

**SB**

**41**

**SFIN**

**FILE**

# SENATE COMMITTEE REPORT

DATE: 2/2/07

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: 2/15/07

Transportation Committee considered SENATE BILL NO. 41

## SB 41 REPEAL STUDED TIRE FEE

"An Act repealing the fee imposed on the sale of studded tires."

and recommends:

- be replaced with  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous  SCS or  CS SB 41 (2YC)
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

**SENATE BILL:**

- Same Title  
 New Title

**HOUSE BILL:**

- Same Title  
 Technical Title Change  
 New Title w/  
SCR # \_\_\_\_\_

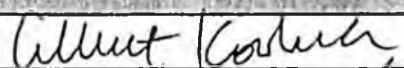
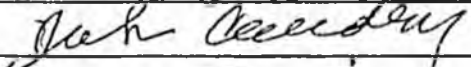

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
Rev	1/3/07	✓			1
DOT	1/3/07			✓	2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Kooresh	✓			
	Powell	✓			
	Wielechowski	✓			
CHAIR: <u>Kooresh</u>					

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: 1/16/07

FURTHER: Transportation  
Finance

Date of 5-Day Notice: 1/18/07  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 2/1/07

Labor and Commerce Committee considered SENATE BILL NO. 41

**SB 41 REPEAL STUDED TIRE FEE**

"An Act repealing the fee imposed on the sale of studded tires."

and recommends:

- be replaced with  SCS or  CS FOR SENATE BILL 41 (L+C)
- adopt previous  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

<b>SENATE BILL:</b>	
<input type="checkbox"/>	Same Title
<input checked="" type="checkbox"/>	New Title
<hr/>	
<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#
REVENUE	1/24/07	✓			1
DOT+PF	1/24/07			✓	2

**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
	Bunde		✓		
	DAVIS	✓			
	Stevens	✓			
	Hoffman	✓			
	ELLIS	✓			
CHAIR					

# FISCAL NOTE

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSSB 41(L&C)  
(S) Publish Date: 2/2/07

Revision Date/Time (Note if correction): Jan. 24, 2007 Dept. Affected: DOT&PF  
Title: Repeal Studded Tire Fee RDU: Admin and Support (3330)  
Sponsor: Wielechowski, Wilken Component: Commissioner's Office  
Requester: Senate L&C Component No.: 530

**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						
<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>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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						
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 (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 bill has no financial impact on DOT&PF

Prepared by: Mary Siroky  
Division: Commissioner's Office  
Approved by: John MacKinnon  
Agency: Dept. of Transportation and Public Facilities

Phone: 465-4772  
Date/Time: 1/24/07 12:00 AM  
Date: 1/24/2007

# FISCAL NOTE

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CSSB 41(L&C)  
(S) Publish Date: 2/2/07

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue 04  
Title: Repeal Studded Tire Fee RDU: Taxation and Treasury  
Component: Taxation and Treasury  
Sponsor: Wielechowski  
Requester: Senate Labor and Commerce Component No.: 2476

**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	(24.9)	(49.9)	(49.9)	(49.9)	(49.9)	(49.9)
Travel	(1.5)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Contractual		(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
Supplies	(0.8)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>(27.2)</b>	<b>(55.9)</b>	<b>(55.9)</b>	<b>(55.9)</b>	<b>(55.9)</b>	<b>(55.9)</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>(1,412.0)</b>	<b>(1,765.0)</b>	<b>(1,784.0)</b>	<b>(1,802.0)</b>	<b>(1,820.0)</b>	<b>(1,837.0)</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(27.2)	(55.9)	(55.9)	(55.9)	(55.9)	(55.9)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>(27.2)</b>	<b>(55.9)</b>	<b>(55.9)</b>	<b>(55.9)</b>	<b>(55.9)</b>	<b>(55.9)</b>

Estimate of any current year (FY2007) cost: 0.0

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

**POSITIONS**

Full-time	-0.75	-1	-1	-1	-1	-1
Part-time						
Temporary						

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

See attached.

Prepared by: Dan Stickel, Economist and Larry Meyers Phone: (907) 465-3279  
Division: Tax Date/Time: \_\_\_\_\_  
Approved by: Jerry Burnett Date: 1/24/2007  
Agency: Dept. of Revenue

FISCAL NOTE # 1

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

BILL NO. CSSB 41(L&C)

ANALYSIS CONTINUATION

**Bill Language:** This bill would repeal Alaska's tire fee. The effective date of the bill would be July 1, 2007.

**Revenues:** According to the Alaska State Accounting System, the tire fee generated \$1,621,000 in FY 2006. Because of timing issues in reporting, this number is about \$2,000 higher than the number reported in the Tax Division FY 2006 Annual Report.

In the Department of Revenue's Fall 2006 revenue forecast, tire fees are projected to generate the following revenues:

FY 2008: \$1,747,000  
FY 2009: 1,765,000  
FY 2010: 1,784,000  
FY 2011: 1,802,000  
FY 2012: 1,820,000  
FY 2013: 1,837,000

With the repeal of the tire fee, there will be no revenue from the fee in FY 2009 and beyond. In FY 2008, there will be revenue from returns for the April-June 2007 quarter. These returns are due July 30, 2007. Projected revenue from these quarterly returns is \$335,000. This estimate is less than 25% of the full year forecast because of seasonality; Tax Accounting System data indicate that in FY 2006, only 19.2% of the year's revenue came between July and September of the fiscal year. Available tax data indicates that people are most likely to purchase tires and install studs in the October-December quarter. The projected FY 2008 revenue loss from repealing the tire fee is \$1,412,000 (\$1,747,000 - \$335,000).

**Expenditures:** The legislature funded one new position in the Department of Revenue when the tire fee became effective on September 26, 2003. The position was a Tax Technician III (Range 14). The expenditures section of this fiscal note represents the annual funding amount indicated in the original fiscal note for creating the tire fee. The estimated reduction in expenditures in FY 2008 is lower than in following years because work related to the fee will continue at least until December 31, 2007.