

HB

350

STATE OF ALASKA

DEPARTMENT OF REVENUE

JAY S. HAMMOND, GOVERNOR

STATE OFFICE BUILDING

POUCH SA - JUNEAU 99811

March 23, 1977

The Honorable Joseph McKinnon
Chairman
House Commerce Committee
Alaska State Legislature
Room 628 - Court Office Building
Juneau, Alaska

Re: House Bill No. 350

Dear Mr. McKinnon:

House Bill No. 350, an Act relating to security for the collection of wages, was introduced in the House on March 15, 1977 and was referred to the House Commerce Committee.

For the consideration of the House Commerce Committee, I am enclosing a Fiscal Note prepared by Mr. Gary L. Jenkins, Director, Audit Division, Department of Revenue, Juneau concerning the proposed legislation.

Very truly yours,



R. D. Stevenson
Special Assistant

cc: Gary L. Jenkins, Director
Audit Division
Department of Revenue
Juneau, Alaska

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 350
 Title An Act relating to security for the collection of wages
 Requested by House Commerce Committee Date 3/16/77

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected Fiscal Services
 Budget Request Unit(s) Affected Enforcement

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		17.1	17.1	17.1	17.1	17.1
200 TRAVEL						
300 CONTRACTUAL		2.5	2.5	2.5	2.5	2.5
400 COMMODITIES		.2	.2	.2	.2	.2
500 EQUIPMENT		.6	.6	.6	.6	.6
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		20.4	20.4	20.4	20.4	20.4

FUNDING (Thousands of Dollars)

GENERAL FUND		20.4	20.4	20.4	20.4	20.4
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

STATE
of ALASKA

MEMORANDUM

TO: John R. Messenger
Deputy Commissioner
Department of Revenue

DATE : March 22, 1977

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: House Bill No. 350

This bill would require a fish processor who did not have lienable property in the State in excess of \$10,000 to file a security bond in the amount of \$10,000 guaranteeing payment of wages and benefits to employees and/or independent fishermen for fish purchased from them. I see two major problems with this piece of legislation.

First, the bill provides for a dual control over the bonding by the Commissioner of Revenue and the Commissioner of Labor, which of itself would cause administrative problems. Further, the language of the legislation in defining the responsibilities of the two departments is both confusing and inconsistent. In Sec. 1, paragraph (a), the fish processor would be required to file a security bond with the Commissioner of Revenue; however, it assigns the tasks of determining if the security is satisfactory to the Commissioner of Labor. The bill continues in paragraph (b) to provide that the processor may file a cash deposit or other negotiable security acceptable to the Commissioner in lieu of the bond. In this case, the Commissioner who makes the determination whether the deposit or negotiable security is acceptable in lieu of the bond is the Commissioner of Revenue. Thus, the bill provides for the bond to be filed with the Commissioner of Revenue but subject to approval by the Commissioner of Labor, which is very cumbersome, then turns around and assigns to the Commissioner of Revenue the authority to accept other security in lieu of the bond, which is completely inconsistent. The bill has similar inconsistent provisions regarding the respective functions of the Commissioner of Revenue and the Commissioner of Labor in subsequent sections.

Second, we are not aware of any extraordinary problems in this area which would justify this legislation. At the present time, we require a fish processor to file a bond with the Department to guarantee payment of the fish processing tax and the fishermen from whom he buys if the fish are frozen and shipped out of state in the round. We have no record of any fisherman filing a claim against the current bonds that are required. If there is a severe problem in this area of which we are not aware, then remedial legislation should be enacted; however, from an operational point of view, I would recommend that the administration be placed in the Department of Labor which has the major interest in the area.

One other technical comment is in regard to the use of the words, "or buyer" in the proposal as to who would be subject to this law. At the present time, if an individual or a business is engaged in the process of buying and selling fish products only and does not do any processing of the fish, they would not come under AS 43.75. I would recommend that the words, "or buyer" be stricken from the law at any point which it might appear.



Cordova District Fisheries Union

Headquarters: Box 939, Cordova, Alaska



April 8, 1977

Representative Joseph McKinnon, Chairman
House Commerce Committee
Pouch V
Juneau, Alaska 99811

Dear Representative McKinnon,

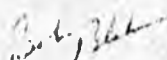
We wholeheartedly support prompt passage of House Bill #350 amending "An act relating to security for the collection of wages".

This amendment is vitally necessary to protect fishermen from losses which are apparently not recoverable through the State at this time.

We have, during the past season, had several fishermen that were not paid for products sold to a processor. At this time they have no recourse open to them that would aid them in retrieving the amount owed, short of hiring an attorney and going through the courts. This is often times not economically justifiable.

Immediate action is highly desired. Thank you.

Sincerely,


Bob Blake
Chairman

bb/mh

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. 350

Title Act relating to security for collection of wages

Requested by House Commerce Committee

Date 3-22-77

II. FISCAL DETAIL

Agency Affected Labor

Program Category Affected Administration of Justice

Budget Request Unit(s) Affected Wage & Hour Administration

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	N/A	-0-	-0-	-0-	-0-	-0-
200 TRAVEL		-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL		-0-	-0-	-0-	-0-	-0-
400 COMMODITIES		-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT		-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		-0-	-0-	-0-	-0-	-0-
TOTAL		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This bill will provide needed protection to persons furnishing labor in the business of fish processor or buyers, particularly those enterprises that are not domestic in the state, claims against the latter are difficult if not impossible to collect or require considerable time to resolve, creating a financial hardship to a claimant.

IV. DATE 22 March, 1977

PREPARED BY Tom Haar, Finance Officer

AGENCY Labor

PHONE 465-2220

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)