

# Alaska State Legislature

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Senator Alan Austerman  
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## **Austerman Introduces School Head Tax Legislation** **New Revenues Desperately Needed**

(JUNEAU) – Sen. Alan Austerman (R-Kodiak) recently introduced legislation that would create an education head tax as part of a comprehensive approach to fill Alaska’s mounting budget gap.

Senate Bill 165 would impose a tax of \$100 a year on each employed individual age 19 or older, including the self-employed. Under SB 165, the employer would deduct \$50 from the employees salary on each of their first two regular payrolls after January 1 of the calendar year. A provision has been added to prevent this tax from being taken out more than once when the employee provides proof to their new employer that the tax has already been satisfied.

“The preliminary estimates given to me from the Department of Revenue said that the state would collect between \$35 and \$36 million a year in new revenue,” said Austerman. Rough numbers from the department indicate that about \$2 million a year would be required to administer the increased workload by staff in that division.

“Ironically, the general fund dollars needed to add \$145 for the base student allocation for school funding as called for in SB 1 is almost \$29 million,” said Austerman. “This seems to be a perfect fit. What better way to tell our children that we care and are willing to step up and contribute a little more for their education.”

This bill would compliment the Hammond Budget Gap Model as laid out by Representative Bill Hudson (R-Juneau) a few days ago.

“As Governor Jay Hammond has said ‘If the Constitutional Budget Reserve is exhausted, prospective dividend dollars will be the only dollars available to balance the books’,” said Austerman.

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