

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSHB 181(CRA)
Fiscal Note Number: 4
(H) Publish Date: 1/30/14

Identifier: HB181-DOR-TAX-01-21-14
Title: MINING LICENSE REVENUE; REVENUE SHARING
Sponsor: FOSTER
Requester: (H) CRA

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0

Estimated CAPITAL (FY2015) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/14

Why this fiscal note differs from previous version:

Updated for 2014 session.

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Division:	Tax Division	Date:	12/23/2013 01:40 PM
Approved By:	Angela M. Rodell, Commissioner	Date:	12/23/13
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS #4

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSHB 181(CRA)

Analysis

Bill Language:

This bill would require the department to calculate and separately identify the amount of mining license tax received from mining conducted on state tide and submerged land seaward of each borough and municipality outside of a borough and in the area in the state that is on state tide and submerged land that is not seaward of a municipality. The calculation of tax attributable to such property would be based on the total gross income attributable to such property and total gross income from all mining properties in the state. The amount of tax attributable to such property would then be separately accounted for and, upon request by the commissioner of commerce, community, and economic development, or the department of natural resources, up to 50% of the tax revenue could be appropriated to the borough or to a municipality outside of a borough in which the mining activity was conducted.

Revenues:

There would be no effect on total mining license tax revenue as a result of this legislation. This legislation only provides a method for accounting for mining license tax revenue that is already being received. It is important to note, however, that the mining license tax is a net profits tax. This bill attempts to identify the amount of tax attributable to mining activities conducted on state tide and submerged lands based on gross income and not net income. Although a mine may have gross income, it may not necessarily be profitable and, therefore, would have no tax liability. Thus, it is possible under the apportionment method required in this bill to apportion mining license tax revenue to a mining operation and location that has never paid mining license tax.

Expenditures:

The department will rely on the Department of Natural Resources to identify those mining activities located on state land covered by the provisions of this legislation and, therefore, can implement the provisions of this bill using existing resources.

Regulations:

The department would be required to adopt regulations for apportioning the proceeds from mining license taxes based on gross income. Regulations could be adopted by December 31, 2014.