

HB 544

"An Act increasing the license fee for financial institutions: and providing for an effective date."

# COMMITTEE REPORT

HOUSE

2/25/76

FINANCE

Mr. Speaker:

Date 4/1/76

The Committee on COMMERCE has had HB 846

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

(x) "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>Do Pass</u>	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____	recommends:	<u>Do not pass</u>
_____	recommends:	<u>Do not pass</u>
_____	recommends:	<u>Do not pass</u>
_____	recommends:	
_____	recommends:	

[Signature] Chairman

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5 - JUNEAU 99811

March 8, 1976

The Honorable Bob Bradley  
Chairman  
House Commerce Committee  
Alaska State Legislature  
State Capitol Building  
Juneau, Alaska

Re: House Bill No. 844

Dear Mr. Bradley:

House Bill No. 844, an Act increasing the license fee for financial institutions was introduced in the House on March 26, 1976 and was referred to the House Commerce and Finance Committees.

For the consideration of the House Commerce Committee, I am enclosing a copy of a Fiscal Note and accompanying memorandum prepared by Gary L. Jenkins, Director, Audit Division advising of effect on Treasury and that there would be no additional cost of administration.

If you or any members of the House Commerce Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Jenkins for further information or testimony at a hearing.

Very truly yours,



R. D. Stevenson  
Special Assistant

### Enclosures

cc: The Honorable Hugh Malone  
Chairman  
House Finance Committee

Gary L. Jenkins  
Director, Audit Division  
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE  
 Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bill No. 844  
 Title: An act increasing the license fee for financial institutions  
 Requested by: R. D. Stevenson Date: February 27, 1976  
 Return Date Requested: March 5, 1976  
 Agency: Department of Revenue Program: \_\_\_\_\_

II. FISCAL DETAIL

Budget Request Unit(s) Affected: None

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	None	None	None	None	None	None

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

POSITIONS: \_\_\_\_\_

# MEMORANDUM

# State of Alaska

TO: R. D. Stevenson  
Special Assistant

DATE: March 9, 1976

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins  
Director  
Audit Division

SUBJECT: House Bill No. 844

This bill would increase the business license tax on banks and other financial institutions from 7 percent to 9 percent. Based on the 1974 returns, this would have generated an increase in the amount of tax paid by banks of \$231,849. The amount paid by banks for that year at the 7 percent rate was \$811,472.

Since this tax is on the net income of the financial institutions, it is very difficult to predict an exact income increase in the future. There would be no additional cost of administration of the program.

GLJ:lc



JUNEAU ALASKA

# Alaska State Legislature House

March 11, 1976

## MEMORANDUM

TO: Rep. Bob Bradley

FROM: Terry Berman  
Administrative Assistant

SUBJECT: House Bill No. 844

House Bill No. 844 increases the license fee for financial institutions from seven to nine per cent of net income. The license fee is paid in lieu of income tax.

Raising the license fee will serve to correct an inequity that presently exists between banks and corporations. Corporations must pay a license fee amounting to approximately one-quarter of one percent of their gross profits and are also taxed on net income at an approximate rate of nine percent. Banking institutions pay only a flat seven per cent of their ~~taxable~~ income. If the fee is raised to nine percent the effective tax will be in line with that of corporations, creating a more equitable tax structure.

This fee increase will increase state revenues by over 200,000 dollars annually.