

# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: 8  
 Bill Version: SCS CSHB 218(RES)  
 (S) Publish Date: 4/10/06

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue 04  
 Title Private Hatchery Cost Recovery Fisheries RDU Tax and Treasury  
 Component Tax  
 Sponsor Rep. Thomas  
 Requester Senate Resources Component No. 2476

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	*	*	*	*	*	*

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	*	*	*	*	*	*
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**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)						
<b>TOTAL</b>	*	*	*	*	*	*

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

See page 2

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 Division Tax Division Date/Time 4/4/06 1:45 PM  
 Approved by: Jerry Burnett, Administrative Services Director Date 4/4/2006  
 Agency Revenue

## FISCAL NOTE # 8

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BILL NO. SCS CSHB 218(RES)

### ANALYSIS CONTINUATION

This bill authorizes hatchery permit holders to recover costs using an assessment against special common property fisheries in lieu of cost recovery harvests. Revenue is charged with setting the assessment rate, not to exceed 40%, in consultation with the Department of Commerce, Community, and Economic Development, the hatchery permit holder, and commercial fishermen. Licensed fisheries businesses and participating commercial fishermen remit the assessment to Revenue under regulations that would be adopted.

Our interpretation of the bill is that it does not authorize Revenue to enforce an assessment. Revenue will not perform audits or otherwise pursue compliance with an assessment. The assessment is not subject to the administrative provisions of Title 43 that includes penalties, interest, assessments and limitations on assessments, or appeal rights and procedures. The department's authority is restricted to setting the assessment rate, receiving payments, and accounting.

#### **Cost Discussion**

Our costs are indeterminant because we cannot predict the number, if any, or complexity of common property cost recovery fisheries that will arise under the bill.

#### **Receipt & Accounting**

We are unable to predict the actual number of fisheries that can be handled using existing resources. We estimate that we can receive and account for 2 to 3 common property cost recovery fisheries using existing resources. It is possible, depending on the number of taxpayers per fishery and the complexity and timing of accounting and distribution requirements, that we could receive and account for additional fisheries using existing resources.

#### **Rate Setting**

We are unable to predict the cost of setting rates under the bill. The time and expense attributable to rate setting will be influenced by the knowledge, experience, contributions by the participants, the financial and operational status of the hatchery permit holder, and other factors specific to each fishery and hatchery permit holder. We expect to incur travel expenses with respect to hatcheries and interest groups who are testing the waters as well as for any cost recovery fisheries that actually take place. We are unable to anticipate the level of demand for services associated with rate setting activities, however, the successful establishment of a fishery under the program may not be possible without dedicated staffing. There are currently 31 hatcheries in the state. If more than 3 hatcheries elect to become common property cost recovery fisheries, Revenue projects a need for 1 to 2 additional Tax Auditor positions, along with funding for travel.

#### **Revenue Discussion**

We are unable to predict the number of cost recovery fisheries that will arise under the bill or receipts associated with a fishery.