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STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5
JUNEAU, ALASKA 99811

April 13, 1981

The Honorable Fred F. Zharoff
The Honorable Terry Gardiner
Co-Chairman
House Resources Committee
Room 118 - Capitol Building
Juneau, Alaska

Dear Mr. Zharoff and Mr. Gardiner:

Re: House Bill No. 422

House Bill No. 422, an Act amending the fisheries business tax, was introduced in the House on March 30, 1981 and was referred to the House Resources and Finance Committees.

For the consideration of the House Resources Committee, I am enclosing copies of Fiscal Notes prepared by Mr. Gary L. Jenkins, Director, Audit Division; Phil Wall, Director, Administrative Services Division and Robert W. Elliott, Research Section of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

RDS/rdh

cc: The Honorable Samuel R. Cotten
Chairman
House Finance Committee

Phil Wall, Director
Administrative Services Division
Department of Revenue

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Robert W. Elliott
Research Section
Department of Revenue

Gary L. Jenkins, Director
Audit Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 422

Title An Act amending the fisheries business tax.

Requested by House Resources Committee Date March 30, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

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			56.3	56.3	56.3	56.3
200 TRAVEL			5.0	5.0	5.0	5.0
300 CONTRACTUAL			6.0	6.0	6.0	6.0
400 COMMODITIES			1.0	1.0	1.0	1.0
500 EQUIPMENT			2.0			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL			70.3	68.3	68.3	68.3

FUNDING (Thousands of Dollars)

GENERAL FUND			70.3	68.3	68.3	68.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME			2	2	2	2
PART TIME						
TEMPORARY						

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

See attached memorandum to R.D. Stevenson dated April 9, 1981.

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
Legislative Assistant

DATE: April 9, 1981

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: HB 422

This bill would make a major change in the imposition of the Fisheries Business Tax in that the tax would be levied on the first person buying a fishery resource rather than the current provision in which the tax is levied on the first person processing the resource in the state. This change in who is liable for the tax would have a significant impact on this division. Under the present law, we can easily determine who the taxpayers are because of all the requirements a fish processor must meet to do business in Alaska. However, under the proposed change there would be a large number of fish buyers who would become subject to the tax and most of them have no current filing requirements with the department. Thus, our enforcement efforts would have to be enhanced to insure that we identify all those businesses who are liable for the tax and that they in fact properly report and pay their tax liability. To accomplish this would require the addition of one tax examiner position and one revenue auditor position. The tax examiner would be required to process the additional applications and returns and the auditor to identify and audit the additional taxpayers who will be required to file returns and pay the fisheries business tax.

If action is to be taken on this bill, it is recommended that a sentence in section 1 of the bill be deleted because it has no meaning in the context of the revised language pertaining to who is the taxpayer. That sentence begins on page 1, line 20 starting with the word "In" and goes to the end of the paragraph.

For clarity purposes I would also suggest that the proposed addition on page 3, line 25, which states "or transport" be deleted and the phrase "or transports out of the state for subsequent processing," be inserted on page 3, line 26 between the words state and computed.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 422
 Title Amending the Fisheries Business Tax
 Requested by House Resources Date 3-31-81

II. FISCAL DETAIL

Agency Affected _____ Revenue _____
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Administration & Support, Management Services

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
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						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

There is no additional administrative or processing cost as the result

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 422
 Title Amending the fisheries business tax
 Requested by House Resources Committee Date 4/6/81

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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND			(3,121.0)	(3,433.0)	(3,776.0)	(4,153.0)
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The above figures reflect the subsequent revenue change in the fisheries business tax by reducing the overall tax rate and by transferring the tax liability to the purchaser. Assumptions are based on a 10% inflation rate for the years following a FY 1982 base year for which revenues have been estimated.

IV. DATE 4/6/81 PREPARED BY Robert W. Elliott
 AGENCY Revenue
 PHONE 465-2309
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)