

Fiscal Note

State of Alaska
2019 Legislative Session

Bill Version:	SB 57
Fiscal Note Number:	3
(S) Publish Date:	2/13/2019

Identifier: 2019200085-DOR-TAX-2-12-2019
Title: REPEAL MUNI LEVY OF O&G TAX/CREDIT
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Governor

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)

	FY2020 Appropriation Requested	Included in Governor's FY2020 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2020	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Personal Services	142.4		142.4	142.4	142.4	142.4	142.4
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	142.4	0.0	142.4	142.4	142.4	142.4	142.4

Fund Source (Operating Only)

1004 Gen Fund (UGF)	142.4		142.4	142.4	142.4	142.4	142.4
Total	142.4	0.0	142.4	142.4	142.4	142.4	142.4

Positions

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

Change in Revenues

1004 Gen Fund (UGF)	420,381.9		421,618.4	429,305.2	437,440.4	440,838.1	442,968.4
Total	420,381.9	0.0	421,618.4	429,305.2	437,440.4	440,838.1	442,968.4

Estimated SUPPLEMENTAL (FY2019) cost: 50.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2020) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/19

Why this fiscal note differs from previous version/comments:

Not applicable, initial version based on the 2-13-19 Governor's FY2020 request.

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Agency: Office of Management and Budget

Phone: (907)269-1033
Date: 02/12/2019 12:00 AM
Date: 02/12/19

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2019 LEGISLATIVE SESSION

Analysis

Background

This bill would remove the authority for a municipality to levy and collect a tax on oil, gas, and pipeline property. The bill would also repeal the credit for those taxes paid to municipalities and claimed against the state levy of tax on oil, gas, and pipeline property. Lastly, the bill would remove the entitlement to trial de novo at a superior court.

Revenue Impact

The Department of Revenue estimates that this legislation will increase oil and gas property tax revenue by \$420 million in FY20.

Implementation Cost

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 and make changes to certain regulations. The supplemental fiscal note figure of \$50.0 in FY19 is to cover the costs of having our contractor update the two systems.

The Department of Revenue has had a Memorandum of Understanding with the North Slope Borough in the which the North Slope Borough has covered the majority of the costs for two contractors to assist the Tax Division with its annual property tax roll assessments. If this bill were to pass, the Tax Division would need to cover the full cost of the contractors itself. The Division believes it would be a better use of funds to add a position to the property tax group and not use contractors. The new position would be devoted to the annual property tax roll assessments between January and June of each year and for the rest of the year the position would audit property tax returns and also assist with audits in other tax groups if needed. The \$142.4 ongoing personal services cost is the all in cost for an Auditor IV in the Tax Division.