

Original sponsor: Resources Committee

Offered: 6/18/81  
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 460 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 \* Section 1. AS 43.20.036(b) is amended to read:

10 (b) For purposes of calculating the income tax payable under this  
11 chapter, the taxpayer may apply as a credit against his tax liability  
12 the [JOB DEVELOPMENT] investment credit allowed as to federal taxes  
13 under Internal Revenue Code sec. 38 (26 U.S.C. 38) [50] upon only the  
14 first \$20,000,000 [\$500,000] of qualified investment put into use in the  
15 state for each taxable year [(26 U.S.C. SEC. 50)]. This limitation does  
16 not apply to the amounts invested in equipment which meets the defini-  
17 tion of a certified pollution control facility as defined under Internal  
18 Revenue Code sec. 169 (26 U.S.C. sec. 169) as in effect on June 19, 1975  
19 [THE EFFECTIVE DATE OF THIS ACT] except that the date specified in In-  
20 ternal Revenue Code [THAT] section 169(d) as a condition of qualifying a  
21 certified pollution control facility for a deduction does not apply.

22 \* Sec. 2. AS 43.75.015(b) is amended to read:

23 (b) Instead of the taxes levied by (a) of this section, a person  
24 who processes [ENGAGED IN A FISHERY BUSINESS WHICH INCLUDES PROCESSING]  
25 a developing commercial fish species is liable for and shall pay a tax  
26 equal to

27 (1) one percent of the value of the developing commercial  
28 fish species processed by a shore-based fisheries business during the  
29 year; and

1 (2) three percent of the value of the developing commercial  
2 fish species processed by a floating fisheries business during the  
3 year.

4 \* Sec. 3. AS 43.75.015(c) is amended to read:

5 (c) A person engaging or attempting to engage in a fisheries  
6 business who first actually and physically processes the fishery re-  
7 source, or a person who purchases a fishery resource that is frozen  
8 from a person excluded by AS 43.75.017 from liability for the tax, is  
9 liable for and shall pay to the department the entire tax imposed by  
10 this section. In determining this tax liability, the person may [NOT]  
11 deduct from the value of the fishery resources processed the value of  
12 fishery resources that are canned or processed for other fisheries  
13 businesses. A person taking the deduction authorized by this subsection  
14 shall report all information relating to the deduction in accordance  
15 with regulations issued by the department [, BUT SHALL INCLUDE THAT  
16 VALUE AS PART OF THE VALUE OF THE FISHERY RESOURCES PROCESSED].

17 \* Sec. 4. AS 43.75 is amended by adding a new section to read:

18 Sec. 43.75.017. EXCLUSION FROM FISHERIES BUSINESS TAX. A person  
19 is not liable for the fisheries business tax under AS 43.75.015 when  
20 the fishery resource is frozen aboard a fishing vessel if

21 (1) the vessel is operated as a commercial fishing vessel  
22 under a valid commercial fishing license;

23 (2) the fishery resource is not processed beyond heading,  
24 gutting or cleaning, freezing and glazing;

25 (3) the fishery resource that is frozen was caught by the  
26 vessel; and

27 (4) the fishery resource is sold by the person claiming an  
28 exclusion from the tax to a fisheries business licensed under AS 43.75.

29 \* Sec. 5. AS 43.75.100(a) is amended to read:

1 (a) A person taking, purchasing, or otherwise acquiring a fishery  
2 resource covered by this chapter which has not been subject to the tax  
3 imposed in AS 43.75.015 is subject to the tax levied in AS 43.75.015 on  
4 the value of the fishery resource [SOLD] if the person

5 (1) transports the fishery resource to a point outside the  
6 taxing jurisdiction of the state for subsequent processing or sale [TO  
7 A FISHERIES BUSINESS] outside the taxing jurisdiction of the state; or

8 (2) sells the fishery resource [TO A FISHERIES BUSINESS]  
9 outside the taxing jurisdiction of the state;

10 (3) has the fishery resource processed by a fisheries busi-  
11 ness inside the state.

12 \* Sec. 6. AS 43.75.100(b) is repealed and reenacted to read:

13 (b) The rate of tax that shall be paid by a person whose liability  
14 for the tax is established by this section is the rate of tax that  
15 would have been due under AS 43.75.015 if the fisheries business that  
16 first actually and physically processed the fish had been liable to pay  
17 the tax.

18 \* Sec. 7. AS 43.75.130 is amended to read:

19 Sec. 43.75.130. REFUND TO LOCAL GOVERNMENTS. The commissioner of  
20 revenue shall pay

21 (1) to each municipality unified under AS 29.68.240 - 29.68.-  
22 440, and to each city located in the unorganized borough, 50 [20]  
23 percent of the amount of tax revenue collected in the municipality from  
24 taxes levied by AS 43.75;

25 (2) to each city located within a borough, 25 [10] percent  
26 of the amount of tax revenue collected in the city from taxes levied by  
27 AS 43.75; and

28 (3) to each borough

29 (A) 50 [20] percent of the amount of tax revenue

1 collected in the area of the borough outside cities from taxes  
2 levied by AS 43.75; and

3 (B) 25 [10] percent of the amount of tax revenue  
4 collected in cities located within the borough from taxes levied  
5 by AS 43.75.

6 \* Sec. 8. AS 43.75.140(7) is amended to read:

7 (7) "value" means the actual price paid for the fisheries  
8 resource by the fisheries business, including indirect consideration  
9 such as fuel, supplies, or gear, whether paid at the time of purchase  
10 of the fisheries resource or tendered as a deferred or delayed payment,  
11 except that "value" means the market value of the fishery resource if  
12 the taking of the fishery resource is done [PROCURED] in company-owned  
13 or company-subsidized boats operated by employees of the fisheries  
14 business or in boats which are operated under lease or other arrange-  
15 ment;

16 \* Sec. 9. AS 43.75.140 is amended by adding a new paragraph to read:

17 (9) "taking" means pursuing, fishing, capturing, or harvest-  
18 ing a fisheries resource in any manner.

19 \* Sec. 10. AS 43.76.010(a) is amended to read:

20 (a) A person holding a limited entry permit under AS 16.43 shall  
21 pay a salmon enhancement tax at the rate of three percent of the value  
22 of salmon, as defined in AS 43.75.140(7), that the person removes from  
23 the state or transfers to a buyer in the state. The buyer [SELLS TO A  
24 PROCESSOR LICENSED UNDER AS 43.75.011. THE PROCESSOR] shall collect  
25 the salmon enhancement tax at the time [OF] the salmon is acquired by  
26 the buyer [SALE].

27 \* Sec. 11. AS 43.76.011(a) is amended to read:

28 (a) A person holding a limited entry permit under AS 16.43 shall  
29 pay a salmon enhancement tax at the rate of two percent of the value of

1 salmon, as defined in AS 43.75.140(7), that the person removes from the  
2 state or transfers to a buyer in the state. The buyer [SELLS TO A  
3 PROCESSOR LICENSED UNDER AS 43.75.011. THE PROCESSOR] shall collect  
4 the salmon enhancement tax at the time [OF] the salmon is acquired by  
5 the buyer [SALE].

6 \* Sec. 12. AS 43.76.020(a) is amended to read:

7 (a) The salmon enhancement tax levied under AS 43.76.010 or 43.-  
8 76.011 may be terminated by the commissioner of revenue upon majority  
9 vote at an election held under AS 43.76.015 in the region in which the  
10 salmon enhancement tax is levied.

11 \* Sec. 13. AS 43.76.025(a) is amended to read:

12 (a) A buyer [PROCESSOR] who acquires [BUYS] fisheries resources  
13 which are subject to the salmon enhancement tax imposed by AS 43.76.010  
14 or 43.76.011 shall collect the salmon enhancement tax at the time of  
15 purchase, and shall remit the total salmon enhancement tax collected  
16 during each month to the Department of Revenue by the last day of the  
17 next month.

18 \* Sec. 14. AS 43.76.025(b) is amended to read:

19 (b) A buyer [PROCESSOR] who collects the salmon enhancement tax  
20 shall

21 (1) maintain records reflecting the region designated under  
22 AS 16.10.375 in which the fishery resource was caught; and

23 (2) report to the Department of Revenue by March 1 of each  
24 year the total value, as defined in AS 43.75.140(7), of the salmon  
25 caught in each region designated under AS 16.10.375 which the buyer  
26 [PROCESSOR] has acquired [PURCHASED] during the preceding year.

27 \* Sec. 15. AS 43.76 is amended by adding a new section to read:

28 Sec. 43.76.028. LIABILITY FOR TAX ON SALMON SHIPPED FROM STATE.

29 (a) The owner of salmon removed from the state is liable for payment

1 of the salmon enhancement tax imposed by AS 43.76.010 or 43.76.011 if,  
2 at the time the salmon are removed from the state, the tax payable on  
3 the salmon has not been collected by a buyer.

4 (b) If the owner of salmon is liable for payment of the salmon  
5 enhancement tax under (a) of this section, he shall comply with the  
6 requirement of AS 43.76.025(b) to report his liability for payment of  
7 the tax.

8 \* Sec. 16. AS 43.76 is amended by adding a new section to read:

9 Sec. 43.76.040. DEFINITION. In this chapter, unless the context  
10 otherwise requires, "buyer" means a person who acquires possession of  
11 salmon from the person who caught the salmon regardless of whether  
12 there is an actual sale of the salmon but excluding a transfer to a  
13 person engaged solely in interstate transportation of goods for hire.

14 \* Sec. 17. AS 43.75.136 is repealed.

15 \* Sec. 18. TRANSITIONAL REVENUE SHARING. Notwithstanding AS 43.75.130,  
16 during the fiscal year ending June 30, 1982, the commissioner of revenue  
17 shall pay

18 (1) to each municipality unified under AS 29.68.240 - 29.68.440,  
19 and to each city located in the unorganized borough, 30 percent of the  
20 amount of tax revenue collected in the municipality from taxes levied by  
21 AS 43.75;

22 (2) to each city located within a borough, 15 percent of the  
23 amount of tax revenue collected in the city from taxes levied by AS 43.75;  
24 and

25 (3) to each borough

26 (A) 30 percent of the amount of tax revenue collected in the  
27 area of the borough outside cities from taxes levied by AS 43.75; and

28 (B) 15 percent of the amount of tax revenue collected in  
29 cities inside the borough from taxes levied by AS 43.75.

1 \* Sec. 19. TRANSITION. The taxes paid for the 1980 calendar year under  
2 AS 43.75 shall be shared with municipalities in accordance with AS 43.75.130  
3 as that section read before its amendment by sec. 7 of this Act. The taxes  
4 paid for the 1981 calendar year shall be shared with municipalities in  
5 accordance with sec. 18 of this Act. The taxes paid for the 1982 calendar  
6 year and for each succeeding calendar year shall be shared with municipali-  
7 ties in accordance with AS 43.75.130 as amended by sec. 7 of this Act.

8 \* Sec. 20. Section 1 of this Act is retroactive to July 1, 1980, and  
9 applies to expenditures that qualify for the investment credits that are made  
10 on or after that date.

11 \* Sec. 21. Sections 3, 4, 8, and 9 of this Act are retroactive to Janu-  
12 ary 1, 1981, and apply to tax years beginning after December 31, 1980.

13 \* Sec. 22. Section 18 of this Act takes effect July 1, 1981.

14 \* Sec. 23. Section 7 of this Act takes effect July 1, 1982.

15 \* Sec. 24. Sections 1 - 4, 8, 17, 19, and 21 of this Act take effect  
16 immediately in accordance with AS 01.10.070(c).

17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29