

SPONSOR STATEMENT

Senate Bill 24 Business License Fee

Senate Bill 24 repeals a 2003 law that increased the fee for a business license to \$100 annually and re-establishes the business license at \$25 per year. In the face of a possible \$800 million budget deficit in 2003, the Legislature increased the fee for a business license from \$25 to \$100 per year. Senate Bill 24 recognizes that the financial picture for the State of Alaska is dramatically different than four years ago. In fact, the Legislative Finance Division estimates a general fund balance of \$1.35 billion for this fiscal year. Given this substantial surplus, it is appropriate that the fee for a business license return to \$25 per year, the level it was from 1949 to 2003.

The cost of processing a business license fee is covered by an annual fee of \$25. The use of technology has streamlined both the initial application and the renewal process. The percentage of licenses purchased and renewed online has increased from 14% in 2003 to 36% in 2006. This positive trend has proven to be cost effective for the Division of Occupational Licensing.

In addition, it is important to note that the number of people applying for a business license in 2003, the last year before the fee was increased to \$100, totaled 74,599. In three short years, the number of applicants decreased 9.7 percent. The State of Alaska should encourage the expansion of small businesses, not discourage the growth. Setting the business license fee at \$25 annually will demonstrate that the State of Alaska is business friendly and welcomes new small businesses.

Please join me in support of encouraging the growth of Alaska's business sector and pass Senate Bill 24.