

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 106
 (H) Publish Date: 1/22/07

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue 04
 Title Tire Fee Repeal RDU Taxation and Treasury
 Component Taxation and Treasury

Sponsor _____
 Requester _____ Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	(24.9)	(49.9)	(49.9)	(49.9)	(49.9)	(49.9)
Travel	(1.5)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Contractual		(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
Supplies	(0.8)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	(27.2)	(55.9)	(55.9)	(55.9)	(55.9)	(55.9)

CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()	(1,412.0)	(1,765.0)	(1,784.0)	(1,802.0)	(1,820.0)	(1,837.0)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(27.2)	(55.9)	(55.9)	(55.9)	(55.9)	(55.9)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	(27.2)	(55.9)	(55.9)	(55.9)	(55.9)	(55.9)

Estimate of any current year (FY2007) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time	-0.50	-1	-1	-1	-1	-1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached.

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 Division Tax Date/Time _____
 Approved by: Jerry Burnett Date 12/18/2006
 Agency Dept. of Revenue

FISCAL NOTE #1

STATE OF ALASKA
2007 LEGISLATIVE SESSION

BILL NO. HB 106

ANALYSIS CONTINUATION

Bill Language: This bill would repeal Alaska's tire fee. The effective date of the bill would be July 1, 2007.

Revenues: According to the Alaska State Accounting System, the tire fee generated \$1,621,000 in FY 2006. Because of timing issues in reporting, this number is about \$2,000 higher than the number reported in the Tax Division FY 2006 Annual Report.

In the Department of Revenue's Fall 2006 revenue forecast, tire fees are projected to generate the following revenues:

FY 2008: \$1,747,000
FY 2009: 1,765,000
FY 2010: 1,784,000
FY 2011: 1,802,000
FY 2012: 1,820,000
FY 2013: 1,837,000

With the repeal of the tire fee, there will be no revenue from the fee in FY 2009 and beyond. In FY 2008, there will be revenue from returns for the April-June 2007 quarter. These returns are due July 30, 2007. Projected revenue from these quarterly returns is \$335,000. This estimate is less than 25% of the full year forecast because of seasonality; Tax Accounting System data indicate that in FY 2006, only 19.2% of the year's revenue came between July and September of the fiscal year. Available tax data indicates that people are most likely to purchase tires and install studs in the October-December quarter. The projected FY 2008 revenue loss from repealing the tire fee is \$1,412,000 (\$1,747,000 - \$335,000).

Expenditures: The legislature funded one new position in the Department of Revenue when the tire fee became effective on September 26, 2003. The position was a Tax Technician III (Range 14). The expenditures section of this fiscal note represents the annual funding amount for the position that was created after the passage of the tax. The estimated reduction in expenditures in FY 2008 is lower than in following years because work related to the fee will continue at least until December 31, 2007.