Indirect Expenditure Report

January 2015

Legislative Finance Division

www.legfin.akleg.gov

Introduction

HB 306 (Ch. 61, SLA 14) requires that the Department of Revenue (DOR) and Division of Legislative Finance prepare biennial reports to the legislature on indirect expenditures. AS 43.05.095 defines an indirect expenditure as an express provision of state law that results in foregone revenue for the state by providing:

1. a tax credit or other credit;
2. an exemption, but does not include federal tax exemptions adopted by reference in AS 43.20.021;
3. a discount;
4. a deduction, but does not include costs incurred in the ordinary course of business that are deducted in the calculation of a tax under this title or in the calculation of a royalty or net profit share payment for a lease issued under AS 38; or
5. a differential allowance.

HB 306 required the Department of Revenue to submit a report to the legislature by July 1, 2014 on indirect expenditures in all agencies, covering the period FY09 - FY13. The legislation was signed by the Governor on July 7, 2014, and the report was submitted the following day. The DOR report is available at: http://www.tax.alaska.gov/programs/documentviewer/viewer.aspx?1083r

This report includes:

1. the name of the indirect expenditure;
2. a brief description of the indirect expenditure;
3. the statutory authority for the indirect expenditure;
4. the date the statute authorizing the indirect expenditure is to be repealed, if applicable;
5. the intent of the legislature in enacting the statute authorizing the indirect expenditure;
6. the public purpose served by the indirect expenditure;
7. the estimated annual effect on revenue of the indirect expenditure for the previous five fiscal years, excluding the fiscal year immediately preceding the date the report is due;
8. the estimated cost to administer the indirect expenditure, if applicable; and
9. the number of beneficiaries of the indirect expenditure.

The Legislative Finance Division's report builds on the DOR report and is due to the legislature on the first day of the 2015 legislative session. While DOR's report covers all agencies each biennium, AS 24.20.235 limits the Legislative Finance report to a few agencies each biennium. For the 2015 report, Legislative Finance covered the following departments:

1. Commerce, Community and Economic Development;
2. Fish and Game;
3. Health and Social Services;
4. Labor and Workforce Development; and
5. Revenue.

Per HB 306, this report includes:

1. an estimate of the revenue foregone by the state because of the indirect expenditure;
2. an estimate of the monetary benefit of the indirect expenditure to the recipients of the benefit of the indirect expenditure;
3. a determination of whether the legislative intent of the indirect expenditure is being met and, if necessary, a determination of why the legislative of the indirect expenditure is not being met;
4. a recommendation as to whether each indirect expenditure should be continued, modified, or terminated, and a basis for the recommendation;
5. the expected effect on the economy of the state if the recommendation is executed; and
6. an explanation of the methodology and assumptions used in preparing the report.

Methodology and Assumptions

The Division of Legislative Finance reviewed the Department of Revenue's report and created a spreadsheet that allows the provisions to be presented in several ways, such as sorted by recommendation or fiscal impact. This report is generated from that spreadsheet and includes the information prepared by both DOR and Legislative Finance.

For the "estimate of revenue foregone by the state," Legislative Finance assumed that the revenue foregone was equal to the estimated revenue impact reported by DOR for the most recent year in the report (FY13). It also assumed in most cases that the estimate of annual revenue to recipients equaled this amount divided by the number of recipients in that year (exceptions are noted). This is not necessarily an accurate depiction of the impact for each recipient, because the impact may be variable. However, it is the best estimate possible with the information available.

To determine whether legislative intent was being met, Legislative Finance based its answers on the legislative intent reported by DOR. Legislative Finance asked agencies for supplemental information when necessary to make a recommendation. In many cases, it is impossible to determine whether legislative intent is being met due to vague intent, inadequate information, or because the provision is too recent.

Legislative Finance did not make recommendations for any provisions authorized, modified, or considered since 2012 because it is too soon to judge the impact of the provisions. In cases where the provisions have not been revisited for many years, Legislative Finance recommended reconsideration of the provision even if it appeared to be meeting legislative intent because the original intent may no longer be valid. Other indirect expenditures were evaluated on a case-by-case basis.

For the expected impact on the economy of repealing or modifying credits, Legislative Finance assumed that it was the same as the amount of foregone revenue. For the most part, the recommendations would not result in a significant economic impact because there are few, if any, recommendations to repeal large tax credits.

Table of Contents

Table of Contents

Table of Contents

Revenue (cont.)

Table of Contents

Department of
Commerce, Community and
Economic Development

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Commerce, Community and Economic Development

Applicable Program
Banking

Indirect Expenditure Name
Small loan company exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Exempts licensed small loan companies from the requirement of a business license.

(2) Authorizing Statute Regulation or Other Authority
AS 06.20.030

(3) Year Enacted
1978

(4) Sunset or Repeal Date
N/A

(5) Legislative Intent
Alleviate regulatory burden by not requiring two licenses.

(6) Public Purpose
Reduce regulatory burden on small loan companies.

(7) Estimated Revenue Impact
FY 2009 - $50
FY 2010 - $50
FY 2011 - $50
FY 2012 - $50
FY 2013 - $50

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
One business.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$50

(2) Estimate of Annual Benefit to Recipients
$50

(3) Legislative Intent Met?
No -- the burden theoretically addressed does not appear to be significant.

(4) Should it be Continued, Modified or Terminated?
Recommend termination. This exemption appears to be obsolete/ineffective. One business is utilizing the exemption for a benefit of $50.

Commerce, Community and Economic Development

Applicable Program
Securities

Indirect Expenditure Name
Discount for securities registrants and notice filers

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Allows securities registrants and notice filers to renew for two years for a discount of $100. Usual fee is $600 annually, or two years for $1100.

(2) Authorizing Statute Regulation or Other Authority
3 AAC 08.920(3),(4) and (5); AS 45.55.110; 45.55.139; 45.55.950; 45.55.980

(3) Year Enacted
1999

(4) Sunset or Repeal Date
N/A

(5) Legislative Intent
At the time the legislation passed in 1999 (HB 83), the Division was moving to a flat fee schedule. Testimony by then Director Elder that mutual funds have one and two year notice filings; so by providing a two-year option, it would reduce the paperwork burden on the issuers and the division, with only a slight discount.

(6) Public Purpose
Reduces regulatory burden on issuers of securities and work load on the division for renewal processing.

(7) Estimated Revenue Impact
FY 2009 - $277,300
FY 2010 - $340,200
FY 2011 - $282,100
FY 2012 - $340,400
FY 2013 - $285,500

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
Between 2,773 and 3,504 securities issuers benefit directly per year.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$285,500

(2) Estimate of Annual Benefit to Recipients
$100

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend modification. Eliminate the annual option and discount; require a two-year filing option in order to reduce administrative burden.

Commerce, Community and Economic Development

Applicable Program
Bulk Fuel Loan Program

Indirect Expenditure Name
Interest reduction

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Statutory interest base rate for borrowers is 4%. Statutes allow a 1% or 2% interest reduction on subsequent loans for borrowers in good standing. The interest rate for a first time borrower that receives a Bulk Fuel Loan will be zero.

(2) Authorizing Statute Regulation or Other Authority
A.S. 42.45.280, 3AAC161.045

(3) Year Enacted
2013

(4) Sunset or Repeal Date
N/A

(5) Legislative Intent
For the first year, zero interest loan for struggling entities to allow them time to work with the program to build management capacity. For the second and subsequent years, interest reduction provides incentive to repay loans in a timely manner.

(6) Public Purpose
Interest reduction is an incentive to remain in good standing in revolving loan program.

(7) Estimated Revenue Impact
FY 2009 - Program began in FY 2013.
FY 2010 - Program began in FY 2013.
FY 2011 - Program began in FY 2013.
FY 2012 - Program began in FY 2013.
FY 2013 - $21,000
Note: The Bulk Fuel loan program is a revolving loan program. Program expenses come from the loan fund. The existing interest structure is expected to pay all costs of the program and keep the total loan fund at the current existing level of at least $23.5 million.

(8) Cost to Administer
There is no additional incremental cost to the administration of the interest reduction program within the bulk fuel loans.

(9) Number of Beneficiaries
Currently there are 78 borrowers. This number is expected to vary between 50 and 80 in the future.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$21,000

(2) Estimate of Annual Benefit to Recipients
Varies

(3) Legislative Intent Met?
Unknown at this time.

Commerce, Community and Economic Development

Applicable Program
Bulk Fuel Loan Program

Indirect Expenditure Name
Interest reduction

Legislative Finance Analysis per AS 24.20.235

(4) Should it be continued, modified or terminated?

No recommendation based on recent legislative action.

Commerce, Community and Economic Development

Applicable Program
Office of the State Assessor

Indirect Expenditure Name
Senior Citizens - Disabled Veterans Tax Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
State law exempts real property owned and occupied as a permanent home by a resident, 65 years of age or older, or, by a disabled veteran with a 50% or greater service-connected disability. The exemption applies to the first $150,000 of assessed valuation.

(2) Authorizing Statute Regulation or Other Authority
A.S. 29.45.030(e) - (g)

(3) Year Enacted
1973

(4) Sunset or Repeal Date
N/A

(5) Legislative Intent
Reimburse municipalities for reduced revenue from a legislatively mandated program.

(6) Public Purpose
Lessen the tax burden on elderly persons and disabled veterans to encourage them to stay residents of the state.

(7) Estimated Revenue Impact
FY 2009 - $0
FY 2010 - $0
FY 2011 - $0
FY 2012 - $0
FY 2013 - This program is not funded, so there is no fiscal impact on the State.
Note: By not appropriating funds to meet the reimbursement obligation, the state reduces expenditures from the Unrestricted General Fund.

(8) Cost to Administer
$0

(9) Number of Beneficiaries
Twenty-four municipalities that collect property taxes are mandated by law to provide this exemption.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
The amount of revenue forgone by the state is zero, however, in tax year 2013 there was $59 million of revenue forgone by municipalities because their costs were not reimbursed by the State.

(2) Estimate of Annual Benefit to Recipients
In tax year 2013, the Average Exempt Tax amount per applicant was $1,897 and there were 31,543 applicants.

(3) Legislative Intent Met?
Yes, in the sense that senior citizens receive a property tax exemption. No, in that municipalities bear the cost of the tax exemption due to lack of state appropriations for this unfunded mandate.

Commerce, Community and Economic Development

Applicable Program
Office of the State Assessor

Indirect Expenditure Name
Senior Citizens - Disabled Veterans Tax Exemption

Legislative Finance Analysis per AS 24.20.235

(4) Should it be continued, modified or terminated?

Recommend reconsideration of this unfunded mandate. This tax exemption was established over 40 years ago and it should be reviewed on that basis alone. Cause for review is strengthened by the lack of appropriations (since FY97) to reimburse municipalities for this mandatory tax exemption. Options include allowing municipalities to opt out of the program, and/or to include a portion of municipal costs in the Community Revenue Sharing program.

Commerce, Community and Economic Development

Applicable Program
Office of the State Assessor

Indirect Expenditure Name
Property Tax Equivalency Payments (Renters Rebate)

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
The program rebates, to eligible applicants, that portion of their yearly rent on their permanent residence that goes towards the payment of real property taxes. A resident of the state who rents a permanent place of abode is eligible for a tax equivalency payment from the state through the department if the resident is (1) at least 65 years old; (2) a disabled veteran; or (3) at least 60 years old and the widow or widower of a person who was eligible for payment under (1) or (2).

(2) Authorizing Statute Regulation or Other Authority
A.S. 29.45.040

(3) Year Enacted
1973

(4) Sunset or Repeal Date
N/A

(5) Legislative Intent
Reimburse municipalities for reduced revenue from a legislatively mandated program.

(6) Public Purpose
Lessen the fiscal burden on elderly to encourage them to stay residents of the state.

(7) Estimated Revenue Impact
FY 2009 - $0
FY 2010 - $0
FY 2011 - $0
FY 2012 - $0
FY 2013 - This program is not funded, so there is no fiscal impact on the State.
Note: By not appropriating funds to meet the reimbursement obligation, the state increases the Unrestricted General Fund.

(8) Cost to Administer
$0

(9) Number of Beneficiaries
None.

Eighteen municipalities that collect property taxes that are mandated by law to provide this exemption. However, the program offers a rebate (to be paid by the State rather than by municipalities). The Property Tax Equivalency Payment Program has not been funded since FY2000, so there are no beneficiaries.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$0

Commerce, Community and Economic Development

Applicable Program
Office of the State Assessor

Indirect Expenditure Name
Property Tax Equivalency Payments (Renters Rebate)

Legislative Finance Analysis per AS 24.20.235

(2) Estimate of Annual Benefit to Recipients (cont.)
$0

(3) Legislative Intent Met?
No, due to lack of appropriations.

(4) Should it be Continued, Modified or Terminated?
Recommend Termination. This rebate was established more than 40 years ago and the lack of funding indicates the program may be obsolete. This program involves a direct expenditure of state funds rather than an indirect cost via tax exemptions.

Commerce, Community and Economic Development

Applicable Program
Business Licensing

Indirect Expenditure Name
Discount for senior citizens

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
In FY 2009 The business license fee was $50 a year for a sole proprietor who is 65 years or older any time during the year the license is issued. This is half the price of a normal one year business license. In FY 2010-FY 2012 the business license fee is $25 a year for a sole proprietor who is 65 years or older any time during the year the license is issued. This is half the price of a normal one year business license.

(2) Authorizing Statute Regulation or Other Authority
AS 43.70.030(a)(1-2), 12 AAC 12.010(a)(1-2)

(3) Year Enacted
2003

(4) Sunset or Repeal Date
none

(5) Legislative Intent
Discount for sole proprietor senior citizens. HB32 will expand the discount to include sole proprietor disabled veterans.

(6) Public Purpose
Foster Alaskan businesses and corporations.

(7) Estimated Revenue Impact
FY 2009 - $75,400
FY 2010 - $32,600
FY 2011 - $42,500
FY 2012 - $38,400
FY 2013 - $62,000

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
FY 2009-FY 2012 ranges from 1,300 to 1,700 and average is 1,512. FY 2013 is 2,480. Note: license fees in FY09 were double the current amount. The department currently does not track disabled veterans and is unable to determine the number of potential beneficiaries.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$62,000

(2) Estimate of Annual Benefit to Recipients
$25

(3) Legislative Intent Met?
Reasons for offering a discounted fee to seniors and/or disabled veterans are unclear.

Commerce, Community and Economic Development

Applicable Program
Business Licensing

Indirect Expenditure Name
Discount for senior citizens

Legislative Finance Analysis per AS 24.20.235

(4) Should it be continued, modified or terminated?

Recommend reconsideration. The value of this exemption may be insignificant to the beneficiaries and may not justify the administrative burden.

Commerce, Community and Economic Development

Applicable Program
Corporations

Indirect Expenditure Name
Discount for Alaskan corporations on biennial report

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
The corporation tax on a biennial report for a domestic (Alaskan) corporation is $100 and for a foreign (non-Alaskan) corporation is $200.

(2) Authorizing Statute Regulation or Other Authority
AS 10.06.845(a)

(3) Year Enacted
1988

(4) Sunset or Repeal Date
None

(5) Legislative Intent
Discount for domestic (Alaskan) entities.

(6) Public Purpose
Foster Alaskan businesses and corporations.

(7) Estimated Revenue Impact
FY 2009 - $444,600
FY 2010 - $487,500
FY 2011 - $453,500
FY 2012 - $464,200
FY 2013 - $692,200

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
FY 2009 -- FY2012 ranges from 4,446 to 5,116 and average is 4,723. FY 2013 -- FY 2014 averages 57% of business corporations and 100% of professional corporations are domestic, for an estimated 6,933 domestic corporation biennial reports.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$692,200

(2) Estimate of Annual Benefit to Recipients
$100

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration. The legislature may want to review the entire corporate fee structure for effectiveness and to determine whether Alaska's fee structure is comparable to and competitive with fees in other states.

Commerce, Community and Economic Development

Applicable Program
Corporations

Indirect Expenditure Name
Discount for Alaskan LLCs on biennial report

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

The corporation tax on a biennial report for a domestic (Alaskan) limited liability company is $100 and for a foreign (non-Alaskan) limited liability company is $200.

(2) Authorizing Statute Regulation or Other Authority

3 AAC 16.065; AS 10.50.850; AS 10.50.900

(3) Year Enacted

1995

(4) Sunset or Repeal Date

None

(5) Legislative Intent

Discount for domestic (Alaskan) entities.

(6) Public Purpose

Foster Alaskan businesses and corporations.

(7) Estimated Revenue Impact

FY 2009 - $460,400
FY 2010 - $563,700
FY 2011 - $599,900
FY 2012 - $652,000
FY 2013 - $1,163,300

(8) Cost to Administer

N/A

(9) Number of Beneficiaries

FY 2009 -- FY 2012 ranges from 4,398 to 6,520 and average is 5,432. FY2013 -- FY 2014 averages 86% of the LLCs are domestic, for an estimated 11,633 domestic LLC biennial reports.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$1,163,300

(2) Estimate of Annual Benefit to Recipients

$100

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend reconsideration. The legislature may want to review the entire corporate fee structure for effectiveness and to determine whether Alaska's fee structure is comparable to and competitive with fees in other states.

Commerce, Community and Economic Development

Applicable Program
Corporations

Indirect Expenditure Name
Discount for Alaskan LLPs on biennial report

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
The corporation tax on a biennial report for a domestic (Alaskan) limited liability partnership is $100 and for a foreign (non-Alaskan) limited liability partnership is $200.

(2) Authorizing Statute Regulation or Other Authority
3 AAC 16.055(c); AS 32.05.750, AS 32.06.970

(3) Year Enacted
1997

(4) Sunset or Repeal Date
none

(5) Legislative Intent
Discount for domestic (Alaskan) entities.

(6) Public Purpose
Foster Alaskan businesses and corporations.

(7) Estimated Revenue Impact
FY 2009 - $600
FY 2010 - $2,300
FY 2011 - $500
FY 2012 - $2,300
FY 2013 - $2,000

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
FY 2009 -- FY 2012 ranges from 5 to 23 and average is 15. FY 2013 -- FY2014 averages 38% of the LLPs are domestic, for an estimated 20 domestic LLP biennial reports.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$2,000

(2) Estimate of Annual Benefit to Recipients
$100

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration. The legislature may want to review the entire corporate fee structure for effectiveness and to determine whether Alaska's fee structure is comparable to and competitive with fees in other states.

Commerce, Community and Economic Development

Applicable Program
Corporations

Indirect Expenditure Name
Discount for Alaskan LLCs on creation

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
The corporation tax on a creation filing for a domestic (Alaskan) corporation is $100 and for a foreign (non-Alaskan) corporation is $200.

(2) Authorizing Statute Regulation or Other Authority
AS 10.06.845(a)

(3) Year Enacted
1988

(4) Sunset or Repeal Date
none

(5) Legislative Intent
Discount for domestic (Alaskan) entities.

(6) Public Purpose
Foster Alaskan businesses and corporations.

(7) Estimated Revenue Impact
FY 2009 - $58,500
FY 2010 - $60,900
FY 2011 - $59,600
FY 2012 - $54,900
FY 2013 - $50,800

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
FY 2009 -- FY2012 ranges from 549 to 803 and average is 628. FY 2013 had 508 new domestic corporations.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$50,800

(2) Estimate of Annual Benefit to Recipients
$100

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration. The legislature may want to review the entire corporate fee structure for effectiveness and to determine whether Alaska's fee structure is comparable to and competitive with fees in other states.

Commerce, Community and Economic Development

Applicable Program
Corporations

Indirect Expenditure Name
Discount for Alaskan LLCs on creation

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
The corporation tax on a creation for a domestic (Alaskan) limited liability company is $100 and for a foreign (non-Alaskan) limited liability company is $200.

(2) Authorizing Statute Regulation or Other Authority
3 AAC 16.065; AS 10.50.850, AS 10.50.900

(3) Year Enacted
1995

(4) Sunset or Repeal Date
None

(5) Legislative Intent
Discount for domestic (Alaskan) entities.

(6) Public Purpose
Foster Alaskan businesses and corporations.

(7) Estimated Revenue Impact
FY 2009 - $278,800
FY 2010 - $271,000
FY 2011 - $332,200
FY 2012 - $348,800
FY 2013 - $392,200

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
FY 2009 -- FY 2012 Ranges from 2,710 to 3,488 and average is 3,074. FY2013 had 3,922 new domestic LLCs.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$392,200

(2) Estimate of Annual Benefit to Recipients
$100

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration. The legislature may want to review the entire corporate fee structure for effectiveness and to determine whether Alaska's fee structure is comparable to and competitive with fees in other states.

Commerce, Community and Economic Development

Applicable Program
Corporations

Indirect Expenditure Name
Discount for Alaskan LLPs on creation

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
The corporation tax on a creation filing for a domestic (Alaskan) limited liability partnership is $100 and for a foreign (non-Alaskan) limited liability partnership is $200.

(2) Authorizing Statute Regulation or Other Authority
3 AAC 16.055(c); AS 32.05.750, AS 32.06.970

(3) Year Enacted
1997

(4) Sunset or Repeal Date
None

(5) Legislative Intent
Discount for domestic (Alaskan) entities.

(6) Public Purpose
Foster Alaskan businesses and corporations.

(7) Estimated Revenue Impact
FY 2009 - $600
FY 2010 - $500
FY 2011 - $400
FY 2012 - $500
FY 2013 - $1,000

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
FY 2008 -- FY 2012 ranges from 4-6 and average is 5. FY 2013 had 10 new LLPs.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$1,000

(2) Estimate of Annual Benefit to Recipients
$100

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration. The legislature may want to review the entire corporate fee structure for effectiveness and to determine whether Alaska's fee structure is comparable to and competitive with fees in other states.

Commerce, Community and Economic Development

Applicable Program
Professional Licensing: all programs

Indirect Expenditure Name
Pro-rated rate for renewal of licenses within 90 days of expiration

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Provides a pro-rated rate for renewal of the license for those who make initial application for a professional license within 90 days of its biennial expiration.

(2) Authorizing Statute Regulation or Other Authority
12 AAC 02.030; AS 08.01.065, AS 08.01.080, AS 08.01.100

(3) Year Enacted
1981

(4) Sunset or Repeal Date
None

(5) Legislative Intent
Unknown

(6) Public Purpose
Streamlines licensing paperwork and expense for those who make initial application for a professional license within 90 days of its biennial expiration.

(7) Estimated Revenue Impact
FY 2009 - Unknown. This specific type of application is not separately identified or quantified
FY 2010 - Unknown. This specific type of application is not separately identified or quantified
FY 2011 - Unknown. This specific type of application is not separately identified or quantified
FY 2012 - Unknown. This specific type of application is not separately identified or quantified
FY 2013 - Unknown. This specific type of application is not separately identified or quantified

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Unknown

(2) Estimate of Annual Benefit to Recipients
Varies

(3) Legislative Intent Met?
Unknown

(4) Should it be Continued, Modified or Terminated?
Recommend removal from future reports. This does not qualify as an indirect expenditure. There is no foregone revenue resulting from this provision.

Commerce, Community and Economic Development

Applicable Program
Professional Licensing: Big Game Commercial Services Board

Indirect Expenditure Name
Discount for Alaskan guides

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
The amount of the license fee for a nonresident shall be two times the amount of the license fee for a resident.

(2) Authorizing Statute Regulation or Other Authority
AS 08.54.770

(3) Year Enacted
1996

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The legislative intent appears to equalize the cost of program-related land management and law enforcement by recouping costs via higher fees for out-of-state residents. Therefore, there may be no actual "benefit" to applicants with Alaska residency.

(6) Public Purpose
Licensing of guides is funded from program receipts. The additional cost assessed against nonresident guides reflects costs nonresidents are not paying for the management of lands and resources as well as other management costs associated with the process. The two-to-one ratio does not nearly cover land management expenditures by Alaska residents in which nonresidents do not participate. That is the reason for the difference in licensing fees.

(7) Estimated Revenue Impact
FY 2009 - N/A
FY 2010 - N/A
FY 2011 - N/A
FY 2012 - N/A
FY 2013 - N/A

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
Resident license-holders for this program as of 6/5/14: 529 at license fee $450; 407 at license fee $250. There are currently 57 nonresidents at license fee $1300 and 225 nonresidents at license fee $720.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
If resident fees were the same as fees for nonresidents, revenue would increase by about $340,000 annually under the current fee structure. Note, however, that fees are statutorily required to cover costs, and that no revenue would be foregone if the fee structure complied with statute.

(2) Estimate of Annual Benefit to Recipients
Resident license fee of $450
Resident license fee of $250

Commerce, Community and Economic Development

Applicable Program
Professional Licensing: Big Game Commercial Services Board

Indirect Expenditure Name
Discount for Alaskan guides

Legislative Finance Analysis per AS 24.20.235

(2) Estimate of Annual Benefit to Recipients (cont.)

Non-resident license fee of $1,300
Non-resident license fee of $720

(3) Legislative Intent Met?

Yes, to the extent that residents pay lower license fees. However, the validity and amount of the discount has not been reviewed for 20 years and there is no information to support the discount, particularly when total guide licensing fees do not cover regulatory costs.

(4) Should it be Continued, Modified or Terminated?

Recommend reconsideration. Many professional licensing programs are not adhering to AS 08.01.065, which requires that the fees collected be set at the cost of regulating the occupation. The Big Game Commercial Services Board had a FY14 deficit carryforward balance of $839,480. This discount should be considered in conjunction with AS 08.01.065, but the legislature should also be aware that it does not directly set licensing fees.

Commerce, Community and Economic Development

Applicable Program
Professional Licensing: Collection Agencies

Indirect Expenditure Name
Discount for resident license-holders

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
The application fee and the biennial license fee for a nonresident operator or nonresident agency license are double the same fees established by regulations under AS 08.01.065 for a resident operator or agency.

(2) Authorizing Statute Regulation or Other Authority
AS 08.24.370

(3) Year Enacted
1968

(4) Sunset or Repeal Date
None

(5) Legislative Intent
Unknown

(6) Public Purpose
Foster Alaskan businesses and corporations.

(7) Estimated Revenue Impact
FY 2009 - N/A
FY 2010 - N/A
FY 2011 - N/A
FY 2012 - N/A
FY 2013 - N/A

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
Resident license-holders for this program as of 5/18/14: 38 at license fee $125. There are currently 443 nonresidents at license fee $250. Branch offices are not counted since the fee is the same regardless of residency.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
If resident fees were the same as fees for nonresidents, revenue would increase by about $5,000 annually under the current fee structure. Note, however, that fees are statutorily required to cover costs, and that no revenue is foregone (in total) when the fee structure complies with statute.

(2) Estimate of Annual Benefit to Recipients
$125

(3) Legislative Intent Met?
Yes, to the extent that residents pay lower license fees. However, the validity and amount of the discount have not been reviewed since 1968.

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration; the discount was established in 1968. The discount is small relative to business

Applicable Program
Professional Licensing: Collection Agencies

Indirect Expenditure Name
Discount for resident license-holders

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

operating costs and affects few licensees. AS 08.01.065 should be considered in conjunction with any change to this discount.

Commerce, Community and Economic Development

Applicable Program
Commercial Fishing Revolving Loan Fund

Indirect Expenditure Name
Pay on Time Program

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
1% interest rate incentive for following year to borrowers that make payment timely.

(2) Authorizing Statute Regulation or Other Authority
3 AAC 80.055(p); AS 16.10.310

(3) Year Enacted
08/01/00

(4) Sunset or Repeal Date
None

(5) Legislative Intent
Provide an incentive for borrowers who make timely payments.

(6) Public Purpose
Gives borrowers that consistently pay timely an incentive. The program also saves the division money by reducing the number of extensions, soft collections contacts, workouts and other collection activity associated with borrowers that do not pay on time.

(7) Estimated Revenue Impact
FY 2009 - $212,866
FY 2010 - $241,773
FY 2011 - $305,121
FY 2012 - $363,804
FY 2013 - $386,451

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
Approximately 938 based on a 5 year average.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$386,451

(2) Estimate of Annual Benefit to Recipients
$400

(3) Legislative Intent Met?
Unknown -- the number of borrowers that would have made timely payments without the incentive is unknown.

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration of the reduced rate to evaluate its impact on encouraging timely payment. Unfortunately, eliminating the discount may be the only way to determine whether savings on collection activities offset the revenue lost via a lower rate.

Commerce, Community and Economic Development

Applicable Program
Insurance: all programs

Indirect Expenditure Name
Premium Deduction

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Premium deductions from premium written due to cancellations, returned premiums, the unabsorbed premiums refunded to policy holders, refunds, savings, savings coupons and other similar returns to policy holders.

(2) Authorizing Statute Regulation or Other Authority
AS 21.09.210(b)

(3) Year Enacted
1966

(4) Sunset or Repeal Date
None

(5) Legislative Intent
There is no legislative history that indicates the legislative intent of this specific provision. The provision was enacted as part of a complete revision and reorganization of Alaska's insurance statutes in 1966 and was based on Montana's insurance code enacted in that state in 1961 and considered at that time to be "the most modern, complete, and up-to-date body of insurance regulation [of] any of the fifty states." The language of the provision, however, is unambiguous and the legislature's intent is clear from the common and ordinary meaning of the words the legislature used in the provision.

(6) Public Purpose
Returning of policy premium when a policy is not in force.

(7) Estimated Revenue Impact
FY 2009 - $938,694
FY 2010 - $918,288
FY 2011 - $936,015
FY 2012 - $901,068
FY 2013 - $976,932
Note: The estimated revenue impact is calculated dividends * tax rate (2.7).

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
The number of companies ranged from 153 - 169 from 2007 to 2012.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$976,932

(2) Estimate of Annual Benefit to Recipients
If a maximum of 169 companies used the tax credit in FY13, the average benefit to each company would be $5,781

(3) Legislative Intent Met?
Unknown

Commerce, Community and Economic Development

Applicable Program
Insurance: all programs

Indirect Expenditure Name
Premium Deduction

Legislative Finance Analysis per AS 24.20.235

(4) Should it be continued, modified or terminated?

This item may not meet the definition of a indirect tax expenditure; it simply defines the tax base as net premiums. This program does not necessarily reduce revenue to the state. Insurance companies are taxed under an industry specific methodology and are excluded from Corporate Income Taxes. The legislature may want to review and compare how other states tax insurance companies. The tax structure was established almost 50 years ago.

Commerce, Community and Economic Development

Applicable Program
Insurance: all programs

Indirect Expenditure Name
Deduction of Claims Paid

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Premium tax on hospital and medical service corporations is based on 6% of gross premiums less claims paid.

(2) Authorizing Statute Regulation or Other Authority
AS 21.09.210(b)(2)

(3) Year Enacted
1966

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The minutes of the February 17, 1966 meeting of the House Commerce Committee included the following notation regarding AS 21.09.210(b)(2): "The question was raised as to whether or not health care plans were included. It was then discussed and noted that the provision was a compromise provision (group insurance insurers were discussed as to whether or not they were placed in a competitive disadvantage, the compromise which this section represents was then mentioned)." See legislative intent for premium deduction for more information.

(6) Public Purpose
Establishment of premium tax on hospital and medical service corporations.

(7) Estimated Revenue Impact
FY 2009 - $11,154,833
FY 2010 - $11,211,849
FY 2011 - $11,427,532
FY 2012 - $11,890,941
FY 2013 - $9,393,147
Note: The estimated revenue impact is calculated claims paid * tax rate (6%).

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
2 companies benefit.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$9,393,147

(2) Estimate of Annual Benefit to Recipients
The average benefit to the 2 insurers is $4.7 million

(3) Legislative Intent Met?
Unknown

(4) Should it be Continued, Modified or Terminated?
The legislature may want to compare how other states tax medical service insurers. Alaska's tax structure was

Commerce, Community and Economic Development

Applicable Program
Insurance: all programs

Indirect Expenditure Name
Deduction of Claims Paid

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

established almost 50 years ago.

Commerce, Community and Economic Development

Applicable Program	**Indirect Expenditure Name**
Insurance: all programs	Wet Marine and Transportation tax

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Premium tax on insurer of wet marine and transportation contracts. 3/4 of 1% on its gross underwriting profit which is less direct losses paid.

(2) Authorizing Statute Regulation or Other Authority

AS 21.09.210(d)

(3) Year Enacted

1966

(4) Sunset or Repeal Date

None

(5) Legislative Intent

A. J. Lingle, director of the division of insurance, pointed out that the wet marine insurance tax amount was "the usual one put on insurance of this type." (2/17/1966 Minutes of the Commerce Committee). The provision was enacted as part of a complete revision and reorganization of Alaska's insurance statutes in 1966. See legislative intent for premium deduction for more information.

(6) Public Purpose

Establishment of premium taxes on wet marine and transportation contracts.

(7) Estimated Revenue Impact

FY 2009 - $64,726
FY 2010 - $110,169
FY 2011 - $84,459
FY 2012 - $117,618
FY 2013 - $146,024
Note: the estimated revenue impact is calculated as direct losses paid * tax rate (0.75%).

(8) Cost to Administer

N/A

(9) Number of Beneficiaries

The number of companies ranged from 22 - 34 from 2007 to 2012.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$146,024

(2) Estimate of Annual Benefit to Recipients

The average benefit to each of 34 companies affected is $4,295

(3) Legislative Intent Met?

Unknown -- the intent appears to be to impose "usual" taxes.

(4) Should it be Continued, Modified or Terminated?

Recommend reconsideration. The legislature may want to review and compare how other states tax insurance

Commerce, Community and Economic Development

Applicable Program
Insurance: all programs

Indirect Expenditure Name
Wet Marine and Transportation tax

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

companies. The tax structure may be obsolete as it was established almost 50 years ago.

Commerce, Community and Economic Development

Applicable Program
Insurance: all programs

Indirect Expenditure Name
Tax Exempt State Premiums

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Premiums paid by the state for insurance policies and contracts purchased under AS 39.30 are exempt from taxation.

(2) Authorizing Statute Regulation or Other Authority
AS 21.09.210(i)

(3) Year Enacted
1966

(4) Sunset or Repeal Date
None

(5) Legislative Intent
There is no legislative history that indicates the legislative intent of this specific provision. The provision was enacted as part of a complete revision and reorganization of Alaska's insurance statutes in 1966. See legislative intent for premium deduction for more information.

(6) Public Purpose
Reducing the cost of premiums to employees working for the State of Alaska.

(7) Estimated Revenue Impact
Without reviewing 5,000+ premium tax reports, the cost to the state is not ascertainable.

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Unknown

(2) Estimate of Annual Benefit to Recipients
Unknown

(3) Legislative Intent Met?
Yes, to the extent that exempting state-paid premiums from tax reduces premiums charged to the state by the amount of the tax.

(4) Should it be Continued, Modified or Terminated?
Recommend continuation. Although this tax exemption was established 50 years ago, the concept of exempting state government from its own taxation remains sound.

Commerce, Community and Economic Development

Applicable Program
Insurance: all programs

Indirect Expenditure Name
Lower Tax Rate

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Lower tax rate on individual life insurance policy premiums over $100,000. The first $100,000 taxed at 2.7% and anything over $100,000 taxed at 0.1%.

(2) Authorizing Statute Regulation or Other Authority
AS 21.09.210(m)

(3) Year Enacted
1998

(4) Sunset or Repeal Date
None

(5) Legislative Intent
At the time of passage in 1998, testimony from the insurance division director indicated that there were no policies being written in the state with a yearly premium of $100,000 or more. Testimony of supporters of the bill and Rep. Joe Ryan, sponsor of the amendment, indicated the intent of the amendment was to encourage large insurance policies to be placed in Alaska, to increase revenue and jobs in the state, to enhance the trust and financial planning industries in the state, and to make Alaska more competitive.

(6) Public Purpose
Lower the cost for very large individual life insurance policies.

(7) Estimated Revenue Impact
FY 2009 - $3,279,105
FY 2010 - $2,247,950
FY 2011 - $5,424,128
FY 2012 - $11,525,267
FY 2013 - $2,925,949
Note: The estimated revenue impact is calculated as premiums over $100,000 per individual policy * tax rate (2.7%).

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
The number of companies ranged from 13 - 16 from 2007 to 2012.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
None

(2) Estimate of Annual Benefit to Recipients
If a maximum of 16 companies used the tax credit in FY13, the average benefit to each company would be $182,872

(3) Legislative Intent Met?
Yes. The estimate of revenue foregone assumes that super-size policies would have been written in the absence of the reduced tax rate. That assumption is unlikely to be accurate. The rate reduction encourages writing large policies that would otherwise not be written in Alaska, thereby increasing revenue by at least $2,700 per policy written.

Commerce, Community and Economic Development

Applicable Program
Insurance: all programs

Indirect Expenditure Name
Lower Tax Rate

Legislative Finance Analysis per AS 24.20.235

(4) Should it be continued, modified or terminated?

Recommend continuation, but reconsideration of the tax rate. This item is not strictly an indirect expenditure. There is no foregone revenue resulting from this provision as it merely defines the tax brackets. The legislature may want to address the 0.1% tax rate on values above $100,000 to determine whether a higher rate would increase revenue.

Commerce, Community and Economic Development

Applicable Program
Insurance: all programs

Indirect Expenditure Name
Unauthorized Company Tax

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Tax exemption for insurance of risks of the state or a political subdivision of this state, or to insurance of aircraft primarily engaged in interstate or foreign commerce.

(2) Authorizing Statute Regulation or Other Authority
AS 21.33.055(c)

(3) Year Enacted
1992

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The provision was enacted as part of a substantial bill to enable the Alaska Division of Insurance to obtain accreditation by the National Association of Insurance Commissioners and to bring the state's insurance statutes up to date including the reorganization and revision of the requirements of licensing of insurance professionals. There is no legislative history that indicates the legislative intent of this specific provision. The language of the provision, however, is unambiguous and the legislature's intent is clear from the common and ordinary meaning of the words the legislature used in the provision.

(6) Public Purpose
Exempt State of Alaska and entities engaging in aircraft used for interstate or foreign commerce from paying tax.

(7) Estimated Revenue Impact
FY 2009 - $0
FY 2010 - $0
FY 2011 - $0
FY 2012 - $0
FY 2013 - $0

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
None

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$0

(2) Estimate of Annual Benefit to Recipients
$0

(3) Legislative Intent Met?
Yes, to the extent that exempting state-paid premiums from tax reduces premiums charged to the state by the amount of the tax.

Commerce, Community and Economic Development

Applicable Program
Insurance: all programs

Indirect Expenditure Name
Unauthorized Company Tax

Legislative Finance Analysis per AS 24.20.235

(4) Should it be continued, modified or terminated?

Recommend continuation. Although this tax exemption was established 50 years ago, the concept of exempting state government from its own taxation remains sound.

Commerce, Community and Economic Development

Applicable Program
Insurance: all programs

Indirect Expenditure Name
Independently Procured Tax

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Tax exemption for insurance of risks to the state or a political subdivision of the state, or to insurance of aircraft primarily engaged in interstate or foreign commerce.

(2) Authorizing Statute Regulation or Other Authority
AS 21.33.061(g)

(3) Year Enacted
Enacted 1984, effective date 1985

(4) Sunset or Repeal Date
None

(5) Legislative Intent
There is no legislative history that indicates the legislative intent of this specific provision. The language of the provision, however, is unambiguous and the legislature's intent is clear from the common and ordinary meaning of the words the legislature used in the provision.

(6) Public Purpose
Exempt State of Alaska and entities engaging in aircraft used for interstate or foreign commerce from paying tax.

(7) Estimated Revenue Impact
FY 2009 - $0
FY 2010 - $0
FY 2011 - $0
FY 2012 - $0
FY 2013 - $0

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
None

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$0

(2) Estimate of Annual Benefit to Recipients
$0

(3) Legislative Intent Met?
Yes, to the extent that exempting state-paid premiums from tax reduces premiums charged to the state by the amount of the tax.

(4) Should it be Continued, Modified or Terminated?
Recommend continuation. Although this tax exemption was established 50 years ago, the concept of exempting state government from its own taxation remains sound.

Commerce, Community and Economic Development

Applicable Program
Insurance: all programs

Indirect Expenditure Name
Alaska Fire Standards Council Tax Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Tax credit for gift to Alaska Fire Standards Council. Allowed up to tax on fire premiums written.

(2) Authorizing Statute Regulation or Other Authority
AS 21.96.075

(3) Year Enacted
2000

(4) Sunset or Repeal Date
Can only claim up to $150,000 but when combined with other tax credits allowed up to $5,000,000 until 2021 when it goes back down to $150,000.

(5) Legislative Intent
Rep. Gene Therriault, sponsor of the bill, was approached by the Alaska Fire Chiefs Association to establish a tax credit to help fund the Alaska Fire Standards Council operations. The Council was assigned to find alternative funding methods and determine funding by offering a tax credit to the insurance companies and allows a tax credit for contributions made.

(6) Public Purpose
Encourage donations for the Alaska Fire Standards Council.

(7) Estimated Revenue Impact
FY 2009 - $0
FY 2010 - $0
FY 2011 - $0
FY 2012 - $0
FY 2013 - $0

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
None

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$0

(2) Estimate of Annual Benefit to Recipients
$0

(3) Legislative Intent Met?
No -- no money has ever been donated, therefore, the credit appears to be ineffective.

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration. The legislature may want to review this tax credit to determine if it is still applicable and potentially terminate the tax credit if it is deemed ineffective.

Commerce, Community and Economic Development

Applicable Program
Surplus Lines Tax

Indirect Expenditure Name
Deduction from premiums written for return premium transactions

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Deduction from premiums written for return premium transactions.

(2) Authorizing Statute Regulation or Other Authority
AS 21.34.180

(3) Year Enacted
Enacted 1984, effective date 1985

(4) Sunset or Repeal Date
N/A

(5) Legislative Intent
Ch 117 SLA 1984 created a new Chapter 34, Surplus Lines Insurance, in the insurance Title 21 which included this provision. The new title was an "'Alaskanized' version of the model bill" which was the NAIC surplus lines model bill. A provision with the same effect was first enacted as part of a complete revision and reorganization of Alaska's insurance statutes in 1966. See legislative intent for premium deduction for more information. The language of the provision, however, is unambiguous and the legislature's intent is clear from the common and ordinary meaning of the words the legislature used in the provision.

(6) Public Purpose
Establishment of premium taxes on surplus lines contracts

(7) Estimated Revenue Impact
FY 2009 - $118,632
FY 2010 - $114,236
FY 2011 - $109,975
FY 2012 - $121,535
FY 2013 - $137,786
Note: The estimated revenue impact is calculated return premium * tax plus fee rate (3.7%).

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
The number of insured policies averaged 630 per year.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$137,786

(2) Estimate of Annual Benefit to Recipients
Average benefit is $219 based on 630 insured policies per year

(3) Legislative Intent Met?
Yes

Commerce, Community and Economic Development

Applicable Program
Surplus Lines Tax

Indirect Expenditure Name
Deduction from premiums written for return premium transactions

Legislative Finance Analysis per AS 24.20.235

(4) Should it be continued, modified or terminated?
This item may not meet the definition of a indirect tax expenditure; the tax base is defined as net premiums.

The legislature may want to review and compare how other states tax insurance companies. The tax structure may be obsolete as it was established 30 years ago.

Commerce, Community and Economic Development

Applicable Program
Surplus Lines Tax

Indirect Expenditure Name
Tax exemptions

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Tax exemption for insurance of risks of the state or a political subdivision of this state, to an agency of state government or its political subdivisions, or to insurance of aircraft primarily engaged in interstate or foreign commerce.

(2) Authorizing Statute Regulation or Other Authority
AS 21.34.180(i)

(3) Year Enacted
Enacted 1984, effective 1985

(4) Sunset or Repeal Date
N/A

(5) Legislative Intent
Ch 117 SLA 1984 created a new Chapter 34, Surplus Lines Insurance, in the insurance Title 21 which included this provision. The new title was an "'Alaskanized' version of the model bill," which was the NAIC surplus lines model bill. Ch 117 SLA 1984 has no legislative history to indicate the legislative intent of this specific provision. The language of the provision, however, is unambiguous and the legislature's intent is clear from the common and ordinary meaning of the words the legislature used in the provision.

(6) Public Purpose
Exempt State of Alaska and entities engaging in aircraft used for interstate or foreign commerce from paying tax

(7) Estimated Revenue Impact
FY 2009 - $353,218
FY 2010 - $616,902
FY 2011 - $615,341
FY 2012 - $789,366
FY 2013 - $761,745
Note: The estimated revenue impact is calculated premium * tax plus fee rate (3.7%).

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
The number of insured policies averaged 210 per year.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$761,745

(2) Estimate of Annual Benefit to Recipients
Average benefit is $3,627 based on 210 insured policies per year

(3) Legislative Intent Met?
Yes

Commerce, Community and Economic Development

Applicable Program
Surplus Lines Tax

Indirect Expenditure Name
Tax exemptions

Legislative Finance Analysis per AS 24.20.235

(4) Should it be continued, modified or terminated?

Recommend continuation. This tax exemption was established 30 years ago, however the concept of exempting state government from its own taxation is sound.

Commerce, Community and Economic Development

Applicable Program
Insurance: all programs

Indirect Expenditure Name
Alaska Comprehensive Health Insurance Association Tax Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Tax credit of 50% of assessment by the Alaska Comprehensive Health Insurance Association

(2) Authorizing Statute Regulation or Other Authority
21.55.220(f)

(3) Year Enacted
2006

(4) Sunset or Repeal Date
N/A

(5) Legislative Intent
Rep. Norman Rokeberg's sponsor statement indicated the bill "would expand the base of entities paying into the Alaska Comprehensive Health Insurance Association (ACHIA), our 'high risk pool,' to ensure its future solvency and lower a barrier to entry into the Alaska market by health insurance underwriters." The offset likely was intended to soften the financial burden.

(6) Public Purpose
Reduce taxes paid for companies paying into the Alaska Comprehensive Health Insurance Association.

(7) Estimated Revenue Impact
FY 2009 - $2,895,551
FY 2010 - $1,249,860
FY 2011 - $4,716,336
FY 2012 - $4,023,209
FY 2013 - $6,000,116

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
The number of companies ranged from 59 - 109 from 2007 to 2012.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$6,000,116

(2) Estimate of Annual Benefit to Recipients
If a maximum of 109 companies used the tax credit in FY13, the average benefit to each company would be $55,047

(3) Legislative Intent Met?
Yes, in the sense that paying the ACHIA assessment is encouraged.

(4) Should it be Continued, Modified or Terminated?
Although the legislature may wish to reconsider the size of the tax credit, Legislative Finance makes no recommendation because this item has been recently addressed by the legislature. The legislature reviewed and

Applicable Program	**Indirect Expenditure Name**
Insurance: all programs	Alaska Comprehensive Health Insurance Association Tax Credit

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

amended AS 21.55.220 in 2007, 2009 and 2012.

Commerce, Community and Economic Development

Applicable Program
Insurance: all programs

Indirect Expenditure Name
Education Tax Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Education tax credit for donations to allowable educational entities. See also p. 74.

(2) Authorizing Statute Regulation or Other Authority
21.96.070

(3) Year Enacted
1994

(4) Sunset or Repeal Date
Sunsets 12/31/18

(5) Legislative Intent
The provision was added to give the insurance industry the ability to take the tax credit which was a credit already available to anyone who pays a corporate income tax, oil production tax, fishing taxes or mining taxes and was intended to correct an oversight when the tax credit bill was enacted in 1991.

(6) Public Purpose
Encourage donations for educational purposes.

(7) Estimated Revenue Impact
FY 2009 - $450,000
FY 2010 - $450,000
FY 2011 - $300,000
FY 2012 - $400,500
FY 2013 - $250,000

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
The number of companies ranged from 1 - 3 from 2007 to 2012.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$250,000

(2) Estimate of Annual Benefit to Recipients
If a maximum of 3 companies used the tax credit in FY13, the average benefit to each company would be $83,333

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
No recommendation based on recent legislative action. The legislature reviewed and made amendments to the credit in 2014.

Department of Fish and Game

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Fish and Game

Applicable Program
Commercial Fisheries Entry Commission

Indirect Expenditure Name
Nonresident fee differential

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Requires nonresident permit holders to pay a surcharge the first time they renew an entry permit each year. The nonresident surcharge was $140 for each fisherman prior to 2009 and $190 per fisherman beginning in 2012.

(2) Authorizing Statute Regulation or Other Authority

20 AAC 05.245 (a) (7);
AS 16.43.160

(3) Year Enacted

2006

(4) Sunset or Repeal Date

None

(5) Legislative Intent

To comply with the Alaska Supreme Court decisions in Carlson v. State of Alaska.

(6) Public Purpose

Nonresident surcharge partially compensates for benefits State of Alaska provides to Nonresident commercial fishermen.

(7) Estimated Revenue Impact

FY 2009 - $369,400
FY 2010 - $477,650
FY 2011 - $493,190
FY 2012 - $475,670
FY 2013 - $628,270

(8) Cost to Administer

(9) Number of Beneficiaries

This is a surcharge, not a benefit.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$628,270 was collected by the state -- this is not forgone revenue.

(2) Estimate of Annual Benefit to Recipients

Surcharge of $190 per non-resident in FY13.
Based on revenue collected by the state there were approximately 3,307 non-resident permit holders who paid the surcharge in FY13.

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

It is unclear why this surcharge was included as an Indirect Expenditure. Recommend continuing to comply with the Alaska Supreme Court decisions in Carlson v. State of Alaska.

Fish and Game

Applicable Program
Commercial Fisheries Entry Commission

Indirect Expenditure Name
Reduced permit fees (low income)

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Provides for a discount of commercial fishing permit fees for fishermen in low income brackets.

(2) Authorizing Statute Regulation or Other Authority
20 AAC 05.245 (c)-(e);
AS 16.43.160 (d)

(3) Year Enacted
1975

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To assist low-income permit holders.

(6) Public Purpose
Assist low-income fishermen in their ability to renew annual commercial fishing permits.

(7) Estimated Revenue Impact
FY 2009 - $17,564
FY 2010 - $19,731
FY 2011 - $14,228
FY 2012 - $20,883
FY 2013 - $17,921

(8) Cost to Administer

(9) Number of Beneficiaries
233 Individuals in 2013 paid reduced fees.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$17,921

(2) Estimate of Annual Benefit to Recipients
Average benefit of $77.
Based on 233 individuals paying reduced fees and the revenue impact of $17,921 in FY13. CFEC has a complex fee schedule; an average was used to summarize the benefit.

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend review based on enactment date of 1975. The legislature may wish to review all Commercial Fisheries Entry Commission (CFEC) fees. Annual revenue collected typically exceeds the annual CFEC operating budget.

Fish and Game

Applicable Program
Commercial Fisheries Entry Commission

Indirect Expenditure Name
Permit fees waived (fishery closures)

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Waives or reimburses the cost of renewing an annual CFEC fishing permit if the fishery was closed.

(2) Authorizing Statute Regulation or Other Authority
20 AAC 05.425; AS 16.43.100, AS 16.43.110, AS 16.43.220

(3) Year Enacted
1986

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To assist permit holders who are not allowed to fish due to season-long closure.

(6) Public Purpose
Provide partial compensation to persons who lose their fishing opportunities due to season-long closures.

(7) Estimated Revenue Impact
FY 2009 - $117,714
FY 2010 - $76,015
FY 2011 - $58,932
FY 2012 - $85,586
FY 2013 - $88,501

(8) Cost to Administer

(9) Number of Beneficiaries
Fees for 1,089 permits waived in 2013

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$88,501

(2) Estimate of Annual Benefit to Recipients
Average benefit of $81.
Based on 1,089 permits waived and the revenue impact of $88,501 in FY13. CFEC has a complex fee schedule; an average was used to summarize the benefit.

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Although the waiver is 30 years old and may merit review on that basis, a fee waiver/refund is a reasonable reaction to a season-long closure. The legislature may wish to review all Commercial Fisheries Entry Commission (CFEC) fees. Annual revenue collected typically exceeds the annual CFEC operating budget.

Fish and Game

Applicable Program
Commercial Fisheries Entry Commission

Indirect Expenditure Name
Reduced application fee for low income nonresidents

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Reduces limited entry permit application fees (Fee reduced from $100 to $50 for qualifying individuals).

(2) Authorizing Statute Regulation or Other Authority
20 AAC 05.250(b); AS 16.43.100, AS 16.43.110

(3) Year Enacted
1987

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To assist low-income permit holders.

(6) Public Purpose
Assist low-income fishermen in their ability to apply for a commercial limited entry permit.

(7) Estimated Revenue Impact
FY 2009 - $0
FY 2010 - $0
FY 2011 - $0
FY 2012 - $0
FY 2013 - $0

(8) Cost to Administer

(9) Number of Beneficiaries
There have been no new limitations between 2009 and 2013 so there have been no new applications for entry permits.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$0

(2) Estimate of Annual Benefit to Recipients
$50

(3) Legislative Intent Met?
No

(4) Should it be Continued, Modified or Terminated?
Recommend termination based on low usage and small benefit.

Fish and Game

Applicable Program	**Indirect Expenditure Name**
Commercial Fisheries Entry Commission	Reduced permit fees (low income)

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Fishermen are charged an $80 service fee for expediting their permits. CFEC provides for a waiver of this fee to qualified individuals with low income.

(2) Authorizing Statute Regulation or Other Authority

20 AAC 05.425 (e) (1); AS 16.43.100, AS 16.43.110, AS 16.43.220

(3) Year Enacted

2007

(4) Sunset or Repeal Date

None

(5) Legislative Intent

To assist low-income permit holders.

(6) Public Purpose

Assist low-income fishermen in their ability to immediately fish.

(7) Estimated Revenue Impact

FY 2009 - These discounts are not tracked by our licensing system.
FY 2010 - These discounts are not tracked by our licensing system.
FY 2011 - These discounts are not tracked by our licensing system.
FY 2012 - These discounts are not tracked by our licensing system.
FY 2013 - These discounts are not tracked by our licensing system.

(8) Cost to Administer

(9) Number of Beneficiaries

Approximately 1-2 per year.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$160

Estimate based on 2 fishermen multiplied by $80 service fee.

(2) Estimate of Annual Benefit to Recipients

$80

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend termination based on low usage and small benefit.

Fish and Game

Applicable Program
Commercial Fisheries Entry Commission

Indirect Expenditure Name
Permit fees waived (fishery closures)

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
The permit transfer fee is reduced from $50 to $25 for qualified individuals with low income.

(2) Authorizing Statute Regulation or Other Authority
20 AAC 05.1910 (h); AS 16.43.100, AS 16.43.110

(3) Year Enacted
2002

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To assist low-income permit holders.

(6) Public Purpose
Assist low-income fishermen with the fees associated with CFEC permit transfers.

(7) Estimated Revenue Impact
FY 2009 - These discounts are not tracked by our licensing system.
FY 2010 - These discounts are not tracked by our licensing system.
FY 2011 - These discounts are not tracked by our licensing system.
FY 2012 - These discounts are not tracked by our licensing system.
FY 2013 - These discounts are not tracked by our licensing system.

(8) Cost to Administer

(9) Number of Beneficiaries
Approximately 2-3 per year.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$75
Estimate based on 3 fishermen multiplied by $25 permit transfer fee.

(2) Estimate of Annual Benefit to Recipients
$25

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend termination based on low usage and small benefit.

Fish and Game

Applicable Program
Sport Fishing, Hunting and Trapping License

Indirect Expenditure Name
Resident Senior

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Allows Alaska residents over the age of 60 a free license, king salmon stamp and duck stamp.

(2) Authorizing Statute Regulation or Other Authority
AS 16.05.400

(3) Year Enacted
1981

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To assist resident seniors.

(6) Public Purpose
To assist resident seniors.

(7) Estimated Revenue Impact
FY 2009 - $4,395,545
FY 2010 - $4,668,433
FY 2011 - $4,955,104
FY 2012 - $5,220,600
FY 2013 - $5,995,682

The department estimate assumes that every holder of a lifetime license would purchase an annual license in the absence of this waiver. That assumption is unlikely to be accurate.

(8) Cost to Administer

(9) Number of Beneficiaries
77,866

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Unknown--but substantially less than the $6 million estimated by the department.

(2) Estimate of Annual Benefit to Recipients
$77
--Resident fishing, hunting, and trapping license is $62, a king salmon tag is $10 and a duck stamp is $5
--Free license for residents over the age of 60

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last

Fish and Game

Applicable Program
Sport Fishing, Hunting and Trapping License

Indirect Expenditure Name
Resident Senior

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

time fishing and hunting fees were increased was in 1991 and 1993, respectively.

Fish and Game

Applicable Program
Sport Fishing, Hunting and Trapping License

Indirect Expenditure Name
Low Income

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

$5 fishing, hunting and trapping license and king salmon stamp: Alaska residents of low income on welfare program or annual income less than $8200.

(2) Authorizing Statute Regulation or Other Authority

AS 16.05.340

(3) Year Enacted

1961

(4) Sunset or Repeal Date

None

(5) Legislative Intent

To assist low-income residents.

(6) Public Purpose

To assist low-income residents.

(7) Estimated Revenue Impact

FY 2009 - $1,365,768
FY 2010 - $1,420,272
FY 2011 - $1,508,688
FY 2012 - $1,501,704
FY 2013 - $1,443,456

(8) Cost to Administer

(9) Number of Beneficiaries

20,048

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$1,443,456

The State's estimate of foregone revenue appears to be overstated -- it doesn't take into consideration the $5 fee that is collected for low income residents.

(2) Estimate of Annual Benefit to Recipients

$67

--Resident fishing, hunting, and trapping license is $62 and king salmon tag is $10
--$5 fishing, hunting and trapping license and king salmon stamp for residents who qualify as low income

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last

Fish and Game

Applicable Program
Sport Fishing, Hunting and Trapping License

Indirect Expenditure Name
Low Income

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

time fishing and hunting fees were increased was in 1991 and 1993, respectively.

Fish and Game

Applicable Program
Sport Fishing License

Indirect Expenditure Name
Blind Sport Fish

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
$0.25 license: Qualified blind residents.

(2) Authorizing Statute Regulation or Other Authority
AS 16.05.340

(3) Year Enacted
1995

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To assist blind residents.

(6) Public Purpose
To assist blind residents.

(7) Estimated Revenue Impact
FY 2009 - $1,620
FY 2010 - $1,688
FY 2011 - $1,215
FY 2012 - $1,181
FY 2013 - $1,991

(8) Cost to Administer

(9) Number of Beneficiaries
59

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$1,991

(2) Estimate of Annual Benefit to Recipients
$33.75
--Resident fishing license is $24 & king salmon tag is $10
--Fishing license for blind resident is $0.25

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last time fishing and hunting fees were increased was in 1991 and 1993, respectively. If this item is retained, recommend modifying to a free license. The amount of revenue generated from a $0.25 license fee is insignificant and may not justify the administrative burden.

Fish and Game

Applicable Program
Sport Fishing and Hunting License

Indirect Expenditure Name
Disabled Veterans

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Allows Alaska disabled veterans a free license, king salmon stamp and duck stamp

(2) Authorizing Statute Regulation or Other Authority
AS 16.05.341

(3) Year Enacted
1996

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To assist resident disabled veterans.

(6) Public Purpose
To assist resident disabled veterans.

(7) Estimated Revenue Impact
FY 2009 - $255,339
FY 2010 - $274,932
FY 2011 - $295,785
FY 2012 - $319,032
FY 2013 - $348,138

(8) Cost to Administer

(9) Number of Beneficiaries
5,526

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$348,138

(2) Estimate of Annual Benefit to Recipients
$63
--Resident fishing & hunting license is $48, Resident king-stamp is $10, and Resident Annual State Waterfowl Stamp is $5
--Free license for disabled veterans.

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last time fishing and hunting fees were increased was in 1991 and 1993, respectively.

Fish and Game

Applicable Program
Sport Fishing License

Indirect Expenditure Name
Yukon Sport Fish

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Yukon residents allowed to purchase fishing license at the Alaska resident rate

(2) Authorizing Statute Regulation or Other Authority
AS 16.05.340

(3) Year Enacted
2005

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To provide a reciprocal fishing license with Yukon Territory residents.

(6) Public Purpose
To provide a reciprocal fishing license with Yukon Territory residents.

(7) Estimated Revenue Impact
FY 2009 - $113,456
FY 2010 - $123,984
FY 2011 - $132,832
FY 2012 - $130,368
FY 2013 - $139,440

(8) Cost to Administer

(9) Number of Beneficiaries
2,490

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$139,440

(2) Estimate of Annual Benefit to Recipients
$121
--Resident fishing license is $24
--Non-resident annual fishing license is $145

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last time fishing and hunting fees were increased was in 1991 and 1993, respectively.

Fish and Game

Applicable Program
Sport Fishing King Salmon Stamp

Indirect Expenditure Name
Yukon King stamp

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Yukon residents allowed to purchase king salmon stamp at the Alaska resident rate

(2) Authorizing Statute Regulation or Other Authority
AS 16.05.340

(3) Year Enacted
2005

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To provide a reciprocal king salmon stamp with Yukon Territory residents.

(6) Public Purpose
To provide a reciprocal king salmon stamp with Yukon Territory residents.

(7) Estimated Revenue Impact
FY 2009 - $68,490
FY 2010 - $58,950
FY 2011 - $63,990
FY 2012 - $62,010
FY 2013 - $64,890

(8) Cost to Administer

(9) Number of Beneficiaries
721

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$64,890

(2) Estimate of Annual Benefit to Recipients
$90
--Resident king-salmon tag is $10
--Annual Non-resident king-salmon tag is $100

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last time fishing and hunting fees were increased was in 1991 and 1993, respectively.

Fish and Game

Applicable Program
Sport Fishing and Hunting License

Indirect Expenditure Name
Res Military ANG/Reserves

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Allows qualified Alaska military reserves a free annual fishing and hunting license.

(2) Authorizing Statute Regulation or Other Authority
AS 16.05.341

(3) Year Enacted
2008

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To assist resident military reserve members.

(6) Public Purpose
To assist resident military reserve members.

(7) Estimated Revenue Impact
FY 2009 - $65,568
FY 2010 - $74,496
FY 2011 - $83,808
FY 2012 - $78,048
FY 2013 - $75,936

(8) Cost to Administer

(9) Number of Beneficiaries
1,582

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$75,936

(2) Estimate of Annual Benefit to Recipients
$48
--Resident fishing & hunting license is $48
--Free license for active members of the Alaska National guard and military reserves.

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last time fishing and hunting fees were increased was in 1991 and 1993, respectively.

Fish and Game

Applicable Program
Sport Fishing License

Indirect Expenditure Name
Non res Military Fish

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Qualified non-resident military on active duty permanently stationed in Alaska are allowed to purchase fishing license at resident rate

(2) Authorizing Statute Regulation or Other Authority
AS 16.05.340

(3) Year Enacted
1977

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To assist non-resident military members on active duty permanently stationed in Alaska.

(6) Public Purpose
To assist non-resident military members on active duty permanently stationed in Alaska.

(7) Estimated Revenue Impact
FY 2009 - $498,157
FY 2010 - $481,580
FY 2011 - $493,317
FY 2012 - $561,803
FY 2013 - $618,431

(8) Cost to Administer

(9) Number of Beneficiaries
5,111

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$618,431

(2) Estimate of Annual Benefit to Recipients
$121
--Resident fishing license is $24
--Non-resident annual fishing license is $145

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last time fishing and hunting fees were increased was in 1991 and 1993, respectively.

Fish and Game

Applicable Program
Hunting License

Indirect Expenditure Name
Non res Military Hunt

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Qualified non-resident military on active duty permanently stationed in Alaska are allowed to purchase hunting license at resident rate

(2) Authorizing Statute Regulation or Other Authority
AS 16.05.340

(3) Year Enacted
1977

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To assist non-resident military members on active duty permanently stationed in Alaska.

(6) Public Purpose
To assist non-resident military members on active duty permanently stationed in Alaska.

(7) Estimated Revenue Impact
FY 2009 - $6,588
FY 2010 - $33,062
FY 2011 - $40,382
FY 2012 - $34,587
FY 2013 - $42,090

(8) Cost to Administer

(9) Number of Beneficiaries
690

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$42,090

(2) Estimate of Annual Benefit to Recipients
$60
--Resident hunting license is $25
--Non-resident annual hunting license is $85

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last time fishing and hunting fees were increased was in 1991 and 1993, respectively.

Fish and Game

Applicable Program
Sport Fishing and Hunting License

Indirect Expenditure Name
Non res Mil Hunt/Fish

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Qualified non-resident military on active duty permanently stationed in Alaska are allowed to purchase fishing and hunting license at resident rate

(2) Authorizing Statute Regulation or Other Authority

AS 16.05.340

(3) Year Enacted

1977

(4) Sunset or Repeal Date

None

(5) Legislative Intent

To assist non-resident military members on active duty permanently stationed in Alaska.

(6) Public Purpose

To assist non-resident military members on active duty permanently stationed in Alaska.

(7) Estimated Revenue Impact

FY 2009 - $69,160
FY 2010 - $198,198
FY 2011 - $178,360
FY 2012 - $210,938
FY 2013 - $287,560

(8) Cost to Administer

(9) Number of Beneficiaries

1,580

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$287,560

(2) Estimate of Annual Benefit to Recipients

$182
--Resident sport fishing license & Resident hunting license is $48
--Non-resident annual fishing licensing is $145 and non-resident annual hunting license is $85 for a total of $230

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last time fishing and hunting fees were increased was in 1991 and 1993, respectively.

Fish and Game

Applicable Program
Sport Fishing King Salmon Stamp

Indirect Expenditure Name
NR Military King stamp

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Qualified non-resident military on active duty permanently stationed in Alaska are allowed to purchase a king salmon stamp at resident rate

(2) Authorizing Statute Regulation or Other Authority
AS 16.05.340

(3) Year Enacted
1993

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To assist non-resident military members on active duty permanently stationed in Alaska.

(6) Public Purpose
To assist non-resident military members on active duty permanently stationed in Alaska.

(7) Estimated Revenue Impact
FY 2009 - $137,040
FY 2010 - $126,400
FY 2011 - $122,880
FY 2012 - $141,760
FY 2013 - $118,400

(8) Cost to Administer

(9) Number of Beneficiaries
1,480

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$118,400

(2) Estimate of Annual Benefit to Recipients
$80
--Annual Military king-salmon tag is $20
--Annual Non-resident king-salmon tag is $100

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last time fishing and hunting fees were increased was in 1991 and 1993, respectively.

Fish and Game

Applicable Program
Game Tag

Indirect Expenditure Name
NR Military Bear tag

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Qualified non-resident military on active duty permanently stationed in Alaska are allowed to purchase a bear tag at resident rate

(2) Authorizing Statute Regulation or Other Authority

AS 16.05.340

(3) Year Enacted

1993

(4) Sunset or Repeal Date

None

(5) Legislative Intent

To assist non-resident military members on active duty permanently stationed in Alaska.

(6) Public Purpose

To assist non-resident military members on active duty permanently stationed in Alaska.

(7) Estimated Revenue Impact

FY 2009 - N/A
FY 2010 - $12,825
FY 2011 - $23,275
FY 2012 - $16,150
FY 2013 - $14,250

(8) Cost to Administer

(9) Number of Beneficiaries

30

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$14,250

(2) Estimate of Annual Benefit to Recipients

$475
--Resident tag for brown bear is $25.
--Non-resident tag for brown bear is $500.

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last time fishing and hunting fees were increased was in 1991 and 1993, respectively.

Fish and Game

Applicable Program
Game Tag

Indirect Expenditure Name
NR Military Goat tag

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Qualified non-resident military on active duty permanently stationed in Alaska are allowed to purchase a goat tag at resident rate

(2) Authorizing Statute Regulation or Other Authority
AS 16.05.340

(3) Year Enacted
1993

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To assist non-resident military members on active duty permanently stationed in Alaska.

(6) Public Purpose
To assist non-resident military members on active duty permanently stationed in Alaska.

(7) Estimated Revenue Impact
FY 2009 - N/A
FY 2010 - $900
FY 2011 - $900
FY 2012 - $0
FY 2013 - $300

(8) Cost to Administer

(9) Number of Beneficiaries
1

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$300

(2) Estimate of Annual Benefit to Recipients
$300
--No cost for resident
--Non-resident goat tag is $300

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last time fishing and hunting fees were increased was in 1991 and 1993, respectively.

Fish and Game

Applicable Program
Game Tag

Indirect Expenditure Name
NR Military sheep tag

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Qualified non-resident military on active duty permanently stationed in Alaska are allowed to purchase a sheep tag at resident rate

(2) Authorizing Statute Regulation or Other Authority

AS 16.05.340

(3) Year Enacted

1993

(4) Sunset or Repeal Date

None

(5) Legislative Intent

To assist non-resident military members on active duty permanently stationed in Alaska.

(6) Public Purpose

To assist non-resident military members on active duty permanently stationed in Alaska.

(7) Estimated Revenue Impact

FY 2009 - N/A
FY 2010 - $1,275
FY 2011 - $2,125
FY 2012 - $1,275
FY 2013 - $1,700

(8) Cost to Administer

(9) Number of Beneficiaries

4

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$1,700

(2) Estimate of Annual Benefit to Recipients

$425
--No cost for resident
--Non-resident sheep tag is $42

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last time fishing and hunting fees were increased was in 1991 and 1993, respectively.

Fish and Game

Applicable Program
Sport Fishing and Hunting License

Indirect Expenditure Name
Complimentary fishing & hunting licenses

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Annually, the governor may distribute up to 50 complimentary fishing & hunting licenses and appropriate big game tags to distinguished visitors to the state.

(2) Authorizing Statute Regulation or Other Authority
AS 16.05.335

(3) Year Enacted
1959

(4) Sunset or Repeal Date

(5) Legislative Intent

(6) Public Purpose

(7) Estimated Revenue Impact

(8) Cost to Administer

(9) Number of Beneficiaries

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
In 2013, the Governor distributed a total of 18 complimentary licenses -- 8 hunting licenses with tags for various species and 10 fishing licenses with a king stamp. Based on this information, the estimated forgone revenue to the state in FY13 was $7,855.

(2) Estimate of Annual Benefit to Recipients
Hunting: $85 plus any additional cost for a tag

Fishing: $145 for the fishing license and $100 for the king stamp

---Non-resident annual fishing licensing is $145, non-resident king salmon stamp is $100 & Non-resident annual hunting license is $85 -- the cost of a non-resident tag varies from $30 for a wolf to $1,100 to a bull muskox
--No cost for visitor

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend review of all Fish & Game license fees. Fish & Game Funds are insufficient to cover the Department of Fish & Game's annual operating and capital costs, requiring unrestricted general funds to support programs. The last time fishing and hunting fees were increased was in 1991 and 1993, respectively.

This Indirect Expenditure was added by the Legislative Finance Division.

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Department of Health and Social Services

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Health and Social Services

Applicable Program
Alaska Pioneer Homes

Indirect Expenditure Name
Alaska Pioneer Home Payment Assistance Program

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Provides for the Pioneer Home Payment Assistance Program allowing residents to reside in the Pioneer Homes when they do not have the funds to pay the full monthly rate.

(2) Authorizing Statute Regulation or Other Authority
7 AAC 74.045; AS 47.55.010, AS 47.55.020, AS 47.55.030

(3) Year Enacted
Regulations revised 10/15/2004

(4) Sunset or Repeal Date
None

(5) Legislative Intent
Provides for the Pioneer Home Payment Assistance Program allowing residents to reside in the Pioneer Homes when they do not have the funds to pay the full monthly rate.

(6) Public Purpose
Provides for the Pioneer Home Payment Assistance Program allowing residents to reside in the Pioneer Homes when they do not have the funds to pay the full monthly rate.

(7) Estimated Revenue Impact
FY 2009 - $6,989,428
FY 2010 - $5,475,105
FY 2011 - $4,860,878
FY 2012 - $5,698,988
FY 2013 - $6,318,976
Note: each year's figure is based on the 12/31 deferred rate.

(8) Cost to Administer

(9) Number of Beneficiaries
As of 5/30/2014 -- 148 individuals

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$6,318,976

(2) Estimate of Annual Benefit to Recipients
$42,696

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
A narrow focus on the issue of payment assistance for low income residents would prompt a recommendation to continue this item. From a broad perspective, the legislature may wish to consider getting out of the business of

Applicable Program
Alaska Pioneer Homes

Indirect Expenditure Name
Alaska Pioneer Home Payment Assistance Program

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

operating homes for seniors.

Health and Social Services

Applicable Program
SHARP II

Indirect Expenditure Name
Health Care Professions Loan Repayment and Incentive

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Repayment of educational loans, direct incentive for certain health care professionals.

(2) Authorizing Statute Regulation or Other Authority
AS 18.29; 7 AAC 24

(3) Year Enacted
2012

(4) Sunset or Repeal Date
2019 - report due in 5 years

(5) Legislative Intent
Increase access to health care in rural Alaska.

(6) Public Purpose
Increase access to health care in rural Alaska.

(7) Estimated Revenue Impact
FY 2009 - Program not in existence
FY 2010 - Program not in existence
FY 2011 - Program not in existence
FY 2012 - Program not in existence
FY 2013 - $603,000

(8) Cost to Administer

(9) Number of Beneficiaries
Up to 90 each health care facilities and practitioners. All Alaskans, particularly in rural areas.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$603,000

(2) Estimate of Annual Benefit to Recipients
Up to $47k/year for Tier 1 recipients (Physicians, Dentists, Pharmacists)

Up to $27k/year for Tier-2 recipients (Nurse Practitioners, PAs, RNs, HS-Psychologists, Dental Hygienist, PTs)

(3) Legislative Intent Met?
Unknown at this time.

(4) Should it be Continued, Modified or Terminated?
No recommendation based on recent legislative action. The program sunsets June 30, 2019 and, on or before 1/1/2019, DHSS will submit a report to the legislature that describes the impacts of the SHARP II program on the participation rates, costs, and effect on health care profession shortage areas.

Health and Social Services

Applicable Program
Public Health Nursing

Indirect Expenditure Name
Reasonable fees, collection, non-denial of services

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
No denial of public health services because of inability to pay. Reduced fees on a sliding scale based on income and family size using USDHHS annual poverty guidelines. Waives fees if it is in the public interest for communicable disease control or in response to a public health emergency.

(2) Authorizing Statute Regulation or Other Authority
7 AAC 80.010-060; AS 44.29.022

(3) Year Enacted
12/06/86

(4) Sunset or Repeal Date
None

(5) Legislative Intent
Provide statewide health care.

(6) Public Purpose
Ensures protection of overall public health by making public health services available to all individuals regardless of their ability to pay.

(7) Estimated Revenue Impact
FY 2009 - $1,300,000
FY 2010 - $1,300,000
FY 2011 - $1,300,000
FY 2012 - $1,300,000
FY 2013 - $1,300,000
Note: figures are an estimated average.

(8) Cost to Administer

(9) Number of Beneficiaries
An average of approximately 52,000 individuals a year receive public health nursing services and are eligible to receive the benefit if needed.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$1,300,000

(2) Estimate of Annual Benefit to Recipients
Unknown--the number of people using the services may be significantly lower than the 52,000 people that are eligible to receive services.

(3) Legislative Intent Met?
Yes

Health and Social Services

Applicable Program
Public Health Nursing

Indirect Expenditure Name
Reasonable fees, collection, non-denial of services

Legislative Finance Analysis per AS 24.20.235

(4) Should it be continued, modified or terminated?

Recommend reconsideration. Although this is an established program, the legislature last addressed this program in 1986. Perhaps require that insurance is billed, if available.

Health and Social Services

Applicable Program
Bureau of Vital Statistics

Indirect Expenditure Name
Fees for death certificates

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Provides up to four free copies of veteran's death certificate -- discount is $40 for the first certificate and $25 for the 2nd-4th copies.

(2) Authorizing Statute Regulation or Other Authority
AS 18.50.320

(3) Year Enacted
09/16/12

(4) Sunset or Repeal Date
None

(5) Legislative Intent
Honor veterans by making it easier to apply for benefits

(6) Public Purpose
Honor veterans by making it easier to apply for benefits

(7) Estimated Revenue Impact
FY 2009 - Program not in existence
FY 2010 - Program not in existence
FY 2011 - Program not in existence
FY 2012 - Program not in existence
FY 2013 - $40,900

(8) Cost to Administer

(9) Number of Beneficiaries
Approximately 30% of the deaths reported in Alaska annually, or 1,000, indicate the decedent was a veteran

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Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$40,900

(2) Estimate of Annual Benefit to Recipients
$41

(3) Legislative Intent Met?
Unknown at this time.

(4) Should it be Continued, Modified or Terminated?
No recommendation due to recent legislative action

Health and Social Services

Applicable Program
Women, Children, and Family Health (WCFH) Pediatric Specialty Clinics

Indirect Expenditure Name
Fees for services at Pediatric Specialty Clinics

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Fees charged to patients based on the published Alaska Medicaid fee schedule and not the market price. Sliding scale fee for calculation sheet. Beneficiary may be any patient seen at the four types of clinics: genetics, metabolic, cleft lip and palate, and/or neurodevelopmental autism.

(2) Authorizing Statute Regulation or Other Authority

AS 37.10.050(c)

(3) Year Enacted

Unknown

(4) Sunset or Repeal Date

None

(5) Legislative Intent

Ability to collect fees for services provided by the state

(6) Public Purpose

Enables the fees charged for clinic visits to be consistent for all patients attending the clinic; patients with private insurance or no coverage are charged the same amount that is in the current Medicaid fee schedule

(7) Estimated Revenue Impact

FY 2009 - $45,800
FY 2010 - $152,000
FY 2011 - $120,800
FY 2012 - $129,700
FY 2013 - $197,100

(8) Cost to Administer

(9) Number of Beneficiaries

370 +/- patients annually.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

The department's estimate of foregone revenue ($197,100) is the difference between the Medicaid rate--not the full cost of services--and the amount billed for services. The estimate understates the value to recipients and overstates the amount of revenue foregone by the state. The state's cost is about $21,000 annually.

(2) Estimate of Annual Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Unclear

(4) Should it be Continued, Modified or Terminated?

Recommend continuation based on high benefit/cost ratio. Only $21.1 (or 2%) of this $1 million program is UGF. The remainder is paid for by insurance companies and individuals ($462.7), Medicaid ($307.0), federal funds ($211.9) and

Applicable Program
Women, Children, and Family Health (WCFH) Pediatric Specialty Clinics

Indirect Expenditure Name
Fees for services at Pediatric Specialty Clinics

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

other sources ($23.7 of SDPR).

Health and Social Services

Applicable Program
HB310 Vaccine

Indirect Expenditure Name
Fees for vaccines

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Free vaccine for specific-aged individuals. Vaccine is limited to those listed in legislation.

(2) Authorizing Statute Regulation or Other Authority
HB310: Ch 24, SLA 2012; SB169: SLA 2014; AS 18.09

(3) Year Enacted
05/23/12

(4) Sunset or Repeal Date
None

(5) Legislative Intent
Assures protection of overall public health by making certain vaccines available to uninsured and under-insured children and seniors

(6) Public Purpose
Assures protection of overall public health by making certain vaccines available to uninsured and under-insured children and seniors

(7) Estimated Revenue Impact
FY 2009 - Program not in existence
FY 2010 - Program not in existence
FY 2011 - Program not in existence
FY 2012 - Program not in existence
FY 2013 - $4,496,000

(8) Cost to Administer

(9) Number of Beneficiaries
Approximately 18,000 children (0-18), 7,000 adults

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$4,496,000

(2) Estimate of Annual Benefit to Recipients
$180

(3) Legislative Intent Met?
Unknown at this time.

(4) Should it be Continued, Modified or Terminated?
No recommendation based on recent legislative action. HB 310 is repealed effective January 1, 2015 so no action is needed. A FY15 fiscal note for Ch. 30 SLA 14 (SB 169), deposits the remaining UGF balance ($4 million) to the new Vaccine Assessment Account.

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Department of Labor and Workforce Development

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Labor and Workforce Development

Applicable Program
Worker's Compensation

Indirect Expenditure Name
Workers' Compensation Uninsured Penalties

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Statutes provide for a civil penalty of up to $1,000 per uninsured employee workday. If an employer voluntarily stipulates, regulations allow a reduction of 25% of the calculated penalty. If the employer goes to hearing, the Board has discretion to suspend the calculated civil penalty in whole or in part.

(2) Authorizing Statute Regulation or Other Authority

AS 23.30.080(f); 8 AAC 45.176

(3) Year Enacted

2005

(4) Sunset or Repeal Date

None

(5) Legislative Intent

This was an unintended consequence of legislative changes in 2005. The legislature did not anticipate the Appeals Commission Decision in Alaska R&C Communications.

(6) Public Purpose

Waiving a penalty under 8 AAC 45.176 is to encourage an employer to agree to the calculated civil penalty without litigation, freeing up Board time and resources. Waiving a penalty under AS 23.30.080 is to avoid extreme financial hardship to an employer, or putting the employer out of business (Workers' Compensation Appeals Commission Case: Alaska R&C Communications v SOA, Decision No. 88, 9/16/08).

(7) Estimated Revenue Impact

FY 2009 - $52,000
FY 2010 - $56,000
FY 2011 - $855,000
FY 2012 - $1,351,000
FY 2013 - $503,000
Note: Revenue from these civil penalties funds the Workers' Compensation Benefits Guaranty Fund, AS 23.30.082, which covers expenses for injured employees of uninsured employers.

(8) Cost to Administer

N/A

(9) Number of Beneficiaries

There were 88 uninsured employers in FY13 who received discounts: 66 by stipulation and 22 by decision and order.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$503,000

(2) Estimate of Annual Benefit to Recipients

The average employer reduction in FY13 was $5,716 (based on the 88 uninsured employers that were assessed reduced penalties).

Labor and Workforce Development

Applicable Program
Worker's Compensation

Indirect Expenditure Name
Workers' Compensation Uninsured Penalties

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Unclear. Reduced penalties are intended to encourage an employer to agree to civil penalty assessments without the cost of litigation. The incentive appears to work in about 75% of cases. However, a much larger discount can be obtained by going through the appeals process.

(4) Should it be Continued, Modified or Terminated?

Recommend reconsideration This 10-year-old framework was subsequently affected by a lawsuit. The revenue from these civil penalties partially funds the Workers' Compensation Benefits Guaranty Fund (AS 23.30.082), which covers expenses for injured employees of uninsured employers.

Labor and Workforce Development

Applicable Program
Worker's Compensation

Indirect Expenditure Name
Workers' Compensation Appeals Fees

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

The WCAC may waive the $50 filing fee and transcription costs. Transcription costs may run anywhere from $200 to $2,000, depending on the length of the hearing.

(2) Authorizing Statute Regulation or Other Authority

8 AAC 57.090; AS 23.30.128

(3) Year Enacted

12/05/05

(4) Sunset or Repeal Date

None

(5) Legislative Intent

N/A

(6) Public Purpose

To ensure that all parties have the ability to due process, even if they cannot afford filing costs.

(7) Estimated Revenue Impact

FY 2009 - $2,100
FY 2010 - $4,700
FY 2011 - $4,300
FY 2012 - $1,900
FY 2013 - $2,400

(8) Cost to Administer

N/A

(9) Number of Beneficiaries

In FY13 there were four persons whose filing fees and/or transcription costs were waived.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$2,400

(2) Estimate of Annual Benefit to Recipients

Over the last five years, an average of $3,080/year in total fees were waived; but using the FY13 figure of $2,400 in waived fees for four individuals, the average benefit is $600/year.

(3) Legislative Intent Met?

Yes. The intent to provide due process to all individuals, regardless of ability to pay, is being fulfilled.

(4) Should it be Continued, Modified or Terminated?

Recommend continuation. The need is being met and the loss of revenue to the State is minimal.

Labor and Workforce Development

Applicable Program
Workers' Compensation

Indirect Expenditure Name
Workers' Compensation Late Filing Penalties

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Commissioner has authority to waive all or part of late report filing penalties assessed against an insurer/self-insured employer if 95% of the reports filed in the calendar year were filed timely. Each employer is required to submit a compensation report on each claim when payment is initiated, the pay type or benefit amount is changed, or the claim is terminated. Report is due within 28 days of the triggering event. If the report is late, there is a statutory civil penalty of $100 per day (maximum of $1,000). At the end of each calendar year the Division totals the amount of civil penalties due.

(2) Authorizing Statute Regulation or Other Authority
AS 23.30.155(c) and .155(m), 8 AAC 45.136

(3) Year Enacted
Statute 1988, Regulation 1999

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The intent was to reward insurers/self-insured employers whose overall performance was excellent (above 95%)

(6) Public Purpose
Waiving the penalties under AS 23.30.155 is a way of forgiving the occasional untimely report of insurers/self-insured employers that provide the vast majority of their reports timely

(7) Estimated Revenue Impact
FY 2009 - $45,000
FY 2010 - $110,000
FY 2011 - $53,000
FY 2012 - $36,000
FY 2013 - $117,100

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
There are approximately 180 insurance companies/self-insured employers who submit compensation reports.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$117,100

(2) Estimate of Annual Benefit to Recipients
Based on approximately 8 beneficiaries (two percent of 424 filers), the average benefit is approximately $14,000.

(3) Legislative Intent Met?
Yes. The intent--to forgive the occasional late report--IF 95% of the reports filed in the calendar year were filed timely--is functional. However, the monetary loss to the State has been increasing.

Labor and Workforce Development

Applicable Program
Workers' Compensation

Indirect Expenditure Name
Workers' Compensation Late Filing Penalties

Legislative Finance Analysis per AS 24.20.235

(4) Should it be continued, modified or terminated?

Recommend reconsideration--the program was last modified more than 15 years ago. According to the department, the way the program works is that more penalties are waived in years where most filers file timely. This was true in both FY10 and FY13, when the percentage of filings that were late were 2.6% and 2.0%, respectively. In FY11 and FY12, the percentage of late filings was higher (7.3% and 5.8%, respectively); so fewer filers met the threshold to have their penalties forgiven.

Labor and Workforce Development

Applicable Program
Alaska Vocational Technical Center

Indirect Expenditure Name
AVTEC Tuition Waiver

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
AVTEC provides tuition waivers to one Seward high school student, and seven students via the Alaska School Counselors Association. Schools nominate graduating students and the nominations are reviewed and approved by the Alaska School Counselors Association.

(2) Authorizing Statute Regulation or Other Authority
AS 44.31.020

(3) Year Enacted
2000

(4) Sunset or Repeal Date
None

(5) Legislative Intent
N/A

(6) Public Purpose
To encourage Alaska high school graduates to work hard in school and attend AVTEC for vocational training.

(7) Estimated Revenue Impact
FY 2009 - $18,060
FY 2010 - $5,500
FY 2011 - $6,050
FY 2012 - $9,250
FY 2013 - $13,200
Note: The exact fiscal impact varies based on the training program that the recipient enrolls in. The revenue would have been General Fund Program Receipts (Designated General Funds).

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
Up to eight recipients per year: FY2009- 7 students, FY2010- 2 students, FY2011- 3 students, FY2012- 4 students, FY2013- 5 students.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$13,200

(2) Estimate of Annual Benefit to Recipients
An average of $2,460/year/student has been awarded over the last five years -- available to a maximum of eight graduating students per year (one from Seward + a max of seven additional students throughout the State).

(3) Legislative Intent Met?
Yes--to the extent awards are made.

Labor and Workforce Development

Applicable Program	Indirect Expenditure Name
Alaska Vocational Technical Center	AVTEC Tuition Waiver

Legislative Finance Analysis per AS 24.20.235

(4) Should it be continued, modified or terminated?

Recommend reconsideration--this program was established 15 years ago. According to the department, not all of the waivers have been used each year for two reasons -- (1) not all of the seven districts represented by the Alaska School Counseling Association (AKSCA) identify students for the tuition waivers, and (2) the students identified do not necessarily attend AVTEC.

Labor and Workforce Development

Applicable Program
Occupational Safety and Health

Indirect Expenditure Name
Penalty reduction for late reporting

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
By regulation, during an AKOSH informal conference the director, on behalf of the commissioner, may change the penalty assessed against an employer. An AKOSH informal conference provides an opportunity for an employer to meet with the director and discuss any issues related to an inspection, citation and notice of proposed penalty. The informal conference may result in an adjustment of penalties to settle the alleged violation(s).

(2) Authorizing Statute Regulation or Other Authority
AS 18.60.095, 8 ACC 61.155

(3) Year Enacted
Statute 1973, Regulation 1975

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To allow flexibility when assessing a penalty to consider the size of the business of the employer being charged, the gravity of the violation, the good faith of the employer, and the history of previous violations.

(6) Public Purpose
Penalty reductions assist with quicker and less expensive resolutions of citations and penalties along with faster hazard abatement. Formal contests are time consuming and costly. Also, during the period a case is in formal contest the hazards associated with alleged violations are not required to be corrected, while all hazards must be verified as corrected under the terms of an informal settlement agreement achieved through informal conference.

(7) Estimated Revenue Impact
FY 2009 - $28,100
FY 2010 - $56,200
FY 2011 - $42,600
FY 2012 - $33,000
FY 2013 - $54,300

(8) Cost to Administer
N/A

(9) Number of Beneficiaries
The number of beneficiaries varies from year to year and has not been tracked.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$54,300

(2) Estimate of Annual Benefit to Recipients
Indeterminate - tracking has not been consistent

(3) Legislative Intent Met?
Unknown

Labor and Workforce Development

Applicable Program	**Indirect Expenditure Name**
Occupational Safety and Health	Penalty reduction for late reporting

Legislative Finance Analysis per AS 24.20.235

(4) Should it be continued, modified or terminated?

Recommend reconsideration--this program was established in 1973. In theory, this approach allows quicker resolution and faster hazard abatement.

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Department of Revenue

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Revenue

Applicable Program
Oil and Gas Production Tax, State Royalty

Indirect Expenditure Name
Exploration Incentive Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

A non-transferrable credit for the cost of drilling or seismic work performed under a limited time period established by the Commissioner of the Department of Natural Resources. Credit may be granted for up to 50% of the cost of drilling or seismic work, not to exceed 50% of the tax liability to which it is being applied. See also p. 58.

(2) Authorizing Statute Regulation or Other Authority

AS 38.05.180 (i)

(3) Year Enacted

1978

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The Legislature intended the credit to encourage geophysical work on state lands, so the state can manage their lands more effectively.

(6) Public Purpose

To increase oil and gas exploration.

(7) Estimated Revenue Impact

FY 2009 - $0
FY 2010 - $0
FY 2011 - $0
FY 2012 - $0
FY 2013 - $0

(8) Cost to Administer

(9) Number of Beneficiaries

0. This credit has not been used in over a decade.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$0

(2) Estimate of Annual Benefit to Recipients

$0

(3) Legislative Intent Met?

No--the credit has not been used in over a decade.

(4) Should it be Continued, Modified or Terminated?

Recommend termination. The credit appears obsolete and ineffective given that it hasn't been used in over a decade. The Alternative Credit for Exploration (AS 43.55.025 (a)(1-4)) appears to be a more attractive incentive.

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Qualified Capital Expenditure Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A transferable tax credit for qualified oil and gas capital expenditures on the North Slope. It can be taken in lieu of exploration incentive credits under AS 43.55.025 and gas exploration credits under AS 43.20.043. Prior to 2014, this tax credit was applicable to all areas of the state. The credit is 20% of qualified capital expenditures.

(2) Authorizing Statute Regulation or Other Authority
AS 43.55.023 (a)

(3) Year Enacted
2006, last amended 2013

(4) Sunset or Repeal Date
12/31/2013 for North Slope, none for others.

(5) Legislative Intent
The credit was intended to encourage taxpayers to invest in capital expenditures. It was implemented as part of the broader Petroleum Profits Tax (PPT) legislation.

(6) Public Purpose
To Increase oil and gas exploration and production.

(7) Estimated Revenue Impact
FY 2009 - $458 million
FY 2010 - $569 million
FY 2011 - $766 million
FY 2012 - $603 million
FY 2013 - $772 million
Note: This revenue impact is approximated and rounded to the nearest million dollars. It includes the total fiscal impact, including reductions in tax liability and the amount that is refunded through the operating budget.

(8) Cost to Administer

(9) Number of Beneficiaries
Approximately 50 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$772 million

(2) Estimate of Annual Benefit to Recipients
Based on approximately 50 beneficiaries, the average benefit is $15.4 million.

(3) Legislative Intent Met?
The intent was to increase oil and gas production by encouraging investment in oil and gas capital infrastructure. The credit appears to have been used primarily for investment in maintenance for existing infrastructure.

(4) Should it be Continued, Modified or Terminated?
No recommendation based on recent legislative action. SB 21 put a sunset provision on this credit for the North

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Qualified Capital Expenditure Credit

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

Slope. In another attempt to incentivize new production, two new credits were created, the 20% Gross Value Reduction (GVR) credit, and a per barrel sliding scale credit for new production.

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Well Lease Expenditure Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

A transferable tax credit for qualified oil and gas capital expenditures in areas outside the North Slope. It can be taken in lieu of exploration incentive credits under AS 43.55.025 and gas exploration credits under AS 43.20.043. The credit is 20% of qualified well lease expenditures and can be taken in conjunction with the Qualified Capital Expenditure Credit.

(2) Authorizing Statute Regulation or Other Authority

AS 43.55.023 (l)

(3) Year Enacted

2010

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The Legislature intended to stimulate redevelopment and exploration in the Cook Inlet basin, while limiting the incentive only to activities that were viewed to be directly tied to exploration and production.

(6) Public Purpose

To increase oil and gas production outside the North Slope.

(7) Estimated Revenue Impact

FY 2009 - Totals included in Qualified Capital Expenditure Credits.
FY 2010 - Totals included in Qualified Capital Expenditure Credits.
FY 2011 - Totals included in Qualified Capital Expenditure Credits.
FY 2012 - Totals included in Qualified Capital Expenditure Credits.
FY 2013 - Totals included in Qualified Capital Expenditure Credits.

(8) Cost to Administer

(9) Number of Beneficiaries

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Unknown

(4) Should it be Continued, Modified or Terminated?

No recommendation due to lack of public information. The revenue impact of the credit is confidential for every year, so the fiscal impact and benefit to the state and industry is unclear. This credit should be reviewed in a legislative executive session to determine its effectiveness.

Revenue

Applicable Program
Oil and Gas Production Tax, State Royalty

Indirect Expenditure Name
Carried-Forward Annual Loss Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A transferable credit for a carried-forward annual loss, defined as a producer or explorer's adjusted lease expenditures that are not deductible in calculating production tax values for the calendar year. From 2008 until 2014, the credit was 25% for all regions of the state. Beginning in 2014, the credit remains 25% for areas outside the North Slope and increases to 45% in the North Slope. In 2016, the credit decreases to 35% for the North Slope.

(2) Authorizing Statute Regulation or Other Authority
AS 43.55.023 (b)

(3) Year Enacted
2006, last amended 2013

(4) Sunset or Repeal Date
None, but after 12/31/2015 the credit for the North Slope decreases to 35% of the loss

(5) Legislative Intent
The credit was intended to allow producers that incur a loss but do not have tax liability to carry the loss forward to future years. This credit was originally part of the PPT tax legislation and was changed under the Alaska's Clear and Equitable Share (ACES) legislation and the More Alaska Production Act (MAPA) to match the base tax rate. It was increased above the base tax rate for 2014 and 2015 to hold taxpayers harmless for the expiration of the qualified capital expenditure credit, then decreases to match the base tax rate.

(6) Public Purpose
To Increase oil and gas exploration and production.

(7) Estimated Revenue Impact
FY 2009 - Totals included in Qualified Capital Expenditure Credits.
FY 2010 - Totals included in Qualified Capital Expenditure Credits.
FY 2011 - Totals included in Qualified Capital Expenditure Credits.
FY 2012 - Totals included in Qualified Capital Expenditure Credits.
FY 2013 - Totals included in Qualified Capital Expenditure Credits.

(8) Cost to Administer

(9) Number of Beneficiaries
Approximately 40 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Unknown

(2) Estimate of Annual Benefit to Recipients
Unknown

(3) Legislative Intent Met?
Unknown at this time.

Revenue

Applicable Program
Oil and Gas Production Tax, State Royalty

Indirect Expenditure Name
Carried-Forward Annual Loss Credit

Legislative Finance Analysis per AS 24.20.235

(4) Should it be continued, modified or terminated?

No recommendation based on recent legislative action.

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
New Area Development Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A nonrefundable credit of up to $6 million per company annually, for oil or gas produced from leases outside Cook Inlet and the North Slope, providing the producer has a positive tax liability on that production before the application of credits.

(2) Authorizing Statute Regulation or Other Authority
AS 43.55.024 (a)

(3) Year Enacted
2006

(4) Sunset or Repeal Date
12/31/2015 or nine years after first production

(5) Legislative Intent
To encourage companies to explore and develop prospects outside the two primary petroleum basins.

(6) Public Purpose
To encourage exploration of areas outside the North Slope and Cook Inlet.

(7) Estimated Revenue Impact
FY 2009 - $0
FY 2010 - $0
FY 2011 - $0
FY 2012 - $0
FY 2013 - $0

(8) Cost to Administer
None

(9) Number of Beneficiaries
0

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$0

(2) Estimate of Annual Benefit to Recipients
$0

(3) Legislative Intent Met?
Unlikely

(4) Should it be Continued, Modified or Terminated?
Recommend no action as the credit will sunset if not utilized by 12/31/2015.

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Small Producer Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A non-transferable, nonrefundable credit for oil and gas produced by small producers, defined as having average taxable oil and gas production of less than 100,000 BTU equivalent barrels per day. The small producer credit is capped at $12 million annually for producers with no more than 50,000 BTU equivalent barrels per day. The credit then phases to zero for producers with 100,000 or more BTU equivalent barrels per day.

(2) Authorizing Statute Regulation or Other Authority
AS 43.55.024 (c)

(3) Year Enacted
2006

(4) Sunset or Repeal Date
12/31/2015 or nine years after first production

(5) Legislative Intent
To attract new companies to Alaska's oil and gas industry, to explore and develop prospects not being pursued by major producers. This credit was part of the PPT tax legislation.

(6) Public Purpose
To increase oil and gas production by small producers.

(7) Estimated Revenue Impact
FY 2009 - $27 million
FY 2010 - $27 million
FY 2011 - $52 million
FY 2012 - $53 million
FY 2013 - $58 million
Note: This revenue impact is approximated and rounded to the nearest million dollars.

(8) Cost to Administer

(9) Number of Beneficiaries
Approximately 20 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$58 million

(2) Estimate of Annual Benefit to Recipients
Based on approximately 20 beneficiaries, the average benefit is $2.9 million to maximum of $12 million.

(3) Legislative Intent Met?
Likely

(4) Should it be Continued, Modified or Terminated?
Recommend review of costs and benefits. While the credit appears to have been successful in bringing in "small" producers, the cost may outweigh the benefit to the state. These small producers may in fact be large multi-national

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Small Producer Credit

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

corporations with limited production in Alaska.

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Alternative Credit for Exploration

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A transferable credit for expenditures for certain oil and gas exploration activities. The credit is 40% for seismic costs outside an existing unit, 30% for drilling costs greater than 25 miles (10 miles in Cook Inlet) from an existing unit, 30% for pre-approved new targets, and 40% for drilling costs that are greater than 3 miles (10 miles in Cook Inlet) from an existing unit and pre-approved new targets.

(2) Authorizing Statute Regulation or Other Authority
AS 43.55.025 (a)(1)-(4)

(3) Year Enacted
2003, last amended 2013

(4) Sunset or Repeal Date
6/30/2016 for North Slope, 12/31/2021 for other areas

(5) Legislative Intent
To encourage exploration of new oil and gas prospects.

(6) Public Purpose
To increase oil and gas exploration, leading to more production.

(7) Estimated Revenue Impact
FY 2009 - $42 million
FY 2010 - $66 million
FY 2011 - $19 million
FY 2012 - $57 million
FY 2013 - $8 million
Note: This revenue impact is approximated and rounded to the nearest million dollars.

(8) Cost to Administer

(9) Number of Beneficiaries
28-30 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$8 million

(2) Estimate of Annual Benefit to Recipients
Based on approximately 30 beneficiaries, the average benefit is $267,000.

(3) Legislative Intent Met?
Unknown at this time.

(4) Should it be Continued, Modified or Terminated?
No recommendation based on recent legislative action.

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Transitional Investment Expenditure Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A non-transferable credit for qualified oil and gas capital expenditures incurred between March 31, 2001 and April 1, 2006. It is available only to companies that did not have production in commercial quantities prior to January 1, 2008. The credit is 20% of qualified oil and gas capital expenditures incurred between March 31, 2001 and April 1, 2006, not to exceed 10% of the capital expenditures incurred between March 31, 2006 and January 1, 2008.

(2) Authorizing Statute Regulation or Other Authority
AS 43.55.023 (i)

(3) Year Enacted
2006, amended 2007

(4) Sunset or Repeal Date
12-31-13

(5) Legislative Intent
When the 20% capital credit was introduced in 2006, this credit was intended to provide some benefit for companies that had recently made capital investments that did not receive a credit. This credit was part of the PPT and ACES tax packages.

(6) Public Purpose
To provide a benefit for recent capital expenditures as part of broader 2006 and 2008 tax reform.

(7) Estimated Revenue Impact
FY 2009 - $0
FY 2010 - Confidential due to small number of recipients
FY 2011 - Confidential due to small number of recipients
FY 2012 - Confidential due to small number of recipients
FY 2013 - Confidential due to small number of recipients

(8) Cost to Administer

(9) Number of Beneficiaries
Fewer than 4, currently 0

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Confidential due to small number of recipients.

(3) Legislative Intent Met?
Indeterminate

(4) Should it be Continued, Modified or Terminated?
Recommend no action as the credit sunset on 12/31/13.

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Cook Inlet Jack-Up Rig Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

A credit for exploration expenses for the first three wells drilled by the first jack-up rig brought in to Cook Inlet. It is only for expenses incurred in drilling wells that test pre-Tertiary; all three wells must be drilled by unaffiliated parties using the same rig. The credit is 100% of costs for the first well up to $25 million, 90% of costs for the second well up to $22.5 million, and 80% of costs for the third well up to $20 million. If the exploration well is brought into production, the operator repays 50% of the credit over ten years following production start-up.

(2) Authorizing Statute Regulation or Other Authority

AS 43.55.025 (a)(5)

(3) Year Enacted

2010

(4) Sunset or Repeal Date

06-30-16

(5) Legislative Intent

The intent of the credit is to encourage the use of jack-up rigs in Cook Inlet.

(6) Public Purpose

To Increase oil and gas exploration and production in Cook Inlet.

(7) Estimated Revenue Impact

FY 2009 - Credit not in effect
FY 2010 - $0
FY 2011 - $0
FY 2012 - $0
FY 2013 - $0

(8) Cost to Administer

(9) Number of Beneficiaries

0

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$0

(2) Estimate of Annual Benefit to Recipients

$0

(3) Legislative Intent Met?

No. The credit has not been utilized.

(4) Should it be Continued, Modified or Terminated?

Recommend the credit be allowed to sunset as scheduled in 2016.

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Frontier Basin Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

A credit for expenses for the first four persons to drill exploration wells and the first four persons to conduct seismic projects within an area designated in AS 43.55.025(p), also called the "Frontier Basins." The credit is for lesser of 80% of qualified exploration drilling expenses or $25 million per well; or for seismic projects, credit is for lesser of 75% of qualified seismic exploration expenditures or $7.5 million per seismic project. It includes expenditures incurred for work performed after June 1, 2012 and before July 1, 2016.

(2) Authorizing Statute Regulation or Other Authority

AS 43.55.025 (a)(6)-(7)

(3) Year Enacted

2012

(4) Sunset or Repeal Date

06-30-16

(5) Legislative Intent

The Legislature intended to provide a tax credit to encourage hydrocarbon exploration in certain remote areas of the state.

(6) Public Purpose

To Increase oil and gas exploration and production outside the North Slope and Cook Inlet

(7) Estimated Revenue Impact

FY 2009 - Credit not in effect
FY 2010 - Credit not in effect
FY 2011 - Credit not in effect
FY 2012 - Credit not in effect
FY 2013 - $0

(8) Cost to Administer

(9) Number of Beneficiaries

0

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$0

(2) Estimate of Annual Benefit to Recipients

$0

(3) Legislative Intent Met?

Unknown at this time.

(4) Should it be Continued, Modified or Terminated?

No recommendation based on recent legislative action. Credit set to sunset ending FY16.

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Per-Taxable-Barrel Credit for non-GVR-eligible production

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A sliding scale credit for areas of the North Slope that are not eligible for a gross value reduction (GVR), as defined by AS 43.55.160(f). It is a dollar-per-taxable-barrel credit ranging from zero dollars per taxable barrel at per-barrel gross value at point of production (GVPP) values greater than or equal to $150 to $8 per taxable barrel at per-barrel GVPP values less than $80. The credit may not reduce the producer's tax liability to less than the minimum tax established under AS 43.55.011(f) and may not be transferred or carried forward.

(2) Authorizing Statute Regulation or Other Authority
AS 43.55.024 (j)

(3) Year Enacted
2013

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To provide a direct incentive for oil production; the sliding scale is intended to introduce a progressive element that reduces government take when oil prices are low and increases government take when oil prices are high. This credit was part of the MAPA tax package and is not a stand-alone credit.

(6) Public Purpose
Rewards companies for producing oil from the North Slope.

(7) Estimated Revenue Impact
FY 2009 - Credit not in effect
FY 2010 - Credit not in effect
FY 2011 - Credit not in effect
FY 2012 - Credit not in effect
FY 2013 - Credit not in effect

(8) Cost to Administer

(9) Number of Beneficiaries
0

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Unknown

(2) Estimate of Annual Benefit to Recipients
$0

(3) Legislative Intent Met?
Unknown at this time.

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Per-Taxable-Barrel Credit for non-GVR-eligible production

Legislative Finance Analysis per AS 24.20.235

(4) Should it be continued, modified or terminated?

No recommendation based on recent legislative action.

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Per-Taxable-Barrel Credit for GVR-eligible production

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A per-taxable-barrel credit for oil production on the North Slope that qualifies for a GVR, as defined in AS 43.55.160(f). The credit is $5 per taxable barrel and cannot be transferred, carried forward, or used to reduce the producer's tax liability to less than zero (however, it can be used to reduce the producer's tax liability to less than the minimum tax established under AS 43.55.011(f)).

(2) Authorizing Statute Regulation or Other Authority
AS 43.55.024 (i)

(3) Year Enacted
2013

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To provide a direct incentive for oil production. This credit was part of the MAPA tax legislation and is not a stand-alone credit.

(6) Public Purpose
Rewards companies for producing oil from the North Slope.

(7) Estimated Revenue Impact
FY 2009 - Credit not in effect
FY 2010 - Credit not in effect
FY 2011 - Credit not in effect
FY 2012 - Credit not in effect
FY 2013 - Credit not in effect

(8) Cost to Administer

(9) Number of Beneficiaries
0

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Unknown

(2) Estimate of Annual Benefit to Recipients
$0

(3) Legislative Intent Met?
Unknown at this time.

(4) Should it be Continued, Modified or Terminated?
No recommendation based on recent legislative action.

Revenue

Applicable Program
Property Tax

Indirect Expenditure Name
Excluded from taxation is the value of intangible drilling expenses and exploration expenses

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
The value of intangible drilling expenses and exploration expenses are not subject to property tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.56.060 (f)

(3) Year Enacted
1973

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended the exclusion to support the efficient administration of tax as intangible drilling expenses and exploration expenses would be difficult to assess. Additionally, the Legislature intended to promote drilling for the continued development of state resources.

(6) Public Purpose
To encourage drilling for oil and gas.

(7) Estimated Revenue Impact
FY 2009 - Unknown
FY 2010 - Unknown
FY 2011 - Unknown
FY 2012 - Unknown
FY 2013 - Unknown

(8) Cost to Administer

(9) Number of Beneficiaries
Approximately 12 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation. Intangible drilling costs (IDCs) represent all expenses an operator may incur at the wellsite that don't by themselves produce a physical asset for the producer. They are costs that have no salvage value. Applying a property tax to an intangible cost inherently conflicts with the concept of a physical property tax.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Oil and Gas Service Industry Expenditures Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

A credit of 10% of qualified oil and gas industry service expenditures that are for in-state manufacture or in-state modification of oil and gas tangible personal property with a service life of three years or more. The credit may be applied to corporate income tax liabilities in amounts up to $10 million per taxpayer per year. The credit is not transferable but any amount of the credit that exceeds the taxpayer's liability may be carried forward up to five years.

(2) Authorizing Statute Regulation or Other Authority

AS 43.20.049

(3) Year Enacted

2013

(4) Sunset or Repeal Date

None

(5) Legislative Intent

To encourage expansion of in-state service industry activity, in particular manufacturing of modules and equipment in Alaska.

(6) Public Purpose

Increased economic activity and service industry jobs

(7) Estimated Revenue Impact

FY 2009 - Credit not in effect
FY 2010 - Credit not in effect
FY 2011 - Credit not in effect
FY 2012 - Credit not in effect
FY 2013 - Credit not in effect

(8) Cost to Administer

(9) Number of Beneficiaries

0

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$0

(2) Estimate of Annual Benefit to Recipients

$0

(3) Legislative Intent Met?

Unknown at this time.

(4) Should it be Continued, Modified or Terminated?

No recommendation based on recent legislative action.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Gas Exploration and Development Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A non-transferable credit for qualified expenditures for the exploration and development of non-North Slope natural gas reserves. The credit is 25% of qualified expenditures; investments in existing units qualify. The credit is capped at 75% of tax liability as calculated before applying other credits.

(2) Authorizing Statute Regulation or Other Authority
AS 43.20.043

(3) Year Enacted
2003, amended 2010

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To encourage development of gas resources outside the North Slope, in particular in Cook Inlet.

(6) Public Purpose
To increase gas exploration and development outside the North Slope, leading to more production and gas supplies, in particular for Southcentral Alaska.

(7) Estimated Revenue Impact
FY 2009 - Confidential due to small number of recipients
FY 2010 - Confidential due to small number of recipients
FY 2011 - Confidential due to small number of recipients
FY 2012 - Confidential due to small number of recipients
FY 2013 - Confidential due to small number of recipients

(8) Cost to Administer

(9) Number of Beneficiaries
Fewer than 4

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Unknown at this time.

(4) Should it be Continued, Modified or Terminated?
No recommendation due to lack of public information. The revenue impact of the credit is confidential for every year, so the fiscal impact and benefit to the state and industry is unclear. This credit should be reviewed in a legislative executive session to determine its effectiveness.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
In-State Refinery Tax Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A credit for qualified infrastructure expenditures for in-state oil refineries. The credit may not exceed the lesser of 40% of total qualifying expenditures or $10 million per tax year. The credit can be applied against corporate income tax liability and carried forward, or refunded by the state.

(2) Authorizing Statute Regulation or Other Authority
AS 43.20.053

(3) Year Enacted
2013

(4) Sunset or Repeal Date
12-31-19

(5) Legislative Intent
To encourage investment in infrastructure improvements and help maintain economic viability of the in-state refining industry.

(6) Public Purpose
Maintain or expand in-state refining industry jobs and related economic activity; to maintain in-state sources of refined products.

(7) Estimated Revenue Impact
FY 2009 - Credit not in effect
FY 2010 - Credit not in effect
FY 2011 - Credit not in effect
FY 2012 - Credit not in effect
FY 2013 - Credit not in effect

(8) Cost to Administer

(9) Number of Beneficiaries
None

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$0

(2) Estimate of Annual Benefit to Recipients
$0

(3) Legislative Intent Met?
Unknown at this time.

(4) Should it be Continued, Modified or Terminated?
No recommendation based on recent legislative action.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Foreign Royalty Exclusion

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Excludes 80% of foreign royalties from taxable income.

(2) Authorizing Statute Regulation or Other Authority
AS 43.20.145(b)

(3) Year Enacted
1991

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The sponsor of the legislation stated in committee that the purpose was to encourage foreign investment in Alaska.

(6) Public Purpose
To encourage investments in Alaska from multinational corporations.

(7) Estimated Revenue Impact
FY 2009 - Unknown
FY 2010 - Unknown
FY 2011 - Unknown
FY 2012 - Unknown
FY 2013 - Unknown

(8) Cost to Administer
None

(9) Number of Beneficiaries
250 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Unknown

(2) Estimate of Annual Benefit to Recipients
Unknown

(3) Legislative Intent Met?
No

(4) Should it be Continued, Modified or Terminated?
Recommend termination. The provision does not appear to be closely related to the legislative intent, and could be seen as a loophole because it allows taxpayers to reduce liability by shifting assets to offshore subsidiaries. Minnesota recently repealed a similar provision and significantly increased corporate income tax revenue.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Utilities Exempted from Water's Edge Combination Reporting

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Income from public utilities including telephone service is exempt from water's edge combination reporting requirements. These companies can instead pay tax only on Alaska net income.

(2) Authorizing Statute Regulation or Other Authority
AS 43.19.010, Article IV, Sect. 2

(3) Year Enacted
1970

(4) Sunset or Repeal Date
None

(5) Legislative Intent
This provision was adopted as part of the state's adoption of the multistate tax compact. The Legislature adopted the compact to promote the efficient collection of taxes.

(6) Public Purpose
To promote the efficient collection of taxes.

(7) Estimated Revenue Impact
FY 2009 - Unknown
FY 2010 - Unknown
FY 2011 - Unknown
FY 2012 - Unknown
FY 2013 - Unknown

(8) Cost to Administer
None

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Unknown

(2) Estimate of Annual Benefit to Recipients
Unknown

(3) Legislative Intent Met?
It is unclear whether the legislature intended to exempt utilities from water's edge combination reporting. It appears to have been an inadvertent result of adopting the Multistate Tax Compact.

(4) Should it be Continued, Modified or Terminated?
Recommend termination. The provision does not appear to be closely related to the legislative intent, and could be seen as a loophole because it allows taxpayers to reduce liability by shifting costs between subsidiaries.

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Small Business Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Exempts businesses from tax that are C-corporations in Alaska that are in certain industries identified in section 1202 of the Internal Revenue Code, that have assets of under $50 million, and that meet other requirements of AS 43.20.012.

(2) Authorizing Statute Regulation or Other Authority

AS 43.20.012

(3) Year Enacted

2012

(4) Sunset or Repeal Date

06-30-22

(5) Legislative Intent

The purpose of the exemption is to encourage the development of high-growth technology and research companies in Alaska.

(6) Public Purpose

To encourage small business development.

(7) Estimated Revenue Impact

FY 2009 - Credit not in effect
FY 2010 - Credit not in effect
FY 2011 - Credit not in effect
FY 2012 - Credit not in effect
FY 2013 - Unknown. Companies will not file 2013 returns until late 2014.

(8) Cost to Administer

(9) Number of Beneficiaries

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Unknown at this time.

(4) Should it be Continued, Modified or Terminated?

No recommendation based on recent legislative action.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Exclude Income from Certain Vessels from Tax

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Foreign-flagged vessels other than cruise ships operating in Alaska waters are excluded from tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.20.021 (h)

(3) Year Enacted
1998, amended 2006

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The intent of the exclusion adopted in 1998 was to exclude foreign-flagged vessels from tax. A 2006 ballot measure removed the exclusion for cruise ships.

(6) Public Purpose
To only tax cruise ships and not other foreign-flagged vessels.

(7) Estimated Revenue Impact
FY 2009 - Unknown. There is limited reporting requirement for foreign-flagged vessels.
FY 2010 - Unknown. There is limited reporting requirement for foreign-flagged vessels.
FY 2011 - Unknown. There is limited reporting requirement for foreign-flagged vessels.
FY 2012 - Unknown. There is limited reporting requirement for foreign-flagged vessels.
FY 2013 - Unknown. There is limited reporting requirement for foreign-flagged vessels.

(8) Cost to Administer
None

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Unknown

(2) Estimate of Annual Benefit to Recipients
Unknown

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation. This exclusion appears to conform with the federal tax code and the multistate tax compact.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Exempt corporations from tax that are participants in contract under Stranded Gas Development Act

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Corporations that are a party to a contract under the Stranded Gas Development Act are exempt from corporate income tax filing requirements, if the agreement provides for a payment in lieu of income tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.20.145 (g)

(3) Year Enacted
1998

(4) Sunset or Repeal Date
None

(5) Legislative Intent
This provision is intended to allow the state to take payment in lieu of tax under the Stranded Gas Development Act.

(6) Public Purpose
To promote the construction of a gas pipeline from the North Slope to export markets.

(7) Estimated Revenue Impact
FY 2009 - $0
FY 2010 - $0
FY 2011 - $0
FY 2012 - $0
FY 2013 - $0

(8) Cost to Administer
None

(9) Number of Beneficiaries
0

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
None

(2) Estimate of Annual Benefit to Recipients
None

(3) Legislative Intent Met?
No

(4) Should it be Continued, Modified or Terminated?
Recommended termination because the Stranded Gas Development Act is unlikely to be used in the future, rendering the exemption obsolete.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
"S" Corporations exclusion

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Under Alaska's adoption of the Internal Revenue Code, corporations that are designated as flow-through entities ("S" corporations) are not subject to tax on ordinary income. Prior to 1980, this income was subject to Alaska's personal income tax. Since the 1980 repeal of the state's personal income tax, S-corporations no longer pay tax on ordinary income in Alaska. S corporations pay tax on built-in gains if they were a C corporation prior to electing S status.

(2) Authorizing Statute Regulation or Other Authority

AS 43.20.021

(3) Year Enacted

1980

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The exclusion is intended to support the efficient administration of the corporate income tax through uniformity with the federal income reporting.

(6) Public Purpose

To generate state revenue by efficient administration of tax.

(7) Estimated Revenue Impact

FY 2009 - Unknown
FY 2010 - Unknown
FY 2011 - Unknown
FY 2012 - Unknown
FY 2013 - Unknown

(8) Cost to Administer

None

(9) Number of Beneficiaries

Approximately 7,500

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Benefit to Recipients

Unknown

(3) Legislative Intent Met?

It is unclear whether the legislature intended to exclude S Corporations from tax.

(4) Should it be Continued, Modified or Terminated?

Recommend termination. "S" corporations are exempt from the federal corporate income tax because income from these corporations is taxed under the personal income tax. Without a state personal income tax, these corporations

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
"S" Corporations exclusion

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

receive the legal benefits of incorporation without any state tax liability. The only other state with a corporate income tax and no personal income tax, Florida, does tax S corporations.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Reduced Tax Rate on Capital Gains

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Long term capital gains are taxed at a maximum rate of 4.5%, while other income is taxed at a maximum rate of 9.4%.

(2) Authorizing Statute Regulation or Other Authority
AS 43.20.021 (c)

(3) Year Enacted
1975

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The rate differential reflects preferential treatment of capital gains in the federal tax code when Alaska's rate structure was adopted. The intent was to allow for efficient administration of taxes by basing Alaska's taxes on the federal code.

(6) Public Purpose
To generate state revenue by efficient administration of tax.

(7) Estimated Revenue Impact
FY 2009 - Unknown
FY 2010 - Unknown
FY 2011 - Unknown
FY 2012 - Unknown
FY 2013 - Unknown

(8) Cost to Administer
None

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Unknown

(2) Estimate of Annual Benefit to Recipients
Unknown

(3) Legislative Intent Met?
No

(4) Should it be Continued, Modified or Terminated?
Recommend termination. This provision was adopted for conformity with the federal corporate income tax, which at the time had a lower rate for capital gains than other income. The federal tax code no longer treats capital gains differently from other income, so this provision is no longer necessary for conformity (it actually puts Alaska out of

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Reduced Tax Rate on Capital Gains

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

conformity).

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Federal Tax Credits

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Under Alaska's adoption of the Internal Revenue Code, taxpayers can claim most federal incentive credits. Federal credits that refund other federal taxes are not allowed. Multi-state taxpayers apportion their total federal incentive credits. For most credits, the credit is limited to 18% of the amount of the credit determined for federal tax purposes which is attributable to Alaska.

(2) Authorizing Statute Regulation or Other Authority

AS 43.20.021

(3) Year Enacted

1975

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The adoption by reference of federal credits to support the efficient administration of the corporate income tax through uniformity with the federal incentive credits.

(6) Public Purpose

To generate state revenue by efficient administration of tax.

(7) Estimated Revenue Impact

FY 2009 - Unknown, not tracked
FY 2010 - Unknown, not tracked
FY 2011 - Unknown, not tracked
FY 2012 - Unknown, not tracked
FY 2013 - Unknown, not tracked

(8) Cost to Administer

None

(9) Number of Beneficiaries

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Benefit to Recipients

Unknown

(3) Legislative Intent Met?

No

(4) Should it be Continued, Modified or Terminated?

Recommend termination. This rationale for this provision is conformity with the federal tax code, but this conformity is not necessary for efficient administration of the corporate income tax. No other state has adopted all federal tax

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Federal Tax Credits

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

credits by reference into its own tax code. Doing so results in the state of Alaska giving tax credits for activity both within and outside of the state of Alaska, for purposes determined by the federal government rather than the state.

Revenue

Applicable Program	**Indirect Expenditure Name**
Corporate Income Tax	Gas Storage Facility Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

A non-transferable credit for the costs incurred to establish a natural gas storage facility. The credit is $1.50 per thousand cubic feet of "working gas" storage capacity as determined by the Alaska Oil and Gas Conservation Commission and is only available to facilities used by public utilities. It does not apply to gas storage related to a gas sales pipeline on the North Slope. The maximum credit is the lesser of $15 million or 25% of costs incurred to establish the facility.

(2) Authorizing Statute Regulation or Other Authority

AS 43.20.046

(3) Year Enacted

2010

(4) Sunset or Repeal Date

12-31-15

(5) Legislative Intent

To provide an incentive to encourage the construction of natural gas storage facilities for the use of public utilities.

(6) Public Purpose

To encourage construction of gas storage facilities, thereby reducing the potential for gas shortages during peak demand.

(7) Estimated Revenue Impact

FY 2009 - Credit not in effect
FY 2010 - Credit not in effect
FY 2011 - $0
FY 2012 - $0
FY 2013 - Confidential due to small number of recipients

(8) Cost to Administer

(9) Number of Beneficiaries

Fewer than 4

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Unknown at this time.

(4) Should it be Continued, Modified or Terminated?

This credit is scheduled to sunset 12/31/2015 and should be reviewed during the 2015 session.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
LNG Storage Facility Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A non-transferable credit for the costs incurred to establish a storage facility for liquefied natural gas. The credit is lesser of $15 million or 50% of costs incurred to establish the facility. It applies to facilities with a minimum storage capacity of 25,000 gallons of LNG and that are public utilities regulated by the Regulatory Commission of Alaska.

(2) Authorizing Statute Regulation or Other Authority
AS 43.20.047

(3) Year Enacted
2012

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To provide an incentive to encourage the construction of an LNG storage facility.

(6) Public Purpose
To encourage construction of LNG storage facilities, thereby reducing the potential for gas shortages during peak demand

(7) Estimated Revenue Impact
FY 2009 - Credit not in effect
FY 2010 - Credit not in effect
FY 2011 - $0
FY 2012 - $0
FY 2013 - $0

(8) Cost to Administer

(9) Number of Beneficiaries

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
None

(2) Estimate of Annual Benefit to Recipients
None

(3) Legislative Intent Met?
Unknown at this time.

(4) Should it be Continued, Modified or Terminated?
No recommendation based on recent legislative action.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Veteran Employment Tax Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

A non-transferable credit for corporate income taxpayers that employ qualified veterans in the state. The credit is $3,000 for a disabled veteran or $2,000 for a veteran who is not disabled for employment for a minimum of 1,560 hours during 12 consecutive months following the veteran's employment date. For seasonal employment, the credit is $1,000 for a veteran employed for a minimum of 500 hours during three consecutive months following the employment date.

(2) Authorizing Statute Regulation or Other Authority

AS 43.20.048

(3) Year Enacted

2012

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The Legislature intended to provide an incentive for businesses to hire veterans.

(6) Public Purpose

To encourage hiring of veterans.

(7) Estimated Revenue Impact

FY 2009 - Credit not in effect
FY 2010 - Credit not in effect
FY 2011 - Credit not in effect
FY 2012 - Credit not in effect
FY 2013 - $0

(8) Cost to Administer

(9) Number of Beneficiaries

0

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

None

(2) Estimate of Annual Benefit to Recipients

None

(3) Legislative Intent Met?

Unknown at this time.

(4) Should it be Continued, Modified or Terminated?

No recommendation based on recent legislative action.

Revenue

Applicable Program
Multiple Tax Programs

Indirect Expenditure Name
Film Production Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

A transferable credit for expenditures on eligible film production activities in Alaska. The credit percentage is between 30% and 58% depending on the activity. The credits must be used within six years. The program is capped at $200 million of credits for all projects. Prior to FY2013, the credit was only applicable to the corporate income tax. Beginning in FY 2013, the credit is also applicable to the insurance premium tax, title insurance tax, oil and gas production tax, oil and gas property tax, mining license tax, fisheries business tax, and fishery resource landing tax.

(2) Authorizing Statute Regulation or Other Authority

AS 43.98.030, AS 44.25.100-190

(3) Year Enacted

2008, last amended 2014

(4) Sunset or Repeal Date

12-31-18

(5) Legislative Intent

The Legislature intended to encourage the production of film and television in Alaska.

(6) Public Purpose

To encourage production of film and television in Alaska.

(7) Estimated Revenue Impact

FY 2009 - $0
FY 2010 - $0
FY 2011 - $193,765
FY 2012 - $2,702,514
FY 2013 - $6,011,541

(8) Cost to Administer

$304,800 (Note: this figure comes from a fiscal note for HB 112 in the 28th Legislature)

(9) Number of Beneficiaries

17-24 credits issued per year.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$6,011,541

(2) Estimate of Annual Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

A Legislative Audit in 2014 found that overall the credit program was well-run. However, a comparison of cost versus benefits would be required to conclude that the tax benefits the state.

(4) Should it be Continued, Modified or Terminated?

No recommendation based on recent legislative action. The program is scheduled to sunset in 2018, and will need to

Revenue

Applicable Program
Multiple Tax Programs

Indirect Expenditure Name
Film Production Credit

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

be reconsidered no later than the 2017 session.

Revenue

Applicable Program
Multiple Tax Programs

Indirect Expenditure Name
Education Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

A non-transferable credit applicable to the Corporate Income Tax, Fisheries Business Tax, Fishery Resource Landing Tax, Insurance Premium Tax, Title Insurance Premium Tax, Mining License Tax, Oil and Gas Production Tax, and the Oil and Gas Property Tax. The credit is available for up to 50% of annual contributions up to $100,000, 100% of the next $200,000, and 50% of annual contributions beyond $300,000. The credit for any one taxpayer cannot exceed $5,000,000 annually across all eligible tax types. The credit is for contributions to qualified education purposes given in AS 43.20.014(a).

(2) Authorizing Statute Regulation or Other Authority

AS 21.20.014, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, AS 43.77.045

(3) Year Enacted

1987, last amended 2014

(4) Sunset or Repeal Date

12-31-18

(5) Legislative Intent

The Legislature intended to encourage private businesses to make charitable contributions to support Alaskan schools.

(6) Public Purpose

To encourage private businesses that pay tax to contribute to Alaska educational institutions and facilities.

(7) Estimated Revenue Impact

FY 2009 - $1,663,933
FY 2010 - $2,358,446
FY 2011 - $2,909,066
FY 2012 - $3,375,825
FY 2013 - $7,188,502

(8) Cost to Administer

(9) Number of Beneficiaries

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$7,188,502

(2) Estimate of Annual Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Yes. The credit has resulted in significant donations to educational institutions.

(4) Should it be Continued, Modified or Terminated?

No recommendation based on recent legislative action.

Revenue

Applicable Program
Corporate Income Tax, Mining License Tax, Mineral Production Royalty

Indirect Expenditure Name
Minerals Exploration Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

A non-transferable credit for eligible costs of non-petroleum mineral or coal exploration activities and must be used within 15 years. The credit is 100% of allowable exploration costs with a maximum of $20 million. The credit is limited to 50% of liability for the applicable tax type.

(2) Authorizing Statute Regulation or Other Authority

AS 27.30.030, AS 43.20.044

(3) Year Enacted

1995

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The Legislature intended to offer an incentive to encourage mineral exploration in Alaska.

(6) Public Purpose

To encourage mineral exploration.

(7) Estimated Revenue Impact

FY 2009 - $699
FY 2010 - $0
FY 2011 - $949,466
FY 2012 - $5,873,944
FY 2013 - $5,975,341

(8) Cost to Administer

(9) Number of Beneficiaries

Fewer than 4

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$5,975,341

(2) Estimate of Annual Benefit to Recipients

Assuming three tax payers, the benefit would be approximately $2 million each.

(3) Legislative Intent Met?

Unclear. While significant exploration is occurring, it is unclear that this credit is directly tied to new mining production.

(4) Should it be Continued, Modified or Terminated?

Recommend reconsideration of the mining license tax structure in its entirety. This credit was established 20 years ago and should be reexamined as to the effectiveness and benefit to the state and mining industry. This credit rewards the industry once production has started instead of directly reducing the cost of exploration. In contrast, oil and gas tax credits incentivize exploration by offsetting upfront costs.

Revenue

Applicable Program
Cigarette Tax

Indirect Expenditure Name
Personal exemption from cigarette tax

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
The first 400 cigarettes personally transported into the state by an individual for that individual's personal consumption during the calendar month are excluded from the cigarette tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.50.090 (d), AS 43.50.190 (c)

(3) Year Enacted
2003, amended 2004

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended the personal use exemption to support efficient administration of the tax through a focus towards wholesalers and distributors rather than personal consumption by an individual.

(6) Public Purpose
To generate state revenue by efficient administration of tax.

(7) Estimated Revenue Impact
FY 2009 - Unknown. There is no reporting requirement for cigarettes personally transported into the state.

(8) Cost to Administer
None

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent. 400 matches federal rules, and adopting a separate number would be difficult to enforce.

Revenue

Applicable Program	**Indirect Expenditure Name**
Cigarette Tax	Uniformed Services Exemption from cigarette tax

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Cigarettes imported or acquired by one of the uniformed services of the United States are exempt from the cigarette tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.50.090(c)

(3) Year Enacted
1977

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To comply with federal law.

(6) Public Purpose
To comply with federal law.

(7) Estimated Revenue Impact
FY 2009 - Unknown. There is no reporting requirement for cigarettes sold to uniformed services directly from the manufacturer.

(8) Cost to Administer
None

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent.

Revenue

Applicable Program	Indirect Expenditure Name
Cigarette Tax	Indian Reservation Exemption from cigarette tax

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Cigarettes imported or acquired by one of the two federally recognized Indian reservations are exempt from the cigarette tax.

(2) Authorizing Statute Regulation or Other Authority

AS 43.50.090, AS 43.50.150

(3) Year Enacted

1983

(4) Sunset or Repeal Date

None

(5) Legislative Intent

To comply with federal law.

(6) Public Purpose

To comply with federal law.

(7) Estimated Revenue Impact

FY 2009 - $261,960
FY 2010 - $337,240
FY 2011 - $407,570
FY 2012 - $335,630
FY 2013 - $309,220

(8) Cost to Administer

None

(9) Number of Beneficiaries

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$309,220

(2) Estimate of Annual Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend continuation based on meeting legislative intent.

Revenue

Applicable Program
Tobacco Products Tax

Indirect Expenditure Name
Personal exemption from tobacco products tax

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Other tobacco products brought into the state or made in the state for personal consumption and not for sale are not subject to the tobacco products tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.300

(3) Year Enacted
1988

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended only to tax tobacco products at the point of sale.

(6) Public Purpose
To generate state revenue by efficient administration of tax.

(7) Estimated Revenue Impact
FY 2009 - Unknown. There is no reporting requirement for tobacco products personally transported into the state.
FY 2010 - Unknown. There is no reporting requirement for tobacco products personally transported into the state.
FY 2011 - Unknown. There is no reporting requirement for tobacco products personally transported into the state.
FY 2012 - Unknown. There is no reporting requirement for tobacco products personally transported into the state.
FY 2013 - Unknown. There is no reporting requirement for tobacco products personally transported into the state.

(8) Cost to Administer
None

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent.

Revenue

Applicable Program
Tobacco Products Tax

Indirect Expenditure Name
Uniformed Services Exemption from tobacco products tax

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Facilities operated by one of the uniformed services of the United States are exempt from the tobacco products tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.310 (a)

(3) Year Enacted
1988

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To comply with federal law.

(6) Public Purpose
To comply with federal law.

(7) Estimated Revenue Impact
FY 2009 - Unknown. There is no reporting requirement for such facilities.
FY 2010 - Unknown. There is no reporting requirement for such facilities.
FY 2011 - Unknown. There is no reporting requirement for such facilities.
FY 2012 - Unknown. There is no reporting requirement for such facilities.
FY 2013 - Unknown. There is no reporting requirement for such facilities.

(8) Cost to Administer
None

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent.

Revenue

Applicable Program
Tobacco Products Tax

Indirect Expenditure Name
Indian Reservation Exemption from tobacco products tax

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Federally recognized Indian tribes are exempt from the tobacco products tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.310(b)

(3) Year Enacted
1988

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To comply with federal law.

(6) Public Purpose
To comply with federal law.

(7) Estimated Revenue Impact
FY 2009 - $53,723
FY 2010 - $56,378
FY 2011 - $58,649
FY 2012 - $49,945
FY 2013 - $46,239

(8) Cost to Administer
None

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent.

Revenue

Applicable Program
Tobacco Products Tax

Indirect Expenditure Name
Commission

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Gives a four-tenths of one percent deduction to cover the expense of accounting and filing the return for the tobacco tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.50.330 (b)

(3) Year Enacted
1988, amended 1997

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The discount was intended to cover the cost of filing the return. The percentage was decreased in 1997 to reflect a higher tax rate than in the original statute.

(6) Public Purpose
To encourage timely filing of tax returns.

(7) Estimated Revenue Impact
FY 2009 - $40,767
FY 2010 - $41,500
FY 2011 - $46,852
FY 2012 - $48,182
FY 2013 - $50,056

(8) Cost to Administer

(9) Number of Beneficiaries
26-35

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$50,056

(2) Estimate of Annual Benefit to Recipients
$1,430 to $1,925

(3) Legislative Intent Met?
Unclear

(4) Should it be Continued, Modified or Terminated?
Recommend termination. Other state tax payers do not receive a discount to cover the cost of filing taxes. Online tax filing provides an efficient and cost effective method - the rate reduction may be obsolete.

Revenue

Applicable Program
Cigarette Tax

Indirect Expenditure Name
Tax stamp discount

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Gives a discount of up to $50,000 as compensation for affixing stamps to packs of cigarettes.

(2) Authorizing Statute Regulation or Other Authority
AS 43.50.540 (c)

(3) Year Enacted
2003

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To provide a discount to compensate taxpayers for the cost of affixing stamps to each pack.

(6) Public Purpose
To compensate taxpayers for the cost of affixing stamps to packs of cigarettes.

(7) Estimated Revenue Impact
FY 2009 - $346,341
FY 2010 - $322,403
FY 2011 - $320,918
FY 2012 - $307,838
FY 2013 - $313,192

(8) Cost to Administer

(9) Number of Beneficiaries
10-13

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$313,192

(2) Estimate of Annual Benefit to Recipients
$24,092

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend termination. The cost of affixing stamps to packs of cigarettes should be considered a cost of selling cigarettes in Alaska.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Timely filing discount

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Gives a timely filing credit of 1% of the total monthly tax due to a maximum of $100.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.010 (c)

(3) Year Enacted
1951, last amended 1997

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To encourage timely filing of motor fuel tax returns and provide an allowance to cover the accounting expense of filing timely monthly tax returns.

(6) Public Purpose
To encourage timely filing of tax returns.

(7) Estimated Revenue Impact
FY 2009 - $57,090
FY 2010 - $56,375
FY 2011 - $65,752
FY 2012 - $65,636
FY 2013 - $66,738

(8) Cost to Administer

(9) Number of Beneficiaries
81

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$66,738

(2) Estimate of Annual Benefit to Recipients
$100

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend termination. Instead of a break for timely filing, recommend a penalty for late filing. Other state tax payers do not receive a discount for timely tax filing.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Foreign Fuel Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Fuel consigned to foreign countries is exempt from the motor fuel tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.100 (2)(A)

(3) Year Enacted
1949

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The exclusion is intended to focus the impetus of the tax on motor fuel sales in Alaska.

(6) Public Purpose
To encourage refueling activities in Alaska.

(7) Estimated Revenue Impact
FY 2009 - $6,188,366
FY 2010 - $4,429,096
FY 2011 - $5,248,283
FY 2012 - $6,324,097
FY 2013 - $4,162,190
Note: calculated assuming $0.08 per gallon tax rate.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$4,162,190

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Likely

(4) Should it be Continued, Modified or Terminated?
Recommend continuation. Excise taxes in theory are sales and "use" taxes. Use of the fuel would need to occur within Alaska to justify taxation.

Revenue

Applicable Program	**Indirect Expenditure Name**
Motor Fuel Tax	Foreign Flight Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Fuel used in flights going to foreign countries or continuing on foreign countries is exempt from the motor fuel tax.

(2) Authorizing Statute Regulation or Other Authority

AS 43.40.100 (2)(B)

(3) Year Enacted

1949, last amended 1997

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The Legislature intended the exclusion to allow the tax to generate revenue without impacting international flights.

(6) Public Purpose

To encourage refueling activities at Alaskan airports.

(7) Estimated Revenue Impact

FY 2009 - $3,410,961
FY 2010 - $4,487,751
FY 2011 - $4,413,074
FY 2012 - $4,647,267
FY 2013 - $5,970,327
Note: calculated assuming $0.08 per gallon tax rate.

(8) Cost to Administer

(9) Number of Beneficiaries

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$5,970,327

(2) Estimate of Annual Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend reconsideration. Alaska is ideally located geographically as a fuel hub. Some form of tax revenue may be justified to compensate for wear and tear on airport facilities as a result of airplane refueling.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Stationary Power Plant Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Fuel used in stationary power plants operating as public utility plants and generating electrical energy for sale to the general public is exempt from the motor fuel tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.100 (2)(C)

(3) Year Enacted
1949

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended the exclusion to allow the motor fuel tax to generate revenue without impacting the public utilities.

(6) Public Purpose
To reduce the cost to the general public.

(7) Estimated Revenue Impact
FY 2009 - $120,330
FY 2010 - $194,347
FY 2011 - $195,191
FY 2012 - $263,949
FY 2013 - $455,894
Note: calculated assuming $0.08 per gallon tax rate. Total includes stationary power plants for home heating and small generators.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$455,894

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent. The federal and state motor fuel taxes are intended to be used to construct and reconstruct road systems. Use of motor fuel for purposes other than motor travel should not be taxed.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Non-Profit Power Association Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Fuel used by nonprofit power associations or corporations for generating electric energy for resale is exempt from the motor fuel tax.

(2) Authorizing Statute Regulation or Other Authority

AS 43.40.100 (2)(D)

(3) Year Enacted

1949

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The Legislature intended the exclusion to allow the motor fuel tax to generate revenue without impacting nonprofit power association or corporations, which serve a substantially similar purpose to public utilities

(6) Public Purpose

To reduce the cost of power provided by non-profit power associations.

(7) Estimated Revenue Impact

FY 2009 - $3,369,073
FY 2010 - $3,369,073
FY 2011 - $2,805,874
FY 2012 - $2,630,173
FY 2013 - $2,490,056
Note: calculated assuming $0.08 per gallon tax rate.

(8) Cost to Administer

(9) Number of Beneficiaries

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$2,490,056

(2) Estimate of Annual Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend continuation based on meeting legislative intent. The federal and state motor fuel taxes are intended to be used to construct and reconstruct road systems. Use of motor fuel for purposes other than motor travel should not be taxed.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Charitable Institution Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Fuel used by charitable institutions is exempt from the motor fuel tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.100 (2)(E)

(3) Year Enacted
1949

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended the exclusion to allow the motor fuel tax to generate revenue without impacting charitable endeavors.

(6) Public Purpose
To reduce the cost of fuel for charitable institutions.

(7) Estimated Revenue Impact
FY 2009 - $49,292
FY 2010 - $66,263
FY 2011 - $63,299
FY 2012 - $64,353
FY 2013 - $59,690
Note: calculated assuming $0.08 per gallon tax rate.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$59,690

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent. This exemption allows charitable institutions to operate at a lower cost and thereby provide a greater benefit to its beneficiaries.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Dealer Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Fuel sold or transferred between qualified dealers is exempt from the motor fuel tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.100 (2)(F)

(3) Year Enacted
1982

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended the exclusion to encourage qualified dealers and to focus the impetus of the tax towards final use of the motor fuel.

(6) Public Purpose
To avoid double taxation of fuel.

(7) Estimated Revenue Impact
FY 2009 - Unknown. There is no reporting requirement for transfers between dealers.
FY 2010 - Unknown. There is no reporting requirement for transfers between dealers.
FY 2011 - Unknown. There is no reporting requirement for transfers between dealers.
FY 2012 - Unknown. There is no reporting requirement for transfers between dealers.
FY 2013 - Unknown. There is no reporting requirement for transfers between dealers.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent. Typical excise taxes are sales and "use" taxes. To avoid double taxation, only the end user should incur the tax.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Government exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Fuel sold to federal, state, and local government agencies for official use is exempt from the motor fuel tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.100 (2)(G)

(3) Year Enacted
1982

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended the exclusion to recognize the exempt status of sovereign powers.

(6) Public Purpose
To avoid taxing government sales.

(7) Estimated Revenue Impact
FY 2009 - $11,113,663
FY 2010 - $10,779,730
FY 2011 - $9,517,881
FY 2012 - $8,454,293
FY 2013 - $8,628,013
Note: calculated assuming $0.08 per gallon tax rate.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Stationary Power Plant Exemption for home heating

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Fuel used in stationary power plants that generate electricity for private residential consumption is exempt from the motor fuel tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.100 (2)(H)

(3) Year Enacted
1982

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended the exclusion to focus the impetus of the tax away from of private residential use for electricity.

(6) Public Purpose
To generate state revenue without burdening private residential use of fuel for electricity.

(7) Estimated Revenue Impact
FY 2009 - Totals included in stationary power plant exemption.
FY 2010 - Totals included in stationary power plant exemption.
FY 2011 - Totals included in stationary power plant exemption.
FY 2012 - Totals included in stationary power plant exemption.
FY 2013 - Totals included in stationary power plant exemption.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent. The federal and state motor fuel taxes are intended to be used to construct and reconstruct transportation systems. Use of motor fuel for purposes other than motor travel should not be taxed.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Heating fuel Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Fuel used to heat private or commercial buildings or facilities is exempt from the motor fuel tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.100 (2)(I)

(3) Year Enacted
1982

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended the exclusion to focus the impetus of the tax away from fuel used for heating purposes.

(6) Public Purpose
To generate state revenue without increasing heating costs.

(7) Estimated Revenue Impact
FY 2009 - $10,252,383
FY 2010 - $8,950,815
FY 2011 - $9,684,210
FY 2012 - $9,544,146
FY 2013 - $9,179,682
Note: calculated assuming $0.08 per gallon tax rate.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$9,179,682

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent. The federal and state motor fuel taxes are intended to be used to construct and reconstruct transportation systems. Use of motor fuel for purposes other than motor travel should not be taxed.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Small Generator Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Fuel used in stationary power plants of 100 kilowatts or less that generate electrical power for commercial enterprises not for resale is exempt from the motor fuel tax.

(2) Authorizing Statute Regulation or Other Authority

AS 43.40.100 (2)(K)

(3) Year Enacted

1983

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The Legislature intended the exclusion to focus the impetus of the tax away from smaller power plants.

(6) Public Purpose

To generate state revenue without burdening small power plants.

(7) Estimated Revenue Impact

FY 2009 - Totals included in stationary power plant exemption.
FY 2010 - Totals included in stationary power plant exemption.
FY 2011 - Totals included in stationary power plant exemption.
FY 2012 - Totals included in stationary power plant exemption.
FY 2013 - Totals included in stationary power plant exemption.

(8) Cost to Administer

(9) Number of Beneficiaries

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Indeterminate

(2) Estimate of Annual Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend continuation based on meeting legislative intent. The federal and state motor fuel taxes are intended to be used to construct and reconstruct transportation systems. Use of motor fuel for purposes other than motor travel should not be taxed.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Bunker Fuel Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Bunker fuel is exempt from the motor fuel tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.100 (2)(L)

(3) Year Enacted
1997

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended to encourage the use of bunker fuel, which is a residual from the refining process.

(6) Public Purpose
To encourage the use of bunker fuel.

(7) Estimated Revenue Impact
FY 2009 - Under $1000
FY 2010 - $0
FY 2011 - $0
FY 2012 - Under $1000
FY 2013 - $0
Note: calculated assuming $0.08 per gallon tax rate.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent. "Bunker Fuel" is No. 6 fuel oil; a dense, viscous oil produced by blending heavy residual oils with a lighter oil (often No. 2 fuel oil) to meet specifications for viscosity and pour point. It is for the most part not used as a motor fuel on the state transportation system and should arguably not be taxed under the Motor Fuel Tax.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Off-Highway Use Reduced Rate

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Refunds 6 cents per gallon of tax-paid motor fuel that was used for non-highway use.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.030 (a)

(3) Year Enacted
1955, last amended 1982

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended the exclusion to focus the impetus of the tax away from off-highway use as off-highway use does not contribute to highway maintenance cost.

(6) Public Purpose
To generate state revenue for the highway construction and maintenance without burdening non-highway users.

(7) Estimated Revenue Impact
FY 2009 - $3,878,311
FY 2010 - $2,435,332
FY 2011 - $5,510,077
FY 2012 - $5,025,439
FY 2013 - $2,276,484
Note: calculated assuming $0.08 per gallon tax rate.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$2,276,484

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent. The federal and state motor fuel taxes are intended to be used to construct and reconstruct transportation systems. Use of motor fuel for transportation off the transportation system should not be taxed.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Reduced Rate for Aviation Gasoline

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Aviation gasoline is taxed at a rate of 4.7 cents per gallon rather than the rate of 8 cents per gallon for other fuel.

(2) Authorizing Statute Regulation or Other Authority

AS 43.40.010 (a)(1)

(3) Year Enacted

1955, last amended 1994

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The Legislature intended the separate rate to make the tax on aviation gasoline comparable to the amount of revenue that would be derived from reimposition of landing fees at rural state operated airports.

(6) Public Purpose

The purpose of the separate rate is to generate state revenue comparable to the reimposition of landing fees.

(7) Estimated Revenue Impact

FY 2009 - $433,574
FY 2010 - $407,417
FY 2011 - $410,014
FY 2012 - $374,832
FY 2013 - $330,876
Note: calculated assuming $0.08 per gallon tax rate.

(8) Cost to Administer

(9) Number of Beneficiaries

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$330,876

(2) Estimate of Annual Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

Indeterminate--would require an analysis of operating costs of rural airports and a discussion of intent.

(4) Should it be Continued, Modified or Terminated?

Recommend reconsideration of tax rates for all motor fuels. Compared to other state's motor fuel taxes/fees, Alaska is the lowest in the nation at 8 cents per gallon. The national average is 24 cents with a high just over 40 cents per gallon. A tripling of the base motor fuel tax rate to the national average of 24 cents would not be unjustified given Alaska's immense size and commensurately high costs of maintenance and construction. The reduced rate for Av Gas, Jet Fuel and Marine Fuel could then be adjusted to a level deemed appropriate for those transpiration modes.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Reduced Rate for Marine Fuel

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Marine fuel is taxed at a rate of 5 cents per gallon rather than the rate of 8 cents per gallon for other fuel.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.010 (a)(2)

(3) Year Enacted
1957, last amended 1977

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended the separate rate to provide revenue for construction and maintenance of boat harbors. This expense is presumably less than that required for highway maintenance as reflected by the reduced rate for marine fuel.

(6) Public Purpose
The purpose of the separate rate is to generate revenue for the construction and maintenance of boat harbors.

(7) Estimated Revenue Impact
FY 2009 - $2,763,913
FY 2010 - $2,788,962
FY 2011 - $3,066,358
FY 2012 - $3,267,356
FY 2013 - $3,384,044
Note: calculated assuming $0.08 per gallon tax rate.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$3,384,044

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Indeterminate--would require an analysis of costs of constructing marine facilities and a discussion of intent.

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration of tax rates for all motor fuels. Compared to other state's motor fuel taxes/fees, Alaska is the lowest in the nation at 8 cents per gallon. The national average is 24 cents with a high just over 40 cents per gallon. A tripling of the base motor fuel tax rate to the national average of 24 cents would not be unjustified given Alaska's immense size and commensurately high costs of maintenance and construction. The reduced rate for Av

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Reduced Rate for Marine Fuel

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

Gas, Jet Fuel and Marine Fuel could then be adjusted to a level deemed appropriate for those transportation modes.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Reduced Rate for Jet Fuel

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Jet fuel is taxed at a rate of 3.2 cents per gallon rather than the rate of 8 cents per gallon for other fuel.

(2) Authorizing Statute Regulation or Other Authority
AS 43.40.010 (a)(3)

(3) Year Enacted
1957, last amended 1994

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended to make the tax on aviation fuels comparable to the amount of revenue that would be derived from reimposition of landing fees at rural state operated airports.

(6) Public Purpose
The purpose of the separate rate is to generate state revenue comparable to the reimposition of landing fees.

(7) Estimated Revenue Impact
FY 2009 - $6,831,868
FY 2010 - $5,518,494
FY 2011 - $6,108,068
FY 2012 - $5,865,352
FY 2013 - $6,206,054
Note: calculated assuming $0.08 per gallon tax rate.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$6,206,054

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration of tax rates for all motor fuels. Compared to other state's motor fuel taxes/fees, Alaska is the lowest in the nation at 8 cents per gallon. The national average is 24 cents with a high just over 40 cents per gallon. A tripling of the base motor fuel tax rate to the national average of 24 cents would not be unjustified given Alaska's immense size and commensurately high costs of maintenance and construction. The reduced rate for Av Gas, Jet Fuel and Marine Fuel could then be adjusted to a level deemed appropriate for those transportation modes.

Revenue

Applicable Program
Commercial Passenger Vessel Taxes

Indirect Expenditure Name
Small Passenger Vessel Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Vessels with fewer than 250 berths are excluded from commercial passenger vessel taxes.

(2) Authorizing Statute Regulation or Other Authority
AS 43.52.295(1)(A)

(3) Year Enacted
2006

(4) Sunset or Repeal Date
None

(5) Legislative Intent
This provision was part of a ballot measure and therefore has no legislative history.

(6) Public Purpose
To avoid burdening small passenger vessels with tax.

(7) Estimated Revenue Impact
FY 2009 - Unknown. There is no filing requirement for small passenger vessels.
FY 2010 - Unknown. There is no filing requirement for small passenger vessels.
FY 2011 - Unknown. There is no filing requirement for small passenger vessels.
FY 2012 - Unknown. There is no filing requirement for small passenger vessels.
FY 2013 - Unknown. There is no filing requirement for small passenger vessels.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent. This exemption defines the tax base and is arguably not foregone revenue.

Applicable Program
Commercial Passenger Vessel Taxes

Indirect Expenditure Name
72 Hour Threshold Voyage Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Voyages on the state's marine waters 72 hours or less are excluded from the tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.52.295(4)

(3) Year Enacted
2010

(4) Sunset or Repeal Date
None

(5) Legislative Intent
To clarify the definition of "voyage" for purposes of the tax.

(6) Public Purpose
To encourage cruise ship activity in Alaska.

(7) Estimated Revenue Impact
FY 2009 - Exemption not in effect
FY 2010 - Exemption not in effect
FY 2011 - $1,414,500
FY 2012 - Unknown. Only voyages that exceed 72 hours are required to report.
FY 2013 - Unknown. Only voyages that exceed 72 hours are required to report.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Unclear

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration. This exemption defines a voyage in Alaska. However, it has altered commercial passenger vessel behavior and created a loophole that reduces potential revenue to the state and municipalities.

Revenue

Applicable Program
Commercial Passenger Vessel Taxes

Indirect Expenditure Name
Tax Reduction for Local Levies

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
The cost of local passenger fees is deducted from the state's passenger fee.

(2) Authorizing Statute Regulation or Other Authority
AS 43.52.255

(3) Year Enacted
2010

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended to reduce the passenger fee to limit the total tax burden on passenger vessels.

(6) Public Purpose
To encourage cruise ship activity in Alaska by limiting the total tax burden.

(7) Estimated Revenue Impact
FY 2009 - Reduction not in effect
FY 2010 - Reduction not in effect
FY 2011 - $11,846,936
FY 2012 - $12,170,756
FY 2013 - $13,559,558

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$13,559,558

(2) Estimate of Annual Benefit to Recipients
In FY 2013, the benefit to Juneau was $7.3 million and the benefit to Ketchikan was $6.2 million.

(3) Legislative Intent Met?
Yes, to the extent that the head tax for most voyages is capped at $34.50.

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration. Allowing Juneau and Ketchikan to retain the local tax proceeds and receive the $5 port of call payment leaves the state with as little as $4.50 per passenger to spread among other ports of call. If this "grandfathered" tax reduction is retained, Juneau's and Ketchikan's eligibility for port of call payments should be reconsidered. If the deduction is eliminated, Juneau and Ketchikan would be on the same basis as other communities--they would have to determine whether the market will bear additional taxation.

Revenue

Applicable Program
Commercial Passenger Vessel Taxes

Indirect Expenditure Name
Large Passenger Vessel Gambling Tax Deduction

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Allows a deduction of federal and municipal taxes paid from gambling gross income.

(2) Authorizing Statute Regulation or Other Authority
AS 43.35.210

(3) Year Enacted
2006

(4) Sunset or Repeal Date
None

(5) Legislative Intent
This provision was part of a ballot measure and therefore has no legislative history.

(6) Public Purpose
To prevent double taxation.

(7) Estimated Revenue Impact
FY 2009 - Unknown. There is no reporting requirement for federal and municipal taxes paid.
FY 2010 - Unknown. There is no reporting requirement for federal and municipal taxes paid.
FY 2011 - Unknown. There is no reporting requirement for federal and municipal taxes paid.
FY 2012 - Unknown. There is no reporting requirement for federal and municipal taxes paid.
FY 2013 - Unknown. There is no reporting requirement for federal and municipal taxes paid.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Indeterminate - This was part of the initial ballot measure and not addressed in 2010 during the tax revision.

(4) Should it be Continued, Modified or Terminated?
Recommend termination. This provision allows federal tax liability to be deducted from state taxes. Typically, state taxes are deductible at the federal level.

Revenue

Applicable Program
Tire Fee

Indirect Expenditure Name
Exemption from Studded Tire Fee for Lightweight Studs

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Excludes tires that are studded with studs weighing less than 1.1 grams each from the $5 fee.

(2) Authorizing Statute Regulation or Other Authority
AS 43.98.025 (b)

(3) Year Enacted
2003

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended to provide an incentive to encourage the widespread use lightweight studs to reduce road damage.

(6) Public Purpose
To encourage use of light-weight studs to prevent possible road damage.

(7) Estimated Revenue Impact
FY 2009 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.
FY 2010 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.
FY 2011 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.
FY 2012 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.
FY 2013 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent. Stud weight has been directly related to pavement wear in numerous studies.

Revenue

Applicable Program
Tire Fee

Indirect Expenditure Name
Government exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Tires and services sold to federal, state or local government agencies for official use are exempt from the fee.

(2) Authorizing Statute Regulation or Other Authority
AS 43.98.025 (g)(1)

(3) Year Enacted
2003

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended the exclusion to recognize the exempt status of sovereign powers.

(6) Public Purpose
To avoid taxing government sales.

(7) Estimated Revenue Impact
FY 2009 - $148,578
FY 2010 - $137,578
FY 2011 - $181,013
FY 2012 - $187,773
FY 2013 - $173,110
Note: total includes resale exemption.

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$173,110

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent.

Revenue

Applicable Program
Tire Fee

Indirect Expenditure Name
Resale exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Tires intended for resale are exempt from the tire fee. The department will consider a tire to be a tire for resale in a transaction between the manufacturer of a tire and a distributor of the tire; a distributor of the tire and a retail dealer of the tire; or a retail dealer and another retail dealer of the tire.

(2) Authorizing Statute Regulation or Other Authority

AS 43.98.025 (g)(2), 15 AAC 98.060

(3) Year Enacted

2003

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The Legislature included the exemption in order to prevent the double taxation of tires.

(6) Public Purpose

To prevent double taxation of tires.

(7) Estimated Revenue Impact

FY 2009 - Total included in government exemption.
FY 2010 - Total included in government exemption.
FY 2011 - Total included in government exemption.
FY 2012 - Total included in government exemption.
FY 2013 - Total included in government exemption.

(8) Cost to Administer

(9) Number of Beneficiaries

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Indeterminate

(2) Estimate of Annual Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend continuation based on meeting legislative intent. The tire fee is in effect a specified sales tax. Sales taxes are in theory sales and "use" taxes. To avoid double taxation, only the end user should incur the tax.

Revenue

Applicable Program
Tire Fee

Indirect Expenditure Name
Timely filing credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Sellers that remit the fees collected to the department within 30 days after the last day of the preceding calendar quarter may retain five percent of the amount collected, not to exceed $900 a quarter.

(2) Authorizing Statute Regulation or Other Authority
AS 43.98.025 (d)

(3) Year Enacted
2003

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The discount was intended to encourage timely remittance of taxes and to cover the cost of collecting the fee and filing the return.

(6) Public Purpose
To encourage timely filing of tax returns.

(7) Estimated Revenue Impact
FY 2009 - $77,712
FY 2010 - $75,845
FY 2011 - $74,985
FY 2012 - $71,427
FY 2013 - $65,684

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$65,684

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend Termination. Instead of a break for timely filing, recommend a penalty for late filing. Other state tax payers do not receive a discount for timely tax filing.

Revenue

Applicable Program
Vehicle Rental taxes

Indirect Expenditure Name
Reduced rate for RVs

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Recreational vehicles (RVs) are taxed at a rate of 3% while other vehicle rentals are taxed at a rate of 10%.

(2) Authorizing Statute Regulation or Other Authority
AS 43.52.040

(3) Year Enacted
2003

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature adopted the reduced rate for RVs to reflect the higher per-day rental cost of RVs compared to other vehicles. The rate was intended to make the tax relatively even on a dollar-per-day basis.

(6) Public Purpose
To equalize the tax incidence on RVs and other vehicles.

(7) Estimated Revenue Impact
FY 2009 - $849,690
FY 2010 - $703,740
FY 2011 - $791,446
FY 2012 - $837,671
FY 2013 - $841,825

(8) Cost to Administer

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$841,825

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration of reduced tax rate. The Vehicle Rental Tax is a sales tax on vehicle rentals only. Sales taxes are typically applied to the total dollar value of the sale. Justification should be provided to support the need for a reduced rate in the RV market.

Applicable Program
Vehicle Rental taxes

Indirect Expenditure Name
Taxicab Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Excludes taxicab rentals from the vehicle rental tax.

(2) Authorizing Statute Regulation or Other Authority

AS 43.52.030

(3) Year Enacted

2004

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The Legislature intended only to tax visitors renting vehicles and did not intend to tax taxicabs.

(6) Public Purpose

To generate state revenue from short-term vehicle rentals without burdening taxis.

(7) Estimated Revenue Impact

FY 2009 - Unknown. There is no reporting requirement for taxicabs.
FY 2010 - Unknown. There is no reporting requirement for taxicabs.
FY 2011 - Unknown. There is no reporting requirement for taxicabs.
FY 2012 - Unknown. There is no reporting requirement for taxicabs.
FY 2013 - Unknown. There is no reporting requirement for taxicabs.

(8) Cost to Administer

None

(9) Number of Beneficiaries

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Indeterminate

(2) Estimate of Annual Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend continuation based on meeting legislative intent. The Vehicle Rental Tax is intended to tax personal vehicle rentals as opposed to hired transport. This tax is likely aimed at tourism. This exemption defines the tax base and is arguably not foregone revenue.

Revenue

Applicable Program
Vehicle Rental taxes

Indirect Expenditure Name
Moving Truck Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Exempts moving trucks from the vehicle rental tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.52.099 (2)(F)

(3) Year Enacted
2006

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended only to tax visitors renting vehicles and did not intend to tax moving trucks.

(6) Public Purpose
To limit the vehicle rental tax to the tourism industry.

(7) Estimated Revenue Impact
FY 2009 - Unknown. There is no reporting requirement for moving trucks.
FY 2010 - Unknown. There is no reporting requirement for moving trucks.
FY 2011 - Unknown. There is no reporting requirement for moving trucks.
FY 2012 - Unknown. There is no reporting requirement for moving trucks.
FY 2013 - Unknown. There is no reporting requirement for moving trucks.

(8) Cost to Administer
None

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on meeting legislative intent. The Vehicle Rental Tax is intended to tax personal vehicle rentals. This tax is likely aimed at tourism. This exemption defines the tax base and is arguably not foregone revenue.

Revenue

Applicable Program	Indirect Expenditure Name
Vehicle Rental taxes	Warranty Work Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Exempts a vehicle provided by an automobile dealer to a customer as replacement transportation from the vehicle rental tax.

(2) Authorizing Statute Regulation or Other Authority

AS 43.52.099 (2)(G)

(3) Year Enacted

2006

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The Legislature intended only to tax visitors renting vehicles and did not intend to tax vehicles provided as replacements by dealers.

(6) Public Purpose

To limit the vehicle rental tax to the tourism industry.

(7) Estimated Revenue Impact

FY 2009 - Unknown. There is no reporting requirement for warranty work rentals.
FY 2010 - Unknown. There is no reporting requirement for warranty work rentals.
FY 2011 - Unknown. There is no reporting requirement for warranty work rentals.
FY 2012 - Unknown. There is no reporting requirement for warranty work rentals.
FY 2013 - Unknown. There is no reporting requirement for warranty work rentals.

(8) Cost to Administer

None

(9) Number of Beneficiaries

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Indeterminate

(2) Estimate of Annual Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend continuation based on meeting legislative intent. The Vehicle Rental Tax is intended to tax personal vehicle rentals. This tax is likely aimed at tourism. This exemption defines the tax base and is arguably not foregone revenue.

Revenue

Applicable Program
Vehicle Rental taxes

Indirect Expenditure Name
Motorcycle Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Excludes motorcycles and motor-driven cycles from the vehicle rental tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.52.099(2)(H)

(3) Year Enacted
2013

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The legislature intended only to tax the rentals of cars, light trucks, vans and SUVs and did not intend to tax motorcycle rentals.

(6) Public Purpose
To specifically exclude motorcycles from the passenger vehicle rental tax.

(7) Estimated Revenue Impact
FY 2009 - Exemption not in effect
FY 2010 - Exemption not in effect
FY 2011 - Exemption not in effect
FY 2012 - $17,953
FY 2013 - $33,844

(8) Cost to Administer
None

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$33,844

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on recent legislative action.

Revenue

Applicable Program
Alcoholic Beverages Tax

Indirect Expenditure Name
Small Brewery Reduced Rate

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision

Brewers who have qualified with the federal government per 26 U.S.C. 5051(a)(2) and have been approved fiscally by DOR, pay a reduced rate of tax of 35 cents per us gallon on beer and malt beverages instead of the full tax rate of $1.07 per us gallon.

(2) Authorizing Statute Regulation or Other Authority

AS 43.60.010 (c)

(3) Year Enacted

2002

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The intent was to foster the development of breweries and brewpubs in Alaska.

(6) Public Purpose

To support in-state small breweries and brewpubs.

(7) Estimated Revenue Impact

FY 2009 - $1,745,356
FY 2010 - $2,045,142
FY 2011 - $2,278,933
FY 2012 - $2,451,673
FY 2013 - $2,602,999

(8) Cost to Administer

None

(9) Number of Beneficiaries

39

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

$2,602,999

(2) Estimate of Annual Benefit to Recipients

$66,744

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend continuation based on meeting legislative intent. However, the rate could be revisited.

Revenue

Applicable Program	**Indirect Expenditure Name**
Mining License Tax	Sand and gravel exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Sand, gravel, quarry rock and marketable earth operations are exempt from the Mining License Tax.

(2) Authorizing Statute Regulation or Other Authority
AS 43.65.060 (2)

(3) Year Enacted
2012

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature found that the tax cost nearly as much to administer as it brought in.

(6) Public Purpose
To generate state revenue by efficient administration of tax and to reduce the burden on sand and gravel operators.

(7) Estimated Revenue Impact
FY 2009 - Exemption not in effect
FY 2010 - Exemption not in effect
FY 2011 - Exemption not in effect
FY 2012 - Unknown. There is no reporting requirement for exempt operations.
FY 2013 - Unknown. There is no reporting requirement for exempt operations.

(8) Cost to Administer
None

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
Recommend continuation based on recent legislative action.

Revenue

Applicable Program
Mining License Tax

Indirect Expenditure Name
Small Miner Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
No tax is due for if taxable income is $40,000 or less. Taxpayers with taxable income of more than $40,000 pay a tax rate of 3% on the first $40,000 of their income.

(2) Authorizing Statute Regulation or Other Authority
AS 43.65.010 (c)

(3) Year Enacted
1955

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended the exclusion to encourage smaller mining operations.

(6) Public Purpose
To support small mining operations and for efficiency.

(7) Estimated Revenue Impact
FY 2009 - $12,890
FY 2010 - $8,414
FY 2011 - Unknown
FY 2012 - Unknown
FY 2013 - $33,815

(8) Cost to Administer
None

(9) Number of Beneficiaries
71. Note: this does not include taxpayers who filed a loss on their return or taxpayers who did not file at all.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$33,815

(2) Estimate of Annual Benefit to Recipients
$483

(3) Legislative Intent Met?
Unclear

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration of the mining license tax structure in its entirety. Established pre-statehood, the effectiveness of the tax and exemptions may be obsolete. Considering inflation, the $40,000 threshold may no longer be the appropriate level.

Revenue

Applicable Program
Mining License Tax

Indirect Expenditure Name
3.5-year Exemption

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
New mining operations are exempt from the Mining License Tax for the first 3.5 years after production begins.

(2) Authorizing Statute Regulation or Other Authority
AS 43.65.010 (a)

(3) Year Enacted
1951

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended the exclusion to encourage new mining operations.

(6) Public Purpose
To encourage new mining operations by

(7) Estimated Revenue Impact
FY 2009 - Unknown
FY 2010 - Unknown
FY 2011 - Unknown
FY 2012 - Unknown
FY 2013 - Unknown
Unknown. Those who are exempt from taxation and have been granted this 3.5 year exemption are required to file a mining license tax return under 15 AAC 65.010(a)(5) and 15 AAC 65.030, but are not required to fill out a complete return.

(8) Cost to Administer
None

(9) Number of Beneficiaries
Fewer than 5

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Unclear

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration of the mining license tax structure in its entirety. Established pre-statehood, the effectiveness of the tax and exemptions may be obsolete. Given the Mining License Tax is based on business profits, the legislature should evaluate whether the 3.5 year exemption is appropriate or necessary.

Revenue

Applicable Program
Mining License Tax

Indirect Expenditure Name
Depletion Deduction

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A percentage depletion deduction is allowed for certain types of mining, such as metal mining, sulfur mining and coal mining. Other types of mines must use cost depletion.

(2) Authorizing Statute Regulation or Other Authority
AS 43.65.010 (e)

(3) Year Enacted
1955

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended the deduction for percentage depletion to encourage resource development.

(6) Public Purpose
To encourage the development of the state's resources; to generate state revenue by efficient administration of tax.

(7) Estimated Revenue Impact
FY 2009 - Unknown
FY 2010 - Unknown
FY 2011 - Unknown
FY 2012 - Unknown
FY 2013 - Unknown

(8) Cost to Administer
None

(9) Number of Beneficiaries
Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
Indeterminate

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Unclear

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration of the mining license tax structure in its entirety. Established pre-statehood, the effectiveness of the tax and exemptions may be obsolete. The reasons for the deduction rate differentiation between the various minerals is unclear and should be evaluated for effectiveness.

Revenue

Applicable Program
Fisheries Resource Landing Tax

Indirect Expenditure Name
Community Development Quota Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A non-transferable credit for contributions to an Alaska nonprofit corporation that is dedicated to fisheries industry-related expenditures. The credit is available only for fishery resources harvested under a community development quota (CDQ). The credit is 100% of contribution amount up to a maximum of 45.45% of tax liability on fishery resources harvested under a CDQ.

(2) Authorizing Statute Regulation or Other Authority
AS 43.77.040

(3) Year Enacted
1993, last amended 2014

(4) Sunset or Repeal Date
12-31-20

(5) Legislative Intent
The Legislature intended to provide a tax credit to encourage CDQ programs to contribute to nonprofits that provide jobs and training in Western Alaska.

(6) Public Purpose
To provide jobs and training in Western Alaska.

(7) Estimated Revenue Impact
FY 2009 - $-16,758
FY 2010 - $764,668
FY 2011 - $534,297
FY 2012 - $446,894
FY 2013 - $490,371
Note: FY 2009 fiscal impact includes assessments resulting from audits of credits claimed in previous years.

(8) Cost to Administer

(9) Number of Beneficiaries
14-26

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$490,371

(2) Estimate of Annual Benefit to Recipients
$19,000 to $35,000

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
HB 306 added a sunset provision to this credit. Review by the legislature will be required in the 2019 session. The legislature might want to consider evaluating the benefit to nonprofits and Western Alaska. Metrics should be

Revenue

Applicable Program
Fisheries Resource Landing Tax

Indirect Expenditure Name
Community Development Quota Credit

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)

established and reported to the legislature to determine the effectiveness of this credit.

Revenue

Applicable Program
Fisheries Business Tax, Fishery Resource Landing Tax

Indirect Expenditure Name
Winn Brindle Scholarship Contribution Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A non-transferable credit for contributions to the A.W. "Winn" Brindle memorial education loan account. The credit is 100% of the contribution amount, up to a maximum of 5% of tax liability.

(2) Authorizing Statute Regulation or Other Authority
AS 43.75.032, AS 43.77.035

(3) Year Enacted
1986, amended 2014

(4) Sunset or Repeal Date
12-31-16

(5) Legislative Intent
The Legislature intended the credit to encourage contributions to the A.W. "Winn" Brindle memorial education loan account. This would promote education in the fisheries industry, an industry that is important to the Alaskan economy.

(6) Public Purpose
To promote education in the fisheries industry.

(7) Estimated Revenue Impact
FY 2009 - $192,792
FY 2010 - $123,060
FY 2011 - $184,817
FY 2012 - $175,338
FY 2013 - $238,749

(8) Cost to Administer

(9) Number of Beneficiaries
6-7 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$238,749

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
HB 306 added a sunset provision to this credit. Review by the legislature will be required this session as the credit will sunset 12/31/16. Legislative intent appears to be met, but metrics should be established and reported to the legislature if this credit is to be extended.

Revenue

Applicable Program
Fisheries Business Tax

Indirect Expenditure Name
Salmon and Herring Product Development Credit

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
A non-transferable credit for eligible capital expenditures to expand value-added processing of Alaska salmon and herring. The credit is 50% of qualified investments up to 50% of tax liability incurred for processing salmon and herring during the tax year. The credit may be carried forward for three years. Herring was added to the credit in 2014.

(2) Authorizing Statute Regulation or Other Authority
AS 43.75.035

(3) Year Enacted
2003, last amended 2014

(4) Sunset or Repeal Date
12-31-20

(5) Legislative Intent
The Legislature intended to encourage the development of value-added salmon and herring products in Alaska and to increase the value of Alaskan fisheries.

(6) Public Purpose
To encourage the production of value-added seafood products in Alaska and increase the value of Alaskan fisheries.

(7) Estimated Revenue Impact
FY 2009 - $3,121,697
FY 2010 - $4,074,071
FY 2011 - $2,057,255
FY 2012 - $71,598
FY 2013 - $1,832,081

(8) Cost to Administer

(9) Number of Beneficiaries
28-42

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$1,832,081

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Yes

(4) Should it be Continued, Modified or Terminated?
No recommendation based on recent legislative action.

Revenue

Applicable Program
Fisheries Business Tax

Indirect Expenditure Name
Reduced Tax Rate for Small Fish Processors

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Fishers processing on vessels 65 feet or less are subject to a 3% tax rate instead of the regular floating rate of 5%.

(2) Authorizing Statute Regulation or Other Authority
AS 43.75.015 (d), AS 43.75.020 (c)

(3) Year Enacted
2004

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature adopted the reduced rate provision to encourage direct marketing and the production of value-added products.

(6) Public Purpose
To support small business development and direct marketers.

(7) Estimated Revenue Impact
FY 2009 - $80,928
FY 2010 - $51,704
FY 2011 - $70,314
FY 2012 - $75,549
FY 2013 - $72,503
Note: the revenue impact given is pre-credit and includes both the state and municipal share. It is based on fishing year data; actual tax payments may differ from this estimate.

(8) Cost to Administer

(9) Number of Beneficiaries
88-111

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$72,503

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Likely

(4) Should it be Continued, Modified or Terminated?
Recommend revisiting the reduced rate to evaluate its effectiveness at supporting small processors. Metrics should be established and reported to the legislature to determine the effectiveness of this credit.

Revenue

Applicable Program
Fisheries Business Tax

Indirect Expenditure Name
Reduced Fisheries Business Tax Rate for Developing Fisheries

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Fish species classified as "developing" are subject to tax rates of 1% for on-shore processors and 3% for floating processors instead of the regular rates of 3% and 5%, respectively. "Developing" species are annually designated by the commissioner of the department of fish and game under AS 16.05.050(a)(10).

(2) Authorizing Statute Regulation or Other Authority
AS 43.75.015(b)

(3) Year Enacted
1979, amended 1981

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature intended to encourage the development of new fisheries.

(6) Public Purpose
To encourage the development of new fisheries.

(7) Estimated Revenue Impact
FY 2009 - $99,279
FY 2010 - $123,870
FY 2011 - $105,675
FY 2012 - $133,873
FY 2013 - $102,010
Note: the revenue impact given is pre-credit and includes both the state and municipal share. It is based on fishing year data; actual tax payments may differ from this estimate.

(8) Cost to Administer

(9) Number of Beneficiaries
24-31

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$102,010

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Likely

(4) Should it be Continued, Modified or Terminated?
Recommend revisiting the reduced rate to evaluate its effectiveness at developing new fisheries. Metrics should be established and reported to the legislature to determine the effectiveness of this credit.

Revenue

Applicable Program
Fisheries Resource Landing Tax

Indirect Expenditure Name
Reduced Fishery Resource Landing Tax Rate for Developing Fisheries

Department of Revenue Submission per AS 43.05.095

(1) Decription of Provision
Fish species classified as "developing" are subject to a tax rate of 1% rather than the regular rate of 3%. "Developing" species are annually designated by the commissioner of the department of fish and game under AS 16.05.050(a)(10).

(2) Authorizing Statute Regulation or Other Authority
AS 43.77.010(1)

(3) Year Enacted
1996

(4) Sunset or Repeal Date
None

(5) Legislative Intent
The Legislature adopted the reduced rate provision to parallel a similar provision in the Fisheries Business Tax.

(6) Public Purpose
To encourage the development of new fisheries.

(7) Estimated Revenue Impact
FY 2009 - $239,079
FY 2010 - $200,790
FY 2011 - $279,138
FY 2012 - $264,781
FY 2013 - $351,339
Note: the revenue impact given is pre-credit and includes both the state and municipal share. It is based on fishing year data; actual tax payments may differ from this estimate.

(8) Cost to Administer

(9) Number of Beneficiaries
44-61

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State
$351,339

(2) Estimate of Annual Benefit to Recipients
Indeterminate

(3) Legislative Intent Met?
Likely

(4) Should it be Continued, Modified or Terminated?
Recommend reconsideration of the reduced rate to evaluate its effectiveness at developing new fisheries. Metrics should be established and reported to the legislature to determine the effectiveness of this credit.