

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 277
 (S) Publish Date: 2/27/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Definitions of Fisheries Businesses BRU Revenue Operations
 Component Tax Division
 Sponsor Senator Austerman
 Requester Senate Resources Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES* ()	0.0	(434.2)	(434.2)	(434.2)	(434.2)	(434.2)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

* We believe this estimate is extremely conservative because it does not account for any changes in business behavior by taxpayers. That is, this estimate assumes that taxpayers will continue to deploy their vessels in exactly the same way before and after passage of this legislation.

Please see revenue discussion on attached page for further details.

Prepared by: Chuck Harlamert and Brett Fried, Revenue Audit Supv. and Economist
 Division: Tax Division
 Approved by: Larry Persily, Deputy Commissioner
 Agency: Department of Revenue

Phone 465-4773 or 3682
 Date/Time 02/21/2002 4 p.m.
 Date 02/21/2002

Definitions of Fisheries Businesses

SB 277 #1

February 21, 2002

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Revenue

We assumed that if a vessel processed fish in only one location in 2000, it would qualify for the lower tax rate under this legislation. Using this method for the top 20 floating processors, we estimate that communities would lose approximately \$217,099 (50% share of state revenue loss) and the state also would lose approximately \$217,099. We used data from fisheries business tax returns received in FY 2001. We did not adjust for any changes in business behavior as a result of this act: For example, if a floating processor were to reduce the number of locations that its vessel uses to take advantage of the lower rate in this legislation.

Floating Processors	Pounds	Value	Current		Potential
			Tax @ 5%	Tax @ 3%	Tax Loss
Select Licensees Top 20*	163,791,655	\$ 21,709,902	\$ 1,085,495	\$ 651,297	\$ 434,198
Other Licensees**	228,793,697	\$ 98,048,961	\$ 4,902,448	\$ 2,941,469	
Total	392,585,352	\$ 119,758,863	\$ 5,987,943	\$ 3,592,766	

*Includes only licensed floating vessels that processed in Alaska in one location in 2000.

**All remaining taxpayers with a floating processing tax liability.

(Values based on calendar 2000 value and processing activity;
2001 data will not be available until late spring 2002.)