

HOUSE BILL NO. 4006

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FOURTH SPECIAL SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 5/27/16

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the fisheries business tax and fishery resource landing tax; removing**
2 **the minimum and maximum restrictions on the annual base fee for the reissuance or**
3 **renewal of an entry permit or an interim-use permit; relating to refunds of the fisheries**
4 **business tax and the fishery resource landing tax to local governments; and providing**
5 **for an effective date."**

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

7 *** Section 1.** AS 16.43.160(c) is amended to read:

8 (c) The annual base fee for issuance or renewal of an entry permit or an
9 interim-use permit [MAY NOT BE LESS THAN \$30 OR MORE THAN \$3,000. THE
10 ANNUAL BASE FEE] must reasonably reflect the different rates of economic return
11 for different fisheries. In addition to the annual base fee established by the commission
12 under this subsection, a nonresident shall pay an annual nonresident surcharge for the
13 issuance or renewal of one or more entry permits or interim-use permits. The

1 commission shall establish the annual nonresident surcharge by regulation [AT AN
2 AMOUNT THAT IS AS CLOSE AS IS PRACTICABLE TO THE MAXIMUM
3 ALLOWED BY LAW].

4 * **Sec. 2.** AS 43.75.015(a) is amended to read:

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

8 (1) salmon canned at a shore-based fisheries business - **five** [FOUR]
9 and one-half percent;

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

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

15 * **Sec. 3.** AS 43.75.015(d) is amended to read:

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

19 (1) one percent of the value of the developing commercial fish species
20 processed during the year; and

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

23 * **Sec. 4.** AS 43.75.030(b) is amended to read:

24 (b) The return shall be made on **a** [THE BASIS OF THE] calendar year **basis**
25 **and submitted** to the department [AT JUNEAU] before April 1 after the close of the
26 calendar year.

27 * **Sec. 5.** AS 43.75.130(a) is amended to read:

28 (a) **The amount of tax revenue equal to one percent of the value of each**
29 **fishery taxed under this chapter shall be deposited into the general fund.** Except
30 as provided in (d) of this section, **and not including the revenue equal to one**
31 **percent of the value of each fishery taxed under this section deposited in the**

1 **general fund**, the commissioner shall pay

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

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

7 (3) to each borough

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

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

12 * **Sec. 6.** AS 43.77.010 is amended to read:

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

18 (1) for a developing commercial fish species, as defined under
19 AS 43.75.290, one percent of the value of the fishery resource at the place of landing;

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

22 * **Sec. 7.** AS 43.77.060(a) is amended to read:

23 (a) **The amount of tax revenue equal to one percent of the value of each**
24 **fishery taxed under this chapter shall be deposited into the general fund.** Subject
25 to appropriation by the legislature and except as provided in (b) of this section, **and**
26 **not including the revenue equal to one percent of the value of each fishery taxed**
27 **under this section deposited in the general fund,** the commissioner shall pay to each

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

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

4 (3) borough

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

8 (B) 25 percent of the amount of the tax revenue collected from
9 taxes levied under this chapter on fishery resources landed in cities located
10 within the borough and accounted for under AS 43.77.050(b).

11 * **Sec. 8.** AS 43.77.060(b) is amended to read:

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

14 Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and subject to
15 appropriation by the legislature, **and not including the revenue equal to one percent**
16 **of the value of each fishery taxed under this section deposited in the general fund,**
17 the commissioner shall pay to each

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

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

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

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

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

30 (2) borough that is incorporated after January 1, 1994, the following
31 percentages of the tax revenue collected from taxes levied under this chapter on

1 fishery resources landed in the cities located within the borough and accounted for
2 under AS 43.77.050(b):

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

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

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

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

11 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 **APPLICABILITY.** (a) AS 43.75.015(a) and 43.75.015(d), as amended by secs. 2 and
14 3 of this Act, apply to a fisheries resource processed on or after the effective date of secs. 2
15 and 3 of this Act.

16 (b) AS 43.77.010, as amended by sec. 6 of this Act, applies to a fisheries resource
17 landed in the state on or after the effective date of sec. 6 of this Act.

18 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 **TRANSITION: REGULATIONS.** (a) The Alaska Commercial Fisheries Entry
21 Commission and the Department of Revenue may adopt regulations necessary to implement
22 the changes made by this Act. The regulations take effect under AS 44.62 (Administrative
23 Procedure Act), but not before the effective date of the law implemented by the regulation.

24 * **Sec. 11.** Section 1 of this Act takes effect January 1, 2017.

25 * **Sec. 12.** Section 10 of this Act takes effect immediately under AS 01.10.070(c).

26 * **Sec. 13.** Except as provided in secs. 11 and 12 of this Act, this Act takes effect July 1,
27 2016.