Annual Report

Fiscal Year 2011

Available online at www.tax.alaska.gov

This annual report covers fiscal year 2011, which ended June 30, 2011.

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

Executive Summary

Division Organization

Program Detail

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Appendices

Overview

The programs administered by the Tax Division generate a significant portion of General Fund revenue used for funding state government and programs throughout Alaska.

Programs Administered by the Tax Division

Oil and Gas Taxes
- Conservation Surcharge
- Production
- Property

Corporate Income Tax

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

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

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

Other Programs
- Gaming
- Revenue Forecasting
- Salmon Price Reporting

Retrospect

Fiscal year 2011 (FY 2011) provided many challenges for the Tax Division. As in previous years, the Division continued to implement the significant changes that have been made to the oil and gas production tax in the past few years. Implementation included the initial drafting of a standardized oil and gas production tax return, implementing currently adopted regulations and streamlining the oil and gas credit purchase and due diligence review process. The continued streamlining of the oil and gas credit program resulted in the timely issuance of over 250 tax credit certificates totaling over $464 million, and 278 cash purchases of credit certificates totaling approximately $450 million.

Along with oil and gas production tax, the Division is responsible for the administration of 20 other tax types and the regulation of charitable gaming. The Division is also called upon routinely to work with the governor's office, legislators and other state departments to formulate policy and long-term fiscal planning for the state. Following are some highlights of major accomplishments of the Division during FY 2011:

- Assisted the governor with critical legislation to propose changes to Alaska's oil and gas production tax as part of the governor's overall plan to make Alaska more competitive as an oil production state. Assisted both the governor and the legislature in dealing with various other fiscal issues, and provided information and testimony on education, film production, research and development, and renewable energy tax credits as well as proposed changes to the passenger vehicle, motor fuel, and mining license taxes.

- Completed an assessment of current Tax Division systems, and the need for an integrated revenue management system to enhance efficiencies in the administration of all tax programs.

- Initiated a project to identify and standardize critical information needed from the oil and gas industry to enhance the quality of oil and gas audits and our ability to more accurately estimate future production tax revenues for state budgeting purposes.

- Assessed over $65 million in additional production tax and interest liabilities as the result of closing multiple audits covering tax years 2003 through 2007.

- Continued to provide critical resources in support of the governor's plans regarding a pipeline to transport natural gas.

- Continued training of Corporate Income Tax Auditors responsible for the Alaska corporate net income tax and Oil and Gas Revenue Auditors responsible for oil and gas production tax. The Division also extended its contract with an outside audit firm to assist in oil and gas production tax and credit audits.

- The Division distributed over $39 million in shared taxes and fees to 128 different communities throughout Alaska.

- Closed over 145 appeals of assessments covering all tax types and charitable gaming.

Figure 1 - Three-Year Comparison of Revenue Collections

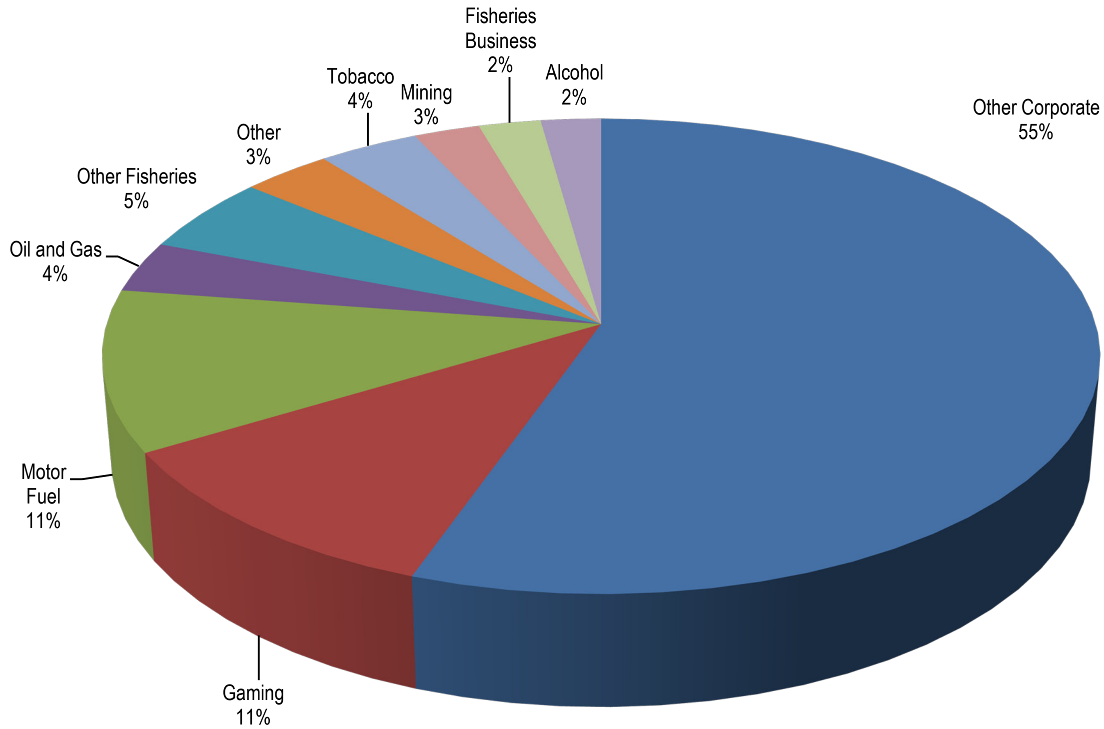
Program (All Funds)	FY 2011	% Fund	FY 2010	% Fund	FY 2009	% Fund
Oil & Gas Production[1]	$4,606,102,504	78.52%	$3,320,509,475	76.73%	$3,181,883,289	74.99%
Oil & Gas Corporate Income[1]	572,966,245	9.77%	491,876,513	11.37%	532,244,796	12.54%
Oil and Gas Property[1 and 2]	184,254,471	3.14%	118,768,329	2.74%	111,215,191	2.62%
Other Corporate Income	157,676,608	2.69%	81,910,562	1.89%	120,934,805	2.85%
Tobacco[3]	73,055,396	1.25%	71,985,643	1.66%	73,075,035	1.72%
Mining License[1]	49,588,119	0.85%	29,725,100	0.69%	16,044,139	0.38%
Fisheries Business[5]	44,462,246	0.76%	31,945,400	0.74%	42,235,590	1.00%
Motor Fuel[5]	39,617,286	0.68%	28,834,020	0.67%	10,064,276	0.24%
Alcoholic Beverages[6]	38,730,319	0.66%	38,756,760	0.90%	38,496,361	0.91%
Commercial Passenger Vessel[4 and 5]	31,997,310	0.55%	44,205,582	1.02%	46,383,827	1.09%
Regulatory Cost Charges	9,796,244	0.17%	9,666,038	0.22%	9,040,301	0.21%
Oil & Gas Conservation Surcharge	9,670,333	0.16%	10,318,732	0.24%	11,131,929	0.26%
Seafood Marketing Assessment	8,622,211	0.15%	7,812,697	0.18%	8,874,778	0.21%
Vehicle Rental	8,280,292	0.14%	7,332,686	0.17%	8,044,944	0.19%
Salmon Enhancement	7,851,054	0.13%	4,877,106	0.11%	5,842,890	0.14%
Fishery Resource Landing[5]	7,083,988	0.12%	12,552,075	0.29%	10,962,929	0.26%
Large Passenger Vessel Gambling	5,764,962	0.10%	6,312,053	0.15%	6,286,467	0.15%
Gaming	2,537,686	0.04%	2,609,282	0.06%	2,834,640	0.07%
Seafood Development	2,143,116	0.04%	1,578,861	0.04%	1,385,482	0.03%
Electric Cooperative[5]	2,025,707	0.03%	2,038,375	0.05%	2,087,402	0.05%
Telephone Cooperative[5]	1,897,512	0.03%	2,046,583	0.05%	2,039,822	0.05%
Tire Fee	1,500,800	0.03%	1,427,771	0.03%	1,509,726	0.04%
Dive Fishery Management	603,219	0.01%	523,024	0.01%	391,183	0.01%
Salmon Marketing	0	0.00%	(11,781)	0.00%	0	0.00%
Estate	0	0.00%	(19,510)	0.00%	174,613	0.00%
Total	**$5,866,227,627**	**100.00%**	**$4,327,581,376**	**100.00%**	**$4,243,184,415**	**100.00%**

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

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

	FY 2011	% Fund	FY 2010	% Fund	FY 2009	% Fund
Constitutional Budget Reserve Fund						
Oil & Gas Production	$62,872,010	37.44%	$459,807,918	90.94%	$81,060,671	66.63%
Oil & Gas Corporate	30,851,341	18.37%	45,756,692	9.05%	40,029,318	32.91%
Mining	607,605	0.36%	48,116	.01%	557,958	0.46%
Oil & Gas Property	73,618,541	43.83%	0	0.00%	0	0.00%
Total CBRF	**$167,949,497**	**100.00%**	**$505,612,726**	**100.00%**	**$121,647,947**	**100.00%**
School Fund	**$23,155,813**	**100.00%**	**$23,440,125**	**100.00%**	**$23,127,219**	**100.00%**
Alcohol and Other Drug Abuse Treatment and Prevention Fund	**$19,362,716**	**100.00%**	**$19,231,568**	**100.00%**	**$18,968,874**	**100.00%**
Regional Cruise Ship Impact Fund	**$8,757,054**	**100.00%**	**$11,006,316**	**100.00%**	**$11,592,602**	**100.00%**
Tobacco Use Education and Cessation Fund	**$3,361,917**	**100.00%**	**$3,403,221**	**100.00%**	**$3,356,490**	**100.00%**

Figure 2 - Tax Returns Filed



Total Tax Returns Filed 29,275

Oil and Gas	**1016**
Production	34
Corporate Income	107
Property	875
Other Corporate Income	**16223**
Motor Fuel	**3206**
Tobacco	**1087**

Alcoholic Beverages	**650**
Fisheries Business	**671**
Other Fisheries	**1517**
Salmon Enhancement	895
Seafood Marketing	266
Seafood Development	220
Fishery Resource Landing	78
Dive Fishery Management	58

Mining	**715**
Gaming*	**3218**
Other	**972**
Vehicle Rental	473
Tire Fee	332
CPV Excise	131
Electric Cooperative	18
Telephone Cooperative	12
LPV Gambling	6

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

2011 Legislation

SB 84 (Ch 7 FSSLA 11) – Education Tax Credit.

This legislation extended the expiration date of the $5 million annual credit limit from January 1, 2014 to January 1, 2021, and expanded the type of contributions eligible for the credit.

Cash contributions to the following now qualify for the Education Tax Credit:

- For an annual intercollegiate sports tournament by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association
- For Alaska Native cultural or heritage programs provided by a nonprofit agency for educational support, including mentoring and tutoring, to in-state grades K – 12 public school staff and students
- For education, research, rehabilitation, and facilities by an in-state institution that qualifies as a coastal ecosystem learning center under the Coastal American Partnership that provides education, research and rehabilitation

This legislation became effective on July 1, 2011.

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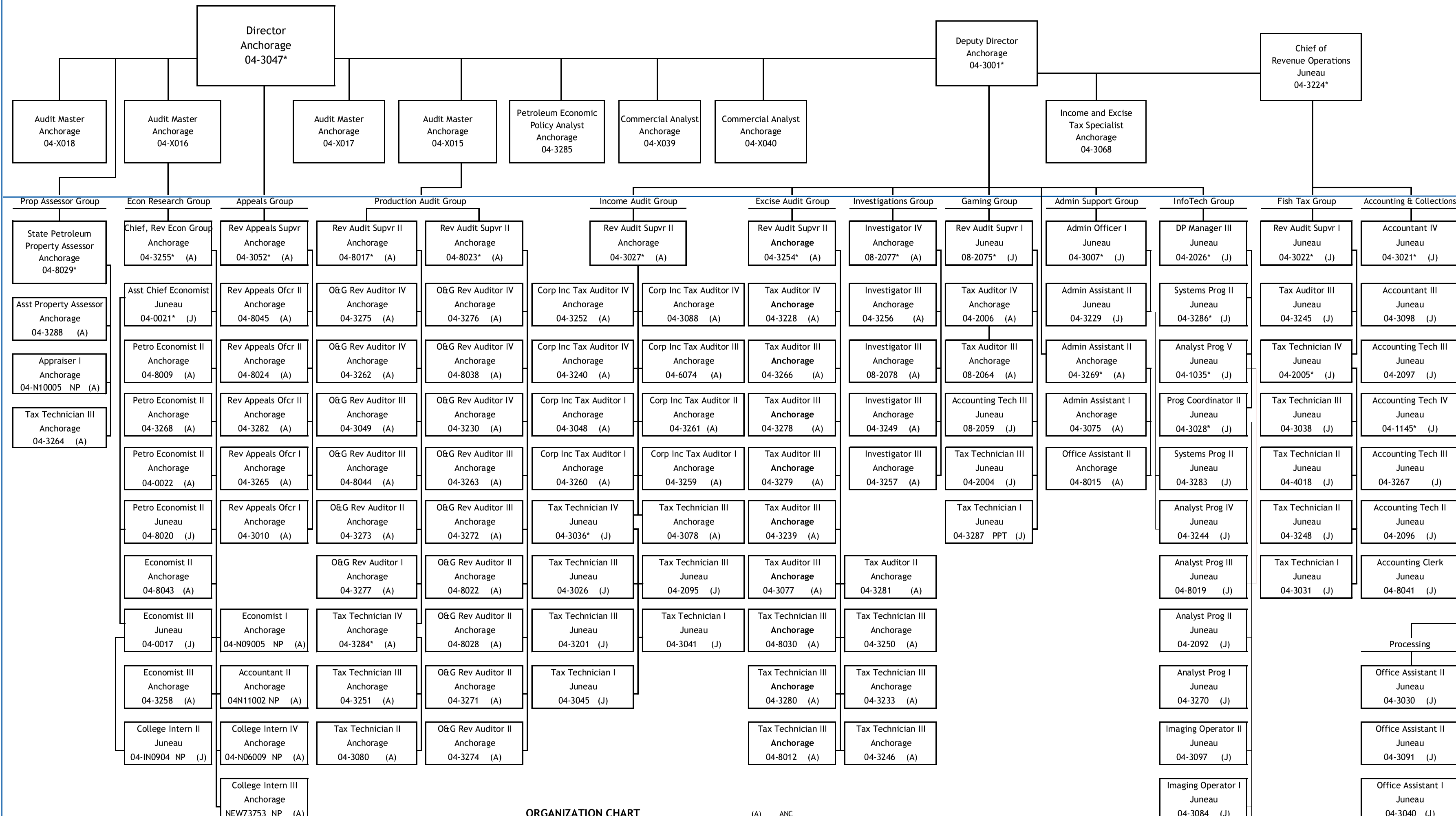

ORGANIZATION CHART
Tax Division, Department of Revenue
June 30, 2011

(A)	ANC
(J)	JUN
*	SPVR
(N)	NP

	PFT	PPT	NP	TOTAL
ANC	79	0	5	84
JUN	44	1	2	47
	123	1	7	131

Division Functions

During FY 2011, the Tax Division was staffed by 123 full-time and 8 non-permanent or college intern positions. The Division's FY 2011 operating budget was $14.9 million.

The Division is organized according to the functional groups of Accounting and Collections, Appeals, Income Tax, Excise Tax, Oil & Gas Production Tax, Economic Research, Fisheries Tax, Gaming, Investigations, Oil and Gas Property Tax and the support groups of Administrative Support and Information Technology.

Operations

Overview
The Division maintains offices in both Juneau and Anchorage.

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

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

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

The Tax Division's FY 2011 operating budget was $14.9 million.

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

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

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

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

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

The Division publishes an annual shared tax report which summarizes the amounts shared with each community. The annual report is

The Gaming group publishes an annual report that is available at www.tax.alaska.gov.

available online at www.tax.alaska.gov. This report includes information regarding the shared taxes and fees program.

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

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

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

- **Corporate Income**

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

The group's examination section receives and examines corporation, partnership and other informational returns and assists with updating corporate tax return forms to reflect changes in federal and Alaska tax laws.

The unit conducts compliance activities such as securing returns from businesses and individuals required to file tax returns, comparing internal data with information from external agencies (IRS and Alaska Department of Commerce, Community and Economic Development) to identify potential taxpayers, and following up on compliance leads from internal and external sources.

- **Excise Taxes**

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

- **Fish**

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

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

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

The unit also administers the salmon production and wholesale salmon price report program, examines reports filed by large processors and publishes:

1) tri-annual price reports,
2) annual price reports, and
3) annual production reports.

• Oil & Gas Production Tax
The Oil and Gas Production Tax unit examines and audits oil and gas production tax returns and tax credit certificate applications. The unit is responsible for assessing additional tax due, issuing tax credits for exploration, credits for capital expenditures and credits for certain losses. Cash purchases of eligible tax credit certificates are processed by this unit. Each quarter, the unit calculates prevailing values for gas produced from the Cook Inlet and from the Alaska North Slope. Monthly data collected by the unit includes current oil and gas sales contracts and invoices; lease expenditure data; joint interest billings; and production data. These data are used in audits and economic analyses. The unit also issues Advisory Bulletins on oil and gas matters and regulatory interpretations, and assists in development and drafting of regulations.

Economic Research
The Economic Research group is responsible for monitoring and forecasting state revenues. The unit monitors state and national economic conditions, national and international oil markets, and conducts research needed to anticipate economic and business trends that affect state tax revenue.

Economic Research manages the publication of the Revenue Sources Book, an annual publication that contains historical and forecasted revenue information to assist the governor and legislature in developing the state's budget. The book is available at www.tax.alaska.gov. The team of economists uses a series of highly complex economic and revenue models, and works with other state agencies to compile information for the publication.

In addition to the Revenue Sources Book, the Economic Research group produces official revenue forecasts each spring to provide revised information as budgets are being finalized. Also, the group provides monthly updates on the state's cash flow and comparisons to the latest official revenue forecast to provide the most up-to-date information.

The Economic Research group also publishes important oil and gas data including average Alaska North Slope crude oil, and natural gas prices and production.

Economic Research monitors trends in interstate and intrastate oil and gas pipelines and marine transportation costs. The group produces forecasts of tariffs for the state's feeder pipelines, the Trans-Alaska oil pipeline, and marine transportation costs. The group also assists in economic analysis for valuation of oil and gas pipelines for property tax purposes.

The Economic Research group analyzes, evaluates, and makes recommendations on potential changes to the state's tax structure and fiscal system. The economists prepare and manage comprehensive economic models to estimate the fiscal impact of changing taxes on different stakeholder groups including the state, local and federal government, and the taxpayers.

The Economic Research group responds to legislative requests on revenue related issues including preparation and presentation of fiscal notes projecting the costs and revenues. The group also responds to requests from the administration, taxpayers, and the public on revenue related issues. The group serves as an interface for the state with the media on issues related to state revenue, oil and gas prices, and oil and gas production.

The Economic Research group publishes a Revenue Sources Book that is available at www.tax.alaska.gov.

The Investigations group investigates and inspects gaming operations and tobacco distributors and retailers.

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

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

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

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

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

Investigations
The unit investigates leads of potential violations within all tax programs administered by the Division. The primary focus of the unit is on gaming and tobacco tax investigations through field inspections. The group investigates and inspects gaming operations and tobacco distributors and retailers.

Oil & Gas Property Tax
The Oil and Gas Property Tax unit conducts appraisals on all oil and gas related property in the State of Alaska. It also performs compliance and collection functions, and processes oil and gas property tax returns.

Audits and appraisals conducted by the unit are typically highly specialized valuations. Engineering and appraisal experts assist under contract as needed.

Figure 3 - Revenue Collections Detail

Listed in order of total amount FY 2011 total receipts
All receipts are General Fund unless otherwise designated

TAX TYPE	FY 2011	FY 2010	FY 2009
Oil and Gas Production and Surcharges			
General Fund			
Production	$4,543,230,494	$2,860,701,557	$3,100,822,618
Conservation Surcharge	9,670,333	10,318,732	11,131,929
Total Receipts - General Fund	**4,552,900,827**	**2,871,020,238**	**3,111,954,547**
Constitutional Budget Reserve Fund - CBRF	**62,872,010**	**459,807,918**	**81,060,671**
Total Receipts - All Funds	**$4,615,772,837**	**$3,330,828,207**	**$3,193,015,218**
Oil & Gas Corporate Income Tax			
General Fund			
Tax	$542,519,052	$376,719,507	$490,834,210
Penalties and Interest	50,851	71,199,752	2,740,981
Gas Exploration and Development Credit	*****	(1,347,938)	(963,963)
Alaska Education Credit	(455,000)	(451,500)	(395,750)
Total Receipts - General Fund	**542,114,903**	**446,119,821**	**492,215,478**
Constitutional Budget Reserve Fund - CBRF	**30,851,341**	**45,756,692**	**40,029,318**
Total Receipts - All Funds	**$572,966,245**	**$491,876,513**	**$532,244,796**
Oil and Gas Property Tax			
General Fund			
Property Tax	$476,951,412	$497,474,575	$441,695,314
Credit for Municipal Taxes Paid	(366,315,482)	(378,706,246)	(330,480,123)
Total Receipts - General Fund	**110,635,930**	**118,768,329**	**111,215,191**
Constitutional Budget Reserve Fund - CBRF	**73,618,541**	**0**	**0**
Total Receipts - All Funds	**$184,254,471**	**$118,768,329**	**$111,215,191**
Other Corporate Income Tax			
Tax	147,303,831	$76,760,863	$118,285,179
Penalties and Interest	11,457,715	5,594,174	3,317,809
Alaska Education Credit	(1,084,939)	(414,475)	(668,183)
Total Receipts - General Fund	**$157,676,608**	**$81,910,562**	**$120,934,805**

*****: **This catagory represents too few taxpayers and is not available for disclosure per AS 43.05.230**

Figure 3 - Revenue Collections Detail

Listed in order of total amount FY 2011 total receipts
All receipts are General Fund unless otherwise designated

TAX TYPE	FY 2011	FY 2010	FY 2009
Tobacco Tax			
Cigarette	$61,637,410	$61,879,232	$63,000,237
Tobacco Products	11,686,212	10,384,508	10,242,503
Penalties and Interest	86,950	72,877	211,593
Cigarette License Fees	4,750	6,000	$6,375
Deductions and Stamp Discounts	(359,925)	(356,974)	(385,673)
Total Receipts	**73,055,396**	**71,985,643**	**73,075,035**
School Fund*	(23,155,813)	(23,440,125)	(23,127,219)
Tobacco Use Education and Cessation Fund	(3,361,917)	(3,403,221)	(3,356,490)
Amount Retained in General Fund	**$46,537,666**	**$45,142,297**	**$46,591,326**
* All cigarette license fees are included in this amount.			
Commercial Passenger Vessel Excise Tax			
Tax	$31,986,662	$44,025,266	$46,370,407
Penalties and Interest	10,649	180,316	13,420
Total Receipts	**$31,997,310**	**44,205,582**	**46,383,827**
Taxes shared to municipalities	(9,145,743)	(10,086,943)	(9,909,573)
Amount transferred to Regional Cruise Ship Impact Fund - this is a state fund	(8,757,054)	(11,006,316)	(11,592,602)
Amount Retained in General Fund	**$14,094,513**	**$23,112,323**	**$24,881,653**
Alcoholic Beverages Tax			
Liquor	$19,944,505	$19,394,015	$18,609,636
Beer	12,106,069	12,832,923	12,971,806
Wine	5,564,705	5,332,658	5,512,824
Beer qualifying for reduced tax rate	1,105,372	1,003,157	914,888
Penalties, Interest and Refunds	9,669	194,007	487,207
Total Receipts	**38,730,319**	**$38,756,760**	**$38,496,361**
Amount transferred to Alcohol and Other Drug Abuse Treatment and Prevention Fund	(19,362,716)	(19,231,568)	(18,968,874)
Amount Retained in General Fund	**$19,367,603**	**$19,525,192**	**$19,527,487**

Figure 3 - Revenue Collections Detail

Listed in order of total amount FY 2011 total receipts
All receipts are General Fund unless otherwise designated

TAX TYPE	FY 2011	FY 2010	FY 2009
Fisheries Business Tax			
Established			
Shore-based	$32,930,706	$22,769,614	$30,223,448
Floating	6,337,078	5,045,905	6,809,487
Cannery	6,347,450	4,792,527	5,069,742
Developing			
Shore-based	53,585	44,158	48,357
Floating	340	1,037	249
Total Tax	**45,669,159**	**32,653,241**	**42,151,283**
Prepayments	1,314,972	3,612,603	3,523,354
Penalties and Interest	157,442	313,438	311,942
License Fees	12,475	13,250	13,500
Less Credits			
Winn Brindle	(184,817)	(123,060)	(192,792)
Alaska Education	(449,730)	(450,000)	(450,000)
Salmon Product Development	(2,057,255)	(4,074,071)	(3,121,697)
Total Receipts	**44,462,246**	**31,945,400**	**42,235,590**
Fisheries Business Tax Shared			
Direct to Municipalities	(22,216,898)	(16,255,158)	(21,304,498)
DCCED* Municipal Allocation	(2,153,491)	(1,686,964)	(1,635,638)
Amount Retained by State	**$20,091,857**	**$14,003,278**	**$19,295,454**

* Department of Commerce, Community and Economic Development

TAX TYPE	FY 2011	FY 2010	FY 2009
Mining License Tax			
General Fund			
Tax Before Credits	$50,085,541	$29,673,039	$15,486,880
Penalties and Interest	(34,164)	98,416	
Mineral Exploration Incentive Credit	(949,466)	0	(699)
Alaska Education Credit	(121,397)	(94,471)	0
Total Receipts - General Fund	**48,980,514**	**29,676,984**	**15,486,181**
Constitutional Budget Reserve Fund (CBRF)	**607,605**	**48,116**	**557,958**
Total Receipts - All Funds	**$49,588,119**	**$29,725,100**	**$16,044,139**

Figure 3 - Revenue Collections Detail

Listed in order of total amount FY 2011 total receipts
All receipts are General Fund unless otherwise designated

TAX TYPE	FY 2011	FY 2010	FY 2009
Motor Fuel Tax			
Highway	$29,878,551	$23,427,554	$6,892,576
Marine	5,199,186	2,092,010	2,320,266
Jet	3,885,642	2,947,084	586,000
Aviation	578,541	337,014	235,849
Total Tax *	39,541,920	28,803,662	10,034,691
Penalties and Interest	75,366	30,358	29,585
Total Receipts	**39,617,286**	**28,834,020**	**10,064,276**
Aviation Tax Shared	(142,478)	(130,566)	(144,101)
Amount Retained by State	**$39,474,808**	**$28,703,454**	**$9,920,175**
* Motor fuel tax was suspended for the period September 1, 2008 through August 31, 2009			
Fishery Resource Landing Tax			
Tax Before Credits	$10,141,719	$10,701,244	$11,003,129
Penalties, Interest and Refunds	(1,725,434)	3,563,499	93,042
Less Credits			
Alaska Education Credit	(798,000)	(948,000)	(150,000)
CDQ Contributions	(534,297)	(764,668)	16,758
Total Receipts	**7,083,988**	**12,552,075**	**10,962,929**
Fishery Resource Landing Tax Shared			
Direct to Municipalities	(3,176,680)	(3,542,908)	(4,572,051)
DCCED* Municipal Allocation	(1,252,767)	(752,016)	(1,725,481)
Amount Retained by State	**$2,654,541**	**$8,257,151**	**$4,665,397**
* Department of Commerce, Community and Economic Development			
Regulatory Cost Charges			
Total Receipts	**$9,796,244**	**$9,666,038**	**$9,040,301**
Seafood Marketing Assessment			
Fisheries Business	$6,961,962	$5,350,686	$6,740,918
Fishery Resource Landing	1,660,249	2,462,011	2,133,860
Total Receipts	**$8,622,211**	**$7,812,697**	**$8,874,778**

Figure 3 - Revenue Collections Detail

Listed in order of total amount FY 2011 total receipts
All receipts are General Fund unless otherwise designated

TAX TYPE	FY 2011	FY 2010	FY 2009
Vehicle Rental Tax			
Passenger	$7,836,341	$7,011,525	$7,626,372
Recreational	339,191	301,603	364,153
Penalties and Interest	104,760	19,558	54,419
Total Receipts	**$8,280,292**	**$7,332,686**	**$8,044,944**
Large Passenger Vessel Gambling Tax			
Tax	$5,667,463	$6,309,939	$6,286,467
Penalties and Interest	97,499	2,114	0
Total Receipts	**$5,764,962**	**$6,312,053**	**$6,286,467**
Salmon Enhancement Tax			
Tax by Aquacultural Region			
Southern Southeast	$1,717,587	$1,438,151	$1,141,446
Northern Southeast	1,711,943	1,232,922	1,771,256
Prince William Sound	2,980,774	894,977	1,757,181
Kodiak	534,098	743,241	571,342
Cook Inlet	609,547	374,389	434,733
Chignik	288,397	201,001	165,039
Total Tax	7,842,346	4,884,681	5,840,997
Penalties and Interest	8,708	(7,575)	1,893
Total Receipts	**$7,851,054**	**$4,877,106**	**$5,842,890**
Gaming Tax and Fees			
Pull-Tab Tax	$1,985,902	$2,144,998	$2,241,650
Net Proceeds Fee	406,734	320,149	458,612
License and Permit Fees	145,050	144,135	134,378
Total Receipts	**$2,537,686**	**$2,609,282**	**$2,834,640**

Figure 3 - Revenue Collections Detail

Listed in order of total amount FY 2011 total receipts
All receipts are General Fund unless otherwise designated

TAX TYPE	FY 2011	FY 2010	FY 2009
Telephone Cooperative Tax			
Total Receipts	**$1,897,512**	**$2,046,583**	**$2,039,822**
Taxes shared	(1,769,193)	(1,931,256)	(1,931,876)
Amount Retained by State	**$128,318**	**$115,327**	**$107,946**
Electric Cooperative Tax			
Total Receipts	**$2,025,707**	**$2,038,375**	**$2,087,402**
Taxes shared	(1,994,349)	(2,009,002)	(2,057,093)
Amount Retained by State	**$31,357**	**$29,373**	**$30,309**
Seafood Development Assessment			
Tax by Development Region			
Bristol Bay (Drift Gillnet)	$1,575,461	$1,251,268	$1,066,270
Prince William Sound (Drift Gillnet)	549,133	317,460	315,862
Prince William Sound (Set Gillnet)	15,439	9,772	2
Penalties and Interest	3,083	361	3,348
Total Receipts	**$2,143,116**	**$1,578,861**	**$1,385,482**
Tire Fee			
Non-Studded	$1,081,406	$1,034,158	$1,062,455
Studded	412,186	392,349	444,750
Penalties and Interest	7,208	1,264	2,521
Total Receipts	**$1,500,800**	**$1,427,771**	**$1,509,726**
Dive Fishery Management Assessment			
Total Receipts *	**$603,219**	**$523,024**	**$391,183**
* All receipts are derived from Southeast Alaska Management Area A			
Estate Tax			
Total Receipts	**$0**	**$(19,510)**	**$174,613**
Salmon Marketing Tax[1]			
Tax	$0	$(5,933)	$22
Penalties and Interest	0	(5,848)	0
Total Receipts	**$0**	**$(11,781)**	**$22**

[1]Repealed effective January 1, 2005

Figure 4 - Program Revenue and Cost Detail

Sorted by Revenue	FY 2011 Statistics		FY 2011 Program		FY 2011 Per FTE	
	Returns	Revenue	Cost[1]	FTE[2]	Revenue	Cost
Program						
Oil & Gas Production[3]	34	$4,615,772,837	$4,742,963	35.1	$131,503,500	135,127
Oil & Gas Corporate Income[4]	107	572,966,245	782,701	7.2	79,578,645	108,708
Oil and Gas Property	875	184,254,471	672,877	5.2	35,433,552	129,399
Other Corporate Income	16,223	157,676,608	3,187,328	31.0	5,086,342	102,817
Tobacco	1,087	73,055,396	897,344	8.6	8,494,813	104,342
Mining License[5]	715	49,588,119	823,227	7.5	6,611,749	109,764
Fisheries Business	671	44,462,246	654,148	6.2	7,171,330	105,508
Motor Fuel	3,206	39,617,286	575,759	5.5	7,203,143	104,683
Alcoholic Beverages	650	38,730,319	219,913	2.0	19,365,160	109,957
Commercial Passenger Vessel	131	31,997,310	115,510	1.0	31,997,310	115,510
Seafood Marketing Assessment	266	8,622,211	55,128	0.6	See Note 6	See Note 6
Vehicle Rental	473	8,280,292	311,304	3.9	2,123,152	79,822
Salmon Enhancement	895	7,851,054	126,373	1.4	5,607,896	90,266
Fishery Resource Landing	78	7,083,988	190,897	2.0	3,541,994	95,449
Large Passenger Vessel Gambling	6	5,764,962	72,992	0.7	See Note 6	See Note 6
Gaming	3,218	2,537,686	1,306,722	11.1	228,620	117,723
Seafood Development	220	2,143,116	38,192	0.4	See Note 6	See Note 6
Electric Cooperative	18	2,025,707	1,594	<.1	See Note 6	See Note 6
Telephone Cooperative	12	1,897,512	1,594	<.1	See Note 6	See Note 6
Tire Fee	332	1,500,800	128,332	1.3	1,154,462	98,717
Dive Fishery Management	58	603,219	23,100	0.3	See Note 6	See Note 6
Total	**29,275**	**$5,856,431,384**	**$14,927,998**	**131.0**	**$44,705,583** [7]	**$113,954** [7]

[1]Based on operating costs of the Tax Division.

[2]Full-time Equivalent staff positions.

[3]Includes oil and gas conservation surcharge revenue of $9,670,333; surcharges are reported on oil & gas production returns. Includes Constitutional Budget Reserve Fund receipts of $62,872,010.

[4]Includes Constitutional Budget Reserve Fund receipts of $30,851,341.

[5]Includes Constitutional Budget Reserve Fund receipts of $607,605.

[6]Combined program revenues ($21,056,727) and costs ($192,600) required approximately 2.0 FTE.

[7]Reflects total revenue and total cost divided by FTE.

Figure 5 - Revenue Collected from Assessments

Program	Audit	Exam	Total
Oil and Gas Production	$82,370,453	$0	$82,370,453
Oil and Gas Property	73,585,814	0	73,585,814
Oil and Gas Corporate Income	30,851,341	0	30,851,341
Corporate Income	27,206,239	1,963,865	29,170,104
Fisheries Business	580,156	54,528	634,684
Mining	0	607,605	607,605
Commercial Passenger Vessel Excise	8,184	476,054	484,238
Tobacco	0	318,283	318,283
Motor Fuel	210	229,549	229,759
Fishery Resource Landing	0	82,837	82,837
Vehicle Rental	6,577	62,022	68,599
Seafood Marketing	0	60,710	60,710
Large Passenger Vessel Gambling	0	53,595	53,595
Salmon Enhancement	0	17,314	17,314
Charitable Gaming	0	10,472	10,472
Alcoholic Beverage	0	10,411	10,411
Dive Fisheries	0	7,869	7,869
Estate	0	0	0
Telephone/Electric Co-ops	0	0	0
Salmon Marketing	0	0	0
Tire Fee	43,279	(58,154)	(14,875)
Seafood Development	0	(17,160)	(17,160)
Total	**$214,652,253**	**$3,879,799**	**$218,532,052**

Fifty percent of taxes on alcoholic beverages is available to fund alcohol and drug abuse treatment programs.

Alcoholic Beverages Tax AS 43.60

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

Rates

Product	Rate Per Gallon
Liquor (more than 21% alcohol)	$12.80
Wine (21% alcohol or less)	$2.50
Beer (malt beverages and cider)	$1.07
Beer (small breweries)	$0.35

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

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

Disposition of Revenue
The Division deposits all alcoholic beverage tax revenue into the General Fund. The Department of Administration separately accounts for 50 percent of the tax collected and deposits it into the Alcohol and Other Drug Abuse Treatment and Prevention Fund.

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

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

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

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

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

Liquor	Per Gallon
1937	$0.50
1941	$1.00
1945	$1.60
1946	$2.00
1947	$3.00
1957	$3.50
1961	$4.00
1983	$5.60
2002	$12.80

Wine	Per Gallon
1933	$0.05
1937	$0.15
1947	$0.25
1957	$0.50
1961	$0.60
1983	$0.85
2002	$2.50

Beer (Malt Beverages)	Per Gallon
1933	$0.05
1947	$0.10
1957	$0.25
1983	$0.35
2002	$1.07

Beer (Small Breweries)	Per Gallon
2002	$0.35

FY 2011 Statistics

Product	Gallons	Tax Collected
Liquor	1,558,166	$19,944,505
Beer, Malt Beverage & Cider	11,308,097	12,106,069
Wine	2,225,911	5,564,705
Beer, Small Brewery	3,165,185	1,105,372
Penalties, Interest and Refunds	N/A	9,669
Total Tax Collected	**18,257,359**	**38,730,319**

Transferred to Alcohol and Other Drug Abuse Treatment and Prevention Fund	(19,362,716)
Total Tax Collections – General Fund	**$19,367,603**
Number of Returns	650
Number of Taxpayers	47
Program Cost	$219,913
Staffing (full-time equivalent)	2.0

Significant changes were made to the CPV tax during the 2010 legislative session

Commercial Passenger Vessel (CPV) Excise Tax AS 43.52.200 – 295

Description

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

Rate

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

Returns

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

Exemptions

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

Disposition of Revenue

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

The Division transfers 25% of the revenue deposited in the CVP Tax Account into a Regional Cruise Ship Impact Fund, a sub-account of the CVP Tax Account.

History

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

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

FY 2011 Statistics	
Tax Collections	$31,997,310
Number of Returns	131
Number of Taxpayers	14
Program Cost	$115,510
Staffing (full-time equivalent)	1.0

Corporate income is taxed at graduated rates ranging from 1 percent to 9.4 percent.

Corporate Income Tax AS 43.20

Description

Alaska levies a corporate income tax on Alaska taxable income.

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

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

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

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

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

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

Rate

Alaska taxes corporate income at graduated rates ranging from 1 percent to 9.4 percent divided over 10 tax brackets.

Returns and Payments

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

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

Exemptions

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

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

Alaska treats Limited Liability Companies (LLCs) as partnerships if they file as partnerships federally. Electric and telephone cooperatives pay tax under AS 10.25 and are exempt from the corporate income tax.

Credits

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

Education - Taxpayers that contribute to Alaska two-year or four-year universities or colleges for direct instruction, research or educational support purposes or school district/ state-operated vocational technical education and training schools may claim a tax credit for 50% of the first $100,000, 100% of the contribution over $100,000 and up to $300,000 and 50% of the remaining amount over $300,000. The total allowable credit may not exceed $5 million.

Minerals Exploration Incentive - Taxpayers may claim 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 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 the lesser of 50%of the taxpayer's mining license tax liability or 50% of its corporate tax liability.

Oil and Gas Exploration Incentive - Taxpayers may take a credit for up to 50% on state land (or 25% on non - state lands) 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. Taxpayers may apply the credit against 100% of corporation net income taxes due.

Gas Exploration and Development - Taxpayers may take a corporate income tax credit for 10% of qualifying expenditures incurred in exploration and development of natural gas reserves in Alaska, except for the North Slope. The credit may be applied against 50% of the tax liability. Beginning 1/1/2010 this credit is increased to 25% and it may be applied against 75% of the tax liability.

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

Film Production - Taxpayers may take a credit for certain expenses incurred in producing films in Alaska. The credit varies from 30% to 44% and is administered by the Alaska Department of Commerce, Community, and Economic Development (DCCED) in cooperation with the Department of Revenue. This credit may be transferred.

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

History

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

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

A voter initiative passed in August 2006 subjects cruise ship operators to the Alaska corporate income tax.

income among the states where the taxpayer does business.

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

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

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

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

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

1987 - The legislature enacts the Alaska Education Credit.

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

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

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

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

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

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

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

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

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

FY 2011 Statistics

Oil and Gas Corporate Returns	
Number of Returns	107
Number of Taxpayers	33
Program Cost	$782,701
Staffing (full-time equivalent)	7.2
Other than Oil and Gas Corporate Returns	
Number of Returns	16,223
Number of Taxpayers	13,664
Program Cost	$3,187,328
Staffing (full-time equivalent)	31.0
Total - All Returns	
Number of Returns	16,330
Number of Taxpayers	13,697
Program Cost	$3,970,029
Staffing (full-time equivalent)	38.2

Figure 6 - Corporations Filing Activity

Fiscal Year	FY 2011	FY 2010	FY 2009
Total Returns Filed	16,330	16,648	15,092

Detail of FY 2011 Filing Activity

Entity Type	Original	Amended	NOL[1]	Total
Subchapter C	5,513	884	220	6,617
Subchapter S	8,547	10	5	8,562
Exempt	164	8	7	179
Homeowners Assoc.	632	3	0	635
Other[2]	178	52	0	230
Total Non Oil & Gas	**15,034**	**957**	**232**	**16,223**
Oil & Gas	26	78	3	107
Grand Total	**15,060**	**1,035**	**235**	**16,330**

	Taxpayers
Non Oil and Gas	**13,664**
Oil and Gas	**33**

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

Figure 7 - Corporate Income Tax Liabilities Statistics – Original Returns

	Oil and Gas Corporations			Other than Oil and Gas Corporations			All Corporations		
Tax Liability Reported	**# Filers**	**Amount**	**% Total**	**# Filers**	**Amount**	**% Total**	**# Filers**	**Amount**	**% Total**
Above $1 million	10	$305,730,424	99.91%	23	$65,025,269	62.92%	33	$370,755,693	90.57%
$500,000 - $1 million	0	0	0.00%	12	7,876,080	7.62%	12	7,876,080	1.92%
$100,000 - $499,999	1	105,555	0.03%	80	17,321,855	16.76%	81	17,427,410	4.26%
$50,000 - $99,999	1	55,618	0.02%	72	5,109,289	4.94%	73	5,164,907	1.26%
$10,000 - $49,999	3	92,908	0.03%	243	6,171,164	5.97%	246	6,264,072	1.53%
$1,000 - $9,999	1	7,766	0.00%	431	1,635,086	1.58%	432	1,642,852	0.40%
$100 - $999	1	216	0.00%	472	188,094	0.18%	473	188,310	0.05%
$1 - $99	0	0	0.00%	786	22,161	0.02%	786	22,161	0.01%
Zero Tax	9	0	0.00%	12903	0	0.00%	12,912	0	0.00%
Total	**26**	**$305,992,487**	**100.00**	**15,022**	**$103,348,998**	**100.00**	**15,048**	**$409,341,485**	**100.00**

Note: This figure shows the amount of total tax liability as reported on original corporate income tax returns filed during FY 2011. The Tax Division accounts for, and reports revenue based on receipt date of payments. Corporate taxpayers are required to make estimated tax payments throughout the year. Therefore, corporate income tax revenue reported in Figure 3 and this figure may be different. The difference between revenue reported in the two figures is due primarily to estimated tax payments received in a preceding or subsequent fiscal year.

The dive fishery management assessment is currently imposed in Southeast Alaska only.

Dive Fishery Management Assessment AS 43.76.150

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

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

Geoduck	7%
Sea Cucumber	5%
Sea Urchin	7%

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

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

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

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

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

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

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

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

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

2006 - Geoduck fishermen elected to continue the 7 percent assessment on geoducks after October 31, 2006.

FY 2011 Statistics	
Tax Collections	$603,219
Number of Returns	58
Number of Taxpayers	21
Program Cost	$23,100
Staffing (full-time equivalent)	0.3

Electric cooperatives pay the electric cooperative tax in lieu of corporate net income tax.

Electric Cooperative Tax
AS 10.25.555

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

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

Length	Rate Per kWh
Less than 5 years	.25 mill
5 years or longer	.5 mill
	(1 mill = $0.01)

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

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

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

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

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

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

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

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

FY 2011 Statistics	
Tax Collections	$2,025,707
Number of Returns	18
Number of Taxpayers	18
Program Cost	$1,594
Staffing (full-time equivalent)	<.1

Note: Program Costs reflect the cost of the program. The amount retained by the state after sharing (Figure 3) represents prior year costs and unshared tax collected in the current year outside of an organized borough or incorporated city.

The state tax credit upon which the Alaska state tax is based was phased out by federal law. The Alaska estate tax no longer applies to estates of decedents whose date of death is January 1, 2005 or later.

Estate Tax
AS 43.31

Description
Alaska levies an estate tax 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 tax return.

Returns
State returns are required only for estates of decedents whose date of death was before January 1, 2005, and the estate has a federal filing requirement. Estates of decedents whose date of death is January 1, 2005 or later are not required to file a report.

Estate tax returns and payments are due 15 months from the decedent's date of death.

The tax payment 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 filing due date may be extended for up to 15 years.

Exemptions
Estates under $1.5 million were generally exempt from paying estate taxes prior to 2005, taking into consideration the estate tax credit (formerly the unified credit) allowed under the IRC.

Disposition of Revenue
The Division deposits all revenue derived from estate taxes into the General Fund.

History
1919 - The territorial legislature adopted a tax on inheritances and transfers of property from estates. Tax rates varied from 1 percent to 17.5 percent of the property's value.

1970 - The Alaska legislature enacted estate tax statutes currently in place. Estate tax statutes tie to the state credit allowed under IRC estate tax laws.

1991 - Interest on delinquent tax is subject to compound interest under AS 43.05.225.

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

The Fisheries Business Tax is Alaska's oldest tax, enacted in 1899.

Fisheries Business Tax AS 43.75

Description

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

Rate

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

Processing Activity

Established	Rate
Floating	5%
Salmon Cannery	4.5%
Shore-based	3%

Developing	Rate
Floating	3%
Shore-based	1%

Returns

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

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

Exclusion

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

Credits

Education - Taxpayers that contribute to Alaska two-year or four-year universities or colleges for direct instruction, research or educational support purposes or school district/state-operated vocational technical education and training schools may claim a tax credit for 50% of the first $100,000, 100% of the contribution over $100,000 and up to $300,000 and 50% of the remaining amount over $300,000. The total allowable credit may not exceed $5 million.

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

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

50% of the fisheries business tax collected is shared with incorporated cities and/or organized boroughs.

Disposition of Revenue

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

Processing Activity Inside Municipality

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

Processing Activity Outside Municipality

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

History

1899 - the U.S. Congress adopted a "salmon case" tax to fund fisheries-related activities in pre-territorial Alaska. The Organic Act passed in 1912 established an organized territorial government in Alaska. In 1913, the First Territorial Legislature adopted the "salmon pack" tax which applied to salmon canneries based on canned salmon (7 cents per case); and the "cold storage" tax which applied to other fisheries and was based on business receipts. Between 1913 and 1949, the legislature amended the tax several times by changing tax rates and expanding the tax base to include different fisheries.

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

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

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

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

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

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

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

The Alaska Legislature extended the Salmon Product Development credit in 2010 to end in December 2015.

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

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

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

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

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

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

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

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

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

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

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

2005 - Effective May 18, 2005, the legislature modified the surety and tax payment requirements for obtaining a fisheries business license. The legislature reduced the amount of surety bonding for small primary fish buyers from $10,000 to $2,000. The legislation also added requisites for obtaining a fisheries business license; before being issued a license, a fisheries business must

96% of the fisheries business licenses issued for 2011 were applied for online.

have fully paid (including penalties and interest) taxes administered by the Division, seafood marketing assessments, employment security contributions, OSHA penalties, and municipal fishery taxes.

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

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

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

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

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

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

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

FY 2011 Statistics

Fisheries Business Tax

Tax Collections and License Fees			$44,462,246
Including penalties, interest and credits.			
Fisheries Business Licenses Issued	**Online**	**Paper**	**Total**
Direct Marketer	220	12	232
Shore-based	157	6	163
Catch/Processor	47	1	48
Floating	37	0	37
Cannery	26	0	26
Exporter	17	0	17
Total	**504**	**19**	**523**
Number of Returns			671
Number of Taxpayers			441
Program Cost			$654,148
Staffing (full-time equivalent)			6.2

The majority of fishery resource landing tax revenues are derived from fish processed in the Bering Sea and landed in Unalaska.

Fishery Resource Landing Tax
AS 43.77

Description

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

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

Rate

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

Classification	Rate
Established	3%
Developing	1%

Returns

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

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

Exemptions

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

Credits

Education - Taxpayers that contribute to Alaska two-year or four-year universities or colleges for direct instruction, research or educational support purposes or school district/ state-operated vocational technical education and training schools may claim a tax credit for 50% of the first $100,000, 100% of the contribution over $100,000 and up to $300,000 and 50% of the remaining amount over $300,000. The total allowable credit may not exceed $5 million.

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

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

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

50% of the fishery resource landing tax collected is shared with incorporated cities and/or organized boroughs.

Disposition of Revenue

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

Landings Inside Municipality

The Division shares 50%of taxes from landings within a municipality with the respective municipalities in which landings occurred. If a municipality is within a borough, the Division divides the 50% shareable amount between the municipality and borough.

Landings Outside Municipality

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

History

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

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

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

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

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

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

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

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

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

Pollock and pacific cod are the two highest value fisheries reported by landing taxpayers.

vocational technical education and training school.

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

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

FY 2011 Statistics

Tax Collections	$7,083,988
Including penalties, interest and credits.	
Number of Returns	78
Number of Taxpayers	66
Program Cost	$190,897
Staffing (full-time equivalent)	2.0

Municipalities and qualified nonprofits may conduct certain gaming activities that benefit nonprofits in Alaska.

Gaming
AS 05.15

Description

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

To ensure that the appropriate level of public benefit is being derived, the Division:

1) issues permits to nonprofits;
2) licenses all operators and pull-tab distributors and manufacturers;
3) collects fees and taxes;
4) audits various permittees and licensees;
5) inspects gaming locations; and
6) investigates complaints.

The Division also provides education and orientation information to the public and to prospective permittees and licensees.

Rate

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

Permits

- $20 if an applicant did not have a permit during the preceding year or for an initial permit;
- $20 if an applicant had gaming gross receipts of less than $20,000 during the preceding year;
- $50 if an applicant had gaming gross receipts of $20,000 or more, but not exceeding $100,000 during the preceding year; and
- $100 if an applicant had gaming gross receipts exceeding $100,000 during the preceding year.

Licenses

- $500 for an operator license;
- $1,000 for a pull-tab distributor license; and
- $2,500 for a pull-tab manufacturer license.

Reports

The Division requires the following reports:

- Municipalities and qualified organizations file quarterly reports that are due the 45th day following each calendar quarter in which the permittee had gross receipts of $50,000 or more.
- Permittees file annual reports on a calendar year basis, accompanied with payment of the additional fee, if required under AS 05.15.020(b), by March 15th of the following year. Under this statute, if the gross receipts for the activities were $20,000 or more, an additional fee of 1% of the net proceeds received during the preceding year is due.
- Operators and multiple-beneficiary permittees file quarterly reports that are due on the last business day of the month following each calendar quarter. Annual reports for the calendar year are due no later than February 28 of the following year.
- Operators are required to submit a report to permittees monthly. The report must include a daily summary of activity conducted under the permit and an accounting of gross receipts, expenses and net proceeds for the month.
- Pull-tab manufacturers must report by the last business day of the month on each series of pull-tabs distributed in the preceding month.
- Distributors must collect a tax of 3% of an amount equal to the gross receipts less prizes awarded on each series of pull-tabs distributed. Distributors must report by the last business day of each month each pull-tab series distributed in the preceding month and pay the taxes collected.

Exemptions

There are no exemptions that apply to gaming.

Disposition of Revenue

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

History

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

1984 - The Department authorized pull-tabs by regulation.

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

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

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

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

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

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

2001 - The legislature added the Bristol Bay Native Corporation Education Foundation to the list of qualified organizations allowed to conduct “salmon classic” games of chance, effective January 1, 2002.

The Alaska Supreme Court in Botehlo v. Griffin, 25 P3d at 693 ruled that “Alaska’s gaming laws create the effective equivalent of a charitable trust” by requiring a portion of the money spent on gaming to benefit the public generally.

2002 - Effective January 1, 2003, the legislature added the Boys and Girls Club of the Kenai Peninsula to the list of qualified organizations allowed to conduct “mercury classic” games of chance.

2003 - Effective January 1, 2005, the legislature allows a permittee that conducts a contest of skill and awards more than $500,000 in prizes to the participants in that contest of skill, to exclude $500,000 in prizes awarded to those participants from the $1,000,000 maximum prize limitation.

2004 - The legislature authorized the Department of Revenue to issue permits for animal classic games, providing the animal classic was in existence prior to November 1, 2002, effective July 25, 2004.

2005 - The legislature authorized the Department of Revenue to issue permits for two new games of chance – “Calcutta pools” (related to amateur and professional sporting events) and a “crane classic” (the best guess of the time of arrival of the first Sandhill Crane to a particular place), effective September 5, 2005.

2008 - The legislature authorized broadcasting for dog mushers’ contests, charitable raffles and lotteries (in addition to fish derbies and classics that were previously authorized for broadcasting). The legislation recognizes the cabbage classic at the Giant Cabbage Weigh-off at the Alaska State Fair in Palmer operated by the Palmer Rotary Club as an authorized gaming activity. The legislation also raised the maximum award of non-bingo prizes that a permittee may award each year in self-conducted (without an operator) gaming activity from $1 million to $2 million. The legislation took effect July 18, 2008.

FY 2011 Statistics

Taxes and Fees Collected	$2,537,686
Program Cost	$1,306,722
Staffing (full-time equivalent)	11.1

Applications*	**Online**	**Paper**	**Total**
Permittees	497	697	1194
Operators	N/A	29	29
Multiple-beneficiary Permittees	4	13	17
Distributors	11	1	12
Manufacturers	7	2	9
Total Applications	**519**	**742**	**1,261**

N/A - Online application not available

Reports*	
Permittees	2,753
Operators	158
Multiple-beneficiary Permittees	90
Distributors	117
Manufacturers	100
Total Reports	**3,218**

* *Based on a calendar year.*
(Looking for all applications received during calendar year 2010)

The first year of LPV gambling tax collections was in FY 2008.

Large Passenger Vessel (LPV) Gambling Tax AS 43.35

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

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

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

Exemptions
There are no exemptions for the LPV gambling tax.

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

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

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

FY 2011 Statistics	
Tax Collections	$5,764,962
Number of Returns	6
Number of Taxpayers	5
Program Cost	$72,992
Staffing (full-time equivalent)	0.7

The mining license tax structure adopted in 1955 is still in place today.

Mining License Tax
AS 43.65

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

Rates

Mining Net Income	Rate
$0 - $40,000	No Tax
$40,001 - $50,000	$1,200 plus 3% over $40,000
$50,001 - $100,000	$1,500 plus 5% over $50,000
Over $100,000	$4,000 plus 7% over $100,000

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

Exemptions
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 that contribute to Alaska two-year or four-year universities or colleges for direct instruction, research or educational support purposes or school district/state-operated vocational technical education and training schools may claim a tax credit for 50% of the first $100,000, 100% of the contribution over $100,000 and up to $300,000 and 50% of the remaining amount over $300,000. The total allowable credit may not exceed $5 million.

Minerals Exploration Incentive - Taxpayers may claim a credit for eligible costs of exploration activities related to determining existence, location, extent, or quality of a locatable mineral or coal deposit. An approved exploration incentive credit may not exceed $20 million and must be applied within 15 tax years after the credit is approved. Application of the credit is limited to the lesser of 50% of the person's mining license tax liability related to the mining operation for which eligible mining costs were incurred or 50% of the person's total mining license tax liability for all mining operations.

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

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

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

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

to 1.75% for net income of more than $1 million.

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

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

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

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

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

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

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

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

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

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

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

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

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

FY 2011 Statistics

Tax Collections	
General Fund	$48,980,514
Constitutional Budget Reserve Fund	607,605
Total	**$49,588,119**
Number of Returns	715
Number of Taxpayers	525
Program Cost	$823,227
Staffing (full-time equivalent)	7.5

The motor fuel tax dates back to 1945 when the legislature imposed a tax of $0.01 per gallon on all motor fuel.

Motor Fuel Tax
AS 43.40

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

Rates

Fuel Type	Rate per Gallon
Highway	$0.08
Marine	$0.05
Aviation Gasoline	$0.047
Jet Fuel	$0.032

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

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

Refunds
$0.06 per gallon is refundable if fuel is used in a vehicle off-highway.

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

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

Exemptions
In addition to sales between qualified dealers, the following sales and use are exempt from motor fuel tax:
- Heating
- Federal, state, and local government agencies
- Foreign flights (jet fuel)
- Exports
- Charitable institutions
- Bunker fuel (residual fuel oil or #6 fuel oil)

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

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

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

Highway	Rate Per Gallon
1945	$0.01
1947	$0.02
1955	$0.05
1960	$0.07
1961	$0.08
1964	$0.07
1970	$0.08

Gasohol	Rate Per Gallon
1997	$0.08 / $0.02

($0.02 November through February where required)

Marine	Rate Per Gallon
1945	$0.01
1947	$0.02
1955	$0.05
1957	$0.02
1960	$0.03
1971	$0.04
1977	$0.05

Aviation Gasoline	Rate Per Gallon
1945	$0.01
1947	$0.02
1955	$0.03
1968	$0.04
1994	$0.047

Jet Fuel	Rate Per Gallon
1957	$0.015
1968	$0.025
1994	$0.032

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

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

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

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

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

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

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

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

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

FY 2011 Statistics

Tax Collections	
Highway	$29,878,551
Marine Fuel	5,199,186
Jet Fuel	3,885,642
Aviation Gasoline	578,541
Penalties & Interest	75,366
Total Receipts	39,617,286
Less Aviation Fuel Tax Shared	(142,478)
Total Amount Retained by State	**$39,474,808**

Motor Fuel Type	**Gallons**
Highway	353,986,500
Marine Fuel	102,211,935
Jet Fuel	127,251,416
Aviation Gasoline	12,424,653
Gasohol	(54,174)

*** Gallons noted may not compute if calculated as: Gallons X Tax Rate = Tax Collected Gallons are recorded on the tax return and calculated based on the return tax period, whereas tax collections are calculated based on the amount received within a time period, and may include payments or refunds from a previous tax period.*

Number of Returns	3,206
Number of Taxpayers	225
Program Cost	$575,759
Staffing (full-time equivalent)	5.5

The Oil conservation surcharge revenues fund a hazardous substance release emergency fund.

Oil Conservation Surcharges AS 43.55.201/300

Description

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

Rate and Disposition of Revenue

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

- Conservation Surcharge (AS 43.55.201) of $0.01 per barrel. Revenue derived from this surcharge may be appropriated to the response account in the oil and hazardous substance release prevention and response fund.
- Additional Conservation Surcharge (AS 43.55.300) or $0.04 per barrel. Revenue derived from this additional surcharge may be appropriated to the oil and hazardous substance release prevention account in the oil and hazardous substance release prevention and response fund.

History

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

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

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

FY 2011 Statistics

Tax Collections	$9,670,333
Number of Returns*	
Number of Taxpayers*	

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

Oil and Gas Production Tax AS 43.55

Description

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

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

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

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

The ACES legislation provides for audit masters who are exempt from the state classified pay scale. In FY 2009, the Division employed three audit masters in the oil and gas production tax group. The law also extended the length of time the auditors have to complete production tax audits from three to six years. The department expects that these two provisions will enable the state to be more thorough in its audits of oil and gas production tax returns.

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

Work on regulations began December 2007 and is on-going. The Division has implemented regulations regarding: the calculation of prevailing value for gas produced from the North Slope; taxpayers' monthly information reporting requirements; mid-year changes; civil penalties; overall conforming changes; Cook Inlet & Gas allocations; lease expenditures; overhead; .025 credits; transportation; and AGIA qualifications.

Throughout the year, tax credit forms were updated to reflect the changes made with the implementation of ACES.

The Alaska Legislature amended the oil and gas production tax with passage of ACES legislation in a special session ended November 2007.

Rate

The base tax rate is 25% of the production tax value per BTU equivalent barrel of taxable oil and gas. When the average monthly production tax value is more than $30 per barrel, but not more than $92.50, there is an additional 0.4% progressive tax for each additional dollar of production tax value per barrel. When the average monthly production tax value exceeds $92.50 per barrel, the progressive tax rate is the sum of 25% and 0.1% of the difference between the average monthly production tax value and $92.50. The maximum tax may not exceed 75%.

Returns

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

In 2006, the filing requirement for the oil and gas production tax changed from monthly to calendar year. Taxpayers are required to make monthly estimated payments.

Exemptions

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

Credits

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

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

Education - AS 43.55.019 - Taxpayers that contribute to Alaska two-year or four-year universities or colleges for direct instruction, research or educational support purposes or school district/state-operated vocational technical education and training schools may claim a tax credit for 50% of the first $100,000, 100% of the contribution over $100,000 and up to $300,000 and 50% of the remaining amount over $300,000. The total allowable credit may not exceed $5 million.

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

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

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

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

Oil and Gas Production Tax revenue received as a consequence of an assessment or litigation is deposited in the Constitutional Budget Reserve Fund.

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

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

Alternative Credit for Exploration - AS 43.55.025 - Taxpayers that incur qualified exploration expenditures are eligible for this credit, which is 30% (20% for work performed prior to July 1, 2008) or 40%, depending on the qualifications of the exploration project. Taxpayers must obtain pre-approval from and submit certain data to the Department of Natural Resources as part of the application process. Credit applications under AS 43.55.025 are audited prior to issuance of the credit certificates. Certificates must be eventually issued, but the credit may also be applied to tax prior to the issuance of a certificate.
Note that this credit has been available since 2003 - pre-dating the oil and gas tax law revisions of 2006 and 2007. The scope of this credit is more specific than that provided for under AS 43.55.023.

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

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

Cash Purchases of Tax Credit Certificates - AS 43.55.028 - Effective January 1, 2008, a tax credit fund was established so that the State may purchase certain tax credit certificates from oil and gas taxpayers. Taxpayers make written application to the Department for cash purchases, in whole or in part, of tax credit certificates. The Department reviews the applications for compliance with the requirements set forth in AS 43.55.028(e).

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

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

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

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

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

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

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

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

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

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

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

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

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

2005 - To expand the tax credit for exploration enacted the previous year, the deadline was extended until July 1, 2010 for qualifying work south of the Brooks Range (i.e. non-North Slope). New rules also changed the 3 mile and 25 mile rules for the Cook Inlet allowing closer distances between potential exploration targets and existing wells and production units.

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

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

2007 - The legislature amended PPT legislation in a special session that ended November 2007 and culminated in the passage of Alaska's Clear and Equitable Share (ACES). Like the PPT legislation enacted in 2006, the ACES tax is levied on the production tax value of oil and gas produced in the state. The base tax rate under ACES is 25% (it was 22.5% under PPT) and the progressive surcharge tax rate under ACES is 0.4% for every dollar the production tax value per barrel exceeds $30 (it was 0.25% on production tax values exceeding $40 per barrel under PPT). For production tax values greater than $92.50 per barrel, the progressivity rate changes to 0.1% for every additional dollar of production tax value.

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

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

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

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

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

FY 2011 Statistics

Tax Collections	
General Fund	**$4,543,230,494**
Constitutional Budget Reserve Fund	62,872,010
Total	**4,609,102,504**
Number of Returns	34
Number of Taxpayers	19
Program Cost	$4,742,963
Staffing (full-time equivalent)	35.1

Oil or gas pipeline transportation systems owned and operated by a public utility are exempt from property tax.

Oil and Gas Property Taxes (Exploration, Production and Pipeline Transportation Properties) AS 43.56

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

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

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

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

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

Credits
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.

Education Credit - Taxpayers that contribute to Alaska two-year or four-year universities or colleges for direct instruction, research or educational support purposes or school district/ state-operated vocational technical education and training schools may claim a tax credit for 50% of the first $100,000, 100% of the contribution over $100,000 and up to $300,000 and 50% of the remaining amount over $300,000. The total allowable credit may not exceed $5 million.

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

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

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

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

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

FY 2011 Statistics

Property Taxes Billed	$476,951,412
Less Municipal Tax Credit	(366,315,482)
Total Tax Collections	**$110,635,930**
Number of Returns	875
Number of Taxpayers	144
Program Cost	$672,877
Staffing (full-time equivalent)	5.2

The Alaska legislature enacted the RCC program in 1992 to fund the cost of regulating utilities.

Regulatory Cost Charges Utilities AS 42.05.254(e) Pipeline AS 42.06.286(c)

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

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

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

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

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

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

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

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

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

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

FY 2011 Statistics

Total RCC Collections	$9,796,244

Electric, Telephone, Pipeline Carriers and Other Utilities

The salmon enhancement tax is an elective tax levied on salmon sold in or exported from established aquaculture regions.

Salmon Enhancement Tax AS 43.76

Description
The salmon enhancement tax is an elective tax levied on salmon sold in or exported from established aquaculture regions in Alaska.

Fishermen pay salmon enhancement taxes to licensed buyers at the time of sale, or to the Division for salmon sold to unlicensed buyers or exported from the region. Buyers remit taxes collected from fishermen to the Division.

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

Region	Rate	Effective
Southern Southeast	3%	1981
Northern Southeast	3%	1981
Cook Inlet	2%	1981
Prince William Sound	2%	1985
Kodiak	2%	1988
Chignik	2%	1991

Returns
Buyers file returns and pay the tax monthly. The due date is the last day of the month following the month of purchase.

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

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

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

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

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

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

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

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

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

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

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

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

FY 2011 Statistics

Tax Collections *Including interest and penalties*	$7,851,054
Number of Returns	895
Number of Taxpayers	210
Program Cost	$126,373
Staffing (full-time equivalent)	1.4

The regional seafood development tax is an elective tax levied on certain fishery resources using specific gear types.

Regional Seafood Development Tax AS 43.76.350

Description

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

Rate

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

Region	Rate	Effective
Prince William Sound (drift gillnet)	1%	2005
Bristol Bay (drift gillnet)	1%	2006
Prince William Sound (set gillnet)	1%	2009

Returns

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

Exemptions

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

Disposition of Revenue

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

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

History

2004 - The legislature adopted the Seafood Development Tax Act. The Act authorized a tax of between ½% and 2%, upon election by commercial fishermen harvesting within designated regions, on fishery resources transferred to buyers in or exported from Alaska.

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

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

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

FY 2011 Statistics

Tax Collections *Including interest and penalties*	$2,143,116
Number of Returns	220
Number of Taxpayers	40
Program Cost	$38,192
Staffing (full-time equivalent)	0.4

Seafood Marketing Assessment AS 16.51.120

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

The seafood marketing assessment is levied on seafood processed or first landed in Alaska. Assessments fund the Alaska Seafood Marketing Institute.

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

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

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

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

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

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

2004 - The legislature directed the Alaska Seafood Marketing Institute (ASMI) to hold elections and determine whether to retain the assessment and a second election to determine whether to increase the assessment from 0.3% to 0.5%. Elections were held as prescribed by law. The vote retained the Seafood Marketing Assessment, increased the Seafood Marketing rate to 0.5% and eliminated the Salmon Marketing Tax effective January 1, 2005.

FY 2011 Statistics	
Assessment Collections	$8,622,211
Number of Returns	266
Number of Taxpayers	158
Program Cost	$55,128
Staffing (full-time equivalent)	0.6

Telephone cooperatives pay the telephone cooperative tax in lieu of corporate net income tax.

Telephone Cooperative Tax AS 10.25.550

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

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

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

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

Exemptions
All qualified telephone cooperatives are subject to the cooperative tax.

Cooperatives pay the telephone cooperative tax in lieu of corporate net income tax.

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

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

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

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

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

FY 2011 Statistics

Tax Collections	$1,897,512
Number of Returns	12
Number of Taxpayers	7
Program Cost	$1,594
Staffing (full-time equivalent)	<.1

Tire Fee
AS 43.98.025

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

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

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

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

Exemptions
The following tires and services are exempt if the purchaser provides the tire seller with a certificate of use:
- Tires and services sold to federal, state or local government agencies for official use.
- Tires for resale.

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

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

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

Alaska imposes a tire fee on all new tires sold in Alaska.

FY 2011 Statistics

New tires (non-studded)	$1,081,406
Studded tires and stud installations	412,186
Penalties & Interest	7,208
Tax Collections	**$1,500,800**
Number of Returns	332
Number of Taxpayers	88
Program Cost	$128,332
Staffing (full-time equivalent)	1.3

Tobacco Tax
AS 43.50

Description

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

Rates

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

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

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

Legislation passed during a special legislative session in June 2004 increased the cigarette tax rate to 90 mills ($0.09) per cigarette on July 1, 2006 and 100 mills ($0.10) per cigarette on July 1, 2007. In addition, as of January 1, 2005, there is an additional tax of $0.25 per pack of 20 cigarettes on cigarette brands that are manufactured by manufacturers that did not sign the tobacco Master Settlement Agreement (NPM cigarettes). There was no increase in the other tobacco products tax rate.

Returns

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

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

Cigarette Tax Rates

Since July 1, 2007	Per cigarette		Per 20
Base Rate (School Fund)	38 mills	$0.038	$0.76
Additional Tax (General Fund)	62 mills	0.062	1.24
Total	**100 mills**	**$0.10**	**$2.00**

8.9% of cigarette tax revenues deposited in the General Fund are deposited into the Tobacco Use Education and Cessation Fund.

Exemptions

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

Disposition of Revenue

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

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

History

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

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

1955 - The legislature eliminated the tobacco products tax and, although the cigarette tax rate remained at $0.05, the legislature converted the rate to a mill rate per cigarette (2.5 mills per cigarette). The legislature enacted a 1% deduction provision to cover accounting expenses. The legislature also created the School Fund and directed all proceeds from the cigarette tax be deposited in this fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

- Increased the cigarette tax by 30 mills to $0.08 per cigarette or $1.60 per pack of 20 cigarettes, effective January 1, 2005.
- Levied an additional tax of 12.5 mills or $0.25 per pack of 20 cigarettes on cigarettes imported into the state for sale or personal consumption if the cigarettes were manufactured by a nonparticipating manufacturer (NPM). A nonparticipating manufacturer is a manufacturer that did not sign the tobacco Master Settlement Agreement. Revenue from the entire cigarette tax increase and the additional tax on NPM product is deposited in the General Fund.
- Required 8.9% of cigarette tax revenue deposited in the General Fund to be deposited into the Tobacco Use Education and Cessation Fund, effective January 1, 2005. Amounts deposited in the fund may be appropriated by the legislature for tobacco use education and cessation programs.
- Increased the cigarette tax by 10 mills to $0.09 per cigarette or $1.80 per pack of 20 cigarettes, effective July 1, 2006. The revenue from this increase will be deposited in the General Fund.
- Increased the cigarette tax by 10 mills to $0.10 per cigarette or $2.00 per pack of 20 cigarettes, effective July 1, 2007. The revenue from this increase will be deposited in the General Fund.

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

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

FY 2011 Statistics

Tax Collections	
Cigarettes	$61,637,410
Tobacco Products	11,686,212
Penalties & Interest	86,950
License Fee Collections	4,750
Accounting Expense & Tax Stamp Deduction	(359,925)
Total Collections by Product	**$ 73,055,396**
Tax Collections by fund	
General Fund	$46,537,666
School Fund	23,155,813
Tobacco Use Education and Cessation Fund	3,361,917
Total Tax Collections All Funds	**$73,055,396**
Cigarettes sold or imported into the state – (individual cigarettes) as reported on returns*	
Total Cigarettes	621,295,871
Military and Indian Exempt Sales	(5,758,600)
Credits for Returns	(755,809)
Taxable Cigarettes	**614,781,462**

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

Tobacco Products as reported on returns	
Total wholesale value reported	$17,452,088
Military and Indian Exempt Sales	(161,802)
Credits for Returns	(1,672,136)
Taxable Wholesale Value of Tobacco Products	**$15,618,150**
Number of Returns	1087
Number of Taxpayers	182
Program Cost	$897,344
Staffing (full-time equivalent)	8.6

The legislature may appropriate the balance in the vehicle rental tax account for tourism development and marketing.

Vehicle Rental Tax
AS 43.52

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

Rate

Vehicle Type	Rate (fees & costs)
Passenger	10%
Recreational	3%

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

Exemptions
Vehicle rental tax does not apply to:

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

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

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

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

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

FY 2011 Statistics

Passenger vehicle rental	$7,836,341
Recreational vehicle rental	339,191
Penalties & interest	104,760
Total Tax Collections	**$8,280,292**
Number of Returns	473
Number of Taxpayers	114
Program Cost	$311,304
Staffing (full-time equivalent)	3.9

Investigations Function

The Investigations Group consists of a Chief Investigator and four Investigator III's. The focus of the Investigations Group is Tobacco Tax and Gaming investigations. The investigators frequently conduct both administrative and criminal cases related to other tax types including Motor Fuel, Vehicle Rental, Mining, and other Excise Taxes. The investigations are generally initiated by periodic field inspections, tips from the public, and referrals from various law enforcement agencies.

Tobacco Tax Investigations

The Investigations Group ensures that all cigarettes imported or sold in Alaska are properly stamped with the Alaska Tax Stamp in accordance of AS 43.50. The investigators seize unstamped or improperly stamped cigarettes and any other tobacco products designated as contraband within the provisions of Alaska statutes. At the time of the investigation, investigators determine potential violations of cigarette minimum pricing and shipping statutes. Most of the tobacco investigations are initiated by field inspections, complaints by citizens, referrals from the tobacco auditors, and law enforcement.

Gaming Investigations

The Investigations Group investigates potential gaming statute violations by licensed vendors, permittees, operators, and distributors. These investigations are generally initiated by routine inspections of premises where licensed activity is conducted, citizen complaints, and requests from Gaming Auditors.

During these inspections, the investigators educate the permittees, licensees, and the public about gaming laws and regulations.

Other Investigations

The Investigations Group provides investigative support to all groups within the Division and may be called upon to investigate any of the tax types administered by the division, frequently including tax fraud and other tax evasion related crimes.

The Investigations Group is called upon to investigate potential violations of any of the tax types administered by the division.

Appeals conducts informal conferences and issues decisions in taxpayer appeals of assessments for all tax types

Appeals Function

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

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

FY 2011 Statistics

	Tax Periods*	Taxpayer Count
Beginning Inventory	185	58
Plus New Cases	394	152
Less Closed Cases	335	145
Ending Inventory	**244**	**65**

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

The audit group includes income audit, production audit, excise audit, gaming audit, and fish audit.

Audit Function

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

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

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

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

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

FY 2011 Statistics

	Audit Collections
Production Audit	
Oil and Gas Production	$82,370,453
Oil and Gas Property	73,585,814
Total Production Audit	**$155,956,267**
Income Audit (Corporate Net Income)	
Oil and Gas Corporations	$30,851,341
Other Corporations	27,206,239
Total Income Audit	**$58,057,580**
Fish Audit	
Fisheries Business	$580,156
Fishery Resource Landing	0
Other fisheries taxes	0
Total Fish Audit	**$580,156**
Excise Audit	
Motor Fuel	$210
Large Passenger Vessel Gambling	8,184
Vehicle Rental	6,577
Tire Fee	43,279
Total Excise Audit	**$58,250**
Total	**$214,652,253**

Salmon Price Reports
AS 43.80

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

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

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

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

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

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

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

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

Salmon Price Reports
AS 43.80 (Continued)

FY 2011 Statistics

Number of Reports	**110**
Number of Filers	**38**

Appendix A
Historical Overview of Tax Programs

Tax Type	Legal Reference	First Enacted	Original Tax	Current Tax Structure	Most Recent Change
Alcoholic Beverages	AS 43.60	1933	Per Gallon Wine $0.05 Beer $0.05	Per Gallon Liquor $12.80 Wine $2.50 Beer (Malt Beverage) and Cider $1.07 Beer (Small Breweries) $0.35	2002 - Effective 10/1/2002, tax rates increased for alcoholic beverages as referenced under current tax structure.
Commercial Passenger Vessel	AS 43.52	2006	$46/passenger	$34.50/passenger	2010 - Effective 10/31/10, tax reduced from $46 to $34.50 per passenger. The number of ports of call for sharing increased from 5 to 7. Regional cruise ship impact fund repealed.
Conservation Surcharge on Oil	AS 43.55	1989	$0.05/bbl	$0.01/bbl increasing to $0.04¢/bbl when fund balance drops below $50m	2006 - rates changed to $0.01/bbl and $0.04/bbl.
Corporate Income	AS 43.20	1949	10% of federal income tax liability	1% to 9.4% of net income	2010 - Effective 1/1/2010, gas exploration and development credit increased from 10% to 25% and utilization limit increased from 50% to 75% of tax liability. Tax credits for gas storage facilities authorized at $1.50/1,000 cubic feet of storage. Maximum credit of $15 million or 25% of costs of facility. Effective 1/1/2011, maximum education credit increased from $150,000 to $5 million. Eligible contributions for credit expanded to include contributions for construction and maintenance of university, college or vocational education facilities.
Dive Fishery Management Assessment	AS 43.76.150	1997	Voluntary tax of 1%, 3%, 5%, or 7% of value	SE AK Mgmt Area A Geoduck - 7% Sea Cucumber - 5% Sea Urchin - 7%	2005 - The legislature authorized an annual filing due date of March 31 for dive fishermen who export or sell to unlicensed buyers, effective January 1, 2005.
Electric Cooperative	AS 10.25.555	1959	1% of gross revenue if operating < 5 years 2% of gross revenue if operating ≥ 5 years	1/4 mill ($.00025) per kWh if < 5 years; 1/2 mill ($.0005) per kWh if ≥ 5 years	1980 - tax base on kWh rather than gross revenue

Appendix A (Continued)

Tax Type	Legal Reference	First Enacted	Original Tax	Current Tax Structure	Most Recent Change
Estate	AS 43.31	1919	(Inheritance Tax) Based on value of property	State tax credit on federal estate tax return attributable to Alaska	2001 - The federal Economic Growth and Tax Relief Reconciliation Act was enacted. As a consequence of the federal act, the state tax credit was phased out gradually over a four-year period. The state tax credit no longer applies to estates of decedents whose date of death is January 1, 2005 or later. However, the Division may continue to collect tax from estates for years prior to January 1, 2005, as a result of returns filed, audits, or other enforcement activities.
Fisheries Business	AS 43.75	1913	$0.07 per case of canned salmon; Other -- dollar amount based on revenue	Floating 5%[1] and 3%[2] of value; Shore-based 3%[1] and 1%[2] of value; Cannery 4.5% of value; Direct Market 3%[1] and 1%[2] of value [1] Established species [2]Developing species	2011 - Effective 7/1/2011, eligible contributions for education credit expanded to include contributions to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for K-12 public schools and Alaska Sea Life Center. Sunset provision reverting $5 million annual credit limit back to $150,000 extended to 2021.
Fishery Resource Landing	AS 43.77	1993	3.3% of unprocessed value	3% of value[1] 1% of value[2] [1] Established species [2]Developing species	2011 - Effective 7/1/2011, eligible contributions for education credit expanded to include contributions to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for K-12 public schools and Alaska Sea Life Center. Sunset provision reverting $5 million annual credit limit back to $150,000 extended to 2021.

Appendix A (Continued)

Tax Type	Legal Reference	First Enacted	Original Tax	Current Tax Structure	Most Recent Change
Gaming	AS 05.15	1960		$20 annual permit fee for new and renewal permittees. $50 renewal permit fee for permittees with $20,000 to $100,000 in gross receipts. $100 renewal permit fee for permittees with over $100,000 in gross receipts. $500 annual operator license fee. $1,000 annual distributor fee. $2,500 annual manufacturer license fee. 3% tax of an amount equal to the gross receipts less prizes awarded on each series of pull tabs distributed.	2008 - The legislature authorized broadcasting for dog mushers' contests, raffles and lotteries; and authorized the cabbage classic at the Alaska State Fair.
Large Passenger Vessel Gambling	AS 05.16	2006	33% of adjusted gross income from gambling activities	33% of adjusted gross income from gambling activities	2010 - Large passenger vessel gaming and gambling tax account (sub-account of CPV tax account) established.
Mining License	AS 43.65	1913	5% tax on mining net income of more than $5,000	On net income <$40,000 no tax. >$40,001 $1,200 plus 3% >$50,001 $1,500 plus 5% >$100,000 $4,000 plus 7%	2010 - Effective 1/1/2011, maximum education credit increased from $150,000 to $5 million. Eligible contributions for credit expanded to include contributions for construction and maintenance of university, college or vocational education facilities.
Motor Fuel	AS 43.40	1945	$0.01 per gallon on all fuels	Highway - $0.08/gallon Marine - $0.05/gallon Aviation Gas- $0.047/gallon Jet Fuel - $0.032¢/gallon	2009 - The motor fuel tax was reinstated effective September 1, 2009.

Appendix A (Continued)

Tax Type	Legal Reference	First Enacted	Original Tax	Current Tax Structure	Most Recent Change
Oil & Gas Production	AS 43.55	1955	1% of production value	25% of the production tax value per BTU equivalent barrel of taxable oil and gas. When the average monthly production tax value is more than $30 per barrel, but not more than $92.50, there is an additional 0.4% progressive tax for each additional dollar of production tax value per barrel. When the average monthly production tax value exceeds $92.50 per barrel, the tax rate is the sum of 25% and 0.1% of the difference between the average monthly production tax value and $92.50. The maximum tax may not exceed 75%.	2010 - Tax credit for 40% of well lease expenditures incurred south of 68 degrees North latitude, and the issuance of tax credits certificates in the full amount of the credit for expenditures incurred south of 68 degrees North latitude. Each change is effective for expenditures incurred after June 30, 2010. Credit for use of a jack-up rig in the Cook Inlet equal to 100%/90%/80% respectively of the first $25 million of exploration expenditure incurred for the drilling of the first 3 exploration wells by unaffiliated persons using the jack-up rig. Effective 7/1/2011, maximum education credit increased from $150,000 to $5 million. Eligible contributions for credit expanded to include contributions for construction and maintenance of university, college or vocational education facilities.
Oil & Gas Property	AS 43.56	1973	20 mills on full and true value	20 mills on full and true value	2010 - Effective 1/1/2011, maximum education credit increased from $150,000 to $5 million. Eligible contributions for credit expanded to include contributions for construction and maintenance of university, college or vocational education facilities.
Regulatory Cost Charge	AS 42.05.253 (Utilities) AS 42.06.285 (Pipelines)	1992	Electric Utilities: $.000626/kWh Other Utilities: .653% gross revenue Pipelines: .653% gross revenue	See RCA website at rca.alaska.gov	2007 - Alaska Regulatory Commission implemented online report filing through their web site. RCA assumed responsibility for processing returns and collecting data; the division continues to collect revenue as required by statute.

Appendix A (Continued)

Tax Type	Legal Reference	First Enacted	Original Tax	Current Tax Structure	Most Recent Change
Salmon Enhancement	AS 43.76	1980	Voluntary tax of 1%, 2% or 3% of value as elected by fishermen in an aquaculture region	Southern Southeast - 3% Northern Southeast - 3% Cook Inlet - 2% Pr. William Sound - 2% Kodiak - 2% Chignik - 2%	2004 - SB 286 clarified the incidence of the tax; when selling to a buyer who does not withhold the tax, fishermen must now pay the tax on an annual return. Ten additional rates ranging from 4% to 30%
Seafood Development	AS 43.76.350	2005	Voluntary tax of 0.5% - 2% of value as elected by fishermen in seafood development region	Pr. William Sound 1% (drift & set gillnet) Bristol Bay 1% (drift gillnet)	2009 - Commercial salmon set gillnet fishermen in the Prince William Sound seafood development region elected a 1% tax.
Seafood Marketing	AS 16.51.120	1981	Voluntary assessment of .1%, .2% or .3% of value as elected by processors	Rate set at 0.5% effective January 1, 2005.	2004 - SB 273 directed a member election of the Alaska Seafood Marketing Institute (ASMI). Fall election determined retention of Seafood Marketing Assessment and increased the rate to 0.5%.
Telephone Cooperative	AS 10.25.550	1959	1% of gross revenue if operating < 5 years; 2% of gross revenue if operating ≥ 5 years or longer	1% of gross revenue if operating < 5 years; 2% of gross revenue if operating ≥ 5 years or longer	1960 - The legislature changed the due date for filing returns to "before March 1".
Tire Fee	AS 43.98	2003	$2.50 per new tire for highway-use motor vehicles Additional $5 per tire with studs over 1.1 grams	$2.50 per new tire for highway-use motor vehicles; Additional $5 per tire with studs over 1.1 grams	No changes since tire fee enacted in 2003.
Tobacco	AS 43.50	1949	Cigarettes - $0.03 per pack of 20; Tobacco - $0.02 per ounce	100 mills/cigarette ($2.00 per pack of 20) Tobacco - 75% of wholesale price	2010 - The legislature changed the methodology for establishing the minimum price at which cigarettes must be sold.
Vehicle Rental	AS 43.52	2004	10% on passenger vehicle rentals of 90 days or less 3% on recreational vehicle rentals of 90 days or less	10% on passenger vehicle rentals of 90 days or less 3% on recreational vehicle rentals of 90 days or less	2006 - exemptions for trucks for moving personal property and vehicles as replacement transportation.

Appendix A (Continued)

Repealed Tax Programs

Tax Type	Legal Reference	First Enacted	Original Tax	Current Tax Structure	Most Recent Change
Business License	AS 43.70	1949	$25 license fee plus .5% of gross receipts > $20,000 plus .25% of gross receipts > $50,000	Repealed 1979 Reinstated 1988 and transferred to DCCED	Tax repealed effective January 1, 1979. License program transferred to DCCED by Executive Order effective July 1, 1988.
Oil & Gas Conservation	AS 43.57	1955	5 mills per barrel of oil or 50,000 cubic feet of natural gas	Repealed	Tax repealed effective July 1, 1999.
Coin-operated Devices	AS 43.35	1941	12.5% of gross receipts on coin-operated machines	Repealed	Tax repealed effective January 1, 1999.
Individual Income	AS 43.20	1949	10% of federal income tax liability	Repealed	Tax repealed retroactive to 1979.
Salmon Marketing	AS 43.76	1993	1% of value of salmon	1% of value of salmon	Repealed effective January 1, 2005.
School	AS 43.45	1919	$5 tax on each male person	Repealed	Tax repealed retroactive to 1980.

Appendix B - State Tax Rate Comparisons
Alcohol – Liquor
January 2011(a)

State	Rate ($ per gallon)	Rank*
Alabama	Footnote[1]	N/A
Alaska	**12.80**	**1**
Arizona	3.00	21
Arkansas	2.50	24
California	3.30	19
Colorado	2.28	29
Connecticut	4.50	11
Delaware	5.46	9
Florida	6.50	3
Georgia	3.79	15
Hawaii	5.98	6
Idaho	Footnote[1]	N/A
Illinois	8.55	2
Indiana	2.68	23
Iowa	Footnote[1]	N/A
Kansas	2.50	24
Kentucky	1.92	31
Louisiana	2.50	24
Maine	Footnote[1]	N/A
Maryland	1.50	32
Massachusetts	4.05	13
Michigan	Footnote[1]	N/A
Minnesota	5.03	10
Mississippi	Footnote[1]	N/A
Missouri	2.00	30
Montana	Footnote[1]	N/A
Nebraska	3.75	16
Nevada	3.60	18
New Hampshire	Footnote[1]	N/A
New Jersey	5.50	8
New Mexico	6.06	5
New York	6.44	4
North Carolina	Footnote[1]	N/A
North Dakota	2.50	24
Ohio	Footnote[1]	N/A
Oklahoma	5.56	7
Oregon	Footnote[1]	N/A
Pennsylvania	Footnote[1]	N/A
Rhode Island	3.75	16
South Carolina	2.72	22
South Dakota	3.93	14
Tennessee	4.40	12
Texas	2.40	28
Utah	Footnote[1]	N/A
Vermont	Footnote[1]	N/A
Virginia	Footnote[1]	N/A
Washington	Footnote[1]	N/A
West Virginia	Footnote[1]	N/A
Wisconsin	3.25	20
Wyoming	Footnote[1]	N/A

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

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

N/A - Not Applicable

(a) Data available from January 2010

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

Appendix B - State Tax Rate Comparisons
Alcohol – Wine
January 2011[(a)]

State	Rate ($ per gallon)	Rank*	State	Rate ($ per gallon)	Rank*
Alabama	1.70	4	Montana	1.06	11
Alaska	**2.50**	**1**	Nebraska	.95	14
Arizona	.84	19	Nevada	.70	23
Arkansas	.75	21	New Hampshire	Footnote[1]	N/A
California	.20	44	New Jersey	.875	17
Colorado	.28	42	New Mexico	1.70	4
Connecticut	.60	25	New York	.30	37
Delaware	.97	13	North Carolina	.79	20
Florida	2.25	2	North Dakota	.50	31
Georgia	1.51	6	Ohio	.30	37
Hawaii	1.38	9	Oklahoma	.72	22
Idaho	.45	34	Oregon	.67	24
Illinois	1.39	8	Pennsylvania	Footnote[1]	N/A
Indiana	.47	33	Rhode Island	.60	25
Iowa	1.75	3	South Carolina	.90	16
Kansas	.30	37	South Dakota	.93	15
Kentucky	.50	31	Tennessee	1.21	10
Louisiana	.11	46	Texas	.20	44
Maine	.60	25	Utah	Footnote[1]	N/A
Maryland	.40	35	Vermont	.55	28
Massachusetts	.55	28	Virginia	1.51	6
Michigan	.51	30	Washington	.87	18
Minnesota	.30	37	West Virginia	1.00	12
Mississippi	.35	36	Wisconsin	.25	43
Missouri	.30	37	Wyoming	Footnote[1]	N/A

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

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

N/A - Not Applicable

(a) Data available from January 2010

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

Appendix B - State Tax Rate Comparisons
Alcohol – Beer
January 2011 [a]

State	Rate ($ per gallon)	Rank	State	Rate ($ per gallon)	Rank
Alabama	.53	4	Montana	.14	36
Alaska	**1.07**	**1**	Nebraska	.31	14
Arizona	.16	30	Nevada	.16	30
Arkansas	.23	21	New Hampshire	.30	15
California	.20	22	New Jersey	.12	39
Colorado	.08	44	New Mexico	.41	8
Connecticut	.19	25	New York	.14	36
Delaware	.16	30	North Carolina	.53	4
Florida	.48	6	North Dakota	.16	30
Georgia	.32	12	Ohio	.18	27
Hawaii	.93	2	Oklahoma	.40	10
Idaho	.15	34	Oregon	.08	44
Illinois	.235	20	Pennsylvania	.08	44
Indiana	.115	40	Rhode Island	.10	42
Iowa	.19	25	South Carolina	.77	3
Kansas	.18	27	South Dakota	.27	16
Kentucky	.08	44	Tennessee	.14	36
Louisiana	.32	12	Texas	.20	22
Maine	.35	11	Utah	.41	8
Maryland	.09	43	Vermont	.265	17
Massachusetts	.11	41	Virginia	.26	19
Michigan	.20	22	Washington	.261	18
Minnesota	.15	34	West Virginia	.18	27
Mississippi	.4268	7	Wisconsin	.06	48
Missouri	.06	48	Wyoming	.02	50

(a) Data available from January 2010

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

Appendix B - State Tax Rate Comparisons
Highway Gasoline
January 2011

State	Rate (¢ per gallon)	Other Tax[1] (¢ per gallon)	Total (¢ per gallon)	Rank
Alabama	16	2	18	40
Alaska*	**8**		**8**	**51**
Arizona	18	1	19	36
Arkansas	21.5	0.3	21.8	28
California	35.3		35.3	2
Colorado	22		22	26
Connecticut	25		25	16
Delaware	23		23	24
Dist of Columbia	20	0	20	32
Florida	4	12.2	16.2	48
Georgia	7.5	10.1	17.6	42
Hawaii	17		17	45
Idaho	25	1	26	14
Illinois	19	1.1	20.1	31
Indiana	18		18	40
Iowa	21	1	22	26
Kansas	24		24	21
Kentucky	24.5	1.4	25.9	15
Louisiana	20		20	32
Maine	29.5		29.5	10
Maryland	23.5		23.5	23
Massachusetts	21		21	30
Michigan	19		19	36
Minnesota	27.5	2.1	29.6	9
Mississippi	18	0.4	18.4	39
Missouri	17	0.3	17.3	44
Montana	27		27	13
Nebraska	26.4	0.9	27.3	12
Nevada	24	0.805	24.805	19
New Hampshire	18	1.625	19.625	35
New Jersey	10.5	4	14.5	49
New Mexico	17	1.875	18.875	38
New York	8	17	25	16
North Carolina	32.5	0.25	32.75	5
North Dakota	23		23	24
Ohio	28		28	11
Oklahoma	16	1	17	45
Oregon	30		30	8
Pennsylvania	12	19.2	31.2	7
Rhode Island	32	1	33	3
South Carolina	16	0.75	16.75	47
South Dakota	22	2	24	21
Tennessee	20	1.4	21.4	29
Texas	20		20	32
Utah	24.5		24.5	20
Vermont	19	5.98	24.98	18
Virginia	17.5		17.5	43
Washington	37.5		37.5	1
West Virginia	20.5	11.7	32.2	6
Wisconsin	30.9	2	32.9	4
Wyoming	13	1	14	50

[1] Includes state sales tax, gross receipts tax and underground storage tank taxes.
* Tax suspended effective September 1, 2008 through August 31, 2009.

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

Appendix B - State Tax Rate Comparisons
Aviation Fuel
January 2011[a]

State	Jet Fuel (¢ per gallon)	Rank[1]	Aviation Gas (¢ per gallon)	Rank[2]
Alabama	1	30	3	33
Alaska	**3.2**	**20**	**4.7**	**30**
Arizona	3.05	21	5.0	25
Arkansas	Sales Tax	N/A	Sales Tax	N/A
California	2.0	25	18.0	6
Colorado	4.0	16	6.0	21
Connecticut	None	N/A	None	N/A
Delaware	None	N/A	23.0	3
Florida	6.9	9	6.9	19
Georgia	Sales Tax	N/A	1.0	37
Hawaii	2	25	2	35
Idaho	6	10	7	17
Illinois	11.0	2	11.0	10
Indiana	0.8	33	18.0	6
Iowa	3.0	22	8.0	14
Kansas	Sales Tax	N/A	Sales Tax	N/A
Kentucky	Sales Tax	N/A	21.8	4
Louisiana	Sales Tax	N/A	Sales Tax	N/A
Maine	3.4	19	29.5	1
Maryland	7.0	8	7.0	17
Massachusetts	10.7	4	25.2	2
Michigan	3.0	22	3.0	33
Minnesota	5.0	13	5.0	25
Mississippi	5.25	12	6.4	20
Missouri	Sales Tax	N/A	Sales Tax	N/A

State	Jet Fuel (¢ per gallon)	Rank[1]	Aviation Gas (¢ per gallon)	Rank[2]
Montana	4.0	16	4.0	31
Nebraska	3.0	22	5.0	25
Nevada	1	30	2.0	37
New Hampshire	2.0	25	4.0	31
New Jersey	12.5	1	12.5	9
New Mexico	Sales Tax	N/A	17.0	8
New York	8.0	6	8.0	14
North Carolina	Sales Tax	N/A	Sales Tax	N/A
North Dakota	8.0	6	8.0	14
Ohio	Sales Tax	N/A	Sales Tax	N/A
Oklahoma	0.08	34	0.08	39
Oregon	1.0	30	9.0	12
Pennsylvania	1.6	25	5.4	24
Rhode Island	None	N/A	None	N/A
South Carolina	Sales Tax	N/A	Sales Tax	N/A
South Dakota	4.0	16	6.0	21
Tennessee	1.4	29	1.4	36
Texas	None	N/A	None	N/A
Utah	9.0	5	9.0	12
Vermont	Sales Tax	N/A	20.0	5
Virginia	5.0	13	5.0	25
Washington	11.0	2	11.0	10
West Virginia	5% of average	N/A	5% of average	N/A
Wisconsin	6.0	10	6.0	21
Wyoming	5.0	13	5.0	25

[1]Out of 34 states with tax rates
[2]Out of 39 states with tax rates
(a) Data available from January 2010

Source: National Business Aircraft Association, Inc. 2011 State Aviation Tax Report

Appendix B - State Tax Rate Comparisons
Cigarette
January 2011

State	Rate ($ per pack)	Rank	State	Rate ($ per pack)	Rank
Alabama (a)	0.425	46	Montana	1.70	16
Alaska	**2.00**	**10**	Nebraska	0.64	37
Arizona	2.00	10	Nevada	0.80	34
Arkansas	1.15	28	New Hampshire	1.78	15
California	0.87	32	New Jersey	2.70	6
Colorado	0.84	33	New Mexico	1.66	18
Connecticut	3.00	4	New York (a)	4.35	1
Delaware	1.60	19	North Carolina	0.45	44
Florida (b)	1.339	24	North Dakota	0.44	45
Georgia	0.37	47	Ohio	1.25	25
Hawaii (c)	3.00	4	Oklahoma	1.03	29
Idaho	0.57	41	Oregon	1.18	27
Illinois (a)	0.98	31	Pennsylvania	1.60	19
Indiana	0.995	30	Rhode Island	3.46	2
Iowa	1.36	23	South Carolina	0.57	41
Kansas	0.79	35	South Dakota	1.53	21
Kentucky (d)	0.60	39	Tennessee (a) (e)	0.62	38
Louisiana	0.36	48	Texas	1.41	22
Maine	2.00	10	Utah	1.70	16
Maryland	2.00	10	Vermont	2.24	9
Massachusetts	2.51	8	Virginia (a)	0.30	49
Michigan	2.00	10	Washington	3.025	3
Minnesota (e)	1.23	26	West Virginia	0.55	43
Mississippi	0.68	36	Wisconsin	2.52	7
Missouri (a)	0.17	50	Wyoming	0.60	39

(a) Counties and cities may impose an additional tax on a pack of cigarettes: in Alabama, 1¢ to 6¢; Illinois, 10¢ to 15¢; Missouri, 4¢ to 7¢; New York City, $1.50; Tennessee, 1¢; and Virginia, 2¢ to 15¢.

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

(c) Hawaii's tax rate is scheduled to rise to $3.20 per pack effective July 1, 2011.

(d) Dealers pay an additional enforcement and administrative fee of 0.1¢ per pack in Kentucky and 0.05¢ in Tennessee.

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

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

Appendix B - State Tax Rate Comparisons
Tobacco Products
January 2011

State		Rate
Alabama	Cigars *(2)*	$0.03 - $0.405/10 cigars
	Tobacco/Snuff	$0.01 - $0.08/ounce
Alaska		**75% Wholesale Price**
Arizona	Cigars	$0.337 - $1.10/10 cigars
	Tobacco/Snuff	23.8¢/ounce
Arkansas		68% Manufacturer Price
California *(3)*		33.02% Wholesale Price
Colorado		40% Manufacturer Price
Connecticut *(5)*		20% Wholesale Price
Delaware		15% Wholesale Price
Florida *(7)*		85% Wholesale Price
Georgia	Little Cigars	$0.025/10 cigars
	Other Cigars	23% Wholesale Price
	Tobacco	10% Wholesale Price
Hawaii		
	Cigars	50% Wholesale Price
	Tobacco/Snuff	70% Wholesale Price
Idaho		40% Wholesale Price
Illinois		18% Wholesale Price
Indiana		24% Wholesale Price
Iowa *(6)*		50% Wholesale Price
Kansas		10% Wholesale Price
Kentucky		15% Wholesale Price
Louisiana	Cigars	8%-20% Manufacturer Price
	Tobacco/Snuff	20%-33% Manufacturer Price
Maine	Chewing Tob./Snuff	$2.02 / ounce
	Smoking Tob./Cigars	20% Wholesale Price
Maryland		15% Wholesale Price
Massachusetts		
	Smokeless Tobacco	90% Wholesale Price
	Smoking Tob./Cigars	30% Wholesale Price
Michigan		32% Wholesale Price

State		Rate
Minnesota		70% Wholesale Price
Mississippi		15% Manufacturer Price
Missouri		10% Manufacturer Price
Montana		50% Wholesale Price
Nebraska		20% Wholesale Price
Nevada		30% Wholesale Price
New Hampshire		65.03% Wholesale Price
New Jersey		30% Wholesale Price
New Mexico		25% Product Value
New York		75% Wholesale Price
North Carolina		12.8% Wholesale Price
North Dakota		
	Cigars & Tobacco	28% Wholesale Price
	Chew Tobaacco/Snuff	$0.16 - $0.60/ounce
Ohio		17% Wholesale Price
Oklahoma	Cigars	$0.36-$1.20/10 cigars
	Tobacco/Snuff	60% - 80% Factory List Price
Oregon		65% Wholesale Price
Pennsylvania		N/A
Rhode Island		80% Wholesale Price
South Carolina		5% Manufacturer Price
South Dakota		35% Wholesale Price
Tennessee		6.6% Wholesale Price
Texas	Cigars	$0.01 - $0.15/10 cigars
	Tobacco/Snuff	$1.13/ounce
Utah		86% Manufacturer Price
Vermont		92% Manufacturer Price
Virginia		10% Wholesale Price
Washington		95% Wholesale Price
West Virginia		7% Wholesale Price
Wisconsin		71% Manufacturer Price
Wyoming *(4)*		20% Wholesale Price

Tobacco products include chewing tobacco and snuff.

(1) The volume based tax rates were converted to cents per 10 cigars or per ounce for consistency.
(2) tax rate on cigars varies, based on the package weight.
(3) Tax rate is adjusted annually by the state, effective July 1st each year.
(4) or 10% of retail price.
(5) Snuff tobacco taxed at 40 cents per ounce.
(6) Little cigars are taxed as cigarettes.
(7) Includeds a 60% surtax.

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

Appendix B - State Tax Rate Comparisons
Corporate Income
January 2011

State	Rate (%)	Tax Brackets		Number of Brackets
		Lowest	Highest	
Alabama	6.5	Flat Rate		1
Alaska	**1.0 - 9.4**	**$9,999**	**$90,000**	**10**
Arizona	6.968	Flat Rate		1
Arkansas	1.0 - 6.5	$3,000	$100,001	6
California	8.84	Flat Rate		1
Colorado	4.63	Flat Rate		1
Connecticut	7.5	Flat Rate		1
Delaware	8.7	Flat Rate		1
Florida	5.5	Flat Rate		1
Georgia	6.0	Flat Rate		1
Hawaii	4.4 - 6.4	$25,000	$100,001	3
Idaho	7.6	Flat Rate		1
Illinois	9.5	Flat Rate		1
Indiana	8.5	Flat Rate		1
Iowa	6.0 - 12.0	$25,000	$250,001	4
Kansas	4.0	Flat Rate		1
Kentucky	4.0 - 6.0	$50,000	$100,001	3
Louisiana	4.0 - 8.0	$25,000	$200,001	5
Maine	3.5 - 8.93	$25,000	$250,000	4
Maryland	8.25	Flat Rate		1
Massachusetts	8.25	Flat Rate		1
Michigan	4.95	Flat Rate		1
Minnesota	9.8	Flat Rate		1
Mississippi	3.0 - 5.0	$5,000	$10,001	3
Missouri	6.25	Flat Rate		1

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

Appendix B - State Tax Rate Comparisons
Corporate Income
January 2011
(Continued)

State	Rate (%)	Tax Brackets		Number of Brackets
		Lowest	Highest	
Montana	6.75	Flat Rate		1
Nebraska	5.58 - 7.81	$100,000		2
Nevada	No Corporation Income Tax			N/A
New Hampshire	8.5	Flat Rate		1
New Jersey	9.0	Flat Rate		1
New Mexico	4.8 - 7.6	$500,000	$1,000,000	3
New York	7.1	Flat Rate		1
North Carolina	6.9	Flat Rate		1
North Dakota	2.1 - 6.4	$25,000	$50,001	3
Ohio	Tax Based on Commercial Activity			N/A
Oklahoma	6.0	Flat Rate		1
Oregon	6.6 - 7.6	$250,001		2
Pennsylvania	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
Tennessee	6.5	Flat Rate		1
Texas	Tax Based on Capital and Surplus			N/A
Utah	5.0	Flat Rate		1
Vermont	6.0 - 8.5	$10,000	$250,000	3
Virginia	6.0	Flat Rate		1
Washington	No Corporation Income Tax			N/A
West Virginia	8.5	Flat Rate		1
Wisconsin	7.9	Flat Rate		1
Wyoming	No Corporation Income Tax			N/A

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

Appendix B - State Tax Rate Comparisons
Individual Income*
January 2011

State	Rate (%)	Tax Brackets		Number of Brackets
		Lowest	Highest	
Alabama	2.0 - 5.0	$500	$3,000	3
Alaska	**No State Income Tax**			**N/A**
Arizona	2.59 - 4.54	$10,000	$150,001	5
Arkansas	1.0 - 7.0	$3,899	$32,700	6
California	1.0 - 9.3	$7,124	$46,767	6
Colorado	4.63	Flat Rate		1
Connecticut	3.0 - 6.5	$10,000	$500,001	3
Delaware	2.2 - 6.95	$5,000	$60,001	6
Florida	No State Income Tax			N/A
Georgia	1.0 - 6.0	$750	$7,001	6
Hawaii	1.4 - 11	$2,400	$200,001	12
Idaho	1.6 - 7.8	$1,315	$26,320	8
Illinois	5.0	Flat Rate		1
Indiana	3.4	Flat Rate		1
Iowa	.36 - 8.98	$1,439	$64,756	9
Kansas	3.5 - 6.45	$15,000	$30,001	3
Kentucky	2.0 - 6.0	$3,000	$75,001	6
Louisiana	2.0 - 6.0	$12,500	$50,001	3
Maine	2.0 - 8.5	$4,949	$19,750	4
Maryland	2.0 - 5.5	$1,000	$500,001	7
Massachusetts	5.3	Flat Rate		1
Michigan	4.35	Flat Rate		1
Minnesota	5.35 - 7.85	$22,770	$74,781	3
Mississippi	3.0 - 5.0	$5,000	$10,001	3
Missouri	1.5 - 6.0	$1,000	$9,001	10

* Rates apply to unmarried individuals

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

Appendix B - State Tax Rate Comparisons
Individual Income*
January 2011
(Continued)

State	Rate (%)	Tax Brackets Lowest	Tax Brackets Highest	Number of Brackets
Montana	1.0 - 6.9	$2,600	15,401	7
Nebraska	2.56 - 6.84	$2,400	$27,001	4
Nevada	No State Income Tax			N/A
New Hampshire	Tax Limited to Dividends and Interest Income Only			N/A
New Jersey	1.4 - 8.97	$20,000	$500,000	6
New Mexico	1.7 - 4.9	$5,500	$16,001	4
New York	4.0 - 8.97	$8,000	$500,001	7
North Carolina	6.0 - 7.75	$12,750	$60,000	3
North Dakota	1.84 - 4.86	$34,000	$373,651	5
Ohio	0.587 - 5.925	$5,050	$200,001	9
Oklahoma	0.5 - 5.5	$1,000	$8.701	7
Oregon	5.0 - 11.0	$2,000	$250,001	5
Pennsylvania	3.07	Flat Rate		1
Rhode Island	3.75 - 5.99	$55,000	$125,001	3
South Carolina	0 - 7.0	$2,740	$13,701	6
South Dakota	No State Income Tax			N/A
Tennessee	Tax Limited to Dividends and Interest Income Only			N/A
Texas	No State Income Tax			N/A
Utah	5.0	Flat Rate		1
Vermont	3.55 - 8.95	$34,000	$373,651	5
Virginia	2.0 - 5.75	3,000	17,001	4
Washington	No State Income Tax			N/A
West Virginia	3.0 - 6.5	$9,999	$60,000	5
Wisconsin	4.6 - 7.75	$10,070	$221,661	5
Wyoming	No State Income Tax			N/A

* Rates apply to unmarried individuals

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

Appendix B - State Tax Rate Comparisons
Sales
January 2011

State	Rate (%)
Alabama	4.0
Alaska	**No State Sales Tax**
Arizona	6.6
Arkansas	6.0
California	7.25
Colorado	2.9
Connecticut	6.35
Delaware	No State Sales Tax
Florida	6.0
Georgia	4.0
Hawaii	4.0
Idaho	6.0
Illinois	6.25
Indiana	7.0
Iowa	6.0
Kansas	6.3
Kentucky	6.0
Louisiana	4.0
Maine	5.0
Maryland	6.0
Massachusetts	6.25
Michigan	6.0
Minnesota	6.875
Mississippi	7.0
Missouri	4.225

State	Rate (%)
Montana	No State Sales Tax
Nebraska	5.5
Nevada	6.85
New Hampshire	No State Sales Tax
New Jersey	7.0
New Mexico	5.125
New York	4.0
North Carolina	4.75
North Dakota	5.0
Ohio	5.5
Oklahoma	4.5
Oregon	No State Sales Tax
Pennsylvania	6.0
Rhode Island	7.0
South Carolina	6.0
South Dakota	4.0
Tennessee	7.0
Texas	6.25
Utah	4.7
Vermont	6.0
Virginia	4.0
Washington	6.5
West Virginia	6.0
Wisconsin	5.0
Wyoming	4.0

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