

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	HB 4006
Fiscal Note Number:	1
(H) Publish Date:	5/27/2016

Identifier: DOR-TAX-5-26-16
 Title: FISHERIES: TAXES; PERMITS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Revenue
 Appropriation: Taxation and Treasury
 Allocation: Tax Division
 OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2017 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues	19,400.0		19,800.0	20,200.0	20,600.0	21,000.0	21,500.0
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Estimated SUPPLEMENTAL (FY2016) cost: 50.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Original bill version, based on language split out from original omnibus special session tax bill HB/SB 4001.

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Division: Tax	Date: 05/26/2016 02:00 PM
Approved By: Jerry Burnett, Deputy Commissioner	Date: 05/26/16
Agency: Department of Revenue	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

Bill Analysis

The Fisheries Business Tax is generally paid by seafood processors, although it is also paid by fisherman if they market and sell their fish directly. The rate varies from 1% to 5% depending on the location and type of processing and the condition of the fishery (onshore / offshore; canning / other processing; developing / mature fishery.) The Fisheries Landing Tax is generally paid by offshore processors, usually working in federal fisheries, who bring their product through Alaska ports.

These are the only two fisheries taxes that generate unrestricted general funds; any others are dedicated special purpose levies. Currently both these taxes are split 50/50 with the municipality in which the activity takes place.

This legislation would increase the tax rates for all established fishery categories within both the Fisheries Business Tax (FBT) and the Fisheries Landing Tax (FLT). The tax rates for developing fisheries are unchanged. This legislation would also alter the municipal sharing formula so that the state receives the first 1% of the value of each fishery, for both Fisheries Business Tax and Fisheries Landing Tax, before any funds are shared with municipalities. The tax changes result in additional revenue to the state of about \$18 million / year.

The bill also removes the "cap" on the formula which establishes the annual fee for a limited entry permit from the Commercial Fisheries Entry Commission, which currently cannot be more than \$3,000. This removal is estimated to raise an additional \$2 million in annual revenue.

Implementation Cost

This legislation would require the Department of Revenue to update its Tax Revenue Management System (TRMS) and Revenue Online (ROL) which allows a taxpayer to file a return online. The update would consist of reprogramming both systems, updating the return rules in TRMS and testing both systems thoroughly to verify that they function as expected. We would also need to update the current tax return forms.

The supplemental fiscal note figure of \$50.0 in FY16 is to cover the costs of having our contractor update the two systems. We do not anticipate any continuing costs or additional staff needs. After the implementation of the changes, this legislation would not cause any additional administrative burden on the Tax Division.