

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 106
 (H) Publish Date: 3/28/08

Identifier (file name): HB106-DOR-TAX-1-15-08 Dept. Affected: Revenue 04
 Title: Tire Fee Repeal RDU: Taxation and Treasury
 Component: Taxation and Treasury
 Sponsor: Governor
 Requester: House Transportation Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES							
Personal Services		(35.0)	(70.0)	(70.0)	(70.0)	(70.0)	(70.0)
Travel		(1.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Contractual		(2.6)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)
Supplies		(0.5)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING		(39.1)	(78.2)	(78.2)	(78.2)	(78.2)	(78.2)

CAPITAL EXPENDITURES		0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()		(1,184.0)	(1,515.0)	(1,530.0)	(1,546.0)	(1,562.0)	(1,578.0)
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF		(39.1)	(78.2)	(78.2)	(78.2)	(78.2)	(78.2)
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL		0.0	(39.1)	(78.2)	(78.2)	(78.2)	(78.2)

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time		-0.5	-1	-1	-1	-1	-1
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

See Attached.

Prepared by: Dan Stickel, Economist Phone (907) 465-3279
 Division: Tax Date/Time 1/15/08 12:00 AM
 Approved by: Jerry Burnett Date 1/15/2008
Department of Revenue

FISCAL NOTE #2

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. HB 106

ANALYSIS CONTINUATION

Bill Language: Alaska's tire fee has two components: a \$2.50 fee per tire on all new tires sold in Alaska and an additional \$5 fee per tire on all new tires with heavy studs and the installation of heavy studs in new or used tires. This bill would repeal both components of Alaska's tire fee.

The effective date of the bill, originally introduced in January 2007, is July 1, 2007. However, our analysis presented here is based on the assumption that the effective date will be changed to July 1, 2008.

Revenues: According to the Alaska State Accounting System (AKSAS), the tire fee generated \$1,511,000 in FY 2007.

In the Department of Revenue's Fall 2007 revenue forecast, tire fees are projected to generate the following revenues:

FY 2009: \$1,499,000
FY 2010: \$1,515,000
FY 2011: \$1,530,000
FY 2012: \$1,546,000
FY 2013: \$1,562,000
FY 2014: \$1,578,000

With the repeal of the tire fee, there will be no revenue from the fee in FY 2010 and beyond. In FY 2009, there will be revenue from returns for the April-June 2008 quarter. These returns are due July 30, 2008, with projected revenue totaling \$315,000. This estimate is less than 25% of the full year forecast because of seasonality; AKSAS data indicate that in FY 2007, only 21% of the year's revenue was attributable to the April-June quarter. The projected FY 2009 revenue loss from repealing the tire fee is \$1,184,000 (\$1,499,000 - \$315,000).

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 elimination of this position. The estimated reduction in expenditures in FY 2009 is lower than in following years because work related to the fee will continue for at least two quarters following elimination of the fee.