

Revenue

Applicable Program
Tobacco Products Tax

Indirect Expenditure Name
Commission

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Gives a four-tenths of one percent deduction to cover the expense of accounting and filing the return for the tobacco tax.

(2) Authorizing Statute Regulation or Other Authority

AS 43.50.330 (b)

(3) Year Enacted

1988, amended 1997

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The discount was intended to cover the cost of filing the return. The percentage was decreased in 1997 to reflect a higher tax rate than in the original statute.

(6) Public Purpose

To encourage timely filing of tax returns.

(7) Estimated Revenue Impact

FY 2009 - \$40,767

FY 2010 - \$41,500

FY 2011 - \$46,852

FY 2012 - \$48,182

FY 2013 - \$50,056

(8) Cost to Administer

(9) Number of Beneficiaries

26-35

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$50,056

(2) Estimate of Annual Benefit to Recipients

\$1,430 to \$1,925

(3) Legislative Intent Met?

Unclear

(4) Should it be Continued, Modified or Terminated?

Recommend termination. Other state tax payers do not receive a discount to cover the cost of filing taxes. Online tax filing provides an efficient and cost effective method - the rate reduction may be obsolete.