

**HB**

**375**

<TARGET><BILL>HB 375</BILL><SUBJECT>HB  
375</SUBJECT><COMM>SFIN29</COMM></TARGET>

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/15/16

FURTHER:

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

**Finance Committee** considered CS FOR HOUSE BILL NO. 375(FIN)

## HB 375-ELECTRONIC TAX RETURNS & REPORTS

"An Act requiring the electronic submission of a tax return or report with the Department of Revenue; and providing for an effective date."

and recommends:

- be replaced with SCS \_\_\_\_\_ (\_\_\_\_\_)  Same Title  Technical Title Change  
 New Title/SCR No. \_\_\_\_\_
- adopt previous SCS \_\_\_\_\_ (\_\_\_\_\_)  Same Title  Technical Title Change  
 New Title/SCR No. \_\_\_\_\_
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
EED	MVA
DEC	DNR
DFG	DPS
GOV	REV
DHS	DOT
AJS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
REV		✓		1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	No REC	AMEND
<i>PA. Micciche</i>	MICCICHE	✓			
<i>Clay Bishop</i>	BISHOP			✓	
<i>Donleavy</i>	DONLEAVY			✓	
<i>Olson</i>	OLSON			✓	
<i>Hoffman</i>	HOFFMAN				
CO-CHAIR: <i>Pete Kelly</i>	Kelly				
CO-CHAIR: <i>Anna MacKinnon</i>	MacKinnon				

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version:	CSHB 375(FIN)
Fiscal Note Number:	1
(H) Publish Date:	4/12/2016

Identifier: HB375-DOR-TAX-4-9-16  
 Title: ELECTRONIC TAX RETURNS & REPORTS  
 Sponsor: LABOR & COMMERCE  
 Requester: House Finance Committee

Department: Department of Revenue  
 Appropriation: Taxation and Treasury  
 Allocation: Tax Division  
 OMB Component Number: 2476

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2017 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>	<b>FY 2017</b>	<b>FY 2017</b>					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
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>0.0</b>

**Fund Source (Operating Only)**

None							
<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>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>	***		***	***	***	***	***
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 (separate capital appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? yes  
 If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/17

**Why this fiscal note differs from previous version:**

Initial version
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Prepared By: Ken Alper, Director  
 Division: Tax Division  
 Approved By: Jerry Burnett, Deputy Commissioner  
 Agency: Department of Revenue

Phone: (907)465-8221  
 Date: 04/09/2016 02:00 PM  
 Date: 04/09/16

REPORTED OUT OF  
HFC 04/12/2016

Control Code: AwWwo

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

**Analysis**

HB375 requires electronic submission of all tax returns and reports, for all taxes administered by the Department of Revenue. The bill establishes a process to request an exemption to this requirement, based on providing evidence that the taxpayer does not have the capability to submit the return or report electronically. The bill provides for a penalty of \$25 or one percent of tax owed, for failing to file electronically without a waiver. It also makes conforming changes within several other tax statutes to describe changes to the filing requirement. Alaska's taxpayers in all cases are businesses, not individuals.

We anticipate an indeterminate amount of additional revenue based on the \$25 penalty, and no costs to implement the changes in this bill. Over time, increased electronic filing should increase the overall efficiency of Tax Davison operations.



# ALASKA STATE LEGISLATURE

## HOUSE LABOR & COMMERCE COMMITTEE

REP. KURT OLSON

Chairman  
State Capitol, Room 24  
Juneau, AK 99801-1182  
(907) 465-4954 Fax 465-3835

Rep. Shelley Hughes, Vice-Chair    Rep. Cathy Tilton  
Rep. James Colver    Rep. Andrew Josephson  
Rep. Gabrielle LeDoux    Rep. Sam Kito III

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### HB 375(FIN) version W

#### Sponsor Statement

House Bill 375 requires all returns or reports for a tax levied under AS 43, or any other tax administered by the department, be submitted electronically by the tax payer.

Electronic submission of documents is a time saving and cost cutting measure for both the tax payer and the state.

Electronic reporting and filing is being instituted in many areas of our personal lives, businesses and by government entities. Alaskans apply for their permanent fund dividend online, file their personal income tax returns and make online purchases, filling out electronic forms is a sign of the times.

This legislation brings Alaska tax reporting and filing into the 21<sup>st</sup> century.

Your support of this legislation is appreciated.



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### HB 375(FIN) version W

#### Sectional Analysis

**Section 1:** Amends AS 43.05 by adding a new section requiring the electronic filing of a return or report for a tax levied under Title 43. A waiver, of up to five years, to this requirement may be granted by the department.

**Section 2:** Amends AS 45.05.220 by adding new subsection (f) allowing for a civil penalty for failure to comply with the electronic filing requirement.

**Section 3:** Conforming amendment to AS 43.31.111.

**Section 4:** Conforming amendment to AS 43.60.020(a).

**Section 5:** Amends AS 43.65.020(d) to remove tax payer requirement to file to the department in Juneau.

**Section 6:** Conforming amendments to AS 43.75.030(b).

**Section 7:** Transitional language allowing for adoption of regulations.

**Section 8:** Immediate effective date of section 7.

**Section 9:** Effective date clause.



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### HB 375(FIN) version W

#### Summary of Changes

While being heard in the House Finance Committee, House Bill 375 was amended by changing the term of the allowable waivers from a term of two years to five years.

No further changes were made to the legislation.