

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 426(EDT)
 (H) Publish Date: 3/18/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Tourism & Recreation Assessment RDU Revenue Programs & Services
/Car Tax Component Tax Division
 Sponsor Representative Kott
 Requester House Econ Dev Trade & Tourism Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	**	**	**	**	**	**

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	**	**	**	**	**	**
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time	**	**	**	**	**	**
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

** See page 2 for anagnosis.

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 Division: Tax Division
 Approved by: Steve Porter, Deputy Commissioner
 Agency: Department of Revenue

Phone 465-2320
 Date/Time 2/12/04 6:24 AM
 Date 2/12/2004

ANALYSIS CONTINUATION

Cost Discussion

We estimate the ongoing base level costs for a sales or gross receipts tax program of this size at \$1.3 million per year. This estimate assumes a number of factors which must be considered when calculating the base level operating costs for a sales or gross receipts tax program are in place such as; a stable tax program, a consistent and predictable taxpayer population, a well defined and understood tax base, planned technology investment, and successful implementation of electronic filing. The bill is not fully aligned with these assumptions at this time. Our estimate for the base level operating costs for the program proposed by the bill is approximately \$2.6 million annually.

Revenue Discussion

The following estimates are for those goods or services that were clearly defined in the bill or could be defined so that they could be estimated from existing data. These are those services reflected under (1) – (5) of Section 43.33.126.

- (1) Scenic and Sightseeing Transportation – Using the narrow definition in the economic census we estimate this would raise approximately \$2.5 million per year at 2%.
- (2) Transient accommodations – We estimate that the hotels, motels and B&B component would raise approximately 6 million at 2%. If all camp tuitions or fees were included, we estimate it would add about an additional \$600,000 in tax at 2%.
- (3) Alaska Marine Highway System Passenger Fares - We estimate that a 2% tax on passenger fares would raise approximately \$300,000.
- (4) & (5) Alaska Railroad Corporation Passenger Fares and Towing Charges – We estimate that a 2% tax would raise about \$300,000.

The total revenue estimate from services taxed under AS 43.33.126(1)-(5) (as defined above) is \$9.7 million. This does not include revenue from the proposed assessment on “seasonal” or other retail goods.

We do not have any data on retail shops that make more than 75 percent of their sales after May 1 but before October 1 and have not included an estimate for this area. It may be interesting to note that the total estimated sales for “Gift, Novelty and Souvenir Stores” in the 1997 census was approximately \$109 million. If we update this value to the present using the change in bed taxes (adjusted for changes in rates) estimated sales would be approximately \$130 million.