

**HB**

**173**

**HFIN**

**FILE**

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CSHB173(FIN)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title Tire fee; studded tire fee BRU Revenue Operations  
Component Tax Division  
Sponsor Rules Committee  
Requester House Finance Committee Component No. 2476

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	47.7	47.7	47.7	47.7	47.7	47.7
Travel	5.0	2.0	2.0	2.0	2.0	2.0
Contractual	15.0	3.0	3.0	3.0	3.0	3.0
Supplies	2.0	1.0	1.0	1.0	1.0	1.0
Equipment	2.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>72.2</b>	<b>53.7</b>	<b>53.7</b>	<b>53.7</b>	<b>53.7</b>	<b>53.7</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>2,350.0</b>	<b>3,325.0</b>	<b>3,325.0</b>	<b>3,325.0</b>	<b>3,325.0</b>	<b>3,325.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	72.2	53.7	53.7	53.7	53.7	53.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>72.2</b>	<b>53.7</b>	<b>53.7</b>	<b>53.7</b>	<b>53.7</b>	<b>53.7</b>

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time	1	1	1	1	1	1
Part time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation would impose a \$2.50 fee per tire on all new tires sold in Alaska for motor vehicles, effective July 1, 2003. This legislation also would impose an additional \$5 fee per tire on all new tires with heavy studs, effective July 1, 2004. The fee would be imposed at the retail level, with the tire seller to collect the fee from the buyer and remit the money to the state.

The fee would be imposed on all tires sold for highway use.

Businesses would be required to file quarterly reports and remit payments to the Department of Revenue. Businesses would be allowed to retain 5% of the amount collected, not to exceed \$900 a quarter, to cover expenses in collecting and remitting the fee.

Based on projections from the Department of Transportation and Public Facilities, the fee would be collected on 1.25 million new motor vehicle tires sold each year in Alaska and an estimated 40,000 new tires sold each year with heavy studs. The first-year revenue would be for three fiscal quarters of tax collections.

The operating expense includes one Tax Technician III (Range 14) to administer and collect the fees. The Department expects several hundred businesses statewide will be included in this new program. The first-year costs include funding for an outreach effort to educate businesses.

Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469  
Division: Department of Revenue Date/Time 5/3/03 8:55 AM  
Approved by: Larry Persily, Deputy Commissioner Date 5/3/2003  
Agency: Department of Revenue