

FISCAL NOTE

STATE OF ALASKA
2024 LEGISLATIVE SESSION

Bill Version SB237
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) SB237-DOR-TAX-02-14-24 Dept. Affected Revenue
 Title Alaska Affordability Act Appropriation Taxation and Treasury
 Allocation Tax Division
 Sponsor Rules by Request of the Governor
 Requester S(L&C) OMB Component Number 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates					
			FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
OPERATING EXPENDITURES								
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	0.0

FUND SOURCE		(Thousands of Dollars)						
		FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	
1002	Fed Rcpts (Fed)							
1003	GF/Match (UGF)							
1004	Gen Fund (UGF)							
1005	GF/Prgm (DGF)							
1007	I/A Rcpts (Other)							
1037	GF/MH (UGF)							
		0.0	0.0	0.0	0.0	0.0	0.0	

POSITIONS							
		FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES		FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
1004	Gen Fund (UGF)	***	***	***	***	***	***
1002	Fed Rcpts (Fed)						
TOTAL CHANGE IN REVENUES		0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2024) operating costs 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2025) costs 0.0 (separate capital appropriation required)

Does the bill create or modify a 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? Yes
 If yes, by what date are the regulations to be adopted, amended, or repealed? 1/1/2025 Discuss details in analysis section.

Why this fiscal note differs from previous version/comments (if initial version, please note as such)

Not applicable, initial version.

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 Agency Department of Revenue

Phone 907-269-6632
 Date/Time 2/14/24 3:00 PM
 Date 2/14/2024

FISCAL NOTE ANALYSIS

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BILL NO. SB237

Analysis

This bill would create a credit against corporate income tax for qualifying expenditures for childcare, residential heating and electricity affordability, housing affordability, and food affordability. The department is authorized to adopt regulations to define qualifying expenditures.

The tax credit is limited to 50 percent of qualifying expenditures and may not exceed 50 percent of a corporation’s tax liability for the year. Unused credits may not be sold, traded, transferred, or applied in a prior or subsequent year. Qualifying expenditures may not be claimed for credit under another provision of Title 43, nor be taken as a deduction (26 U.S.C.) in computing the Alaska corporate income tax.

Revenue Impact

The Division is not able to predict the behavior of corporations in response to this bill—how much or for which activities they might contribute. For that reason, this note is indeterminate. However, we have completed an analysis which forecasts the maximum revenue impact this bill could have on corporate income tax revenue. Because the bill creates a credit for money contributed and qualified spending, the impact would be a reduction to corporate income tax revenue. The analysis splits out the maximum potential impact by non-petroleum and petroleum taxpayers below:

All numbers are in Millions	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Maximum Impact on Non-Petroleum Corporate Income Tax Revenue	\$ (87.5)	\$ (99.9)	\$ (109.9)	\$ (116.5)	\$ (120.8)	\$ (126.3)
Maximum Impact on Petroleum Corporate Income Tax Revenue	\$ (150.1)	\$ (144.6)	\$ (140.8)	\$ (140.0)	\$ (140.2)	\$ (140.5)
Maximum Impact on Tax Revenue	\$ (237.6)	\$ (244.5)	\$ (250.7)	\$ (256.5)	\$ (261.1)	\$ (266.8)

The above analysis is estimated by scaling company tax return information by available earning per share projections. This information is then rolled up by a sector by sector basis and scaled to reflect the Alaskan corporate tax base.

Implementation Costs

This legislation would require the Department of Revenue to make minor changes to its Tax Revenue Management System (TRMS). Resources required to implement this bill would include staff time to updated tax forms, TRMS, and Revenue Online, and other miscellaneous costs when applicable. These costs will be absorbed by the Tax Division using existing resources.