

# Sponsor Statement

## HB 229

### Education Tax on Employment

***“An Act imposing a tax on employment; and providing for an effective date.”***

~Updated April 27, 2001~

HB 229 would impose a tax of \$100 a year on each employed individual age 19 or older, including the self-employed. Under this bill, the employer would deduct \$50 from the employee's 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 accompanied fiscal note from the Tax Division of the Department of Revenue states that it will take \$822,500 in general fund money the first year of implementation to operate the new tax program. On the other side of the ledger, they have projected that in the FY2003, over \$38 million will be raised yearly in new revenue as a result of this legislation.

The tax collected under AS 43.45.021 would be deposited into the state's general fund, but accounted for separately. In turn, the legislature may then appropriate the amounts collected under this section for education.

This authorization is not intended to create a dedication of funds in violation of art. IX, sec. 7, of the Constitution of the State of Alaska.