

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	SCS CSHB 155(L&C)
Fiscal Note Number:	3
(S) Publish Date:	4/16/2016

Identifier: HB155SCS(L&C)-DOR-TAX-04-06-16
 Title: FEES; WAIVERS; CREDITS;
 DEDUCTIONS; TAXES
 Sponsor: THOMPSON
 Requester: Senate 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)

	FY2017	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2017 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
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 (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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 If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/16

Why this fiscal note differs from previous version:

Incorporates changes made in the Senate Resources Committee Substitute. Also incorporates Spring 2016 revenue forecast estimates in narrative.

Prepared By: Ken Alper, Director
 Division: Tax Division
 Approved By: Jerry Burnett, Deputy Commissioner
 Agency: Department of Revenue

Phone: (907)465-8221
 Date: 04/06/2016 09:00 PM
 Date: 04/12/16

REPORTED OUT OF
SFC 04/16/2016

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

Bill Overview and Revenue Impact

This bill would make changes to several indirect expenditures in the State of Alaska across multiple departments. The revenue impact of this bill for the Tax Division is indeterminate because the Department of Revenue does not collect information needed to estimate the impact of one of the provisions of the bill. However for the provisions we can estimate, this bill is estimated to increase revenue by approximately \$314,000 in FY 2017 decreasing to approximately \$285,300 in FY 2022, based on the Spring 2016 revenue forecast. Of those additional revenues, the unrestricted General Fund would receive about \$203,300 in FY 2017 decreasing to approximately \$192,300 in FY 2022.

Following are the specific changes that would impact the Tax Division, and their estimated revenue impacts based on the Spring 2016 revenue forecast:

1. Repeals the deduction for accounting and filing expenses for the Tobacco Products Tax under AS 43.50.330(b). This deduction is four-tenths of one percent of the tax due. The revenue impact of this deduction was \$54,049 in FY 2015, and is estimated to be \$59,600 in FY 2017 rising to \$71,600 in FY 2022 based on the forecasted increase in tobacco products wholesale value.
2. Repeals deduction for expenses of affixing stamps to packs for the Cigarette Tax under AS 43.50.540(c). This deduction allows for a discount of 3% of the first \$1,000,000 and 2% of the second \$1,000,000 in tax stamps purchased, up to a maximum deduction of \$50,000 per taxpayer. The revenue impact of this deduction was \$360,326 in FY 2015, and is estimated to be \$254,400 in FY 2017, falling to \$213,700 in FY 2022 based on declines in cigarette consumption.

Cigarette Tax revenue is deposited into the School Fund and the General Fund, with a portion of the General Fund money directed to the Tobacco Use Education and Cessation sub-fund. Of the \$254,400 Cigarette Tax Stamp Discount impact estimated in FY 2017, \$96,700 would be deposited in the School Fund, \$14,000 in the Tobacco Use Education and Cessation sub-fund, and \$143,700 in the unrestricted General Fund. It is estimated in FY 2022 that there would be about \$81,200 deposited into the School Fund, around \$11,800 into the Tobacco Use Education and Cessation sub-fund, and \$120,700 to the General Fund.

3. Repeals the deduction for federal taxes paid for the Large Passenger Vessel Gambling Tax under AS 43.35.210. This deduction allows federal taxes to be deducted in arriving at "adjusted gross income" for purposes of calculating the tax liability. The fiscal impact of this provision is indeterminate because the Department of Revenue does not collect this information.

This bill would also make changes to indirect expenditures administered by other Departments. We do not include these other provisions in our fiscal note.

Expenditures

The department can implement the provisions of this bill using existing resources.

Regulations

The department anticipates that it will need to repeal, amend, and adopt regulations for the tax types impacted by repealed credits and deductions. Regulations should be effective by December 31, 2016.