

SJR

11

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT  
APR 18 2005  
SENATE FINANCE  
COMMITTEE

DATE: 4/6/05

FURTHER:

DATE TURNED  
IN TO OFFICE: 18 April 2005

Finance Committee considered SENATE JOINT RESOLUTION NO. 11

## SJR 11 REPEAL TELECOMMUNICATIONS TAX

Urging the United States Congress to amend the tax code to repeal the federal excise tax on communications.

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**CS Senate Bill:**  
 Same Title  
 New Title

**SCS House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Ind.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Ind.	Zero	FN#
Revenue	3/31/05			✓	#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>				

APR 18 2005

SENATE FINANCE  
COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: SJR 11  
(S) Publish Date: 4/6/2005

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue 04  
Title Repeal Telecommunications Tax RDU Tax and Treasury  
Component Tax  
Sponsor Senator Therriault  
Requester (S) L&C Component No. 2476

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

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
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>

CAPITAL EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<b>CHANGE IN REVENUES ( )</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** (Thousands of Dollars)

FUND SOURCE	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<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>

Estimate of any current year (FY2005) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

POSITIONS	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Full-time						
Part-time						
Temporary						

**ANALYSIS:**  
We could not find any data specifically on the federal excise tax revenue on telecommunications broken down by State. However, the economic census for 1997 lists total receipts from telecommunications revenue in Alaska at \$766,441,000 and in the nation at \$260,500,898,000. Although updated census information is available for the nation it is not yet available for telecommunications in Alaska. The ratio of Alaska telecommunications sales to national telecommunication sales is then .0029. The revenue collected nationally from this tax for federal fiscal year 2003 (October 1 - September 30) was \$5.8 billion. If we multiply the above ratio against the national tax revenue from the federal telecommunications tax (\$5.8 billion x .0029) we obtain an estimate of about \$17 million for the amount Alaskan taxpayers pay in federal telecommunication taxes.

Prepared by: Chuck Harlamert and Brett Fried Phone 465-2320  
Division: Tax Division Date/Time 3/31/05 8:15 AM  
Approved by: Tom Boutin, Deputy Commissioner Date 3/31/2005  
Agency: Revenue

# Alaska State Legislature

SENATOR  
GENE THERRIALT

Mailing Address:  
119 N. Cushman, Suite 101  
Fairbanks, Alaska 99701  
(907) 488-0857  
Fax: (907) 488-4271



Senate

While in session  
State Capitol  
Juneau, Alaska  
99801-1182  
(907) 465-4797  
Fax: (907) 465-3884  
SENATE DISTRICT F

## SJR 11

### Sponsor Statement

This resolution encourages Congress to once again pass a provision to repeal the "tax on talking", formally known as the federal excise tax on communications. This tax was originally put into place in 1898 to help fund the Spanish American War under the guise of a temporary luxury tax.

Since that time, it has been repealed twice, reenacted in 1941, adjusted from 10% in 1965 downward to be phased out at 1% per year, reached a low of 1% in 1981 and then began to rise and climbed back to 3%. It has remained at that level since the Revenue Reconciliation Act of 1990. In 2000 Congress moved to repeal the tax once and for all; however President Bill Clinton vetoed the measure.

Currently more than 94 million households pay the 3% phone tax. It disproportionately hurts seniors and others on low or fixed incomes. It affects 96% of the households using the phone lines for Internet service. At a time when we are trying to increase commerce this is a harmful tax.

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: 3/3/05

FURTHER: Finance

Date of 5-Day Notice: 3/24/05  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 4/6/05

Labor and Commerce Committee considered SENATE JOINT RESOLUTION NO. 11

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<b>Senate Bill:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<b>House Bill:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
REV	3/31/05			✓	1

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		Do PASS	Do NOT PASS	NO REC	AMEND
Davis	<i>Bettye Davis</i>			X	
Ellis	<i>Ph Ellis</i>			X	
Seelins	<i>Alphon Seelins</i>	✓			
B. Skovens	<i>Ben Skovens</i>	✓			
CHAIR:	<i>C. Bunde</i>	✓			