

# Fiscal Note

State of Alaska  
2015 Legislative Session

Bill Version: HB 155  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB155-DOR-TAX-04-09-15  
Title: FEES; WAIVERS; CREDITS;  
DEDUCTIONS; TAXES  
Sponsor: THOMPSON  
Requester: (H) Finance

Department: Department of Revenue  
Appropriation: Taxation and Treasury  
Allocation: Tax Division  
OMB Component Number: 2476

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2016 Request	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>OPERATING EXPENDITURES</b>	<b>FY 2016</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>	***		***	***	***	***	***
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**Estimated SUPPLEMENTAL (FY2015) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2016) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/15

## Why this fiscal note differs from previous version:

The House Finance Committee removed the \$50.0 one-time funding requested in the original fiscal note for updating tax forms.

Prepared By: Representative Neuman Phone: (907)465-2679  
House Finance Committee Date: 04/09/2015  
Representative Thompson  
House Finance Committee

FISCAL NOTE ANALYSIS

Analysis

**Bill Overview and Revenue Impact**

This bill would make changes to several indirect expenditures in the State of Alaska across multiple departments. The revenue impact of this bill is indeterminate because the Department of Revenue does not collect information needed to estimate the impact of one of the provisions of the bill. However for the provisions we can estimate, this bill is estimated to increase revenue by approximately \$450,000 in FY 2016 increasing to \$458,000 in FY 2021, based on the Fall 2014 revenue forecast. Following are the specific changes that would impact the Tax Division, and their estimated revenue impacts based on the Fall 2014 revenue forecast:

1. Repeals the deduction for accounting and filing expenses for the Tobacco Products Tax under AS 43.50.330(b). This deduction is four-tenths of one percent of the tax due. The revenue impact of this deduction was \$50,056 in FY 2013, and is estimated to be \$57,000 in FY 2016 rising to \$77,000 in FY 2021 based on the forecasted increase in tobacco products wholesale value.
2. Repeals deduction for expenses of affixing stamps to packs for the Cigarette Tax under AS 43.50.540(c). This deduction allows for a discount of 3% of the first \$1,000,000 and 2% of the second \$1,000,000 in tax stamps purchased, up to a maximum deduction of \$50,000 per taxpayer. The revenue impact of this deduction was \$313,192 in FY 2013, and is estimated to be \$263,000 in FY 2016, falling to \$251,000 in FY 2021 based on declines in cigarette consumption.
3. Repeals the timely filing credit against the Tire Fee under AS 43.98.025(e). This deduction provides an allowance of 5% of the amount collected, up to \$900 per quarter. The revenue impact of this credit was \$65,684 in FY 2013 and is estimated to remain consistently around \$65,000 per year from FY 2016 through FY 2021.
4. Repeals the timely filing discount for the Motor Fuel Tax under AS 43.40.010(c). This discount provides an allowance of 1% of the tax due, up to \$100 per month. The revenue impact of this discount was \$66,738 in FY 2013 and is estimated to be between \$60,000 and \$70,000 yearly from FY 2016 though FY 2021 (for purposes of the total revenue impact above we used the midpoint of \$65,000).
5. Repeals the deduction for federal taxes paid for the Large Passenger Vessel Gambling Tax under AS 43.35.210. This deduction allows federal taxes to be deducted in arriving at "adjusted gross income" for purposes of calculating the tax liability. The fiscal impact of this provision is indeterminate because the Department of Revenue does not collect this information.

This bill would also make several changes to indirect expenditures administered by other Departments. We do not include these other provisions in our fiscal note.

**Regulations**

The department anticipates that it will need to repeal, amend, and adopt regulations for the tax types impacted by repealed credits and deductions. Regulations should be effective by December 31, 2015.