

# Fiscal Note

State of Alaska  
2026 Legislative Session

Bill Version:	CSSB 164(L&C)
Fiscal Note Number:	1
(S) Publish Date:	3/4/2026

Identifier: SB164-DOR-TAX-2-21-26  
 Title: ELIMINATE TAX DISCOUNTS  
 Sponsor: MERRICK  
 Requester: (S) L&C

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)

	FY2027	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2027 Request	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>OPERATING EXPENDITURES</b>	<b>FY 2027</b>	<b>FY 2027</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>	<b>FY 2031</b>	<b>FY 2032</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>	<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>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

**Change in Revenues**

1004 Gen Fund (UGF)	265.0		265.0	265.0	265.0	265.0	265.0	265.0
1252 DGF Temp (DGF)	202.7		202.7	202.7	202.7	202.7	202.7	202.7
<b>Total</b>	<b>467.7</b>	<b>0.0</b>	<b>467.7</b>	<b>467.7</b>	<b>467.7</b>	<b>467.7</b>	<b>467.7</b>	<b>467.7</b>

**Estimated SUPPLEMENTAL (FY2026) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2027) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - 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? No  
 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

**Why this fiscal note differs from previous version/comments:**

Not applicable, initial version.

Prepared By: Brandon Spanos, Acting Director  
 Division: Tax Division  
 Approved By: Janelle Earls, Acting Commissioner  
 Agency: Department of Revenue

Phone: (907)269-6736  
 Date: 02/21/2026  
 Date: 02/21/26

REPORTED OUT OF  
SFC 03/24/2026

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2026 LEGISLATIVE SESSION

Analysis

**Background**

This bill eliminates four tax collection incentives currently provided to businesses that collect and remit taxes on behalf of the State of Alaska. Specifically, the bill removes:

1. Timely Filing Credit (AS 43.40.013) - Motor Fuel Tax: One percent of the total monthly tax due to cover the expense of accounting and filing the monthly return, capped at \$100 per monthly return. Additional revenue would be Other Restricted revenue (aviation related, including a state share and municipal share) or Designated General Funds (all other fuels).
2. Commission (AS 43.50.330) - Tobacco Products Tax: Four-tenths of one percent (0.4%) deduction to cover the expenses of accounting and filing the return, with no cap. Additional revenue would be Unrestricted General Funds.
3. Tax Stamp Discount (AS 43.50.540) - Cigarette Tax: Tiered discount structure calculated annually per licensee at three percent on the first \$1 million, two percent on \$1-2 million, and zero percent above \$2 million in denominated value, capped at \$50,000 per company per calendar year. Additional revenue would be split between the Unrestricted General Fund and two designated funds, the School Fund and Tobacco Use Education and Cessation Fund (TECF).
4. Timely Filing Credit (AS 43.98.025) - Tire Fee: Five percent of the amount collected for sellers that remit the fee within 30 days after the last day of the preceding calendar quarter, capped at \$600 per quarter. Additional revenue would accrue to the Unrestricted General Fund.

NOTE: This fiscal note assumes the effective date will be amended during the legislative process to July 1, 2026, delaying implementation by one year. Therefore, the first year of revenue impact is projected to occur in FY2027. This assumption accounts for the typical legislative timeline and allows adequate notice to affected licensees and dealers to adjust their accounting systems and procedures.

**Revenue Impact**

Elimination of these deductions is projected to generate approximately \$467,800 in additional annual revenue beginning in FY2027, based on the five-year average. The following table provides additional detail.

Tax	Name of Expenditure	Statute Reference	2021	2022	2023	2024	2025	5-year average
Motor Fuel Tax	Timely Filing Credit	43.40.013	\$ 65.2	\$ 70.5	\$ 67.9	\$ 68.4	\$ 69.8	\$ 68.3
Tobacco Products Tax	Commission	43.50.330	\$ 55.7	\$ 53.6	\$ 51.5	\$ 52.1	\$ 49.8	\$ 52.5
Tire Fee	Timely Filing Credit	43.98.025	\$ 39.6	\$ 39.7	\$ 38.1	\$ 36.9	\$ 36.3	\$ 38.1
Cigarette Tax	Tax Stamp Discount	43.50.540	\$ 333.4	\$ 305.4	\$ 293.7	\$ 268.9	\$ 342.5	\$ 308.8
<b>Total</b>			<b>\$ 494.0</b>	<b>\$ 469.3</b>	<b>\$ 451.1</b>	<b>\$ 426.2</b>	<b>\$ 498.3</b>	<b>\$ 467.8</b>

amounts shown in \$ thousands

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2026 LEGISLATIVE SESSION

BILL NO. SB 164

Analysis

Of the total, approximately \$265,000 would be Unrestricted General Fund revenue, and \$202,700 would be Designated General Fund or Other Restricted Revenue. The multiple non-Unrestricted General Fund impacts are not broken out due to the limitations of the fiscal note system and are combined into a single "DGF Temp" line in this note. The following table provides additional detail.

CHANGE IN REVENUES (\$ thousands)		FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
	<i>UGF Motor Fuel Tax</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<i>UGF Tobacco Products Tax</i>	\$ 52.5	\$ 52.5	\$ 52.5	\$ 52.5	\$ 52.5	\$ 52.5
	<i>UGF Tire Fee</i>	\$ 38.1	\$ 38.1	\$ 38.1	\$ 38.1	\$ 38.1	\$ 38.1
	<i>UGF Cigarette Tax</i>	\$ 174.4	\$ 174.4	\$ 174.4	\$ 174.4	\$ 174.4	\$ 174.4
1004	<b>Gen Fund (UGF)</b>	<b>\$ 265.0</b>	<b>\$ 265.0</b>	<b>\$ 265.0</b>	<b>\$ 265.0</b>	<b>\$ 265.0</b>	<b>\$ 265.0</b>
	<i>DGF Motor Fuel Tax - non aviation</i>	\$ 59.0	\$ 59.0	\$ 59.0	\$ 59.0	\$ 59.0	\$ 59.0
	<i>Other Motor Fuel Tax - aviation state share</i>	\$ 9.0	\$ 9.0	\$ 9.0	\$ 9.0	\$ 9.0	\$ 9.0
	<i>Other Motor Fuel Tax - aviation muni share</i>	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
	<i>DGF Cigarette Tax - School Fund</i>	\$ 117.3	\$ 117.3	\$ 117.3	\$ 117.3	\$ 117.3	\$ 117.3
	<i>DGF Cigarette Tax - TECF</i>	\$ 17.0	\$ 17.0	\$ 17.0	\$ 17.0	\$ 17.0	\$ 17.0
1252	<b>DGF Temp (DGF)</b>	<b>\$ 202.7</b>	<b>\$ 202.7</b>	<b>\$ 202.7</b>	<b>\$ 202.7</b>	<b>\$ 202.7</b>	<b>\$ 202.7</b>
	<b>TOTAL CHANGE IN REVENUES</b>	<b>\$ 467.8</b>	<b>\$ 467.8</b>	<b>\$ 467.8</b>	<b>\$ 467.8</b>	<b>\$ 467.8</b>	<b>\$ 467.8</b>

**Implementation Cost**

This bill would require the Department to make changes to update its Tax Revenue Management System (TRMS) and Revenue Online System (ROL). Both systems would require reprogramming to ensure that the credits and discounts are no longer computed when filing a return electronically. Additionally, we would need to update forms to remove those lines. Resources required to implement the changes would include staff and contractor time to reprogram the system for the new share amounts as well as other miscellaneous costs. These costs would be absorbed by the Tax Division using existing resources.