

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 9
 Bill Version: SCS CSHB 111(FIN)
 (S) Publish Date: 4/12/08

Identifier (file name): HB111CS(FIN)-CED-OL-04-08-08 Dept. Affected: DCCED
 Title Business License Fee RDU Corp. Bus & Prof Licensing (117)
 Component Corp. Bus & Prof Licensing
 Sponsor Rules By Request of Governor
 Requester Senate Finance Component Number 2360

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES (1175)	(3,341.0)	0.0	(3,185.0)	(3,185.0)	(3,185.0)	(3,185.0)	(3,185.0)
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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							
1175 Business License & Corp							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation reduces the Business License fee from \$100 to a cost of \$50 per year (\$100 per biennium) with an effective date of October 1, 2008.

Reducing the business licensing fee to \$50 per year will not create a shortfall in the operations budget of the Division of Corporations, Business and Professional Licensing because revenues of the division are expected to cover operating and capital expenses reflected in the FY 09 budget. Revenue losses in subsequent years are based on the amount of the FY 09 budget and are not adjusted for inflation.

Prepared by: Chris Wyatt, Administrative Officer Phone (907) 465-2572
 Division Corporations, Business and Professional Licensing Date/Time 4/7/08 8:26 PM
 Approved by: Emil R. Notti, Commissioner Date 4/7/2008
 Agency Commerce, Community, and Economic Development

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BILL NO. SCS CSHB 111(FIN)

ANALYSIS CONTINUATION

This legislation has an effective date of October 1, 2008. The Division anticipates making partial refunds to those who had licenses expiring December 31, 2007 and renewed for 2 years with a new expiration date of December 31, 2009. Based on a renewal projection for those licenses with applications that were already processed, 18,920 licenses may be renewed for 2 years. A \$50 refund would cost an estimated \$946.0.

Revenue Impact: The department estimates an overall reduction of business license revenue of \$3,341.0 in FY2009 (\$2,395.0 as a result of lower license fees prorated for the last nine months of the fiscal year and \$946.0 in refunds to those who had licenses expiring December 31, 2007 and renewed for 2 years with a new expiration date of December 31, 2009.) We estimate a reduction of business license revenue of \$3,185.0 in the remaining fiscal years.

The estimated business license revenue decrease in subsequent years is projected using a 3 year average of licenses and revenue from 2005, 2006, and 2007 less the amount of business license fee revenues (based on a 50% reduction in the annual average amount of revenue estimated to be generated.)