

# Fiscal Note

State of Alaska  
2014 Legislative Session

Bill Version: SCS CSHB 193(FIN)  
Fiscal Note Number: 4  
(S) Publish Date: 4/17/14

Identifier: HB193CS(FIN)-DOR-TAX-02-07-14  
Title: MUNICIPAL TAXATION OF TOBACCO  
PRODUCTS  
Sponsor: PRUITT  
Requester: (S) Finance

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
<b>OPERATING EXPENDITURES</b>	<b>FY 2015</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Personal Services	82.0		82.0	82.0	82.0	82.0	82.0
Travel							
Services	4.7		4.7	4.7	4.7	4.7	4.7
Commodities	50.0		50.0	50.0	50.0	50.0	50.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>136.7</b>	<b>0.0</b>	<b>136.7</b>	<b>136.7</b>	<b>136.7</b>	<b>136.7</b>	<b>136.7</b>

## Fund Source (Operating Only)

1108 Stat Desig	136.7		136.7	136.7	136.7	136.7	136.7
<b>Total</b>	<b>136.7</b>	<b>0.0</b>	<b>136.7</b>	<b>136.7</b>	<b>136.7</b>	<b>136.7</b>	<b>136.7</b>

## Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
Part-time							
Temporary							

<b>Change in Revenues</b>							
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**Estimated SUPPLEMENTAL (FY2014) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2015) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

## 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If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/14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:

Revised fiscal note reflects that the Department may be reimbursed by a municipality the costs incurred by the Department for administering the municipality's cigarette tax stamp program if the Department enters into an agreement with a municipality for that service.

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Division:	Tax	Date:	02/08/2014 10:30 PM
Approved By:	Angela M. Rodell, Commissioner	Date:	02/08/14
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS #4

STATE OF ALASKA  
2014 LEGISLATIVE SESSION

BILL NO. SCS CSHB 193(FIN)

**Analysis**

**Bill Language:**

This bill would allow the department to share taxpayer information with local governments, but only if the local government maintains the confidentiality of the information and has similar provisions within their respective codes and ordinances that allow them to share information with the department. The information could only be used for tax purposes. This bill would also allow the department to enter into agreements with municipalities to conduct joint audits of cigarette taxpayers and also to enter into agreements whereby the department could sell cigarette tax stamps and collect cigarette tax revenue on behalf of a municipality if the municipality adopts a cigarette tax stamp as the mechanism for collecting cigarette taxes. This bill will allow the department to be reimbursed by a municipality for the costs associated with selling a municipality's tax stamp and collecting the municipality's cigarette tax revenue.

**Revenues:**

There would be no change in Alaska's cigarette tax revenues as a result of this legislation.

**Expenditures:**

The department believes that it would need an additional Tax Technician III position at a cost of \$82,000 each year to track the sale of cigarette tax stamps for municipalities that may wish to collect their tax through the use of a tax stamp. The department would also see additional services costs in the amount of \$4,700 each year for support services for the one new position and up to \$50,000 each year in additional costs to purchase cigarette tax stamps. These costs can be recouped from the municipalities. Therefore, total additional expense to the state as a result of this legislation would be zero.

**Regulations:**

The department would adopt regulations to identify the circumstances under which confidential taxpayer information could be shared with a municipality and to outline the procedures for entering into an agreement with a municipality for joint cigarette tax enforcement and sales of cigarette tax stamps. Regulations should be effective by December 31, 2014.