

# Fiscal Note

State of Alaska  
2019 Legislative Session

Bill Version:	HB 41
Fiscal Note Number:	2
(H) Publish Date:	3/22/2019

Identifier: HB041-DOR-TAX-3-15-2019  
 Title: SHELLFISH ENHANCE. PROJECTS;  
 HATCHERIES  
 Sponsor: ORTIZ  
 Requester: House Special Committee on Fisheries, Finance

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)

	FY2020	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2020 Request	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>OPERATING EXPENDITURES</b>	<b>FY 2020</b>	<b>FY 2020</b>					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2019) cost:** 50.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2020) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - 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? Yes  
 If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/19

**Why this fiscal note differs from previous version/comments:**

Initial Version based on the 2-13-19 Governor's FY2020 request.
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Division:	Tax Division	Date:	03/15/2019
Approved By:	Brad Ewing, Administrative Services Director	Date:	03/16/19
Agency:	Office of Management and Budget		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2019 LEGISLATIVE SESSION

## Analysis

**Background Tax Division**

This bill provides for a common property shellfish fishery classification in a special harvest area, and fisherman participating in this fishery would be subject to the payment of an assessment either on the projected value of the shellfish or on the pounds of shellfish harvested.

Cost recovery, when implemented under the common property fishery, imposes an assessment on all commercial fishermen participating in the common property fishery. The assessment is to be collected by the Department of Revenue (DOR) Tax Division and deposited into the general fund for appropriation back to the hatchery permit holder.

The fishery would be subject to current common property statutes. AS 16.10.455(d) provides that DOR may, by March 1 of each year, set the assessment rate by regulation and in consultation with the Department of Commerce, Community, and Economic Development (DCCED), the permit holder, and the affected commercial fishermen. Statute directs that the assessment shall cover debt service, operating expenses, and a reserve fund.

In accordance with statute, it is anticipated that in setting a common property fishery assessment DOR will annually:

- Analyze financial data to establish or verify historical operating costs;
- Review forecasted hatchery returns (pounds) and price information for the upcoming season from various sources to determine market trends;
- Promulgate annual regulations for the assessment; and
- Provide for filing instructions, filing, and payment of the Common Property Fishery through Revenue Online.

**Revenue/Expenditure Impact**

Previously DOR has established a common property fishery assessment for one fishery in the years 2012 – 2016. Based on the projection by the Department of Fish and Game of 2-3 applications per year, the revenue impact is expected to be minimal.

Expenditures to set assessments will include staff time, Department of Law review for annual regulations, Revenue Online maintenance for the common property reporting, and other miscellaneous costs when applicable. These costs will be absorbed by the Tax Division.

**Implementation Cost**

This legislation would require the DOR 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 FY19 is to cover the costs of having our contractor update the two systems.