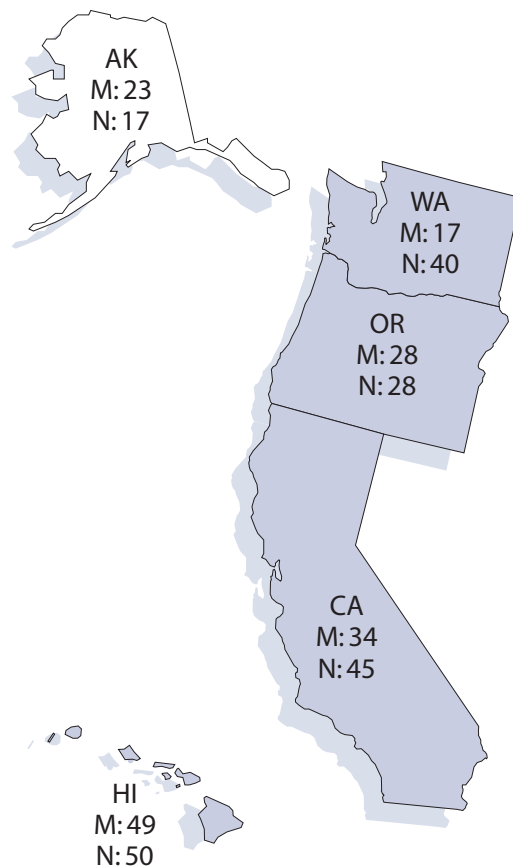


Alaska



M = Rank for mature firms
N = Rank for new firms

Alaska ranks 23rd overall for mature operations and 17th overall for newly established operations. Specifically:

- Alaska has the second-lowest total tax costs for the newly established distribution center with a TETR of 20.2 percent, roughly 44 percent below the national average. Alaska benefits from not levying a state-level sales tax and by offering a large property tax abatement. The state also ranks fourth for new retail establishments and fifth for new capital-intensive manufacturing.
- For mature firms, Alaska highest ranking is fourth for corporate offices, with a TETR of 11.5 percent, roughly 27 percent below the national average. Again, the lack of a state sales tax and relatively moderate property taxes contribute to the state's high ranking.
- Alaska has one of the higher tax costs (ranking 42nd) for the mature R&D firm, with a TETR of 15.7 percent. Alaska's high corporate income tax and high unemployment insurance tax burden are the main factor in this ranking.
- For similar reasons, Alaska also has above-average tax costs for the mature call center (ranking 34th) and the mature labor-intensive manufacturing plant (ranking 30th).
- Alaska's high income tax burden results from not only its high top rate of 9.4 percent, but also from its three-factor income apportionment formula (which weights property, payroll, and sales factors equally), and the fact that the state uses a throwback rule.

Alaska

Corporate income tax

Main tax rate	9.400%
Applies to income over	\$90,000
Specific adjustments:	
- s.199 deduction allowed	

Apportionment	Property	Payroll	Sales
Standard factors	33.3%	33.3%	33.3%
Optional alternative	n/a	n/a	n/a
Throwback applies to tangible property sales			Yes
Interstate services income apportionment			IPA

Sales and property tax

Metro areas examined		Sales tax	Property tax			
		Main rate ^a	Land	Buildings	Equipment	Inventory
Tier 1	Anchorage	–	1.563%	1.563%	1.563%	0.896%
Tier 2	Fairbanks	–	1.724%	1.724%	–	–
a. No sales tax exists in Alaska						

Other taxes

Unemployment insurance		State capital tax		Gross receipts tax			Local income tax
Rate	Max. pay			Mfg.	Services	Retail	
2.82%	\$34,600	n/a	Tier 1	n/a	n/a	n/a	n/a
			Tier 2	n/a	n/a	n/a	n/a

Incentives for newly established operations

Type	Incentive value	MC	ML	CC	DC	CO	RD	RT
Investment	n/a							
Job creation	n/a							
Withholdings	n/a							
R&D	n/a							
Property tax	100% abatement x 5 years	✓	✓		✓	✓	✓	✓

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store

Results

	Newly established operations								Mature operations									
	Tier 2 operations				Tier 1 operations				AVG	Tier 2 operations				Tier 1 operations				AVG
	MC	ML	CC	DC	CO	RD	RT	MC		ML	CC	DC	CO	RD	RT			
TETR	5.5%	10.6%	28.1%	20.2%	12.7%	17.3%	20.6%		12.5%	12.0%	23.5%	26.8%	11.5%	15.7%	14.9%			
Index	48.7	90.8	112.7	55.9	78.9	117.4	63.3	81.1	98.8	102.9	112.0	87.4	73.1	121.7	88.2	97.7		
Rank	5	19	28	2	15	31	4	17	25	30	34	18	4	42	17	23		

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store