

HB

91

<TARGET><BILL>HB 91</BILL><SUBJECT>HB
91</SUBJECT><COMM>HSTA30</COMM></TARGET>



Representative Sam Kito

Alaska State Legislature

House District 33

Downtown Juneau

Douglas

Haines

Klukwan

Skagway

Gustavus

Excursion Inlet

Chair

House Labor &

Commerce

Chair

Legislative Council

Member

House Health &

Social Services

Member

House Rules

Contact

Rep. Sam Kito

Alaska State Capitol 403

120 4th St

Juneau, AK 99801

907-465-4766

Rep.Sam.Kito@akleg.gov

House Bill 91

Sponsor Statement

"An Act relating to fees for certain persons filing disclosure statements or other reports with the Alaska Public Offices Commission; relating to a tax on legislative lobbyists; and providing for an effective date."

The Alaska Public Office Commission (APOC) was established in statute in 1976 to encourage the public's confidence in their elected and appointed officials by administering Alaska's disclosure statutes and publishing financial information regarding the activities of election campaigns, public officials, lobbyists, and lobbyist employers. APOC's role was ramped up in 2007 following a federal corruption investigation.

As a result of the recent decline in State revenue, funding for APOC has been reduced from \$1.3M in FY15 to \$866K in FY16. Funding at this level will lead to further staff reductions and an inability for APOC to adequately perform their statutorily required duties.

FY16 actuals show \$758K of the APOC budget was General Funds and \$107K was program receipts. In FY 17, the legislature increased the receipt authority to \$240K, however, APOC cannot collect the full authorized amount due to do existing statutory fee limits. APOC requires roughly \$200,000 in additional funds to operate at its current level, which includes budgeting for staff and contractual obligations, but not for supplies, equipment, or necessary travel. If the legislature increases the receipt authority accordingly, the increase in fees will reduce the general fund appropriation to APOC for the reporting and enforcement of lobbying activities.

The table below shows an estimate of revenue that could be collected by a variety of fees.

<i>Fee Description</i>	<i>Amount (based on 2016 data)</i>
\$50 per Public Official Financial Disclosure or Legislative Financial Disclosure	\$60,000
\$100 per Candidate Registration	\$14,800
\$100 per Group Registration	\$10,800
Lobbyist Registration based on 2.5% gross revenue	\$244,150
Total	\$329,750

Thank you for your consideration of this proposal to authorize APOC to collect fees that will allow them to continue operating and avoid reducing their critical role to our State.



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House Bill 91

Sectional Analysis

"An Act relating to fees for certain persons filing disclosure statements or other reports with the Alaska Public Offices Commission; relating to a tax on legislative lobbyists; and providing for an effective date."

Section 1: Amends AS 15.13.054. Administrative registration fee. Adds a new section that requires a candidate, group, or nongroup entity to pay a \$100 registration fee. This does not apply judges, constitutional convention delegates, exempt municipal candidates, or nongroup entities with an operating budget of \$250 or less.

Section 2: Amends AS 15.13.390(a). Civil penalty; late filing of required reports. Includes language referencing the administrative registration fee.

Section 3: Amends AS 24.45.041(g) Include language referencing the administrative registration fee and removes the current \$250 registration fee.

Section 4: Amends AS 24.60 to include a new section AS 24.60.238. Administrative registration fee. Requires legislators, public members or the committee, and legislative directors filing financial disclosures to pay an administrative registration fee of \$50.

Section 5: Amends 24.60.240. Civil penalty for late filing. Allows APOC to assess a civil penalty of not more than \$10 a day for failure to pay the administrative registration fee as levied under section 4 of the bill.

Section 6: Amends 37.03.146(c). Definition of program receipts and non-general fund receipts. Add fees collected by APOC to the list of program receipts.

Section 7: Amends AS 39.50 to include a new section AS 39.50.132 Administrative registration fee. Requires governors and lieutenant governors filing financial disclosures to pay an administrative registration fee of \$50.

Section 8: Civil penalty; late filing of required reports. Allows APOC to assess a civil penalty of not more than \$10 a day for failure to pay the administrative registration fee as levied under section 7 of the bill.

Section 9: Amends AS 43.98 by adding a new section AS 43.98.020 Tax on legislative lobbying. Adds language requiring a 2.5% tax to be applied to a lobbyist's income earned from lobbying activities conducted under 24.45 (Regulation of Lobbying). This does not apply to representational lobbyists or volunteer lobbyists. It also allows for and provides a mechanism for which a person subject to the tax under this section is authorized to claim a credit against the person's tax liability.

Section 10: Establishes a January 1, 2018 effective date.

HOUSE COMMITTEE REPORT

3-6-17

(7)
Date Referred to Committee: January 30, 2017

FURTHER REFERRALS: Finance

Date of Committee Action: February 28, 2017

The STATE AFFAIRS Committee considered:

HB 91

HOUSE BILL NO. 91

"An Act relating to fees for certain persons filing disclosure statements or other reports with the Alaska Public Offices Commission; relating to a tax on legislative lobbyists; and providing for an effective date."

HB 91-APOC REGISTRATION FEES; LOBBYIST TAX




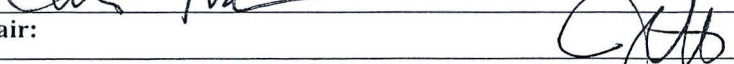


Recommends it be replaced with HCS or CS for HB 91 (HSTA)
For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

- List of Abbrev for Depts.:
- ADM
 - AJS
 - CED
 - COR
 - EED
 - DEC
 - DFG
 - GOV
 - DHS
 - LWF
 - LAW
 - LEG
 - MVA
 - DNR
 - DPS
 - REV
 - DOT
 - UA

NEW FISCAL NOTES				
*FN# is assigned by Chief Clerk's Office				
FN#	List by Dept(s):	Fiscal	Indet.	Zero
2	REV	✓		
1	ADM	✓		

PREVIOUS FISCAL NOTES				
FN#	List by Dept(s):	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	(4) (2)			
		DP	DNP	NR	AM
	Johnson	X			
	Wool	X			
	LeDoux			✓	
	Birch			X	
	Tuck	✓			
Chair: 	Kreiss-Tomkins	X			
Chair:					



Representative Sam Kito

Alaska State Legislature

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House Rules

Contact

Rep. Sam Kito

Alaska State Capitol 403

120 4th St

Juneau, AK 99801

907-465-4766

Rep.Sam.Kito@akleg.gov

DATE: 2 February 2017

TO: Representative Jonathon Kreiss-Tomkins
Chair, House State Affairs Committee

FROM: Representative Sam Kito

RE: HB 91 – APOC Registration Fees; Lobbyist Tax

I respectfully request that the House State Affairs Committee schedule House Bill 91 – APOC Registration Fees; Lobbyist Tax for a hearing. We appreciate your consideration of this special request.

Please find attached:

- House Bill 91 version A
- Sponsor Statement
- Sectional Analysis
- Supporting Documents
 - Forthcoming

Thank you for your consideration. If you have any questions, please do not hesitate to contact me or my staff Crystal Koeneman at 465-5050.

Sincerely,

A handwritten signature in black ink, appearing to read "Sam Kito".

Rep. Sam Kito III

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE KNOPP

TO: CSHB 91(), Draft Version "D"

1 Page 1, line 2, following "**Commission;**":

2 Insert "**exempting certain state and municipal public officials from filing financial**
3 **and business interest statements with the Alaska Public Offices Commission; exempting**
4 **certain municipal officers from state public official financial disclosure and related**
5 **requirements;**"

6

7 Page 3, following line 24:

8 Insert new bill sections to read:

9 **** Sec. 7.** AS 39.50.020(a) is amended to read:

10 (a) A public official other than the governor or the lieutenant governor shall
11 file a statement giving income sources and business interests, under oath and on
12 penalty of perjury, within 30 days after taking office as a public official. Candidates
13 for state elective office other than a candidate who is subject to AS 24.60 shall file the
14 statement with the director of elections at the time of filing a declaration of candidacy
15 or a nominating petition or becoming a candidate by any other means. Candidates for
16 elective municipal office shall file the statement at the time of filing a nominating
17 petition, declaration of candidacy, or other required filing for the elective municipal
18 office. Refusal or failure to file within the time prescribed shall require that the
19 candidate's filing fees, if any, and filing for office be refused or that a previously
20 accepted filing fee be returned and the candidate's name removed from the filing
21 records. A statement shall also be filed by public officials **not** [NO] later than
22 March 15 in each following year. On or before the 90th day after leaving office, a
23 former public official shall file a final statement covering any period during the

1 official's service in that office for which the public official has not already filed a
2 statement. An individual is not required to file a statement under this section as a
3 chair or member of

4 (1) a board or commission [PERSONS WHO ARE MEMBERS OF
5 BOARDS OR COMMISSIONS] not named in AS 39.50.200(b);

6 (2) a municipal school board or utility board; or

7 (3) a municipal planning or zoning commission [ARE NOT
8 REQUIRED TO FILE FINANCIAL STATEMENTS].

9 * **Sec. 8.** AS 39.50.145 is amended to read:

10 **Sec. 39.50.145. Participation by municipalities.** Municipal officers of
11 municipalities with a population of less than 1,000 according to the latest United
12 States census figures or estimates of population certified as correct for
13 administrative purposes by the Department of Commerce, Community, and
14 Economic Development are exempt from the requirements of this chapter. A
15 municipality with a population of more than 1,000 may exempt its municipal
16 officers from the requirements of this chapter if a majority of the voters voting on the
17 question at a regular election, as defined by AS 29.71.800(20), or a special
18 municipality-wide election, vote to exempt its municipal officers from the
19 requirements of this chapter. The question of exemption from the requirements of this
20 chapter may be submitted by the city council or borough assembly by ordinance or by
21 initiative election."
22

23 Renumber the following bill sections accordingly.

24
25 Page 4, following line 13:

26 Insert a new bill section to read:

27 **** Sec. 11.** AS 39.50.200(b)(2), 39.50.200(b)(3), 39.50.200(b)(4), 39.50.200(b)(6),
28 39.50.200(b)(7), 39.50.200(b)(8), 39.50.200(b)(10), 39.50.200(b)(11), 39.50.200(b)(13),
29 39.50.200(b)(15), 39.50.200(b)(16), 39.50.200(b)(18), 39.50.200(b)(19), 39.50.200(b)(20),
30 39.50.200(b)(21), 39.50.200(b)(24), 39.50.200(b)(25), 39.50.200(b)(26), 39.50.200(b)(31),
31 39.50.200(b)(32), 39.50.200(b)(35), 39.50.200(b)(36), 39.50.200(b)(40), 39.50.200(b)(41),

1 39.50.200(b)(44), 39.50.200(b)(45), 39.50.200(b)(53), 39.50.200(b)(54), 39.50.200(b)(55),
2 39.50.200(b)(56), 39.50.200(b)(58), 39.50.200(b)(60), 39.50.200(b)(61), and
3 39.50.200(b)(63) are repealed."

4

5 Renumber the following bill section accordingly.

CS FOR HOUSE BILL NO. 91()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTIETH LEGISLATURE - FIRST SESSION**

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES KITO, Westlake

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to fees for certain persons filing disclosure statements or other reports**
2 **with the Alaska Public Offices Commission; relating to the registration fees for**
3 **legislative lobbyists; and providing for an effective date."**

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

5 *** Section 1.** AS 15.13 is amended by adding a new section to read:

6 **Sec. 15.13.054. Administrative registration fee.** (a) Except as provided in (b)
7 of this section, each year that a person other than a candidate, a group, or a nongroup
8 entity is required under this chapter to file a report with the commission, the person,
9 group, or nongroup entity shall pay an administrative registration fee of \$100 to the
10 commission. Except as provided in (b) of this section, a candidate shall pay an
11 administrative fee of \$100 to the commission when the candidate files a declaration of
12 candidacy under AS 15.25.030, a letter of intent under AS 15.25.105, or a nominating
13 petition under AS 15.25.170. The person, group, nongroup entity, or candidate shall
14 pay the fee in the manner and by the method specified by the commission.

1 (b) This section does not apply to

2 (1) a delegate to a constitutional convention, a judge seeking judicial
3 retention, or a candidate for election to a municipal office who is exempted from
4 reporting to the commission under AS 15.13.040(g); or

5 (2) a nongroup entity with an annual operating budget of \$250 or less.

6 * **Sec. 2.** AS 15.13.390(a) is amended to read:

7 (a) A person who fails to register when required by AS 15.13.050(a) or who
8 fails to file a properly completed and certified report within the time required by
9 AS 15.13.040, 15.13.060(b) - (d), 15.13.110(a)(1), (3), or (4), (e), or (f) is subject to a
10 civil penalty of not more than \$50 a day for each day the delinquency continues as
11 determined by the commission subject to right of appeal to the superior court. A
12 person who fails to file a properly completed and certified report within the time
13 required by AS 15.13.110(a)(2) or 15.13.110(b) is subject to a civil penalty of not
14 more than \$500 a day for each day the delinquency continues as determined by the
15 commission subject to right of appeal to the superior court. A person who violates a
16 provision of this chapter, except a provision requiring registration or filing of a report
17 within a time required as otherwise specified in this section, is subject to a civil
18 penalty of not more than \$50 a day for each day the violation continues as determined
19 by the commission, subject to right of appeal to the superior court. An affidavit stating
20 facts in mitigation may be submitted to the commission by a person against whom a
21 civil penalty is assessed. However, the imposition of the penalties prescribed in this
22 section or in AS 15.13.380 does not excuse that person from registering or filing
23 reports required by this chapter **or paying the administrative registration fee levied**
24 **under AS 15.13.054.**

25 * **Sec. 3.** AS 24.45.041(g) is amended to read:

26 (g) An application for registration as a lobbyist under (a) of this section or for
27 renewal of a registration under (f) of this section is subject to **the** [A] fee **prescribed**
28 **by this subsection** [OF \$250]. The commission may not accept an application for
29 registration or renew a registration until the fee is paid. This subsection does not apply
30 to a volunteer lobbyist under AS 24.45.161 or a representational lobbyist under
31 regulations of the commission. **For each lobbying contract, a lobbyist shall pay a**

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fee of

(1) \$350 for a contract with a value of less than \$30,000;

(2) \$650 for a contract with a value of between \$30,000 and \$60,000; and

(3) \$850 for a contract with a value of more than \$60,000.

* **Sec. 4.** AS 24.60 is amended by adding a new section to read:

Sec. 24.60.238. Administrative registration fee. A person required to report under this chapter shall pay an administrative registration fee of \$50 to the Alaska Public Offices Commission each year in which a report is due. The person shall pay the fee in the manner and by the method specified by the Alaska Public Offices Commission.

* **Sec. 5.** AS 24.60.240 is amended to read:

Sec. 24.60.240. Civil penalty for late filing. A person required to file a disclosure statement under AS 24.60.200 who fails to file a properly completed report under AS 24.60.200 or who fails to pay the administrative registration fee levied under AS 24.60.238 is subject to a civil penalty of not more than \$10 a day for each day the delinquency continues as the Alaska Public Offices Commission determines, subject to appeal to the superior court. An affidavit stating facts in mitigation may be submitted to the Alaska Public Offices Commission by the person against whom the civil penalty is assessed. However, the imposition of the penalties prescribed in this section does not excuse the person from filing reports required by AS 24.60.200 or paying the administrative registration fee levied under AS 24.60.238.

* **Sec. 6.** AS 37.05.146(c) is amended by adding a new paragraph to read:

(90) fees collected by the Alaska Public Offices Commission.

* **Sec. 7.** AS 39.50 is amended by adding a new section to read:

Sec. 39.50.132. Administrative registration fee. Except as otherwise provided in this section, a public official or former public official required to file a report under AS 39.50.020 shall pay the commission an annual administrative registration fee of \$50 each year in which a report is due. The public official or former public official shall pay the fee in the manner and by the method specified by the commission. This section does not apply to a public official or former public official

1 who, as a municipal officer for a municipality with a population of less than 15,000, is
2 required to file a report under AS 39.50.020.

3 * **Sec. 8.** AS 39.50.135 is amended to read:

4 **Sec. 39.50.135. Civil penalty: late [LATE] filing of required reports.** A
5 person who fails to file a properly completed and certified report within the time
6 required by this chapter **or who fails to pay the administrative registration fee**
7 **levied under AS 39.50.132** is subject to a civil penalty of not more than \$10 a day for
8 each day the delinquency continues as the commission determines subject to appeal to
9 the superior court. An affidavit stating facts in mitigation may be submitted to the
10 commission by a person against whom a civil penalty is assessed. However, the
11 imposition of the penalties prescribed in this section or in AS 39.50.060 - 39.50.130
12 does not excuse that person from filing reports required by this chapter **or from**
13 **paying the administrative registration fee levied under AS 39.50.132.**

14 * **Sec. 9.** This Act takes effect January 1, 2018.

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE KNOPP

TO: CSHB 91(), Draft Version "D"

1 Page 1, line 2, following "**Commission;**":

2 Insert "**exempting certain members of state boards or commissions, municipal**
3 **school or utility boards, and city, borough, or unified municipal planning and zoning**
4 **commissions from filing financial and business interest statements with the Alaska**
5 **Public Offices Commission;**"

6

7 Page 3, following line 24:

8 Insert new bill sections to read:

9 **"* Sec. 7.** AS 39.50.020(a) is amended to read:

10 (a) A public official other than the governor or the lieutenant governor shall
11 file a statement giving income sources and business interests, under oath and on
12 penalty of perjury, within 30 days after taking office as a public official. Candidates
13 for state elective office other than a candidate who is subject to AS 24.60 shall file the
14 statement with the director of elections at the time of filing a declaration of candidacy
15 or a nominating petition or becoming a candidate by any other means. Candidates for
16 elective municipal office shall file the statement at the time of filing a nominating
17 petition, declaration of candidacy, or other required filing for the elective municipal
18 office. Refusal or failure to file within the time prescribed shall require that the
19 candidate's filing fees, if any, and filing for office be refused or that a previously
20 accepted filing fee be returned and the candidate's name removed from the filing
21 records. A statement shall also be filed by public officials **not** [NO] later than
22 March 15 in each following year. On or before the 90th day after leaving office, a
23 former public official shall file a final statement covering any period during the

1 official's service in that office for which the public official has not already filed a
 2 statement. A public official [PERSONS] who is a chair or member [ARE
 3 MEMBERS] of a state board or commission, municipal school or utility board, or
 4 city, borough, or municipal planning and zoning commission is [BOARDS OR
 5 COMMISSIONS NOT NAMED IN AS 39.50.200(b) ARE] not required to file a
 6 statement [FINANCIAL STATEMENTS].

7 * **Sec. 8.** AS 39.50.030(d) is amended to read:

8 (d) In addition to the requirements of (b) of this section, each statement filed
 9 under this chapter by a public official in the executive branch of state government
 10 [OTHER THAN THE CHAIR OR A MEMBER OF A STATE COMMISSION OR
 11 BOARD] must include a disclosure of the formation or maintenance of a close
 12 economic association involving a substantial financial matter as required by this
 13 subsection. The disclosure must be sufficiently detailed so that a reader can ascertain
 14 the nature of the association. A public official shall disclose a close economic
 15 association with

16 (1) a legislator;

17 (2) a public official who is not an elected or appointed municipal
 18 officer;

19 (3) a lobbyist; or

20 (4) a public officer if the person required to make the disclosure is the
 21 governor or the lieutenant governor.

22 * **Sec. 9.** AS 39.50.060(b) is amended to read:

23 (b) Any person failing or refusing to comply with the requirements of this
 24 chapter, in addition to the penalties prescribed, shall forfeit nomination to office and
 25 may not be seated or installed in office if the person has not complied. Nominated,
 26 hired, or appointed officials or [,] commissioners [, CHAIRS, OR MEMBERS OF
 27 COMMISSIONS OR BOARDS SPECIFIED IN AS 39.50.200(b)] may not be
 28 confirmed by the legislature if compliance has not been made. In the case of elected
 29 officials, the lieutenant governor, or other certifying authority, may not certify a
 30 person's nomination for office or the person's election to office if compliance was not
 31 made within the time required. The nomination to office or election to office shall be

1 certified to the highest vote getter for that nomination for that office or election to that
2 office who has complied within the times required and who shall be declared
3 nominated or elected. For purposes of this subsection, a person is considered to have
4 complied within the time required if the person complies within 30 days after the due
5 date established by this chapter.

6 * **Sec. 10.** AS 39.50.070 is amended to read:

7 **Sec. 39.50.070. Failure to report by certain public officials.** A public official
8 in the executive branch of state government, other than the governor or lieutenant
9 governor [OR A CHAIR OR MEMBER OF A STATE BOARD OR COMMISSION],
10 who refuses or fails to file a report of financial interests required under this chapter
11 when due may not hold office, and the person's name may not be submitted to the
12 legislature for confirmation, until the person complies. The person may not be
13 confirmed, hired, or appointed, and the person forfeits and may not be paid any salary,
14 per diem, or travel expenses, until the person complies. If, after installation in office or
15 beginning employment in the position, the person refuses or fails to file the required
16 statement when due, the person is guilty of a misdemeanor and upon conviction is
17 punishable by a fine of not less than \$100 nor more than \$1,000 and shall be removed
18 from office if compliance is not made within 30 days after the due date of the report."
19

20 Renumber the following bill sections accordingly.

21
22 Page 4, following line 13:

23 Insert a new bill section to read:

24 **** Sec. 13.** AS 39.50.080 is repealed."
25

26 Renumber the following bill section accordingly.

CONCEPTUAL AMENDMENT

OFFERED IN THE HOUSE BY

TO: CSHB 91 ()

Page 1, line 11:

Following “files”:

Delete: “a declaration of candidacy under AS 15.25.030, a letter of intent under AS 15.13.105, or a nominating petition under AS 15.25.170”

Insert: “under 15.13.060(c)”

Multi-year Allocation Totals with Funding - Operating Budget - FY 2017 Conf Committee Structure

Numbers and Language

Agency: Department of Administration

Appropriation: Alaska Public Offices Commission

Allocation: Alaska Public Offices Commission

	ID=>	[1]	[2]	[3]	[4]	[5]	[6]
	Session=>	2016	2016	2017	2017	2017	2017
	Funding=>	All Funds	All Funds	All Funds	All Funds	All Funds	All Funds
	Column=>	<u>15 Final</u>	<u>15Actual</u>	<u>16 Final</u>	<u>16Actual</u>	<u>17 Auth</u>	<u>18Gov</u>
Total		1,515.2	1,306.0	1,030.5	866.0	1,033.1	1,051.9
 <u>Funding Sources</u>							
1004 Gen Fund (UGF)		1,395.2	1,186.2	790.5	758.5	790.5	806.6
1005 GF/Prgm (DGF)		120.0	119.8	240.0	107.5	242.6	245.3
 <u>Funding Summary</u>							
Unrestricted General (UGF)		1,395.2	1,186.2	790.5	758.5	790.5	806.6
Designated General (DGF)		120.0	119.8	240.0	107.5	242.6	245.3

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HB 91
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB091-DOA-APOC-02-03-17
Title: APOC REGISTRATION FEES; LOBBYIST TAX
Sponsor: KITO
Requester: (H) STA

Department: Department of Administration
Appropriation: Alaska Public Offices Commission
Allocation: Alaska Public Offices Commission
OMB Component Number: 70

Expenditures/Revenues

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

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

1005 GF/Prgm (DGF)	(13.4)		(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)
Total	(13.4)	0.0	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)	(13.4)

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) 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? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable; initial version.

Prepared By:	Heather Hebdon, Executive Director	Phone:	(907)334-1724
Division:	Alaska Public Offices Commission	Date:	02/03/2017 12:00 PM
Approved By:	Sheldon Fisher, Commissioner	Date:	02/03/17
Agency:	Administration		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. HB 91

Analysis

The bill would generate approximately \$106,600 in new fees collected from candidates, groups, non-group entities, legislators, and public officials. Given the fluctuation of filers between even years (state and municipal elections) and odd years (municipal elections only), this figure is based on a five year average.

Candidates -	150 x \$100 =	\$ 15,000
Groups -	180 x \$100 =	\$ 18,000
Entities -	30 x \$100 =	\$ 3,000
Public Officials -	1,352 x \$ 50 =	\$ 67,600
<u>Legislators -</u>	<u>60 x \$ 50 =</u>	<u>\$ 3,000</u>
TOTAL		\$106,600

Under the proposed bill, lobbyist registration fees of approximately \$120,000 that the agency currently collects, will no longer be collected by APOC; this results in a negative fiscal note. However, under the proposed bill a new tax on lobbying income would be instituted through DOR and the funds could then be appropriated to APOC by the legislature offsetting the loss.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HB 91
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB091-DOR-TAX-2-4-17
Title: APOC REGISTRATION FEES; LOBBYIST TAX
Sponsor: KITO
Requester: (H) STA

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)

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates					
			FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services			42.0	42.0	42.0	42.0	42.0	42.0
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	42.0	42.0	42.0	42.0	42.0	42.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)			42.0	42.0	42.0	42.0	42.0	42.0
Total	0.0	0.0	42.0	42.0	42.0	42.0	42.0	42.0

Positions

Full-time								
Part-time			1.0	1.0	1.0	1.0	1.0	1.0
Temporary								

Change in Revenues

1250 UGF Rev (UGF)			425.0	425.0	425.0	425.0	425.0	425.0
Total	0.0	0.0	425.0	425.0	425.0	425.0	425.0	425.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 250.0 *(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? 01/01/18

Why this fiscal note differs from previous version:

Not applicable; initial version.

Prepared By:	Ken Alper, Director	Phone:	(907)465-8221
Division:	Tax Division	Date:	02/04/2017 09:00 AM
Approved By:	Jerry Burnett, Deputy Commissioner	Date:	02/04/17
Agency:	Department of Revenue		

Analysis

Bill Analysis

The bill adds a \$100 administrative registration fee paid by lobbyists, candidates, and groups to the Alaska Public Office Commission (APOC). It also adds a \$50 annual reporting fee to the existing legislative and public official financial disclosures. APOC currently has budgetary receipt authority in excess of the statutory limits to the fees they can charge.

The bill also establishes a tax of 2.5% of gross revenue paid by registered lobbyists in Alaska. The tax would be administered by the Department of Revenue. The additional funds may be appropriated towards APOC's annual budget, to compensate for recent substantial cuts absorbed by that agency. The analysis in this note is limited to the tax component.

The lobbyist tax would have an annual filing requirement with an April 15 deadline (tied to the IRS income tax deadline) for the prior calendar year. However, it is anticipated that the tax would be paid somewhat earlier each calendar year, as approval of the annual lobbyist registration with APOC appears to be contingent on evidence being provided that the lobbyist has paid the tax.

Revenue Estimate

The filing reports for calendar year 2016 are incomplete. According to APOC reports, total fees paid to lobbyists in the last three complete years are as follows:

2015	\$16.56 million
2014	\$17.28 million
2013	\$16.94 million
Average	\$16.93 million

A 2.5% tax based on the three year average would result in about \$425,000 in annual revenue.

With an effective date of 1/1/18, the first tax payments will come in early 2019, which is fiscal year 2019.

Implementation and Administration

Administration of this tax would entail building a new "module" to the Department of Revenue's Tax Revenue Management System (TRMS). This requires a moderate amount of programming, forms development, and testing as an initial one-time cost. We have not yet received an estimate from the contractor who developed and maintains the TRMS infrastructure, so this cost estimate should be viewed as preliminary.

The tax would be administered within the tax division's "excise" group, along with nine of Alaska's other smaller taxes. Staff within this group often work on multiple tax types within a year. We anticipate the audit function to be limited, as the reporting data is overseen by another agency (APOC). However, we are adding the cost of a part time additional tax technician (range 14D) in our Anchorage office to account for the additional taxpayer registration, communication, and report examination as well as routine interaction with APOC.

These estimates may be revised as we obtain additional information.