

# Fiscal Note

State of Alaska  
2024 Legislative Session

Bill Version:	CSHB 109(W&M)
Fiscal Note Number:	1
(H) Publish Date:	4/17/2024

Identifier: HB109-DOR-TAX-4-15-24  
 Title: REDUCE CORP. NET INCOME TAX RATE  
 Sponsor: CARPENTER  
 Requester: (H) Ways & Means

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)

	FY2025	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2025 Request	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>OPERATING EXPENDITURES</b>	<b>FY 2025</b>	<b>FY 2025</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</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>	<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>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

**Change in Revenues**

1004 Gen Fund (UGF)	(168,500.0)		(364,900.0)	(380,500.0)	(395,100.0)	(405,600.0)	(416,700.0)
<b>Total</b>	<b>(168,500.0)</b>	<b>0.0</b>	<b>(364,900.0)</b>	<b>(380,500.0)</b>	<b>(395,100.0)</b>	<b>(405,600.0)</b>	<b>(416,700.0)</b>

**Estimated SUPPLEMENTAL (FY2024) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2025) 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? No  
 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

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

Updated from SLA2023 to SLA2024 fiscal note template. Fiscal analysis also updated for the effective date and projected the change in revenues through FY2030.

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Division:	Tax Division	Date:	04/15/2024 06:30 PM
Approved By:	Adam Bryan, Division Operations Manager	Date:	04/15/24
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2024 LEGISLATIVE SESSION

Analysis

**Background Information – Corporate Income Tax**

Under current law, C-corporations are subject to ten graduated tax brackets with tax rates ranging from zero to 9.4 percent. This bill would remove the graduated tax rates above 2 percent, leaving a rate of zero for taxable income of less than \$25,000 and a rate of 2 percent for taxable income of \$25,000 or more.

This bill has an effective date of January 1, 2025. For fiscal analysis purposes, the bill is assumed to be in effect for the second half of FY2025, with the first full year occurring in FY2026.

**Revenue Impact – Corporate Income Tax**

This bill would reduce corporate income tax revenue by \$168.8 million in FY2025, which assumes the new tax structure would be effective for the second half of the fiscal year.

FY 2025 Effective Date						
Tax Revenue (\$ millions)	FY 2025 **	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
HB 109 Impact on Corporate Income Tax Revenue	\$ (66.1)	\$ (148.2)	\$ (166.1)	\$ (178.8)	\$ (184.9)	\$ (190.3)
HB 109 Impact on Corporate Oil and Gas Tax Revenue	\$ (102.4)	\$ (216.6)	\$ (214.4)	\$ (216.4)	\$ (220.7)	\$ (226.5)
Total Revenue Impact	\$ (168.5)	\$ (364.9)	\$ (380.5)	\$ (395.1)	\$ (405.6)	\$ (416.7)

\*\* HB 109 assumes a Jan 1, 2025 effective date.

**Implementation Cost**

This bill would require the department to update its Tax Revenue Management System (TRMS) and Revenue Online (ROL) which allows a taxpayer to file a return online. Resources required to implement this bill would include staff time to update tax forms, TRMS, and ROL, and other miscellaneous costs when applicable. These costs will be absorbed by the Tax Division using existing resources.