

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 173
 (H) Publish Date: 3/5/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Studded tire surcharge BRU Revenue Operations
 Component Tax Division
 Sponsor Rules Committee
 Requester Governor Component No. 2476

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	43.9	43.9	43.9	43.9	43.9	43.9
Travel	5.0	2.0	2.0	2.0	2.0	2.0
Contractual	8.0	3.0	3.0	3.0	3.0	3.0
Supplies	2.0	1.0	1.0	1.0	1.0	1.0
Equipment	2.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	61.4	49.9	49.9	49.9	49.9	49.9

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	1,950.0	1,950.0	1,950.0	1,950.0	1,950.0	1,950.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	61.4	49.9	49.9	49.9	49.9	49.9
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	61.4	49.9	49.9	49.9	49.9	49.9

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would impose a \$10 per tire surcharge on all studded tires sold in Alaska, effective July 1, 2003. Businesses would be required to file monthly reports and remit payments to the Department of Revenue. The surcharge would be collected by the seller of the studded tire, such as tire dealers, service stations, garages, etc. Businesses would be allowed to retain 5% of the amount collected, not to exceed \$1,000 in any calendar quarter, to cover expenses in collecting and remitting the surcharge.

Based on projections from the Department of Transportation and Public Facilities, the surcharge would raise an estimated \$2 million a year -- minus the 5% commission. This is based on the assumption that about 40% of all passenger vehicles and pickup trucks in the state use studded tires on all four wheels, and that vehicle owners replace their studded tires every five years.

The operations cost includes one Tax Technician II (Range 12) to administer and collect the surcharge. The Department expects several hundred businesses statewide will be included in this new program.

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 Division Department of Revenue Date/Time 3/3/03 4:03 PM
 Approved by: Larry Persily, Deputy Commissioner Date 3/3/2003
 Agency Department of Revenue