

HB

962

(9)

COMMITTEE REPORT

HOUSE

3/11/80

FURTHER: FINANCE

Date: _____

Mr. Speaker:

The Committee on RESOURCES has had HB 962

"An Act allowing credits against fisheries taxes; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

CHAIRMAN

AGO 125409

Hearing 3/25/80 - Reported out as CS with DO PASS



Alaska State Legislature

House

HOUSE RESOURCES COMMITTEE

FISH & GAME ISSUES

Alvin Osterback, Chairman

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-3715

HEARING NOTIFICATIONS

Re: Credits Against Fisheries Taxes

BILL	DATE INFORMED	LETTER/PHONE	INFORMED	HEARING DATE
HB 962	3/21/80	4100	Dept of Fish & Game	3/25/80
	3/21	3720	Rep. Terry Crandiner	
	3/21	2300	Revenue Dept - will testify and provide fiscal note	
	3/21	2018	Commerce Dept. - Dick Reynolds	
	3/21	586-2020	United Fishermen of Alaska	
	3/24	586-6521	Environmental Services - ^{Mr.} John Martin	
	3/24	586-6366 or 1324	Pacific Coastal Lumber Assoc. - Dick Lumber	
	3/24	586-6642	Alaska Longshoremen's & Warehousemen's Union - Larry Collier, Pres	
	3/24	3738	Rep. Mike Anderson	

STATE OF ALASKA
THE LEGISLATURE

POUCHY STATE CAPITOL
JUNEAU ALASKA 99801
407 443 1800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 31, 1980

SUBJECT: Fish tax credit
CSHB 962

TO: House Resources Committee
Attn: Mary Levan, A.A.

FROM: Kenneth E. Vassar
Legislative Counsel *EV*

Enclosed is the committee substitute you requested for House Bill 962. The change made in this committee substitute is to make the bill retroactive and applicable to the 1979 tax year. This change raises two questions:

(1) Apparently the intention is that the commissioner of revenue will rebate the amount of the credits which were not taken in 1979 but for which taxpayers would be eligible under this bill, but there is no mechanism in the bill to give the commissioner that power. How can he make these rebates without an appropriation or a fund to draw from?

(2) Assuming the commissioner is able to make the rebates, what effect does this have on the municipalities' share of the proceeds of the tax under AS 43.75.130? The tax credits are a reduction in the tax. Does this also mean the municipalities' shares will be reduced?

My understanding is that these questions will be addressed in the next committee of referral - the finance committee; however, I wanted to make sure you were aware of the questions.

KEV:ljb

Enclosure

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

March 24, 1980

The Honorable Alvin Osterback
Co-Chairman
House Resources Committee
Room 118 - Capitol Building
Juneau, Alaska 99811

Dear Mr. Osterback:

Re: House Bill No. 962

House Bill No. 962, an Act allowing credits against fisheries taxes, was introduced in the House on March 17, 1980 and was referred to the House Resources and Finance Committees.

For the consideration of the House Finance Committee, I am enclosing copies of Fiscal Notes prepared by Gary Jenkins, Director, Audit Division and Vincent Wright, Research Section, Department of Revenue concerning the proposed legislation.

Sincerely,

R. D. Stevenson
Special Assistant

cc: The Honorable Bill Miles
Co-Chairman
House Resources Committee

The Honorable Russ Beckins
Chairman
House Finance Committee

Joseph E. Donohue
Deputy Commissioner
Department of Revenue

Gary Jenkins, Director
Audit Division
Department of Revenue

Vincent Wright
Research Section
Department of Revenue

**THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE**

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 962
 Title An Act allowing credits against fisheries taxes.
 Requested by House Resources & Finance Committees Date 3/24/80

II. FISCAL DETAIL

Agency Affected _____ Revent _____
 Program Category Affected _____ Fiscal Services _____
 BRU, Program, or Subprogram(s) Affected _____ Audit Division _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		37.5	37.5	37.5	37.5	37.5
200 TRAVEL		5.5	5.5	5.5	5.5	5.5
300 CONTRACTUAL		3.1	3.1	3.1	3.1	3.1
400 COMMODITIES		.5	.5	.5	.5	.5
500 EQUIPMENT		1.2	1.2	1.2	1.2	1.2
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		47.8	47.8	47.8	47.8	47.8

FUNDING (Thousands of Dollars)


GENERAL FUND		47.8	47.8	47.8	47.8	47.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

See attached memorandum to R. D. Stevenson dated 3/24/80.

IV. DATE March 24, 1980 PREPARED BY 
 Original, Legislative Finance AGENCY Department of Revenue, Audit Division
 cc: Budget and Management PHONE 465-2120
 Prime Sponsor (First Legislator Named)

1	POSITION TITLE Revenue Auditor III			RANGE/STEP 18 A	BARG. UNIT. G	LOCATION Juneau	AGY	APPROV.	DISAPP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG.	
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION: Inasmuch as every fish processor doing business in the State of Alaska could form a seafood association as defined in the proposed law, we are requesting one permanent full time Auditor position to handle the auditing functions provided for in the proposed Section 43.75.035(b)(8).			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY		29,580						
5	BENEFITS		4,399						
6	FICA		1,967						
7	HEALTH INS.		1,524						
8	TOTAL PERSONAL SERVICES			37,470					
9	TRAVEL			5,500					
10	CONTRACTUAL			3,160					
11	COMMODITIES			450					
12	EQUIPMENT			1,200					
13	OTHER								
14	TOTAL COST			47,780					
	CODE	FUNDING SOURCE							
15		FED RCPTS							
16		GF MATCH							
17		GEN. FUND		47,780					
18		I-A RCPTS							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION		FOR BSM USE ONLY						
22	ADDITION	X							
	NA KEY NUMBER		COLUMN NO.						

AGENCY Department of Revenue PROGRAM AREA Revenue Collection and Management

BRU Audit Division

FY 81

13 REQUEST FOR NEW
POSITION.

COMPONENT _____

Page _____ of _____

REVISED
DATE _____

MEMORANDUM

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: March 24, 1980

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: House Bill No. 962

This bill provides for the establishment of fisheries industry trade associations which would be funded by the State of Alaska through the form of a special tax credit given to fish processors on their fish processing tax returns. Each processor would be allowed a credit on a dollar for dollar basis for contributions to the fishery association in an amount up to 15 percent of the fish processors' tax due.

There would appear to be a legitimate question regarding whether there is a clear need for the State of Alaska to directly fund trade associations for the fishing industry, an industry which, incidentally, is largely dominated by Japanese interests. The fishing industry is already provided income tax incentives to improve their processing facilities in the form of the investment credit, both at the federal and state levels. It should also be noted that any expenditures made by a processor which are in any way a business expense related to processing or marketing of fish products, are tax deductible under the corporate income tax. Further, it would seem logical that all processors would be putting forth maximum effort to produce a product which has the best possible appeal in the market place.

With regard to enhancing the quality of the product itself, the State of Alaska already has inspectors from the Department of Health and Social Services and the Department of Natural Resources working with processors in an effort to ensure proper quality of the product produced.

Inasmuch as every processor doing business in the State of Alaska could form a seafood association as defined in the proposed law, we are requesting one permanent full time Auditor position to handle the auditing functions provided for in the proposed Section 43.75.035(b)(8).

**THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE**

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 962
 Title An act allowing credits against Fisheries Taxes
 Requested by _____ Date 3-24-80

II. FISCAL DETAIL

Agency Affected _____
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Billions of Dollars)

GENERAL FUND		(1.2)			unknown	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The above mentioned assumes that 75% of the taxpayer credits are actually taken. The basis for the FY 81 data is the forecast in the Revenue Source book which incorporates catch and price projections.

The cost to the general fund in subsequent fiscal years is indeterminate but dependant on varying credits, harvests and prices. It is likely that there will be a slight increase over time in credits taken.

IV. DATE 3/24/80 PREPARED BY Vernice J. Wright
 AGENCY Revenue
 PHONE 2371
 Original Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

2320 - Need new fiscal note for
CS HR962 with 1978 effective
retroactive date rather
than 1979

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

March 24, 1980

The Honorable Alvin Osterback
Co-Chairman
House Resources Committee
Room 118 - Capitol Building
Juneau, Alaska 99811

Dear Mr. Osterback:

Re: House Bill No. 962

House Bill No. 962, an Act allowing credits against fisheries taxes, was introduced in the House on March 17, 1980 and was referred to the House Resources and Finance Committees.

For the consideration of the House Finance Committee, I am enclosing copies of Fiscal Notes prepared by Gary Jenkins, Director, Audit Division and Vincent Wright, Research Section, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

cc: The Honorable Bill Miles
Co-Chairman
House Resources Committee

Gary Jenkins, Director
Audit Division
Department of Revenue

The Honorable Russ Meekins
Chairman
House Finance Committee

Vincent Wright
Research Section
Department of Revenue

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

(9)

COMMITTEE REPORT

HOUSE

3/17/80

FURTHER: FINANCE

Date: 3/25/80

Mr. Speaker:

The Committee on RESOURCES has had HB 962

"An Act allowing credits against fisheries taxes; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 962 same title
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

[Signature]
CHAIRMAN

Editor's note. — As to legislative findings and purpose relating to AS 43.75 see §§ 1 and 2, ch. 79, SLA 1979 in the 1979

Temporary and Special Acts and Resolutions and editor's note following AS 43.75.011.

Article 1. Tax and Licenses.

Section

- 10. [Repealed]
- 11. Fisheries business license
- 15. Fisheries business tax

Section

- 30. Filing return and payment of tax
- 50. Violations and penalties
- 55. Security for collection of taxes

Sec. 43.75.010. Fisheries business licenses.

Repealed by § 13 ch 79 SLA 1979, effective June 1, 1979.

Cross reference. — For present provisions covering the subject matter of the repealed section, see AS 43.75.011.

Editor's note. — The repealed section derived from § 1, ch. 82, SLA 1949; § 1, ch. 113 SLA 1951; § 1, ch. 146, SLA 1962; §§ 1, 2, ch. 84, SLA 1967.

State license tax on salmon canneries with its revenue sharing provision is not

different in kind from general gross receipts tax of Alaska Business License Act. — See *Liberati v. Bristol Bay Borough*, Sup. Ct. Op. No. 1735 (File No. 3365), 585 P.2d 878 (1978).

There is no general prohibition against like municipal and state taxes. *Liberati v. Bristol Bay Borough*, Sup. Ct. Op. No. 1735 (File No. 3365), 585 P.2d 878 (1978).

Sec. 43.75.011. Fisheries business license. A person engaging or attempting to engage in a fisheries business shall first apply for and obtain a license as provided in AS 43.75.020. (§ 3 ch 79 SLA 1979)

Effective date. — Section 15, ch. 79, SLA 1979, makes this section effective June 1, 1979, in accordance with AS 01.10.070(c).

Editor's note. — Section 1, ch. 79, SLA 1979, effective June 1, 1979, provides: "FINDINGS. The legislature finds that the state has

- "(1) funded and implemented several fisheries-related development programs;
- "(2) funded and implemented fishery loan programs;
- "(3) increased its fishery protection and management program;
- "(4) funded and implemented a limited entry program; and
- "(5) embarked on a program of encouraging the development of a bottom fishing industry."

Section 2, ch. 79, SLA 1979, effective June 1, 1979, provides: "PURPOSE. The purposes of this Act are to

- "(1) insure that the state is able to continue its efforts toward overall fisheries-related development programs by raising additional revenue to pay for the programs;
- "(2) make the imposition of the fisheries tax more uniform among fisheries businesses; and
- "(3) provide funding for the development of new fisheries."

HB 962

Sec. 43.75.015. Fisheries business tax. (a) A person engaged in a fisheries business is liable for and shall pay the tax levied by this section on the value of each of the following fisheries resources processed during the year at the rate set out after each:

(1) salmon canned at a shore-based cannery — four and one-half per cent;

(2) salmon processed by a shore-based fisheries business, except salmon for which the tax is due under (1) of this subsection, and all other fisheries resources processed by a shore-based fisheries business — three per cent;

(3) fisheries resources processed by a floating fisheries business — five per cent.

(b) Instead of the taxes levied by (a) of this section, a person engaged in a fishery business which includes processing a developing commercial fish species is liable for and shall pay a tax equal to

(1) one per cent of the value of the developing commercial fish species processed by a shore-based fisheries business during the year; and

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

(c) A person engaging or attempting to engage in a fisheries business who first actually and physically processes the fishery resource is liable for and shall pay to the department the entire tax imposed by this section. In determining this tax liability, the person may not deduct from the value of the fishery resources processed the value of fishery resources that are canned or processed for other fisheries businesses, but shall include that value as part of the value of the fishery resources processed. (S 3 ch 79 SLA 1979)

Effective date. — Section 15, ch. 79, SLA 1979, makes this section effective June 1, 1979, in accordance with AS 01.10.070(c).

Sec. 43.75.030. Filing return and payment of tax. (a) A person subject to the tax shall file a return stating the value of fisheries resources processed during the license year, computed as required by this chapter, and such other information as the department prescribes by regulation. The return shall show the license number and shall be signed by the taxpayer or his authorized agent, under penalty of perjury. If a receiver, trustee, or assign is operating the property or business, he shall file the return for the person. A tax due on the basis of such a return shall be collected in the same manner as if collected from the person of whose business he has custody and control.

(e) Every person engaging or attempting to engage in a business for which a license is required under this chapter shall keep records, make statements under oath, file returns, and comply with all regulations which the commissioner of revenue may prescribe. (am §§ 5, 6 ch 79 SLA 1979)

Effect of amendment. — The 1979 amendment, effective June 1, 1979, substituted "fisheries resources" for "raw fisheries products" in the first sentence of subsection (a), deleted "AS 43.7.010 — 43.75.050 of" preceding "this chapter" in the first sentence of subsection (a) and in subsection (e), deleted "such" preceding

"records," preceding "substituted" "such regu

Sec. 4: (f) A p return, k required to other convictio imprison cost of p (am § 7

Effect o The 197 1979, dele of' preced (0).

Sec. license oath the during liable the tax descrip' prescri times t liable u the app attorne the tax of the Howev the rot owner and th full pu when applic depart ch 79

Effec amendr the pre

"records," preceding "statements," and preceding "returns" in subsection (e), and substituted "all regulations which" for "such regulations as" in subsection (e).

As the rest of the section was not affected by the amendment, it is not set out.

Sec. 43.75.050. Violations and penalties.

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

(am § 7 ch 79 SLA 1979)

Effect of amendments.

The 1979 amendment, effective June 1, 1979, deleted "AS 43.75.010 — 43.75.055 of" preceding "this chapter" in subsection (f).

As the rest of the section was not affected by the amendment, it is not set out.

Sec. 43.75.055. Security for collection of taxes. Each applicant for a license under this chapter shall, in or with his application, state under oath the amount of each of the products which he expects to produce during the license year. The applicant shall further state the extent of lienable real property owned by the applicant in the state against which the tax may be collected and other information with respect to description, location and value of the property which the department prescribes. If the lienable value of the property is not equal to three times the amount of the tax for which the applicant will probably be liable under this section, the department may not issue the license until the applicant files with the department a surety bond approved by the attorney general in a penal sum equal to twice the probable amount of the tax for which the applicant will be liable, conditioned upon payment of the tax in full when due, with interest if not paid before delinquency. However, if the applicant purchases salmon for export from Alaska in the round, the amount of the bond is \$50,000 unless the applicant is the owner of lienable real property in the state of a value of at least \$50,000, and the bond must be conditioned upon payment to the fisherman of the full purchase price for the salmon and the payment of the tax in full when due. The department may waive the bond requirement if the applicant posts other security in the form of collateral acceptable to the department or prepays the estimated tax. (§ 4 ch 84 SLA 1967; am § 8 ch 79 SLA 1979)

Effect of amendment. — The 1979 amendment, effective June 1, 1979, added the present fourth sentence and added "or

prepays the estimated tax" to the end of the present fifth sentence.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for House Bill No. 962
 Title An Act allowing credits against fisheries taxes.
 Requested by House Resources & Finance Committees Date 3/26/80

II. FISCAL DETAIL

Agency Affected _____ Revenue _____
 Program Category Affected _____ Fiscal Services _____
 BRU, Program, or Subprogram(s) Affected _____ Audit Division _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		37.5	37.5	37.5	37.5	37.5
200 TRAVEL		5.5	5.5	5.5	5.5	5.5
300 CONTRACTUAL		3.1	3.1	3.1	3.1	3.1
400 COMMODITIES		.5	.5	.5	.5	.5
500 EQUIPMENT		1.2	1.2	1.2	1.2	1.2
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		47.8	47.8	47.8	47.8	47.8

FUNDING (Thousands of Dollars)

GENERAL FUND		47.8	47.8	47.8	47.8	47.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

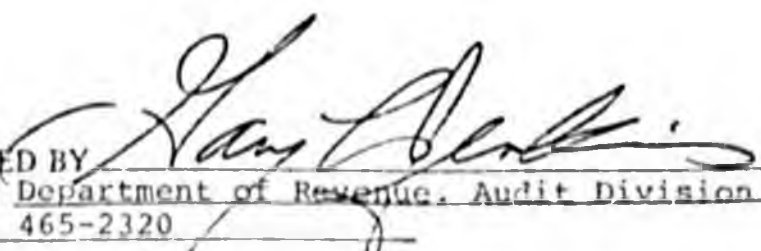
POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

See attached memorandum to R. D. Stevenson dated 3/24/80.

IV. DATE March 26, 1980

PREPARED BY 
 AGENCY Department of Revenue, Audit Division
 PHONE 465-2320

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

MEMORANDUM

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: March 24, 1980

FILE NO.

TELEPHONE NO.

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: CS for
House Bill No. 962

This bill provides for the establishment of fisheries industry trade associations which would be funded by the State of Alaska through the form of a special tax credit given to fish processors on their fish processing tax returns. Each processor would be allowed a credit on a dollar for dollar basis for contributions to the fishery association in an amount up to 15 percent of the fish processors' tax due.

There would appear to be a legitimate question regarding whether there is a clear need for the State of Alaska to directly fund trade associations for the fishing industry, an industry which, incidentally, is largely dominated by Japanese interests. The fishing industry is already provided income tax incentives to improve their processing facilities in the form of the investment credit, both at the federal and state levels. It should also be noted that any expenditures made by a processor which are in any way a business expense related to processing or marketing of fish products, are tax deductible under the corporate income tax. Further, it would seem logical that all processors would be putting forth maximum effort to produce a product which has the best possible appeal in the market place.

With regard to enhancing the quality of the product itself, the State of Alaska already has inspectors from the Department of Health and Social Services and the Department of Natural Resources working with processors in an effort to ensure proper quality of the product produced.

Inasmuch as every processor doing business in the State of Alaska could form a seafood association as defined in the proposed law, we are requesting one permanent full time Auditor position to handle the auditing functions provided for in the proposed Section 43.75.035(b)(8).

1	POSITION TITLE Revenue Auditor III			RANGE/STEP 18 A	BARG. UNIT. G	LOCATION Juneau	667	APPROV.	D:3
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:			
	1	2	3		<p>Inasmuch as every fish processor doing business in the State of Alaska could form a seafood association as defined in the proposed law, we are requesting one permanent full time Auditor position to handle the auditing functions provided for in the proposed Section 43.75.035(b)(8).</p>				
4	PERSONAL SERVICES: SALARY		29,580						
5	BENEFITS		4,399						
6	FICA		1,967						
7	HEALTH INS.		1,524						
8	TOTAL PERSONAL SERVICES		37,470						
9	TRAVEL		5,500						
10	CONTRACTUAL		3,160						
11	COMMODITIES		450						
12	EQUIPMENT		1,200						
13	OTHER								
14	TOTAL COST		47,780						
	CODE	FUNDING SOURCE							
15		FED RCPTS.							
16		GF MATCH							
17		GEN FUND		47,780					
18		I-A RCPTS.							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION								
22	ADDITION		X						
FOR BGM USE ONLY									
1A KEY NUMBER _____ COLUMN NO. _____									

AGENCY Department of Revenue PROGRAM AREA Revenue Collection and Management

BRU Audit Division

FY 81

13 REQUEST FOR NEW
POSITION.

COMPONENT _____

Page _____ of _____

REVISED
DATE _____

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CS for House Bill No. 962
 Title An Act allowing credits against fisheries taxes.
 Requested by House Resources & Finance Committees Date 3/26/80

II. FISCAL DETAIL
 Agency Affected _____ Revenue _____
 Program Category Affected _____ Fiscal Services _____
 BRU, Program, or Subprogram(s) Affected _____ Audit Division _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		37.5	37.5	37.5	37.5	37.5
200 TRAVEL		5.5	5.5	5.5	5.5	5.5
300 CONTRACTUAL		3.1	3.1	3.1	3.1	3.1
400 COMMODITIES		.5	.5	.5	.5	.5
500 EQUIPMENT		1.2	1.2	1.2	1.2	1.2
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		47.8	47.8	47.8	47.8	47.8

FUNDING (Thousands of Dollars)

GENERAL FUND		47.8	47.8	47.8	47.8	47.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

See attached memorandum to R. D. Stevenson dated 3/24/80.

IV. DATE March 26, 1980

PREPARED BY *Gayle Perkins*
 AGENCY Department of Revenue, Audit Division
 PHONE 465-2320

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE
of ALASKA

MEMORANDUM

TO: [R. D. Stevenson
Special Assistant
Department of Revenue

DATE: March 24, 1980

FILE NO.

TELEPHONE NO.

FROM: Gary I. Jenkins
Director
Audit Division

SUBJECT: CS for
House Bill No. 962

This bill provides for the establishment of fisheries industry trade associations which would be funded by the State of Alaska through the form of a special tax credit given to fish processors on their fish processing tax returns. Each processor would be allowed a credit on a dollar for dollar basis for contributions to the fishery association in an amount up to 15 percent of the fish processors' tax due.

There would appear to be a legitimate question regarding whether there is a clear need for the State of Alaska to directly fund trade associations for the fishing industry, an industry which, incidentally, is largely dominated by Japanese interests. The fishing industry is already provided income tax incentives to improve their processing facilities in the form of the investment credit, both at the federal and state levels. It should also be noted that any expenditures made by a processor which are in any way a business expense related to processing or marketing of fish products, are tax deductible under the corporate income tax. Further, it would seem logical that all processors would be putting forth maximum effort to produce a product which has the best possible appeal in the market place.

With regard to enhancing the quality of the product itself, the State of Alaska already has inspectors from the Department of Health and Social Services and the Department of Natural Resources working with processors in an effort to ensure proper quality of the product produced.

Inasmuch as every processor doing business in the State of Alaska could form a seafood association as defined in the proposed law, we are requesting one permanent full time Auditor position to handle the auditing functions provided for in the proposed Section 43.75.035(b)(8).

1	POSITION TITLE Revenue Auditor III				RANGE/STEP 18 A	BARG. UNIT. G	LOCATION Juneau	GCY	APPROV.	DI							
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY		FORM 12 PAGE/LINE	LEG.									
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:											
	1	2	3														
4	PERSONAL SERVICES: SALARY		29,580	Inasmuch as every fish processor doing business in the State of Alaska could form a seafood association as defined in the proposed law, we are requesting one permanent full time Auditor position to handle the auditing functions provided for in the proposed Section 43.75.035(b)(8).													
5	BENEFITS		4,399														
6	FICA		1,967														
7	HEALTH INS.		1,524														
8	TOTAL PERSONAL SERVICES		37,470														
9	TRAVEL		5,500														
10	CONTRACTUAL		3,160														
11	COMMODITIES		450														
12	EQUIPMENT		1,200														
13	OTHER																
14	TOTAL COST		47,780														
	CODE	FUNDING SOURCE															
15		FED RCPTS.															
16		GE MATCH															
17		GEN FUND		47,780													
18		I-A RCPTS															
19		PGM RCPTS															
20		OTHER															
21	CONTINUATION																
22	ADDITION		X	FOR BSA USE ONLY													
	AGENCY NUMBER			COLUMN NO.													

AGENCY Department of Revenue PROGRAM AREA Revenue Collection and Management

BRU Audit Division

FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page _____ of _____

REVISED DATE _____

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS H B 962
 Title An act allowing credits against Fisheries Taxes
 Requested by _____ Date 3-26-80

II. FISCAL DETAIL

Agency Affected _____
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Millions of dollars)

GENERAL FUND	-----	(2.0)	-----	-----	unknown	-----
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

If the proposed bill H B 962 were made retroactive to December 31, 1978 instead of December 31, 1979, as it reads on March 17, 1980 the loss to the general fund would amount to an extra \$ 750,000. If this were to be paid in FY 81 the total reduction in FY 81 would amount to approximately two million dollars.

IV. DATE 3/26/80 PREPARED BY Vincent S. Wright
 AGENCY Revenue
 PHONE 2381
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)