

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version:	HB 41
Fiscal Note Number:	5
(H) Publish Date:	3/31/2021

Identifier: HB041-DOR-TAX-3-19-21
 Title: SHELLFISH PROJECTS; HATCHERIES; FEES
 Sponsor: ORTIZ
 Requester: (H) Fisheries

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)

	FY2022	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2022 Request	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
OPERATING EXPENDITURES	FY 2022	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	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None			***	***	***	***	***
Total	0.0	0.0	***	***	***	***	***

Estimated SUPPLEMENTAL (FY2021) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2022) 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 If yes, by what date are the regulations to be adopted, amended or repealed? **02/28/22**

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division:	Tax Division	Date:	03/19/2021 01:00 PM
Approved By:	Brian Fechter, Administrative Services Director	Date:	03/19/21
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2021 LEGISLATIVE SESSION

Analysis

Background

The proposed legislation provides for a common property shellfish fishery classification in a special harvest area, and specifies fishermen 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. Funds may also be appropriated to DOR for costs incurred by DOR to implement and administer the assessment.

New AS 16.12.090(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. The 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:

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

The common property shellfish fishery assessment provisions of this proposed legislation would take effect 90 days after the proposed legislation is signed into law since the proposed legislation does not provide for another effective date for these provisions.

Revenue Impact

The revenue impact of this proposed legislation cannot be determined at this time.

Previously, DOR had established a common property fishery assessment for one fishery in the calendar years 2012 – 2016. Based on the projection by the Department of Fish and Game of two to three applications per year, the revenue impact of this proposed legislation is expected to be minimal. All revenue would be considered "Other Restricted" as it is intended for appropriation back to the hatchery permit holder.

Implementation Cost

This proposed legislation would not require the Department of Revenue to make material changes to its Tax Revenue Management System (TRMS). Therefore, there would be no cost to the Department of Revenue for implementation. After the implementation of the changes, this proposed legislation would cause a small additional administrative burden on the Tax Division.