

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 167
 () Publish Date: _____

Identifier (File Name): HB167-DOR-TAX-04-03-09 Dept. Affected: Revenue 04
 Title: Tax Credit for State Tourism Program RDU: Taxation and Treasury
 Sponsor: Representative Coghill Component: Taxation and Treasury
 Requester: (H)Labor & Commerce Component No.: 2476

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	30.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	30.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	*	0.0	*	*	*	*	*	*
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	30.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	30.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: 0

POSITIONS

Full-time	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

See Attached.

Prepared by: Dan Stickel, Economist Phone (907) 465-3279
 Division: Tax Division Date/Time 3-17-09 8:07am
 Approved by: Ginger Blaisdell, Director, Administrative Services Date 4/3/2009
 Agency: Department of Revenue

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STATE OF ALASKA
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BILL NO. HB 167

ANALYSIS CONTINUATION

Bill Language:

This bill will create a tax credit for contributions to a qualified trade association that has been awarded a contract by the Department of Commerce, Community and Economic Development for planning and executing a destination tourism marketing campaign.

The tax credit would be equal to the value of qualified contributions and could be applied to a liability under the Alaska Corporate Net Income Tax. Unused tax credits could not be carried forward or transferred. The tax credit would be available only to corporations owning or operating large commercial passenger vessels.

A 2006 initiative subjected commercial passenger vessel operations to corporate income tax under AS 43.20. Prior to that initiative, commercial passenger vessel operations were exempt from taxation through the department's adoption of Internal Revenue Code Section 883. The credit would have a maximum value equal to the difference between (1) the corporate income tax liability under current law which includes commercial passenger vessels in the tax base, and (2) the corporate income tax liability under laws in place as of December 16, 2006 which exempted commercial passenger vessels.

The tax credit would apply to contributions after June 30, 2009.

Revenues:

Revenues from this bill are indeterminate for two reasons: first, the total tax liability from corporations operating commercial passenger vessels cannot be disclosed due to confidentiality constraints; and second, we do not know to what extent commercial passenger vessel operators will offset that liability through contributions that qualify for the tax credit under this bill.

Corporate income tax collections from the entire tourism industry were \$3.5 million in FY 2007 and \$15.8 million in FY 2008. These amounts include commercial passenger vessels as well as other tourism companies such as tour operators and hotels. The FY 2008 amount reflects the first full fiscal year of collections after commercial passenger vessels were added to the tax base, but we cannot disclose the amount of tax from commercial passenger vessel operators due to confidentiality constraints. It can be said, however, that the maximum possible credit in FY 2008 would have been no greater than \$15.8 million.

Expenditures:

This bill would require the Department of Revenue to administer a new tax credit program. We anticipate being able to implement the new credit using existing staff. There will be \$30,000 in one-time startup expenses. These expenses include \$20,000 for enhancements to our tax examination system, and \$10,000 for updates to our tax forms and education and communication with stakeholders as we implement the credit program.