

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 162(FIN)
 (H) Publish Date: 5/6/03

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Increase Business License Fee BRU Occupational Licensing (117)
 Component Occupational Licensing
 Sponsor Rules by Request of the Governor
 Requester House Finance Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	146.4	146.4	146.4	146.4	146.4	146.4
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	30.0	30.0	30.0	30.0	30.0	30.0
Supplies	5.0	5.0	5.0	5.0	5.0	5.0
Equipment	12.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	193.4	181.4	181.4	181.4	181.4	181.4

CAPITAL EXPENDITURES						
CHANGE IN REVENUES (1175)	9,905.3	9,905.3	9,905.3	9,905.3	9,905.3	9,905.3

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1175 - BusLic Receipts	193.4	181.4	181.4	181.4	181.4	181.4
TOTAL	193.4	181.4	181.4	181.4	181.4	181.4

Estimate of any current year (FY2003) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	2	2	2	2	2	2
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

CSHB 162 (FIN) creates annual licensing for Business Licenses. The bill also proposes to make the following changes to the current program -

- 1) Establish two categories of licensure: Sole Proprietors and All Others;
- 2) Establish annual fees at \$100 for Sole Proprietors, and \$300 for All Others;
- 3) Charge annual fees of \$50.00 for Sole Proprietors age 65 years and older;
- 4) Require tobacco endorsements attached to a business license to be paid annually, \$100 per location.

Detailed explanation of the costs shown above are attached.

Prepared by: Jennifer Strickler, Administrative Manager Phone 907-465-2144
 Division: Occupational Licensing Date/Time 5/5/03 2:00 PM
 Approved by: Edgar Blatchford, Commissioner Date 5/5/2003
 Agency: Department of Community & Economic Development

FISCAL NOTE #3

**STATE OF ALASKA
2003 LEGISLATIVE SESSION**

BILL NO. CSHB 162(FIN)

ANALYSIS CONTINUATION

CSSB 114(L&C): An act increasing the fee for a state business license...

PERSONAL SERVICES: \$146.4

1 - Administrative Clerk III position, Range 10, PFT, located in Anchorage, \$40.3
Currently, the business licensing program is supported by one dedicated position in Anchorage. By switching from a biennial to annual cycle, this position is needed to support the increased workload of the program.

1 - Analyst Programmer III position, Range 18, PFT, located in Juneau, \$65.8
The change in licensing from biennial to annual will require reprogramming and ongoing maintenance of all business licensing programs including databases and the online licensing programs, receipting, integration of online purchase/renewal systems and over-the-counter system for accepting credit card payments, and reporting systems.

Funding for an Administrative Clerk III position, Range 10, PFT, located in Juneau, \$40.3.
Currently, the position is funded by RSA from the Department of Health & Social Services for tobacco enforcement related purposes; however, RSA funds are likely to be reduced. Maintaining this position with business license receipts is essential to operating the business licensing program on an annual cycle. This position processes business license applications, verifies payments and information provided for issuance of tobacco endorsements, prints licenses with endorsements, and ensures sufficient numbers of Tobacco Signs and Penalty lists are sent to the business owner.

TRAVEL: \$0.0

No travel is required.

CONTRACTUAL SERVICES: \$30.0

Funding needed to reprint basic forms, public notices, and revise regulations, \$10.0
Funding needed to revise and mail renewal packets, \$20.0

SUPPLIES: \$5.0

Basic operating supplies to change licensing cycles.

EQUIPMENT: \$12.0 (one-time costs)

Basic office equipment and work station configuration for the new positions.

REVENUE:

The revenue is based on the calculations shown on page 3.

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ANALYSIS CONTINUATION

CSSB 114(L&C): An act increasing the fee for a state business license...

REVENUE

Based on the total of 69,315 business licenses on 4/17/03.

Fee for Sole Proprietorship - \$100. (Based on estimated dropout of 25% of 41,253 = 10,313.)

Fee for Corporation, Limited Liability Company, Partnership
Limited Liability Partnership, or Limited Partnership - \$300.

	Annual Revenue	Current Revenue	NEW REVENUE
Sole Proprietors 30,940 x \$100.	\$3,094,000.	\$1,031,325.	\$2,062,675.
All Others 28,062 x \$300.	8,418,600.	701,550.	7,717,050.
		Sub-Total New Revenue:	\$9,779,725.
Tobacco Endorsements			
1,256 x \$100.	\$125,600.	0	\$125,600.
		TOTAL NEW REVENUE:	\$9,905,325.

TOTAL BUSINESS LICENSES ON 4/17/03

Sole Proprietor	41,253
Corporation or Limited Liability	19,663
Partnership, Limited Liability Partnership, or Limited Partnership	8,399
TOTAL LICENSES:	69,315