

Alaska State Legislature

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Representative Lance Pruitt
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Sponsor Statement

CSHB 193(FIN)

An Act relating to the joint administration of taxes common to both the state and a municipality.

Passage of CSHB 193 seeks to promote greater cooperation and reciprocal information sharing between State and local jurisdictions in Alaska resulting in more efficient and effective oversight, enforcement and collection of commonly assessed, legally due taxes (e.g., tobacco tax and rental vehicle tax).

The result of information sharing between State and local jurisdictions is that tax evasion by businesses and individuals will be less likely to occur, thereby promoting a more competitive business environment for Alaskan businesses and decreasing tax subsidization caused by willful tax evaders who otherwise shift the tax burden to law abiding citizens. Such joint information sharing between state and local government is a commonly authorized practice in many other state statutes.

The proposed change to state statutes is comprised of two sections. The first section amends existing language to add political subdivisions of the State to the list of entities with which the State can share information. Implementation is expected to be cost neutral and should produce additional revenue through shared results of discovery efforts and audits.

The second section of the CSHB 193 authorizes the State of Alaska Department of Revenue (Department) to enter into an agreement such as a Memorandum of Understanding (MOU) with a municipality, authorizing the Department to act as central administrator of any potential joint tobacco tax stamp program which meets their economy of scale criteria. The purpose of section two of the bill is to promote efficiency with respect to any potential joint tobacco stamp program, and to minimize impact on private sector stamp purchasers. Program administration by the Department would include central issuance of joint tobacco stamps as well collection of associated tobacco stamp revenues on behalf of a municipality. The cost causer – cost payer principle would be in effect, such that a participating municipality would be responsible for reimbursing the Department for direct, incremental cost increases resulting from a joint tobacco tax program. A number of jurisdictions, particularly in more largely populated city areas around the country, have multi-jurisdictional tobacco stamps in use based on economies of scale.