Fiscal Note

State of Alaska
2020 Legislative Session

Bill Version:	SB 130
Fiscal Note Number:	
() Publish Date:	

Identifier:	SB130-DOR-TAX-02-28-2020	Department:	Department of Revenue
Title:	SEAFOOD PRODUCT DEVELOPMENT TAX CREDIT	Appropriation:	Taxation and Treasury
		Allocation:	Tax Division
Sponsor:	STEVENS	OMB Component Number:	2476
Requester:	(S) Res		

Expenditures/Revenues

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

OPERATING EXPENDITURES	FY2021 Appropriation Requested FY 2021	Included in Governor's FY2021 Request FY 2021	Out-Year Cost Estimates FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Fund Source (Operating Only)

None							
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1004 Gen Fund (UGF)			(3,600.0)	(4,500.0)	(5,500.0)	(6,500.0)	(6,600.0)
Total	**0.0**	**0.0**	**(3,600.0)**	**(4,500.0)**	**(5,500.0)**	**(6,500.0)**	**(6,600.0)**

Estimated SUPPLEMENTAL (FY2020) cost:	0.0	*(separate supplemental appropriation required)*
Estimated CAPITAL (FY2021) 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If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division:	Tax Division	Date:	02/28/2020
Approved By:	Brad Ewing, Administrative Services Director	Date:	02/28/20
Agency:	Office of Management and Budget		

STATE OF ALASKA   BILL NO. SB130
2020 LEGISLATIVE SESSION

Analysis

Background

This bill amends the salmon and herring product development tax credit, which is a credit against the Fisheries Business Tax for qualified investments in property / equipment used to create value-added salmon and herring products. The credit is capped at half of a taxpayer's fisheries business tax liability. This bill amends the credit to: (1) include cod and pollock in addition to salmon and herring; and (2) extend the current sunset date of the credit from December 31, 2020 to December 31, 2025.

Revenue Impact

From fiscal years 2016-2019, annual value of the salmon and herring product development credit ranged from $3.1 million to $4.4 million. Overall credit utilization is likely to increase due to the addition of the two new species of fish that qualify for the credit. This fiscal note assumes that future credit utilization for salmon and herring products will remain similar to historical averages for the past four years. It is difficult to determine the impact of expanding the credit to cod and pollock products considering that historically these products have not been eligible for a credit. To estimate the potential revenue impact, this fiscal note uses the forecasts from the fall 2019 revenue forecast for total value of cod and pollock subject to the Fisheries Business Tax, combined with historic utilization rates for salmon and herring. This forecast has a degree of uncertainty, but the fiscal impact is likely to range between $3.6 million to $6.6 million in credits used in the FY 2022-2026 timeframe. Note, this estimate does not account for any potential increase in fishery value as a result of this bill.

Implementation Cost

This legislation would require only minor changes to update its Tax Revenue Management System (TRMS) and Revenue Online (ROL) which allows a taxpayer to file a return online. DOR will be able to make the changes with existing resources. The Department does not anticipate any continuing costs or additional staff needs.