

HB

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FILE

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: CSHB111-OOG-EO-5-3-07
 Bill Version: CSHB 111(FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: OOG
 Title "An Act decreasing the fee for a business license; and providing for an effective date." RDU Executive Operations
 Component Executive Office
 Sponsor Rules Committee
 Requester House Labor and Commerce Committee Component No. 6

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		644.7	644.7	644.7	644.7	644.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (1175-Business License Receipts)		(644.7)	(644.7)	(644.7)	(644.7)	(644.7)
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

For FY2009, this fiscal note assumes the loss of Business License Receipts funding for International Trade operations. This note assumes that the loss of Business License Receipts will be replaced by General Funds to support personal services, foreign office contracts and travel relating to International Trade activities.

Prepared by: Gail Fenuniai, Asst. Admin. Director
 Division: Division of Administrative Services
 Approved by: Linda J. Perez, Administrative Director
 Agency: Office of the Governor

Phone 465-3885
 Date/Time 5/3/2007, 10:40am
 Date 5.3.2007

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: Draft: HB111CS(FIN)-OL-05-03-07
 Bill Version: Draft: CSHB 111(FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title Business License Fee Decrease RDU Corp, Bus & Prof Licensing (117)
 Component Corp, Bus & Prof Licensing
 Sponsor Rules by Request of Governor
 Requester House Finance Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1175)	0.0	(2,475.0)	(2,970.0)	(2,970.0)	(2,970.0)	(2,970.0)
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Business License & Corp (1175)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation reduces the Business License fee to a cost of \$50 per year (\$100 per biennium) with an effective date of 1 October 2008.

Revenue Impact: The department estimates a loss of revenue of \$2,475.0 in FY2009 and a loss of revenue of \$2,970.0 in the remaining fiscal years. The estimated loss of revenue in FY2009 reflects the decrease in the present \$100 fee to \$50 in the last nine months of the year.

Prepared by: Rick Union, Director Phone: (907) 465-2538
 Division: Corporations and Licensing Date/Time: 5/3/07 9:38 AM
 Approved by: Emil Notti, Commissioner Date: 5/3/07
 Agency: Commerce, Community, and Economic Development

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: Draft: HB111CS(FIN)-DCA-05-02-07
 Bill Version: CSHB 111(FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title Business License Fee Decrease RDU Comm Assist & Ec Dev (405)
 Component Community Advocacy
 Sponsor Rules by Request of Governor
 Requester House Finance Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	1,830.3	2,325.3	2,325.3	2,325.3	2,325.3
1005 GF/Program Receipts						
1037 GF/Mental Health						
Business License & Corp (1175)	0.0	(1,830.3)	(2,325.3)	(2,325.3)	(2,325.3)	(2,325.3)
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation reduces the Business License fee to a cost of \$50 per year (\$100 per biennium) with an effective date of 1 October 2008.

The Division of Community Advocacy operating expenses are partially funded with business license fees of \$3,639.7. After funding the Division of Corporations, Business and Professional Licensing and the Office of Economic Development in FY 2009, revenues are not sufficient to fully fund the division's operating expenses. If a budget of \$1,830.3 will be funded by general funds. Starting in FY 2010, the department estimates a loss of approximately \$2,325.3 in revenue of \$2,325.3 which results in the need for funding the division with \$2,325.3 of general funds.

Prepared by: Mike Black, Director Phone (907) 269-4578
 Division: Community Advocacy Date/Time 5/2/07 1:19 PM
 Approved by: Emil Notti, Commissioner Date 5/2/2007
 Agency: Commerce, Community, and Economic Development

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: Draft: HB111CS(FIN)-OED-05-02-07
 Bill Version: Draft: CSHB 111(FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title: Business License Fee Decrease RDU: Comm Assist & Ec Dev (405)
 Component: Office of Economic Development
 Sponsor: Rules by Request of Governor
 Requester: House Finance Component No. 2743

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1175)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Business License & Corp (1175)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation reduces the Business License fee to a cost of \$50 per year (\$100 per biennium) with an effective date of 1 October 2008.

The Office of Economic Development operating expenses are partially funded with business license fees of \$1.7 million. No fund activity is anticipated as business license fees will continue to be collected at the same level as reported in the budget.

Prepared by: Bill Allen, Development Manager
 Division: Office of Economic Development
 Approved by: Ernie Notti, Commissioner
 Agency: Commerce, Community, and Economic Development

Phone: (907) 269-8112
 Date/Time: 5/2/07 1:17 PM
 Date: 5/2/07

adopted
5/5/07

25 GH1065M
Bannister
5/4/07

CS FOR HOUSE BILL NO. 111()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY

**Offered:
Referred:**

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act decreasing the fee for a business license; relating to a civil fine for not having a**
2 **current business license, to business license penalties under certain laws relating to**
3 **financial institutions, occupational licensing, employment agencies, and taxation, and to**
4 **the duration of certain business licenses; and providing for an effective date."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 *** Section 1. AS 06.01.035 is amended by adding a new subsection to read:**

7 (j) Notwithstanding the other provisions of this section, the failure to have a
8 business license issued under AS 43.70.020 as required by AS 06.50.020(a) is not a
9 violation for its purposes if it adds to the fee of this section.

10 **Sec. 2. AS 08.01.102 is amended to read:**

11 **Sec. 08.01.102. Citation for unlicensed practice or activity.** The department
12 may issue a citation for a violation of a license requirement under this chapter, except
13 a requirement to have a license under [OR] AS 43.70, if there is probable cause to
14 believe a person has practiced a profession or engaged in business for which a license

1 is required without holding the license. Each day a violation continues after a citation
2 for the violation has been issued constitutes a separate violation.

3 * Sec. 3. AS 16.40.290(a) is amended to read:

4 (a) Except as provided in (b) and (c) of this section, a person who knowingly
5 violates AS 16.40.260 - 16.40.299 or a regulation adopted under AS 16.40.260 -
6 16.40.299 is guilty of a class A misdemeanor. However, this subsection does not
7 apply to the failure to hold a current business license under AS 16.40.260(a)(1) as
8 required under AS 43.70.

9 * Sec. 4. AS 23.15.510 is amended to read:

10 Sec. 23.15.510. Violations. A person who wilfully violates any provision of
11 AS 23.15.330 - 23.15.520 is guilty of a misdemeanor, and upon conviction is
12 punishable by a fine of not more than \$1,000, or by imprisonment for not more than
13 six months, or by both. However, this section does not apply to the violation of the
14 requirement under AS 23.15.390 to comply with AS 43.70.

15 * Sec. 5. AS 43.05.290(h) is amended to read:

16 (h) A person engaging in or attempting to engage in a business, trade,
17 profession, or occupation for which a license is required under this title, who wilfully
18 fails to obtain the license, is guilty of a misdemeanor [,] and, upon conviction, is
19 punishable by a fine of not more than \$2,000, or by imprisonment for not more than
20 six months, or by both. This subsection does not apply to a violation of
21 AS 43.70.020.

22 * Sec. 6. AS 43.70.020(d) is amended to read:

23 (d) A person engaging in a business subject to licensing provisions of a
24 regulatory nature (for example, the requirement of posting a bond before beginning
25 business as a collection agency) must, in addition to filing the regular application
26 required by this section, comply with those regulatory provisions before being eligible
27 for a license under this chapter. The department may establish that a license that is
28 issued under this section expires at the same time as a license, certificate, permit,
29 registration, or similar document issued under AS 08.

30 * Sec. 7. AS 43.70.020 is amended by adding a new subsection to read:

31 (e) If a person knowingly engages in a business in the state without having a

1 current license issued under (a) of this section, the department may impose a civil fine
2 of up to \$300. In this subsection, "knowingly" has the meaning given in AS 11.81.900.

3 * Sec. 8. AS 43.70.030(a) is amended to read:

4 (a) The fee for each business license is \$50 a [\$100 PER] year [, EXCEPT
5 THAT THE FEE IS \$50 IF

6 (1) THE BUSINESS IS A SOLE PROPRIETORSHIP; AND

7 (2) THE SOLE PROPRIETOR IS 65 YEARS OF AGE OR OLDER
8 WHEN THE SOLE PROPRIETOR APPLIES FOR THE LICENSE OR WILL
9 REACH 65 YEARS OF AGE AT ANY TIME DURING THE YEAR FOR WHICH
10 THE LICENSE IS ISSUED].

11 * Sec. 9. The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 TRANSITION: FEE. If a license issued under AS 43.70.020(a) is scheduled to expire
14 on January 1, 2008, and if the person to whom the license was issued wants to obtain a license
15 under AS 43.70.020(a) that lasts for the two years of 2008 and 2009, a person who is required
16 under AS 43.70.030, as that section exists before October 1, 2008, to pay \$100 a year for the
17 license may pay \$150 for a two-year license instead of \$200.

18 * Sec. 10. This Act takes effect October 1, 2008.

5/5/07

withdrawn

AMENDMENT 1

OFFERED IN THE HOUSE

BY: REPRESENTATIVE GARA

TO: CSHB 111 (FIN)

Page 3, line 17 insert:

AS43.70.105 shall be amended by inserting a new subsection:

“(c) The Department shall adopt rules or regulations permitting a person to ascertain from the department whether they qualify for the exemption under (a) (6) of this section. There shall be no charge by the department for this determination.”

Sec. 43.70.090. Regulations. The department may adopt regulations necessary to implement this chapter. (§ 12 ch 43 SLA 1949; am § 11 ch 75 SLA 1982; am § 73 ch 14 SLA 1987; am § 1 ch 66 SLA 1998)

Effect of amendments. — The 1998 amendment, effective September 1, 1998, substituted "to implement this chapter" for "to determine and collect the fees imposed by this chapter."

Sec. 43.70.100. Penal provisions. [Repealed, § 46 ch 113 SLA 1980. For current provisions, see AS 43.05.290.]

Sec. 43.70.105. Exemptions. (a) This chapter does not apply to

- (1) a fisheries business;
- (2) the sale of liquor under a license issued under AS 04.11;
- (3) an insurance business;
- (4) a mining business;
- (5) supplying services as an employee;
- (6) furnishing goods or services by a person who does not represent to be regularly engaged in furnishing goods or services;
- (7) the activities of an investment club; in this paragraph,

(A) "investment club" means a group of individuals, incorporated or otherwise organized, that engages primarily in investing in securities, that does not sell investment services to another person, that does not advertise, and the primary purpose of which is educational;

(B) "security" has the meaning given in AS 45.55.990.

(b) Notwithstanding an exemption provided by (a) of this section, a person who sells cigarettes, cigars, tobacco, or other products containing tobacco as a retailer must have a business license under AS 43.70.020 and a business license endorsement required under AS 43.70.075. (§ 2 ch 66 SLA 1998; am § 9 ch 88 SLA 2001)

Effect of amendments. — The 2001 amendment, effective January 1, 2002, added subsection (b)

Editor's notes. — Before enactment of this section,

exemptions from this chapter were contained in the definition of "business" in AS 43.70.110.

NOTES TO DECISIONS

Definitions found in AS 21 are not controlling as to former provisions of AS 43.70.110(1), because of the different purposes of each. *Northern Adjusters, Inc. v. Department of Revenue*, 627 P.2d 205 (Alaska 1981) (decided under the former provisions of AS 43.70.110(1)).

The purpose of excluding "insurance businesses" from the coverage of AS 43.70.030(a) by virtue of the definition in former provisions of AS 43.70.110(1) is apparently to avoid taxing these businesses twice, since insurers are subject to a premium tax imposed by AS 21.09.210. *Northern Adjusters, Inc. v. Department of Revenue*, 627 P.2d 205 (Alaska 1981)

decided under the former provisions of AS 43.70.110(1).

The term "insurance businesses" does not include adjusters. *Northern Adjusters, Inc. v. Department of Revenue*, 627 P.2d 205 (Alaska 1981) (decided under the former provisions of AS 43.70.110(1)).

Because adjusters are not "insurers" subject to the premium tax, they should not be viewed as "insurance businesses" exempt from the general license tax. *Northern Adjusters, Inc. v. Department of Revenue*, 627 P.2d 205 (Alaska 1981) (decided under the former provisions of AS 43.70.110(1)).

Sec. 43.70.110. Definitions. In this chapter, unless the context otherwise requires,

(1) "business" means a for profit or nonprofit entity engaging or offering to engage in a trade, a service, a profession, or an activity with the goal of receiving a financial benefit in exchange for the provision of services, or goods or other property;

(2) "commissioner" means the commissioner of commerce, community, and economic development;

(3) "department" means the Department of Commerce, Community, and Economic Development;

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: FIN111CS(L&C)COM.DCA 07-22 07
 Bill Version: CSHB 111 (L&C)
 () Publish Date: _____

Revision Date/Time (Note if correction):
 Title Business License Fee

Dept. Affected: Commerce
 RDU Comm Assist & Ec Dev (405)
 Component Community Advocacy

Sponsor Rules by Request of the Governor
 Requester House Finance

Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	603.1	3,089.7	3,089.7	3,089.7	3,089.7
1005 GF /Program Receipts						
1037 GF/Mental Health						
Business License & Corp (1175)		(603.1)	(3,089.7)	(3,089.7)	(3,089.7)	(3,089.7)
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation reduces the Business License fees back to FY 2003 cost of \$25 per year with an effective date of 1 October 2008, and provides that the department may impose a civil fine if a person knowingly engages in business in the state without having a current license.

The Division of Community Advocacy operating expenses are partially funded with business license fees of \$3,089.7. After funding the Division of Corporations, Business and Professional Licensing and the Office of Economic Development in FY 2009, revenues are not sufficient to fully fund the division's operating expenses. It is assumed \$603.1 will be funded by general funds. Starting in FY 2010, the department estimates a loss of business license revenue of \$4,455.0 which results in the need for funding the division with \$3,089.7 of general funds. The amount of revenue that may be generated from the imposition of civil fines is indeterminate.

Prepared by: Miko Black, Director
 Division: Community Advocacy

Phone: (907) 269-4578

Date/Time: 2/22/07 12:18 PM

Approved by: Emil Notti, Commissioner
 Agency: Commerce, Community, and Economic Development

Date: 2/22/2007

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: HB111CS(L&C)COM-OED 02 22 07
 Bill Version: CSHB 111 (L&C)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____
 Title Business License Fee

Dept. Affected: Commerce
 RDU Comm Assist & Ec Dev (405)
 Component Office of Economic Development

Sponsor Rules by Request of the Governor
 Requester House Finance

Component No. 2743

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1175)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	404.8	404.8	404.8	404.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Business License & Corp (1175)	0.0	0.0	(404.8)	(404.8)	(404.8)	(404.8)
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation reduces the Business License fees back to FY03 cost of \$25 per year with an effective date of 1 October 2008, and provides that the department may impose a civil fine if a person knowingly engages in business in the state with out having a current license.

The Office of Economic Development operating expenses are partially funded with business license fees of \$1,173.8. No fund source change is anticipated in FY 2009 since business license fees will continue to cover operating expenditures to manage this function. Starting in FY 2010, the department estimates a loss of business licenses revenue of \$4,455.0. As a result of this legislation, revenues are not sufficient to fully fund the Office of Economic Development's operating expenses. The additional \$404.8 needed for operating costs is assumed to be funded with general funds.

Prepared by: Bill Allen, Development Manager
 Division: Office of Economic Development

Phone: (907) 269-8112
 Date/Time: 2/22/07 12:04 PM

Approved by: Emil Notti, Commissioner
 Agency: Commerce, Community, and Economic Development

Date: 2/22/07 12:04 PM

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 111(L&C)
 (H) Publish Date: 2/14/07

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title: Business License Fee Decrease RDU: Comm Assist & Ec Dev (405)
 Component: Office of Economic Development
 Sponsor: Rules Committee
 Requester: Governor Component No.: 2743

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1175)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	404.8	404.8	404.8	404.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Business License & Corp (1175)	0.0	0.0	(404.8)	(404.8)	(404.8)	(404.8)
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation reduces the Business License fees back to FY03 cost of \$25 per year with an effective date of 1 October 2008.

The Office of Economic Development operating expenses are partially funded with business license fees of \$1,173.8. No fund source change is anticipated in FY 2009 since business license fees will continue to cover operating expenditures to manage this function. Starting in FY 2010, the department estimates a loss of business licenses revenue of \$4,455.0. As a result of this legislation, revenues are not sufficient to fully fund the Office of Economic Development's operating expenses. The additional \$404.8 needed for operating costs is assumed to be funded with general funds.

Prepared by: Bill Allen, Development Manager Phone: (907) 269-8112
 Division: Office of Economic Development Date/Time: 1/30/07 4:33 PM
 Approved by: Emil Notti, Commissioner Date: 1/30/07 4:33 PM
 Agency: Commerce, Community, and Economic Development

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSHB 111(L&C)
(H) Publish Date: 2/14/07

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
Title Business License Fee Decrease RDU Corp. Bus & Prof Licensing (117)
Component Corp. Bus & Prof Licensing
Sponsor Rules Committee
Requester Governor Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
CHANGE IN REVENUES (1175)	0.0	(2,228.0)	(4,455.0)	(4,455.0)	(4,455.0)	(4,455.0)

FUND SOURCE (Thousands of Dollars)

1002 Federal Re. pts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Business License & Corp (1175)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
This legislation reduces the Business License fees back to FY03 cost of \$25 per year with an effective date of 1 October 2008.

Revenue Impact: The department estimates a loss of revenue of \$2,228.0 in FY2009 and a loss of revenue of \$4,455.0 in the remaining fiscal years. The estimated loss of revenue in FY2009 reflects the decrease in the present \$100 fee to \$25 in the last half of the year. The estimated revenue loss in subsequent years is calculated by averaging (to account for biennial license renewal) the FY 2006 revenue of \$6,085.0 and the estimated FY 2007 revenue of \$5,795.0, less the amount of business license fee revenues \$1,485.0 (based on a 75% reduction in the annual average amount of revenue estimated to be generated.)

Prepared by: Chris Wyatt, Administrative Manager Phone (907) 465-2538
Division: Corporations and Licensing Date/Time 1/30/07 4:26 PM
Approved by: Emil Notti, Commissioner Date 1/30/07 4:26 PM
Agency: Commerce, Community, and Economic Development

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note No. 3
BILL NO. CSHB 111(L&C)

ANALYSIS CONTINUATION

Fund Source Impact: The Division of Corporations, Business and Professional Licensing funds business license operating expenses of \$716.3 with business license fees. Revenue collected is expected to cover Business License operating expenses.

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: CSHB 111(L&C)
(H) Publish Date: 2/14/07

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
Title Business License Fee Decrease RDU Comm Assist & Ec Dev (405)
Component Community Advocacy
Sponsor Rules Committee
Requester Governor Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	1,822.2	3,089.7	3,089.7	3,089.7	3,089.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Business License & Corp (1175)	0.0	(1,822.2)	(3,089.7)	(3,089.7)	(3,089.7)	(3,089.7)
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation reduces the Business License fees back to FY 2003 cost of \$25 per year with an effective date of 1 October 2008.

The Division of Community Advocacy operating expenses are partially funded with business license fees of \$3,089.7. After funding the Division of Corporations, Business and Professional Licensing and the Office of Economic Development in FY 2009, revenues are not sufficient to fully fund the division's operating expenses. It is assumed \$1,822.2 will be funded by general funds. Starting in FY 2010, the department estimates a loss of business licenses revenue of \$1,455.0 which results in the need for funding the division with \$3,089.7 of general funds.

Prepared by: Mike Black, Director Phone (907) 269-4578
Division Community Advocacy Date/Time 1/30/07 4:32 PM
Approved by: Emil Notti, Commissioner Date 1/30/2007
Agency Commerce, Community, and Economic Development

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: HB111CS(L&C) COM OED 03-14-07
 Bill Version: CSHB 111 (L&C)
 () Publish Date: _____

Revision Date/Time (Note if correction): 3/14/2007
 Title Business License Fee
 Sponsor Rules by Request of the Governor
 Requester House Finance

Dept. Affected: Commerce
 RDU Comm Assist & Ec Dev (405)
 Component Office of Economic Development
 Component No. 2743

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1175)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	720.6	720.6	720.6	720.6
1005 GF/Program Receipts						
1037 GF/Mental Health						
Business License & Cr (1175)	0.0	0.0	(720.6)	(720.6)	(720.6)	(720.6)
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 This legislation reduces the Business License fees back to FY03 cost of \$25 per year with an effective date of 1 October 2008, and provides that the department may impose a civil fine if a person knowingly engages in business in the state with out having a current license.

 The Office of Economic Development operating expenses are partially funded with business license fees of \$1,173.8. No fund source change is anticipated in FY 2009 since business license fees will continue to cover operating expenditures to manage this function. Starting in FY 2010, the department estimates a loss of business licenses revenue of \$4,455.0. As a result of this legislation, revenues are not sufficient to fully fund the Office of Economic Development's operating expenses. The additional \$720.6 needed for operating costs is assumed to be funded with general funds.

Prepared by: Ell Allen, Development Manager Phone (907) 269-8112
 Division Office of Economic Development Date/Time 3/14/07 6:49 PM
 Approved by: Emil Notti, Commissioner Date 3/14/07 6:49 PM
 Agency Commerce, Community, and Economic Development

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: HB111CS(L&C) COM-OL-03-14-07
Bill Version: CSHB 111 (L&C)
() Publish Date: _____

Revision Date/Time (Note if correction): 3/14/2007

Dept. Affected: Commerce
RDU: Corp, Bus & Prof Licensing (117)
Component: Corp, Bus & Prof Licensing

Title: Business License Fee

Sponsor: Rules by Request of the Governor
Requester: House Finance

Component No.: 2360

Expenditures/Revenues

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1175)	0.0	(2,228.0)	(4,455.0)	(4,455.0)	(4,455.0)	(4,455.0)
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Business License & Corp (1175)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation reduces the Business License fees back to FY03 cost of \$25 per year with an effective date of 1 October 2008, and provides that the department may impose a civil fine if a person knowingly engages in business in the state without having a current license.

Revenue Impact: The department estimates a loss of revenue of \$2,228.0 in FY2009 and a loss of revenue of \$4,455.0 in the remaining fiscal years. The estimated loss of revenue in FY2009 reflects the decrease in the present \$100 fee to \$25 in the last half of the year. The estimated revenue loss in subsequent years is calculated by averaging (to account for biennial license renewal) the FY 2006 revenue of \$6,085.0 and the estimated FY 2007 revenue of \$5,795.0, less the amount of business license fee revenues \$1,485.0 (based on a 75% reduction in the annual average amount of revenue estimated to be generated.) The amount of revenue that may be generated from the imposition of civil fines is indeterminate.

Prepared by: Chris Wyatt, Administrative Manager
Division: Corporations and Licensing
Approved by: Emil Notli, Commissioner
Agency: Commerce, Community, and Economic Development

Phone: (907) 465-2538
Date/Time: 3/14/07 7:00 PM
Date: 3/14/2007

STATE OF ALASKA
2007 LEGISLATIVE SESSION

BILL NO. CSHB 111 (L&C)

ANALYSIS CONTINUATION

Fund Source Impact: The Division of Corporations, Business and Professional Licensing funds business license operating expenses of \$1,031.8 with business license fees. Revenue collected is expected to cover Business License operating expenses.

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: HB111C5(L&C) COM DCA-03-14-07
 Bill Version: CSHB 111 (L&C)
 () Publish Date: _____

Revision Date/Time (Note if correction): 3/14/0227
 Title Business License Fee
 Sponsor Rules by Request of the Governor
 Requester House Finance

Dept. Affected: Commerce
 RDU Comm Assist & Ec Dev (405)
 Component Community Advocacy
 Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	1,583.3	3,089.7	3,089.7	3,089.7	3,089.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Business License & Corp (1175)		(1,583.3)	(3,089.7)	(3,089.7)	(3,089.7)	(3,089.7)
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation reduces the Business License fees back to FY 2003 cost of \$25 per year with an effective date of 1 October 2008, and provides that the department may impose a civil fine if a person knowingly engages in business in the state without having a current license.

The Division of Community Advocacy operating expenses are partially funded with business license fees of \$3,089.7. After funding the Division of Corporations, Business and Professional Licensing and the Office of Economic Development in FY 2009, revenues are not sufficient to fully fund the division's operating expenses. It is assumed \$1,583.3 will be funded by general funds. Starting in FY 2010, the department estimates a loss of business licenses revenue of \$4,455.0 which results in the need for funding the division with \$3,089.7 of general funds. The amount of revenue that may be generated from the imposition of civil fines is indeterminate.

Prepared by: Miko Black, Director
 Division: Community Advocacy
 Approved by: Emil Notti, Commissioner
 Agency: Commerce, Community, and Economic Development

Phone (907) 269-4578
 Date/Time 3/14/07 6:51 PM
 Date 3/14/2007

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 111
(H) Publish Date: 1/30/07

Revision Date/Time (Note if correction): _____ Dept. Affected: OOG
Title "An Act decreasing the fee for a business license; and providing for an effective date." RDU Executive Operations
Sponsor Rules Committee Component Executive Office
Requester Governor Component No. 6

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	644.7	644.7	644.7	644.7	644.7	644.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (1175-Business License Receipts)	(644.7)	(644.7)	(644.7)	(644.7)	(644.7)	(644.7)
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

For FY2008, this fiscal note assumes the loss of Business License Receipts funding for International Trade operations. This note assumes that the loss of Business License Receipts will be replaced by General Funds to support personal services, foreign office contracts and travel relating to International Trade activities.

Prepared by: Gail Fenumiai, Asst. Admin. Director
Division: Division of Administrative Services
Approved by: Linda J. Perez, Administrative Director
Agency: Office of the Governor

Phone 465-3885
Date/Time 1/17/2007, 12:56pm
Date 1/17/2007

distributed be Request Rep Gara

Sec. 43.70.099. Regulations. The department may adopt regulations necessary to implement this chapter. (§ 12 ch 43 SLA 1949; am § 11 ch 75 SLA 1982; am § 73 ch 14 SLA 1987; am § 1 ch 66 SLA 1998)

Effect of amendments. — The 1998 amendment, effective September 1, 1998, substituted "to implement this chapter" for "to determine and collect the fees imposed by this chapter."

Sec. 43.70.100. Penal provisions. [Repealed, § 46 ch 113 SLA 1980. For current provisions, see AS 43.05.290.]

Sec. 43.70.105. Exemptions. (a) This chapter does not apply to

- (1) a fisheries business;
- (2) the sale of liquor under a license issued under AS 04.11;
- (3) an insurance business;
- (4) a mining business;
- (5) supplying services as an employee;
- (6) furnishing goods or services by a person who does not represent to be regularly engaged in furnishing goods or services;
- (7) the activities of an investment club; in this paragraph,

(A) "investment club" means a group of individuals, incorporated or otherwise organized, that engages primarily in investing in securities, that does not sell investment services to another person, that does not advertise, and the primary purpose of which is educational;

(B) "security" has the meaning given in AS 45.55.990.

(b) Notwithstanding an exemption provided by (a) of this section, a person who sells cigarettes, cigars, tobacco, or other products containing tobacco as a retailer must have a business license under AS 43.70.020 and a business license endorsement required under AS 43.70.075. (§ 2 ch 66 SLA 1998; am § 9 ch 88 SLA 2001)

Effect of amendments. — The 2001 amendment, effective January 1, 2002, added subsection (b).

Editor's notes. — Before enactment of this section,

exemptions from this chapter were contained in the definition of "business" in AS 43.70.110.

NOTES TO DECISIONS

Definitions found in AS 21 are not controlling as to [former provisions of AS 43.70.110(1)], because of the different purposes of each. *Northern Adjusters, Inc. v. Department of Revenue*, 627 P.2d 205 (Alaska 1981) (decided under the former provisions of AS 43.70.110(1)).

The purpose of excluding "insurance businesses" from the coverage of AS 43.70.030(a) by virtue of the definition in [former provisions of AS 43.70.110(1)] is apparently to avoid taxing these businesses twice, since insurers are subject to a premiums tax imposed by AS 21.09.210. *Northern Adjusters, Inc. v. Department of Revenue*, 627 P.2d 205 (Alaska 1981)

(decided under the former provisions of AS 43.70.110(1)).

The term "insurance businesses" does not include adjusters. *Northern Adjusters, Inc. v. Department of Revenue*, 627 P.2d 205 (Alaska 1981) (decided under the former provisions of AS 43.70.110(1)).

Because adjusters are not "insurers" subject to the premiums tax, they should not be viewed as "insurance businesses" exempt from the general license tax. *Northern Adjusters, Inc. v. Department of Revenue*, 627 P.2d 205 (Alaska 1981) (decided under the former provisions of AS 43.70.110(1)).

Sec. 43.70.110. Definitions. In this chapter, unless the context otherwise requires,

(1) "business" means a for profit or nonprofit entity engaging or offering to engage in a trade, a service, a profession, or an activity with the goal of receiving a financial benefit in exchange for the provision of services, or goods or other property;

(2) "commissioner" means the commissioner of commerce, community, and economic development;

(3) "department" means the Department of Commerce, Community, and Economic Development;

SARAH PALIN
GOVERNOR
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 25, 2007

The Honorable John Harris
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Harris:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill decreasing the fee for a business license to the level in place before the increase was enacted in 2003.

Current law imposes a fee of \$100.00 for each new business license, except that the fee is \$50.00 if the business is a sole proprietorship, owned by a sole proprietor, who is 65 years of age or older.

The enclosed bill decreases the fee to \$25.00 for all business licenses, effective October 1, 2008.

The bill is necessary to show that Alaska is open and ready to attract and retain business in this state.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Sarah Palin".

Sarah Palin
Governor

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 13, 2007

SUBJECT: CSHB 111(L&C) relating to business licenses
(Work Order No. 25-GH1065\C)

TO: Representative Kurt Olson
Attn: Eleanor Wolfe

FROM:  Theresa Bannister
Legislative Counsel

This memo accompanies the bill described above.

Presence of other penalty provisions. This committee substitute adds a civil penalty for a violation of the business license requirement. Please be aware that there are other penalties in the statutes for the failure to obtain a business license. While none of these appears to conflict with the new provision that you added, I thought you might want to be aware of them.

AS 43.05.290(h) establishes a misdemeanor that could be interpreted to apply to the failure to obtain a business license. In the general licensing provisions for occupational licenses, AS 08.01.102 imposes a citation for a violation of a license requirement under AS 43.70. In the provisions dealing with employment agencies, AS 23.15.390 requires compliance with AS 43.70, and, under AS 23.15.390, willfully violating AS 23.15.390 is a misdemeanor. Depending on the interpretation of the provisions of the sport fishing operator license requirements, there may be a penalty (ranging from a violation to a misdemeanor) under AS 16.40.290 for not satisfying the AS 43.70 business license requirements established by AS 16.40.260.

Since this bill has passed out of your committee, please pass this memo along to the next committee of record for the bill so that committee can take any action it decides is appropriate with regard to the information provided above.

If I may be of further assistance, please advise.

TLB:ljw
07-076.ljw

Enclosure

DEWITT & DEWITT LLC

PO Box 34761
Juneau, AK 99803-4761

January 31, 2007

The Honorable Sarah Palin
Governor of Alaska
State Capitol Building
Juneau, Alaska 99801-1182

RE: Support for House Bill 111

Dear Governor Palin:

On behalf of the Alaska Chapter of the National Federation of Independent Business, I wish to express our support for House Bill 111. The Alaska Chapter of the National Federation of Independent Business has 2,500 members, making it the largest small-business advocacy group in the state.

The 2003 increase in the Alaska Business License added an increased cost to the operations of small businesses. In a time when small businesses are facing significant increases in the cost of energy, workers' compensation insurance and many other basic cost of operation, such an increase was an indication that the State of Alaska had little concern for the small business operator.

The proposed reduction of the business license fee to \$25 per year is a small indication that the State of Alaska values small businesses by reducing the cost of doing business in Alaska.

Sincerely yours,

Dennis L. DeWitt
Alaska State Director
National Federation of Independent Business

✓Cc: House Labor & Commerce Committee