

ALASKA STATE LEGISLATURE

Session:

Alaska State Capitol, Room 121
Juneau, Alaska 99801
(907) 465-2327



Interim:

1292 Sadler Way
Fairbanks, Alaska 99701
(907) 456-8161

Senator Click Bishop

Bishop introduces bill to re-establish education head tax

For Immediate Release
February 11, 2019

For more information, contact:
Darwin Peterson, (907) 465-2327

Juneau – With many in Juneau anticipating budget cuts Wednesday from the governor, a legislator has introduced a bill to establish a \$30 education head tax to help raise money for school construction and maintenance.

Senator Click Bishop, a Fairbanks Republican, says the need for new revenues to fund Alaska’s schools is as important today as it’s always been. “We need to talk about that,” he said.

Bishop last year helped establish a new Permanent Fund Dividend Education Raffle that Alaskans may participate in when filling out applications for this year’s dividend. “The education raffle is designed to help put additional money in the classroom,” Bishop said. “The education head tax is aimed at getting money for brick-and-mortar schools that house our students. Currently, we need \$112 million in deferred maintenance and \$190 million for construction.”

From 1919 to 1980, Alaska had an annual employment head tax for the purpose of collecting revenues to fund schools. The tax went through numerous transformations, but it always charged an equal amount to each employed individual. When it was repealed in 1980, the tax was \$10 per person which has the equivalent value of \$30 today.

Senate Bill 50 proposes to revive the repealed head tax on employed individuals, both residents and nonresidents. It would collect \$30 from each person employed in the state, including nonresidents. The tax would be withheld from an employee’s first paycheck each year. The tax is deductible from an individual’s federal income tax return.

According to [the most recent statistics from the Alaska Department of Labor and Workforce Development](#) and the U.S. Census Bureau, the state has approximately 441,596 employed individuals. More than 20 percent of them were nonresidents, resulting in [\\$2.5 billion](#) leaving Alaska’s economy each year and, in most cases, being taxed by a nonresident’s home state.

Bishop’s education head tax is estimated to bring in \$13 million a year. The revenue collected would be deposited into the state’s general fund and accounted for separately to pay for the growing maintenance and construction needs of Alaska’s schools.

####

E-Mail: Senator.Click.Bishop@akleg.org
Website: www.alaskasenate.org/bishop/