

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 248
 (S) Publish Date: 2/19/08

Identifier (file name): SB248-DOR-TAX-1-30-08 Dept. Affected: Revenue 04
 Title: Salmon Product Development Tax Credit RDU: Taxation and Treasury
 Component: Taxation and Treasury
 Sponsor: Senators Hoffman, Stedman, Stevens
 Requester: (S) Resources Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	(2,000.0)	(2,000.0)	(2,000.0)
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	7.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	7.0	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)

See Attached.

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 Division: Tax
 Approved by: Jerry Burnett
Department of Revenue

Phone (907) 465-3695
 Date/Time 1/30/08 12:00 AM
 Date 1/30/2008

FISCAL NOTE # 1

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. SB 248

ANALYSIS CONTINUATION

Bill Language:

This bill extends the existing Salmon Product Development tax credit for investment in processing equipment used to produce value-added salmon products by three years through 2011. The Salmon Product Development tax credit allows taxpayers to take a credit against their Fisheries Business Tax liability for 50% of qualified investment in new value-added salmon processing equipment. Credits may be applied against up to 50% of the Fisheries Business Tax liability on salmon processed in Alaska in the year generated and the three subsequent years.

This bill also adds a new provision that allows a taxpayer to request a preliminary determination of whether an investment qualifies for the Salmon Product Development tax credit.

Revenues:

Based on preliminary FY 2005 audit results, a total of about \$2.1 million in Salmon Product Development tax credits were allowed for the fiscal year. We believe this credit will continue to attract a high level of interest. We project investments will generate about \$2.0 million of allowed tax credits in each of the three tax years 2009-2011. We project that the credits arising under this bill will be used against Fisheries Business Tax liabilities for 2011-2013 to reduce receipts during FY 2012 - FY 2014. Fisheries Business Tax revenue to the state is therefore expected to be reduced by 2.0 million in FY 2012, FY 2013 and FY 2014. Credits only reduce Fisheries Business Tax revenue to the state, and do not impact revenue shared with municipalities.

Expenditures:

Since the Salmon Product Development tax credit is already in place, there will be no new expense to extend the sunset date of the credit. However the new provision allowing a taxpayer to request a preliminary determination of whether an investment qualifies for the credit will require additional expenditures. Specifically, the Department of Revenue will need to develop new regulations for the predetermination process. Incremental costs to develop regulations will be \$7,000 in FY 2009 for travel, supplies and venue fees related to regulation development. We anticipate that the predeterminations can be made using existing staff.