

SB

524

COMMITTEE REPORT
SENATE

FURTHER: Finance

3/18/80

Date: 3/18/80

Mr. President:

The Committee on JUDICIARY has had SB 524
allowing credits against fisheries taxes

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

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 3 - JUNEAU 99811

March 25, 1980

The Honorable Robert Ziegler, Sr.
Chairman
Senate Judiciary Committee
Room 107 - Capitol Building
Juneau, Alaska 99811

Dear Senator Ziegler:

Re: Senate Bill No. 524

Senate Bill No. 524, an Act allowing credits against fisheries taxes, was introduced in the Senate on March 18, 1980 and was referred to the Senate Judiciary and Finance Committees.

For the consideration of the Senate Judiciary 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 John Sackett
Chairman
Senate Finance Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Gary Jenkins, Director
Audit Division
Department of Revenue

Vincent Wright
Research Section
Department of Revenue

STATE
of ALASKA

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: Senate Bill No. 524

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	GOV	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:								
	1	2	3											
4	PERSONAL SERVICES: SALARY		29,580		<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>									
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 BEM USE ONLY											
1A KEY NUMBER _____ COLUMN NO. _____														

AGENCY Department of Revenue PROGRAM AREA Revenue Collection and Management

SPY 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. Senate Bill No. 524
 Title An Act allowing credits against fisheries taxes.
 Requested by Senate Judiciary & Finance Co. mittees Date 3/24/80

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 24, 1980

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

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

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. S B 524
 Title An act lowering credits against Fisheries Taxes
 Requested by _____ Date 3-25-80

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		(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 25% 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 3/25/80 PREPARED BY Vincent Wright
 AGENCY Revenue
 PHONE 2371
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)