | Voluntary assessment of 1%; .2% or .3% of value as elected by processors | 1996 | .3% of value of fishery resources produced in Alaska | 1996 - fishery resources landed in Alaska included in seafood marketing assessment |
| Telephone Cooperative | AS 10.25.550 | 1959 | 1% of gross revenue if operating < 5 years | N/A | 1% of gross revenue if operating < 5 years | N/A |
| | | | 2% of gross revenue if operating ≥ 5 years | | 2% of gross revenue if operating ≥ 5 years | |
| Tobacco | AS 43.50 | 1949 | Cigarettes - 3¢ per pack of 20 | 1997 | 50 mills/cigarette ($1 per pack of 20) | 1997 - tax rates increased |
| | | | Tobacco 2¢ per ounce | 1997 | 75% of wholesale price | |

***Repealed Tax Programs***

| | | | | | | |
|---|---|---|---|---|---|---|
| Business License | AS 43.70 | 1949 | $25 license fee plus .5% of gross receipts > $20,000 plus .25% of gross receipts > $50,000 | 1978 | Repealed | Tax repealed effective January 1, 1979 |
| Oil & Gas Conservation | AS 43.56 | 1955 | 5 mills per barrel of oil or 50,000 cubic feet of natural gas | 1999 | Repealed | Tax repealed effective July 1, 1999 |
| Coin-operated Devices | AS 43.35 | 1941 | 12.5% of gross receipts on coin-operated machines | 1998 | Repealed | Tax repealed effective January 1, 1999 |
| Individual Income | AS 43.20 | 1949 | 10% of federal income tax liability | 1980 | Repealed | Tax repealed retroactive to 1979 |
| School | AS 43.45 | 1919 | $5 tax on each male person | 1980 | Repealed | Tax repealed retroactive to 1980 |

# Appendix B

***Comparison of Alcohol Tax Rates - Liquor***
**July 2000**

| State | Rate ($ per gallon) | Rank* | State | Rate ($ per gallon) | Rank* |
|---|---|---|---|---|---|
| Alabama | Footnote 1 | N/A | Montana | Footnote 1 | N/A |
| **ALASKA** | **5.60** | **5** | Nebraska | 3.00 | 18 |
| Arizona | 3.00 | 18 | Nevada | 2.05 | 28 |
| Arkansas | 2.50 | 22 | New Hampshire | Footnote 1 | N/A |
| California | 3.30 | 16 | New Jersey | 4.40 | 9 |
| Colorado | 2.28 | 27 | New Mexico | 6.06 | 3 |
| Connecticut | 4.50 | 8 | New York | 6.44 | 2 |
| Delaware | 3.75 | 14 | North Carolina | Footnote 1 | N/A |
| Florida | 6.50 | 1 | North Dakota | 2.50 | 22 |
| Georgia | 3.79 | 13 | Ohio | Footnote 1 | N/A |
| Hawaii | 5.92 | 4 | Oklahoma | 5.56 | 6 |
| Idaho | Footnote 1 | N/A | Oregon | Footnote 1 | N/A |
| Illinois | 4.50 | 8 | Pennslyvania | Footnote 1 | N/A |
| Indiana | 2.68 | 21 | Rhode Island | 3.75 | 14 |
| Iowa | Footnote 1 | N/A | South Carolina | 2.72 | 20 |
| Kansas | 2.50 | 22 | South Dakota | 3.93 | 12 |
| Kentucky | 1.92 | 31 | Tennesee | 4.00 | 11 |
| Louisiana | 2.50 | 22 | Texas | 2.40 | 26 |
| Maine | Footnote 1 | N/A | Utah | Footnote 1 | N/A |
| Maryland | 1.50 | 32 | Vermont | Footnote 1 | N/A |
| Massachusetts | 4.05 | 10 | Virginia | Footnote 1 | N/A |
| Michigan | Footnote 1 | N/A | Washington | Footnote 1 | N/A |
| Minnesota | 5.03 | 7 | West Virginia | Footnote 1 | N/A |
| Mississippi | Footnote 1 | N/A | Wisconsin | 3.25 | 17 |
| Missouri | 2.00 | 29 | Wyoming | Footnote 1 | N/A |
| **Federal** | **13.50** | **N/A** | **U.S. Median** | **3.30** | **N/A** |

**Footnote 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*

# Appendix B

***Comparison of Alcohol Tax Rates - Wine***
**July 2000**

| State | Rate ($ per gallon) | Rank* | State | Rate ($ per gallon) | Rank* |
|---|---|---|---|---|---|
| Alabama | 1.70 | 3 | Montana | 1.06 | 9 |
| **ALASKA** | **.85** | **15** | Nebraska | .75 | 18 |
| Arizona | .84 | 16 | Nevada | .40 | 33 |
| Arkansas | .75 | 18 | New Hampshire | Footnote 1 | N/A |
| California | .20 | 43 | New Jersey | .70 | 21 |
| Colorado | .32 | 37 | New Mexico | 1.70 | 3 |
| Connecticut | .60 | 23 | New York | .19 | 45 |
| Delaware | .97 | 11 | North Carolina | .79 | 17 |
| Florida | 2.25 | 1 | North Dakota | .50 | 29 |
| Georgia | 1.51 | 5 | Ohio | .32 | 37 |
| Hawaii | 1.36 | 7 | Oklahoma | .72 | 20 |
| Idaho | .45 | 32 | Oregon | .67 | 22 |
| Illinois | .73 | 18 | Pennslyvania | Footnote 1 | N/A |
| Indiana | .47 | 31 | Rhode Island | .60 | 23 |
| Iowa | 1.75 | 2 | South Carolina | .90 | 13 |
| Kansas | .30 | 39 | South Dakota | .93 | 12 |
| Kentucky | .50 | 29 | Tennesee | 1.10 | 8 |
| Louisiana | .11 | 46 | Texas | .20 | 43 |
| Maine | .60 | 23 | Utah | Footnote 1 | N/A |
| Maryland | .40 | 33 | Vermont | .55 | 26 |
| Massachusetts | .55 | 26 | Virginia | 1.51 | 5 |
| Michigan | .51 | 28 | Washington | .87 | 14 |
| Minnesota | .30 | 39 | West Virginia | 1.00 | 10 |
| Mississippi | .35 | 36 | Wisconsin | .25 | 41 |
| Missouri | .36 | 35 | Wyoming | Footnote 1 | N/A |
| **Federal** | **1.07** | **N/A** | **U.S. Median** | **.60** | **N/A** |

**Footnote 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*

# Appendix B

***Comparison of State Alcohol Tax Rates - Beer***
**July 2000**

| State | Rate ($ per gallon) | Rank | State | Rate ($ per gallon) | Rank |
|---|---|---|---|---|---|
| Alabama | .53 | 3 | Montana | .14 | 35 |
| **ALASKA** | **.35** | **10** | Nebraska | .23 | 18 |
| Arizona | .16 | 28 | Nevada | .09 | 41 |
| Arkansas | .23 | 18 | New Hampshire | .30 | 10 |
| California | .20 | 20 | New Jersey | .12 | 37 |
| Colorado | .08 | 43 | New Mexico | .41 | 8 |
| Connecticut | .19 | 22 | New York | .14 | 35 |
| Delaware | .16 | 28 | North Carolina | .53 | 3 |
| Florida | .48 | 4 | North Dakota | .16 | 28 |
| Georgia | .48 | 4 | Ohio | .18 | 25 |
| Hawaii | .92 | 1 | Oklahoma | .40 | 9 |
| Idaho | .15 | 32 | Oregon | .08 | 43 |
| Illinois | .19 | 22 | Pennslyvania | .08 | 43 |
| Indiana | .12 | 37 | Rhode Island | .10 | 40 |
| Iowa | .19 | 22 | South Carolina | .77 | 2 |
| Kansas | .18 | 25 | South Dakota | .27 | 15 |
| Kentucky | .08 | 43 | Tennesee | .13 | 36 |
| Louisiana | .32 | 14 | Texas | .19 | 22 |
| Maine | .35 | 10 | Utah | .35 | 10 |
| Maryland | .09 | 41 | Vermont | .27 | 15 |
| Massachusetts | .11 | 39 | Virginia | .26 | 17 |
| Michigan | .20 | 20 | Washington | .26 | 32 |
| Minnesota | .15 | 32 | West Virginia | .18 | 25 |
| Mississippi | .43 | 7 | Wisconsin | .06 | 48 |
| Missouri | .06 | 48 | Wyoming | .02 | 50 |
| **Federal** | **.58** | **N/A** | **U.S. Median** | **.19** | **N/A** |

SOURCE: *Federation of Tax Administrators*

# Appendix B

***Comparison of Highway Gasoline Tax Rates***
**May 2000**

| State | Rate (¢ per gallon) | Other Tax[1] (¢ per gallon) | Total (¢ per gallon) | Rank |
|---|---|---|---|---|
| Alabama | 16 | 2 | 18 | 36 |
| **ALASKA** | **8** | **0** | **8** | 51 |
| Arizona | 18 | 0 | 18 | 38 |
| Arkansas | 19.5 | 0.2 | 19.7 | 41 |
| California | 18 | 0.0 | 18 | 4 |
| Colorado | 22 | 0 | 22 | 22 |
| Connecticut | 32 | 0 | 32 | 2 |
| Delaware | 23 | 0 | 23 | 20 |
| Dist of Columbia | 20 | 0 | 20 | 30 |
| Florida | 4 | 9.3 | 13.3 | 8 |
| Georgia | 7.5 | 0 | 7.5 | 50 |
| Hawaii | 16 | 0 | 16 | 1 |
| Idaho | 25 | 1 | 26 | 13 |
| Illinois | 19 | 0.3 | 19.3 | 14 |
| Indiana | 15 | 0 | 15 | 37 |
| Iowa | 20 | 0 | 20 | 28 |
| Kansas | 20 | 0 | 20 | 39 |
| Kentucky | 15 | 1.4 | 16.4 | 47 |
| Louisiana | 20 | 0 | 20 | 31 |
| Maine | 22 | 0 | 22 | 40 |
| Maryland | 23.5 | 0 | 23.5 | 19 |
| Massachusetts | 21.5 | 0 | 21.5 | 25 |
| Michigan | 19 | 6.5 | 25.5 | 11 |
| Minnesota | 20 | 2 | 22 | 23 |
| Mississippi | 18 | 2.4 | 20.4 | 29 |
| Missouri | 17 | 0 | 17 | 44 |
| Montana | 27 | 0.8 | 27.8 | 9 |
| Nebraska | 23.9 | 0.9 | 24.8 | 18 |
| Nevada | 24 | 0 | 24 | 3 |
| New Hampshire | 18 | 0.7 | 18.7 | 35 |
| New Jersey | 10.5 | 0 | 10.5 | 48 |
| New Mexico | 17 | 1 | 18 | 43 |
| New York | 8 | 0 | 8 | 5 |
| North Carolina | 22 | 0.25 | 22.25 | 26 |
| North Dakota | 21 | 0 | 21 | 32 |
| Ohio | 22 | 0 | 22 | 24 |
| Oklahoma | 16 | 1 | 17 | 45 |
| Oregon | 24 | 0 | 24 | 16 |
| Pennslyvania | 12 | 13.9 | 25.9 | 10 |
| Rhode Island | 28 | 1 | 29 | 6 |
| South Carolina | 16 | 1 | 17 | 46 |
| South Dakota | 22 | 0 | 22 | 17 |
| Tennesee | 20 | 1.4 | 21.4 | 27 |
| Texas | 20 | 0 | 20 | 33 |
| Utah | 24.5 | 0.25 | 24.75 | 15 |
| Vermont | 19 | 1 | 20 | 34 |
| Virginia | 17.5 | 1.1 | 18.6 | 42 |
| Washington | 23 | 0 | 23 | 21 |
| West Virginia | 20.5 | 4.85 | 25.35 | 12 |
| Wisconsin | 25.8 | 0 | 25.8 | 7 |
| Wyoming | 13 | 1 | 14 | 49 |
| | | | | |
| **Federal** | **18.4** | **N/A** | **18.4** | **N/A** |
| **U.S. Average*** | **17.8** | **5.3** | **23.1** | **N/A** |

[1] Includes state sales tax, gross receipts tax and underground storage tank taxes. State sales taxes are based on selected city average retail gasoline prices as of April 1999.

* Weighted average

SOURCE: *American Petroleum Institute,* *A Summary of Nationwide and State-by-State Motor Fuel Taxes as of May 1999*.

# Appendix B

***Comparison of Aviation Fuel Tax Rates***
**October 2000**

| State | Jet Fuel (¢ per gallon) | Rank[1] | Aviation Gas (¢ per gallon) | Rank[2] | Dedicated to Aviation |
|---|---|---|---|---|---|
| Alabama | 1.3 | 27 | 3.9 | 31 | Yes |
| **ALASKA** | **3.2** | **17** | **4.7** | **28** | **No** |
| Arizona | 1.5 | 26 | 5.0 | 22 | Yes(avgas) |
| Arkansas | Sales Tax | N/A | Sales Tax | N/A | Yes |
| California | 2.0 | 22 | 18.0 | 2 | Yes(excise) |
| Colorado | 4.0 | 13 | 6.0 | 16 | Yes |
| Connecticut | None | N/A | None | N/A | N/A |
| Delaware | None | N/A | 23.0 | N/A | No |
| Florida | 6.9 | 3 | 6.9 | 15 | Yes |
| Georgia | Sales Tax | N/A | 1.0 | 36 | No |
| Hawaii | 1.0 | 28 | 1.0 | 36 | Yes(excise) |
| Idaho | 4.5 | 12 | 5.5 | 20 | Yes |
| Illinois | Sales Tax | N/A | Sales Tax | N/A | No |
| Indiana | Sales Tax | N/A | 15.0 | 4 | No |
| Iowa | 3.0 | 18 | 8.0 | 11 | Yes |
| Kansas | Sales Tax | N/A | Sales Tax | N/A | No |
| Kentucky | Sales Tax | N/A | 15.0 | 4 | No |
| Louisiana | Sales Tax | N/A | Sales Tax | N/A | Yes |
| Maine | 3.4 | 16 | 19.0 | 1 | No |
| Maryland | None | N/A | 7.0 | 14 | No |
| Massachusetts | 5.0 | 7 | 10.0 | 9 | Yes(avgas) |
| Michigan | 3.0 | 18 | 3.0 | 33 | Yes(excise) |
| Minnesota | 5.0 | 7 | 5.0 | 22 | Yes |
| Mississippi | 5.25 | 6 | 6.4 | 16 | Yes |
| Missouri | Sales Tax | N/A | 9.0 | 10 | Yes(avgas) |
| Montana | 3.0 | 18 | 3.0 | 33 | Yes |
| Nebraska | 3.0 | 18 | 5.0 | 22 | Yes |
| Nevada | 1.0 | 28 | 10.5 | 8 | Yes |
| New Hampshire | 2.0 | 22 | 4.0 | 29 | No |
| New Jersey | 2.0 | 22 | 17.0 | 7 | Yes |
| New Mexico | Sales Tax | N/A | 17.0 | 3 | Yes |
| New York | 8.0 | 1 | 8.0 | 11 | No |
| North Carolina | Sales Tax | N/A | Sales Tax | N/A | No |
| North Dakota | 8.0 | 1 | 8.0 | 11 | Yes |
| Ohio | Sales Tax | N/A | Sales Tax | N/A | No |
| Oklahoma | 0.08 | 32 | 0.08 | 39 | No |
| Oregon | 0.5 | 31 | 3.0 | 33 | Yes |
| Pennslyvania | 1.7 | 25 | 3.5 | 32 | Yes |
| Rhode Island | None | N/A | None | N/A | N/A |
| South Carolina | Sales Tax | N/A | Sales Tax | N/A | Yes |
| South Dakota | 4.0 | 13 | 6.0 | 16 | Yes |
| Tennesee | 1.0 | 28 | 1.0 | 36 | Yes |
| Texas | None | N/A | None | N/A | N/A |
| Utah | 4.0 | 13 | 4.0 | 29 | Yes |
| Vermont | Sales Tax | N/A | 19.0 | 4 | No |
| Virginia | 5.0 | 7 | 5.0 | 22 | Yes |
| Washington | 5.5 | 5 | 5.5 | 20 | Yes(excise) |
| West Virginia | 4.85 | 11 | 4.85 | 27 | Yes |
| Wisconsin | 6.0 | 4 | 6.0 | 16 | No |
| Wyoming | 5.0 | 7 | 5.0 | 22 | Yes |
| **Federal** | **4.3** | **N/A** | **19.3** | **N/A** | **Yes** |
| **U.S. Mean** | **3.3** | **N/A** | **7.1** | **N/A** | **N/A** |

[1]Out of 32 states with tax rates
[2]Out of 39 states with tax rates

SOURCE: *National Business Aircraft Association, Inc.*
*1998-99 State Aviation Tax Report*

# Appendix B

*Comparison of Cigarette Tax Rates*
**July 2000**

| State | Rate ($ per pack) | Rank | State | Rate ($ per pack) | Rank |
|---|---|---|---|---|---|
| Alabama | 0.165 | 43 | Montana | 0.18 | 39 |
| **ALASKA** | **1.00** | **1** | Nebraska | 0.34 | 26 |
| Arizona | 0.58 | 14 | Nevada | 0.35 | 25 |
| Arkansas | 0.315 | 29 | New Hampshire | 0.52 | 17 |
| California[1] | 0.87 | 3 | New Jersey | 0.80 | 5 |
| Colorado | 0.20 | 37 | New Mexico | 0.21 | 36 |
| Connecticut | 0.50 | 19 | New York | 0.56 | 16 |
| Delaware | 0.24 | 32 | North Carolina | 0.05 | 49 |
| Florida | 0.339 | 27 | North Dakota | 0.44 | 21 |
| Georgia | 0.12 | 46 | Ohio | 0.24 | 32 |
| Hawaii | 1.00 | 1 | Oklahoma | 0.23 | 35 |
| Idaho | 0.28 | 31 | Oregon | 0.68 | 10 |
| Illinois | 0.58 | 14 | Pennslyvania | 0.31 | 30 |
| Indiana | 0.155 | 44 | Rhode Island | 0.71 | 9 |
| Iowa | 0.36 | 24 | South Carolina | 0.07 | 48 |
| Kansas | 0.24 | 32 | South Dakota | 0.33 | 28 |
| Kentucky | 0.03 | 50 | Tennesee | 0.13 | 45 |
| Louisiana | 0.20 | 37 | Texas | 0.41 | 23 |
| Maine | 0.74 | 8 | Utah | 0.515 | 18 |
| Maryland | 0.66 | 11 | Vermont | 0.44 | 21 |
| Massachusetts | 0.76 | 6 | Virginia | 0.025 | 51 |
| Michigan | 0.75 | 7 | Washington | 0.825 | 4 |
| Minnesota | 0.48 | 20 | West Virginia | 0.17 | 41 |
| Mississippi | 0.18 | 39 | Wisconsin | 0.59 | 13 |
| Missouri | 0.17 | 41 | Wyoming | 0.12 | 46 |
| **Federal** | **0.24** | **N/A** | **U.S. Median** | **0.34** | **N/A** |

[1]Cigarette tax rate increased from $.37 to $.87 per pack on January 1, 1999.

SOURCE: *Federation of Tax Administrators*

# Appendix B

## *Comparison of Tobacco Products Tax Rates*
**July 2000**

| State | | Rate | State | | Rate |
|---|---|---|---|---|---|
| Alabama | | .6¢ - 4.4¢/ounce | Montana | 12.5% | Wholesale Price |
| **ALASKA** | **75%** | **Wholesale Price** | Nebraska | 15% | Wholesale Price |
| Arizona | | 6.5¢/ounce | Nevada | 30% | Wholesale Price |
| Arkansas | 23% | Manufacturer Price | New Hampshire | 17.9% | Wholesale Price |
| California (1) | 61.5% | Wholesale Price | New Jersey | 48% | Wholesale Price |
| Colorado | 20% | Manufacturer Price | New Mexico | 25% | Product Value |
| Connecticut | 20% | Wholesale Price | New York | 20% | Wholesale Price |
| Delaware | 15% | Wholesale Price | North Carolina | 2% | Manufacturer Price |
| Florida | 25% | Wholesale Price | North Dakota | 28% | Wholesale Price |
| Georgia | 13% | Wholesale Price | Ohio | 17% | Wholesale Price |
| Hawaii | 40% | Wholesale Price | Oklahoma | 30% - 40% | Factory List Price |
| Idaho | 40% | Wholesale Price | Oregon | 65% | Wholesale Price |
| Illinois | 18% | Wholesale Price | Pennslyvania | | N/A |
| Indiana | 15% | Wholesale Price | Rhode Island | 20% | Wholesale Price |
| Iowa | 22% | Wholesale Price | South Carolina | 5% - 36% | Manufacturer Price |
| Kansas | 10% | Manufacturer Price | South Dakota | 10% | Wholesale Price |
| Kentucky | | N/A | Tennesee | 6% | Wholesale Price |
| Louisiana | 33% | Manufacturer Price | Texas | 35.2% | Manufacturer Price |
| Maine | 62% | Wholesale Price | Utah | 35% | Manufacturer Price |
| Maryland | 15% | Wholesale Price | Vermont | 41% | Manufacturer Price |
| Massachusetts | 75% | Wholesale Price | Virginia | | N/A |
| Michigan | 16% | Wholesale Price | Washington | 74.9% | Wholesale Price |
| Minnesota | 35% | Wholesale Price | West Virginia | | N/A |
| Mississippi | 15% | Manufacturer Price | Wisconsin | 20% | Wholesale Price |
| Missouri | 10% | Manufacturer Price | Wyoming | 20% | Wholesale Price |
| **Federal** | | **12¢/pound** | **U.S. Median** | | **N/A - different tax structures** |

(1) Tobacco products tax rate increased from 26.2% of wholesale price to 61.5% on January 1, 1999.

Tobacco products include chewing tobacco and snuff.

N/A - Not Applicable

SOURCE: *Federation of Tax Administrators*

# Appendix B

***Comparison of Corporation Income Tax Rates***
**2000 Tax Year**

| State | Rate (%) | Tax Brackets Lowest | Tax Brackets Highest | Number of Brackets |
|---|---|---|---|---|
| Alabama | 5.0 | Flat Rate | | 1 |
| **ALASKA** | **1.0 - 9.4** | **$ 10,000** | **$90,000** | **10** |
| Arizona | 8.0 | Flat Rate | | 1 |
| Arkansas | 1.0 - 6.5 | $3,000 | $100,000 | 6 |
| California | 8.84 | Flat Rate | | 1 |
| Colorado | 4.8 | 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 | $100,000 | 3 |
| Idaho | 8.0 | Flat Rate | | 1 |
| Illinois | 7.3 | Flat Rate | | 1 |
| Indiana | 7.9 | Flat Rate | | 1 |
| Iowa | 6.0 - 12.0 | $25,000 | $250,000 | 4 |
| Kansas | 4.0 | Flat Rate | | 1 |
| Kentucky | 4.0 - 8.25 | $25,000 | $250,000 | 5 |
| Louisiana | 4.0 - 8.0 | $25,000 | $200,000 | 5 |
| Maine | 3.5 - 8.93 | $25,000 | $250,000 | 4 |
| Maryland | 7.0 | Flat Rate | | 1 |
| Massachusetts | 9.5 | Flat Rate | | 1 |
| Michigan | *Not Based on Income* | | | N/A |
| Minnesota | 9.8 | Flat Rate | | 1 |
| Mississippi | 3.0 - 5.0 | $5,000 | $10,000 | 3 |
| Missouri | 6.25 | Flat Rate | | 1 |
| Montana | 6.75 | Flat Rate | | 1 |
| Nebraska | 5.58 - 7.81 | $50,000 | | 2 |
| Nevada | *No Corporation Income Tax* | | | N/A |
| New Hampshire | 8.0 | Flat Rate | | 1 |
| New Jersey | 9.0 | Flat Rate | | 1 |
| New Mexico | 4.8 - 7.6 | $500,000 | $1,000,000 | 3 |
| New York | 8.5 | Flat Rate | | 1 |
| North Carolina | 6.9 | Flat Rate | | 1 |
| North Dakota | 3.0 - 10.5 | $3,000 | $50,000 | 6 |
| Ohio | 5.1 - 8.5 | $50,000 | | 2 |
| Oklahoma | 6.0 | Flat Rate | | 1 |
| Oregon | 6.6 | Flat Rate | | 1 |
| Pennslyvania | 9.99 | Flat Rate | | 1 |
| Rhode Island | 9.0 | Flat Rate | | 1 |
| South Carolina | 5.0 | Flat Rate | | 1 |
| South Dakota | *No Corporation Income Tax* | | | N/A |
| Tennesee | 6.0 | Flat Rate | | 1 |
| Texas | *Tax Based on Capital and Surplus* | | | N/A |
| Utah | 5.0 | Flat Rate | | 1 |
| Vermont | 7.0 - 9.75 | $10,000 | $250,000 | 4 |
| Virginia | 6.0 | Flat Rate | | 1 |
| Washington | *No Corporation Income Tax* | | | N/A |
| West Virginia | 9.0 | Flat Rate | | 1 |
| Wisconsin | 7.9 | Flat Rate | | 1 |
| Wyoming | *No Corporation Income Tax* | | | N/A |
| **Federal** | **15.0 - 35.0** | **$ 22,100** | **$ 10,000,000** | **4** |

SOURCE: *Federation of Tax Administrators*

# Appendix B

***Comparison of Individual Income Tax Rates****
**2000 Tax Year**

| State | Rate (%) | Tax Brackets Lowest | Tax Brackets Highest | Number of Brackets |
|---|---|---|---|---|
| Alabama | 2.0 - 5.0 | $500 | $3,000 | 3 |
| **ALASKA** | ***No State Income Tax*** | | | N/A |
| Arizona | 2.87 - 5.04 | $10,000 | $150,000 | 5 |
| Arkansas | 1.0 - 7.0 | $2,999 | $25,000 | 6 |
| California | 1.0 - 9.3 | $5,264 | $34,548 | 6 |
| Colorado | 4.8 | Flat Rate | | 1 |
| Connecticut | 3.0 - 4.5 | $10,000 | $10,000 | 2 |
| Delaware | 2.2 - 5.95 | $5,000 | $60,000 | 7 |
| Florida | *No State Income Tax* | | | N/A |
| Georgia | 1.0 - 6.0 | $750 | $7,000 | 6 |
| Hawaii | 1.6 - 8.75 | $2,000 | $40,000 | 8 |
| Idaho | 2.0 - 8.2 | $1,000 | $20,000 | 8 |
| Illinois | 3.0 | Flat Rate | | 1 |
| Indiana | 3.4 | Flat Rate | | 1 |
| Iowa | .36 - 8.98 | $1,162 | $52,290 | 9 |
| Kansas | 3.5 - 6.45 | $15,000 | $30,000 | 3 |
| Kentucky | 2.0 - 6.0 | $3,000 | $8,000 | 5 |
| Louisiana | 2.0 - 6.0 | $10,000 | $50,000 | 3 |
| Maine | 2.0 - 8.5 | $4,150 | $16,500 | 4 |
| Maryland | 2.0 - 4.9 | $1,000 | $3,000 | 4 |
| Massachusetts | 5.95 | Flat Rate | | 1 |
| Michigan | 4.3 | Flat Rate | | 1 |
| Minnesota | 5.5 - 8.0 | $17,250 | $56,680 | 3 |
| Mississippi | 3.0 - 5.0 | $5,000 | $10,000 | 3 |
| Missouri | 1.5 - 6.0 | $1,000 | $9,000 | 10 |
| Montana | 2.0 - 11.0 | $2,000 | $70,400 | 10 |
| Nebraska | 2.51 - 6.68 | $2,400 | $26,500 | 4 |
| Nevada | *No State Income Tax* | | | N/A |
| New Hampshire | *Tax Limited to Dividends and Interest* | | | N/A |
| New Jersey | 1.4 - 6.37 | $20,000 | $75,000 | 6 |
| New Mexico | 1.7 - 8.2 | $5,500 | $65,000 | 7 |
| New York | 4.0 - 6.85 | $8,000 | $20,000 | 5 |
| North Carolina | 6.0 - 7.75 | $12,750 | $60,000 | 3 |
| North Dakota | 2.67 - 12.0 | $3,000 | $50,000 | 8 |
| Ohio | 0.716 - 7.228 | $5,000 | $200,000 | 9 |
| Oklahoma | .5 - 6.75 | $1,000 | $10,000 | 8 |
| Oregon | 5.0 - 9.0 | $2,350 | $5,850 | 3 |
| Pennslyvania | 2.8 | Flat Rate | | 1 |
| Rhode Island | *26.5% Federal Tax Liability* | | | N/A |
| South Carolina | 2.5 - 7.0 | $2,310 | $11,550 | 6 |
| South Dakota | *No State Income Tax* | | | N/A |
| Tennesee | *Tax Limited to Dividends and Interest* | | | N/A |
| Texas | *No State Income Tax* | | | N/A |
| Utah | 2.3 - 7.0 | $750 | $3,750 | 6 |
| Vermont | *25% Federal Tax Liability* | | | N/A |
| Virginia | 2.0 - 5.75 | 3,000 | 17,000 | 4 |
| Washington | *No State Income Tax* | | | N/A |
| West Virginia | 3.0 - 6.5 | $10,000 | $60,000 | 5 |
| Wisconsin | 4.73 - 6.75 | $7,790 | $116,890 | 3 |
| Wyoming | *No State Income Tax* | | | N/A |
| **Federal** | **15.0 - 39.6** | **$22,100** | **$250,000** | **5** |

* Rates apply to unmarried individuals

SOURCE: *Federation of Tax Administrators*

# Appendix B

***Comparison of Sales Tax Rates***
**July 1, 2000**

| | | | *Exemptions* | |
|---|---|---|---|---|
| **State** | **Rate (%)** | **Food** | **Prescription Drugs** | **Nonprescription Drugs** |
| Alabama | 4.0 | No | Yes | No |
| **ALASKA** | | ***No State Sales Tax*** | | |
| Arizona | 5.0 | Yes | Yes | No |
| Arkansas | 4.625 | No | Yes | No |
| California | 6.0 | Yes | Yes | No |
| Colorado | 3.0 | Yes | Yes | No |
| Connecticut | 6.0 | Yes | Yes | No |
| Delaware | | *No State Sales Tax* | | |
| Florida | 6.0 | Yes | Yes | Yes |
| Georgia | 4.0 | Yes | Yes | No |
| Hawaii | 4.0 | No | Yes | No |
| Idaho | 5.0 | No | Yes | No |
| Illinois | 6.25 | 1% | 1% | 1% |
| Indiana | 5.0 | Yes | Yes | No |
| Iowa | 5.0 | Yes | Yes | No |
| Kansas | 4.9 | No | Yes | No |
| Kentucky | 6.0 | Yes | Yes | No |
| Louisiana | 4.0 | No | Yes | No |
| Maine | 5.5 | Yes | Yes | No |
| Maryland | 5.0 | Yes | Yes | Yes |
| Massachusetts | 5.0 | Yes | Yes | No |
| Michigan | 6.0 | Yes | Yes | No |
| Minnesota | 6.5 | Yes | Yes | Yes |
| Mississippi | 7.0 | No | Yes | No |
| Missouri | 4.225 | No | Yes | No |
| Montana | | *No State Sales Tax* | | |
| Nebraska | 5.0 | Yes | Yes | No |
| Nevada | 6.5 | Yes | Yes | No |
| New Hampshire | | *No State Sales Tax* | | |
| New Jersey | 6.0 | Yes | Yes | Yes |
| New Mexico | 5.0 | No | Yes | No |
| New York | 4.0 | Yes | Yes | Yes |
| North Carolina | 4.0 | No | Yes | No |
| North Dakota | 5.0 | Yes | Yes | No |
| Ohio | 5.0 | Yes | Yes | No |
| Oklahoma | 4.5 | No | Yes | No |
| Oregon | | *No State Sales Tax* | | |
| Pennslyvania | 6.0 | Yes | Yes | Yes |
| Rhode Island | 7.0 | Yes | Yes | Yes |
| South Carolina | 5.0 | No | Yes | No |
| South Dakota | 4.0 | No | Yes | No |
| Tennesee | 6.0 | No | Yes | No |
| Texas | 6.25 | Yes | Yes | No |
| Utah | 4.750 | No | Yes | No |
| Vermont | 5.0 | Yes | Yes | No |
| Virginia | 3.5 | No | Yes | Yes |
| Washington | 6.5 | Yes | Yes | No |
| West Virginia | 6.0 | No | Yes | No |
| Wisconsin | 5.0 | Yes | Yes | No |
| Wyoming | 4.0 | No | Yes | No |

SOURCE: *Federation of Tax Administrators*

# Appendix B

***State Oil and Gas Severance Taxes***
**1998 Tax Year**

| State | Oil Production (Bbls) | Gas Production (Bbls Equivalent) | | Oil and Gas Taxes | Tax Per Bbl Equivalent | Rank |
|---|---|---|---|---|---|---|
| Alabama | 14,831,000 | 64,156,167 | $ | 67,526,318 | 0.85 | 8 |
| **ALASKA** | **472,949,000** | **79,102,000** | **$** | **788,409,000** | **1.43** | **2** |
| Arizona | 82,000 | 76,833 | $ | 55,787 | 0.35 | 22 |
| Arkansas | 8,429,000 | 37,327,000 | $ | 6,872,553 | 0.15 | 26 |
| California | 285,172,000 | 48,516,333 | $ | 174,044,000 | 0.52 | 18 |
| Colorado | 25,616,000 | 99,274,500 | $ | 18,688,357 | 0.15 | 27 |
| Florida | 6,381,000 | 1,014,500 | $ | 10,441,535 | 1.41 | 3 |
| Illinois | 16,115,000 | 48,667 | $ | - | - | 30 |
| Indiana | 2,430,000 | 41,833 | $ | 599,419 | 0.24 | 25 |
| Kansas | 39,836,000 | 113,109,000 | $ | 78,531,000 | 0.51 | 19 |
| Kentucky | 2,988,000 | 13,253,500 | $ | 12,653,083 | 0.78 | 11 |
| Louisana | 134,134,000 | 264,352,167 | $ | 380,699,870 | 0.96 | 7 |
| Maryland | - | 6,000 | $ | 2,133 | 0.36 | 21 |
| Michigan | 10,052,000 | 51,765,167 | $ | 40,961,000 | 0.66 | 15 |
| Mississippi | 21,037,000 | 17,856,167 | $ | 28,343,241 | 0.73 | 14 |
| Missouri | 114,000 | 3,667 | $ | - | - | 30 |
| Montana | 15,527,000 | 8,953,000 | $ | 42,482,294 | 1.74 | 1 |
| Nebraska | 3,337,000 | 292,000 | $ | 1,915,000 | 0.53 | 17 |
| Nevada | 980,000 | - | $ | 283,526 | 0.29 | 23 |
| New Mexico | 69,835,000 | 249,511,500 | $ | 372,600,000 | 1.17 | 5 |
| New York | 276,000 | 3,159,000 | $ | - | - | 30 |
| North Dakota | 35,833,000 | 8,675,500 | $ | 53,500,000 | 1.20 | 4 |
| Ohio | 8,593,000 | 20,235,333 | $ | 3,655,064 | 0.13 | 28 |
| Oklahoma | 83,365,000 | 285,521,167 | $ | 413,576,000 | 1.12 | 6 |
| Oregon | - | 195,500 | $ | 156,000 | 0.80 | 10 |
| Pennsylvania | 1,320,000 | 21,921,333 | $ | - | - | 30 |
| South Dakota | 1,334,000 | 226,333 | $ | 1,178,336 | 0.76 | 13 |
| Tennesee | 367,000 | 265,167 | $ | 282,710 | 0.45 | 20 |
| Texas | 536,584,000 | 905,302,000 | $ | 1,091,284,291 | 0.76 | 12 |
| Utah | 19,317,000 | 42,856,500 | $ | 17,217,291 | 0.28 | 24 |
| Virginia | 10,000 | 7,550,500 | $ | 181,257 | 0.02 | 29 |
| West Virginia | 1,508,000 | 30,273,500 | $ | 17,431,488 | 0.55 | 16 |
| Wyoming | 70,173,000 | 119,988,667 | $ | 152,448,277 | 0.80 | 9 |
| **US Total** | **1,888,525,000** | **2,494,830,500** | **$** | **3,776,018,830** | **0.86** | |

SOURCE: 1998 State Petroleum Production, Independent Petroleum Association of America
http://www.ipaa.org/