

SB

148



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 26, 1987

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the taxation of individuals and fiduciaries, and to amended tax returns filed by taxpayers. The bill reimposes an individual income tax.

I know that an income tax is not an instantly popular idea. However, I believe Alaskans want to be in control of our own destiny. I believe we have reached the time when we must reduce our dependence on the price of oil, a price that is not within our control.

I also believe Alaskans want state government to provide a decent and consistent level of public services. An individual income tax is one of the fairest ways of meeting this goal. Those who are most able to pay bear a greater proportion of the burden.

This bill also ensures that nonresidents who take jobs in Alaska make their fair contribution to our state. As explained below, this bill is more effective than our earlier law in making sure that this happens.

I believe that Alaskans are willing to help pay for government if that government is responsive and accountable. I think that an income tax will help make sure that our government listens to its people.

The bill embodies a tax structure that is simple, fair, and relatively easy to administer. The taxpayer need only complete a one-page return. Basically, the taxpayer begins with "total income" as set out on the federal return, and may make only limited adjustments to that figure. The personal exemptions are then deducted, and the remainder is taxable income.

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The income is taxed in two brackets: 3.2 percent and 5.7 percent. By not providing for the full array of familiar deductions historically available in a personal income tax, this bill will tax a comparatively broad tax base. As a result, the tax rate is lower than it would be if deductions were permitted. The tax rates have been established to generate \$250,000,000 over a full year; collections for FY 88 are estimated to be approximately \$85,000,000. Receipts in FY 88 will be from "withholding" only, since returns for calendar year 1988 will not be due until the spring of 1989. FY 88 receipts will not reach one-half of a full year's receipts because of the lag between wages paid and withholding remitted to the state.

An individual's filing status will be the same as on the federal return. The filing status determines how much income is taxed in the lower bracket of 3.2 percent. For individual taxpayers (and fiduciaries), that amount is income of less than \$30,000. For married couples filing a joint return, and for surviving spouses, the amount is income of less than \$50,000; for married individuals filing separate returns, it is income of less than \$25,000. For heads of household, the amount is income of less than \$40,000. Income in excess of these levels is taxed at the higher 5.7 percent rate. Section 1 of the bill sets out the rates for each filing status.

The individual income tax law, before its repeal in 1980, favored nonresidents over residents by taxing nonresident income in the lowest possible tax brackets. This bill remedies that inequity by placing nonresidents on an equal footing with residents. This is accomplished by computing a tax on the entire taxable income of nonresidents from all sources and then determining the fraction of that tax that is attributable to income earned in Alaska. This approach results in apportioning the nonresident's income between the tax brackets rather than lumping it all in the lower bracket. Under the bill, part-year residents will be taxed in the same manner as nonresidents. Section 1 of the bill sets out the method for determining nonresident and part-year resident tax liability, and secs. 5, 6, and 7 of the bill add provisions relating to tax calculation for nonresidents as well as part-year residents.

Section 4 of the bill adds three subsections to AS 43.20.-031, delineating gross income, adjusted gross income, and taxable income. A taxpayer's gross income will correspond with gross income under federal law, with certain modifications. First, cost-of-living allowances that are exempt

from federal income taxation will be added to the state tax base. Second, interest on state and municipal obligations that is tax exempt at the federal level will be added to the tax base. A taxpayer's "total income" on the federal return automatically will incorporate the income from and expenses attributable to a trade or business, the sale of capital assets, and rental and royalty property. Since federal "gross income" already includes the income from these activities, the bill allows the costs of producing that income as deductions to the same extent as provided under federal law.

Adjustments to gross income are greatly limited. Federal law prohibits states from imposing an income tax on interest from United States obligations; therefore, that income is deducted from the tax base. State income tax refunds are excluded from the base to eliminate artificial state income. Alimony paid and the penalty for the early withdrawal of funds from savings accounts are permitted as deductions since they cannot realistically be regarded as income. No other deductions of any nature are allowed.

Taxable income is calculated by deducting allowable personal exemptions from adjusted gross income. The bill uses the federal rules for qualification for personal exemptions; that is, a taxpayer will qualify for the number of personal exemptions for which the taxpayer qualified under federal law. The exemption amount is \$3000. Since the federal exemption is adjusted for inflation, the bill makes it clear that Alaska does not adjust its exemption for inflation. Estates and trusts will not receive any exemption.

Under sec. 4 of the bill, proposed AS 43.20.031(j), (k), and (l), relating to gross income, adjusted gross income, and taxable income, will appear in an existing statute entitled "Taxable income of residents; deductions; exemptions." AS 43.20.031. Because those proposed subsections are intended to apply to all taxpayers, resident or not, proposed AS 43.20.031(m) defines "individual" and "fiduciary" to mean resident, nonresident, or part-year resident individuals and fiduciaries. If this bill is enacted, the revisor of statutes should change the title of AS 43.20.031 to reflect that the section no longer applies only to residents.

Residents will receive a credit for taxes paid to other states on income earned in the other states. Nonresidents do not receive this credit since the income earned outside the state is not taxed. Those taxpayers qualifying for the permanent fund dividend can elect to have the dividend applied directly against their tax liability. The Department

of Revenue will adopt regulations specifying the procedure for requesting the PFD offset. These provisions appear in proposed AS 43.20.062, in sec. 8 of the bill.

Employers will be required to withhold taxes from their employees' wages, remit the taxes, and file withholding returns and reports with the department. The department will establish the rate of withholding. Employers will be required to furnish employees with wage and tax statements by January 31 of each year or within 30 days after the termination of employment, whichever is earlier. The withholding provisions are in sec. 9 of the bill.

Section 3 of the bill amends AS 43.20.030(d) to require that every taxpayer, whether individual, fiduciary, or corporate, is required to file an amended state tax return within 60 days after filing an amended federal return or within 60 days after a federal assessment. Any additional tax due, together with accrued interest, must also be paid within the 60-day period. The existing language of that subsection requires that a "notice" be filed within the 60 days, and leaves unclear the due date of any additional tax or penalty.

Sections 2 and 10 make conforming changes. Section 11 repeals the provisions relating to tax credits for political contributions and child care (AS 43.20.013), as well as the provision in the longevity bonus program dealing with the taxability of the longevity bonus (AS 47.45.120(a)). The effect of this last repeal is to make taxability of the bonus track federal treatment. If the bonus remains taxable by the United States, the state will also tax it. If it is not taxed by the United States, the state will not tax it. AS 43.20.012 is repealed because it states that AS 43.20 does not apply to individuals or fiduciaries. In addition, that section contains a reference to AS 43.20.013, which is also being repealed in sec. 11 of the bill.

In summary, a taxpayer under this bill would begin with "total federal income," that is, line 23 on the 1986 federal 1040 form. Cost-of-living allowance income and tax exempt interest income would be added, and interest on U.S. obligations, state income tax refunds, alimony paid, and the penalty on early withdrawal of savings from time deposits would be deducted. Personal exemptions would be applied against the result, to produce "taxable income." Withholding, the credit for taxes paid other states, and the PFD offset, would then be applied against the tax liability.

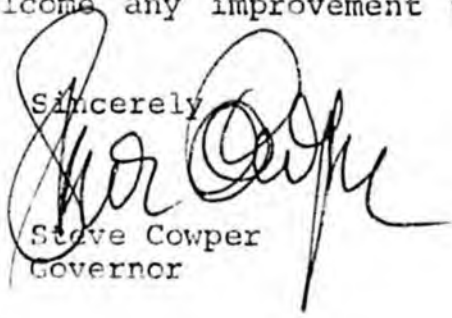
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Hon. Jan Faiks

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I believe that an income tax is an essential step in providing secure revenues for public services. I urge your prompt and favorable consideration of this proposal during this legislative session, and welcome any improvement that you may have to offer.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written in a cursive style. The signature is positioned over the typed name and title.

Steve Cowper
Governor

No. 68

STATE OF ALASKA 1987 LEGISLATIVE SESSION

FISCAL NOTE

Senate
Bill Version: SB 1480

Publish Date: 2-27-87

REQUEST, YR _____

Revision Date: _____

Title: Individual Income Tax

Agency Affected: Revenue

BRU: _____

Sponsor: _____

Requestor: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|--------------------|-------|--------|---------|---------|---------|---------|
| OPERATING | | | | | | |
| PERSONAL SERVICES | - | - | - | - | - | - |
| TRAVEL | - | - | - | - | - | - |
| CONTRACTUAL | - | - | - | - | - | - |
| SUPPLIES | - | - | - | - | - | - |
| EQUIPMENT | - | - | - | - | - | - |
| LANDS & STRUCTURES | - | - | - | - | - | - |
| GRANTS, CLAIMS | - | - | - | - | - | - |
| MISCELLANEOUS | - | - | - | - | - | - |
| TOTAL OPERATING | - | - | - | - | - | - |
| CAPITAL | - | - | - | - | - | - |
| REVENUE | - | 83,000 | 255,000 | 269,000 | 282,000 | 290,000 |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|---|---|---|---|---|
| GENERAL FUND | - | - | - | - | - | - |
| FEDERAL FUNDS | - | - | - | - | - | - |
| OTHER | - | - | - | - | - | - |
| TOTAL | - | - | - | - | - | - |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | - | - | - | - | - | - |
| PART-TIME | - | - | - | - | - | - |
| TEMPORARY | - | - | - | - | - | - |

ANALYSIS:

1. The Governor's tax bill was designed to generate \$250 million in tax year 1988.
2. Historical patterns of withholding, collections and refunds were used to translate tax year amounts to a fiscal year, net receipts basis.
3. Inflation averages 4% over the period and net receipts average \$250 million in constant, 1988 dollars. (See attached for additional explanation.)

Prepared By: David Tonkovich

Division: Revenue/Research

Phone: 465-2173

Date: 2/23/87

Approved by Commissioner: Hugh Malone

Agency: Department of Revenue

Date: 2/26/87

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Continuation for Fiscal Note/Bill Analysis

Individual Income Tax

Determination of Fiscal Year, Net Receipts

1. A historical analysis of cash flows from the Alaska individual income tax indicated tax overpayments of about 25%. These overpayments result in refunds when returns are submitted in January through April of the year immediately following the tax year.
2. For the first fiscal year (FY88) we assume that lags in the submission and processing of withholding and estimated payments result in 26.7 percent of total annual collections being received during the first two quarters of tax year 1988 (i.e. the last two quarters of FY88).
3. The calculation is:
$$\$250 \text{ million} \times 1.25 \times .267 = \$83 \text{ million}$$
4. In the first half of subsequent fiscal years there will be receipts (e.g. withholding, estimated payments) from the current tax year as well as collections of liabilities from the previous tax year.

No. 69

STATE OF ALASKA 1987 LEGISLATIVE SESSION

FISCAL NOTE

Bill Version: Senate SB 178 b
Publish Date: 2-27-87

REQUEST SB 178

Revision Date: _____
Title: State Individual Income Tax

Agency Affected: Revenue
BRU: Administrative Services

Sponsor: _____
Requestor: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|------------------------|----------|--------------|---------------|---------------|---------------|---------------|
| OPERATING | | | | | | |
| PERSONAL SERVICES | 0 | 528.0 | 1160.7 | 1266.0 | 1266.0 | 1266.0 |
| TRAVEL | 0 | 10.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| CONTRACTUAL | 0 | 95.6 | 507.3 | 476.3 | 476.3 | 476.3 |
| SUPPLIES | 0 | 4.0 | 16.0 | 16.0 | 16.0 | 16.0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LANDS & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | - |
| TOTAL OPERATING | 0 | 637.6 | 1692.0 | 1766.3 | 1766.3 | 1766.3 |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|----------|--------------|---------------|---------------|---------------|---------------|
| GENERAL FUND | 0 | 637.6 | 1692.0 | 1766.3 | 1766.3 | 1766.3 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 637.6 | 1692.0 | 1766.3 | 1766.3 | 1766.3 |

POSITIONS:

| | | | | | | |
|-----------|---|----|----|----|----|----|
| FULL-TIME | 0 | 19 | 27 | 27 | 27 | 27 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 35 | 35 | 35 | 35 |

ANALYSIS:

Prepared By: Ervin Jones Phone: 465-2313
 Division: Administrative Services Date: February 26, 1987
 Approved by Commissioner: Hugh Malone Date: 2/26/87
 Agency: Revenue

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Department of Revenue
Administrative Services Division
Fiscal Note Analysis
Individual Income Tax Bill
2/26/87

Assumptions:

1. The Administrative Services Division will be responsible for the following functions relative to the Alaska Individual Income Tax Withholding System and the Alaska Individual Income Tax Return Processing System.
 - a) Design, purchase and distribute all necessary tax returns and related forms.
 - b) Process all tax returns, including mail handling, microfilming, document review, data capture and filing.
 - c) Process all remittances of tax due which is received with tax returns.
 - d) Design, program, test, document, and maintain the automated Alaska Individual Income Tax Withholding System and Alaska Individual Income Tax Return Processing System.
 - e) Process and account for all individual income tax refunds to individuals.
 - f) Establish an automated billing subsystem for routine tax deficiencies, penalty and interest.
 - g) Acquire and maintain computer capacity to accommodate the two systems and the access required by the department's users.
2. The Department of Revenue will contract with a bank to provide a "lock-box" function, with employees depositing all individual income taxes withheld on a monthly basis.
3. The Department of Administration's data processing chargeback system will require that the Department of Revenue budget for the cost of data processing resources used by the withholding system and returns processing system. The total chargeback is budgeted in Administrative Services.
4. The Permanent Fund Dividend program will stay intact through FY92, in its current form.
5. The processing of Withholding and Individual Income Tax returns will be automated as much as possible.
6. The Alaska Individual Income Tax Withholding System must be in place before January 1, 1988.
7. The Alaska Individual Income Tax Return Processing System must be in place before January 1, 1989.
8. The fiscal note does not include the incremental cost of providing space for the employees and equipment required. After reviewing the department's total fiscal note, a determination of total space needs will be made, and an amendment to the Administrative Services Division's fiscal note will be submitted.

9. The impact of implementing the Alaska Individual Income Tax on computer resources has not been determined. After reviewing the implementation plans and fiscal notes of the other divisions, a preliminary decision will be made as to the use of mini-computers versus mainframes, and an estimate of the data processing fiscal note will be prepared.
10. Given the existing federal tax law, this bill requires all persons receiving a permanent fund dividend to file an Alaska Individual Income Tax return.

Program Summary:

The Alaska Individual Income Tax will require the creation of two major processing systems:

- 1) Alaska Individual Income Tax Withholding System.
- 2) Alaska Individual Income Tax Return Processing System.

In addition to designing, programming and maintaining the two above mentioned automated systems, the Administrative Services Division will process, review, microfilm, and data capture approximately 70,000 withholding forms and 455,000 Alaska Individual Income Tax returns annually. Refund warrants will be issued on approximately 213,750 of the returns filed. In addition, approximately 25,000 individual letters will be prepared, mailed, and controlled in response to persons who file incomplete tax returns or whose tax returns result in a mathematical adjustment.

Finally, the addition of such a major program to the Department of Revenue will definitely impact the ability of the Administrative Services Division to provide general administrative support services with the existing staff.

The Administrative Services Division will require staffing as early as FY88 in order to design and establish the computerized processing systems envisioned, and to produce the forms required. In late FY88, staffing will come on board to process the Withholding reports and returns. In FY89, additional staff will be needed to support the Alaska Individual Income Tax Return Processing System. The analysis below shows the estimated expenditures for FY88 - FY92.

FY88

1. Positions:

A. Data Processing:

| | |
|---|------------|
| 1 PFT Analyst/Programmer V, R21, @ \$4,856/Mo including salary and benefits for 12 months | = \$58,272 |
| 2 PFT Analyst/Programmer IV, R19, @ \$4,281/Mo each including salary and benefits for 12 months | = 102,744 |
| 2 PFT Analyst/Programmer III, R17, @ \$3,730/Mo each including salary and benefits for 6 months | = 44,760 |

The above analyst programmer team will design, program, and maintain the two major systems mentioned above, including all subsystems and interfaces with the existing Revenue systems and the Alaska State Accounting System.

These systems will provide for a minimum of the following:

Alaska Individual Income Tax Withholding System:

- * Online system comparable to the federal system with monthly deposits, quarterly returns, and an annual reconciliation.
- * Direct deposit system at a "lock-box" bank by employers.
- * Automatic generation of:
 - quarterly packets of:
 - * monthly deposit coupons
 - * quarterly tax returns
 - notices of tax deficiencies, penalty and interest
 - standard correspondence
 - management reporting data.
- * Interface with accounts receivable system and Alaska Individual Income Tax Return Processing System.

Alaska Individual Income Tax Return Processing System

- * document locator number system
- * return data capture
- * online systems
 - access/inquiry
 - address changes
 - status change system
 - generation of out cards
 - use of microfilm vs hard copy for review
 - automated calculation checks
 - generation of reduced refund notices with appeal rights
 - generation of automated billings for deficiencies, penalty and interest with appeal rights
- * interface with accounts receivable system (A/R)
- * interface with AIITWHS to verify claimed withholding
- * history file
- * possibility of multi-year file for easy access to information on prior year activity, etc.
- * check writing for refunds
- * management reporting data

B. Document Processing:

1. Mailroom

1 PFT Clerk IV, R9, @ \$2,343/Mo
including salary and benefits for
3 months = \$7,029

This position will augment the existing mailroom staff to perform the task of receiving, opening, sorting, and distributing an additional:

- * approximately 70,000 pieces of mail due to the Alaska Individual Income Tax Withholding System (17,500 employers times four quarterly returns.
- * handling, sorting and posting of additional outgoing/incoming mail as follows:
 - approximately 7,000 missing information letters, billing notices, and correspondence with employers.

2. Manual Review

1 PFT Tax Examiner III, R14, @
 \$3,124/Mo including salary and
 benefits for 5 months = \$15,620

2 PFT Document Processor I, R7, @
 \$2,118/Mo including salary and
 benefits for 3 months = \$12,708

These positions will manually review all Individual Income Tax returns filed based on a predetermined criterion.

- * identify incomplete returns
- * send out automatically generated missing information letters and billing notices

3. Microfilming

1 PFT Document Processor I, R7 @
 \$2,118/Mo including salary and
 benefits for 3 months = \$6,354

These positions will augment the existing microfilm staff to microfilm, assign document locator numbers, and date stamp 100% of Individual Income Tax returns filed.

4. Data Capture

2 PFT Data Processing Clerk I, R8,
 @ \$2,222/Mo including salary and
 benefits for 3 months = \$13,332

These positions will augment the existing Data Entry staff to data capture and verify captured data of 100% of returns filed.

C. General Departmental Support Services

1 PFT Chief, Income Tax Operations,
 R23, @ \$5,558/Mo including salary
 and benefits for 12 months = \$66,696

1 PFT Personnel Assistant II, R14,
 @ \$3,115/Mo including salary and
 benefits for 12 months = \$37,380

1 PFT Clerk Typist III, R8,
 @ \$2,222/Mo including salary
 and benefits for 12 months = \$26,664

1 PFT Supply Officer II, R16
 @ \$3,515/Mo including salary
 and benefits for 12 months = \$43,180

2 PFT Accounting Clerk III, R10,
 @ \$2,468/Mo including salary and
 benefits for 12 months = \$59,232

1 PFT Publications Specialist I,
 R13, @ \$2,915/Mo including
 salary and benefits for 12 months \$34,980

These positions will augment the existing general administration support staff for the additional programs and related 100+ new employees.

- * Personnel:
 - classification of positions and respond to reclassification requests
 - maintain payroll and leave records
 - process registers, and arrange interviews
 - handle grievances, information requests, typing tests, etc.
- * Fiscal:
 - increase in travel requests
 - general distributions
 - handling increase in cancelled warrants
- * Supply and purchasing:
 - increase in supply orders for paper intensive organization
 - Purchases increase:
 - * general equipment
 - * computer terminals, printers
 - * maintenance contracts
 - * general office supplies
 - Property Control (terminals, furniture, calculators, etc. will increase
- * Forms management:
 - preparation of Individual Income Tax booklet each year (considerably more complex than PFD booklet)
 - preparation of employment withholding forms
 - miscellaneous support forms:
 - * missing information letter
 - * denial forms
 - * check stock (refunds)
- * General:
 - general supervision and management of major additional line program in division, in addition to:
 - * permanent fund dividend program
 - * shared taxes
 - * administrative services to the department

TOTAL PERSONAL SERVICES \$528.0

2. Other Expenditures:

a) Travel:

on-site review of selected tax return processing systems in other states \$4.0

training for analyst/programmers in command level CICS and Wang VS Cobol. \$6.0

TOTAL TRAVEL \$10.0

b) Contractual:

Terminals

- 1. 3 Wang 4250 workstations \$18,216
- 2. 3 Wang emulator boards 2,415
- 3. 2 Wang 4230 key-punch terminals, 2 months \$1,800
- 4. Microfilmer, with maintenance, 3 months \$3,792
- 5. 4 phones, centrex costs, local and long distance \$5,390
- 6. printing: Withholding Returns, Deposit Coupons, envelopes, calendars, W-4's, etc. \$42,000
- 7. postage 22,000

TOTAL CONTRACTUAL \$95.6

c) Supplies:

Computer, microfilming, duplicating, general consumption \$4.0

d) Equipment: None.

TOTAL EXPENDITURES \$637.6

3. Funding - General funds

4. Section Cost Analysis - N/A

Computations - N/A

Economic Impact - N/A

Impact on Local Government - N/A

FY89

1. Positions:

A. Data Processing:

1 PFT Analyst/Programmer V, R21,
@ \$4,856/Mo including salary and
benefits for 12 months = \$58,272

2 PFT Analyst/Programmer IV, R19,
@ \$4,281/Mo each including salary
and benefits for 12 months = 102,744

2 PFT Analyst/Programmer III, P17,
@ \$3,730/Mo each including salary
and benefits for 12 months = 89,520

The above analyst programmer team will design, program, and maintain the two major systems mentioned above, including all subsystems and interfaces with the existing Revenue systems and the Alaska State Accounting System.

These systems will provide for a minimum of the following:

Alaska Individual Income Tax Withholding System:

- * Online system comparable to the federal system with monthly deposits, quarterly returns, and an annual reconciliation.
- * Direct deposit system at a "lock-box" bank by employers.
- * Automatic generation of:
 - quarterly packets of:
 - * monthly deposit coupons
 - * quarterly tax returns
 - notices of tax deficiency, penalty and interest
 - standard correspondence
 - management reporting data.
- * Interface with accounts receivable system and Alaska Individual Income Tax Return Processing System.

Alaska Individual Income Tax Return Processing System

- * document locator number system
- * return data capture
- * online systems
 - access/inquiry
 - address changes
 - status change system
 - generation of out cards
 - use of microfilm vs hard copy for review
 - automated calculation checks
 - generation of reduced refund notices with appeal rights
 - generation of automated billings for deficiencies, penalty and interest with appeal rights

- * interface with accounts receivable system (A/R)
- * interface with AIITWHS to verify claimed withholding
- * history file
- * possibility of multi-year file for easy access to information on prior year activity, etc.
- * check writing for refunds
- * management reporting data

B. Document Processing:

1. Mailroom

1 PFT Clerk IV, R9, @ \$2,343/Mo
including salary and benefits for
12 months = \$28,116

1 PFT Clerk II, R7, @ \$2,118/Mo
including salary and benefits
for 6 months = 12,708

These positions will augment the existing mailroom staff to perform the task of handling, opening, sorting, and distributing an additional:

- * approximately 455,000 Individual Income tax returns filed per year.
- * approximately 70,000 pieces of mail due to the Individual Income Tax Withholding System.
- * posting, handling and sorting of additional outgoing mail as follows:
 - approximately 7,000 missing information letters, billing notices, etc.

2. Manual Review

1 PFT Tax Examiner III, R14, @
\$3,124/Mo including salary and
benefits for 12 months = \$37,488

2 PFT Document Processor I, R7, @
\$2,118/Mo each including salary and
benefits for 12 months = 50,832

4 PFT Document Processor I, R7, @
\$2,118/Mo each including salary
and benefits for 6 months = 50,832

25 TEMP Document Processor I, R7, @
\$1,569/Mo each including salary and
benefits for 6 months = 235,350

These positions will manually review all Withholding and Individual Income Tax returns filed based on a predetermined criterion.

- * identify incomplete returns
- * send out automatically generated missing information letters
- * identify returns for desk examination

3. Microfilming

1 PFT Document Processor I, R7 @
\$2,118/Mo including salary and
benefits for 6 months = \$12,708

This position will augment the existing microfilm staff to microfilm, assign document locator numbers, and date stamp 100% of Withholding and Individual Income Tax returns filed.

4. Data Capture

1 PFT Data Processing Clerk III, R11
@ \$2,613/Mo including salary and
benefits for 6 months = \$15,678

2 PFT Data Processing Clerk I, R8,
@ \$2,222/Mo each including salary
and benefits for 12 months = 53,328

1 PFT Data Processing Clerk I, R8
@ \$2,222/Mo including salary and
benefits for 6 months = 13,332

10 TEMP Data Processing Clerk I,
R8 @ \$1,657/Mo each including
salary and benefits for 6 months = 99,420

These positions will augment the existing Data Capturing staff to data capture and verify captured data of 100% of Withholding and Individual Income Tax returns filed.

C. General Departmental Support Services

1 PFT Chief, Income Tax Operations,
R23, @ \$5,558/Mo including salary
and benefits for 12 months = \$66,696

1 PFT Personnel Assistant II, R14,
@ \$3,115/Mo including salary and
benefits for 12 months = 37,380

1 PFT Personnel Assistant I, R12,
@ \$2,773/Mo including salary and
benefits for 12 months = 33,270

2 PFT Accounting Clerk III, R10,
@ \$2,468/Mo each including salary
and benefits for 12 months = 59,232

1 PFT Clerk Typist III, R8, @
\$2,222/Mo including salary and
benefits for 12 months = 26,664

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5518 SSTA SB 148 - SB 156

1090

1 PFT Publications Specialist I,
R13, @ \$2,915/Mo including salary
and benefits for 12 months = 34,980

1 PFT Supply Officer II, R16,
@ \$3,515/Mo including salary and
benefits for 12 months = 42,180

These positions will augment the existing general administration support staff for the additional programs and related 100+ new employees.

- * Personnel:
 - classification of positions and respond to reclassification requests
 - maintain payroll and leave records
 - process registers, and arrange interviews
 - handle grievances, information requests, typing tests, etc.
- * Fiscal:
 - increase in travel requests
 - general distributions
 - handling increase in cancelled warrants
- * Supply and purchasing:
 - increase in supply orders for paper intensive organization
 - Purchases increase:
 - * general equipment
 - * computer terminals, printers
 - * maintenance contracts
 - * general office supplies
 - Property Control (terminals, furniture, calculators, etc. will increase.
- * Forms management:
 - preparation of Individual Income Tax booklet each year (considerably more complex than PFD booklet)
 - preparation of employment withholding forms
 - miscellaneous support forms:
 - * missing information letter
 - * denial forms
 - * check stock (refunds)
- * General:
 - general supervision and management of major additional line program in division, in addition to:
 - * permanent fund dividend program
 - * shared taxes
 - * administrative services to the department

TOTAL PERSONAL SERVICES

\$1,160.7

2. Other Expenditures:

a) Travel:

training, increased EEO travel, data processing coordination \$8.0

b) Contractual:

| | |
|--|------------|
| 1. 11 Wang 4250 workstations | \$65,792 |
| 2. 11 Wang emulator boards | 8,855 |
| 3. 9 Wang 4230 workstations | 48,600 |
| 4. 1 Wang DWS 55 printer | 3,636 |
| 5. Printing - tax booklets, "L" letters, W/H forms, check stock, envelopes, etc. | 202,000 |
| 6. Postage - booklets, letters, W/H forms, etc. | 95,475 |
| 7. 2 Kodak Microfilmers with maintenance | 30,336 |
| 8. 2 Kodak Reader/Printers | 13,704 |
| 9. IBM Copier with maintenance | 10,308 |
| 10. 20 phones, centrex costs, local and long distance | 26,960 |
| 11. Risk management | <u>600</u> |

TOTAL CONTRACTUAL \$507.3

c) Supplies:

Computer, microfilm, duplicating, general consumption \$16.0

d) Equipment: None.

TOTAL EXPENDITURES \$1,692.0

3. Funding -- General funds

4. Section Cost Analysis - N/A

Computations - N/A

Economic Impact - N/A

Impact on Local Government - N/A

FY90 - FY92

1. Positions:

A. Data Processing:

1 PFT Analyst/Programmer V, R21,
@ \$4,856/Mo including salary and
benefits for 12 months = \$58,272

2 PFT Analyst/Programmer IV, R19,
@ \$4,281/Mo each including salary
and benefits for 12 months = 102,744

2 PFT Analyst/Programmer III, R17,
@ \$3,730/Mo each including salary
and benefits for 12 months = 89,520

The above analyst programmer team will design, program, and maintain the two major systems mentioned above, including all subsystems and interfaces with the existing Revenue systems and the Alaska State Accounting System.

These systems will provide for a minimum of the following:

Alaska Individual Income Tax Withholding System:

- * Online system comparable to the federal system with monthly deposits, quarterly returns, and an annual reconciliation.
- * Direct deposit system at a "lock-box" bank by employers.
- * Automatic generation of:
 - quarterly packets of:
 - * monthly deposit coupons
 - * quarterly tax returns
 - notices of tax deficiencies, penalty and interest
 - standard correspondence
 - management reporting data.
- * Interface with accounts receivable system and Alaska Individual Income Tax Return Processing System.

Alaska Individual Income Tax Return Processing System

- * document locator number system
- * return data capture
- * online systems
 - access/inquiry
 - address changes
 - status change system
 - generation of out cards
 - use of microfilm vs hard copy for review
 - automated calculation checks
 - generation of reduced refund notices with appeal rights
 - generation of automated billings for deficiencies, penalty and interest with appeal rights

- * interface with accounts receivable system (A/R)
- * interface with AIITWHS to verify claimed withholding
- * history file
- * possibility of multi-year file for easy access to information on prior year activity, etc.
- * check writing for refunds
- * management reporting data

B. Document Processing:

1. Mailroom

1 PFT Clerk IV, R9, @ \$2,343/Mo
including salary and benefits for
12 months = \$28,116

1 PFT Clerk II, R7, @ \$2,118/Mo
including salary and benefits
for 12 months = 25,416

These positions will augment the existing mailroom staff to perform the task of handling, opening, sorting, and distributing an additional:

- * approximately 455,000 Individual Income tax returns filed per year.
- * approximately 70,000 pieces of mail due to the Individual Income Tax Withholding System.
- * posting, handling and sorting of additional outgoing mail as follows:
 - approximately 7,000 missing information letters, billing notices, etc.

2. Manual Review

1 PFT Tax Examiner III, R14, @
\$3,124/Mo including salary and
benefits for 12 months = \$37,488

6 PFT Document Processor I, R7, @
\$2,118/Mo each including salary and
benefits for 12 months = 152,496

25 TEMP Document Processor I, R7, @
\$1,569/Mo each including salary and
benefits for 6 months = 235,350

These positions will manually review all Withholding and Individual Income Tax returns filed based on a predetermined criterion.

- * identify incomplete returns
- * send out automatically generated missing information letters
- * identify returns for desk examination

3. Microfilming

1 PFT Document Processor I, R7 @
\$2,118/Mo including salary and
benefits for 12 months = \$25,416

This position will augment the existing microfilm staff to microfilm, assign document locator numbers, and date stamp 100% of Withholding and Individual Income Tax returns filed.

4. Data Capture

1 PFT Data Processing Clerk III, R11
@ \$2,513/Mo including salary and
benefits for 12 months = \$21,356

3 PFT Data Processing Clerk I, R8,
@ \$2,222/Mo each including salary
and benefits for 12 months = 79,992

10 TEMP Data Processing Clerk I,
R8 @ \$1,657/Mo each including
salary and benefits for 6 months = 99,420

These positions will augment the existing Data Capturing staff to data capture and verify captured data of 100% of Withholding and Individual Income Tax returns filed.

C. General Departmental Support Services

1 PFT Chief, Income Tax Operations,
R23, @ \$5,558/Mo including salary
and benefits for 12 months = \$66,696

1 PFT Personnel Assistant II, R14,
@ \$3,115/Mo including salary and
benefits for 12 months = 37,380

1 PFT Personnel Assistant I, R12,
@ \$2,773/Mo including salary and
benefits for 12 months = 33,270

2 PFT Accounting Clerk III, R10,
@ \$2,468/Mo each including salary
and benefits for 12 months = 59,232

1 PFT Clerk Typist III, R8, @
\$2,222/Mo including salary and
benefits for 12 months = 26,664

1 PFT Publications Specialist I,
R13, @ \$2,915/Mo including salary
and benefits for 12 months = 34,980

1 PFT Supply Officer II, R16,
@ \$3,515/Mo including salary and
benefits for 12 months = 42,180

These positions will augment the existing general administration support staff for the additional programs and related 100+ new employees.

- * Personnel:
 - classification of positions and respond to reclassification requests
 - maintain payroll and leave records
 - process registers, and arrange interviews
 - handle grievances, information requests, typing tests, etc.

- * Fiscal:
 - increase in travel requests
 - general distributions
 - handling increase in cancelled warrants

- * Supply and purchasing:
 - increase in supply orders for paper intensive organization
 - Purchases increase:
 - * general equipment
 - * computer terminals, printers
 - * maintenance contracts
 - * general office supplies
 - Property Control (terminals, furniture, calculators, etc. will increase.

- * Forms management:
 - preparation of Individual Income Tax booklet each year (considerably more complex than PFD booklet)
 - preparation of employment withholding forms
 - miscellaneous support forms:
 - * missing information letter
 - * denial forms
 - * check stock (refunds)

- * General:
 - general supervision and management of major additional line program in division, in addition to:
 - * permanent fund dividend program
 - * shared taxes
 - * administrative services to the department

TOTAL PERSONAL SERVICES \$1,266.0

2. Other Expenditures:

a) Travel:

training, increased EEO travel, data processing coordination \$8.0

b) Contractual:

| | | |
|----|---------------------------|----------|
| 1. | 11 Wang 4250 workstations | \$66,792 |
| 2. | 11 Wang emulator boards | 8,855 |
| 3. | 9 Wang 4230 workstations | 48,600 |
| 4. | 1 Wang DWS 55 printer | 3,636 |

| | |
|--|------------|
| 5. Printing - tax booklets, "L" letters, W/H forms, check stock, envelopes, etc. | 186,000 |
| 6. Postage - booklets, letters, W/H forms, etc. | 80,475 |
| 7. 2 Kodak Microfilmers with maintenance | 30,336 |
| 8. 2 Kodak Reader/Printers | 13,704 |
| 9. IBM Copier with maintenance | 10,308 |
| 10. 20 phones, centrex costs, local and long distance | 26,960 |
| 11. Risk management | <u>600</u> |

TOTAL CONTRACTUAL \$476.3

c) Supplies:

Computer, microfilm, duplicating, general consumption \$16.0

d) Equipment: None.

TOTAL EXPENDITURES \$1,766.3

3. Funding - General funds

4. Section Cost Analysis - N/A

Computations - N/A

Economic Impact - N/A

Impact on Local Government - N/A

No. 70

Prepared by Audit Division
Page 1 of 6

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Senate

REQUEST SB14V

Bill Version: SB14V
Publish Date: 2-25-87

Revision Date: _____
Title: State Individual Income Tax

Agency Affected: Revenue
BRU: Audit

Sponsor: _____
Requestor: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| PERSONAL SERVICES | - | 171.2 | 560.7 | 560.7 | 560.7 | 560.7 |
| TRAVEL | - | 6.5 | 14.0 | 14.0 | 14.0 | 14.0 |
| CONTRACTUAL | - | 54.0 | 113.6 | 113.6 | 113.6 | 113.6 |
| SUPPLIES | - | 4.5 | 11.0 | 11.0 | 11.0 | 11.0 |
| EQUIPMENT | - | 17.2 | 52.0 | 52.0 | 52.0 | 52.0 |
| LANDS & STRUCTURES | - | - | - | - | - | - |
| GRANTS, CLAIMS | - | - | - | - | - | - |
| MISCELLANEOUS | - | - | - | - | - | - |
| TOTAL OPERATING | - | 253.4 | 751.3 | 751.3 | 751.3 | 751.3 |
| CAPITAL | - | - | - | - | - | - |
| REVENUE | - | - | - | - | - | - |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|-------|-------|-------|-------|-------|
| GENERAL FUND | - | 253.4 | 751.3 | 751.3 | 751.3 | 751.3 |
| FEDERAL FUNDS | - | - | - | - | - | - |
| OTHER | - | - | - | - | - | - |
| TOTAL | - | 196.3 | 751.3 | 751.3 | 751.3 | 751.3 |

POSITIONS:

| | | | | | | |
|-----------|---|---|----|----|----|----|
| FULL-TIME | - | 7 | 16 | 16 | 16 | 16 |
| PART-TIME | - | - | - | - | - | - |
| TEMPORARY | - | - | - | - | - | - |

ANALYSIS: See attached

Prepared By: [Signature]
Division: Audit

Phone: 465-2320
Date: 2/26/87

Approved by Commissioner: Mark Malone
Agency: REVENUE

Date: 2/26/87

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

INDIVIDUAL INCOME TAX
FISCAL NOTE ANALYSIS

Assumptions

The Audit Division will administer the individual income tax laws to insure compliance with Alaska Statutes. Although calendar year tax returns will not be due until 1989, a withholding tax system must be in place and operative by January 1, 1988. Additional staff must be hired and fully trained to accomplish the following:

1. Compliance. This function will be accomplished by utilizing both tax examiner and auditor staff. Tax examiners, more typically, will handle desk review and less complex issues. Auditors will complete field audits and deal with more sophisticated and complex tax issues.
2. Appeals Coordination. These positions will be staffed by both tax examiners and auditors depending on the complexity and issues involved.
3. Payroll Withholding. This function will be accomplished by staffing of tax examiners to reconcile employers quarterly withholding, returns, monthly deposits and annual statements. They will maintain and reconcile the employees W-2's to the employers returns.
4. Return Examination and Processing. This function will be completed by clerks and tax examiners. The filed returns will be checked for accuracy and completeness. Payments will be posted to the appropriate returns, and desk reviews will be completed to process the returns. Selected returns will be forwarded to an auditor for examination.
5. Public Education and Staff Training. This function will be performed by audit level staff members. Public education of the individual income tax laws and filing requirements will be accomplished through seminars conducted in various locations throughout the state and by training staff members dealing with the public. Staff training is necessary to maintain a competent level of employee and educate staff to the new and changing tax laws.

A schedule of estimated costs to operate the Audit Division programs are as follows. These costs are based on 1987 dollars and do not attempt to factor in inflation. These estimates are preliminary and presented solely to present to the reader a basic idea of the areas within this division which will be impacted by passage of this legislation.

| | <u>FY 88</u> | <u>FY 89</u> |
|----------------------------|----------------|----------------|
| <u>Personal Services</u> | | |
| 1 Revenue Auditor IV | 41.4 | 55.2 |
| 1 Tax Examiner III | 27.3 | 36.4 |
| 1 Tax Examiner II | 24.1 | 32.2 |
| 1 Tax Examiner I | 21.3 | 28.4 |
| 1 Clerk IV | 20.1 | 26.8 |
| 1 Clerk Typist III | 19.1 | 25.4 |
| 1 Clerk Typist II | 17.9 | 23.9 |
| 2 Revenue Auditor III | | 96.4 |
| 2 Tax Examiner II | | 64.1 |
| 2 Clerk Typist III | | 50.9 |
| 2 Revenue Auditor I | | 72.8 |
| 1 Appeals Officer III | | 48.2 |
| | <u>\$171.2</u> | <u>\$560.7</u> |
| <u>Travel and Per Diem</u> | | |
| | <u>\$ 6.5</u> | <u>\$ 14.0</u> |
| | <u>\$ 6.5*</u> | <u>\$ 14.0</u> |
| <u>Contractual</u> | | |
| Training | 4.0 | 14.5 |
| Wang Terminals & Software | 50.0 | 99.1 |
| | <u>\$ 54.0</u> | <u>\$113.6</u> |

*This figure reflects a one time travel cost for employer training to be conducted in various locations throughout the State in conjunction with the Public Services Division.

Individual Income Tax
Fiscal Impact

A. System Requirements

- | | |
|--|--|
| 1. Technical Analysis | No expenditures |
| 2. Generate Forms | No expenditures |
| 3. Educate and Assist Public | Expenditures covered by regular audit functions |
| 4. Receive Returns | No expenditures |
| 5. Process Cash for Deposit | No expenditures |
| 6. Microfilm Returns | No expenditures |
| 7. Establish Edit Selection Criteria | Expenditures covered by regular audit functions |
| 8. Perform Visual Edit | No expenditures |
| 9. Data Capture Return Information | No expenditures |
| 10. Perform Computer Edit | No expenditures |
| 11. Ensure Compliance with Filing Requirements | No expenditures |
| 12. Establish Refund/Credit to Next Program | No expenditures; Expenditures covered by regular audit functions |
| 13. Document Filing or Destruction | No expenditures |
| 14. Perform Office Audit | 7 positions |

a) Personal Service Costs

| <u>POSITIONS</u> | <u>RANGE</u> | <u>MONTHLY SALARY</u> | <u>ANNUAL SALARY WITH BENEFITS</u> |
|-------------------------------------|--------------|-----------------------|------------------------------------|
| Revenue Auditor IV | 20 | 3,564 | 55,170 |
| Tax Examiner III | 14 | 2,353 | 36,424 |
| Tax Examiner II | 12 | 2,072 | 32,075 |
| Tax Examiner I | 10 | 1,835 | 28,405 |
| Clerk IV | 9 | 1,731 | 26,796 |
| Clerk Typist III | 8 | 1,631 | 25,448 |
| Clerk Typist II | 7 | 1,545 | <u>23,917</u> |
| TOTAL PERSONAL SERVICE EXPENDITURES | | | <u>\$229,235</u> |

| | |
|---|---------------|
| b) Contractual: 6 terminals, IOP, Memory upgrade, Communications | \$ 50,000 |
| c) Supplies: miscellaneous | 4,500 |
| d) Training | 4,000 |
| e) Equipment: microfilm r/p, printer, desks, chairs, etc. | <u>23,000</u> |

TOTAL EXPENDITURES \$309,735

15. Perform Field Audit

a) Personal Service Costs

JUNEAU - 3 POSITIONS

| <u>POSITIONS</u> | <u>RANGE</u> | <u>MONTHLY SALARY</u> | <u>ANNUAL SALARY WITH BENEFITS</u> |
|-------------------------------------|--------------|-----------------------|--|
| Revenue Auditor III | 18 | 3,113 | \$ 48,189 |
| Tax Examiner II | 12 | 2,072 | 32,075 |
| Clerk Typist III | 8 | 1,631 | <u>25,448</u> |
| TOTAL PERSONAL SERVICE EXPENDITURES | | | <u>\$105,712</u> |

| | |
|---|--------------|
| b) Contractual: 3 terminals, Communications | \$ 18,000 |
| c) Supplies: miscellaneous | 2,000 |
| d) Training | 3,000 |
| e) Equipment: desks, chairs, etc. | 11,000 |
| f) Travel | <u>5,000</u> |

TOTAL EXPENDITURES \$144,712

ANCHORAGE - 4 POSITIONS

a) Personal Service Costs

| <u>POSITIONS</u> | <u>RANGE</u> | <u>MONTHLY SALARY</u> | <u>ANNUAL SALARY WITH BENEFITS</u> |
|---------------------|--------------|-----------------------|--|
| Revenue Auditor I | 14 | 2,353 | \$ 36,424 |
| Revenue Auditor I | 14 | 2,353 | 36,424 |
| Revenue Auditor III | 18 | 3,113 | 48,139 |
| Clerk Typist III | 8 | 1,631 | <u>25,448</u> |

TOTAL PERSONAL SERVICE EXPENDITURES \$146,425

| | |
|---|------------------|
| b) Contractual: 4 terminals, Communications | \$ 20,500 |
| c) Supplies: miscellaneous | 3,500 |
| d) Training | 5,000 |
| e) Equipment: desks, chairs, etc. | 13,000 |
| f) Travel | <u>6,000</u> |
| TOTAL EXPENDITURES | <u>\$194,485</u> |

APPEALS - 2 POSITIONS

a) Personal Service Costs

| <u>POSITIONS</u> | <u>RANGE</u> | <u>MONTHLY SALARY</u> | <u>ANNUAL SALARY WITH BENEFITS</u> |
|---|--------------|-----------------------|--|
| Appeals Officer III | 18 | 3,113 | \$ 48,189 |
| Tax Examiner II | 12 | 2,072 | 32,075 |
| TOTAL PERSONAL SERVICE EXPENDITURES | | | <u>\$80,264</u> |
| b) Contractual: 2 terminals, Communications | | | \$ 10,625 |
| c) Supplies: miscellaneous | | | 1,000 |
| d) Training | | | 2,500 |
| e) Equipment: desks, chairs, etc. | | | 5,000 |
| f) Travel | | | <u>3,000</u> |
| TOTAL EXPENDITURES | | | <u>\$102,389</u> |
| GRAND TOTAL EXPENDITURES | | | <u>\$751,321</u> |

116-71

4

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Senate

Bill Version: ~~SB1480~~ SB1480
Publish Date: 2-27-87

REQUEST SB144
Revision Date: _____
Title: "...taxation of income derived by individuals, partnerships, & fiduciaries..."
Sponsor: Rules Committee by the Governor
Requestor: _____

Agency Affected: Revenue
BRU: Public Service - Operating
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| * OPERATING | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 0 | 39.5 | 250.3 | 270.6 | 281.4 | 292.7 |
| TRAVEL | 0 | 16.5 | 22.0 | 8.4 | 0.7 | 9.1 |
| CONTRACTUAL | 0 | 98.0 | 136.5 | 102.0 | 107.1 | 111.0 |
| SUPPLIES | 0 | .5 | 6.0 | 6.5 | 7.0 | 7.5 |
| EQUIPMENT | 0 | 5.0 | 31.2 | 0 | 0 | 0 |
| LAND & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS/CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 0 | 159.5 | 446.0 | 387.5 | 404.2 | 420.3 |

| | | | | | | |
|---------|---|---|---|---|---|---|
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
|---------|---|---|---|---|---|---|

| | | | | | | |
|---------|---|---|---|---|---|---|
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |
|---------|---|---|---|---|---|---|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|-------|-------|-------|-------|-------|
| GENERAL FUND | 0 | 159.5 | 446.0 | 387.5 | 404.2 | 420.3 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 159.5 | 446.0 | 387.5 | 404.2 | 420.3 |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 1 | 9 | 9 | 9 | 9 |
| PART-TIME | 0 | 0 | 3 | 3 | 3 | 3 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS: Attach a separate page if necessary

See attached

Prepared by: Sally Smith Phone: 465-2392
Division: Public Services Date: February 26, 1987

Approved by: Hugh Malone Date: 2/26/87
Commissioner: _____
Agency: Revenue

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management & Budget
- Impacted Agency(ies)
- Senate Secretary

Assumptions

1. Regulations will be promulgated requiring monthly or quarterly reporting of taxes withheld on wages.
2. Approximately 17,500 withholding reports and 275,000 annual individual income tax returns will need processing.
3. Public Services Division will provide individual income tax assistance to both businesses and individuals.
4. Public Services Division, in close association with the Audit Division, will develop employee training for the division and employer training for the public.

Public Services Operating BRU

Expenditures

| <u>100 Personal Services</u> | | <u>FY 88</u> | <u>FY 89</u> | |
|---------------------------------|-------------------------------|-----------------|--------------|------------|
| 1- | Revenue Office Manager | 3,293 @ 12 mos. | 39.5 | 39.5 |
| 2- | Document Processing Clerk III | 2,468 @ 10 mos. | | 49.4 |
| 3- | Document Processing Clerk II | 2,221 @ 10 mos. | | 66.6 |
| 1- | Document Processing Clerk I | 2,468 @ 10 mos. | | 24.7 |
| 2- | Clerk Typist II | 2,118 @ 10 mos. | | 42.4 |
| 2- | Document Processor II | 2,221 @ 4 mos. | | 17.8 |
| 1 | Document Processor II | 2,468 @ 4 mos. | | <u>9.9</u> |
| Total Annual Wages and Benefits | | | 39.5 | 250.3 |

The Revenue Office Manager's position will be activated in July of 1987 to develop employee training for the division and employer training for the public on the withholding requirements which will begin in the first quarter of 1988. The remaining positions will be activated in September 1988 to allow for training of individual income tax issues. Filing of individual income taxes will start January 1, 1989 and be required on April 15, 1989.

200 Travel

Employer Training

| | | |
|---|-----|-----|
| One Employee to Anchorage, Fairbanks, Nome, Kotzebue, Barrow, Kodiak, Kenai Peninsula, Sitka, Ketchikan Bethel, Petersburg, and Wrangell | 6.5 | -0- |
|---|-----|-----|

Administrative Travel

| | | |
|-------------------------|------|------|
| Anchorage and Fairbanks | 10.0 | 12.0 |
|-------------------------|------|------|

Employee Training

| | |
|--|-------------|
| | <u>10.0</u> |
|--|-------------|

| | | |
|--------------|------|------|
| Total Travel | 16.5 | 22.0 |
|--------------|------|------|

Employees hired to assist the general public in the completion of their individual income tax returns will be required to participate in a training course. Funds are designated above to facilitate course presentation in Anchorage and Juneau.

| <u>300 Contractual</u> | <u>FY88</u> | <u>FY89</u> |
|-----------------------------------|-------------|-------------|
| Advertising campaign | | |
| Withholding requirements | 45.0 | |
| Income Tax Filing | | 80.0 |
| Postage | 30.0 | 8.5 |
| Printing | 5.0 | 5.0 |
| Telephone Charges | 15.0 | 30.0 |
| Messenger Service | 2.0 | 5.0 |
| Computer Terminal Maintenance (7) | .5 | 3.5 |
| Publications | .5 | 2.0 |
| Reconfiguration of Office Space | <u>-0-</u> | <u>2.5</u> |
| Total Contractual | 98.0 | 136.5 |

Enactment of the individual income tax with the requirement for employer withholding from wages will be brought to the attention of the public. Funds are requested for production of a television and radio advertising campaign plus two mailouts to all businesses informing them of the requirement to withhold an employee's wages. Funds are also requested in FY 89 for a general newspaper, radio and television campaign to notify the general public to file, where to file, and where to get help in completing their returns.

400 Supplies

| | | |
|-----------------|----|-----|
| Office Supplies | .5 | 6.0 |
|-----------------|----|-----|

Office supplies are estimated at \$.5 per employee.

500 Equipment

| | | |
|------------------|-----|------|
| Office Equipment | 5.0 | 31.2 |
|------------------|-----|------|

Office equipment and furniture includes desks, chairs, calculators, file cabinets, and computer terminals.

No. 72

5

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE *Senate*

REQUEST SB 148 E

Bill Version: SB 148 E
Publish Date: 2-27-87

Revision Date: _____
Title: Individual Income Tax

Agency Affected: Revenue
BRU: Commissioner's Office (Research)

Sponsor: _____
Requestor: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|--------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| PERSONAL SERVICES | - | 54.6 | 54.6 | 54.6 | 54.6 | 54.6 |
| TRAVEL | - | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| CONTRACTUAL | - | 39.9 | 28.6 | 28.6 | 28.6 | 28.6 |
| SUPPLIES | - | .9 | .9 | .9 | .9 | .9 |
| EQUIPMENT | - | 6.8 | - | - | - | - |
| LANDS & STRUCTURES | - | - | - | - | - | - |
| GRANTS, CLAIMS | - | - | - | - | - | - |
| MISCELLANEOUS | - | - | - | - | - | - |
| TOTAL OPERATING | - | 103.7 | 85.6 | 85.6 | 85.6 | 85.6 |
| CAPITAL | - | - | - | - | - | - |
| REVENUE | - | - | - | - | - | - |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|-------|------|------|------|------|
| GENERAL FUND | - | 103.7 | 85.6 | 85.6 | 85.6 | 85.6 |
| FEDERAL FUNDS | - | - | - | - | - | - |
| OTHER | - | - | - | - | - | - |
| TOTAL | - | - | - | - | - | - |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | - | - | - | - | - | - |
| PART-TIME | - | - | - | - | - | - |
| TEMPORARY | - | - | - | - | - | - |

ANALYSIS: Attach a separate page if necessary

See Attached.

Prepared By: David Tenkovich ^{DRT}
Division: Revenue/Research

Phone: 465-2173
Date: 2/20/87

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: 2/24/87

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Continuation of Fiscal Note/Bill Analysis

Individual Income Tax

Assumptions:

1. The Research Section will be responsible for economic and statistical reports on the Individual Income Tax.
2. The Research Section will forecast tax revenues and respond to requests from the Governor's Office, the Legislature and the Public for current and historical statistical information.
3. The Research Section will prepare fiscal notes on revenue impacts of any proposed changes to income tax law.
4. Assumes that duties begin at the start of FY88. Items with a asterisk (*) are costs for the first year only.

1. Positions

Research

1 PFT Economist II, R 20 at \$4,550/mo.
including salary and benefits for
12 months

Total Personal Services

\$54.6

The above position will do all analysis, program development and coordination of research on the individual income tax. These duties include forecasting economic conditions and tax revenues. Other duties will include development and maintenance of data bases to support the research and forecasting efforts, the preparation of fiscal notes, policy analyses, and coordination of research needs with those of tax administrators.

This work will provide the following information:

1. Income and tax information by income class.
2. The ability to estimate revenue impacts of any significant change in tax structure - rates, income classes, exemptions and deductions.
3. If zip code information is available it should be possible to present such data on a geographic basis.

2. Other Expenditures

a. Travel

Assume 3 trips in-state per year for
coordination, public information, testimony \$1.5

b. Contractual

1. Economic Consulting during model development
15 days at \$750/day 11.3*

2. Phone, centrex, local and long
distance charges .6

3. Chargeback for computer time from DOA 28.0

c. Supplies

Duplication, general consumption, mailing .7

Books, technical journals .2

d. Equipment

1. Wang APC, VS Communication Board and
30mb Hard Disk 6.5*

2. Desk Calculator .3*

Total Expenditure First Year \$103.7

Total Expenditure Subsequent Years \$85.6

3. Funding - General Funds

No. 73

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Senate
Bill Version: SB 144 R
Publish Date: 2-27-87

REQUEST: SB 144

Revision Date: _____
Title: State Income Tax

Agency Affected: Department of Revenue
BRU: Treasury

Sponsor: _____
Requestor: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| PERSONAL SERVICES | - | 32.8 | 46.4 | 46.4 | 46.4 | 46.4 |
| TRAVEL | - | - | - | - | - | - |
| CONTRACTUAL | - | 44.6 | 89.1 | 89.1 | 89.1 | 89.1 |
| SUPPLIES | - | - | - | - | - | - |
| EQUIPMENT | - | - | - | - | - | - |
| LANDS & STRUCTURES | - | - | - | - | - | - |
| GRANTS, CLAIMS | - | - | - | - | - | - |
| MISCELLANEOUS | - | - | - | - | - | - |
| TOTAL OPERATING | - | 77.4 | 135.5 | 135.5 | 135.5 | 135.5 |
| CAPITAL | - | - | - | - | - | - |
| REVENUE | - | - | - | - | - | - |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|------|-------|-------|-------|-------|
| GENERAL FUND | - | 77.4 | 135.5 | 135.5 | 135.5 | 135.5 |
| FEDERAL FUNDS | - | - | - | - | - | - |
| OTHER | - | - | - | - | - | - |
| TOTAL | - | 77.4 | 135.5 | 135.5 | 135.5 | 135.5 |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | - | 1 | 1 | 1 | 1 | 1 |
| PART-TIME | - | 1 | 1 | 1 | 1 | 1 |
| TEMPORARY | - | - | - | - | - | - |

ANALYSIS: see attached analysis.

Prepared By: Milt Barker *MB* Phone: 465-2350
Division: Treasury Date: February 25, 1987

Approved by Commissioner: Hubert Malone *RM* for Date: 2/26/87
Agency: Department of Revenue

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

DEPARTMENT OF REVENUE
TREASURY DIVISION

FISCAL NOTE ANALYSIS

ASSUMPTIONS:

1. Cash Management Section will develop the RFP and the contract to lockbox the monthly employers' withholding tax deposits. 17,500 payments per month.
2. Cash Management Section will perform the depository functions of the remittances attached to individual tax returns. 100,000 per year.
3. Cash Management Section will process all returned items (NSF checks, etc.). 1,500 per year.
4. Processing and deposit of penalty and interest payments.
5. Cash Management Section will provide the accounting to AKSAS and reconciliation between the bank, AKSAS, and the Department of Revenue's system for the tax payments on a consolidated basis.

COSTS:

| <u>Personal Services</u> | <u>FY 1988</u> | <u>FY 1989</u> |
|---|-------------------|--------------------|
| Accounting Technician I \$2,718 X 12 mo | 19.0* | 32.6 |
| Accounting Clerk II \$2,310 X 6 mo | 13.8 | 13.8 |
| Lockbox contract | <u>44.6</u> | <u>89.1</u> |
| TOTAL | <u>\$77.4</u> | <u>\$135.5</u> |

* 7 months in FY 1988

DEVELOPMENT TIME:

| | | <u>Completion Date</u> |
|--|----------|----------------------------|
| Technical Analysis of the required system | 4 months | 10/87 |
| Lockbox Contract | 3 months | 12/87 |
| In-house training of depository procedures | 2 weeks | 12/87 |
| In-house training of accounting procedures | 2 weeks | 12/87 |

No. 74

7

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Senate

REQUEST SB 148

Bill Version: SB 148 g
Publish Date: 2-27-87

Revision Date: _____
Title: _____

Agency Affected: Revenue
BRU: Enforcement

Sponsor: House Rules Committee
Requestor: _____

Components: Enforcement--Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| PERSONAL SERVICES | - | 65.0 | 315.1 | 666.4 | 666.4 | 666.4 |
| TRAVEL | - | 11.9 | 39.6 | 50.4 | 50.4 | 50.4 |
| CONTRACTUAL | - | 6.0 | 35.7 | 165.8 | 165.8 | 165.8 |
| SUPPLIES | - | .3 | 2.0 | 4.3 | 4.3 | 4.3 |
| EQUIPMENT | - | 25.8 | 101.7 | 6.6 | - | - |
| LANDS & STRUCTURES | - | - | - | - | - | - |
| GRANTS, CLAIMS | - | - | - | - | - | - |
| MISCELLANEOUS | - | - | - | - | - | - |
| TOTAL OPERATING | - | 109.0 | 494.1 | 897.4 | 890.8 | 890.8 |
| CAPITAL | - | - | - | - | - | - |
| REVENUE | - | - | - | - | - | - |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|-------|-------|-------|-------|-------|
| GENERAL FUND | - | 109.0 | 494.1 | 897.4 | 890.8 | 890.8 |
| FEDERAL FUNDS | - | - | - | - | - | - |
| OTHER | - | - | - | - | - | - |
| TOTAL | - | 109.0 | 494.1 | 897.4 | 890.8 | 890.8 |

POSITIONS:

| | | | | | | |
|-----------|---|---|----|----|----|----|
| FULL-TIME | - | 5 | 16 | 17 | 17 | 17 |
| PART-TIME | - | - | - | - | - | - |
| TEMPORARY | - | - | - | - | - | - |

ANALYSIS: Please see attached analysis.

Thomas C. Williams

Prepared By: Thomas C. Williams
Division: Enforcement Division

Phone: 465-2366
Date: February 26, 1987

Approved by Commissioner: Hugh Malone FOR
Agency: REVENUE

Date: 2/26/87

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

?

10/2/87

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
STATE INCOME TAX POSITION IMPLEMENTATION SCHEDULE
 As of February 26, 1987

| | <u>Total</u> | <u>JNU</u> | <u>ANC</u> | <u>FBK</u> |
|--|---|-----------------------|--|---|
| <u>Staffing as of July 1, 1987</u> | 2 REO IV 1 REO III 2 REO II 4 TCS II 1 AC III 2 CT III | 1 REO IV 1 REO III | 1 REO IV 2 REO II 1 TCS II 1 CT III | |
| <u>Total Positions 07/01/87</u> | <u>12</u> | <u>7</u> | <u>5</u> | <u>-0-</u> |
| <u>FY '88</u> | | | | |
| Hire positions by 03/01/88 and have employees fully functional by 06/01/88 | 1 REO III 1 REO II 2 TCS II 1 AC III | 1 REO II | 1 REO III 2 TCS II 1 AC III | |
| <u>Positions Added in FY '88</u> | <u>5</u> | <u>1</u> | <u>4</u> | <u>-0-</u> |
| <u>FY '89</u> | | | | |
| Hire positions by 01/01/89 and have employee fully functional by 04/01/89 | 1 REO IV | | | 1 REO IV |
| Hire positions by 04/01/89 and have employees fully functional by 07/01/89 | 1 REO III 2 REO II 4 TCS II 1 AC III 2 CT III | | 1 REO II 1 TCS II 1 CT III | 1 REO III 1 REO II 3 TCS II 1 AC III 1 CT III |
| <u>Positions Added in FY '89</u> | <u>11</u> | <u>-0-</u> | <u>3</u> | <u>8</u> |
| <u>FY '90 (if workload warrants)</u> | | | | |
| Hire position by 07/01/89 and have employee fully functional by 10/01/89 | 1 REO III | | 1 REO III | |
| <u>Positions Added in FY '90</u> | <u>1</u> | <u>-0-</u> | <u>1</u> | <u>-0-</u> |
| <u>FY '91</u> | | | | |
| Evaluate potential needs during the Fall of 1989 while preparing the FY '91 budget. | | | | |
| <u>Total Positions Added</u> | <u>17</u> | <u>1</u> | <u>8</u> | <u>8</u> |
| <u>TOTAL POSITIONS REQUIRED</u> | <u>29</u> | <u>8</u> | <u>13</u> | <u>8</u> |

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
FISCAL NOTE ANALYSIS FOR INCOME TAX BILL
 February 26, 1987

ASSUMPTIONS

1. There are approximately 15,000 employers and 100,000 families which will be required to file under an income tax bill.
2. Withholding will begin January 1, 1988. A significant number of delinquencies on first quarter returns will not appear until June 1, 1988.
3. Individual returns will begin January 15, 1989. A significant number of delinquencies will not appear until July 1, 1989.
4. The noncompliance rate in northern Alaska (including Fairbanks) and the Kenia Peninsula will be relatively high.
5. The number of positions is based on an anticipated high noncompliance rate. If the noncompliance rate is lower, only those positions which are needed will be filled.
6. The Anchorage Collections Office will be able to work the Fairbanks withholding cases until the Fairbanks Collections Office opens in FY '89.
7. When the Fairbanks Collections Office opens, all northern Alaska (including Fairbanks) area cases will be transferred from the Anchorage Collections Office.
8. There are no changes to the current salary schedule or the merit increase system. The average position will be hired at a "B" step. All employees are granted timely merit increases.
9. The necessary travel by each field Revenue Enforcement Officers will be one week long trip per quarter.
10. Current Revenue Enforcement Officers travel will each increase by one week long trip per quarter.
11. Workstations are currently available for new personnel in Juneau and for two personnel in Anchorage. Additional workstations are required for personnel in Anchorage and Fairbanks.
12. Criminal investigations will be conducted by the Audit Division.

COMPUTATIONS--FY '88

Personal Services

Juneau

| | | |
|---|---|-------------|
| 1 | Revenue Enforcement Officer III (range 18, @ 49.0/year) | 16.9 |
| 1 | Revenue Enforcement Officer II (range 16, @ 42.8/year) | 14.8 |
| 2 | Tax Collection Specialist II (range 12, @ 33.6/year) | 23.0 |
| 1 | Accounting Clerk III (range 10, @ 30.0/year) | <u>10.3</u> |

Total FY '88 Personal Services

65.0

ALASKA DEPARTMENT OF REVENUE
ENFORCEMENT DIVISION
FISCAL NOTE ANALYSIS FOR INCOME TAX BILL
February 26, 1987

Travel

| | | | |
|---|--|--------------------------------|-----|
| 2 | Revenue Enforcement Officers to IRS Phase I training | | |
| | Transportation | (2 trips @ \$500) | 1.0 |
| | Per Diem | (2 trips x 42 days @ \$80/day) | 6.7 |
| 3 | Revenue Enforcement Officers | x 1 trip @ quarter | |
| | Transportation | (5 trips @ \$1,000) | 3.0 |
| | Per Diem | (3 trips x 5 days @ \$80/day) | 1.2 |

Total FY '88 Travel 11.9

Contractual Services

| | | | |
|--|--------------------------------------|--------------------------|-----|
| | Increased toll costs | (5 employees @ \$250/mo) | 2.5 |
| | Printing for forms, letterhead, etc. | | 3.0 |
| | Increased postage costs | (estimated @ \$100/mo) | .5 |

Total FY '88 Contractual Services 6.0

Commodities

| | | | |
|--|-------------------|---------------------------------------|----|
| | Paper, pens, etc. | (5 employees x 1/4 year @ \$250/year) | .3 |
|--|-------------------|---------------------------------------|----|

Total FY '88 Commodities .3

Equipment

| | | | |
|---|---------------------------------------|--------------|------|
| 2 | Workstations for Support Personnel | @ \$5,273.73 | 10.6 |
| 2 | Swivel-Tilt Chairs with arms | @ \$640.81 | 1.3 |
| 1 | File cabinets (5 drawer legal w/lock) | @ \$341.35 | .3 |
| 2 | 12 digit Desk Calculators (printing) | @ \$135.03 | .3 |
| 3 | Wang Computer Terminals | @ \$4,200.00 | 12.6 |
| 2 | Telephones | @ \$343.00 | .7 |

Total FY '88 Equipment Costs 25.8

Total FY '88 Costs 109.0

Computations--FY '89

Personal Services

| | | | |
|---|---------------------------------|-------------------------|-------|
| 2 | Revenue Enforcement Officer IV | (range 20, @ 58.8/year) | 29.4 |
| 1 | Revenue Enforcement Officer III | (range 18, @ 50.4/year) | 12.6 |
| 2 | Revenue Enforcement Officer II | (range 16, @ 44.4/year) | 22.2 |
| 4 | Tax Collection Specialist II | (range 12, @ 34.4/year) | 34.4 |
| 1 | Accounting Clerk III | (range 10, @ 30.8/year) | 7.7 |
| 2 | Clerk Typist III | (range 8, @ 27.6/year) | 13.8 |
| | Positions hired during FY '88 | | 195.0 |

Total FY '89 Personal Services 315.1

ALASKA DEPARTMENT OF REVENUE
 ENFORCEMENT DIVISION
FISCAL NOTE ANALYSIS FOR INCOME TAX BILL
 February 26, 1987

Travel

| | | |
|---|--|------|
| 3 | Revenue Enforcement Officers to IRS Phase I training | |
| | Transportation (3 trips @ \$500) | 1.5 |
| | Per Diem (3 trips x 42 days @ \$80/day) | 10.1 |
| 8 | Revenue Enforcement Officers x 1 trip @ quarter | |
| | Transportation (20 trips @ \$1,000) | 20.0 |
| | Per Diem (20 trips x 5 days @ \$80/day) | 8.0 |

Total FY '89 Travel 39.6

Contractual Services

| | | |
|--|--|------|
| | Increased toll costs (16 employees @ \$250.00/month) | 24.0 |
| | Printing for forms, letterhead, etc. | 7.5 |
| | Increased postage costs (estimated @ \$350.00/month) | 4.2 |

Total FY '89 Contractual Services 35.7

Commodities

| | | |
|--|---|-----|
| | Paper, pens, etc. (16 employees @ \$250/year) | 2.0 |
|--|---|-----|

Total FY '89 Commodities 2.0

Equipment

| | | |
|----|--|------|
| 11 | Workstations for Support Personnel @ \$5,273.73 | 58.0 |
| 11 | Swivel-Tilt Chairs with arms @ \$640.81 | 7.0 |
| 6 | File cabinets (5 drawer legal w/lock) @ \$341.35 | 2.0 |
| 11 | 12 digit Desk Calculators (printing) @ \$135.03 | 1.5 |
| 7 | Wang Computer Terminals @ \$4,200.00 | 29.4 |
| 11 | Telephones @ \$343.00 | 3.8 |

Total FY '89 Equipment Costs 101.7

Total FY '89 Costs \$ 494.1

Computations--FY '90

Personal Services

| | | |
|---|---|-------|
| 1 | Revenue Enforcement Officer III (range 18, @ 50.4/year) | 50.4 |
| | Positions hired during FY '88 and FY '89 | 616.0 |

Total FY '90 Personal Services 666.4

ALASKA DEPARTMENT OF REVENUE
ENFORCEMENT DIVISION
FISCAL NOTE ANALYSIS FOR INCOME TAX BILL
February 26, 1987

Travel

| | | | |
|---|--|--|------|
| 1 | Revenue Enforcement Officers to IRS Phase I training | | |
| | Transportation (1 trips @ \$500) | | .5 |
| | Per Diem (1 trips x 42 days @ \$80/day) | | 3.4 |
| 9 | Revenue Enforcement Officers x 1 trip @ quarter | | |
| | Transportation (36 trips @ \$1,000) | | 36.0 |
| | Per Diem (36 trips x 5 days @ \$80/day) | | 14.4 |

Total FY '90 Travel 54.3

Contractual Services

| | | | |
|--|--|--|-------|
| | Out-of-state collection agency contract | | 100.0 |
| | Increased toll costs (17 employees @ \$250.00/month) | | 51.0 |
| | Printing for forms, letterhead, etc. | | 10.0 |
| | Increased postage costs (estimated @ \$400.00/month) | | 4.8 |

Total FY '90 Contractual Services 65.8

Commodities

| | | | |
|--|-------------------|-----------------------------|------------|
| | Paper, pens, etc. | (17 employees @ \$250/year) | <u>4.3</u> |
|--|-------------------|-----------------------------|------------|

Total FY '90 Commodities 4.3

Equipment

| | | | |
|---|---------------------------------------|--------------|-----|
| 1 | Workstations for Support Personnel | @ \$5,273.73 | 5.3 |
| 1 | Swivel-Tilt Chairs with arms | @ \$640.81 | .6 |
| 1 | File cabinets (5 drawer legal w/lock) | @ \$341.35 | .3 |
| 1 | 12 digit Desk Calculators (printing) | @ \$135.03 | .1 |
| 1 | Telephones | @ \$343.00 | .3 |

Total FY '90 Equipment Costs 6.6

Total FY '90 \$ 897.4