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Referred: Resources,
Community & Regional Affairs
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 306

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fisheries taxes; and providing
7 for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. FINDINGS. The legislature finds that the state has:

- 10 (1) funded and implemented several fisheries enhancement
11 programs;
- 12 (2) funded and implemented fishery loan programs;
- 13 (3) increased its fishery protection and management program;
- 14 (4) funded and implemented a limited entry program; and
- 15 (5) embarked on a program of encouraging the development of
16 a bottom fishing industry.

17 * Sec. 2. PURPOSE. The purposes of this Act are to:

- 18 (1) insure that the state is able to continue its efforts
19 toward overall fishery enhancement by raising additional revenue to
20 pay for fishery enhancement projects;
- 21 (2) make the imposition of the fishery tax more uniform
22 among fishery businesses; and
- 23 (3) provide funding for the development of new fisheries.

24 * Sec. 3. AS 43.75 is amended by adding new sections to read:

25 Sec. 43.75.011. FISHERIES BUSINESS LICENSE. A person engaging
26 or attempting to engage in a fisheries business shall first apply for
27 and obtain a license as provided in AS 43.75.020.

28 Sec. 43.75.015. FISHERIES BUSINESS TAX. (a) A person engaged
29 in a fisheries business is liable for and shall pay a tax equal to six

1 per cent of the value of the fishery resource processed by his fish-
2 eries business during the year.

3 (b) A person engaging or attempting to engage in a fisheries
4 business who actually and physically processes the fishery resource is
5 liable for and shall pay to the department the whole tax imposed by
6 this section. In determining this tax liability, the person may not
7 deduct from the value of the fishery resource processed the value of
8 fishery resources canned or processed for other fisheries businesses,
9 but shall include this as part of the value of the fishery resources
10 canned or processed.

11 Sec. 43.75.131. REFUND TO LOCAL GOVERNMENTS. (a) The department
12 shall pay to each organized borough and each city of the first class,
13 and to each municipality unified under AS 29.68.240 - 29.68.440, an
14 amount equal to 33 1/3 per cent of the amount of tax revenue collected
15 in the borough or city from taxes levied in this chapter. In the case
16 of tax revenue collected inside a city within an organized borough,
17 the revenue to be shared must be divided equally between the city and
18 the borough.

19 (b) One-half of the revenue shared with an organized borough or
20 city of the first class must be used for docks or other fishery en-
21 hancement projects and those expenditures must be certified and
22 reported to the department annually no later than January 30.

23 Sec. 43.75.136. PAYMENTS TO COMMERCIAL FISHING AND AGRICULTURE
24 BANK. The legislature may appropriate 33 1/3 per cent of the amount
25 of tax revenue levied under this chapter to the Commercial Fishing and
26 Agriculture Bank established in AS 44.54.010 until that bank is fully
27 capitalized as determined by the commissioner of commerce and economic
28 development based upon the estimated capital needs of the bank.

29 Sec. 43.75.140. DEFINITIONS. In this chapter

1 (1) "department" means the Department of Revenue;

2 (2) "fisheries business" means a person who engages in pro-
3 cessing fisheries resources for sale by freezing, cooking, salting, or
4 other method and includes but is not limited to canneries, cold
5 storages, freezer ships, and processing plants;

6 (3) "fishery resource" means fin fish, shellfish and fish
7 by-products, including but not limited to salmon, halibut, herring,
8 crab, clam, cod, shrimp, and pollock;

9 (4) "value" means the actual price paid for the fisheries
10 resource by the fisheries business including indirect consideration
11 such as fuel, supplies, or gear, except that "value" means the market
12 value of the fishery resource if procured in company-owned or subsi-
13 dized boats operated by employees of the fisheries business or under
14 lease or other arrangement.

15 * Sec. 4. AS 43.75.100 is repealed and re-enacted to read:

16 Sec. 43.75.100. TAX IMPOSED ON TAKING OF FISHERY RESOURCES. A
17 person taking, purchasing, or otherwise acquiring a fishery resource
18 covered by this chapter which has not been subject to the tax imposed
19 in AS 43.75.015 who sells the fishery resource to a fishery business
20 outside the taxing jurisdiction of the state is subject to the tax set
21 out in AS 43.75.015 on the value of the fisheries resource thus sold.

22 * Sec. 5. AS 43.75.030(a) is amended to read:

23 (a) A person subject to the tax shall file a return stating the
24 value of [RAW] fisheries resources [PRODUCTS] processed during the
25 license year, computed as required by [SECS. 10 - 50 OF] this chapter,
26 and such other information as the department prescribes by regulation.
27 The return shall show the license number and shall be signed by the
28 taxpayer or his authorized agent, under penalty of perjury. If a
29 receiver, trustee, or assign is operating the property or business, he

1 shall file the return for the person. A tax due on the basis of such
2 a return shall be collected in the same manner as if collected from
3 the person of whose business he has custody and control.

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

5 (e) Every person engaging or attempting to engage in a business
6 for which a license is required under [SECS. 10 - 50 OF] this chapter
7 shall keep such records, make such statements under oath, file such
8 returns, and comply with such regulations as the commissioner of
9 revenue may prescribe.

10 * Sec. 7. AS 43.75.050(f) is amended to read:

11 (f) A person who wilfully fails to obtain a license, pay a tax,
12 make a return, keep or display a record, or supply the information at
13 the time required by law or regulation, in violation of [SECS. 10 - 55
14 OF] this chapter, is, in addition to other penalties provided by law,
15 guilty of a misdemeanor, and upon conviction is punishable by a fine
16 of not more than \$1,000, or by imprisonment for not more than one
17 year, or by both, together with the cost of prosecution.

18 * Sec. 8. AS 43.75.055 is amended to read:

19 Sec. 43.75.055. SECURITY FOR COLLECTION OF TAXES. Each applicant
20 for a license under this chapter shall in or with his application
21 state under oath the amount of each of the products which he expects
22 to produce during the license year. The applicant shall further state
23 the extent of lienable real property owned by the applicant in the
24 state against which the tax may be collected and other information
25 with respect to description, location and value of the property which
26 the department prescribes. If the lienable value of the property is
27 not equal to three times the amount of the tax for which the applicant
28 will probably be liable under this section, the department may not
29 issue the license until the applicant files with the department a

1 surety bond approved by the attorney general in a penal sum equal to
2 twice the probable amount of the tax for which the applicant will be
3 liable, conditioned upon payment of the tax in full when due, with
4 interest if not paid before delinquency. However, if the applicant
5 purchases salmon for export from Alaska in the round, the amount of
6 the bond is \$50,000 unless the applicant is the owner of lienable real
7 property in the state of a value of at least \$50,000, and the bond
8 must be conditioned upon payment to the fisherman of the full purchase
9 price for the salmon and the payment of the tax in full when due. The
10 department may waive the bond requirement if the applicant posts other
11 security in the form of collateral acceptable to the department or
12 prepays the estimated tax.

13 * Sec. 9. AS 43.75.110 is amended to read:

14 Sec. 43.75.110. DUTY OF TAXPAYER AND PAYMENT OF TAX. A person
15 subject to taxes under AS 43.75.100 - 43.75.120 [SECS. 100 - 120 OF
16 THIS CHAPTER] shall make a return stating the value of [RAW] fisheries
17 resources [PRODUCTS] taken, purchased, or otherwise acquired during
18 the license year for sale to fisheries businesses [FREEZER SHIPS,
19 FLOATING COLD STORAGES, OR FLOATING CANNERIES] outside of the taxing
20 jurisdiction of the state computed as required by AS 43.75.100 -
21 43.75.120 [SECS. 100 - 120 OF THIS CHAPTER], and other information to
22 carry out the provisions of AS 43.75.100 - 43.75.200 [SECS. 100 - 200
23 OF THIS CHAPTER] as may be prescribed by the department. The return
24 shall contain the license number and shall be signed by the taxpayer
25 or his authorized agent, under penalty of perjury. If a receiver,
26 trustee, or assign is operating the property or business, he shall
27 make the return for the person. A tax due on the basis of such return
28 shall be collected in the same manner as if collected from the person
29 of whose business he has custody and control. The requirements for

1 time and place of payment of tax, and the obligation to keep records
2 and make the records available to the commissioner of revenue are the
3 same as those prescribed in AS 43.75.011 - 43.75.050 [THE BUSINESS
4 LICENSE TAX LAW FOR SALMON CANNERIES].

5 * Sec. 10. AS 43.75.120 is amended to read:

6 Sec. 43.75.120. VIOLATIONS AND PENALTIES. (a) The liability to
7 file returns and pay interest and deficiency assessments, and the
8 subjection of property to liens is the same as prescribed in AS 43.-
9 75.011 - 43.75.050 [THE BUSINESS LICENSE TAX LAW FOR SALMON CANNERIES].

10 (b) A violation of AS 43.75.100 - 43.75.120 [SECS. 100 - 120 OF
11 THIS CHAPTER] or the regulations issued under AS 43.75.100 - 43.75.120
12 [SECS. 100 - 120 OF THIS CHAPTER] is a misdemeanor subject to punish-
13 ment as prescribed in AS 43.75.011 - 43.75.050 [THE BUSINESS LICENSE
14 TAX LAW FOR SALMON CANNERIES].

15 * Sec. 11. AS 43.75.010, 43.75.060, 43.75.070, 43.75.080, 43.75.090,
16 43.75.095, 43.75.130, and 43.75.135 are repealed.

17 * Sec. 12. TRANSITION. The tax paid for the 1978 calendar year must be
18 shared in accordance with AS 43.75.130 and 43.75.135, as they existed
19 before repeal by this Act. The tax paid for the 1979 calendar year and
20 thereafter must be shared in accordance with AS 43.75.131.

21 * Sec. 13. This Act is retroactive to January 1, 1979.

22 * Sec. 14. This Act takes effect immediately in accordance with AS 01.-
23 10.070(c).