

# Fiscal Note

State of Alaska  
2024 Legislative Session

Bill Version:	HB 289
Fiscal Note Number:	2
(H) Publish Date:	1/24/2024

Identifier: LL0319-DCCED-CBPL-01-18-24  
 Title: BUSINESS LICENSE FEES  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Governor

Department: Department of Commerce, Community and  
Economic Development  
 Appropriation: Corporations, Business and Professional  
Licensing  
 Allocation: Corporations, Business and Professional  
Licensing  
 OMB Component Number: 2360

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates					
			FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>OPERATING EXPENDITURES</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)	2,720.5		2,720.5	2,720.5	2,720.5	2,720.5	2,720.5	2,720.5
<b>Total</b>	<b>2,720.5</b>	<b>0.0</b>	<b>2,720.5</b>	<b>2,720.5</b>	<b>2,720.5</b>	<b>2,720.5</b>	<b>2,720.5</b>	<b>2,720.5</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 If yes, by what date are the regulations to be adopted, amended or repealed?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:**

Not applicable, initial version.

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Division:	Division of Corporations, Business and Professional Licensing	Date:	01/18/2024 05:45 PM
Approved By:	Hannah Lager, Administrative Services Director	Date:	01/19/24
Agency:	Commerce, Community, and Economic Development		

## FISCAL NOTE ANALYSIS

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**Analysis**

This legislation would increase the statutory fees for business licenses and endorsements to sell tobacco products, electronic smoking products, and products containing nicotine. The general business license fee would increase from \$50 to \$100 per year; the fee for sole proprietorships owned by senior citizens (65 years or older) or disabled veterans would increase from \$25 to \$50 per year; and the fee for obtaining and renewing an endorsement would increase from \$100 to \$200 per renewal.

The legislation has an October 1, 2024 (FY2025) effective date to provide the department time to update applicable forms and webpages in time for the end of the calendar year when business licenses are required to be renewed. The change in revenue in this fiscal note is a conservative estimate based on the average number of new and renewed business licenses and endorsements sold in 2017, 2018, and 2019. Data from older years was used because business license fees were suspended during the COVID pandemic which may have inflated the number of business licenses obtained during 2020, 2021, 2022, and 2023. However, the number of active businesses has grown since the timeframe used for the estimate and the number of continuing business licenses is likely higher than the count used for the revenue estimate in this note. If the number of current business licenses is maintained, revenue collected will be higher. Projecting business licensing purchases more than one year in advance cannot account for market factors that may influence the number of licenses purchased.

The Division of Corporations, Business, and Professional Licensing will absorb any fiscal impact from this legislation.

*Business licensing fees are set per AS 43.70, and revenue in excess of authorized budgeted expenses reverts to the State of Alaska general fund. Business licensing at CBPL is funded by General Fund/Program Receipts – fund source 1005 GF/Prgm (DGF).*