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Behrends

From the Office of

**SENATOR DICK ELIASON**

Attn: Mary Isaacs  
House Labor & Commerce

Here is some information on SB 771. The memo to Sen. Muleaky speaks to the original SB 771 but all information also pertains to the CS. The CS simply expanded the bond exemption to include grocery stores as well as restaurants. This change was made at Sen. Eliason's own suggestion.

Also attached is a brief one page summary of the

intent of the bill.

The Labor Dept. is in favor of the bill and testified for it in the Senate Labor and Commerce hearing.

If we can provide anything further please let me know.

Mary Severn, A.A.

465-4916  
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THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for Senate Bill 771 (L & C) am  
 Title "An Act exempting restaurants . . . from the labor bond required of fish . . . ."  
 Requested by Senator Eliason Date March 24, 1982

II. FISCAL DETAIL

Agency Affected Labor  
 Program Category Affected Public Protection  
 BRU, Program, or Subprogram(s) Affected Labor Standards and Safety  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

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

This bill has no fiscal impact on the operations of the Department of Labor.

IV. DATE 3/24/82 PREPARED BY Nico Bus  
 AGENCY Department of Labor  
 PHONE 465-2720  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

# ALASKA STATE LEGISLATURE - SENATE



SENATOR RICHARD I. ELIASON  
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POUCH V  
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COMMITTEES  
FINANCE  
RESOURCES  
STATE AFFAIRS

February 23, 1982

## MEMORANDUM

To: Senator Bob Mulcahy, Chairman  
Senate Labor and Commerce Committee

From: Senator Dick Eliason *Dick E*

Re: Senate Bill 771

I recently introduced S.B. 771 which would exclude restaurants from obtaining the labor bond which is required of fish processors and primary fish buyers. The bill has been referred to the Labor and Commerce Committee and I would appreciate you scheduling a hearing for it.

Under current statute a restaurant is classified as a primary fish buyer and as a fisheries business as it is the entity "who first actually and physically processes the fishery resource" (AS 43.75.015 (c)) by cooking it. Therefore restaurants must go through all of the procedures to meet requirements for processors. These include filing an "intent to operate" statement with the Fish and Game Department, filing fish tickets with the Fish and Game Department each week, posting a \$10,000 labor bond with the Labor Department, obtaining a "fisheries business license" from the Revenue Department, filing a surety bond or prove lienable property or prepay the tax to the Revenue Department, and must file and pay this raw fish tax to the Revenue Department.

Obviously these are a lot of "hoops to jump through" for a restaurant which simply wants to include fresh seafood on its menu. It is evident to anyone who dines at Alaskan restaurants that it is often difficult to find fresh Alaskan seafood offered. My goal with S.B. 771 is to encourage the availability of good fresh seafood to Alaskans and to visitors to our state.

Senator Bob Mulcahy  
February 23, 1982  
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It is apparent when studying the various requirements for restaurants that the one which is the least necessary and by far the most costly and difficult is the labor bond. The other steps have some justification (management data from fish tickets, payment of the raw fish tax as these fish would go untaxed otherwise, and so on). However, the labor bond is meant to protect fishermen and cannery workers from fly-by-night fish buyers and seasonal operators who might buy fish or hire labor and leave without paying them. This is unnecessary for restaurants and is made even more ridiculous as restaurants already must meet labor protection requirements whether they buy fish or not. The labor bond is also very expensive to obtain, particularly for a small operation.

Currently the Department of Labor does not even bother to enforce the labor bond requirement for restaurants as they feel restaurants buy only small quantities of raw fish and are not likely to default to fishermen. The risk involved with breaking the law, however, may be enough to make some restaurants avoid offering fresh fish. Others, because they can't afford to buy the labor bond, may buy and serve fish but fail to do any of the required steps including paying the rawfish tax. Therefore, the State loses the revenue on the fish which are sold in restaurants.

I believe that the cost of the raw fish tax to a restaurant is so minimal that most would not mind remaining in compliance with all of the tax and paperwork requirements if the one which is the big financial burden, the labor bond, were removed.

Again, my goal is to encourage the availability of fresh Alaskan seafood to the consumer and provide a market alternative to fishermen. I believe we can meet our goals of encouraging availability of seafood, improving compliance with the necessary and purposeful paperwork and tax requirements and simplifying the permitting process by eliminating the labor bond requirement for restaurants.

Under current statute restaurants and grocery stores are classified as primary fish buyers and fisheries businesses when they buy and sell fresh fish.

The current statute requires them to:

- (1) Filing an "intent to operate" statement with the Fish and Game Department
- (2) Filing fish tickets with the Fish and Game Department each week
- (3) Obtaining a "fisheries business license" from the the Revenue Department
- (4) Filing a surety bond or prove lienable property or prepay the tax to the Revenue Department
- (5) Must file and pay this raw fish tax to the Revenue Department
- (6) AND THE BIGGEST HARDSHIP - Posting a \$10,000 labor bond with the Labor Department

Labor bond law for fish buyers was put on the books to protect fishermen and workers from fly-by-night fish buyers and seasonal operators who may default them.

There is no need for labor bond for retailers as covered by other labor protection laws.

GOAL of this bill is to encourage availability of good fresh seafood to Alaskans and visitors to our State.