

S B

|||

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

STATE OFFICE BUILDING

POUCH SA - JUNEAU 99811

February 15, 1977

The Honorable Joseph L. Orsini  
Chairman  
Senate Community & Regional  
Affairs Committee  
Room 100 Assembly Apartments  
Juneau, Alaska


Re: Senate Bill No. 111

Dear Senator Orsini:

Senate Bill No. 111, an Act repealing the Alaska Net Income Tax Act and the Alaska Business License Act was introduced in the Senate on February 1, 1977 and was referred to the Senate Community & Regional Affairs and Finance Committees.

For the consideration of the Senate Community & Regional Affairs Committee, I am enclosing Fiscal Notes prepared by Mr. Gary L. Jenkins, Director, Audit Division and Mr. P. A. Wall, Director, Administrative Services Division of the Department of Revenue concerning the proposed legislation.

Very truly yours,

  
R. D. Stevenson  
Special Assistant

### Enclosures

cc: The Honorable John C. Sackett  
Chairman  
Senate Finance Committee  
Alaska State Legislature  
State Capitol Building  
Juneau, Alaska

Gary L. Jenkins, Director  
Audit Division  
Department of Revenue

P. A. Wall, Director  
Administrative Services Division  
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 111  
 Title An Act repealing the Alaska Net Income Tax Act and the Alaska Business License Act.  
 Requested by Senate Community and Regional Affairs Committee Date 2-10-77

II. FISCAL DETAIL

Agency Affected Revenue  
 Program Category Affected Fiscal Services  
 Budget Request Unit(s) Affected Audit and Enforcement

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES					(1,736.8)	(1,736.8)
200 TRAVEL					( 87.0)	( 87.0)
300 CONTRACTUAL					( 263.2)	( 263.2)
400 COMMODITIES					( 22.3)	( 22.3)
500 EQUIPMENT					( 7.5)	( 7.5)
600 LAND & STRUCTURES					( 108.2)	( 108.2)
700 GRANTS, CLAIMS, ETC.						
TOTAL					(2,225.0)	(2,225.0)

FUNDING (Thousands of Dollars)

GENERAL FUND					(2,225.0)	(2,225.0)
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME					(75)	(75)
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III) This bill, when fully effective, would reduce the staffing in Audit and Enforcement Divisions by about 80 percent. The reduction would be gradual as the workload declined.

This bill would also mean a loss of revenue to the State General Fund of a minimum of the following amounts:

Individual Income Tax	\$ 100 million
Fiduciary " "	60 "
Corporate " "	96 "
Business License " "	9 "
Total	<u>\$ 265 million</u>

It should be noted that this bill would go into effect when budgeted State revenues exceed appropriations by \$100 million. However, the effect of the bill when enacted would be to reduce actual revenues to the General Fund from the particular tax type involved by a minimum of \$265 million.

IV. DATE 2-10-77 PREPARED BY *Gayle*  
 AGENCY Department of Revenue, Audit Division  
 PHONE 465-2320  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 111

Title Act repealing the Alaska Net Income Tax & Alaska Business Acts

Requested by Senate Community & Regional Affairs Comm. Date 2/2/77

II. FISCAL DETAIL

Agency Affected Revenue

Program Category Affected General Government

Budget Request Unit(s) Affected Administration and Support

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						(594.1)
200 TRAVEL						( 3.4)
300 CONTRACTUAL						(121.5)
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						*(722.0)

FUNDING (Thousands of Dollars)

GENERAL FUND						(722.0)
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						(26)
PART TIME						( 7)
TEMPORARY						( 7)

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

\*FY 82 is used to show the effects of the Bill as the actual effective date is not known. These savings are based upon the actual FY 77 authorization for Alaska Net Income and Business License Tax processing.

\$53,000 of the contractual savings is space occupied in the SOB by the deleted positions.

This Fiscal Note does not show the effect upon the Audit or Enforcement BRU's. The revenue effect is shown on the Audit Fiscal Note.

AS 43.45 (school tax) should be repealed or amended to delete in AS 43.45.010(c) the following: after "commissioner of revenue" [AT THE SAME TIME THE QUARTERLY STATE NET INCOME TAX WITHHOLDING RETURN IS FILED]

IV. DATE February 12, 1977 PREPARED BY P. A. Wall

AGENCY Revenue

PHONE 465-2313

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Introduced: 2/1/77  
Referred: Community & Regional  
Affairs and Finance

1 IN THE SENATE

BY KERTTULA

2 SENATE BILL NO. 111

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act repealing the Alaska Net Income Tax Act and the  
7 Alaska Business Act; and providing for an effective  
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA: .

10 \* Section 1. AS 43.20 and AS 43.70 are repealed.

11 \* Sec. 2. This Act takes effect January 1 of the calendar year next  
12 following the end of the fiscal year in which state revenues exceed appropri-  
13 ations under the annual budget Act by not less than \$100,000,000.

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

#