

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version: HB 109
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB109-DOR-TAX-4-15-24
Title: REDUCE CORP. NET INCOME TAX RATE
Sponsor: CARPENTER
Requester: (H) Ways & Means

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

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1004 Gen Fund (UGF)	(168,500.0)		(364,900.0)	(380,500.0)	(395,100.0)	(405,600.0)	(416,700.0)
Total	(168,500.0)	0.0	(364,900.0)	(380,500.0)	(395,100.0)	(405,600.0)	(416,700.0)

Estimated SUPPLEMENTAL (FY2024) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2025) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Updated from SLA2023 to SLA2024 fiscal note template. Fiscal analysis also updated for the effective date and projected the change in revenues through FY2030.

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Agency: Department of Revenue

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FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

BILL NO. HB 109

Analysis

Background Information – Corporate Income Tax

Under current law, C-corporations are subject to ten graduated tax brackets with tax rates ranging from zero to 9.4 percent. This bill would remove the graduated tax rates above 2 percent, leaving a rate of zero for taxable income of less than \$25,000 and a rate of 2 percent for taxable income of \$25,000 or more.

This bill has an effective date of January 1, 2025. For fiscal analysis purposes, the bill is assumed to be in effect for the second half of FY2025, with the first full year occurring in FY2026.

Revenue Impact – Corporate Income Tax

This bill would reduce corporate income tax revenue by \$168.8 million in FY2025, which assumes the new tax structure would be effective for the second half of the fiscal year.

FY 2025 Effective Date						
Tax Revenue (\$ millions)	FY 2025 **	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
HB 109 Impact on Corporate Income Tax Revenue	\$ (66.1)	\$ (148.2)	\$ (166.1)	\$ (178.8)	\$ (184.9)	\$ (190.3)
HB 109 Impact on Corporate Oil and Gas Tax Revenue	\$ (102.4)	\$ (216.6)	\$ (214.4)	\$ (216.4)	\$ (220.7)	\$ (226.5)
Total Revenue Impact	\$ (168.5)	\$ (364.9)	\$ (380.5)	\$ (395.1)	\$ (405.6)	\$ (416.7)

** HB 109 assumes a Jan 1, 2025 effective date.

Implementation Cost

This bill would require the department to update its Tax Revenue Management System (TRMS) and Revenue Online (ROL) which allows a taxpayer to file a return online. Resources required to implement this bill would include staff time to update tax forms, TRMS, and ROL, and other miscellaneous costs when applicable. These costs will be absorbed by the Tax Division using existing resources.