

# Introduction

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

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

1. Unrestricted Revenues are paid into the General Fund and may be appropriated for any purpose. These receipts are listed in the Source Book by type; i.e. Taxes, Licenses and Permits, etc.
2. Restricted Revenues are those received for specific purposes, primarily from the Federal Government. Only budget category totals are given.
3. Special Fund Revenues are those received into statutorily established funds such as the International Airports Revenue Fund.

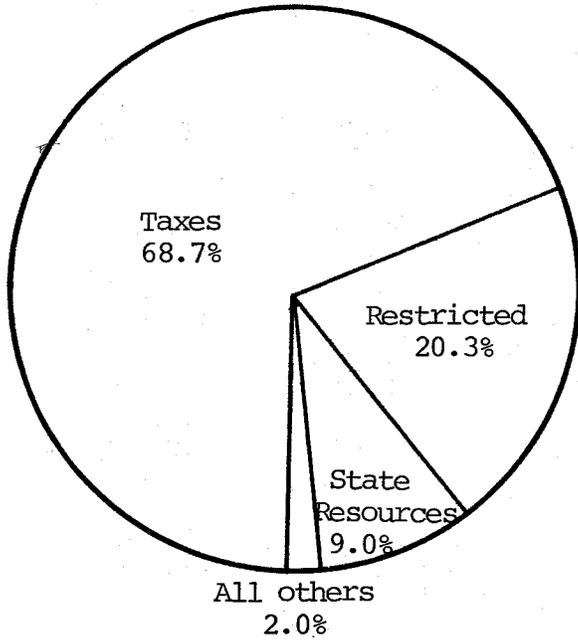
Anticipated State income is projected through the use of a number of data sources: 1) An econometric model developed by the Department of Revenue's Research Section to forecast unrestricted non-petroleum revenues, 2) A petroleum revenue forecasting model created by the Department's Petroleum Revenue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

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

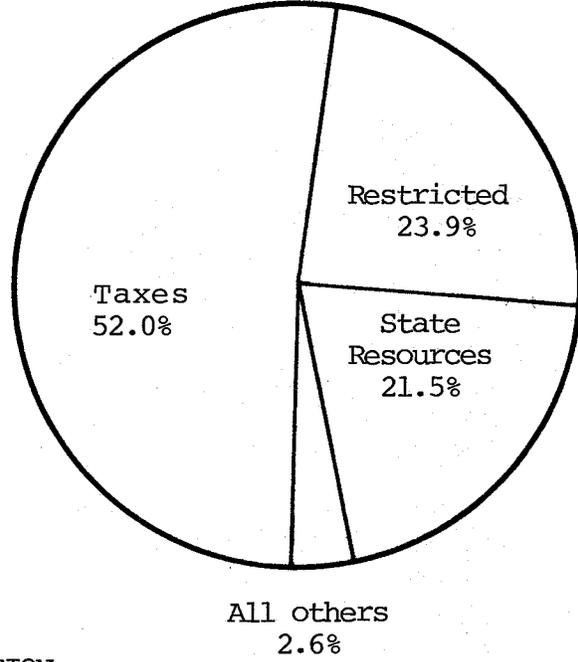
# General Fund Components

## Historical Comparison

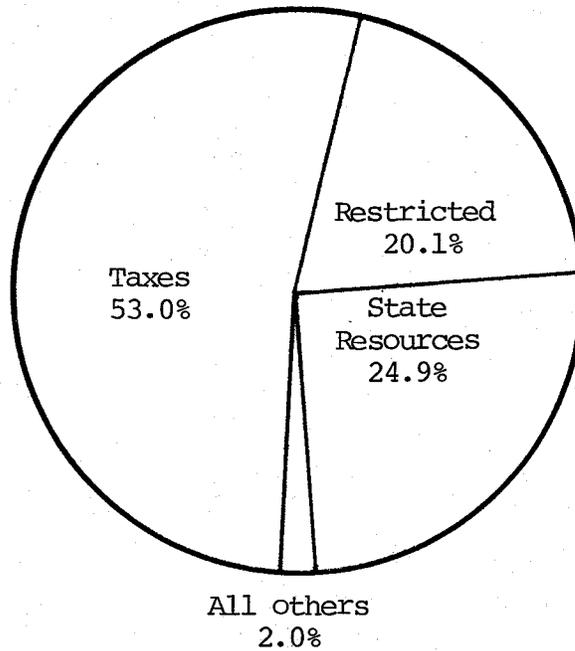
FY 77 ACTUAL



FY 78 ACTUAL



FY 80 PROJECTION



# Unrestricted Revenues

In Thousands of Current Dollars

	<u>1978</u>	<u>1979</u>	<u>1980</u>
<u>TAXES</u>	<u>ACTUAL</u>	<u>REVISED ESTIMATE</u>	<u>ESTIMATE</u>
<u>INCOME</u>			
Corporate - General	33,500	37,000	39,000
Corporate - Petroleum (1)	-0-	166,000	160,000
Fiduciary	100	100	100
Individual	145,700	130,000	145,000
<u>GROSS RECEIPTS</u>			
Alaska Business License (2)	21,700	22,000	3,800
Commercial Fish (3)	8,300	10,500	10,200
Insurance Companies	10,000	11,000	12,500
Other	1,600	1,700	2,000
<u>SEVERANCE</u>			
Gravel, Timber, etc.	800	800	800
Oil and Gas Production (4)	107,700	165,500	172,100
<u>PROPERTY</u>			
Oil and Gas	173,000	161,000	166,000
Vehicle Registration	200	200	200
<u>SALE/USE</u>			
Alcoholic Beverages	7,600	7,500	7,600
Fuel (5)	23,300	27,800	29,300
Tobacco Products	1,700	1,700	1,700
<u>OTHER</u>			
Estate	200	300	400
School	2,400	2,400	2,500
<u>TOTAL TAXES</u>	<u>537,800</u>	<u>745,500</u>	<u>753,200</u>
<u>LICENSES AND PERMITS</u>			
BUSINESS	6,800	7,700	8,400
NON-BUSINESS	12,300	12,500	11,700
<u>TOTAL LICENSES &amp; PERMITS</u>	<u>19,100</u>	<u>20,200</u>	<u>20,100</u>
<u>INTERGOVERNMENTAL RECEIPTS</u>			
FEDERAL SHARED REVENUES (6)	3,600	4,200	4,300

STATE RESOURCES REVENUE

<u>SALE/USE</u>			
Bonus Sales (6)	-0-	-0-	-0-
Investment Earnings	44,200	42,000	45,000
Rents (6)	2,300	2,800	2,500
Royalties (6)	149,600	223,200	270,200
Sale of State Property	1,900	1,800	4,200
<u>FACILITIES RELATED CHARGES</u>			
Airports	800	400	500
Ferry System (7)	15,600	19,600	23,100
All Other	4,000	3,600	4,000
<u>SERVICE RELATED CHARGES</u>			
Court System	2,800	2,900	3,100
All Other	1,700	1,600	300
TOTAL STATE RESOURCES REVENUE	<u>222,900</u>	<u>297,900</u>	<u>352,900</u>
<u>MISCELLANEOUS REVENUE</u>			
Returns, etc.	<u>3,900</u>	<u>3,900</u>	<u>3,900</u>
TOTAL UNRESTRICTED REVENUES	787,300	1,071,700	1,134,400
Less: Native Claims Payments	<u>22,400</u>	<u>41,600</u>	<u>50,800</u>
TOTAL TO THE STATE	<u>764,900</u>	<u>1,030,100</u>	<u>1,083,600</u>

(1) Ch. 110 SLA 1978 Effective July 9, 1978.

(2) Sec. 3 of Ch. 144 SLA 1978 Effective January 1, 1979 amended AS 43.60.030 to remove the gross receipts levy on all businesses with the exception of the net income tax for banks, trust companies and savings and loan associations and the business license fee itself.

(3) <u>COMMERCIAL FISH TAXES</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Raw Fish	5,500	6,800	6,700
Cold Storage	2,300	2,700	2,700
Freezer Ship	500	1,000	800
TOTAL	<u>8,300</u>	<u>10,500</u>	<u>10,200</u>

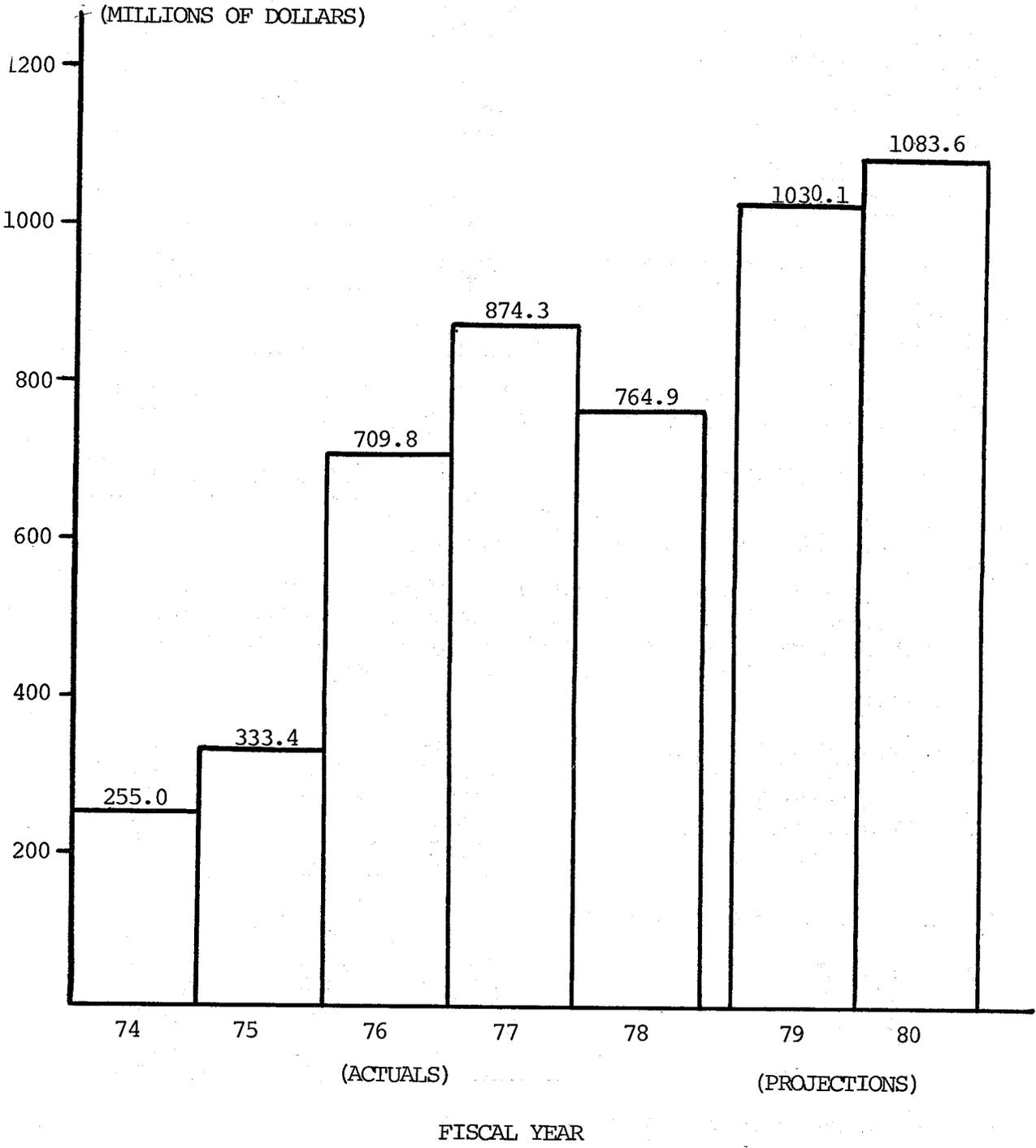
(4) Reserves tax credit applied.

(5) <u>FUEL TAXES</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Aviation	3,300	3,400	3,500
Highway	17,900	22,100	23,400
Marine	2,100	2,300	2,400
TOTAL	<u>23,300</u>	<u>27,800</u>	<u>29,300</u>

(6) Net of 25% Permanent Fund contribution.

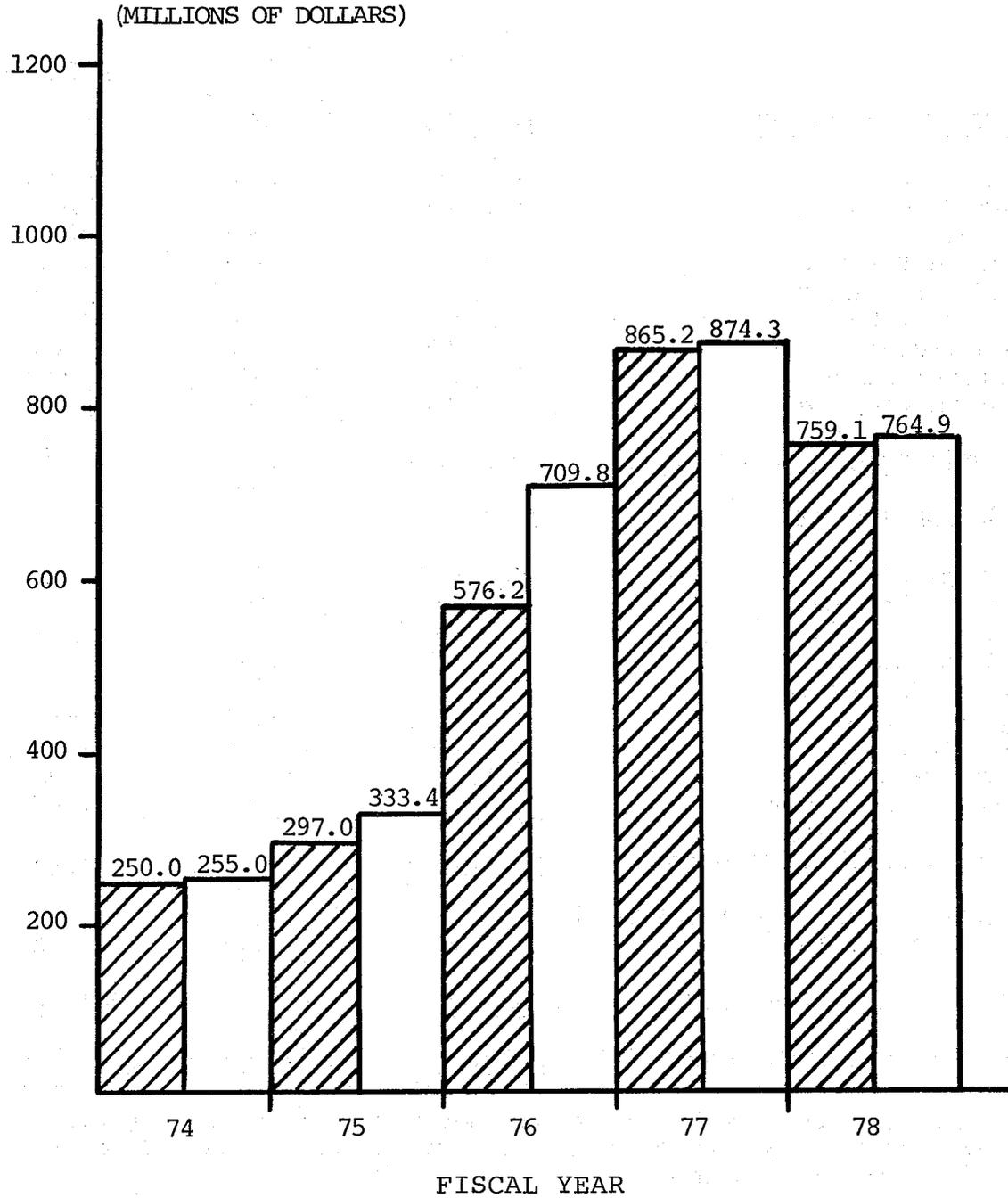
(7) <u>FERRY SYSTEM</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Southeast	14,000	17,500	20,900
Southwest	1,600	2,100	2,200
TOTAL	<u>15,600</u>	<u>19,600</u>	<u>23,100</u>

# Unrestricted Revenues

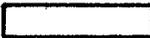


# Unrestricted Revenues

## Historical Comparison of Estimates and Actuals



Estimate 

Actual 

# Restricted Revenues

In Thousands of Current Dollars

	<u>1978</u>	<u>1979</u> REVISED ESTIMATE	<u>1980</u> ESTIMATE
<u>FEDERAL GRANTS-IN-AID</u>	<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>ESTIMATE</u>
Education	27,300	35,800	36,400
Social Services	57,700	82,600	90,000
Health	15,600	2,600	2,700
Natural Resources	7,900	5,900	10,000
Public Protection	4,400	4,700	5,100
Administration of Justice	2,700	2,600	2,500
Development	900	900	1,200
Transportation	121,600	125,000	125,000
General Government	500	500	700
TOTAL FEDERAL GRANTS-IN-AID	<u>238,600</u>	<u>260,600</u>	<u>273,600</u>
<u>OTHER GRANTS-IN-AID</u>			
Education	300	200	300
Social Services	1,200	1,600	1,600
Health	1,400	2,100	2,100
Natural Resources	1,400	1,500	1,800
Public Protection	1,400	300	700
Administration of Justice	300	-0-	-0-
Development	400	300	300
Transportation	1,000	1,100	1,200
General Government	900	1,000	2,400
TOTAL OTHER GRANTS-IN-AID	<u>8,300</u>	<u>8,100</u>	<u>10,400</u>
<u>MISCELLANEOUS RESTRICTED REVENUE</u>			
ALL CATEGORIES	900	700	500
TOTAL RESTRICTED REVENUE <sup>(1)</sup>	<u>247,800</u>	<u>269,400</u>	<u>284,500</u>
TOTAL GENERAL FUND REVENUE <sup>(2)</sup>	<u>1,012,700</u>	<u>1,299,500</u>	<u>1,368,100</u>

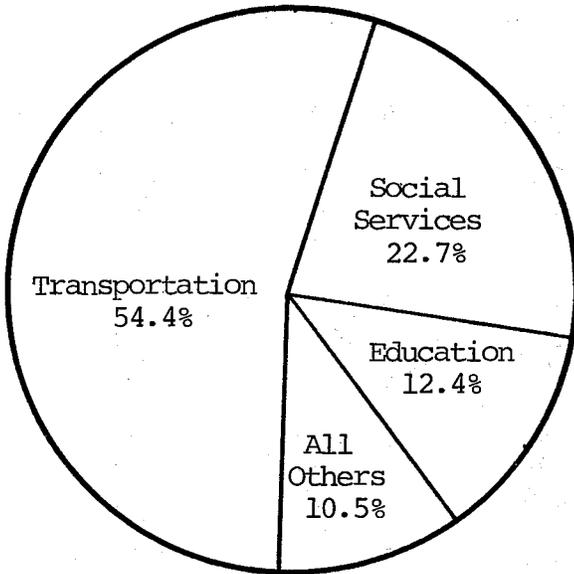
(1) Restricted Revenue figures may not agree with those shown in the Governor's budget due to categorical differences between the budget and accounting systems.

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

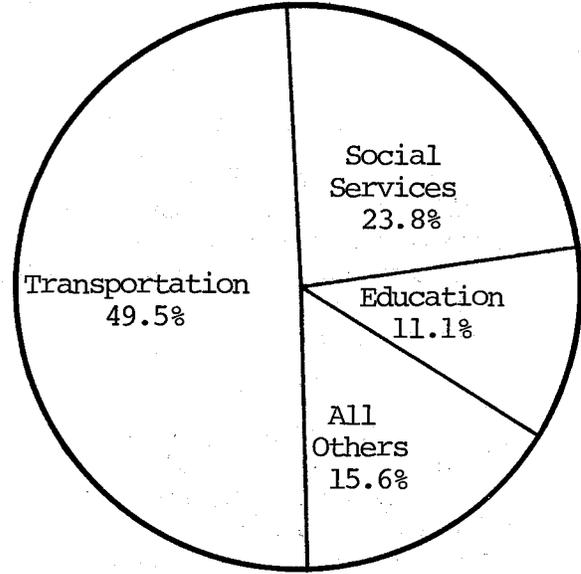
# Restricted Revenues

## Historical Comparison

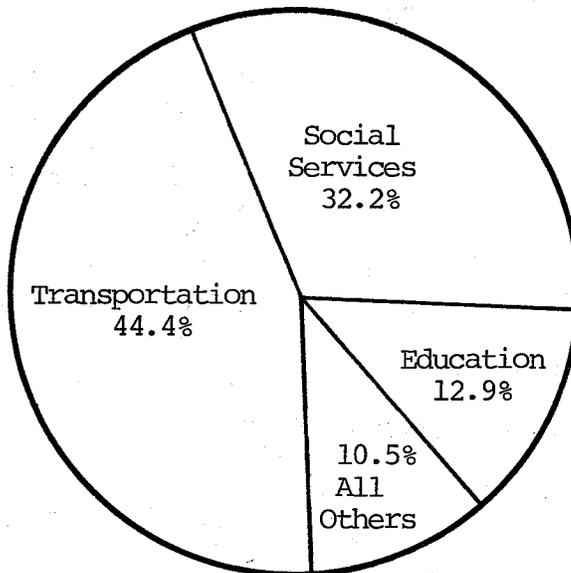
FY 77 ACTUAL



FY 78 ACTUAL



FY 80 PROJECTION



# Special Funds

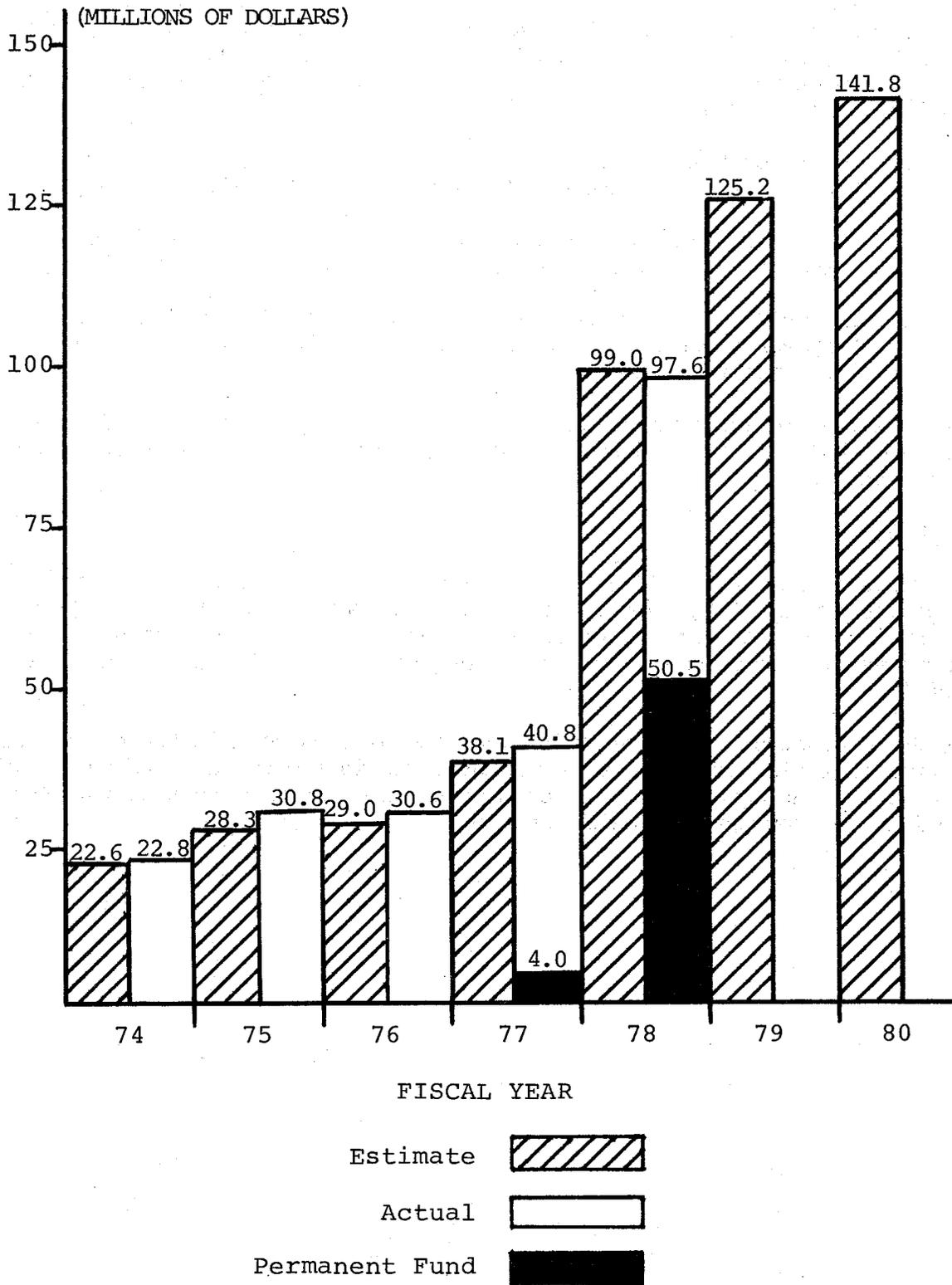
In Thousands of Current Dollars

	<u>1978</u>	<u>1979</u>	<u>1980</u>
<u>ENTERPRISE FUNDS</u>	<u>ACTUAL</u>	<u>REVISED ESTIMATE</u>	<u>ESTIMATE</u>
Agriculture Loan Fund	500	300	300
Child Care Facility Loan Fund	-0-	-0-	-0-
Commercial Fish Loan Fund	100	100	100
International Airport Revenue Fund			
Unrestricted	19,300	18,700	20,700
Restricted	3,200	7,600	5,500
TOTAL	<u>22,500</u>	<u>26,300</u>	<u>26,200</u>
Medical Malpractice Loan Fund	-0- (1)	100	100
Scholarship Loan Fund	200	300	300
Small Business Loan Fund	200	100	100
Tourism Loan Fund	100	100	100
Water Resources Loan Fund	-0-	100	100
World War II Veterans Loan Fund	2,800	2,700	3,500
TOTAL ENTERPRISE FUNDS	<u>26,400</u>	<u>30,100</u>	<u>30,800</u>
<u>SPECIAL REVENUE FUNDS</u>			
Alaska Permanent Fund	50,500	75,200	90,700
Federal Revenue Sharing Fund	8,000	7,900	7,900
Fish and Game Fund			
Unrestricted	4,200	4,200	4,300
Restricted	4,200	4,600	4,500
TOTAL	<u>8,400</u>	<u>8,800</u>	<u>8,800</u>
Marine/Coastal Damage Fund	1,200	100	500
School Fund	2,900	2,800	2,800
Training and Building Fund	200	300	300
TOTAL SPECIAL REVENUE FUNDS	<u>71,200</u>	<u>95,100</u>	<u>111,000</u>
TOTAL SPECIAL FUNDS	<u>97,600</u>	<u>125,200</u>	<u>141,800</u>

(1) No loans outstanding.

# Special Funds

## Historical Comparison



# Recent Tax Changes

## INDIVIDUAL

Each individual filing an Alaska net income tax return is entitled to a credit not to exceed the net tax liability of the taxpayer after deduction of all applicable credits (AS 43.20.15). In the case of married taxpayers filing a joint return, the return may claim a credit for each spouse. The applicable credit system is as indicated below.

1. The first tax year beginning after December 31, 1977 that a taxpayer files an income tax return, a \$100 credit is allowed.
2. The second tax year beginning after December 31, 1977 that a taxpayer files an income tax return, a \$200 credit is allowed.
3. The third tax year beginning after December 31, 1977 that a taxpayer files an income tax return and each year thereafter, a \$300 credit is allowed.

For part year residents and non-resident individual taxpayers, the credit provided shall be prorated according to the number of months of residence in the State.

## BUSINESS

The State amended AS 43-70-030 (the Alaska Business License Act), effective as of January 1, 1979, in order to remove the gross receipts tax levy on all businesses with the exception of the net income tax for banks, trust companies, and savings and loan associations and the business license fee itself.

The State enacted a corporation tax on companies engaged in the production or transportation of crude oil or natural gas in the state. The tax consists of a normal tax equal to 5.4 percent of taxable income, and a surtax which is equal to 4.0 percent of taxable income.

# Revenue Sources

## Income Taxes

### Corporate - General

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

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

### Corporate - Petroleum

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

<u>Due Date</u>	<u>Allocation</u>
On or before Sept. 30 or in installments as required by regulation	General Fund

### Individual

Tax is established by a graduated rate table on taxable income earned in Alaska.

<u>Due Date</u>	<u>Allocation</u>
April 15	General Fund

(Income Taxes administered by the Department of Revenue)

## Gross Receipts Taxes

### Business License

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

<u>Due Date</u>	<u>Allocation</u>
March 1	General Fund

(Administered by the Department of Revenue)

### Commercial Fish

Includes receipts for raw fish tax, cold storage tax, and freezer ships tax.

- Raw fish tax for canned salmon is 3% of wholesale value, for crab and razor clams 2% of value, and for herring and butter clams 1% of value.
- Shore-based cold storage and other processors are taxed at the rate of 1% of value of raw materials.
- Freezer ships and other floating cold storages are taxed at 4% of value of raw products.

#### Due Date

Various dates

#### Allocation

General Fund/Shared with political subdivisions

(Administered by the Department of Revenue)

### Insurance Premium

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

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

#### Due Date

April 1 for preceding year

#### Allocation

General Fund

(Administered by the Department of Commerce)

## **Severance Taxes**

### Oil Production

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

1. Percentage-of-value amount equals 12.25 per cent of the product's value at point of production.
2. Cents-per-barrel amount equals \$0.60 per barrel of old crude and \$0.80 per barrel for all other oil.

<u>Due Date</u>	<u>Allocation</u>
Monthly - 20th day of month for prior month	General Fund

#### Gas Production

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

<u>Due Date</u>	<u>Allocation</u>
Monthly - 20th day of month for prior month	General Fund

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

## **Property Taxes**

### Oil and Gas

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

<u>Due Date</u>	<u>Allocation</u>
June 30	General Fund

(Administered by the Department of Revenue)

### Vehicle Registration

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

Due Date

Allocation

Time of original registration  
and at each annual renewal

General Fund

(Administered by the Department of Public Safety)

## Sales/Use Taxes

### Fuel

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

Aviation fuel: 4¢ per gallon on aviation gas and 2 1/2¢ per gallon on aviation jet fuel.

Highway fuel: Gasoline and diesel fuel is taxed at the rate of 8¢ per gallon. "Off-highway" users may claim a refund of 6¢ per gallon on motor fuel within one year of purchase if the 8¢ tax was paid.

Marine fuel: Rate is 5¢ per gallon for fuel used in engines for the propulsion of boats and watercraft.

Due Date

Allocation

By last day of month  
for prior month

General Fund

(Fuel Taxes are administered by the Department of Revenue)

### Alcoholic Beverage

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

Due Date

Allocation

By last day of month  
for prior month

General Fund

(Administered by the Department of Revenue)

### Cigarette

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

Manufacturers	\$5
Vending Machine Operator	\$25
Direct-Buying Retailer	\$25
Buyer	\$25
Distributor	\$50

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

(Administered by the Department of Revenue)

## Other Taxes

### School

\$10 per year is collected from all employed persons who have attained the age of 19 prior to January.

<u>Due Date</u>	<u>Allocation</u>
January 1	General Fund

## Licenses and Permits

### Business

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

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

(Administered by several departments)

### Non-business

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

Due Dates

Allocation

Various

General Fund/Special Fund

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

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

**Intergovernmental Receipts**

Federal Shared Revenue

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

Due Date

Allocation

Federal cut-off dates are June 30 and December 30. Share received 4-6 weeks after cut-off date.

General Fund  
25% to Permanent Fund

(Administered by the Department of Natural Resources)

**State Resources Revenue**

Investment Earnings

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

Due Date

Allocation

Various dates

General Fund

(Administered by the Department of Revenue)

Royalties

Includes royalties from hard minerals, oil and gas.

Due Dates

Allocation

Monthly

General Fund  
25% to Permanent Fund

(Administered by the Department of Natural Resources)

Facilities Related Charges

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

Due Dates

Allocation

Various

General Fund

(Administered by several Departments)

Service Related Charges

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

Due Dates

Allocation

Various

General Fund

(Administered by several Departments)

