Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version:	SB 237
Fiscal Note Number:	1
(S) Publish Date:	2/19/2024

Identifier: 0419-DOR-TAX-02-14-24
Title: TAX CREDIT CHILD CARE/UTILITY/HOUSE/FOOD
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)

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2025**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**
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

None	***		***	***	***	***	***
Total	*****	**0.0**	*****	*****	*****	*****	*****

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? Yes

If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/25

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By:	Michael Williams, Acting Deputy Director	Phone:	(907)269-6632
Division:	Tax	Date:	02/14/2024 03:00 PM
Approved By:	Eric DeMoulin, Administrative Services Director	Date:	02/14/24
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

Analysis

This bill would create a credit against corporate income tax for qualifying expenditures for childcare, residential heating and electricity affordability, housing affordability, and food affordability. The department is authorized to adopt regulations to define qualifying expenditures.

The tax credit is limited to 50 percent of qualifying expenditures and may not exceed 50 percent of a corporation's tax liability for the year. Unused credits may not be sold, traded, transferred, or applied in a prior or subsequent year. Qualifying expenditures may not be claimed for credit under another provision of Title 43, nor be taken as a deduction (26 U.S.C.) in computing the Alaska corporate income tax.

Revenue Impact
The Division is not able to predict the behavior of corporations in response to this bill—how much or for which activities they might contribute. For that reason, this note is indeterminate. However, we have completed an analysis which forecasts the maximum revenue impact this bill could have on corporate income tax revenue. Because the bill creates a credit for money contributed and qualified spending, the impact would be a reduction to corporate income tax revenue. The analysis splits out the maximum potential impact by non-petroleum and petroleum taxpayers below:

All numbers are in Millions	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Maximum Impact on Non-Petroleum Corporate Income Tax Revenue	$ (87.5)	$ (99.9)	$ (109.9)	$ (116.5)	$ (120.8)	$ (126.3)
Maximum Impact on Petroleum Corporate Income Tax Revenue	$ (150.1)	$ (144.6)	$ (140.8)	$ (140.0)	$ (140.2)	$ (140.5)
Maximum Impact on Tax Revenue	$ (237.6)	$ (244.5)	$ (250.7)	$ (256.5)	$ (261.1)	$ (266.8)

The above analysis is estimated by scaling company tax return information by available earning per share projections. This information is then rolled up by a sector by sector basis and scaled to reflect the Alaskan corporate tax base.

Implementation Costs
This legislation would require the Department of Revenue to make minor changes to its Tax Revenue Management System (TRMS). Resources required to implement this bill would include staff time to updated tax forms, TRMS, and Revenue Online, and other miscellaneous costs when applicable. These costs will be absorbed by the Tax Division using existing resources.