

HB

1 1 1

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 5/8/07

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered CS FOR HOUSE BILL NO. 111(FIN)

HB 111 BUSINESS LICENSE FEE

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

and recommends:

- be replaced with SCS or CS HB 111 (Fin)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____



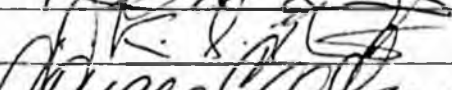
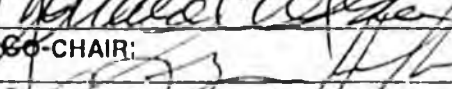
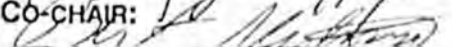

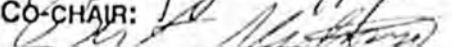
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
CED	7/7/08	✓			
CED	4/7/10	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	THOMAS	✓			
	JASON	✓			
	HUNGARIS			✓	
	ELITA	✓			
	OLSON			✓	
CO-CHAIR: 		✓			
CO-CHAIR: 	SPERMAN			✓	

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB 111(FIN)
() Publish Date: _____

Identifier (file name): HB111CS(FIN)-CED-OL-04-08-08 Dept Affected: DCCED
Title: Business License Fee RDU: Corp, Bus & Prof Licensing (117)
Component: Corp, Bus & Prof Licensing
Sponsor: Rules By Request of Governor
Requester: Senate Finance Component Number: 2360

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	Appropriation	Information					
	Required	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
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	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (1175)	(3,341.0)	0.0	(3,185.0)	(3,185.0)	(3,185.0)	(3,185.0)	(3,185.0)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1001 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1175 Business License & Corp							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

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

Reducing the business licensing fee to \$50 per year will not create a shortfall in the operations budget of the Division of Corporations, Business and Professional Licensing because revenues of the division are expected to cover operating and capital expenses reflected in the FY 09 budget. Revenue losses in subsequent years are based on the amount of the FY 09 budget and are not adjusted for inflation.

Prepared by: Chris Wyatt, Administrative Officer Phone: (907) 465-2572
Division: Corporations, Business and Professional Licensing Date/Time: 4/7/08 8:26 PM
Approved by: Emil R. Notti, Commissioner Date: 4/7/2008
Agency: Commerce, Community, and Economic Development

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. CSHB 111(FIN)

ANALYSIS CONTINUATION

This legislation has an effective date of October 1, 2008. The Division anticipates making partial refunds to those who had licenses expiring December 31, 2007 and renewed for 2 years with a new expiration date of December 31, 2009. Based on a renewal projection for those licenses with applications that were already processed, 18,920 licenses may be renewed for 2 years. A \$50 refund would cost an estimated \$946.0.

Revenue Impact: The department estimates an overall reduction of business license revenue of \$3,341.0 in FY2009 (\$2,395.0 as a result of lower license fees prorated for the last nine months of the fiscal year and \$946.0 in refunds to those who had licenses expiring December 31, 2007 and renewed for 2 years with a new expiration date of December 31, 2009.) We estimate a reduction of business license revenue of \$3,185.0 in the remaining fiscal years.

The estimated business license revenue decrease in subsequent years is projected using a 3 year average of licenses and revenue from 2005, 2006, and 2007 less the amount of business license fee revenues (based on a 50% reduction in the annual average amount of revenue estimated to be generated.)

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB 111(FIN)
() Publish Date: _____

Identifier (file name): HB111CS(FIN)-CED-CRA-04-07-08 Dept. Affected: Commerce
Title Business License Fee RDU Comm Assist & Ec Dev (405)
Component Community & Regional Affairs
Sponsor Rules by Request of Governor
Requester Senate Finance Component Number 2743

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
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	0.0
CAPITAL EXPENDITURES								
CHANGE IN REVENUES (1175)		0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF		3,121.1	3,185.0	3,185.0	3,185.0	3,185.0	3,185.0	
1005 GF/Program Receipts								
1037 GF/Mental Health								
1175 Business License & Corp		(3,121.1)	(3,185.0)	(3,185.0)	(3,185.0)	(3,185.0)	(3,185.0)	
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation would reduce the business license fee from \$100 to a cost of \$50 per year (\$100 per biennium) with an effective date of October 1, 2008.

The Division of Community & Regional Affairs operating expenses are partially funded with business license fees. This legislation would reduce the amount of business license revenue beginning in FY2009 and general funds would be needed to replace business licensing revenue as a result of the reduction in business licensing fees.

Prepared by: Tara Jollie, Director Phone (907)269-8100
Division: Office of Economic Development Date/Time 4/7/08 7:44 PM
Approved by: Emil R. Notti, Commissioner Date 4/7/2008
Commerce, Community, and Economic Development

Adopted

Amended
pg 2

25-GH1065K.2
Bannister
4/12/08

AMENDMENT #1

OFFERED IN THE SENATE
TO: CSHB 111(FIN)

BY SENATOR STEDMAN

Hoffman

1 Page 3, lines 4 - 10:

2 Delete "[, EXCEPT THAT THE FEE IS \$50 IF

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

4 (2) THE SOLE PROPRIETOR IS 65 YEARS OF AGE OR OLDER
5 WHEN THE SOLE PROPRIETOR APPLIES FOR THE LICENSE OR WILL
6 REACH 65 YEARS OF AGE AT ANY TIME DURING THE YEAR FOR WHICH
7 THE LICENSE IS ISSUED]"

8 Insert ", except that the fee is \$25 [\$50] if

9 (1) the business is a sole proprietorship; and

10 (2) the sole proprietor is 65 years of age or older when the sole
11 proprietor applies for the license or will reach 65 years of age at any time during the
12 year for which the license is issued"

13

14 Page 3, line 14:

15 Delete "2008"

16 Insert "2009"

17

18 Page 3, line 15:

19 Delete "2008 and 2009"

20 Insert "2009 and 2010"

21

22 Page 3, line 16:

23 Delete "2008"

1 Insert "2009"

2

Delete

3 [Page 3, line 17, following "\$200":

4 Insert ", and a person who is required under AS 43.70.030, as that section exists before
5 October 1, 2009, to pay \$50 a year for the license may pay \$75 for a two-year license instead
6 of \$100"]

7

8 Page 3, line 18:

9 Delete "2008"

10 Insert "2009"

Amended on
Page 3

25-GH1065VK

CS FOR HOUSE BILL NO. 111(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/5/07

Referred: Rules

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 s 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 the purposes of (a) and (e) - (g) 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 entitled
27 to 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.

Deleted

Adopted

Amended
Pg 2

25-GH1065K.2
Bannister
4/12/08

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25-GH1065\K

CS FOR HOUSE BILL NO. 111(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/5/07

Referred: Rules

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

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17 license may pay \$150 for a two-year license instead of \$200.

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

Deleted



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Office of the Commissioner

Sarah Palin, Governor
Emil Notti, Commissioner

April 8, 2008

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

Dear Senator Stedman and Senator Hoffman:

Re: Hearing Request for CSHB 111(FIN)

I respectfully request a hearing for CSHB 111(FIN) entitled "An Act decreasing the fee for a business license; relating to a civil fine for not having a current business license, to business license penalties under certain laws relating to financial institutions, occupational licensing, employment agencies, and taxation, and to the duration of certain business licenses; and providing for an effective date."


This legislation reduces the current business license fee from the \$100 annual fee to \$50 annually. The bill has been heard in the House of Representatives, and the House changed the original proposal, which was a \$25 annual business license fee.

The Department has prepared new fiscal notes to reflect both new salary levels for staff and the loss of carry forward revenue in FY 09 as contained in most recent version of the operating budget. Fiscal notes are no longer needed for the Office of the Governor and the Office of Economic Development.

An effective date of October 1, 2008 means the department would offer partial refunds to those who purchased a two-year license renewal and request a refund.

Thank you for your consideration of this request.

Sincerely,


Emil R. Notti
Commissioner

Enclosures (2)

NFIB
 The Voice of Small Business.

SUPPORT

RECEIVED
 JAN 17 2008

Business License Fee Reduction

**Contact Members of the Senate Finance Committee
 Ask them to pass HB 111
 To reduce Business License Fee to amount needed to operate the program**

The Finance Committee is reluctant to move this legislation saying they have not heard from individual businesses that this is an issue they want resolved. It is time to correct their erroneous notion!

In 2003 the state doubled the Business License Fee from \$50.00 to \$100.00 per year. The purpose was stated a need to increase state revenues. With today's state revenues substantially exceeding, the reason for the increase is gone. Most of the increased revenue is used to support Division of Community Advocacy in the Department of Commerce, Community, and Economic Development, which has no connection to business activities.

CURRENTLY:

- The current fee exceeds the cost of the operation of the licensing activity
- Most of the increased revenue is used to support Division of Community Advocacy in the Department of Commerce, Community, and Economic Development, which has no connection to business activities.
- The state should return to the policy that licensing fees should be set to fund the licensing activities of the programs, not support unrelated state programs.

PLEASE CONTACT THE FOLLOWING: Senate Committee Finance Member

CO-CHAIR Senator Lyman Hotbman 907-465-4453 or 907-463-4453 Fax 907-465-4523 Senator_Lyman_Hotbman@legis.state.ak.us	CO-CHAIR Senator Bert Stedman 907-465-3873 or 877-463-3873 Fax 907-465-3922 Senator_Bert_Stedman@legis.state.ak.us	Senator Charlie Huggins 907-465-3278 or 800-862-3878 Fax 907-465-3263 Senator_Charlie_Huggins@legis.state.ak.us
Senator Donald Olson 907-465-3707 Fax 907-465-4821 Senator_Donny_Olson@legis.state.ak.us	Senator Fred Duvall 907-465-2199 or 800-342-2199 Fax 907-465-4557 Senator_Fred_Duvall@legis.state.ak.us	Senator Joe Thomas 907-465-2327 Fax 907-465-5241 Senator_Joe_Thomas@legis.state.ak.us
	Senator Kim Ellison 907-465-4947 Fax 907-465-2103 Senator_Kim_Ellison@legis.state.ak.us	

If you have any further questions please contact our office listed below

NFIB/Alaska – Office of Stacy Jenkins – 4160 6th Ave. S.E., Suite 201 - Lacey, WA 98503
 Phone Toll Free (866) 307-2846 – Fax Toll Free (866) 540-8948 or website: www.NFIB.com/AK

If you would prefer that NFIB not contact you via fax, please contact NFIB –
 by fanning your request to have your fax number removed from the NFIB database to 1-800-498-7365.

Dibble Creek Rock Ltd.

34481 North Fork Rd.
Anchor Point, AK 99566
Ph: (907) 235-7126
Fax: (907) 235-0682

RECEIVED

JAN 14 2008

Fax

To:	From: Dibble Creek Rock Ltd.
Fax:	Pages: 1
Phone:	Date: 1/14/07
Re: HB 111	Company:

Members of the Senate Finance Committee,

Dibble Creek Rock Ltd. supports the passing of HB 111 to reduce the Alaska Business License Fee. It is our understanding the current fee exceeds the amount necessary to operate the program and therefore should be reduced to reflect today's state revenues.

Thank You
-Nikki Geragotelis
Dibble Creek Rock Ltd.

Rachel Parks
PO Box 55
Gustavus, AK 99826-0055

HB111

RECEIVED

JAN 14 2008

January 13, 2008

The Honorable Bert K. Stedman
Alaska Senate
State Capitol
Juneau, AK 99801-1182

Dear Senator Stedman:

The current fee exceeds the cost of the operation of the licensing activity. The balance is used to fund state activities not related to small business services, most notably the Division of Community Advocacy in the Department of Commerce, Community and Economic Development

My business faces significant increases in the cost of energy, workers' compensation insurance and many other basic cost of operation. The 2003 fee increase was an indication that the State of Alaska had little concern for the small-business operator.

The proposed return of the business license fee to \$50 per year is a small indication that the State of Alaska values small businesses by reducing the cost of doing business in Alaska. That fee will cover the cost of operating the licensing activity and relieve small businesses from subsidizing unrelated state activities.

Sincerely,

Rachel Parks
907-697-2346

Fax number dialed: 9074653922. If this is not your number or you received this fax in error, call Capitol Advantage at 703-289-4670 or e-mail cs@capwis.com



The Voice of Small Business®

Alaska

May 8, 2007

The Honorable Bert Stedman, Co Chair
The Honorable Lyman Hoffman, Co Chair
Senate Finance Committee
State Capitol Building
Juneau, Alaska 99801-1182

Dear Senators Stedman and Hoffman,

On behalf of the Alaska Chapter of the National Federation of Independent Business, I wish to express our support for House Bill 111 that reduces the business license fee. The Alaska Chapter of the National Federation of Independent Business is 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. The current fee exceeds the cost of the operation of the licensing activity. The balance is used to fund state activities not related to small business services, most notably the Division of Community Advocacy in the Department of Commerce, Community, and Economic Development.

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.

Governor Palin's proposed reduction of the business license fee to \$50 per year is a small indication that the State of Alaska values small businesses by reducing the cost of doing business in Alaska. That fee will cover the cost of operating the licensing activity and relieve small businesses from subsidizing unrelated state activities.

We ask that the Finance Committee pass HB 111 and move it to the Senate Floor for consideration.

Sincerely yours,

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

cc: Members of Senate Finance Committee

National Federation of Independent Business — ALASKA
P.O. Box 24761 • Juneau, AK 99803 • 907-723-6637 • dennis.dewitt@nfib.org



Alaska

KEY VOTE

National Federation of Independent Business Key Vote

Vote YES on HB 111

Decreasing the Fee for Business License

May 2007

The Alaska Chapter of the National Federation of Independent Business is the largest small-business advocacy group in the state.

HB 111 returns the business license fee to \$50. This amount covers the cost of operating the program. 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 a decrease is an indication that the State of Alaska appreciates the fairness of keeping fees at a level to cover the operating costs of programs.

The proposed reduction of the business license fee to \$50 per year is a small indication that the State of Alaska values small businesses by reducing the cost of doing business in Alaska.

Vote YES on House Bill 111

AMENDMENT #1

OFFERED IN THE SENATE
TO: CSHB 111(FIN)

BY SENATOR STEDMAN

1 Page 3, lines 4 - 10:

2 Delete "[, EXCEPT THAT THE FEE IS \$50 IF

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

4 (2) THE SOLE PROPRIETOR IS 65 YEARS OF AGE OR OLDER

5 WHEN THE SOLE PROPRIETOR APPLIES FOR THE LICENSE OR WILL
6 REACH 65 YEARS OF AGE AT ANY TIME DURING THE YEAR FOR WHICH
7 THE LICENSE IS ISSUED]"

8 Insert ", except that the fee is \$25 [\$50] if

9 (1) the business is a sole proprietorship; and

10 (2) the sole proprietor is 65 years of age or older when the sole
11 proprietor applies for the license or will reach 65 years of age at any time during the
12 year for which the license is issued"

13
14 Page 3, line 14:

15 Delete "2008"

16 Insert "2009"

17
18 Page 3, line 15:

19 Delete "2008 and 2009"

20 Insert "2009 and 2010"

21
22 Page 3, line 16:

23 Delete "2008"

1 Insert "2009"

2

3 Page 3, line 17, following "\$200":

4 Insert ", and a person who is required under AS 43.70.030, as that section exists before
5 October 1, 2009, to pay \$50 a year for the license may pay \$75 for a two-year license instead
6 of \$100"

7

8 Page 3, line 18:

9 Delete "2008"

10 Insert "2009"

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