

# Fiscal Note

State of Alaska  
2018 Legislative Session

Bill Version:	HCS CSSSSB 76(L&C)
Fiscal Note Number:	4
(H) Publish Date:	5/7/2018

Identifier: SB 76CSSS(FIN)-DOR-TAX-5-2-2018  
 Title: ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG  
 Sponsor: MICCICHE  
 Requester: (H) Labor and Commerce

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)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2019 Request	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>OPERATING EXPENDITURES</b>	<b>FY 2019</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None	***		***	***	***	***	***
<b>Total</b>	***	<b>0.0</b>	***	***	***	***	***

**Estimated SUPPLEMENTAL (FY2018) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2019) cost:** 50.0 *(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 If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/20

**Why this fiscal note differs from previous version/comments:**

Initial Version
-----------------

Prepared By:	Brandon Spanos	Phone:	(907)269-6736
Division:	Tax	Date:	05/02/2018
Approved By:	Mike Barnhill	Date:	05/02/18
Agency:	Office of the Commissioner		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION**Analysis**

This bill was initiated by the Alcoholic Beverage Control Board to improve the regulation of alcoholic beverages in the state.

Section 148 of the bill would extend the existing tax on wine of \$2.50/gallon to holders of a winery direct shipment license. The winery direct shipment license would also be created by this bill. Under current statutes, direct shippers of alcoholic beverages do not have a tax filing or payment obligation--currently, taxes are paid only by businesses that have a physical presence in the state.

The Tax Division has consistently collected around \$2.4m in taxes on wine over the past several years. Extending the tax to out-of-state, direct shippers of wine would have a positive effect on tax revenues. However, the Tax Division does not have data on direct shipments of wine, therefore, the change in tax revenue is indeterminate.

This legislation would require the Department of Revenue to update its Tax Revenue Management System (TRMS) and Revenue Online (ROL) which allows a taxpayer to file a return online. The update would consist of reprogramming both systems, updating the return rules in TRMS and testing both systems thoroughly to verify that they function as expected. We would also need to update the current tax return forms, make changes to certain regulations, and draft transition regulations. The supplemental fiscal note figure of \$50.0 in FY19 is to cover the costs of having our contractor update the two systems. We do not anticipate any continuing costs or additional staff needs. After the implementation of the changes, this legislation would not cause any additional administrative burden on the Tax Division.