



UNITED FISHERMEN OF ALASKA

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March 25, 2013

Senator Cathy Geissel, Chair
Senate Resources Committee
State Capitol
Juneau, AK 99801-1182
Email: Senator.Cathy.Giessel@akleg.gov

RE: Support for SB 71, PAYMENT OF FISHERY RESOURCE LANDING TAX

Dear Senator Geissel, and members of the Senate Resources Committee;

United Fishermen of Alaska (UFA) is the largest statewide commercial fishing trade association, representing 36 commercial fishing organizations participating in fisheries throughout the state and its offshore federal waters.

UFA supports SB 71, which makes changes to current statutes regarding the timing and requirement for four equal payments in estimated fisheries resource landing tax.

SB 71 would change the current timing of tax payment due date to align with the date the corresponding report is due. Currently the report is due March 31st or the last day of the month following the month in which the State publishes the statewide prices that must be used on the return, which generally is in May, but the tax is due on April 1st. This mismatch in timing results in late payment fines and interest for well-intentioned producers, as well as confusion, frustration, and wasted time that could best be spent harvesting and processing fish to increase revenue.

The current statute includes provisions for four equal payments, but with the seasonal nature of many fisheries, and the variability in harvest, it is virtually impossible for resource landing taxpayers to accurately predict their full years harvest to calculate equal payments. SB 71 would create a fair and equitable tax system by aligning the date of the tax with the report.

Thank you for your consideration.

Sincerely,

Julianne Curry
Executive Director

CC:
Senator Peter Micciche

Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway

Juneau, AK 99801

Phone: 907-586-6652

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March 21, 2013

Senate Resources
Alaska State Legislature
State Capitol, Room 205
Juneau, AK 99801-1182

RE: Support SB 71

Dear Senator Giessel, Chair and Resource Committee Members,

Southeast Alaska Fishermen's Alliance (SEAFa) is a multi-gear/multi-species, membership based association. SEAFa supports SB 71 which addresses an issue that affects several of our members.

SB 71 will prevent the imposition of tax penalties and interest for a situation that is completely out of the tax payer's control. SB 71 aligns the date the tax is due to correspond with the date the report is due. Currently the report is due March 31st or the last day of the month following the month the State publishes the statewide prices that must be used on the return which generally is in May but the tax is due on April 1st. How do you pay a tax when you don't know what you owe and why should an individual then be punished by the imposition of penalties and interest for failure to pay on time?

Section 2 of SB 71 deletes the requirement to make equal quarterly payments and allows the commercial fisherman to pay each quarter based on their production and estimated price for that quarter. A commercial fisherman has no idea of how their season is going to go until they are done fishing - asking to pay before they fish is difficult as you don't know how much to pay nor do you have income from the fishing to pay for the taxes.

In FY 2012, 78 Resource landing tax reports were filed by 67 tax payers.

This legislation does not take away the right of the State to assess penalties or interest if a tax payer does not pay an appropriate quarterly payment based on their production.

SEAFSA supports SB 71 and hopes that the Legislature fixes this glitch in the Resource Landing Tax that penalizes law-abiding tax payers.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathy Hansen", followed by a long horizontal line.

Kathy Hansen
Executive Director

Alaska Scallop Association

PO Box 8989
Kodiak, AK 99615
907-512-7018



March 14, 2013

Senate Resources
Alaska State Legislature
State Capitol, Room 205
Juneau, AK 99801-1182

RE: SB 71

Dear Senator Giessel, Chair and Resource Committee Members,

Alaska Scallop Association (ASA) is a trade organization representing the Alaska Weathervane Scallop catcher/freezer boats.

ASA is in support of SB 71, "An Act relating to the filing date for the final quarterly payment of, and to the assessment of penalties under, the fishery resource landing tax."

As operators of fishing vessels shucking scallops and selling our own product we are required to pay Landing Taxes. Under current statutes our landing taxes must be paid in 4 equal payments at the end of each quarter with final payment due by March 31 of the following year. While this might be fine for entities operating year round, there are certainly problems with "Seasonal" operations, particular ones that only operate on the second half of the calendar year.

Problem #1; The Scallop Season begins July 1, our first product normally lands in Kodiak, mid-July with payment from our customers for this product beginning to trickle in by mid-August. Current statutes require we pay landing tax at the end of each quarter, March 31, June 30, Sept 30 & December 31. With our season timing the current statute requires us to pay 50% of our landing taxes before we have even left the dock to go fishing. This can place a difficult financial burden on our fishing boats as they prepare for the upcoming season.

Problem #2; Landing taxes are calculated using a Statewide Average Price put out by the Department of Revenue. This Statewide Average Price list is normally released to us in May. Our final Landing tax payment is due March 31, four to six weeks before the price list is released. While we can estimate fairly closely we can never get the exact correct price that ADOR publishes. It just seems logical to have the final payment due 30 days after the Statewide Average Price list is released, rather than a date before we know what price to use.

Regards, Jim Stone, ASA Vice President

A handwritten signature in black ink, appearing to read "Jim Stone", with a horizontal line drawn underneath it.

Lynne Smith

To: Lynne Smith
Subject: RE: Landing Tax issue

From: Kruzof [<mailto:kruzof@ak.net>]
Sent: Friday, March 15, 2013 9:47 AM
To: Sen. Peter Micciche
Cc: Kathy Hansen
Subject: Landing Tax issue

Dear Senator Micciche,

Thank you for your willingness to sponsor and introduce SENATE BILL NO. 71 regarding repairing flaws in how the Fisheries Landing Tax is administered. While I and others in the industry have made great effort to fulfill fish tax requirements for the State of Alaska, it has been difficult to meet all the confusing regulatory and statutory mandates surrounding this tax code. Consequently, over the years my business has endured undue tax penalties and interest due to the conflicting wording between the statutory and regulatory language. Section 1 of your bill helps correct this.

Industry has also been burdened with a strict mandate of equal quarterly tax payments scheduled throughout the year. Such payments run contrary to varied catch and price rates throughout a harvester's operating season. Therefore it is difficult to make equal quarterly tax payments throughout the year on fish that is either, not yet harvested, or when the value and catch volume may vary vastly from one quarter or year to the next. Section 2 of your bill takes this into consideration and helps alleviate regulatory burden on industry and its ability to be an effective revenue producing entity for the State of Alaska.

I believe this legislation will help improve process efficiencies for both industry and the Department of Revenue, therefore sincerely appreciate your time and effort on this bill.

I leave you with hope that your colleagues will understand and support the importance of this bill. If you need to hear any further details on why this bill should be implemented please feel free to contact me anytime.

Sincerely yours,



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Fresh Frozen Seafood

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Managing member and Owner
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Support Streamlining Fisheries Landing Tax Regulations

The Alaska Chamber supports streamlining fisheries landing tax regulations, simplifying the paperwork burden on self-marketing fishermen, and to align timing of reporting with the timing of payments due.

Oppose the Referendum to Repeal Senate Bill 21

The Alaska Chamber opposes the referendum to repeal Senate Bill 21 (SB21).

Support Workforce Development to Increase the Number of Qualified Employees Needed to Fill Positions In Resource Industries

The Alaska Chamber supports workforce development in the state, particularly as it relates to resource development in basins like Cook Inlet. As oil and gas exploration and development in Alaska continues to grow, more qualified Alaska employees are needed to take jobs created as a result.

Support Permitting by Making the Number of State of Alaska Permitters Commensurate with Levels of Exploration and Development Activity

The Alaska Chamber supports a rigorous but efficient oil and gas permitting process in Alaska.

Support Keeping Alaska State Chartered Financial Institutions Competitive

The Alaska Chamber supports updates to statutes effecting commerce including Title 6 regarding financial institutions

Support Transfer or Sale of Land to Private Entities

The Alaska Chamber supports the sale or transfer of a proportionate percentage of government-owned lands, at all levels, to privately held taxable entities, so as to provide development opportunities for the citizenry of the State of Alaska.

Support Medicaid Expansion Provided Federal Match Maintained and/or Alternative Pilot Program Implemented

The Alaska Chamber supports Medicaid Expansion in Alaska provided the State of Alaska continues to receive at least a 90% federal match and/or the State participates through an alternative pilot program.

Oppose New Vessel Restrictions Not Based on Science with Regard to Harbor Seals

The Alaska Chamber opposes any new vessel restrictions with regard to harbor seals until additional research can demonstrate a direct connection between vessels visiting glacial habitats and a proven decline in harbor seal populations.