

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 25(CRA)  
 (H) Publish Date: 3/4/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue 04  
 Title Refund of Fish Business Tax to Munis RDU Revenue Programs & Services 509  
 Component Tax Division  
 Sponsor Seaton, Wilson  
 Requester CRA Component No. 2476

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2005) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

See page 2

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 Division Tax Division Date/Time 1/19/05 9:33 AM  
 Approved by: Tomas Boutin, Deputy Commissioner Date 1/19/2005  
 Agency Department of Revenue

## FISCAL NOTE #1

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

BILL NO. CSHB 25(CRA)

### **ANALYSIS CONTINUATION**

#### **Overview**

The bill provides that one half of the fish business tax collected on fishery resources that are exported from Alaska prior to being processed (export tax) are to be shared with the city and/or borough in which it was sold. Under current law these tax revenues are transferred by the Department to the Department of Commerce, Community and Economic Development for allocation to communities across the state.

During FY04, the Department of Revenue collected \$743,766 of fish business tax on fishery resources exported from Alaska prior to being processed. The average export tax collected during the FY00 - FY04 period was \$623,667 annually. This revenue, along with half of the tax collected on fish processed outside a city or organized borough in Alaska was transferred to DCCED for subsequent distribution to communities across the state. The bill would not cause all of the export revenue to be shared directly with municipalities. Only the portion of the export tax attributable to fish sold within a city or organized borough would be shared directly. The remaining tax revenue would continue to be distributed by DCCED.

The Department does not collect data to determine the portion of the export tax that would be distributed directly to municipalities as a result of the bill.

#### **Revenue and Cost Discussion**

The bill changes the distribution of taxes between municipalities but does not effect the amount of tax collected by the state or the portion deposited in the General Fund. The Department is capable of implementing the bill using existing resources.

#### **Technical Comments**

The location of a sale for tax purposes is normally defined as the location from which the goods are shipped or their destination. The bill language does not provide a methodology for determining the situs of a sale although it must necessarily be the place of origination or the location of the taxpayer that sells the product.

We expect to collect revenues attributed to 2004 and earlier years after the July 1, 2005 effective date of the bill. The Department will not possess the information necessary to distribute export tax attributable to calendar year 2004 or earlier. We recommend that an applicability clause be added to the bill to specify that it applies only to taxes collected with respect to 2005 and subsequent tax years.