

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 15
 Bill Version: HCS CSSB 4002(FIN)
 (H) Publish Date: 8/5/08

Identifier (file name): SCSSB4002(FIN)-DOR-TAX-8-5 Dept. Affected: Revenue 04
 Title: PCE:ELIGIB;AMTS;ELIGIBLE UTILITY DEFINED RDU: Taxation and Treasury
 Component: Tax Division
 Sponsor: RULES
 Requester: House Finance 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 | | | | | | | | |
| 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 | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|--|

| | | | | | | | |
|-------------------------------|--|-------------------|------------------|------------|------------|------------|------------|
| CHANGE IN REVENUES () | | (33,250.0) | (6,650.0) | 0.0 | 0.0 | 0.0 | 0.0 |
|-------------------------------|--|-------------------|------------------|------------|------------|------------|------------|

FUND SOURCE (Thousands of Dollars)

| | | | | | | | |
|----------------------------|---|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | | |
| 1003 GF Match | | | | | | | |
| 1004 GF | | | | | | | |
| 1005 GF/Program Receipts | | | | | | | |
| 1037 GF/Mental Health | | | | | | | |
| Other Interagency Receipts | | | | | | | |
| TOTAL | * | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2008) cost: _____

POSITIONS

| | | | | | | | |
|-----------|--|--|--|--|--|--|--|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

*See attached

Prepared by: Johanna Bales
 Division: Tax
 Approved by: Jerry Burnett
Department of Revenue

Phone 269-6628
 Date/Time 8/5/08 1:13 PM
 Date 8/5/2008

FISCAL NOTE #15

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. HCS CSSB 4002(FIN)

ANALYSIS CONTINUATION

Bill Language: This bill would suspend the Motor Fuel tax for the period September 1, 2008 through August 1, 2009

Revenues: The Department of Revenue expects that suspending the Motor Fuel Tax would result in the loss of \$39.8 million in general fund unrestricted revenues, and \$0.15 million in revenue which is customarily shared with municipalities, for a total of \$39.9 million in lost revenues. The suspension period covers 10 months of fiscal year 2009 and two months of fiscal year 2010 .. As such, the Department expects a reduction in revenue in FY 2009 of \$33,250,000 and \$6,650,000 in FY 2010.

The Department of Revenue's current forecast for Motor Fuel Tax revenues for FY2009 is \$39.9 million. The breakdown of revenues by fuel type is as follows:

| | |
|-------------------|-----------------|
| Highway | \$29.6 million |
| Marine | \$ 5.6 million |
| Aviation Gas | \$ 0.7 million |
| Aviation Jet Fuel | \$ 4.1 million |
| Subtotal | \$40.0 million |
| Municipal Share | -\$ 0.1 million |
| Total | \$39.9 million |

Expenditures: The Department of Revenue will not realize any reduction of expenditures during this tax suspension.

Although there will be no tax liabilities incurred during the tax suspension, this bill require taxpayers to continue to file reports which will allow the Department to collect data which we are required to provide to the Federal Highway Administration in order to secure Federal funding for the Alaska Department of Transportation. The Department of Revenue will therefore need to continue to collect and process Motor Fuel Tax forms.

The Tax Division shares 60% of the Aviation Gas revenues collected at municipally owned or operated airports with the municipality. This municipal share has held steady at \$0.15 million in the recent past. If it were desired to hold the municipalities harmless during this tax suspension, an appropriation of \$150,000 would be required to match the forecast amount.