

# Fiscal Note

State of Alaska  
2024 Legislative Session

Bill Version:	SB 265
Fiscal Note Number:	1
(S) Publish Date:	4/26/2024

Identifier: LL0043-DOR-TAX-4-25-24  
 Title: AGRICULTURE & TIMBER: TAX EXEMPTIONS  
 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	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2025 Request	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>OPERATING EXPENDITURES</b>	<b>FY 2025</b>	<b>FY 2025</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 (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 If yes, by what date are the regulations to be adopted, amended or repealed?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.

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Division:	Tax Division	Date:	04/25/2024 08:00 AM
Approved By:	Adam Bryan, Division Operations Manager	Date:	04/24/24
Agency:	Department of Revenue		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2024 LEGISLATIVE SESSION**Analysis****Bill Analysis**

This bill would amend AS 29.45 to exempt from state and local property tax any real or personal property used in the agriculture business or timber business. The bill would also amend AS 29.45 to exempt sales of agricultural or timber products from local sales tax. The bill amends AS 43.20.012 to create a new subsection that defines an agriculture business and a timber business.

This bill amends AS 43.20.012 to exclude income received by a corporation attributable to an agriculture or timber business. The department is authorized to adopt regulations to define agricultural and timber products, as well as changes necessary to implement the act. This bill has an effective date of January 1, 2025.

**Revenue Impact**

The department is not able to predict the behavior of agriculture or timber businesses in response to this bill—how much they might invest or for which activities they might engage. The division does not have any data on corporations that currently engage in the agriculture or timber business in Alaska, nor what impact the exemption might have on local property or sales tax. For that reason, the changes in revenue is indeterminate.

**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.