

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSSB 71(FIN)
Fiscal Note Number: 4
(S) Publish Date: 2/12/14

Identifier: SB071-DOR-TAX-01-21-14
Title: PAYMENT OF FISHERY RESOURCE LANDING
TAX
Sponsor: MICCICHE
Requester: (S) FIN

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 | *** | *** | *** | *** | *** | *** | *** |
|---------------------------|-----|-----|-----|-----|-----|-----|-----|

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If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/14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

| | | | |
|--------------|--------------------------------|--------|---------------------|
| Prepared By: | Johanna Bales, Deputy Director | Phone: | (907)269-6628 |
| Division: | Tax | Date: | 12/23/2013 01:57 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. CSSB 71(FIN)

Analysis

Bill Language:

This bill will change the return and payment due date of Fishery Resource Landing Tax returns to 30 days after the department publishes the statewide average price list. Currently, taxpayers must file their returns and make payment by April 1st of each year. The Fishery Resource Landing Tax is calculated using the statewide average price which historically is not published until sometime in May of each year. If a taxpayer fails to pay the full amount of tax owed, the taxpayer is charged interest on the unpaid tax from the date the tax was due until the tax is ultimately paid. It is virtually impossible for taxpayers to know the exact amount of tax they owe on April 1st since the information they need to calculate the tax isn't available until May. This bill also changes the timing of estimated tax payments needed to avoid estimated tax penalty to either 90% of the amount calculated by multiplying the actual price paid at the time the fishery resource was landed by the appropriate tax rate or 100% of the taxpayer's liability for the prior tax year.

Revenues:

We expect to see a small decline in interest revenue received on late payments as a result of this legislation. However, we are unable to project the exact amount as there are several variables used in the calculation of interest. Additionally, we expect that the amount of penalty imposed on estimated tax payments will also decrease. However, the amount of penalty for the past two fiscal years was \$17,954 for FY2013 and \$9,088 for FY2012. Therefore, we estimate that the decrease in penalty for failure to underpay estimated tax payments would not exceed \$17,954 (the higher of the past two fiscal years).

Expenditures:

We anticipate the provisions within this bill can be implemented in the Tax Division using existing staff and resources.

Regulations:

This bill will require a change to 15 AAC 77.025 to remove the equal tax installments required currently in the regulation. 15 AAC 77.015 should be repealed as there will no longer be a requirement for an automatic extension of the time to file a return. We anticipate regulations can be adopted by December 31, 2014.