

Indirect Expenditure Report



January 2021

Legislative Finance Division

www.legfin.akleg.gov

Introduction

HB 306 (Ch. 61, SLA 14) requires that the Department of Revenue (DOR) and Legislative Finance Division (LFD) 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.

This is the fourth round of reports; DOR's reports were released in 2014, 2016, 2018, and 2020 and Legislative Finance released reports in 2015, 2017, and 2019. The Legislative Finance Division's report builds on the DOR report and is due to the legislature on the first day of the 2021 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.

The 2021 Legislative Finance report, covers the following departments, which were originally covered in the 2015 report:

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

For the 2023 report, Legislative Finance will cover the following departments, which were initially covered in the 2017 report:

6. Administration;
7. Alaska Court System (Judiciary);
8. Education and Early Development, including the Alaska Student Loan Corporation and Alaska Commission on Postsecondary Education;
9. Environmental Conservation;
10. Natural Resources; and
11. Transportation.

Legislative Finance's 2019 and 2025 reports are designated to cover all agencies not reviewed in other years. However, none of the remaining agencies (such as the University of Alaska and the Alaska Railroad) have participated in the Indirect Expenditure reporting process up to this point. Therefore, Legislative Finance's 2019 report exclusively highlighted five provisions set to expire, all of which have now expired.

There is only one provision is set to expire between January 1, 2021 and June 30, 2023. The Alternative Credit for Exploration is scheduled to sunset on December 31, 2021. This report provides a detailed analysis of the credit.

Summary of Recommendations Made	
Recommendation Type	Count
Continue	43
Modify	2
No Action	16
No Rec	7
Reconsider	33
Review	18
Terminate	17
<i>Total</i>	<i>136</i>

Recommendation Highlights				
Index	Dept.	Applicable Program	Indirect Expenditure Name	Recommendation Summary
1.06-1.10	DCCED	Corporations	All	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.
2.07-2.20	DFG	Sport Fishing and Hunting License	All	Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.
5.01	DOR	Alcoholic Beverages Tax	Small Brewery Reduced Rate	Recommend modification. The reduced rate applies to any small brewery distributing in Alaska, not just breweries based in Alaska. Legislative intent was to aid breweries and brewpubs based in Alaska. Since the rate reduction applies to out-of-state breweries, the advantage to Alaska breweries and brewpubs is limited.
5.10, 5.13, 5.14	DOR	Corporate Income Tax	Multiple	The legislature should consider discontinuing conformity with the federal tax code, as it results in Alaska inadvertently providing tax credits for activity outside of Alaska. Termination of exemptions for "S" corporations and foreign royalties should also be considered.
5.26	DOR	Fisheries Business Tax	Salmon and Herring Product Development Credit	The credit sunset on 12/31/2020. Recommend reconsideration to determine whether to reestablish the credit. If reestablished, release of some information should be required as a condition of receiving tax credits. See the 2019 <i>Indirect Expenditures Report</i> for a detailed analysis.
5.28	DOR	Fisheries Resource Landing Tax	Community Development Quota Credit	Recommend reestablishing the credit, as it sunset on 12/31/2020. Per AS 43.77.050, the credit was taken against the municipal share of the tax, not the state share. Therefore, no revenue was foregone by the state. Instead, this credit redirected revenue from municipalities to CDQ groups. See the 2019 <i>Indirect Expenditures Report</i> for a detailed analysis.
5.30-5.31, 5:33	DOR	Mining License Tax	Multiple	Recommend reconsideration of the mining license tax structure in its entirety. Established pre-statehood, the effectiveness of the tax and exemptions may be obsolete.
5.53	DOR	Oil and Gas Production Tax	Alternative Credit for Exploration	Recommend no action, as the Alternative Credit for Exploration (ACE) will expire on 12/31/2021.

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Department of Commerce, Community and Economic Development

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Commerce, Community and Economic Development

1.01

Applicable Program
Banking

Indirect Expenditure Name
Small loan company exemption

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Exempts licensed small loan companies from the requirement of a business license.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 06.20.030

(4) Year Enacted

1978

(5) Sunset or Repeal Date

N/A

(6) Legislative Intent

Alleviate regulatory burden on small loan companies by not requiring two licenses.

(7) Public Purpose

Reduces regulatory burden on small loan companies.

(8) Estimated Revenue Impact

FY 2015 - \$50

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

Between 0 and 13 businesses.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$0

(2) Estimate of Annual Monetary Benefit to Recipients

No businesses have used the exemption since FY15

(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.

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) Description 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) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

A.S. 42.45.280, 3 AAC 161.045

(4) Year Enacted

2013

(5) Sunset or Repeal Date

N/A

(6) 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 to provide an incentive to entities that timely repaid their previous loans.

(7) Public Purpose

Interest reduction is an incentive to remain in good standing in revolving loan program.

(8) Estimated Revenue Impact

FY 2015 - \$53,391

FY 2016 - \$89,414

FY 2017 - \$92,554

FY 2018 - \$83,253

FY 2019 - \$177,168

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 \$2.6 million.

(9) Cost to Administer

\$0

(10) Number of Beneficiaries / Who Benefits

During FY 2018 there were 69 borrowers and in FY 2019 there were 82. 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

\$99,156

Commerce, Community and Economic Development

1.02

Applicable Program
Bulk Fuel Loan Program

Indirect Expenditure Name
Interest reduction

Legislative Finance Analysis per AS 24.20.235

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

Varies. Around \$2,000

(3) Legislative Intent Met?

Yes

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

Recommend continuation. This interest rate reduction allows these loans to remain affordable and is consistent with legislative intent.

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) Description of Provision

The Senior Citizen Discount provides a 50% discount to qualified sole proprietors. In Fy 2009 the business license fee was \$100 per year, and the discounted business license fee was \$50. From FY2010 to the present, the business license fee is \$50 per year and the discounted business license fee is \$25.

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 43.70.030(a)(1-2), 12 AAC 12.010(a)(1-2)

(4) Year Enacted

2003

(5) Sunset or Repeal Date

None

(6) Legislative Intent

Discount for sole proprietor senior citizens.

(7) Public Purpose

Foster Alaskan businesses and corporations.

(8) Estimated Revenue Impact

FY 2015 - \$90,475

FY 2016 - \$91,975

FY 2017 - \$96,650

FY 2018 - \$42,325

FY 2019 - \$89,750

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

During FY 2019 there were 3,590 beneficiaries.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$82,235

(2) Estimate of Annual Monetary 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

1.03

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

Business Licensing

Indirect Expenditure Name

Discount for Service-Connected Disabled Veterans

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

The Service-Connected Disabled Veteran Discount provides a 50% discount to qualified sole proprietors. From FY 2015, the effective year of this discount, the business license fee is \$50 per year and the discounted business license fee is \$25 per year.

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 43.70.030(a)(1-2), 12 AAC 12.010(a)(1-2)

(4) Year Enacted

2014

(5) Sunset or Repeal Date

None

(6) Legislative Intent

Discount for sole proprietor service-connected disabled veterans.

(7) Public Purpose

Foster Alaskan businesses and corporations.

(8) Estimated Revenue Impact

FY 2015 - \$2,275

FY 2016 - \$1,525

FY 2017 - \$2,550

FY 2018 - \$3,575

FY 2019 - \$4,300

The effective date of this program was 10/29/2014, part-way through FY 2015.

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

Between 61 and 102 beneficiaries.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$2,845

(2) Estimate of Annual Monetary Benefit to Recipients

\$25

Commerce, Community and Economic Development

1.04

Applicable Program
Business Licensing

Indirect Expenditure Name
Discount for Service-Connected Disabled Veterans

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Reasons for offering a discounted fee to seniors and/or disabled veterans are unclear.

(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

Commercial Fishing Revolving Loan Fund

Indirect Expenditure Name

Pay on Time Program

Department of Revenue Submission per AS 43.05.095
(1) Description of Provision

1% interest rate incentive for following year to borrowers that make payment timely.

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

3 AAC 80.055(p); AS 16.10.310

(4) Year Enacted

36739

(5) Sunset or Repeal Date

None

(6) Legislative Intent

Provide an incentive for borrowers who make timely payments.

(7) 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.

(8) Estimated Revenue Impact

FY 2015 - \$415,738

FY 2016 - \$356,003

FY 2017 - \$417,192

FY 2018 - \$392,492

FY 2019 - \$307,801

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.

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

During FY 2019 there were 1,289 beneficiaries of the Pay on Time Program.

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$377,845

(2) Estimate of Annual Monetary Benefit to Recipients

\$240

Commerce, Community and Economic Development

1.05

Applicable Program

Commercial Fishing Revolving Loan Fund

Indirect Expenditure Name

Pay on Time Program

Legislative Finance Analysis per AS 24.20.235

(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. Timely payment interest reductions are common, but a 1% reduction is higher than is offered for most loan programs. A smaller rate reduction may achieve the same effect.

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) Description 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) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 10.06.845(a)

(4) Year Enacted

1988

(5) Sunset or Repeal Date

None

(6) Legislative Intent

Discount for domestic (Alaskan) entities.

(7) Public Purpose

Foster Alaskan businesses and corporations.

(8) Estimated Revenue Impact

FY 2015 - \$521,000

FY 2016 - \$488,200

FY 2017 - \$514,500

FY 2018 - \$443,400

FY 2019 - \$469,500

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

In FY 2019 there were 4,695 domestic business corporations who filed biennial reports.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$487,320

(2) Estimate of Annual Monetary Benefit to Recipients

\$100

(3) Legislative Intent Met?

Yes

Commerce, Community and Economic Development

1.06

Applicable Program
Corporations

Indirect Expenditure Name
Discount for Alaskan corporations on biennial
report

Legislative Finance Analysis per AS 24.20.235

(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 corporations on creation

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

The corporation tax on a creation filing for a domestic (Alaskan) business corporation is \$100 and for a foreign (non-Alaskan) business corporation is \$200.

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 10.06.845(a)

(4) Year Enacted

1988

(5) Sunset or Repeal Date

none

(6) Legislative Intent

Discount for domestic (Alaskan) entities.

(7) Public Purpose

Foster Alaskan businesses and corporations.

(8) Estimated Revenue Impact

FY 2015 - \$88,800

FY 2016 - \$86,700

FY 2017 - \$77,000

FY 2018 - \$82,800

FY 2019 - \$51,700

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

FY 2018 had approximately 828 new domestic business corporations, and FY 2019 had approximately 517 new domestic business corporations.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$77,400

(2) Estimate of Annual Monetary Benefit to Recipients

\$100

(3) Legislative Intent Met?

Yes

Commerce, Community and Economic Development ^{1.07}

Applicable Program
Corporations

Indirect Expenditure Name
Discount for Alaskan corporations on creation

Legislative Finance Analysis per AS 24.20.235

(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) Description 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) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 10.50.850, AS 10.50.900, 3 AAC 16.065

(4) Year Enacted

1995

(5) Sunset or Repeal Date

None

(6) Legislative Intent

Discount for domestic (Alaskan) entities.

(7) Public Purpose

Foster Alaskan businesses and corporations.

(8) Estimated Revenue Impact

FY 2015 - \$1,044,200

FY 2016 - \$1,113,400

FY 2017 - \$1,251,200

FY 2018 - \$1,323,700

FY 2019 - \$1,400,700

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

FY 2018 had approximately 13,237 biennial reports, and FY 2019 had approximately 14,007 biennial reports.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$1,226,640

(2) Estimate of Annual Monetary 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

Commerce, Community and Economic Development

1.08

Applicable Program
Corporations

Indirect Expenditure Name
Discount for Alaskan LLCs on biennial report

Legislative Finance Analysis per AS 24.20.235

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

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) Description 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) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 10.50.850, AS 10.50.900, 3 AAC 16.065

(4) Year Enacted

1995

(5) Sunset or Repeal Date

None

(6) Legislative Intent

Discount for domestic (Alaskan) entities.

(7) Public Purpose

Foster Alaskan businesses and corporations.

(8) Estimated Revenue Impact

FY 2015 - \$418,100

FY 2016 - \$473,400

FY 2017 - \$496,700

FY 2018 - \$537,800

FY 2019 - \$555,700

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

FY 2018 had approximately 5,378 new domestic LLCs. FY 2019 had approximately 5,557 new domestic LLCs.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$496,340

(2) Estimate of Annual Monetary 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

Commerce, Community and Economic Development

1.09

Applicable Program
Corporations

Indirect Expenditure Name
Discount for Alaskan LLCs on creation

Legislative Finance Analysis per AS 24.20.235

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

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) Description 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) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 32.05.750, AS 32.06.970, 3 AAC 16.055A©

(4) Year Enacted

1997

(5) Sunset or Repeal Date

none

(6) Legislative Intent

Discount for domestic (Alaskan) entities.

(7) Public Purpose

Foster Alaskan businesses and corporations.

(8) Estimated Revenue Impact

FY 2015 - \$2,200

FY 2016 - \$1,600

FY 2017 - \$2,700

FY 2018 - \$1,800

FY 2019 - \$2,600

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

FY 2018 had approximately 18 domestic LLPs who filed. FY 2019 had approximately 26 domestic LLPs.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$2,180

(2) Estimate of Annual Monetary 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

Commerce, Community and Economic Development ^{1.10}

Applicable Program
Corporations

Indirect Expenditure Name
Discount for Alaskan LLPs on biennial report

Legislative Finance Analysis per AS 24.20.235

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

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

Insurance: all programs

Indirect Expenditure Name

Alaska Comprehensive Health Insurance Association Tax Credit

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Tax credit of 50% of assessment by the Alaska Comprehensive Health Insurance Association.

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 21.55.220(f)

(4) Year Enacted

2006

(5) Sunset or Repeal Date

N/A

(6) 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. The public purpose is to reduce taxes paid for companies paying into the Alaska Comprehensive Health Insurance Association.

(7) Public Purpose

Reduce taxes paid for companies paying into the Alaska Comprehensive Health Insurance Association.

(8) Estimated Revenue Impact

FY 2015 - \$2,998,235

FY 2016 - \$1,499,959

FY 2017 - \$5,000,000

FY 2018 - \$3,000,000

FY 2019 - \$2,000,000

Note: the estimated revenue impact is calculated at 50% of assessments.

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

In FY 2017, 59 companies benefited. In FY 2016, 62 companies benefited.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$2,899,639

(2) Estimate of Annual Monetary Benefit to Recipients

\$85,000

Commerce, Community and Economic Development

1.11

Applicable Program

Insurance: all programs

Indirect Expenditure Name

Alaska Comprehensive Health Insurance
Association Tax Credit

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Yes, in the sense that paying the ACHIA assessment is encouraged.

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

Recommend reconsideration. The legislature may wish to consider whether the size of the tax credit is justified.

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) Description of Provision

Tax credit up to \$300,000 amongst all eligible companies.

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 21.96.075

(4) Year Enacted

2000

(5) Sunset or Repeal Date

N/A

(6) 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.

(7) Public Purpose

For the Alaska Fire Chiefs Association to fund Alaska Fire Standards Council operations through a tax credit. The Council was assigned to find alternative mechanisms to fund fire service training programs.

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

None

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$0

(2) Estimate of Annual Monetary Benefit to Recipients

\$0

Commerce, Community and Economic Development

1.12

Applicable Program

Insurance: all programs

Indirect Expenditure Name

Alaska Fire Standards Council Tax Credit

Legislative Finance Analysis per AS 24.20.235**(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 termination. The credit has never been used.

Commerce, Community and Economic Development

Applicable Program

Insurance: all programs

Indirect Expenditure Name

Deduction from Premiums Written for Claims Paid

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Premium tax on hospital and medical service corporations is based on 6% of gross premiums less claims paid.

(2) Type

Deduction

(3) Authorizing Statute, Regulation or Other Authority

AS 21.09.210(b)(2)

(4) Year Enacted

1966

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

Establishment of a premium tax on hospital and medical service corporations.

(8) Estimated Revenue Impact

FY 2015 - \$13,019,395

FY 2016 - \$19,784,799

FY 2017 - \$18,423,828

FY 2018 - \$22,170,193

FY 2019 - \$23,873,003

Note: The estimated revenue impact is calculated claims paid * tax rate (6%).

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

One company benefits.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$19,454,244

(2) Estimate of Annual Monetary Benefit to Recipients

\$19,454,244

Commerce, Community and Economic Development

1.13

Applicable Program

Insurance: all programs

Indirect Expenditure Name

Deduction from Premiums Written for Claims Paid

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Unknown

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

Recommend review. The legislature may want to compare how other states tax medical service insurers. Alaska's tax structure was established almost 50 years ago.

Commerce, Community and Economic Development

Applicable Program

Insurance: all programs

Indirect Expenditure Name

Deduction from Premiums Written for Dividends

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Premium deductions from premiums 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) Type

Deduction

(3) Authorizing Statute, Regulation or Other Authority

AS 21.09.210(b)

(4) Year Enacted

1966

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

Returning of policy premium when a policy is not in force.

(8) Estimated Revenue Impact

FY 2015 - \$1,080,753

FY 2016 - \$1,059,801

FY 2017 - \$1,011,665

FY 2018 - \$987,800

FY 2019 - \$989,370

Note: The estimated revenue impact is calculated dividends * tax rate (2.7).

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

The number of companies averaged 165 in FY 2018 and FY 2019.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$1,025,878

Commerce, Community and Economic Development

1.14

Applicable Program

Insurance: all programs

Indirect Expenditure Name

Deduction from Premiums Written for Dividends

Legislative Finance Analysis per AS 24.20.235

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

\$5,991

(3) Legislative Intent Met?

Unknown

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

Recommend review. 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

Education Tax Credit

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Education tax credit for donations to allowable educational entities. See also p. 74.

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 21.96.070

(4) Year Enacted

1994

(5) Sunset or Repeal Date

Sunsets 1/1/2025

(6) 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.

(7) Public Purpose

Encourage donations for educational purposes.

(8) Estimated Revenue Impact

FY 2015 - \$151,000

FY 2016 - \$150,000

FY 2017 - \$975

FY 2018 - \$0

FY 2019 - \$500

Note: the estimated revenue impact is calculated at 50% of the first \$100,000 donation and 100% of the second \$100,000 and 50% exceeding \$300,000.

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

The number of companies ranged from one to three from FY 2007 to FY 2015. One company benefited from FY 2016 to FY 2019.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$60,495

(2) Estimate of Annual Monetary Benefit to Recipients

\$50,000

Commerce, Community and Economic Development

1.15

Applicable Program

Insurance: all programs

Indirect Expenditure Name

Education Tax Credit

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Yes

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

Recommend continuation based on meeting legislative intent. The credit is currently set to sunset on 1/1/2025.

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) Description 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) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 21.33.061(g)

(4) Year Enacted

Enacted 1984, effective date 1985

(5) Sunset or Repeal Date

N/A

(6) Legislative Intent

None.

(7) Public Purpose

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.

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

Exempt State of Alaska and entities engaging in aircraft used for interstate or foreign commerce from paying tax.

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

None

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$0

(2) Estimate of Annual Monetary Benefit to Recipients

\$0

Commerce, Community and Economic Development

1.16

Applicable Program

Insurance: all programs

Indirect Expenditure Name

Independently Procured Tax

Legislative Finance Analysis per AS 24.20.235

(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) Description of Provision

Lower tax rate on individual life insurance policy premiums over \$100,000. The first \$100,000 is taxed at 2.7% and anything over \$100,000 taxed at 0.08%.

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 21.09.210(m)

(4) Year Enacted

1998

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

Lower the cost for very large individual life insurance policies.

(8) Estimated Revenue Impact

FY 2015 - \$13,070,405

FY 2016 - \$7,162,215

FY 2017 - \$4,981,415

FY 2018 - \$4,478,599

FY 2019 - \$4,138,827

Note: The estimated revenue impact is calculated as premiums over \$100,000 per individual policy * tax rate (2.7%).

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

The number of companies ranged from 15 to 16 from FY 2018 to FY 2019.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

None

(2) Estimate of Annual Monetary Benefit to Recipients

\$277,981

Commerce, Community and Economic Development

1.17

Applicable Program

Insurance: all programs

Indirect Expenditure Name

Lower Tax Rate

Legislative Finance Analysis per AS 24.20.235

(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.

(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

Tax Exempt State Premiums

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Premiums paid by the state for insurance policies and contracts purchased under AS 39.30 are exempt from taxation.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 21.09.210(i)

(4) Year Enacted

1966

(5) Sunset or Repeal Date

None

(6) Legislative Intent

None.

(7) Public Purpose

Reduce the cost of premiums to employees working for the State of Alaska.

(8) Estimated Revenue Impact

FY 2015 - -

FY 2016 - \$432,811

FY 2017 - \$540,105

FY 2018 - \$425,759

FY 2019 - \$1,318,608

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

Three companies benefited in FY 2018 and two companies benefited in FY 2019.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$679,321

(2) Estimate of Annual Monetary Benefit to Recipients

\$400,612

(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

Commerce, Community and Economic Development

1.18

Applicable Program

Insurance: all programs

Indirect Expenditure Name

Tax Exempt State Premiums

Legislative Finance Analysis per AS 24.20.235

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

government from its own taxation remains sound.

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) Description 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) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 21.33.055(c)

(4) Year Enacted

1992

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

Exempt State of Alaska and entities engaging in aircraft used for interstate or foreign commerce from paying tax.

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

Exempt State of Alaska and entities engaging in aircraft used for interstate or foreign commerce from paying tax.

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

None

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$0

Commerce, Community and Economic Development

1.19

Applicable Program

Insurance: all programs

Indirect Expenditure Name

Unauthorized Company Tax

Legislative Finance Analysis per AS 24.20.235

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

\$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 has not been used in recent years, it may be used in future years, and 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

Wet Marine and Transportation tax

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Deduction

(3) Authorizing Statute, Regulation or Other Authority

AS 21.09.210(d)

(4) Year Enacted

1966

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

Establishment of premium taxes on wet marine and transportation contracts.

(8) Estimated Revenue Impact

FY 2015 - \$147,511

FY 2016 - \$159,350

FY 2017 - \$147,608

FY 2018 - \$139,997

FY 2019 - \$183,059

Note: the estimated revenue impact is calculated as direct losses paid * tax rate (0.75%).

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

The number of companies ranged from 29 to 36 from FY 2018 to FY 2019.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$155,505

(2) Estimate of Annual Monetary Benefit to Recipients

\$4,785

Commerce, Community and Economic Development

1.20

Applicable Program

Insurance: all programs

Indirect Expenditure Name

Wet Marine and Transportation tax

Legislative Finance Analysis per AS 24.20.235

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

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) Description 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) Type

Rebate

(3) Authorizing Statute, Regulation or Other Authority

AS 29.45.040

(4) Year Enacted

1973

(5) Sunset or Repeal Date

N/A

(6) Legislative Intent

The intent was to provide rent relief to senior citizens and disabled veterans who rented rather than owned their homes. As renters they did not benefit from the senior citizen & disabled veterans exemption program.

(7) Public Purpose

Incentivize senior citizens and disabled veterans to stay in Alaska.

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

Note: By not appropriating funds to meet the reimbursement obligation, the state increases the Unrestricted General Fund.

(9) Cost to Administer

This program is not funded, so there is no fiscal impact.

(10) Number of Beneficiaries / Who Benefits

Eighteen municipalities that collect property taxes that are mandated by law to provide this exemption. The Property Tax Equivalency Payment Program has not been funded since FY2000, so there are no beneficiaries.

Commerce, Community and Economic Development

1.21

Applicable Program
Office of the State Assessor

Indirect Expenditure Name
Property Tax Equivalency Payments (Renters
Rebate)

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State (cont.)

\$0

(2) Estimate of Annual Monetary Benefit to Recipients

\$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

Office of the State Assessor

Indirect Expenditure Name

Senior Citizens - Disabled Veterans Tax Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Provide property tax relief to senior citizens and disabled veterans who own their residence.

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) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 29.45.030(e) - (g)

(4) Year Enacted

1973

(5) Sunset or Repeal Date

N/A

(6) Legislative Intent

Reimburse municipalities for reduced revenue from a legislatively mandated program.

(7) Public Purpose

Incentivize senior citizens and disabled veterans to stay in Alaska.

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

Note: By not appropriating funds to meet the reimbursement obligation, the state increases the Unrestricted General Fund.

(9) Cost to Administer

This program is not funded, so there is no revenue impact.

(10) Number of Beneficiaries / Who Benefits

Twenty-four municipalities that collect property taxes are mandated by law to provide this exemption. There are 37,455 qualified applicants for the senior citizen and disabled veterans exemption.

There are 37,455 qualified applicants for the senioe citizen and disabled veterans exemption.

Commerce, Community and Economic Development

1.22

Applicable Program
Office of the State Assessor

Indirect Expenditure Name
Senior Citizens - Disabled Veterans Tax
Exemption

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State (cont.)

The amount of revenue forgone by the state is zero, however, in tax year 2019 there was approximately \$91 million of revenue foregone by municipalities because their costs were not reimbursed by the State.

(2) Estimate of Annual Monetary Benefit to Recipients

In tax year 2019, the Average Exempt Tax amount per applicant was \$2,063 and there were 44,057 applications.

(3) Legislative Intent Met?

Yes, in the sense that senior citizens receive a property tax exemption. No, in that municipalities bear the cost of this tax exemption.

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

Recommend reconsideration. 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 Assistance Program (AS 29.60.850-879).

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) Description 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) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 08.01.065, AS 08.01.080, AS 08.01.100, 12 AAC 02.030

(4) Year Enacted

1981

(5) Sunset or Repeal Date

None

(6) Legislative Intent

Unknown

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2016 - Unknown. This specific type of application is not separately identified or quantified.

FY 2017 - Unknown. This specific type of application is not separately identified or quantified.

FY 2018 - Unknown. This specific type of application is not separately identified or quantified.

FY 2019 - Unknown. This specific type of application is not separately identified or quantified.

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

None

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Unknown

Commerce, Community and Economic Development

1.23

Applicable Program

Professional Licensing: all programs

Indirect Expenditure Name

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

Legislative Finance Analysis per AS 24.20.235

(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

Securities

Indirect Expenditure Name

Discount for securities registrants and notice filers

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Allowed 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.

Updated regulations effective January 2017 removed two year filing option with the discounted fee. Only one year initial and renewal filings were accepted after May 2017.

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 45.55.110; 45.55.139; 45.55.950; 45.55.980, 3 AAC 08.920 (a)(3),(a)(4) and (a)(5) - amended am 1/17/2016, Register 217

(4) Year Enacted

1999

(5) Sunset or Repeal Date

N/A

(6) 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.

Repealed.

(7) Public Purpose

Reduced the regulatory burden on issuers of securities and work load on the division for renewal processing.

Repealed.

(8) Estimated Revenue Impact

FY 2015 - \$285,620

FY 2016 - \$13,200

FY 2017 - \$14,800

FY 2018 - \$0

FY 2019 - \$0

Note: Revenue impact leveled as more filers move to one year filings and use of electronic filing systems.

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

Less than 150 securities issuers requested two-year initial or renewal mutual fund filings in FY 2016 and FY 2017,

Commerce, Community and Economic Development

1.24

Applicable Program

Securities

Indirect Expenditure Name

Discount for securities registrants and notice filers

Department of Revenue Submission per AS 43.05.095

(10) Number of Beneficiaries / Who Benefits (cont.)

respectively.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$0, as discount is obsolete. \$300,000 in FY 2015 and prior.

(2) Estimate of Annual Monetary Benefit to Recipients

\$100

(3) Legislative Intent Met?

No

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

Recommend termination. Discount has been rendered obsolete by recent regulatory change.

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) Description of Provision

Deduction from premiums written for return premium transactions.

(2) Type

Deduction

(3) Authorizing Statute, Regulation or Other Authority

AS 21.34.180

(4) Year Enacted

Enacted 1984, effective date 1985

(5) Sunset or Repeal Date

N/A

(6) 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.

(7) Public Purpose

Establishment of premium taxes on surplus lines contracts

(8) Estimated Revenue Impact

FY 2015 - \$156,856

FY 2016 - \$99,594

FY 2017 - \$90,073

FY 2018 - \$96,780

FY 2019 - \$85,272

Note: The estimated revenue impact is calculated return premium * tax plus fee rate (3.7%).

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

The number of insured transactions ranged from 949 to 1071 from FY 2018 to FY 2019.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$105,715

Commerce, Community and Economic Development

1.25

Applicable Program
Surplus Lines Tax

Indirect Expenditure Name
Deduction from premiums written for return
premium transactions

Legislative Finance Analysis per AS 24.20.235

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

\$90

(3) Legislative Intent Met?

Yes

(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 35 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) Description 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) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 21.34.180(i)

(4) Year Enacted

Enacted 1984, effective 1985

(5) Sunset or Repeal Date

N/A

(6) 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.

(7) Public Purpose

Exempt State of Alaska and entities engaging in aircraft used for interstate or foreign commerce from paying tax

(8) Estimated Revenue Impact

FY 2015 - \$705,621

FY 2016 - \$528,876

FY 2017 - \$343,015

FY 2018 - \$433,461

FY 2019 - \$622,297

Note: The estimated revenue impact is calculated premium * tax plus fee rate (3.7%).

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

The number of insured transactions ranged from 313 to 409 from FY 2018 to FY 2019.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$526,654

(2) Estimate of Annual Monetary Benefit to Recipients

\$1,462

Commerce, Community and Economic Development

1.26

Applicable Program
Surplus Lines Tax

Indirect Expenditure Name
Tax exemptions

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Yes

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

Recommend continuation. This tax exemption was established 35 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

Film Tax Credit

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Tax credit allowed to be applied against premium tax for insurance companies who purchased the credit certificate from a qualified producer

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.98.03(c)

(4) Year Enacted

Enacted 2012, effective 2013

(5) Sunset or Repeal Date

7/1/2015

(6) Legislative Intent

Senator Johnny Ellis sponsored legislation to support the growth and success of Alaska's burgeoning film and TV production industry. It would extend the tax credits for 10 years. Extending the incentives would continue bringing new money and investments into the Alaskan economy and put Alaskans to work.

(7) Public Purpose

Provide for the transfer of film tax credits to entities such as insurance companies to apply against premium tax due.

(8) Estimated Revenue Impact

FY 2015 - -

FY 2016 - \$615,080

FY 2017 - \$87,891

FY 2018 - \$2,855,905

FY 2019 - \$512,649

Credit allowed to offset premium tax

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

19 companies in FY2018; 7 companies in FY2019

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$1,017,881

(2) Estimate of Annual Monetary Benefit to Recipients

\$129,560

Commerce, Community and Economic Development

1.27

Applicable Program

Insurance: all programs

Indirect Expenditure Name

Film Tax Credit

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Unknown

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

No action as the credit program has already sunset. Note that there are still tax credits available through 2023 even with the repeal of the film tax office.

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Department of Fish and Game

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Fish and Game

Applicable Program

Commercial Fisheries Entry Commission

Indirect Expenditure Name

Application fee differential

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Reduces limited entry permit application fees (Fee reduced from \$100 to \$50 for qualifying individuals).

(2) Type

Differential Allowance

(3) Authorizing Statute, Regulation or Other Authority

AS 16.43.100, AS 16.43.110, 20 AAC 05.250(b)

(4) Year Enacted

1987

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To assist low-income permit holders.

(7) Public Purpose

Assist low-income fishermen in their ability to apply for a commercial limited entry permit.

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

There have been no new limitations between 2009 and 2019 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 Monetary Benefit to Recipients

\$50

(3) Legislative Intent Met?

Likely

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

Recommend continuation. The credit is designed for circumstances where fisheries entry becomes limited. This

Fish and Game

Applicable Program

Commercial Fisheries Entry Commission

Indirect Expenditure Name

Application fee differential

Legislative Finance Analysis per AS 24.20.235

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

hasn't occurred in recent history, but it could happen the near future with reduced fishery performance. In those circumstances, the legislative intent would be met by maintaining this fee waver.

Fish and Game

Applicable Program

Commercial Fisheries Entry Commission

Indirect Expenditure Name

Expedite fee waived

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

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

(4) Year Enacted

2007

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To assist low-income permit holders.

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2016 - These discounts are not tracked by our licensing system.

FY 2017 - These discounts are not tracked by our licensing system.

FY 2018 - These discounts are not tracked by our licensing system.

FY 2019 - These discounts are not tracked by our licensing system.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approximately 20 - 30 per year.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$2,000 based on 25 fishermen multiplied by \$80 service fee.

(2) Estimate of Annual Monetary 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. In CFEC's experience, low income fishermen are more likely to complete their paperwork in a timely manner because they are reliant on that income, so this fee

Fish and Game

Applicable Program

Commercial Fisheries Entry Commission

Indirect Expenditure Name

Expedite fee waived

Legislative Finance Analysis per AS 24.20.235

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

reduction is rarely needed. However, the minimal usage may be due in part to a lack of awareness of this fee reduction.

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) Description 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 in 2012 - 2015.

(2) Type

Differential Allowance

(3) Authorizing Statute, Regulation or Other Authority

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

(4) Year Enacted

2006

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - \$641,340

FY 2016 - \$709,670

FY 2017 - \$713,990

FY 2018 - \$660,630

FY 2019 - \$707,910

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Not a benefit. This is a surcharge and may not fit the criteria outlined for provisions which result in indirect expenditures

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$686,708 was collected by the state -- this is not forgone revenue.

(2) Estimate of Annual Monetary Benefit to Recipients

Surcharge of \$220 in FY20

(3) Legislative Intent Met?

Yes

Fish and Game

Applicable Program

Commercial Fisheries Entry Commission

Indirect Expenditure Name

Nonresident fee differential

Legislative Finance Analysis per AS 24.20.235

(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

Permit fees waived (fishery closures)

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Waives or reimburses the cost of renewing an annual CFEC fishing permit if the fishery was closed.

(2) Type

Differential Allowance

(3) Authorizing Statute, Regulation or Other Authority

AS 16.43.100, AS 16.43.110, AS 16.43.220, 20 AAC 05.425

(4) Year Enacted

1986

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To assist permit holders who are not allowed to fish due to season-long closure.

(7) Public Purpose

Provide partial compensation to persons who lose their fishing opportunities due to season-long closures.

(8) Estimated Revenue Impact

FY 2015 - \$75,968

FY 2016 - \$163,013

FY 2017 - \$178,385

FY 2018 - \$207,100

FY 2019 - \$178,275

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approximately 800 to 900 fees waived per year.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$160,548

(2) Estimate of Annual Monetary Benefit to Recipients

\$189

(3) Legislative Intent Met?

Yes

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

Recommend review. This fee waiver is consistent with the legislative intent that fishery participants should not pay an entry fee if a fishery does not open. However, it may be worth exploring whether federal aid for disaster relief (due to

Fish and Game

Applicable Program

Commercial Fisheries Entry Commission

Indirect Expenditure Name

Permit fees waived (fishery closures)

Legislative Finance Analysis per AS 24.20.235**(4) Should it be Continued, Modified or Terminated? (cont.)**

fishery closures) would reimburse fishermen for permit fees rather than the State forgoing the revenue. This does place an additional burden on the fishermen to seek that reimbursement though, and it is not always guaranteed since these emergencies require declarations by political actors. Furthermore, CFEC already collects more than is required to run the agency.

Fish and Game

Applicable Program

Commercial Fisheries Entry Commission

Indirect Expenditure Name

Permit transfer fee reduction

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

The permit transfer fee is reduced from \$50 to \$25 for qualified individuals with low income.

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.43.100, AS 16.43.110, 20 AAC 05.1910(h)

(4) Year Enacted

2002

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To assist low-income permit holders.

(7) Public Purpose

Assist low-income fishermen with the fees associated with CFEC permit transfers.

(8) Estimated Revenue Impact

FY 2016 - These discounts are not tracked by our licensing system.

FY 2017 - These discounts are not tracked by our licensing system.

FY 2018 - These discounts are not tracked by our licensing system.

FY 2019 - These discounts are not tracked by our licensing system.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approximately 1-5 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 Monetary 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. Permit sales usually involve the buyer agreeing to take on permit transfer fees, and whether through the magnitude of a purchase agreement or the fact that the buyers

Fish and Game

Applicable Program

Commercial Fisheries Entry Commission

Indirect Expenditure Name

Permit transfer fee reduction

Legislative Finance Analysis per AS 24.20.235

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

tend to have sufficient funds to make a permit purchase, this fee reduction is not often used.

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) Description of Provision

Provides for a discount of commercial fishing permit fees for fishermen in low income brackets.

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.43.160(d), 20 AAC 05.245(c)-(e)

(4) Year Enacted

1975

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To assist low-income permit holders.

(7) Public Purpose

Assist low-income fishermen in their ability to renew annual commercial fishing permits.

(8) Estimated Revenue Impact

FY 2015 - \$17,135

FY 2016 - \$16,548

FY 2017 - \$13,027

FY 2018 - \$11,206

FY 2019 - \$10,660

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approximately 190 to 200 individuals paid reduced fees per year.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$13,715

(2) Estimate of Annual Monetary Benefit to Recipients

\$70

(3) Legislative Intent Met?

Yes

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

Recommend continuation. This provision meets the legislative intent of allowing all Alaskan fisherman to participate in commercial fisheries regardless of their income levels.

Fish and Game

Applicable Program
Game Tag

Indirect Expenditure Name
Nonresident Military Bear Tag

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

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

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.05.340

(4) Year Enacted

1993

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - \$16,625

FY 2016 - \$9,025

FY 2017 - \$34,125

FY 2018 - \$25,350

FY 2019 - \$11,700

Note: There was a license fee increase in FY 2017.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approximately 20 to 30 beneficiaries per year.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$19,365

(2) Estimate of Annual Monetary Benefit to Recipients

\$475 before 1/1/2017; \$975 after 1/1/2017 for brown bear tags. \$225 before 1/1/2017; \$450 after 1/1/2017 for black bear tags.

(3) Legislative Intent Met?

Yes

Fish and Game

Applicable Program
Game Tag

Indirect Expenditure Name
Nonresident Military Bear Tag

Legislative Finance Analysis per AS 24.20.235

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

Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.

Fish and Game

Applicable Program
Game Tag

Indirect Expenditure Name
Nonresident Military Goat Tag

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

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

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.05.340

(4) Year Enacted

1993

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - \$600

FY 2016 - \$1,800

FY 2017 - \$6,000

FY 2018 - \$4,200

FY 2019 - \$600

Note: There was a license fee increase in FY 2017.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approx 10 per year

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$2,640

(2) Estimate of Annual Monetary Benefit to Recipients

\$300 before 1/1/2017; \$600 after 1/1/2017

(3) Legislative Intent Met?

Yes

Fish and Game

Applicable Program
Game Tag

Indirect Expenditure Name
Nonresident Military Goat Tag

Legislative Finance Analysis per AS 24.20.235

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

Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.

Fish and Game

Applicable Program
Game Tag

Indirect Expenditure Name
Nonresident Military Sheep Tag

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

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

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.05.340

(4) Year Enacted

1993

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - \$1,700

FY 2016 - \$2,550

FY 2017 - \$6,800

FY 2018 - \$4,250

FY 2019 - \$1,700

Note: There was a license fee increase in FY 2017.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approx 10 per year

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$3,400

(2) Estimate of Annual Monetary Benefit to Recipients

\$425 before 1/1/2017; \$850 after 1/1/2017

(3) Legislative Intent Met?

Yes

Fish and Game

Applicable Program
Game Tag

Indirect Expenditure Name
Nonresident Military Sheep Tag

Legislative Finance Analysis per AS 24.20.235

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

Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.

Fish and Game

Applicable Program

Hunting License

Indirect Expenditure Name

Nonresident Military Hunting License

Department of Revenue Submission per AS 43.05.095
(1) Description of Provision

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

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.05.340

(4) Year Enacted

1977

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - \$40,200

FY 2016 - \$36,120

FY 2017 - \$68,310

FY 2018 - \$71,415

FY 2019 - \$63,250

Note: There was a license fee increase in FY 2017.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approx 600 per year

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$55,859

(2) Estimate of Annual Monetary Benefit to Recipients

\$60 before 1/1/2017; \$115 after 1/1/2017

(3) Legislative Intent Met?

Yes

Fish and Game

Applicable Program
Hunting License

Indirect Expenditure Name
Nonresident Military Hunting License

Legislative Finance Analysis per AS 24.20.235

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

Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.

Fish and Game

Applicable Program

Sport Fishing and Hunting License

Indirect Expenditure Name

Disabled Veterans Hunting License, King Stamp, and Duck Stamp

Department of Revenue Submission per AS 43.05.095
(1) Description of Provision

Allows Alaska disabled veterans a free license, king salmon stamp and duck stamp

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.05.341

(4) Year Enacted

1996

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To assist resident disabled veterans.

(7) Public Purpose

To assist resident disabled veterans.

(8) Estimated Revenue Impact

FY 2015 - \$409,437

FY 2016 - \$444,717

FY 2017 - \$686,012

FY 2018 - \$740,480

FY 2019 - \$801,445

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approximately 8,000 active beneficiaries.

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$616,418

(2) Estimate of Annual Monetary Benefit to Recipients

\$63 before 1/1/2017; \$89 after 1/1/2017

(3) Legislative Intent Met?

Yes

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

Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues

Fish and Game

Applicable Program

Sport Fishing and Hunting License

Indirect Expenditure Name

Disabled Veterans Hunting License, King Stamp, and Duck Stamp

Legislative Finance Analysis per AS 24.20.235**(4) Should it be Continued, Modified or Terminated? (cont.)**

to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.

Fish and Game

Applicable Program

Sport Fishing and Hunting License

Indirect Expenditure Name

Nonresident Military Combined Hunting/Fishing License

Department of Revenue Submission per AS 43.05.095
(1) Description 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) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.05.340

(4) Year Enacted

1977

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - \$278,824

FY 2016 - \$289,562

FY 2017 - \$345,268

FY 2018 - \$297,832

FY 2019 - \$298,776

Note: There was a license fee increase in FY 2017.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approximately 1,400 beneficiaries per year.

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$302,052

(2) Estimate of Annual Monetary Benefit to Recipients

\$182 before 1/1/2017; \$236 after 1/1/2017

(3) Legislative Intent Met?

Yes

Fish and Game

Applicable Program

Sport Fishing and Hunting License

Indirect Expenditure Name

Nonresident Military Combined Hunting/Fishing License

Legislative Finance Analysis per AS 24.20.235**(4) Should it be continued, modified or terminated?**

Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.

Fish and Game

Applicable Program

Sport Fishing and Hunting License

Indirect Expenditure Name
Resident National Guard/Military Reserves
Hunting/Fishing License
Department of Revenue Submission per AS 43.05.095
(1) Description of Provision

Allows qualified Alaska military reserves a free annual fishing and hunting license.

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.05.341

(4) Year Enacted

2008

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To assist resident military reserve members.

(7) Public Purpose

To assist resident military reserve members.

(8) Estimated Revenue Impact

FY 2015 - \$80,976

FY 2016 - \$59,520

FY 2017 - \$93,012

FY 2018 - \$116,610

FY 2019 - \$92,115

Note: There was a license fee increase in FY 2017.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approx 1300 per year

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$88,447

(2) Estimate of Annual Monetary Benefit to Recipients

\$48 before 1/1/2017; \$69 after 1/1/2017

(3) Legislative Intent Met?

Yes

Fish and Game

Applicable Program

Sport Fishing and Hunting License

Indirect Expenditure NameResident National Guard/Military Reserves
Hunting/Fishing License**Legislative Finance Analysis per AS 24.20.235****(4) Should it be continued, modified or terminated?**

Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.

Fish and Game

Applicable Program

Sport Fishing King Salmon Stamp

Indirect Expenditure Name

Nonresident Military King Stamp

Department of Revenue Submission per AS 43.05.095
(1) Description 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) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.05.340

(4) Year Enacted

1993

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - \$162,480

FY 2016 - \$187,760

FY 2017 - \$150,780

FY 2018 - \$147,140

FY 2019 - \$132,860

Note: There was a license fee increase in FY 2017.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approx 2000 per year

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$156,204

(2) Estimate of Annual Monetary Benefit to Recipients

\$80 before 1/1/2017; \$70 after 1/1/2017

(3) Legislative Intent Met?

Yes

Fish and Game

Applicable Program

Sport Fishing King Salmon Stamp

Indirect Expenditure Name

Nonresident Military King Stamp

Legislative Finance Analysis per AS 24.20.235**(4) Should it be continued, modified or terminated?**

Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.

Fish and Game

Applicable Program

Sport Fishing King Salmon Stamp

Indirect Expenditure Name

Yukon Resident King Stamp

Department of Revenue Submission per AS 43.05.095
(1) Description of Provision

Yukon residents allowed to purchase king salmon stamp at the Alaska resident rate

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.05.340

(4) Year Enacted

2005

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To provide a reciprocal king salmon stamp with Yukon Territory residents.

(7) Public Purpose

To provide a reciprocal king salmon stamp with Yukon Territory residents.

(8) Estimated Revenue Impact

FY 2015 - \$52,200

FY 2016 - \$36,090

FY 2017 - \$32,490

FY 2018 - \$22,680

FY 2019 - \$22,950

Note: There was a license fee increase in FY 2017.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approximately 300 beneficiaries per year.

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$33,282

(2) Estimate of Annual Monetary Benefit to Recipients

\$90

(3) Legislative Intent Met?

Yes

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

Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues

Fish and Game

Applicable Program

Sport Fishing King Salmon Stamp

Indirect Expenditure Name

Yukon Resident King Stamp

Legislative Finance Analysis per AS 24.20.235**(4) Should it be Continued, Modified or Terminated? (cont.)**

to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.

Fish and Game

Applicable Program
Sport Fishing License

Indirect Expenditure Name
Blind Resident Sport Fishing License

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

\$0.25 license: Qualified blind residents.

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.05.340

(4) Year Enacted

1995

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To assist blind residents.

(7) Public Purpose

To assist blind residents.

(8) Estimated Revenue Impact

FY 2015 - \$998

FY 2016 - \$998

FY 2017 - \$1,055

FY 2018 - \$798

FY 2019 - \$912

Note: There was a license fee increase in FY 2017.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approx 40 per year

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$952

(2) Estimate of Annual Monetary Benefit to Recipients

\$33.75 before 1/1/2017; \$38.50 after 1/1/2017

(3) Legislative Intent Met?

Yes

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

Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues

Fish and Game

Applicable Program
Sport Fishing License

Indirect Expenditure Name
Blind Resident Sport Fishing License

Legislative Finance Analysis per AS 24.20.235

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

to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.

Fish and Game

Applicable Program
Sport Fishing License

Indirect Expenditure Name
Nonresident Military Fishing License

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

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

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.05.340

(4) Year Enacted

1977

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - \$626,175

FY 2016 - \$674,817

FY 2017 - \$580,696

FY 2018 - \$606,680

FY 2019 - \$613,988

Note: There was a license fee increase in FY 2017.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approx 5000 per year

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$620,471

(2) Estimate of Annual Monetary Benefit to Recipients

\$121 before 1/1/2017; \$116 after 1/1/2017

(3) Legislative Intent Met?

Yes

Fish and Game

Applicable Program
Sport Fishing License

Indirect Expenditure Name
Nonresident Military Fishing License

Legislative Finance Analysis per AS 24.20.235

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

Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.

Fish and Game

Applicable Program
Sport Fishing License

Indirect Expenditure Name
Yukon Resident Sport Fishing License

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Yukon residents allowed to purchase fishing license at the Alaska resident rate

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.05.340

(4) Year Enacted

2005

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To provide a reciprocal fishing license with Yukon Territory residents.

(7) Public Purpose

To provide a reciprocal fishing license with Yukon Territory residents.

(8) Estimated Revenue Impact

FY 2015 - \$272,613

FY 2016 - \$272,855

FY 2017 - \$265,176

FY 2018 - \$264,712

FY 2019 - \$253,924

Note: There was a license fee increase in FY 2017.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approx 2200 per year

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$265,856

(2) Estimate of Annual Monetary Benefit to Recipients

\$121 before 1/1/2017; \$116 after 1/1/2017

(3) Legislative Intent Met?

Yes

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

Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues

Fish and Game

Applicable Program
Sport Fishing License

Indirect Expenditure Name
Yukon Resident Sport Fishing License

Legislative Finance Analysis per AS 24.20.235

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

to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.

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) Description 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) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.05.340

(4) Year Enacted

1961

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To assist low-income residents.

(7) Public Purpose

To assist low-income residents.

(8) Estimated Revenue Impact

FY 2015 - \$1,077,243

FY 2016 - \$1,094,571

FY 2017 - \$1,557,589

FY 2018 - \$1,626,653

FY 2019 - \$1,665,546

Note: There was a license fee increase in FY 2017.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approx 18,000 per year

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

The department's estimate of \$1.4 million assumes that all users of this discount would otherwise purchase a complete fishing, hunting and trapping license and King stamp. Many do not require every component of the combined license.

(2) Estimate of Annual Monetary Benefit to Recipients

\$67 before 1/1/2017; \$99 after 1/1/2017

Fish and Game

Applicable Program

Sport Fishing, Hunting and Trapping License

Indirect Expenditure Name

Low Income

Legislative Finance Analysis per AS 24.20.235**(3) Legislative Intent Met?**

Yes

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

Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.

Fish and Game

Applicable Program

Sport Fishing, Hunting and Trapping License

Indirect Expenditure Name

Resident Senior Hunting License, King Stamp, and Duck Stamp

Department of Revenue Submission per AS 43.05.095
(1) Description of Provision

Allows Alaska residents over the age of 60 a free license, king salmon stamp and duck stamp.

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 16.05.400

(4) Year Enacted

1981

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To assist resident seniors.

(7) Public Purpose

To assist resident seniors.

(8) Estimated Revenue Impact

FY 2015 - \$6,795,978

FY 2016 - \$8,837,444

FY 2017 - \$13,833,216

FY 2018 - \$14,568,858

FY 2019 - \$15,324,678

Note: There was a license fee increase in FY 2017.

(9) Cost to Administer

Not provided.

(10) Number of Beneficiaries / Who Benefits

Approximately 125,000 active beneficiaries.

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

Unknown--but substantially less than the \$15 million estimated by the department for FY 2018 and FY 2019. 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.

(2) Estimate of Annual Monetary Benefit to Recipients

\$77 before 1/1/2017; \$114 after 1/1/2017

Fish and Game

Applicable Program

Sport Fishing, Hunting and Trapping License

Indirect Expenditure NameResident Senior Hunting License, King Stamp,
and Duck Stamp**Legislative Finance Analysis per AS 24.20.235****(3) Legislative Intent Met?**

Yes

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

Recommend review of all Fish & Game license fees. While the State did increase fees in 2017, the agency continues to struggle with a low balance in the Fish and Game fund (both the Wildlife and Sportfish components) and requires UGF to maintain agency functions. Without stabilization or increased funds in the Fish and Game fund, agency operations will likely face future reductions as state access to UGF becomes more constricted.

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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) Description 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) Type

Differential Allowance

(3) Authorizing Statute, Regulation or Other Authority

AS 47.55.010, AS 47.55.020, AS 47.55.030, 7 AAC 74.045

(4) Year Enacted

Regulations revised 10/15/2004

(5) Sunset or Repeal Date

None

(6) 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.

(7) 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.

(8) Estimated Revenue Impact

FY 2015 - \$8,681,125

FY 2016 - \$6,143,756

FY 2017 - \$6,028,877

FY 2018 - \$7,017,490

FY 2019 - \$6,941,864

Note: each year's figure is based on the 12/31 deferred rate.

(9) Cost to Administer

Not Provided.

(10) Number of Beneficiaries / Who Benefits

Approximately 132 individuals are participating in the Payment Assistance Program.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$6,962,622

(2) Estimate of Annual Monetary Benefit to Recipients

\$52,747

Health and Social Services

Applicable Program

Alaska Pioneer Homes

Indirect Expenditure Name

Alaska Pioneer Home Payment Assistance Program

Legislative Finance Analysis per AS 24.20.235**(3) Legislative Intent Met?**

Yes

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

No recommendation due to recent legislative action.

Since FY19, the Pioneer Homes/Payment Assistance Program has experienced significant funding changes. The FY20 enacted budget reduced the Payment Assistance Program's subsidy by approximately \$5 million GF (the Governor originally proposed reducing the program by \$12.3 million UGF). The reduction was intended to be offset by increased general fund program receipts (from significant rate increases to residents). Due to uncertainty of how much in additional receipts will be realized, the FY21 budget restored the \$5 million reduction, bringing UGF funding more in line with FY19 levels and providing a buffer during revenue fluctuations.

Additionally, Ch. 23, SLA 2020 (HB 96, Pioneers' Home and Veterans' Home Rates) reduced the FY20 resident rate increases by approximately 26% (beginning in FY21). This legislation was accompanied with a \$6 million UGF fiscal note, increasing the Alaska Pioneer Homes Payment Assistance Program FY21 UGF budget from \$30.9 million to \$36.9 million.

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) Description 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) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 18.50.320

(4) Year Enacted

2012

(5) Sunset or Repeal Date

None

(6) Legislative Intent

Honor veterans by making it easier to apply for benefits

(7) Public Purpose

Honor veterans by making it easier to apply for benefits

(8) Estimated Revenue Impact

FY 2015 - \$12,880

FY 2016 - \$74,355

FY 2017 - \$72,810

FY 2018 - \$50,730

FY 2019 - \$38,910

Note: FY 2016 and FY 2017 increases are a result of improvement in the method for accounting for indirect expenditures.

(9) Cost to Administer

Duties are carried out by existing staff, requires minimal resources.

(10) Number of Beneficiaries / Who Benefits

Approximately 25% of the deaths reported in Alaska annually, or 1,000, indicate the decedent was a veteran.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$49,937

(2) Estimate of Annual Monetary Benefit to Recipients

\$40

(3) Legislative Intent Met?

Yes

Health and Social Services

Applicable Program
Bureau of Vital Statistics

Indirect Expenditure Name
Fees for Death Certificates

Legislative Finance Analysis per AS 24.20.235

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

Recommend continuation based on meeting legislative intent.

Health and Social Services

Applicable Program
HB310 Vaccine

Indirect Expenditure Name
Fees for Vaccines

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Free vaccine for specific-aged individuals. Vaccine is limited to those listed in legislation.

(2) Type

Not Provided.

(3) Authorizing Statute, Regulation or Other Authority

AS 18.09, HB310: Ch 24, SLA 2012; SB169: SLA 2014

(4) Year Enacted

2012

(5) Sunset or Repeal Date

2015

(6) Legislative Intent

Assures protection of overall public health by making certain vaccines available to uninsured and under-insured children and seniors

(7) Public Purpose

Assures protection of overall public health by making certain vaccines available to uninsured and under-insured children and seniors

(8) Estimated Revenue Impact

FY 2015 - \$4,496,000

FY 2016 - Program not in existence

FY 2018 - Program not in existence

The revenue impacts from FY 2013 to FY 2015 were temporary funding to sustain the program until the Vaccine Fund could get started. These general funds no longer exist in FY 2016.

(9) Cost to Administer

This program is not funded, so there is no fiscal impact.

(10) Number of Beneficiaries / Who Benefits

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 Monetary Benefit to Recipients

\$180

(3) Legislative Intent Met?

Unknown

Health and Social Services

Applicable Program
HB310 Vaccine

Indirect Expenditure Name
Fees for Vaccines

Legislative Finance Analysis per AS 24.20.235

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

No recommendation. HB 310 was 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.

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) Description 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) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 44.29.022, 7 AAC 80.010-060

(4) Year Enacted

1986

(5) Sunset or Repeal Date

None

(6) Legislative Intent

Provide statewide health care.

(7) Public Purpose

Ensures protection of overall public health by making public health services available to all individuals regardless of their ability to pay.

(8) Estimated Revenue Impact

FY 2015 - \$513,640

FY 2016 - \$60,687

FY 2017 - \$5,788

FY 2018 - \$16,354

FY 2019 - \$25,184

(9) Cost to Administer

Duties are carried out by existing staff, requires minimal resources.

(10) Number of Beneficiaries / Who Benefits

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

\$124,331

(2) Estimate of Annual Monetary 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.

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

(3) Legislative Intent Met?

Yes

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

Recommend continuation based on meeting legislative intent.

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) Description of Provision

Waiver of employers' share of repayment of educational loans, direct incentive for certain health care professionals.

(2) Type

Not Provided.

(3) Authorizing Statute, Regulation or Other Authority

AS 29.18; 7 AAC 24

(4) Year Enacted

2012

(5) Sunset or Repeal Date

2019 - report due in 5 years

(6) Legislative Intent

Increase access to health care in rural Alaska.

(7) Public Purpose

Increase access to health care in rural Alaska.

(8) Estimated Revenue Impact

FY 2015 - \$73,337

FY 2016 - \$49,736

FY 2017 - \$6,783

FY 2018 - \$0

FY 2019 - \$0

(9) Cost to Administer

Estimated at less than \$12,500 annually, based on percent of staff processing time

(10) Number of Beneficiaries / Who Benefits

All Alaskans, particularly in rural areas. Up to 90 each health care facilities and practitioners.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$25,971

(2) Estimate of Annual Monetary Benefit to Recipients

Loan-debt repayment support was a maximum of \$47k/year for Tier 1 recipients (Physicians, Dentists, Pharmacists)

(3) Legislative Intent Met?

Unknown

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

No recommendation due to recent legislative action. The program sunset on June 30, 2019. Per Ch. 15, SLA 2019

Health and Social Services

Applicable Program
SHARP II

Indirect Expenditure Name
Health Care Professions Loan Repayment and
Incentive

Legislative Finance Analysis per AS 24.20.235

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

(SB 93, Medical Provider Incentives/Loan Repayment), the SHARP 2 program has been replaced with SHARP 3, the primary difference being SHARP 3 uses no UGF and is 100% funded with receipts paid to the Division of Public Health by participating employers.

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) Description 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. There is no denial of services due to a patient's inability to pay.

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 44.29.022, 7 AAC 80.010-060

(4) Year Enacted

1986

(5) Sunset or Repeal Date

None

(6) Legislative Intent

Ability to collect fees for services provided by the state to provide services for special healthcare needs population.

(7) Public Purpose

Increase access to specialized health care services for Alaskans statewide.

(8) Estimated Revenue Impact

FY 2015 - \$116,300

FY 2016 - \$70,281

FY 2017 - \$44,647

FY 2018 - \$25,547

FY 2019 - \$31,725

(9) Cost to Administer

Estimated at \$12,200 annually, based on percent of staff processing time

(10) Number of Beneficiaries / Who Benefits

215 +/- patients annually.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$31,725

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Yes

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

Legislative Finance Analysis per AS 24.20.235

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

Recommend continuation based on meeting legislative intent.

Department of Labor and Workforce Development

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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) Description of Provision

AVTEC provides tuition waivers to up to one Seward high school student, and up to 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) Type

Waiver

(3) Authorizing Statute, Regulation or Other Authority

AS 44.31.020

(4) Year Enacted

2000

(5) Sunset or Repeal Date

None

(6) Legislative Intent

N/A

(7) Public Purpose

To encourage Alaska high school graduates to work hard in school and attend AVTEC for vocational training.

(8) Estimated Revenue Impact

FY 2015 - \$2,750

FY 2016 - \$11,000

FY 2017 - \$7,685

FY 2018 - \$19,595

FY 2019 - \$20,320

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).

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

Up to eight Alaska high school graduate recipients per year: FY 2015 - 1 student FY 2016 - 4 students FY 2017 - 3 students FY 2018 - 7 students FY 2019 - 8 students

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$12,270

(2) Estimate of Annual Monetary Benefit to Recipients

\$2,680

Labor and Workforce Development

Applicable Program

Alaska Vocational Technical Center

Indirect Expenditure Name

AVTEC Tuition Waiver

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Yes--to the extent awards are made.

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

Recommend reconsideration--this program was established 20 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

AKOSH Penalty reduction for late reporting

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 18.60.095, 8 ACC 61.155

(4) Year Enacted

Statute 1973, Regulation 1975

(5) Sunset or Repeal Date

None

(6) 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.

(7) 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.

(8) Estimated Revenue Impact

FY 2015 - \$56,660

FY 2016 - \$350,866

FY 2017 - \$364,469

FY 2018 - \$101,403

FY 2019 - \$230,232

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

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

\$220,726

Labor and Workforce Development

Applicable Program

Occupational Safety and Health

Indirect Expenditure Name

AKOSH Penalty reduction for late reporting

Legislative Finance Analysis per AS 24.20.235

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

Unknown

(3) Legislative Intent Met?

Unknown

(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.

Labor and Workforce Development

Applicable Program

Worker's Compensation

Indirect Expenditure Name

Workers' Compensation Appeals Commission
(WCAC) Fees

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

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

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 23.30.128, 8 AAC 57.090

(4) Year Enacted

2005

(5) Sunset or Repeal Date

None

(6) Legislative Intent

N/A

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - \$3,296

FY 2016 - \$2,690

FY 2017 - \$1,170

FY 2018 - \$1,520

FY 2019 - \$1,814

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

The number of persons whose filing and/or transcription costs were waived ranges between 2 and 10 per year.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$2,098

(2) Estimate of Annual Monetary Benefit to Recipients

\$350

(3) Legislative Intent Met?

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

Labor and Workforce Development

Applicable Program

Worker's Compensation

Indirect Expenditure Name

Workers' Compensation Appeals Commission
(WCAC) Fees

Legislative Finance Analysis per AS 24.20.235

(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

Worker's Compensation

Indirect Expenditure Name

Workers' Compensation Benefit Guarantee Fund Uninsured Penalties - assessed civil penalties issued by the Special Investigations Unit

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Waiver

(3) Authorizing Statute, Regulation or Other Authority

AS 23.30.080(f); 8 AAC 45.176

(4) Year Enacted

2005

(5) Sunset or Repeal Date

None

(6) 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

(7) 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).

(8) Estimated Revenue Impact

FY 2015 - \$2,129,599

FY 2016 - \$5,019,017

FY 2017 - \$914,136

FY 2018 - \$1,747,853

FY 2019 - \$2,559,965

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.

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

The number of uninsured employers receiving a 25% discount and/or suspension ranges between 40 and 60 per year

Labor and Workforce Development

Applicable Program

Worker's Compensation

Indirect Expenditure Name

Workers' Compensation Benefit Guarantee Fund Uninsured Penalties - assessed civil penalties issued by the Special Investigations Unit

Legislative Finance Analysis per AS 24.20.235**(1) Estimate of Annual Revenue Foregone by the State (cont.)**

\$2,474,114

(2) Estimate of Annual Monetary Benefit to Recipients

\$49,482

(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 15-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
Workers' Compensation

Indirect Expenditure Name
Workers' Compensation Late Filing Penalties

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

The Department of Labor and Workforce Development 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. Reports are 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 Workers' Compensation Division totals the amount of civil penalties due

(2) Type

Waiver

(3) Authorizing Statute, Regulation or Other Authority

AS 23.30.155(c), AS 23.30.155(m), 8 AAC 45.136

(4) Year Enacted

Statute 1988, Regulation 1999

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) 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

(8) Estimated Revenue Impact

FY 2018 - \$162,718

FY 2019 - \$33,043

Note: Revenue from these late filing penalties funds the Second Injury Fund, AS 23.30.205, which is a dedicated fund for reimbursing compensation payments made by employers, or their insurers or adjusters, to certain injured employees

(9) Cost to Administer

N/A

(10) Number of Beneficiaries / Who Benefits

Late penalties waived for FY 2014 through FY 2017 because of a system change and there being no mechanism programmed to inform an employer, insurer, or adjuster of a late filed compensation report. In FY 2014 there were approximately 229 insurance companies/self-insured employers who submitted 17,803 compensation reports. The number of beneficiaries and final assessments are subject to change and revenue impact could be restated.

Labor and Workforce Development

Applicable Program

Workers' Compensation

Indirect Expenditure Name

Workers' Compensation Late Filing Penalties

Legislative Finance Analysis per AS 24.20.235**(1) Estimate of Annual Revenue Foregone by the State (cont.)**

\$97,881

(2) Estimate of Annual Monetary Benefit to Recipients

Based on approximately 12 beneficiaries (two percent of 589 total filers who paid compensation benefits for CY2017 to CY2019), the average benefit is approximately \$7,000.

(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.

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

Recommend reconsideration--the program was last modified 20 years ago. According to the department, the way the program works is that more penalties are waived in years where most filers file timely. Please note that the revenue amounts are based on calendar years.

Department of Revenue

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Revenue

Applicable Program
Alcoholic Beverages Tax

Indirect Expenditure Name
Small Brewery Reduced Rate

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Beer, cider, and malt beverages produced by brewers who have qualified with the federal government per 26 U.S.C. 5051(a)(2) and have been approved fiscally by DOR is taxed at a reduced rate of tax of 35 cents per US gallon instead of the full tax rate of \$1.07 per us gallon.

(2) Type

Reduced Rate

(3) Authorizing Statute, Regulation or Other Authority

AS 43.60.010 (c)

(4) Year Enacted

2002

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The intent was to foster the development of breweries and brewpubs in Alaska.

(7) Public Purpose

To support in-state small breweries and brewpubs.

(8) Estimated Revenue Impact

FY 2015 - \$2,881,017

FY 2016 - \$3,006,130

FY 2017 - \$3,019,712

FY 2018 - \$3,047,428

FY 2019 - \$2,944,761

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

80 distributors (both local and out of state breweries that meet the volume definition).

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$2,979,809

(2) Estimate of Annual Monetary Benefit to Recipients

\$37,248

(3) Legislative Intent Met?

No. Legislative intent was to aid breweries and brewpubs based in Alaska. Since the rate reduction applies to out-of-state breweries, the advantage to Alaska breweries and brewpubs is limited.

Revenue

Applicable Program
Alcoholic Beverages Tax

Indirect Expenditure Name
Small Brewery Reduced Rate

Legislative Finance Analysis per AS 24.20.235

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

Recommend modification. The reduced rate applies to any small brewery distributing in Alaska, not just breweries based in Alaska.

Revenue

Applicable Program
Cigarette Tax

Indirect Expenditure Name
Indian Reservation Exemption from Cigarette Tax

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

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

(2) Type

Exclusion

(3) Authorizing Statute, Regulation or Other Authority

AS 43.50.090, AS 43.50.150

(4) Year Enacted

1983

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To comply with federal law.

(7) Public Purpose

To comply with federal law.

(8) Estimated Revenue Impact

FY 2015 - \$373,480

FY 2016 - \$389,400

FY 2017 - \$368,100

FY 2018 - \$388,480

FY 2019 - \$407,766

Assuming \$.10 per cigarette tax

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

One federally recognized tribe.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$385,445

(2) Estimate of Annual Monetary Benefit to Recipients

\$385,445

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program

Cigarette Tax

Indirect Expenditure Name

Indian Reservation Exemption from Cigarette
Tax

Legislative Finance Analysis per AS 24.20.235

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

Recommend continuation based on meeting legislative intent.

Revenue

Applicable Program
Cigarette Tax

Indirect Expenditure Name
Personal Exemption from Cigarette Tax

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Exclusion

(3) Authorizing Statute, Regulation or Other Authority

AS 43.50.090 (d), AS 43.50.190 (c)

(4) Year Enacted

2003, amended 2004

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) Public Purpose

To generate state revenue by efficient administration of tax.

(8) Estimated Revenue Impact

FY 2016 - Unknown. There is no reporting requirement for cigarettes personally transported into the state.

FY 2017 - Unknown. There is no reporting requirement for cigarettes personally transported into the state.

FY 2018 - Unknown. There is no reporting requirement for cigarettes personally transported into the state.

FY 2019 - Unknown. There is no reporting requirement for cigarettes personally transported into the state.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Indeterminate

(2) Estimate of Annual Monetary 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

Revenue

Applicable Program
Cigarette Tax

Indirect Expenditure Name
Personal Exemption from Cigarette Tax

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)
number would be difficult to enforce.

Revenue

Applicable Program
Cigarette Tax

Indirect Expenditure Name
Tax Stamp Discount

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

This gives a discount of up to \$50,000 per company per year as compensation for affixing stamps to packs of cigarettes. The discount is 3% if stamps purchased are \$1,000,000 or less, 2% if between \$1,000,000 and \$2,000,000, and 0% for amounts of stamps purchased over \$2,000,000.

(2) Type

Reduced Rate

(3) Authorizing Statute, Regulation or Other Authority

AS 43.50.540 (c)

(4) Year Enacted

2003

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To provide a discount to compensate taxpayers for the cost of affixing stamps to each pack.

(7) Public Purpose

To compensate taxpayers for the cost of affixing stamps to packs of cigarettes.

(8) Estimated Revenue Impact

FY 2015 - \$360,326

FY 2016 - \$312,544

FY 2017 - \$320,574

FY 2018 - \$306,628

FY 2019 - \$311,480

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

8 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$322,310

(2) Estimate of Annual Monetary Benefit to Recipients

\$40,289

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program
Cigarette Tax

Indirect Expenditure Name
Tax Stamp Discount

Legislative Finance Analysis per AS 24.20.235

(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
Cigarette Tax

Indirect Expenditure Name
Uniformed Services Exemption from Cigarette Tax

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Cigarettes imported or acquired by one of the uniformed services of the United States are exempt from the cigarette tax.

(2) Type

Exclusion

(3) Authorizing Statute, Regulation or Other Authority

AS 43.50.090(c)

(4) Year Enacted

1977

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To comply with federal law.

(7) Public Purpose

To comply with federal law.

(8) Estimated Revenue Impact

FY 2016 - Unknown. There is no reporting requirement for cigarettes sold to uniformed services directly from the manufacturer.

FY 2017 - Unknown. There is no reporting requirement for cigarettes sold to uniformed services directly from the manufacturer.

FY 2018 - Unknown. There is no reporting requirement for cigarettes sold to uniformed services directly from the manufacturer.

FY 2019 - Unknown. There is no reporting requirement for cigarettes sold to uniformed services directly from the manufacturer.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Indeterminate

(2) Estimate of Annual Monetary Benefit to Recipients

Indeterminate

Revenue

Applicable Program

Cigarette Tax

Indirect Expenditure Name

Uniformed Services Exemption from Cigarette Tax

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Yes

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

Recommend continuation based on meeting legislative intent.

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) Description of Provision

Voyages on the state's marine waters 72 hours or less are excluded from the tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.52.295(4)

(4) Year Enacted

2010

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To clarify the definition of "voyage" for purposes of the tax.

(7) Public Purpose

To encourage cruise ship activity in Alaska.

(8) Estimated Revenue Impact

FY 2015 - Unknown. Only voyages that exceed 72 hours are required to report.

FY 2016 - Unknown. Only voyages that exceed 72 hours are required to report.

FY 2017 - Unknown. Only voyages that exceed 72 hours are required to report.

FY 2018 - Unknown. Only voyages that exceed 72 hours are required to report.

FY 2019 - Unknown. Only voyages that exceed 72 hours are required to report.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Indeterminate

(2) Estimate of Annual Monetary Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

Unclear

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

Recommend termination. 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

Large Passenger Vessel Gambling Tax Deduction

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Allows a deduction of federal and municipal taxes paid from gambling gross income.

(2) Type

Deduction

(3) Authorizing Statute, Regulation or Other Authority

AS 43.35.210

(4) Year Enacted

2006

(5) Sunset or Repeal Date

None

(6) Legislative Intent

This provision was part of a ballot measure and therefore has no legislative history.

(7) Public Purpose

To prevent double taxation.

(8) Estimated Revenue Impact

FY 2015 - Unknown. There is no reporting requirement for federal and municipal taxes paid.

FY 2016 - Unknown. There is no reporting requirement for federal and municipal taxes paid.

FY 2017 - Unknown. There is no reporting requirement for federal and municipal taxes paid.

FY 2018 - Unknown. There is no reporting requirement for federal and municipal taxes paid.

FY 2019 - Unknown. There is no reporting requirement for federal and municipal taxes paid.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Indeterminate

(2) Estimate of Annual Monetary 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

Revenue

Applicable Program

Commercial Passenger Vessel Taxes

Indirect Expenditure Name

Large Passenger Vessel Gambling Tax
Deduction

Legislative Finance Analysis per AS 24.20.235

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

taxes are deductible at the federal level.

Revenue

Applicable Program

Commercial Passenger Vessel Taxes

Indirect Expenditure Name

Small Passenger Vessel Exemption

Department of Revenue Submission per AS 43.05.095
(1) Description of Provision

Vessels with fewer than 250 berths are excluded from commercial passenger vessel taxes.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 32.52.295(1)(a)

(4) Year Enacted

2006

(5) Sunset or Repeal Date

None

(6) Legislative Intent

This provision was part of a ballot measure and therefore has no legislative history.

(7) Public Purpose

To avoid burdening small passenger vessels with tax.

(8) Estimated Revenue Impact

FY 2015 - Unknown. There is no filing requirement for small passenger vessels.

FY 2016 - Unknown. There is no filing requirement for small passenger vessels.

FY 2017 - Unknown. There is no filing requirement for small passenger vessels.

FY 2018 - Unknown. There is no filing requirement for small passenger vessels.

FY 2019 - Unknown. There is no filing requirement for small passenger vessels.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Unknown

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

Indeterminate

(2) Estimate of Annual Monetary 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.

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) Description of Provision

The cost of local passenger taxes and fees are deducted from the state's passenger tax imposed under AS 43.52.200 " 43.52.295. This reduction is an offset for taxes and fees collected by the two communities (Juneau and Ketchikan) that had levies in effect prior to December 17, 2007.

(2) Type

Reduced Rate

(3) Authorizing Statute, Regulation or Other Authority

AS 43.52.255

(4) Year Enacted

2010

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The purpose is to encourage cruise ship activity in Alaska by limiting the total tax burden.

(7) Public Purpose

To encourage cruise ship activity in Alaska by limiting the total tax burden.

(8) Estimated Revenue Impact

FY 2015 - \$12,871,480

FY 2016 - \$13,145,074

FY 2017 - \$13,248,509

FY 2018 - \$14,636,213

FY 2019 - \$12,008,909

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

11 cruise lines.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$13,182,037

(2) Estimate of Annual Monetary Benefit to Recipients

\$1,198,367

(3) Legislative Intent Met?

Yes, to the extent that the head tax for most voyages is capped at \$34.50.

Revenue

Applicable Program

Commercial Passenger Vessel Taxes

Indirect Expenditure Name

Tax Reduction for Local Levies

Legislative Finance Analysis per AS 24.20.235**(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
Corporate Income Tax

Indirect Expenditure Name
"S" Corporations exclusion

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Under Alaska's adoption of the Internal Revenue Code, corporations that have elected S Corporation status ("S" corporations) are generally not subject to tax. Prior to 1980, the stakeholders' share of income was subject to Alaska's personal income tax. Since the 1980 repeal of the state's personal income tax, the income is taxed neither at the corporate level nor at the shareholder level.

(2) Type

Exclusion

(3) Authorizing Statute, Regulation or Other Authority

AS 43.20.021

(4) Year Enacted

N/A

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) Public Purpose

To generate state revenue by efficient administration of tax.

(8) Estimated Revenue Impact

FY 2015 - Unknown

FY 2016 - Unable to determine revenue impact.

FY 2017 - Unable to determine revenue impact.

FY 2018 - Unable to determine revenue impact.

FY 2019 - Unable to determine revenue impact.

Note: While S Corporations doing business in Alaska are required to submit a tax return, they do not report any income or income tax on the returns, so the estimated revenue impact is unavailable.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Approximately 11,700 companies. The number of companies that would pay tax without this exclusion is unknown.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
"S" Corporations exclusion

Legislative Finance Analysis per AS 24.20.235

(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 receive the legal benefits of incorporation without any state tax liability.

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) Description of Provision

Foreign-flagged vessels other than cruise ships operating in Alaska waters are excluded from tax.

(2) Type

Exclusion

(3) Authorizing Statute, Regulation or Other Authority

AS 43.20.021 (h)

(4) Year Enacted

1998, amended 2006

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

To only tax cruise ships and not other foreign-flagged vessels.

(8) Estimated Revenue Impact

FY 2015 - Unknown. There is limited reporting requirement for foreign-flagged vessels.

FY 2016 - Unknown. There is limited reporting requirement for foreign-flagged vessels.

FY 2017 - Unknown. There is limited reporting requirement for foreign-flagged vessels.

FY 2018 - Unknown. There is limited reporting requirement for foreign-flagged vessels.

FY 2019 - Unknown. There is limited reporting requirement for foreign-flagged vessels.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary 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

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Exclude Income from Certain Vessels from Tax

Legislative Finance Analysis per AS 24.20.235

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

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.20.145 (g)

(4) Year Enacted

1998

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) Public Purpose

To promote the construction of a gas pipeline from the North Slope to export markets.

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

No beneficiaries because there is no contract under the Stranded Gas Development Act.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$0

(2) Estimate of Annual Monetary Benefit to Recipients

\$0

(3) Legislative Intent Met?

No

Revenue

Applicable Program
Corporate Income Tax

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

Legislative Finance Analysis per AS 24.20.235

(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
Federal Tax Credits

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.20.021

(4) Year Enacted

1975

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

To generate state revenue by efficient administration of tax.

(8) Estimated Revenue Impact

FY 2015 - \$2,276,765

FY 2016 - \$1,936,758

FY 2017 - \$1,928,694

FY 2018 - \$2,419,294

FY 2019 - FY 2019 incomplete.

Note: All returns with tax periods beginning in FY 2019 have not yet been received, so FY 2019 data is incomplete.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Between 300 and 500 companies.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$2,140,378

(2) Estimate of Annual Monetary Benefit to Recipients

\$5,351

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Federal Tax Credits

Legislative Finance Analysis per AS 24.20.235

(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 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. The state could equally efficiently administer the tax based on federal adjusted gross income or taxable income. The state could also selectively allow some federal credits rather than eliminating all federal credits. Due to the federal CARES Act provision allowing corporations to carry losses back to past tax years, the cost of this indirect expenditure will be significantly greater in FY 2020 and FY 2021.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Foreign Royalty Exclusion

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Excludes 80% of foreign royalties from taxable income.

(2) Type

Exclusion

(3) Authorizing Statute, Regulation or Other Authority

AS 43.20.145(b)

(4) Year Enacted

1991

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The sponsor of the legislation stated in committee that the purpose was to encourage foreign investment in Alaska.

(7) Public Purpose

To encourage investments in Alaska from multinational corporations.

(8) Estimated Revenue Impact

FY 2015 - \$1,913,154

FY 2016 - \$1,479,879

FY 2017 - \$1,706,901

FY 2018 - \$2,169,950

FY 2019 - FY 2019 incomplete.

Note: All returns with tax periods beginning in FY 2019 have not yet been received, so FY 2019 data is incomplete.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Approximately 250 companies.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$1,817,471

(2) Estimate of Annual Monetary Benefit to Recipients

\$7,270

(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

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Foreign Royalty Exclusion

Legislative Finance Analysis per AS 24.20.235

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

seen as a loophole because it allows taxpayers to reduce liability by shifting assets to offshore subsidiaries.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Gas Exploration and Development Credit

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

This credit was for qualified expenditures for the exploration and development of non-North Slope natural gas reserves. The credit was 25% of qualified expenditures; investments in existing units qualified. The credit was capped at 75% of tax liability as calculated before applying other credits.

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.20.043

(4) Year Enacted

2003, amended 2010

(5) Sunset or Repeal Date

Repealed 1/1/2016

(6) Legislative Intent

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

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Fewer than 5 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$0

(2) Estimate of Annual Monetary Benefit to Recipients

\$0

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Gas Exploration and Development Credit

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Unknown

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

No action. The credit was repealed in 2016

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Gas Storage Facility Credit

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

This credit was a refundable credit taken in FY 2014. It was a credit for the costs incurred to establish a natural gas storage facility. The credit was \$1.50 per thousand cubic feet of "working gas" storage capacity as determined by the Alaska Oil and Gas Conservation Commission and was only available to facilities used by public utilities. It did not apply to gas storage related to a gas pipeline on the North Slope. The maximum credit was the lesser of \$15 million or 25% of costs incurred to establish the facility.

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.20.046

(4) Year Enacted

2010

(5) Sunset or Repeal Date

12-31-15

(6) Legislative Intent

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

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

(9) Cost to Administer

No additional cost; the credit was written to be used once and was administered with current resources.

(10) Number of Beneficiaries / Who Benefits

1 beneficiary in FY 2014.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$0

(2) Estimate of Annual Monetary Benefit to Recipients

\$0

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Gas Storage Facility Credit

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Unknown

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

No action. The credit was intended for a single usage and sunset on June 30, 2015.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
In-State Refinery Tax Credit

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

This was a credit for qualified infrastructure expenditures for in-state oil refineries. The credit could not exceed the lesser of 40% of total qualifying expenditures or \$10 million per refinery per tax year. The credit could be applied against corporate income tax liability and carried forward, or refunded.

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.20.053

(4) Year Enacted

2014

(5) Sunset or Repeal Date

12-31-19

(6) Legislative Intent

To encourage investment in infrastructure improvements and help maintain economic viability of the in-state refining industry.

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - Confidential due to small number of recipients.

FY 2016 - Confidential due to small number of recipients.

FY 2017 - Confidential due to small number of recipients.

FY 2018 - Confidential due to small number of recipients.

FY 2019 - Confidential due to small number of recipients.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Fewer than 5 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
In-State Refinery Tax Credit

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Unknown

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

No action. The credit sunset on 12/31/2019.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
LNG Storage Facility Credit

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

This was a credit for the costs incurred to establish a storage facility for liquefied natural gas. The credit was the lesser of \$15 million or 50% of costs incurred to establish the facility. It applied to facilities with a minimum storage capacity of 25,000 gallons of LNG and that were public utilities regulated by the Regulatory Commission of Alaska.

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.20.047

(4) Year Enacted

2012

(5) Sunset or Repeal Date

12-31-19

(6) Legislative Intent

To provide an incentive to encourage the construction of an LNG storage facility.

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - Confidential due to small number of recipients.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Fewer than 3 companies.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Unknown

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
LNG Storage Facility Credit

Legislative Finance Analysis per AS 24.20.235

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

No action. The credit sunset on 12/31/2019.

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) Description 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.20.049

(4) Year Enacted

2013

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) Public Purpose

Increased economic activity and service industry jobs

(8) Estimated Revenue Impact

FY 2015 - Confidential due to small number of recipients.

FY 2016 - Confidential due to small number of recipients.

FY 2017 - Confidential due to small number of recipients.

FY 2018 - \$0

FY 2019 - FY 2019 incomplete.

Note: All returns with tax periods beginning in FY 2019 have not yet been received, so FY 2019 data is incomplete.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Fewer than 5 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown. Zero in FY 2018.

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Oil and Gas Service Industry Expenditures
Credit

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Unknown

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

No recommendation. This credit is a provision in the 2013 SB21 bill. More information is needed to determine whether the credit has aided in-state manufacturing.

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) Description 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) Type

Rate reduction

(3) Authorizing Statute, Regulation or Other Authority

AS 43.20.021 (c)

(4) Year Enacted

1975

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

To generate state revenue by efficient administration of tax.

(8) Estimated Revenue Impact

FY 2015 - \$3,359,032

FY 2016 - \$1,744,630

FY 2017 - \$4,690,230

FY 2018 - \$1,141,392

FY 2019 - \$0

Note: Beginning 1/1/2018, per the federal Tax Cuts and Jobs Act, capital gains are taxed at the ordinary graduated tax rate, essentially nullifying this provision.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Between 130 and 230 companies.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$2,187,057

(2) Estimate of Annual Monetary Benefit to Recipients

\$12,150

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Reduced Tax Rate on Capital Gains

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

No

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

Recommend termination. This provision was rendered obsolete by the 2018 Federal tax changes.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Small Corporation Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.20.012

(4) Year Enacted

2012

(5) Sunset or Repeal Date

07-01-23

(6) Legislative Intent

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

(7) Public Purpose

To encourage small business development.

(8) Estimated Revenue Impact

FY 2015 - \$115,116

FY 2016 - \$281,539

FY 2017 - \$252,841

FY 2018 - \$788,953

FY 2019 - FY 2019 incomplete.

Note: All returns with tax periods beginning in FY 2019 have not yet been received, so FY 2019 data is incomplete.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Between 10-40 small corporations

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$359,612

(2) Estimate of Annual Monetary Benefit to Recipients

\$14,384

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Small Corporation Exemption

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Unknown

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

Recommend reconsideration. The exemption is set to expire on 7/1/2023. In the future, sunset dates should be aligned to tax years, rather than fiscal years. The 2023 Indirect Expenditure Report will include a detailed review of the exemption.

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) Description of Provision

Income from public utilities including telephone service was exempt from water's edge combination reporting requirements. These companies can instead pay tax only on Alaska net income. Effective 1/1/19, AS 43.20.146 now requires utilities to allocate and apportion using the remainder of AS 43.19.

(2) Type

Filing Methodology

(3) Authorizing Statute, Regulation or Other Authority

AS 43.19.010, Article IV, Sec. 2; AS 43.20.146

(4) Year Enacted

1970, Repealed 1/1/2019

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

To promote the efficient collection of taxes.

(8) Estimated Revenue Impact

FY 2016 - Unknown. Cannot be reported, information not collected.

FY 2017 - Unknown. Cannot be reported, information not collected.

FY 2018 - Unknown. Cannot be reported, information not collected.

FY 2019 - Unknown. Cannot be reported, information not collected.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Public utilities, but the number of public utilities using the exemption is not tracked because they don't have to report that information.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

Revenue

Applicable Program
Corporate Income Tax

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

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Unknown

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

No recommendation due to recent legislative action. Exemption was repealed on 1/1/2019.

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Veteran Employment Tax Credit

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

A 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.20.048

(4) Year Enacted

2012

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) Public Purpose

To encourage hiring of veterans.

(8) Estimated Revenue Impact

FY 2015 - Confidential due to small number of recipients.

FY 2016 - Confidential due to small number of recipients.

FY 2017 - \$0

FY 2018 - Confidential

FY 2019 - FY 2019 incomplete.

Note: All returns with tax periods beginning in FY 2019 have not yet been received, so FY 2019 data is incomplete.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Fewer than 3 beneficiaries

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

\$1,000-\$3,000

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Veteran Employment Tax Credit

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

No

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

Recommend modification. The credit as currently structured sees minimal usage.

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) Description 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) Type

Reduced Rate

(3) Authorizing Statute, Regulation or Other Authority

AS 43.75.015(b)

(4) Year Enacted

1979, amended 1981

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended to encourage the development of new fisheries.

(7) Public Purpose

To encourage the development of new fisheries.

(8) Estimated Revenue Impact

FY 2015 - \$17,181

FY 2016 - \$3,474

FY 2017 - \$2,936

FY 2018 - \$735

FY 2019 - \$2,489

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.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Between 8 and 14 on-shore or floating processors.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$5,363 in recent years. Was as high as \$134,000 in FY 2012.

(2) Estimate of Annual Monetary Benefit to Recipients

\$488

Revenue

Applicable Program
Fisheries Business Tax

Indirect Expenditure Name
Reduced Fisheries Business Tax Rate for
Developing Fisheries

Legislative Finance Analysis per AS 24.20.235

(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 Business Tax

Indirect Expenditure Name
Reduced Tax Rate for Small Fish Processors

Department of Revenue Submission per AS 43.05.095

(1) Description 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%. AS 43.75.020(c) states that the Department of Revenue may issue a direct marketing fisheries business license to a licensed commercial fisherman who processes fishery resources caught using a vessel that does not exceed 65 feet in length. The statute says the resources may be processed either on board the vessel or at a shore-based facility. However, the license holder pays the tax rate applicable to a shore-based facility and fills out his/her tax return as if (s)he was the operator of a shore-based processing facility. The taxpayer is only getting a "reduced rate" if the fish are processed off shore, but the Department of Revenue has no way of knowing whether the fish were processed on or off shore. Therefore, the revenue impact is indeterminate.

(2) Type

Reduced Rate

(3) Authorizing Statute, Regulation or Other Authority

AS 43.75.015 (d), AS 43.75.020 (c)

(4) Year Enacted

2004

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature adopted the reduced rate provision to encourage direct marketing and the production of value-added products.

(7) Public Purpose

To support small business development and direct marketers.

(8) Estimated Revenue Impact

FY 2015 - Unable to Determine.

FY 2016 - Unable to Determine.

FY 2017 - Unable to Determine.

FY 2018 - Unable to Determine.

FY 2019 - Unable to Determine.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown -- Estimated at \$50,000 to \$100,000.

Revenue

Applicable Program
Fisheries Business Tax

Indirect Expenditure Name
Reduced Tax Rate for Small Fish Processors

Legislative Finance Analysis per AS 24.20.235

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

Unknown

(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
Salmon and Herring Product Development
Credit

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.75.035

(4) Year Enacted

2003, last amended 2014

(5) Sunset or Repeal Date

12-31-20

(6) 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.

(7) Public Purpose

To encourage the production of value-added seafood products in Alaska and increase the value of Alaskan fisheries.

(8) Estimated Revenue Impact

FY 2015 - \$945,621

FY 2016 - \$3,939,376

FY 2017 - \$3,255,429

FY 2018 - \$4,507,134

FY 2019 - \$3,092,027

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Approximately 15 processors

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$3,147,918

(2) Estimate of Annual Monetary Benefit to Recipients

\$209,861

Revenue

Applicable Program
Fisheries Business Tax

Indirect Expenditure Name
Salmon and Herring Product Development
Credit

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Unclear

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

The credit sunset on 12/31/2020. Recommend reconsideration to determine whether to reestablish the credit. If reestablished, release of some information should be required as a condition of receiving tax credits. See the 2019 Indirect Expenditures Report for a detailed analysis.

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) Description 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.75.032, AS 43.77.035

(4) Year Enacted

1986, amended 2014

(5) Sunset or Repeal Date

12-31-16

(6) 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.

(7) Public Purpose

To promote education in the fisheries industry.

(8) Estimated Revenue Impact

FY 2015 - \$120,197

FY 2016 - \$71,894

FY 2017 - \$105,000

FY 2018 - \$0

FY 2019 - \$0

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Fewer than 10 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$100,000 while the credit was in effect.

(2) Estimate of Annual Monetary Benefit to Recipients

\$10,000

(3) Legislative Intent Met?

Indeterminate

Revenue

Applicable Program

Fisheries Business Tax, Fishery Resource
Landing Tax

Indirect Expenditure Name

Winn Brindle Scholarship Contribution Credit

Legislative Finance Analysis per AS 24.20.235

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

No Action. The credit sunset on 12/31/2016.

Revenue

Applicable Program

Fisheries Resource Landing Tax

Indirect Expenditure Name

Community Development Quota Credit

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.77.040

(4) Year Enacted

1993, last amended 2014

(5) Sunset or Repeal Date

12-31-20

(6) 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.

(7) Public Purpose

To provide jobs and training in Western Alaska.

(8) Estimated Revenue Impact

FY 2015 - \$571,581

FY 2016 - \$556,529

FY 2017 - \$738,168

FY 2018 - \$671,866

FY 2019 - \$731,443

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Between 12 and 22 corporations

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$653,917

(2) Estimate of Annual Monetary Benefit to Recipients

\$38,466

Revenue

Applicable Program

Fisheries Resource Landing Tax

Indirect Expenditure Name

Community Development Quota Credit

Legislative Finance Analysis per AS 24.20.235**(3) Legislative Intent Met?**

Yes

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

Recommend reestablishing the credit, as it sunset on 12/31/2020. Per AS 43.77.050, the credit was taken against the municipal share of the tax, not the state share. Therefore, no revenue was foregone by the state. Instead, this credit redirected revenue from municipalities to CDQ groups. See the 2019 Indirect Expenditures Report for a detailed analysis.

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) Description 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) Type

Reduced Rate

(3) Authorizing Statute, Regulation or Other Authority

AS 43.77.010(1)

(4) Year Enacted

1996

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature adopted the reduced rate provision to parallel a similar provision in the Fisheries Business Tax.

(7) Public Purpose

To encourage the development of new fisheries.

(8) Estimated Revenue Impact

FY 2015 - \$597

FY 2016 - \$3,058

FY 2017 - \$23,615

FY 2018 - \$25,123

FY 2019 - FY 2019 data incomplete.

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.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Fewer than 5 processors.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$13,098 in recent years. As high as \$371,000 in FY 2012.

(2) Estimate of Annual Monetary Benefit to Recipients

\$3,275

Revenue

Applicable Program

Fisheries Resource Landing Tax

Indirect Expenditure Name

Reduced Fishery Resource Landing Tax Rate
for Developing Fisheries

Legislative Finance Analysis per AS 24.20.235

(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.

Revenue

Applicable Program
Mining License Tax

Indirect Expenditure Name
3.5-year Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

New mining operations are exempt from the Mining License Tax for the first 3.5 years after production begins.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.65.010 (a)

(4) Year Enacted

1951

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended the exclusion to encourage new mining operations.

(7) Public Purpose

To encourage new mining operations.

(8) Estimated Revenue Impact

FY 2015 - Unknown

FY 2016 - Unknown

FY 2017 - Unknown

FY 2018 - Unknown

FY 2019 - Unknown

Note: Revenue impact is 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.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Fewer than 5 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Unclear

Revenue

Applicable Program
Mining License Tax

Indirect Expenditure Name
3.5-year Exemption

Legislative Finance Analysis per AS 24.20.235

(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) Description 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) Type

Deduction

(3) Authorizing Statute, Regulation or Other Authority

AS 43.65.010 (e)

(4) Year Enacted

1955

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended the deduction for percentage depletion to encourage resource development.

(7) Public Purpose

To encourage the development of the state's resources; to generate state revenue by efficient administration of tax.

(8) Estimated Revenue Impact

FY 2015 - \$26,152,025

FY 2016 - \$29,231,279

FY 2017 - \$35,094,966

FY 2018 - \$22,070,627

FY 2019 - FY 2019 data incomplete

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Between 40 and 55 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$28,137,224

(2) Estimate of Annual Monetary Benefit to Recipients

\$592,363

(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

Revenue

Applicable Program

Mining License Tax

Indirect Expenditure Name

Depletion Deduction

Legislative Finance Analysis per AS 24.20.235**(4) Should it be Continued, Modified or Terminated? (cont.)**

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
Mining License Tax

Indirect Expenditure Name
Sand and gravel exemption

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Sand, gravel, quarry rock and marketable earth operations are exempt from the Mining License Tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.65.060 (2)

(4) Year Enacted

2012

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature found that the tax cost nearly as much to administer as it brought in.

(7) Public Purpose

To generate state revenue by efficient administration of tax and to reduce the burden on sand and gravel operators.

(8) Estimated Revenue Impact

FY 2016 - Unknown. There is no reporting requirement for exempt operations.

FY 2017 - Unknown. There is no reporting requirement for exempt operations.

FY 2018 - Unknown. There is no reporting requirement for exempt operations.

FY 2019 - Unknown. There is no reporting requirement for exempt operations.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Yes

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

Recommend continuation based on meeting legislative intent. Taxing sand and gravel mines was not worthwhile to administer, after accounting for administration costs. Most are under the \$40,000 taxable income threshold. In a 2012 fiscal note, DOR estimated that taxing sand and gravel mines generated \$300,000 in gross revenue annually but cost

Revenue

Applicable Program
Mining License Tax

Indirect Expenditure Name
Sand and gravel exemption

Legislative Finance Analysis per AS 24.20.235

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

\$150,000 to administer.

Revenue

Applicable Program
Mining License Tax

Indirect Expenditure Name
Small Miner Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.65.010 (c)

(4) Year Enacted

1955

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended the exclusion to encourage smaller mining operations.

(7) Public Purpose

To support small mining operations and for efficiency.

(8) Estimated Revenue Impact

FY 2015 - \$40,982

FY 2016 - \$32,984

FY 2017 - \$33,615

FY 2018 - \$29,626

FY 2019 - FY 2019 data incomplete.

Note: this does not include taxpayers who filed a loss on their return or taxpayers who did not file at all.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

between 60-100 companies.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$34,302

(2) Estimate of Annual Monetary Benefit to Recipients

\$429

(3) Legislative Intent Met?

Unclear

Revenue

Applicable Program
Mining License Tax

Indirect Expenditure Name
Small Miner Exemption

Legislative Finance Analysis per AS 24.20.235

(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
Motor Fuel Tax

Indirect Expenditure Name
Bunker Fuel Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Bunker fuel is exempt from the motor fuel tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.100 (2)(l)

(4) Year Enacted

1997

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended to encourage the use of bunker fuel, which is a residual from the refining process.

(7) Public Purpose

To encourage the use of bunker fuel.

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

Note: calculated assuming \$0.08 per gallon tax rate.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

0 in most years

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$0

(2) Estimate of Annual Monetary Benefit to Recipients

\$0

(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

Revenue

Applicable Program

Motor Fuel Tax

Indirect Expenditure Name

Bunker Fuel Exemption

Legislative Finance Analysis per AS 24.20.235**(4) Should it be Continued, Modified or Terminated? (cont.)**

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
Charitable Institution Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Fuel used by charitable institutions is exempt from the motor fuel tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.100 (2)(e)

(4) Year Enacted

1949

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended the exclusion to allow the motor fuel tax to generate revenue without impacting charitable endeavors.

(7) Public Purpose

To reduce the cost of fuel for charitable institutions.

(8) Estimated Revenue Impact

FY 2015 - \$117,425

FY 2016 - \$79,394

FY 2017 - \$111,862

FY 2018 - \$84,384

FY 2019 - \$76,910

Note: calculated assuming \$0.08 per gallon tax rate.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$93,995

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Charitable Institution Exemption

Legislative Finance Analysis per AS 24.20.235

(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) Description of Provision

Fuel sold or transferred between qualified dealers is exempt from the motor fuel tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.100 (2)(f)

(4) Year Enacted

1982

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

To avoid double taxation of fuel.

(8) Estimated Revenue Impact

FY 2015 - Unknown. There is no reporting requirement for transfers between dealers.

FY 2016 - Unknown. There is no reporting requirement for transfers between dealers.

FY 2017 - Unknown. There is no reporting requirement for transfers between dealers.

FY 2018 - Unknown. There is no reporting requirement for transfers between dealers.

FY 2019 - Unknown. There is no reporting requirement for transfers between dealers.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(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

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Dealer Exemption

Legislative Finance Analysis per AS 24.20.235

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

avoid double taxation, only the end user should incur the tax.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Foreign Flight Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Fuel used in flights going to foreign countries or continuing on foreign countries is exempt from the motor fuel tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.100(2)(b)

(4) Year Enacted

1949, last amended 1997

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended the exclusion to allow the tax to generate revenue without impacting international flights.

(7) Public Purpose

To encourage refueling activities at Alaskan airports.

(8) Estimated Revenue Impact

FY 2015 - \$8,589,969

FY 2016 - \$7,224,661

FY 2017 - \$8,845,138

FY 2018 - \$9,518,056

FY 2019 - \$8,540,700

Note: calculated assuming \$0.08 per gallon tax rate.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$8,543,705

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(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

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Foreign Flight Exemption

Legislative Finance Analysis per AS 24.20.235

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

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
Foreign Fuel Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Fuel consigned to foreign countries is exempt from the motor fuel tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.100 (2)(a)

(4) Year Enacted

1949

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The exclusion is intended to focus the impetus of the tax on motor fuel sales in Alaska.

(7) Public Purpose

To encourage refueling activities in Alaska.

(8) Estimated Revenue Impact

FY 2015 - \$6,483,070

FY 2016 - \$4,259,360

FY 2017 - \$4,828,855

FY 2018 - \$4,184,155

FY 2019 - \$3,456,486

Note: calculated assuming \$0.08 per gallon tax rate.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$4,642,385

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(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

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Foreign Fuel Exemption

Legislative Finance Analysis per AS 24.20.235

(4) Should it be Continued, Modified or Terminated? (cont.)
within Alaska to justify taxation.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Government Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Fuel sold to federal, state, and local government agencies for official use is exempt from the motor fuel tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.100 (2)(g)

(4) Year Enacted

1982

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended the exclusion to recognize the exempt status of sovereign powers.

(7) Public Purpose

To avoid taxing government sales.

(8) Estimated Revenue Impact

FY 2015 - \$9,664,348

FY 2016 - \$9,094,136

FY 2017 - \$9,707,391

FY 2018 - \$9,186,804

FY 2019 - \$9,966,914

Note: calculated assuming \$0.08 per gallon tax rate.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$9,523,918

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(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

Heating fuel Exemption

Department of Revenue Submission per AS 43.05.095
(1) Description of Provision

Fuel used to heat private or commercial buildings or facilities is exempt from the motor fuel tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.100 (2)(i)

(4) Year Enacted

1982

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended the exclusion to focus the impetus of the tax away from fuel used for heating purposes.

(7) Public Purpose

To generate state revenue without increasing heating costs.

(8) Estimated Revenue Impact

FY 2015 - \$8,781,768

FY 2016 - \$8,094,431

FY 2017 - \$8,308,371

FY 2018 - \$8,030,562

FY 2019 - \$7,741,339

Note: calculated assuming \$0.08 per gallon tax rate.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$8,191,294

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(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

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Heating fuel Exemption

Legislative Finance Analysis per AS 24.20.235

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

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

Non-Profit Power Association Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Fuel used by nonprofit power associations or corporations for generating electric energy for resale is exempt from the motor fuel tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.100 (2)(d)

(4) Year Enacted

1949

(5) Sunset or Repeal Date

None

(6) 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

(7) Public Purpose

To reduce the cost of power provided by non-profit power associations.

(8) Estimated Revenue Impact

FY 2015 - \$3,565,112

FY 2016 - \$3,569,280

FY 2017 - \$4,867,273

FY 2018 - \$3,636,050

FY 2019 - \$3,585,989

Note: calculated assuming \$0.08 per gallon tax rate.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$3,844,741

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Non-Profit Power Association Exemption

Legislative Finance Analysis per AS 24.20.235

(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

Off-Highway Use Reduced Rate

Department of Revenue Submission per AS 43.05.095
(1) Description of Provision

Refunds 6 cents per gallon of tax-paid motor fuel that was used for non-highway use.

(2) Type

Reduced Rate

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.030 (a)

(4) Year Enacted

1955, last amended 1982

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

To generate state revenue for the highway construction and maintenance without burdening non-highway users.

(8) Estimated Revenue Impact

FY 2015 - \$6,356,609

FY 2016 - \$5,685,495

FY 2017 - \$4,088,263

FY 2018 - \$3,114,071

FY 2019 - \$4,994,948

Note: calculated assuming \$0.08 per gallon tax rate.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$4,847,877

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Off-Highway Use Reduced Rate

Legislative Finance Analysis per AS 24.20.235

(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) Description 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) Type

Reduced Rate

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.010 (a)(1)

(4) Year Enacted

1955, last amended 1994

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

The purpose of the separate rate is to generate state revenue comparable to the reimposition of landing fees.

(8) Estimated Revenue Impact

FY 2015 - \$336,457

FY 2016 - \$318,533

FY 2017 - \$312,529

FY 2018 - \$302,799

FY 2019 - \$334,382

Note: calculated assuming \$0.08 per gallon tax rate.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$320,940

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Indeterminate--would require an analysis of operating costs of rural airports and a discussion of intent.

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Reduced Rate for Aviation Gasoline

Legislative Finance Analysis per AS 24.20.235

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

Recommend reconsideration of tax rates for all motor fuels. Compared to other state's combined fuel taxes/fees, Alaska is the lowest in the nation at 14 cents per gallon. The national average is 36 cents per gallon. A tripling of the base motor fuel tax rate from 8 cents to 24 cents per gallon would still be below the national average of 26 cents per gallon. Alaska's immense size and commensurately high costs of maintenance and construction justifies a higher tax rate. 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
Motor Fuel Tax

Indirect Expenditure Name
Reduced Rate for Jet Fuel

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Reduced Rate

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.010 (a)(3)

(4) Year Enacted

1957, last amended 1994

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

The purpose of the separate rate is to generate state revenue comparable to the reimposition of landing fees.

(8) Estimated Revenue Impact

FY 2015 - \$6,122,121

FY 2016 - \$6,642,693

FY 2017 - \$6,592,927

FY 2018 - \$6,264,141

FY 2019 - \$6,645,487

Note: calculated assuming \$0.08 per gallon tax rate.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$6,453,474

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Reduced Rate for Jet Fuel

Legislative Finance Analysis per AS 24.20.235

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

Recommend reconsideration of tax rates for all motor fuels. Compared to other state's combined fuel taxes/fees, Alaska is the lowest in the nation at 14 cents per gallon. The national average is 36 cents per gallon. A tripling of the base motor fuel tax rate from 8 cents to 24 cents per gallon would still be below the national average of 26 cents per gallon. Alaska's immense size and commensurately high costs of maintenance and construction justifies a higher tax rate. 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

Motor Fuel Tax

Indirect Expenditure Name

Reduced Rate for Marine Fuel

Department of Revenue Submission per AS 43.05.095
(1) Description 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) Type

Reduced Rate

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.010 (a)(2)

(4) Year Enacted

1957, last amended 1977

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

The purpose of the separate rate is to generate revenue for the construction and maintenance of boat harbors.

(8) Estimated Revenue Impact

FY 2015 - \$3,213,059

FY 2016 - \$3,575,357

FY 2017 - \$3,272,035

FY 2018 - \$3,317,110

FY 2019 - \$3,406,900

Note: calculated assuming \$0.08 per gallon tax rate.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$3,356,892

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Indeterminate--would require an analysis of costs of constructing marine facilities and a discussion of intent.

Revenue

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?

Recommend reconsideration of tax rates for all motor fuels. Compared to other state's combined fuel taxes/fees, Alaska is the lowest in the nation at 14 cents per gallon. The national average is 36 cents per gallon. A tripling of the base motor fuel tax rate from 8 cents to 24 cents per gallon would still be below the national average of 26 cents per gallon. Alaska's immense size and commensurately high costs of maintenance and construction justifies a higher tax rate. 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
Motor Fuel Tax

Indirect Expenditure Name
Small Generator Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.100 (2)(k)

(4) Year Enacted

1983

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended the exclusion to focus the impetus of the tax away from smaller power plants.

(7) Public Purpose

To generate state revenue without burdening small power plants.

(8) Estimated Revenue Impact

FY 2015 - Totals included in stationary power plant exemption.

FY 2016 - Totals included in stationary power plant exemption.

FY 2017 - Totals included in stationary power plant exemption.

FY 2018 - Totals included in stationary power plant exemption.

FY 2019 - Totals included in stationary power plant exemption.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(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

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Small Generator Exemption

Legislative Finance Analysis per AS 24.20.235

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

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

Stationary Power Plant Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.100 (2)(c)

(4) Year Enacted

1949

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended the exclusion to allow the motor fuel tax to generate revenue without impacting the public utilities.

(7) Public Purpose

To reduce the cost of fuel to the general public.

(8) Estimated Revenue Impact

FY 2015 - \$290,571

FY 2016 - \$656,321

FY 2017 - \$447,256

FY 2018 - \$911,043

FY 2019 - \$952,510

Note: calculated assuming \$0.08 per gallon tax rate. Total includes stationary power plants for home heating and small generators.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$651,540

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

Revenue

Applicable Program

Motor Fuel Tax

Indirect Expenditure Name

Stationary Power Plant Exemption

Legislative Finance Analysis per AS 24.20.235**(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

Stationary Power Plant Exemption for home heating

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Fuel used in stationary power plants that generate electricity for private residential consumption is exempt from the motor fuel tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.100 (2)(h)

(4) Year Enacted

1982

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended the exclusion to focus the impetus of the tax away from of private residential use for electricity.

(7) Public Purpose

To generate state revenue without burdening private residential use of fuel for electricity.

(8) Estimated Revenue Impact

FY 2015 - Totals included in stationary power plant exemption.

FY 2016 - Totals included in stationary power plant exemption.

FY 2017 - Totals included in stationary power plant exemption.

FY 2018 - Totals included in stationary power plant exemption.

FY 2019 - Totals included in stationary power plant exemption.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Indeterminate

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program

Motor Fuel Tax

Indirect Expenditure Name

Stationary Power Plant Exemption for home heating

Legislative Finance Analysis per AS 24.20.235**(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

Timely filing discount

Department of Revenue Submission per AS 43.05.095
(1) Description of Provision

Gives a timely filing credit of 1% of the total monthly tax due to a maximum of \$100.

(2) Type

Reduced Rate

(3) Authorizing Statute, Regulation or Other Authority

AS 43.40.013

(4) Year Enacted

1951, last amended 1997

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

To encourage timely filing of tax returns.

(8) Estimated Revenue Impact

FY 2015 - \$62,590

FY 2016 - \$65,074

FY 2017 - \$61,581

FY 2018 - \$58,842

FY 2019 - \$62,312

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

86 companies

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$62,080

(2) Estimate of Annual Monetary Benefit to Recipients

Maximum of \$1,200 (\$100 per month).

(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

Revenue

Applicable Program
Motor Fuel Tax

Indirect Expenditure Name
Timely filing discount

Legislative Finance Analysis per AS 24.20.235

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

payers do not receive a discount for timely tax filing.

Revenue

Applicable Program
Multiple Tax Programs

Indirect Expenditure Name
Education Credit

Department of Revenue Submission per AS 43.05.095

(1) Description 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, 75% of the next \$200,000, and 50% of annual contributions beyond \$300,000. The credit for any one taxpayer cannot exceed \$1,000,000 annually across all eligible tax types. The credit is for contributions to qualified education purposes given in AS 43.20.014(a).

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 21.96.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, AS 43.77.045

(4) Year Enacted

1987, last amended 2018

(5) Sunset or Repeal Date

01-01-25

(6) Legislative Intent

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

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - \$6,746,110

FY 2016 - \$6,299,749

FY 2017 - \$5,448,717

FY 2018 - \$4,784,876

FY 2019 - FY 2019 incomplete.

Note: All returns with tax periods beginning in FY 2019 have not yet been received, so FY 2019 data is incomplete.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Between 30 and 40 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$5,819,863

Revenue

Applicable Program
Multiple Tax Programs

Indirect Expenditure Name
Education Credit

Legislative Finance Analysis per AS 24.20.235

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

\$166,282

(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
Multiple Tax Programs

Indirect Expenditure Name
Film Production Credit

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.98.030, AS 44.25.100-190

(4) Year Enacted

2008, last amended 2014

(5) Sunset or Repeal Date

Repealed 7/1/2015

(6) Legislative Intent

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

(7) Public Purpose

To encourage production of film and television in Alaska.

(8) Estimated Revenue Impact

FY 2015 - \$9,987,231

FY 2016 - \$5,083,321

FY 2017 - \$5,614,493

FY 2018 - \$5,840,035

FY 2019 - \$1,931,001

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Between 17 and 24 credits per year

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$5,691,216

(2) Estimate of Annual Monetary Benefit to Recipients

\$277,620

Revenue

Applicable Program
Multiple Tax Programs

Indirect Expenditure Name
Film Production Credit

Legislative Finance Analysis per AS 24.20.235

(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 benefitted the state.

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

Recommend no action, as the program was repealed in 2015.

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) Description 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 27.30.030, AS 43.20.044

(4) Year Enacted

1995

(5) Sunset or Repeal Date

None

(6) Legislative Intent

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

(7) Public Purpose

To encourage mineral exploration.

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - FY 2019 incomplete.

Note: This credit has been claimed only against the Mining License Tax and not the Corporate Income Tax. All returns with tax periods beginning in FY 2019 have not yet been received, so FY 2019 data is incomplete.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Fewer than 3 beneficiaries

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$0 In recent years. As high as \$6.0 million in FY 2013.

(2) Estimate of Annual Monetary Benefit to Recipients

\$3 million

Revenue

Applicable Program

Corporate Income Tax, Mining License Tax,
Mineral Production Royalty

Indirect Expenditure Name

Minerals Exploration Credit

Legislative Finance Analysis per AS 24.20.235**(3) Legislative Intent Met?**

Indeterminate

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

Recommend reconsideration of the mining license tax structure in its entirety. This credit was established 25 years ago and should be reexamined as to the effectiveness and benefit to the state and mining industry.

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) Description 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.55.025 (a)(1)-(4)

(4) Year Enacted

2003, last amended 2017

(5) Sunset or Repeal Date

6/30/2016 for North Slope and Cook Inlet, 12/31/2021 for Middle Earth (does not apply to seismic after 1/1/2018)

(6) Legislative Intent

To encourage exploration of new oil and gas prospects.

(7) Public Purpose

To increase oil and gas exploration, leading to more production.

(8) Estimated Revenue Impact

FY 2015 - Between \$42,000,000 & \$50,000,000

FY 2016 - Between \$10,000,000 & \$15,000,000

FY 2017 - \$0

FY 2018 - Between \$15,000,000 & \$20,000,000

FY 2019 - Between \$15,000,000 & \$20,000,000

Note: These revenue impacts are approximated and rounded to the nearest million dollars. The FY 2015 numbers also include any credits taken under AS 43.55.025(a)(6-7). Revenue impacts are presented as a range to protect confidentiality due to a small number of recipients.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Fewer than 10 companies

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$18,700,000

(2) Estimate of Annual Monetary Benefit to Recipients

Based on an estimated 9 beneficiaries, approximately \$2,000,000

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Alternative Credit for Exploration

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?

Indeterminate

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

Recommend no action, as the Alternative Credit for Exploration (ACE) will expire on 12/31/2021. The credit is no longer in effect in the North Slope or Cook Inlet. The ACE is currently only available for drilling work in Middle Earth, though it was also eligible for Middle Earth seismic work until 1/1/2018. This credit is unnecessary because other credits could be used for the same work.

Per AS 43.55.028(a), ACEs earned for work performed after 7/1/2017 are ineligible for state purchase. The credit can be applied against production tax liabilities. Per 15 AAC 55.370(e), credits earned after 7/1/2016 can also be applied against corporate income tax liabilities. The ACE can be transferred, but only the explorer earning the credit can apply it against a corporate income tax liability.

The ACE can be used to reduce a producer's production tax liability to zero. However, the state asserts that, if non-GVR per-taxable-barrel credits are applied by a producer in a given calendar year, no other credits (including the ACE) may be used to reduce a producer's liability below the minimum tax. Hilcorp, Exxon and SAExploration have a pending lawsuit against the Department of Revenue in which they claim that other credits should be allowed to bring a producer's liability below the minimum tax, even if the non-GVR per-taxable-barrel credit is used. If the complainants win, producers will have more flexibility in applying the ACE against production tax liabilities.

In lieu of the ACE, Middle Earth explorers can use a combination of the Well Lease Expenditure credit and the Qualified Capital Expenditure credit, both of which have no expiration date in Middle Earth. Combining these two credits provides a maximum 30% credit, while the ACE provides up to a 40% credit.

No drilling activity is expected in Middle Earth in the next few years. In late 2019, Hilcorp and Doyon, Limited have formed an agreement to explore for oil and gas in the Yukon Flats. The partnership plans to conduct a seismic survey in 2022-2023, and potential drilling would not occur until afterwards. If ACE is allowed to expire, this work would still be eligible for the other two credits.

The effectiveness of the ACE is unclear because little data about usage is available. If the credit is renewed, greater transparency should be required to allow for evaluation of effectiveness. DOR estimated that the revenue impact of the ACE was \$15 million to \$20 million for both FY 18 and FY 19. It is unclear how much of the impact resulted from companies applying credits against a tax liability versus state purchases of credits. While DOR reports all companies whose credit certificates were purchased by the state and the amounts purchased, DOR does not specify which specific credits were purchased by the state.

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Carried-Forward Annual Loss Credit

Department of Revenue Submission per AS 43.05.095

(1) Description 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 remained 25% for areas outside the North Slope and increased to 45% in the North Slope. On January 1, 2016, the credit for losses incurred on the North Slope decreased to 35%. Beginning January 1, 2017, a gross value reduction (GVR) could no longer be used to increase the size of an annual loss for credit calculation purposes. This credit was repealed for all areas of the state on January 1, 2018. For the North Slope and Middle Earth, the credit was replaced by a new carried-forward lease expenditures provision. No carried-forward lease expenditures provision was provided for Cook Inlet.

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.55.023 (b)

(4) Year Enacted

2006, last amended 2016

(5) Sunset or Repeal Date

Repealed 1/1/2018

(6) 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 Senate Bill 21 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. The overall purpose is to increase oil and gas exploration and production.

(7) Public Purpose

To Increase oil and gas exploration and production.

(8) Estimated Revenue Impact

FY 2015 - Totals included in Qualified Capital Expenditure Credits.

FY 2016 - Totals included in Qualified Capital Expenditure Credits.

FY 2017 - Totals included in Qualified Capital Expenditure Credits.

FY 2018 - Totals included in Qualified Capital Expenditure Credits.

FY 2019 - Totals included in Qualified Capital Expenditure Credits.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Included in Qualified Capital Expenditure Credits.

Revenue

Applicable Program

Oil and Gas Production Tax

Indirect Expenditure Name

Carried-Forward Annual Loss Credit

Legislative Finance Analysis per AS 24.20.235**(1) Estimate of Annual Revenue Foregone by the State (cont.)**

Indeterminate

(2) Estimate of Annual Monetary Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

Unknown

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

No recommendation based on recent legislative action. The credit was repealed effective 1/1/2018. However, a new lease expenditures carried-forward annual loss (CFAL) provision is now in place in the North Slope and Cook Inlet. It is not considered an indirect expenditure by DOR. It allows companies to apply losses incurred in prior years to a current year tax liability. Applying a CFAL cannot reduce a company's liability below the alternative minimum tax, and can only be used after the start of regular production from the area which the expenditures were incurred. The intent of the latter is to block companies from purchasing abandoned projects solely to gain CFALs. Unused CFALs begin reducing in value beginning in either the eighth or eleventh year. The formula for the value reduction will have to be tracked at the individual lease expenditure level, and is convoluted as currently structured.

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) Description 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.55.025 (a)(5)

(4) Year Enacted

2010

(5) Sunset or Repeal Date

06-30-16

(6) Legislative Intent

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

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

0

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$0

(2) Estimate of Annual Monetary Benefit to Recipients

\$0

Revenue

Applicable Program

Oil and Gas Production Tax

Indirect Expenditure Name

Cook Inlet Jack-Up Rig Credit

Legislative Finance Analysis per AS 24.20.235**(3) Legislative Intent Met?**

No. The credit has not been utilized.

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

Recommend no action as the credit sunset on 6/30/2016.

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) Description 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.

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 38.05.180 (i)

(4) Year Enacted

1983

(5) Sunset or Repeal Date

Repealed 1/1/2017

(6) Legislative Intent

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

(7) Public Purpose

To increase oil and gas exploration.

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

0

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$0

(2) Estimate of Annual Monetary Benefit to Recipients

\$0

(3) Legislative Intent Met?

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

Revenue

Applicable Program

Oil and Gas Production Tax, State Royalty

Indirect Expenditure Name

Exploration Incentive Credit

Legislative Finance Analysis per AS 24.20.235

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

Recommend no action. The credit was repealed effective 1/1/2017.

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Frontier Basin Credit

Department of Revenue Submission per AS 43.05.095

(1) Description 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 was for lesser of 80% of qualified exploration drilling expenses or \$25 million per well; or for seismic projects, credit was for lesser of 75% of qualified seismic exploration expenditures or \$7.5 million per seismic project. It included expenditures incurred for work performed after June 1, 2012, which legislation later extended to July 1, 2017, allowing expenditures for wells that were spudded, but not yet completed, by that date.

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

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

(4) Year Enacted

2012, last amended 2016

(5) Sunset or Repeal Date

6/30/2017 (seismic sunsetted on 7/1/2016)

(6) Legislative Intent

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

(7) Public Purpose

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

(8) Estimated Revenue Impact

FY 2015 - Reported with Alternative Credit for Exploration.

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Confidential due to a small number of recipients.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$0

(2) Estimate of Annual Monetary Benefit to Recipients

\$0

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Frontier Basin Credit

Legislative Finance Analysis per AS 24.20.235

(3) Legislative Intent Met?
Unknown

(4) Should it be Continued, Modified or Terminated?
Recommend no action as the credit sunset on 6/30/2017.

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) Description 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.55.024 (a)

(4) Year Enacted

2006

(5) Sunset or Repeal Date

12/31/2015 or nine years after first production

(6) Legislative Intent

To encourage companies to explore and develop prospects outside the two primary petroleum basins.

(7) Public Purpose

To encourage exploration of areas outside the North Slope and Cook Inlet.

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

0

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$0

(2) Estimate of Annual Monetary Benefit to Recipients

\$0

(3) Legislative Intent Met?

Unlikely

Revenue

Applicable Program

Oil and Gas Production Tax

Indirect Expenditure Name

New Area Development Credit

Legislative Finance Analysis per AS 24.20.235

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

Recommend no action as the credit sunset on 12/31/2015.

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) Description 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.55.024 (i)

(4) Year Enacted

2013

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

Rewards companies for producing oil from the North Slope.

(8) Estimated Revenue Impact

FY 2016 - Due to Confidentiality, the Per-Taxable-Barrel credits are combined for reporting purposes.

FY 2017 - Due to Confidentiality, the Per-Taxable-Barrel credits are combined for reporting purposes.

FY 2018 - Due to Confidentiality, the Per-Taxable-Barrel credits are combined for reporting purposes.

FY 2019 - Due to Confidentiality, the Per-Taxable-Barrel credits are combined for reporting purposes.

Note: See Per-Taxable-Barrel Credit for Non-GVR-Eligible Production (AS 43.55.024(j)) for Non-GVR Eligible Production credits.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Due to Confidentiality, the Per-Taxable-Barrel credits are combined.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Indeterminate

(2) Estimate of Annual Monetary Benefit to Recipients

Indeterminate

Revenue

Applicable Program

Oil and Gas Production Tax

Indirect Expenditure Name

Per-Taxable-Barrel Credit for GVR-eligible production

Legislative Finance Analysis per AS 24.20.235**(3) Legislative Intent Met?**

Indeterminate

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

Recommend reconsideration. The credit should be evaluated for its effectiveness in attracting investment. For the first several years, a producer at a new field will likely have enough lease expenditures carried-forward to reduce their liability to the minimum tax, then apply 024(i) credits to reduce their tax liability to near zero.

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) Description 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.55.024 (j)

(4) Year Enacted

2013

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

Rewards companies for producing oil from the North Slope.

(8) Estimated Revenue Impact

FY 2015 - \$523,000,000

FY 2016 - \$86,000,000

FY 2017 - \$536,000,000

FY 2018 - \$1,001,000,000

FY 2019 - \$1,002,000,000

Note: This revenue impact is approximated and rounded to the nearest million dollars and also includes amounts from Per-Taxable-Barrel Credit for GVR-Eligible Production (AS 43.55.024(i)) due to a small number of recipients.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Between 4 and 8 companies.

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

(1) Estimate of Annual Revenue Foregone by the State (cont.)

\$629,600,000 (including Per-Taxable-Barrel Credit for GVR-eligible production)

(2) Estimate of Annual Monetary Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

Indeterminate

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

Recommend reconsideration. The credit could be considered a component of the tax calculation rather than an indirect expenditure. The sliding scale credit was adopted as an alternative to a lower flat tax rate, in order to achieve a progressive tax structure. However, the progressive element does not take effect until oil prices after transportation costs equal \$80 per barrel.

This credit cannot be used to bring a producer's liability below the gross minimum tax. Additionally, the state asserts that, if this credit is used at all, no other credits may be used to reduce a producer's liability below the minimum tax. Hilcorp, Exxon and SAExploration have a pending lawsuit against the Department of Revenue, in which they claim that other credits should be allowed to bring a producer's liability below the minimum tax, even if the non-GVR per-taxable-barrel credit is used.

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) Description of Provision

A transferable tax credit for qualified oil and gas capital expenditures 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. Prior to 2014, this tax credit was applicable to all areas of the state. The credit is 20% of qualified capital expenditures. Legislation reduced the credit to 10% on January 1, 2017 for Cook Inlet and Middle Earth, and on January 1, 2018 the credit was eliminated for Cook Inlet and maintained in Middle Earth at the lower rate. The credit was available to North Slope companies until 2014.

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.55.023 (a)

(4) Year Enacted

2006, last amended 2013

(5) Sunset or Repeal Date

12/31/2013 for North Slope, 12/31/17 for Cook Inlet; Remains in place for Middle Earth only.

(6) 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.

(7) Public Purpose

To Increase oil and gas exploration and production.

(8) Estimated Revenue Impact

FY 2015 - Between \$587,000,000 & \$607,000,000

FY 2016 - Between \$490,000,000 and \$500,000,000

FY 2017 - Between \$30,000,000 & \$40,000,000

FY 2018 - Between \$70,000,000 & \$80,000,000

FY 2019 - Between \$90,000,000 & \$100,000,000

Note: These revenue impacts are approximated and rounded to the nearest million dollars. Includes the Well Lease Expenditures Credit and the Carried-Forward Annual Loss Credit under AS 43.55.023. It includes the total fiscal impact, including reductions in tax liability and the amount that is refunded through the operating budget. Due to confidentiality, revenue impacts are presented as ranges.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Between 50 and 100 companies for all credits under AS 43.55.023.

Revenue

Applicable Program

Oil and Gas Production Tax

Indirect Expenditure Name

Qualified Capital Expenditure Credit

Legislative Finance Analysis per AS 24.20.235**(1) Estimate of Annual Revenue Foregone by the State (cont.)**

\$259,400,000 (Including Well Lease Expenditure Credit and Carried-Forward Annual Loss Credit)

(2) Estimate of Annual Monetary Benefit to Recipients

\$3,458,667 (Including Well Lease Expenditure Credit and Carried-Forward Annual Loss Credit)

(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?

Recommend reconsideration. The credit has sunset in the North Slope and Cook Inlet, but the Middle Earth credit is still in effect.

Revenue

Applicable Program
Oil and Gas Production Tax

Indirect Expenditure Name
Small Producer Credit

Department of Revenue Submission per AS 43.05.095

(1) Description 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.55.024 (c)

(4) Year Enacted

2006

(5) Sunset or Repeal Date

12/31/2016 or nine years after first production

(6) 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.

(7) Public Purpose

To increase oil and gas production by small producers.

(8) Estimated Revenue Impact

FY 2015 - Between \$40,000,000 & \$50,000,000

FY 2016 - \$34,000,000

FY 2017 - \$33,000,000

FY 2018 - \$19,000,000

FY 2019 - \$15,000,000

These revenue impacts are approximated and rounded to the nearest million dollars. Due to confidentiality, the FY 2015 revenue impact is presented as a range.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Fewer than 37 companies.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$29,200,000

(2) Estimate of Annual Monetary Benefit to Recipients

\$811,111

Revenue

Applicable Program

Oil and Gas Production Tax

Indirect Expenditure Name

Small Producer Credit

Legislative Finance Analysis per AS 24.20.235**(3) Legislative Intent Met?**

Indeterminate

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

Recommend no action. The credit sunset on 12/31/2016. Companies that qualified before 12/31/2016 are still able to claim the credit for the full nine years. Therefore, this provision may continue to impact state revenues through CY 2025.

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) Description 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) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.55.023 (i)

(4) Year Enacted

2006, amended 2007

(5) Sunset or Repeal Date

Repealed 12/31/2013

(6) 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.

(7) Public Purpose

To provide a benefit for recent capital expenditures as part of broader 2006 and 2008 tax reform.

(8) Estimated Revenue Impact

FY 2015 - \$0

FY 2016 - \$0

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

0

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$0

(2) Estimate of Annual Monetary Benefit to Recipients

\$0

Revenue

Applicable Program

Oil and Gas Production Tax

Indirect Expenditure Name

Transitional Investment Expenditure Credit

Legislative Finance Analysis per AS 24.20.235**(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
Well Lease Expenditure Credit

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

A transferable tax credit for intangible qualified oil and gas capital expenditures related to a well or seismic inside a unit 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. The credit is 10% of qualified capital expenditures. Legislation reduced the credit on January 1, 2017 to 10% for Cook Inlet and 20% for Middle Earth, and on January 1, 2018 the credit was eliminated for Cook Inlet, but maintained in Middle Earth at the lower rate.

(2) Type

Credit

(3) Authorizing Statute, Regulation or Other Authority

AS 43.55.023 (l)

(4) Year Enacted

2010

(5) Sunset or Repeal Date

12/31/17 for Cook Inlet; Remains in place for Middle Earth only

(6) 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.

(7) Public Purpose

To increase oil and gas production outside the North Slope.

(8) Estimated Revenue Impact

FY 2015 - Totals included in Qualified Capital Expenditure Credits.

FY 2016 - Totals included in Qualified Capital Expenditure Credits.

FY 2017 - Totals included in Qualified Capital Expenditure Credits.

FY 2018 - Totals included in Qualified Capital Expenditure Credits.

FY 2019 - Totals included in Qualified Capital Expenditure Credits.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Included in Qualified Capital Expenditure Credits.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

Revenue

Applicable Program

Oil and Gas Production Tax

Indirect Expenditure Name

Well Lease Expenditure Credit

Legislative Finance Analysis per AS 24.20.235**(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. The credit sunset in 12/31/17 for Cook Inlet, but remains in place for Middle Earth.

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) Description of Provision

The value of intangible drilling expenses and exploration expenses are not subject to property tax.

(2) Type

Exclusion as taxable property under 43.56

(3) Authorizing Statute, Regulation or Other Authority

AS 43.56.060 (f)

(4) Year Enacted

1973

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

To encourage drilling for oil and gas.

(8) Estimated Revenue Impact

FY 2015 - Unknown

FY 2016 - Not tracked.

FY 2017 - Not tracked.

FY 2018 - Not tracked.

FY 2019 - Not tracked.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Approximately 12 companies.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program

Property Tax

Indirect Expenditure Name

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

Legislative Finance Analysis per AS 24.20.235**(4) Should it be continued, modified or terminated?**

Recommend continuation. Intangible drilling costs 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

Tire Fee

Indirect Expenditure Name
Exemption from Studded Tire Fee for
Lightweight Studs
Department of Revenue Submission per AS 43.05.095
(1) Description of Provision

Excludes tires that are studded with studs weighing less than 1.1 grams each from the \$5 fee.

(2) Type

Exclusion

(3) Authorizing Statute, Regulation or Other Authority

AS 43.98.025 (b)

(4) Year Enacted

2003

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended to provide an incentive to encourage the widespread use lightweight studs to reduce road damage.

(7) Public Purpose

To encourage use of light-weight studs to prevent possible road damage.

(8) Estimated Revenue Impact

FY 2015 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.

FY 2016 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.

FY 2017 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.

FY 2018 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.

FY 2019 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked.

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program

Tire Fee

Indirect Expenditure NameExemption from Studded Tire Fee for
Lightweight Studs**Legislative Finance Analysis per AS 24.20.235****(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) Description of Provision

Tires and services sold to federal, state or local government agencies for official use are exempt from the fee.

(2) Type

Exclusion

(3) Authorizing Statute, Regulation or Other Authority

AS 43.98.025 (g)(1)

(4) Year Enacted

2003

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended the exclusion to recognize the exempt status of sovereign powers.

(7) Public Purpose

To avoid taxing government sales.

(8) Estimated Revenue Impact

FY 2015 - \$132,808

FY 2016 - \$164,860

FY 2017 - \$236,990

FY 2018 - \$244,348

FY 2019 - \$193,320

Note: total includes resale exemption. Assuming \$2.50 tax rate on new tires.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Approximately 20 agencies.

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

\$194,465

(2) Estimate of Annual Monetary Benefit to Recipients

\$9,723

(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) Description 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) Type

Exclusion

(3) Authorizing Statute, Regulation or Other Authority

AS 43.98.025 (g)(2), 15 AAC 98.060

(4) Year Enacted

2003

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature included the exemption in order to prevent the double taxation of tires.

(7) Public Purpose

To prevent double taxation of tires.

(8) Estimated Revenue Impact

FY 2015 - Total included in government exemption.

FY 2016 - Total included in government exemption.

FY 2017 - Total included in government exemption.

FY 2018 - Total included in government exemption.

FY 2019 - Total included in government exemption.

Total included in government exemption.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Included in government exemption.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Indeterminate

(2) Estimate of Annual Monetary Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program
Tire Fee

Indirect Expenditure Name
Resale exemption

Legislative Finance Analysis per AS 24.20.235

(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) Description 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 \$600 a quarter.

(2) Type

Reduced Rate

(3) Authorizing Statute, Regulation or Other Authority

AS 43.98.025 (e)

(4) Year Enacted

2003, last amended in 2015

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

To encourage timely filing of tax returns.

(8) Estimated Revenue Impact

FY 2015 - \$48,675

FY 2016 - \$42,344

FY 2017 - \$40,399

FY 2018 - \$37,168

FY 2019 - \$34,935

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Between 55 and 70 companies.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$40,704

(2) Estimate of Annual Monetary Benefit to Recipients

\$651

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program

Tire Fee

Indirect Expenditure Name

Timely filing credit

Legislative Finance Analysis per AS 24.20.235

(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
Tobacco Products Tax

Indirect Expenditure Name
Commission

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Gives a four-tenths of one percent deduction to cover the expense of accounting and filing the return for the tobacco tax. The percentage was decreased in 1997 to reflect a higher tax rate than in the original statute.

(2) Type

Reduced Rate

(3) Authorizing Statute, Regulation or Other Authority

AS 43.50.330 (b)

(4) Year Enacted

1988, amended 1997

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The discount was intended to cover the cost of filing the return.

(7) Public Purpose

To encourage timely filing of tax returns.

(8) Estimated Revenue Impact

FY 2015 - \$54,053

FY 2016 - \$55,437

FY 2017 - \$55,848

FY 2018 - \$57,341

FY 2019 - \$58,370

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Between 10 and 40 companies.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$56,210

(2) Estimate of Annual Monetary Benefit to Recipients

\$2,248

(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

Revenue

Applicable Program
Tobacco Products Tax

Indirect Expenditure Name
Commission

Legislative Finance Analysis per AS 24.20.235

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

filing provides an efficient and cost effective method - the rate reduction may be obsolete.

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) Description of Provision

Federally recognized Indian tribes are exempt from the tobacco products tax.

(2) Type

Exclusion

(3) Authorizing Statute, Regulation or Other Authority

AS 43.50.310(b)

(4) Year Enacted

1988

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To comply with federal law.

(7) Public Purpose

To comply with federal law.

(8) Estimated Revenue Impact

FY 2015 - \$45,419

FY 2016 - \$45,502

FY 2017 - \$57,041

FY 2018 - \$80,758

FY 2019 - \$88,715

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

One Federally Recognized Tribe.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$63,487

(2) Estimate of Annual Monetary Benefit to Recipients

\$63,487

(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) Description 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) Type

Exclusion

(3) Authorizing Statute, Regulation or Other Authority

AS 43.50.300

(4) Year Enacted

1988

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended only to tax tobacco products at the point of sale.

(7) Public Purpose

To generate state revenue by efficient administration of tax.

(8) Estimated Revenue Impact

FY 2015 - Unknown. There is no reporting requirement for tobacco products personally transported into the state.

FY 2016 - Unknown. See note.

FY 2017 - Unknown. See note.

FY 2018 - Unknown. See note.

FY 2019 - Unknown. See note.

Note: There is no reporting requirement for tobacco products personally transported into the state.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked.

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program
Tobacco Products Tax

Indirect Expenditure Name
Personal exemption from tobacco products tax

Legislative Finance Analysis per AS 24.20.235

(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) Description of Provision

Facilities operated by one of the uniformed services of the United States are exempt from the tobacco products tax.

(2) Type

Exclusion

(3) Authorizing Statute, Regulation or Other Authority

AS 43.50.310 (a)

(4) Year Enacted

1988

(5) Sunset or Repeal Date

None

(6) Legislative Intent

To comply with federal law.

(7) Public Purpose

To comply with federal law.

(8) Estimated Revenue Impact

FY 2015 - Unknown. There is no reporting requirement for such facilities.

FY 2016 - Unknown. See note.

FY 2017 - Unknown. See note.

FY 2018 - Unknown. See note.

FY 2019 - Unknown. See note.

Note: There is no reporting requirement for such facilities.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked.

Legislative Finance Analysis per AS 24.20.235
(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program
Tobacco Products Tax

Indirect Expenditure Name
Uniformed Services Exemption from tobacco products tax

Legislative Finance Analysis per AS 24.20.235

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

Recommend continuation based on meeting legislative intent.

Revenue

Applicable Program
Vehicle Rental taxes

Indirect Expenditure Name
Motorcycle Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Excludes motorcycles and motor-driven cycles from the vehicle rental tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.52.099(2)(h)

(4) Year Enacted

2013

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

To specifically exclude motorcycles from the passenger vehicle rental tax.

(8) Estimated Revenue Impact

FY 2016 - Unavailable. See note.

FY 2017 - Unavailable. See note.

FY 2018 - Unavailable. See note.

FY 2019 - Unavailable. See note.

Note: Effective 5/10/13, the legislature excluded motorcycles and motor-driven cycles from the tax, so the exemption is no longer tracked.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown --Estimated at \$30,000 to \$50,000

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program
Vehicle Rental taxes

Indirect Expenditure Name
Motorcycle Exemption

Legislative Finance Analysis per AS 24.20.235

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

Recommend continuation based on meeting legislative intent.

Revenue

Applicable Program
Vehicle Rental taxes

Indirect Expenditure Name
Moving Truck Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Exempts moving trucks from the vehicle rental tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.52.099 (2)(f)

(4) Year Enacted

2006

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended only to tax visitors renting vehicles and did not intend to tax moving trucks.

(7) Public Purpose

To limit the vehicle rental tax to the tourism industry.

(8) Estimated Revenue Impact

FY 2015 - Unknown. There is no reporting requirement for moving trucks.

FY 2016 - Unknown. There is no reporting requirement for moving trucks.

FY 2017 - Unknown. There is no reporting requirement for moving trucks.

FY 2018 - Unknown. There is no reporting requirement for moving trucks.

FY 2019 - Unknown. There is no reporting requirement for moving trucks.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(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

Applicable Program
Vehicle Rental taxes

Indirect Expenditure Name
Moving Truck Exemption

Legislative Finance Analysis per AS 24.20.235

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

Revenue

Applicable Program
Vehicle Rental taxes

Indirect Expenditure Name
Reduced rate for RVs

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Recreational vehicles (RVs) are taxed at a rate of 3% while other vehicle rentals are taxed at a rate of 10%.

(2) Type

Reduced Rate

(3) Authorizing Statute, Regulation or Other Authority

AS 43.52.040

(4) Year Enacted

2003

(5) Sunset or Repeal Date

None

(6) 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.

(7) Public Purpose

To equalize the tax incidence on RVs and other vehicles.

(8) Estimated Revenue Impact

FY 2015 - \$1,077,414

FY 2016 - \$1,185,139

FY 2017 - \$1,209,171

FY 2018 - \$1,297,293

FY 2019 - \$1,215,321

Note: Applied the 7% tax rate differential to taxable fees and costs to determine foregone revenue

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Approximately 35 beneficiaries.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$1,196,868

(2) Estimate of Annual Monetary Benefit to Recipients

\$34,196

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program
Vehicle Rental taxes

Indirect Expenditure Name
Reduced rate for RVs

Legislative Finance Analysis per AS 24.20.235

(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.

Revenue

Applicable Program
Vehicle Rental taxes

Indirect Expenditure Name
Taxicab Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Excludes taxicab rentals from the vehicle rental tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.52.030

(4) Year Enacted

2004

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended only to tax visitors renting vehicles and did not intend to tax taxicabs.

(7) Public Purpose

To generate state revenue from short-term vehicle rentals without burdening taxis.

(8) Estimated Revenue Impact

FY 2015 - Unknown. There is no reporting requirement for taxicabs.

FY 2016 - Unknown. See note.

FY 2017 - Unknown. See note.

FY 2018 - Unknown. See note.

FY 2019 - Unknown. See note.

Note: There is no reporting requirement for taxicabs.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(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

Revenue

Applicable Program
Vehicle Rental taxes

Indirect Expenditure Name
Taxicab Exemption

Legislative Finance Analysis per AS 24.20.235

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

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
Warranty Work Exemption

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Exempts a vehicle provided by an automobile dealer to a customer as replacement transportation from the vehicle rental tax.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 43.52.099 (2)(g)

(4) Year Enacted

2006

(5) Sunset or Repeal Date

None

(6) Legislative Intent

The Legislature intended only to tax visitors renting vehicles and did not intend to tax vehicles provided as replacements by dealers.

(7) Public Purpose

To limit the vehicle rental tax to the tourism industry.

(8) Estimated Revenue Impact

FY 2015 - Unknown. There is no reporting requirement for warranty work rentals.

FY 2016 - Unknown. See note.

FY 2017 - Unknown. See note.

FY 2018 - Unknown. See note.

FY 2019 - Unknown. See note.

Note: There is no reporting requirement for warranty work rentals.

(9) Cost to Administer

No additional cost; is administered with current resources.

(10) Number of Beneficiaries / Who Benefits

Not tracked.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Monetary Benefit to Recipients

Unknown

(3) Legislative Intent Met?

Yes

Revenue

Applicable Program
Vehicle Rental taxes

Indirect Expenditure Name
Warranty Work Exemption

Legislative Finance Analysis per AS 24.20.235

(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.

