

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 303(FIN)
 (H) Publish Date: 3/26/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: Statewide Sales Tax BRU: Revenue Operations
 Component: Tax Division
 Sponsor: Representative Whitaker
 Requester: House Finance Committee Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	2,389.4	3,774.5	3,774.5	3,774.5	3,774.5	3,774.5
Travel	80.0	70.0	70.0	70.0	70.0	70.0
Contractual	875.5	954.0	983.5	983.5	983.5	983.5
Supplies	75.3	91.0	91.0	91.0	91.0	91.0
Equipment	520.0	67.5	15.0	15.0	15.0	15.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	3,940.2	4,957.0	4,934.0	4,934.0	4,934.0	4,934.0
CAPITAL EXPENDITURES	1,904.0	427.5	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (increase)	100,000.0	240,000.0	240,000.0	240,000.0	240,000.0	240,000.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	5,844.2	5,384.5	4,934.0	4,934.0	4,934.0	4,934.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	5,844.2	5,384.5	4,934.0	4,934.0	4,934.0	4,934.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time	65	72	72	72	72	72
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

The Department of Revenue estimates the 3% year-round statewide sales tax in this legislation would generate approximately \$240 million a year in state revenues. Uncertainties over the effect of limiting the sales tax to the first \$2,000 of a sales or service invoice, and the lack of detailed statistics on the sales of goods and services in Alaska corresponding to the exemptions granted in this legislation make it difficult to provide a better estimate of revenues -- the actual revenues could be higher. The revenue estimate for FY2003 assumes five months of collections in the first fiscal year, starting with February receipts from January's collections.

The cost projections assume the new Sales Tax Section would take over space in the State Office Building in Juneau currently occupied by the Permanent Fund Dividend Division and would take over space in the Atwood Building in Anchorage currently occupied by the Alcoholic Beverage Control Board. These moves would allow the Sales Tax Section to share premises (and staff) with the department's Tax Division. The estimated cost of relocating the Dividend Division and ABC Board are a combined one-time relocation expense of approximately \$325,000 and an annual operating budget increase of perhaps \$150,000 a year (due to the higher rents for private property as opposed to state-owned buildings). The capital costs are reflected in this fiscal note; the ABC and Dividend Division operating budget increments are not reflected in this fiscal note and would be requested in a supplemental appropriation next year.

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 Division: Department of Revenue Date/Time 3/25/2002 6:30 p.m.
 Approved by: Larry Persily, Deputy Commissioner Date 3/25/2002
 Agency: Department of Revenue