

CS FOR HOUSE BILL NO. 251(FSH)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY THE HOUSE SPECIAL COMMITTEE ON FISHERIES

Offered: 4/6/16

Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act requiring the electronic submission of a tax return or report with the**
2 **Department of Revenue; relating to the use of certain revenue from the fisheries**
3 **business tax and the fisheries resource landing tax; relating to the fisheries business tax**
4 **and the fishery resource landing tax; relating to refunds to local governments; and**
5 **providing for an effective date."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * **Section 1.** AS 43.05 is amended by adding a new section to read:

8 **Sec. 43.05.045. Electronic submission of return or report.** (a) Unless an
9 exemption or waiver is granted under (b) of this section, a taxpayer required to submit
10 a return or report for a tax levied under this title or for any other tax administered by
11 the department shall submit the return or report electronically in a format prescribed
12 by the department. Failure to comply with this section may result in a civil penalty
13 under AS 43.05.220(f). If a law under this title requires a report or return or a portion

1 of a report or return to be in writing, an electronically filed report or return satisfies
 2 this section. A taxpayer shall submit attachments to a report or return required under
 3 this title electronically.

4 (b) To request an exemption to (a) of this section, a taxpayer shall submit to
 5 the department evidence satisfactory to the department that the taxpayer does not have
 6 the capability to submit the return or report electronically. An application for an
 7 exemption must be submitted before a return or report is due. An exemption granted
 8 under this subsection is valid for two years after the first tax filing due date after the
 9 exemption is granted. When an exemption under this subsection expires, the taxpayer
 10 may apply for another exemption. An exemption granted under this subsection applies
 11 to any return or report submitted to the department.

12 * **Sec. 2.** AS 43.05.220 is amended by adding a new subsection to read:

13 (f) Unless the department determines that failure to comply with AS 43.05.045
 14 is due to a reasonable cause, the department shall assess a civil penalty of \$25 or one
 15 percent of the total tax before any payment, whichever is greater, against a taxpayer
 16 who fails to submit electronically a return or report under AS 43.05.045.

17 * **Sec. 3.** AS 43.75.015(a) is amended to read:

18 (a) A person engaged in a fisheries business is liable for and shall pay the tax
 19 levied by this section on the value of each of the following fisheries resources
 20 processed during the year at the rate set out after each:

21 (1) salmon canned at a shore-based fisheries business - four and one-
 22 half percent;

23 (2) salmon processed by a shore-based fisheries business, except
 24 salmon for which the tax is due under (1) of this subsection, and all other fisheries
 25 resources processed by a shore-based fisheries business - **four** [THREE] percent;

26 (3) fisheries resources processed by a floating fisheries business - **six**
 27 [FIVE] percent.

28 * **Sec. 4.** AS 43.75.015(b) is amended to read:

29 (b) Instead of the taxes levied by (a) of this section, a person who processes a
 30 developing commercial fish species is liable for and shall pay a tax equal to

31 (1) **four** [ONE] percent of the value of the developing commercial fish

species processed by a shore-based fisheries business during the year; and

(2) **four** [THREE] percent of the value of the developing commercial fish species processed by a floating fisheries business during the year.

* **Sec. 5.** AS 43.75.015(d) is amended to read:

(d) Instead of the taxes levied under (a) or (b) of this section, a person who processes a fishery resource under a direct marketing fisheries business license is liable for and shall pay a tax equal to

(1) **four** [ONE] percent of the value of the developing commercial fish species processed during the year; and

(2) **four** [THREE] percent of the value of a commercial fish species not subject to (1) of this subsection.

* **Sec. 6.** AS 43.75.030(b) is amended to read:

(b) The return shall be made on the basis of the calendar year to the department [AT JUNEAU] before April 1 after the close of the calendar year. **The return must be submitted electronically to the department in a format prescribed by the department.**

* **Sec. 7.** AS 43.75 is amended by adding a new section to article 3 to read:

Sec. 43.75.125. Alaska seafood marketing fund. (a) The Alaska seafood marketing fund is established in the general fund. The department shall separately account for 0.5 percent of the value of a fishery taxed under AS 43.75.015(a), (b)(2), and (d)(2) and deposit it into the Alaska seafood marketing fund. The department shall

(1) calculate the percentage under this subsection before the refunds to local governments under AS 43.75.130 and 43.75.137 are made; and

(2) adopt regulations to reduce the amounts deposited under this subsection to account for the use of tax credits applied against a tax under this section.

(b) The legislature may appropriate the annual estimated balance of the fund to the Alaska Seafood Marketing Institute established under AS 16.51 for the purposes described under AS 16.51.100.

(c) Nothing in this section creates a dedicated fund.

(d) Appropriations to the Alaska seafood marketing fund are not one-year appropriations and do not lapse under AS 37.25.010.

1 * **Sec. 8.** AS 43.75.130(a) is amended to read:

2 (a) **The amount of tax revenue equal to 0.5 percent of the value of each**
 3 **fishery taxed under this chapter shall be deposited into the general fund.** Except
 4 as provided in (d) of this section, **and not including the revenue equal to 0.5**
 5 **percent of the value of each fishery taxed under this chapter and deposited in the**
 6 **general fund under this subsection,** the commissioner shall pay

7 (1) to each unified municipality and to each city located in the
 8 unorganized borough, 50 percent of the amount of tax revenue collected in the
 9 municipality from taxes levied under this chapter;

10 (2) to each city located within a borough, 25 percent of the amount of
 11 tax revenue collected in the city from taxes levied under this chapter; and

12 (3) to each borough

13 (A) 50 percent of the amount of tax revenue collected in the
 14 area of the borough outside cities from taxes levied under this chapter; and

15 (B) 25 percent of the amount of tax revenue collected in cities
 16 located within the borough from taxes levied under this chapter.

17 * **Sec. 9.** AS 43.77.010 is amended to read:

18 **Sec. 43.77.010. Landing tax.** A person who engages or attempts to engage in a
 19 floating fisheries business in the state and who owns a fishery resource that is not
 20 subject to AS 43.75 but that is brought into the jurisdiction of, and first landed in, this
 21 state is liable for and shall pay a landing tax on the value of the fishery resource. The
 22 amount of the landing tax is

23 (1) for a developing commercial fish species, as defined under
 24 AS 43.75.290, **four** [ONE] percent of the value of the fishery resource at the place of
 25 landing;

26 (2) for a fish species other than a developing commercial fish species,
 27 **four** [THREE] percent of the value of the fishery resource at the place of the landing.

28 * **Sec. 10.** AS 43.77.050(b) is amended to read:

29 (b) **Except as otherwise provided in AS 43.77.055, the** [THE] tax collected
 30 under this chapter shall be paid into a separate account in the general fund. The annual
 31 balance in the account may be appropriated by the legislature for revenue sharing

1 under AS 43.77.060. The amount of all tax credits approved by the commissioner
 2 under AS 43.77.040(b) shall be deducted from amounts paid to municipalities under
 3 AS 43.77.060(a) - (c).

4 * **Sec. 11.** AS 43.77 is amended by adding a new section to read:

5 **Sec. 43.77.055. Deposit into the Alaska seafood marketing fund.** The
 6 department shall separately account for 0.5 percent of the value of a fishery taxed
 7 under AS 43.77.010(2) and deposit it into the Alaska seafood marketing fund
 8 established under AS 43.75.125. The department shall

9 (1) calculate the percentage under this section before the refunds to
 10 local governments under AS 43.77.060 are made; and

11 (2) adopt regulations to reduce the amounts deposited under this
 12 section to account for the use of tax credits applied against a tax under this section.

13 * **Sec. 12.** AS 43.77.060(a) is amended to read:

14 (a) **The amount of tax revenue equal to 0.5 percent of the value of each**
 15 **fishery taxed under this chapter shall be deposited into the general fund.** Subject
 16 to appropriation by the legislature and except as provided in (b) of this section, **and**
 17 **not including the revenue equal to 0.5 percent of the value of each fishery taxed**
 18 **under this chapter and deposited in the general fund under this subsection,** the
 19 commissioner shall pay to each

20 (1) unified municipality and to each city located in the unorganized
 21 borough, 50 percent of the amount of tax revenue collected from taxes levied under
 22 this chapter on the fishery resource landed in the municipality and accounted for under
 23 AS 43.77.050(b);

24 (2) city located within a borough, 25 percent of the amount of the tax
 25 revenue collected from taxes levied under this chapter on fishery resources landed in
 26 the city and accounted for under AS 43.77.050(b); and

27 (3) borough

28 (A) 50 percent of the amount of the tax revenue collected from
 29 taxes levied under this chapter on fishery resources landed in the area of the
 30 borough outside cities and accounted for under AS 43.77.050(b); and

31 (B) 25 percent of the amount of the tax revenue collected from

1 taxes levied under this chapter on fishery resources landed in cities located
 2 within the borough and accounted for under AS 43.77.050(b).

3 * **Sec. 13.** AS 43.77.060(b) is amended to read:

4 (b) **The amount of tax revenue equal to 0.5 percent of the value of each**
 5 **fishery taxed under this chapter shall be deposited into the general fund.**

6 Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and subject to
 7 appropriation by the legislature, **and not including the revenue equal to 0.5 percent**
 8 **of the value of each fishery taxed under this chapter and deposited in the general**
 9 **fund under this subsection,** the commissioner shall pay to each

10 (1) city that is located in a borough incorporated after January 1, 1994,
 11 the following percentages of the tax revenue collected from taxes levied under this
 12 chapter on fishery resources landed in the city and accounted for under
 13 AS 43.77.050(b):

14 (A) 45 percent of the tax revenue collected during the calendar
 15 year in which the borough is incorporated;

16 (B) 40 percent of the tax revenue collected during the first
 17 calendar year after the calendar year in which the borough is incorporated;

18 (C) 35 percent of the tax revenue collected during the second
 19 calendar year after the calendar year in which the borough is incorporated; and

20 (D) 30 percent of the tax revenue collected during the third
 21 calendar year after the calendar year in which the borough is incorporated; and

22 (2) borough that is incorporated after January 1, 1994, the following
 23 percentages of the tax revenue collected from taxes levied under this chapter on
 24 fishery resources landed in the cities located within the borough and accounted for
 25 under AS 43.77.050(b):

26 (A) five percent of the tax revenue collected during the
 27 calendar year in which the borough is incorporated;

28 (B) 10 percent of the tax revenue collected during the first
 29 calendar year after the calendar year in which the borough is incorporated;

30 (C) 15 percent of the tax revenue collected during the second
 31 calendar year after the calendar year in which the borough is incorporated; and

1 (D) 20 percent of the tax revenue collected during the third
2 calendar year after the calendar year in which the borough is incorporated.

3 * **Sec. 14.** The uncoded law of the State of Alaska is amended by adding a new section to
4 read:

5 TRANSITION: REGULATIONS. The Department of Revenue may adopt regulations
6 necessary to implement the changes made by this Act. The regulations take effect under
7 AS 44.62 (Administrative Procedure Act), but not before the effective date of the law
8 implemented by the regulation.

9 * **Sec. 15.** Section 14 of this Act takes effect immediately under AS 01.10.070(c).

10 * **Sec. 16.** Except as provided in sec. 15 of this Act, this Act takes effect July 1, 2016.