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MEMORANDUM

State of Alaska

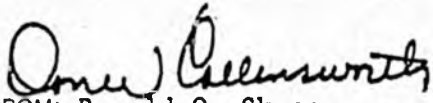
TO: Tom Johnson
Administrative Assistant
Senate Resource Committee

DATE: February 3, 1982

FILE NO:

TELEPHONE NO: 465-4180

SUBJECT: Re: 2d SSSB275


FROM: Ronald O. Skoog
Commissioner
Department of Fish and Game

SB275 will provide a needed benefit to those vendors who perform a State service and who are presently insufficiently compensated. While this bill has merit it should be recognized that this Department must oppose this bill for the following reasons unless it amended.

- 1) The divisions of Sport Fish and Game rely on appropriations from the Fish and Game Fund to support the majority of their programs directly and through federal matching.
- 2) Insufficient funds are collected annually to offset inflation and add-on efforts required by new legislation (Federal and State) from these license sales.
- 3) In order to maintain a reasonable level of program continuity to meet the legislative mandates in Title 16 and other associated titles an increasing amount from the General Fund is required each year.

Therefore passage of 2d SSSB275 in its present form would further reduce the net receivable to the Fish and Game Fund for later appropriation to the operating divisions of Sport Fish and Game of some \$422,000 in 1983 with increasing shortages in later years. This would severely impact the stability of many game and sport fish programs that are of direct benefit to over 250,000 anglers and an estimated 95,000 hunters whose license money is a direct support for those programs. The loss of these funds would require larger requests to be made against the General Fund during a time when such funds are limited.

In discussion with representatives from the Department of Revenue several amendments were considered desirable and necessary. These included more efficient operational procedures for administering the sale of licenses and tags and collection of revenue due the State; providing for administrative procedures for compensating vendors; specifying a funding source for such reimbursements and providing for an effective date.

Memo to Tom Johnson

2

February 3, 1982

The attached draft repeals and re-enacts the section affected (AS 16.05.390) and has been developed through the efforts of both agencies.

cc: Senator Kertulla
Ron Lehr, Governor's Office
Keith Specking, Governor's Office
Ronald Somerville, Game Division
Phil Wall, Department of Revenue
Rupert E. Andrews, Division of Sport Fish

STATE OF ALASKA

WY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAD 99811

June 22, 1981

The Honorable Bettye Fahrenkamp
Chairperson
Senate Resources Committee
Room 211 - Capitol Building
Juneau, Alaska

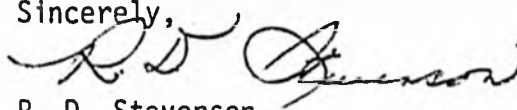
Dear Senator Fahrenkamp:

Re: 2nd Sponsor Substitute for Senate Bill No. 275

2nd Sponsor Substitute for Senate Bill No. 275, an Act relating to the compensation of persons collecting hunting and fishing licenses and tag fees, was introduced in the Senate on May 22, 1981 and was referred to the Senate Resources and Finance Committees.

For the consideration of the Senate Resources Committee, I am enclosing a copy of a Fiscal Note prepared by Ms. Cecelia A Wagoner, Fish and Game Licensing Section of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

RDS/rdh

cc: The Honorable Don Bennett
The Honorable M. E. Dankworth
Co-Chairmen
Senate Finance Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Cecelia A. Wagoner
Fish and Game Licensing Section
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. 2nd SSSB 275
 Title An act relating to compensation of person's collecting hunting & fishing license
 Requested by Kertulla DATE: 5/22/81 ~~Date~~ and tag fees.

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, or Subprogram(s) Affected Administration and Support
 (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						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
FISH & GAME FUND	-0-	(294.9)	(613.3)	(637.9)	(663.4)	

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

See Attachment

IV. DATE 6/19/81 PREPARED BY Cecilia A. Wagoner, Accounting Supervisor
 AGENCY Revenue
 PHONE 465-2376
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Cecilia A. Wagoner

2nd SSSB 275 attachment number 1

License sales are increasing approximately 4% each year (not including the King Salmon/Steelhead Trout Stamp). Assuming the License Officer is to receive his/her 5% commission plus \$1.00 for each license and tag sold (or \$50.00 per year, whichever is greater), I projected the 4% increase in license sales less the King Salmon Stamp. I also projected the gross sales at a 4% increase. I then computed the regular 5% commission on the projected gross for each fiscal year and then added to it (the commission) the projected license sales for a projected total cost per fiscal year.

The amount for FY82 is only half of the projected amount due to the recommendation that this bill not be implemented until January, 1982. The reason for this is that all licenses are sold on a calendar year basis from January 1 to December 31 and some vendors have already done the bulk of their business and would not receive the additional remuneration.

This bill would give the License Officers an approximate 10.7 total commission.

LEGISLATION SUMMARY

2cd SSSB 275: "An Act relating to the compensation of persons collecting hunting and fishing license and tag fees."

SPONSOR: Kerttula (by request)

Sec. 1: Requires the state to pay authorized persons selling hunting and fishing licenses and tags \$50 per year or \$1 per each license or tag sold, whichever is greater.

NOTE: Existing statutes allows authorized persons to keep 5% of the fees, or 25¢ for each license or tag sold, whichever is greater. Prior opinions of the state Attorney General state that the legislature may not change the percentages or amount of dedicated license and tag sales proceeds. 2cd SSSB 275 leaves the existing provision unchanged, and adds the extra \$50 per year or \$1 per sale.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

February 9, 1992

SUBJECT: Vendors of hunting and fishing licenses
(CS2dSSSB 275)

TO: Senator Bettye Fahrenkamp

FROM: Edward H. Hein *E.H.*
Legislative Counsel

You should note that under AS 16.05.390(d) of the enclosed draft of CS2dSSSB 275 (Resources) all state employees are excluded from the provisions of AS 16.05.390(a). Thus, for example, a state trooper who moonlights as a license vendor cannot retain any part of a license or tag fee and cannot be compensated under AS 16.05.390(a)(2) for license or tag sales.

EHH:ljb

Enclosure

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS 2nd SSSB 275
Title Relating to the Compensation of Persons Collecting Hunting and Fishing License and Tag Fees Date 2/3/82

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected General Government
 BRU, Program, Or Subprogram(s) Affected Administration & Support, Fish & Game Div.
 (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						

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	(214.6)	(424.3)	(570.3)	(639.5)	(734.7)
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The growth in licenses and tags issued is 15% per year. The estimates of cost to the General Fund shown above are based upon 362,751 license and tag transactions for calendar 1982 projected at .15%. The FY83 cost is projected at one-half the calendar year estimate. In addition, there are 100 licensing agents who handle less than 50 transactions per year and who would be compensated at the \$50 minimum rate.

IV. DATE February 3, 1982 PREPARED BY *Philip A. Wall*
 AGENCY Revenue
 Original: Legislative Finance PHONE 465-3311
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
BRAD BRADLEY
DICK ELIASON
DON GILMAN
BOB MULCAHY
ARLISS STURGULEWSKI



POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

February 10, 1982
1:40 p.m.

Beltz Room
211 - Capitol

MEMBERS PRESENT

Senator Fahrenkamp
Senator Fischer
Senator Bradley
Senator Eliason
Senator Gilman
Senator Mulcahy
Senator Sturgulewski

Hearing:

SB 275 An Act relating to the compensation of persons collecting hunting and fishing license and tag fees.

SB 702 An Act transferring parts of certain fiscal year 1982 Agricultural Action Council appropriation allocations to the Nenana-Totchaket agricultural development project; and providing for an effective date.

SJR 60/HJR 74 Requesting the Secretary of Commerce to disapprove certain portions of the Bering-Chukchi Sea Fishery Management Plan.

SB 275

Lou Bandirola, Deputy Director, Division of Sport Fish, Alaska Department of Fish and Game, testified that the Department could support the bill if the compensation to the vendors came from the general fund, and if on page 2, line 6 the word 'permit' was changed to 'tags'.

Senator Fahrenkamp stated that the Committee's intent was that the money would come from the general fund.

Senator Sturgulewski moved that the bill be changed to list the funding source as the general fund, and on page 2, line 6 to delete 'permit' and insert 'tags' in its place.

Senator Fahrenkamp directed that a transmittal letter be sent to Finance along with the bill, stating that the source of the increased compensation would depend upon whether license fees are substantially increased.

Senator Gilman moved the bill with individual recommendations.

SB 702

Carl Amstrup, Executive Director, Alaska Agriculture Action Council, stated that a portion of the funds SB 702 would transfer to the Nenana-Totchaket project are needed to carry the Delta II East project to completion, and to pursue the problems associated with Delta II West. If funds are transferred, he would like them used for roads into the tracts so work can begin.

Senators Sturgulewski and Fischer expressed concern over the economic feasibility of the Nenana-Totchaket project, with Senator Fischer referring to the fact that no funds are provided for Nenana in the Governor's proposed FY '83 budget.

Amstrup stressed the need for an in-state feed base for livestock. He anticipates a yearly savings of \$100 million in food costs from in-state production by 1990.

Bob Palmer, Coordinator of Special Projects, Office of the Governor, said Alaska barley is selling for \$130 ton; barley in Seattle is \$130 ton plus \$60 ton for shipping. At present, nearly all the barley produced in the state (approximately 8,000 tons in 1981) is being consumed in-state.

Nick Carney, Director, Division of Agriculture, Department of Natural Resources, expressed concern that the amount of money in SB 702 is inadequate. Money is needed first for survey, so there can be a good description of the land being sold. The town of Nenana has estimated a total cost of \$17,659,000 for roads.

Senator Mulcahy moved the bill with individual recommendations.

SJR 60/HJR 74

Senator Mulcahy's subcommittee on fisheries heard testimony on this resolution. He stated that it is supported by the Alaska Department of Fish and Game and the United Fishermen of Alaska. The resolve clauses have been amended to be identical with HJR 74.

Senator Gilman moved HJR 74 with individual recommendations.

The meeting was adjourned at 2:50 p.m.

Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
BRAD BRADLEY
DICK ELIASON
DON GILMAN
BOB MULCAHY
ARLISS STURGULEWSKI



POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

February 5, 1982
1:40 p.m.

Beltz Room
211 - Capitol

MEMBERS PRESENT

Senator Fahrenkamp
Senator Fischer
Senator Bradley
Senator Gilman
Senator Mulcahy
Senator Sturgulewski

Hearing:

- SB 275 An Act relating to the compensation of persons collecting hunting and fishing license and tag fees.
- SB 525 An Act relating to land lotteries.

SB 275

Senator Kertulla expressed support for SB 275, stating that the cost to the vendors of selling licenses and tags far outweighs the benefit. It must be made equitable.

Rupe Andrews, Director, Division of Sport Fish, Alaska Department of Fish and Game, recognizes the need for increased funds to vendors, but stated that the Divisions of Game and Sport Fish rely heavily on the fees from the sale of these licenses. They estimate a first-year loss of \$422,000 under SB 275, and have submitted a substitute bill which would allow for vendor compensation from the general fund.

Senator Gilman expressed concern over the increased burden on vendors to fill out vouchers.

Phillip Walls, Director, Division of Administrative Services, Department of Revenue, stated he desires a change in the vendor's reporting period, preferring that the length of the period be left to Revenue's discretion--perhaps quarterly for small vendors and weekly for large vendors. This would require amending the statute.

Senator Mulcahy inquired about an effective date for the bill; Mr. Wall suggested January 1, 1982.

Marian Endicott, vendor, Endicott Ace Hardware, supports SB 275, and feels a change to quarterly reporting would benefit the vendor.

Senator Fahrenkamp stated that SB 275 will be back before the Committee in final version Wednesday, 2/10/82.

SB 525

Senator Kertulla expressed support for SB 525, indicating that this minor change in wording would "plug a loophole".

Carl Amstrup, Executive Director, Alaska Agricultural Action Council, expressed support for SB 525.

Sharon Barton, Special Assistant to the Commissioner, Department of Natural Resources, expressed support for SB 525.

Senator Sturgulewski moved that SB 525 be moved with individual recommendations.

The meeting was adjourned at 2:50 p.m.

ALASKA
STATE LEGISLATURE

JOHN HANLEY
HOUSE RESOURCES COMMITTEE

4/14/82

RF: REQUEST OF 1:10 P.M.

MEMORANDUM

PER YOUR REQUEST ATTACHED IS BACK GROUND INFORMATION ON:

- ✓ SB 275
- SB 759
- SB 525
- SB 772
- SB 87 - WAS WAIVED BY THE SENATE RESOURCES COMMITTEE



JERRY'S TACKLE BOX

2550 TONGASS AVE. - KETCHIKAN, ALASKA 99901 - (907) 225-3188

April 6, 1982

Honorable Eric G. Sutcliffe
Pouch V Alaska House
Juneau, Alaska 99811

Dear Eric,

We would appreciate your support favoring SB 275 that was passed by the Senate to pay sport fishing license vendors a dollar for each license and tag, in addition to the 5% we now receive. This has been a long time coming and certainly due the vendors.

During our busy time one employee spends about 60% of his time doing nothing but issuing licenses. This is in addition to the time spent at the end of the month sorting out the different licenses and filling out the forms for the State. We also at times, must take a lot of static from people who argue about the price of the license and King Salmon, Steelhead stamp. It does get a little annoying when you have other customers in the store waiting to be serviced.

Your consideration on this matter would be greatly appreciated

Sincerely,
Jerry & Ulita Sirvog

Sen Kerttula (2) of (2) File Copy

SB 275

HATANUSKA TRADING COMPANY
P.O. Box 1783, Palmer, Alaska 99645

January 26, 1982

Senator Jay Kerttula
Pouch V
Juneau, Alaska 99811

Dear Senator:

RE: Fish and Game Licensing

It takes approximately two to four hours for each employee to analyze the documentation provided by the State to qualify to sell the licenses. Approximately 15 minutes is required for the simplest sale proportionately more is required for affidavits, tags or other complicated transactions.

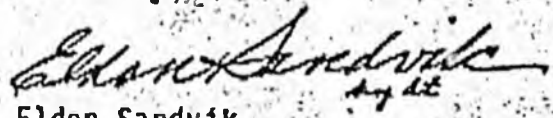
To figure the cost of the time involved allow \$8.00 per hour per employee. The bookkeeping required to administer the program is a minimum of \$50.00 per month.

In addition to the actual cost of processing the licenses is the ill will created in the delays to the customer. The customer purchasing the license is waiting as well as delaying potential cash customers.

During one business day we grossed \$700.00 for fish and hunting licenses. Our total commission was \$35.00 and we had many irate customers. Their irritation was directed to our personnel.

The cost to the store far outweighs the benefits by a long way. Thank you for the opportunity to express my opinion on this subject.

Sincerely,



Eldon Sandvik
Licensed Officer

2nd SSSB 275 attachment number 1

License sales are increasing approximately 4% each year (not including the King Salmon/Steelhead Trout Stamp). Assuming the License Officer is to receive his/her 5% commission plus \$1.00 for each license and tag sold (or \$50.00 per year, whichever is greater), I projected the 4% increase in license sales less the King Salmon Stamp. I also projected the gross sales at a 4% increase. I then computed the regular 5% commission on the projected gross for each fiscal year and then added to it (the commission) the projected license sales for a projected total cost per fiscal year.

The amount for FY82 is only half of the projected amount due to the recommendation that this bill not be implemented until January, 1982. The reason for this is that all licenses are sold on a calendar year basis from January 1 to December 31 and some vendors have already done the bulk of their business and would not receive the additional remuneration.

This bill would give the License Officers an approximate 10.7 total commission.

Amended SSSB 275

16.05.380 is amended by adding:

The Commissioner of Revenue may/shall pay agents for their administrative costs in providing license, tag, banking and reporting functions. The payment is \$1.00 per transaction or \$50.00 per year which ever is larger and shall be paid from funds appropriated by the legislature.

ATTACHMENT 11

Cost of Sport Licenses

<u>Resident</u>	<u>1961</u>	<u>Commission Agent Fee</u>	<u>1973</u>	<u>Commission Agent Fee</u>	<u>1977</u>	<u>Commission Agent Fee</u>
Fish	\$ 5.00	.25	\$ 5.00	.25	\$ 10.00	.50
Hunt	7.00	.35	7.00	.35	12.00	.60
Hunt, Trap	10.00	.50	10.00	.50	15.00	.75
Trap	3.00	.25	3.00	.25	3.00	.25
Fish, Hunt	12.00	.60	12.00	.60	22.00	1.10
Fish, Hunt, Trap	15.00	.75	15.00	.75	25.00	1.25
25¢	.25	.25	.25	.25	.25	.25
<u>Non-Resident</u>						
Fish	10.00	.50	20.00	1.00	30.00	1.50
Hunt	10.00	.50	20.00	1.00	60.00	3.00
Fish, Hunt	20.00	1.00	40.00	2.00	90.00	4.50
Hunt, Trap	100.00	5.00	200.00	10.00	200.00	10.00
Fish (10 Day)	5.00	.25	10.00	.50	15.00	.75
Fish (1 Day)	N/A		N/A		5.00	.25
<u>Military</u>						
Fish	N/A		N/A		10.00	.50
Hunt	N/A		N/A		12.00	.60
Fish, Hunt	N/A		N/A		22.00	1.10
<u>Duplicate</u>	(Established in 1972)		2.00	.25	2.00	.25

Cost of Big Game Tags

<u>Non-Resident</u>	<u>1965</u>	<u>Commission Agent Fee</u>	<u>1973</u>	<u>Commission Agent Fee</u>	<u>1977</u>	<u>Commission Agent Fee</u>
Bear, Brown or Grizzly	75.00	3.75	\$ 150.00	7.50	\$ 250.00	12.50
Polar Bear	150.00	7.50	150.00	7.50	250.00	12.50
Black Bear	10.00	.50	75.00	3.75	100.00	5.00
Glacier Bear	N/A		150.00	7.50	N/A	
Deer	10.00	.50	25.00	1.25	35.00	1.75
Woose	50.00	2.50	100.00	5.00	200.00	10.00
Sheep	50.00	2.50	150.00	7.50	250.00	12.50
Caribou	100.00	5.00	100.00	5.00	250.00	12.50
Elk	25.00	1.25	75.00	3.75	125.00	6.25
Goat	25.00	1.25	75.00	3.75	125.00	6.25
Caribou	25.00	1.25	50.00	2.50	200.00	10.00
Wolf	N/A		50.00	2.50	50.00	2.50
Silverfox	N/A		25.00	1.25	50.00	2.50
Lion	N/A		N/A		250.00	12.50
<u>Resident</u>						
Bear, Brown or Grizzly	N/A		N/A		25.00	1.25
<u>King Salmon/Steelhead Permit</u>		(Established in 1980)			5.00	.25

ATTACHMENT 12

VENDOR SALES - CALENDAR 1980

<u>Vendor No.</u>	<u>Location</u>	<u>Gross Sales</u>	<u>Commission</u>	<u>Licenses</u>	<u>Tags</u>
<u>TEN LARGEST VENDORS</u>					
1.	Anchorage	\$ 470,755.50	\$24,046.50	25,556	1,242
2.	Anchorage	213,730.25	10,728.90	7,619	790
3.	Anchorage	156,826.00	7,871.25	10,225	305
4.	Juneau	128,450.50	6,451.20	8,560	139
5.	Fairbanks	123,984.75	6,329.05	8,105	210
6.	Anchorage	119,855.25	6,015.55	4,482	416
7.	Anchorage	111,976.00	5,599.10	405	477
8.	Anchorage	109,384.00	5,521.00	9,744	138
9.	Anchorage	104,266.50	5,294.20	7,527	154
10.	Anchorage	100,449.25	5,050.50	8,301	68
TOTAL		<u>\$1,639,678.00</u>	<u>\$82,907.25</u>	<u>91,524</u>	<u>3,939</u>

Average Gross Sales - \$163,967.80

Average Commission - \$8,290.72

<u>Vendor No.</u>	<u>Location</u>	<u>Gross Sales</u>	<u>Commission</u>	<u>Licenses</u>	<u>Tags</u>
<u>TEN SMALLEST VENDORS</u>					
1.	Chalkyitsik	\$ 4.75	\$ 2.00	7	0
2.	Scammon Bay	7.25	7.25	29	0
3.	Goodnews Bay	16.50	2.25	7	0
4.	Chignik Lake	32.00	1.60	3	0
5.	Tununak	75.00	3.75	5	0
6.	Almatluak	97.00	7.20	30	0
7.	Hooper Bay	95.25	10.75	31	0
8.	Chevak	131.75	11.10	24	0
9.	Elim	161.50	8.75	13	0
10.	White Mountain	164.00	12.10	23	2
TOTAL		<u>\$ 775.00</u>	<u>\$ 66.75</u>	<u>172</u>	<u>2</u>

Average Gross Sales - \$77.60

Average Commission - \$6.67

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS 2nd ESSB 275
Title Relating to the Compensation of Persons Collecting Hunting and Fishing License and Tag Fees Date 1/2/83

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Administration & Support, Fish & Game Div.
 (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						

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	(214.0)	(224.0)	(220.0)	(220.0)	(224.0)
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The growth in licenses and tags issued is 15% per year. The estimates of cost to the General Fund shown above are based upon 362,751 license and tag transactions for calendar 1982 realized at 15%. The FY83 cost is projected at one-half the calendar year estimate. In addition, there are 100 licensing agents who handle less than 50 transactions per year and who would be compensated at the \$40 minimum rate.

IV. DATE February 1, 1983 PREPARED BY [Signature]
 AGENCY Revenue

Original: Legislative Finance PHONE [Number]
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

275

MEMORANDUM

State of Alaska

June 22, 81
mm

TO: Joseph K. Donohue
Deputy Commissioner - Taxation
Department of Revenue

DATE: March 27, 1981

FILE NO:

TELEPHONE NO: 465-2313

FROM: Philip A. Wall, Director *PAW*
Division of Administrative Services
Department of Revenue

SUBJECT: Sport Fish and Game
Licensing RE: Vendor Fees

We have, over the years, received very few complaints in the Sports Fish and Game Licensing Vendor area. AS 16.05.390 allows each vendor to keep 5 percent or .25 cents (whichever is larger), of each license, tag or permit sale. The number of vendors was tightly controlled until, 1977 with about 300 vendors appointed statewide at that time. De-control in 1978 has resulted in there being over 500 vendors appointed today. Concerns about the vendor and Licensed Guide relationships resulted in Regulations 15 AAC 30.010.020 being promulgated into the Alaska Administrative Code on December 2, 1978.

SEEDS OF CHANGE

However, last September, license vendor Elden Sandvik of Palmer wrote expressing concern about the volume of paperwork and the low vendor fee. Senator Kertulla wrote, about Mr. Sandvik's letter, in November. Attachment 1 contains all the related correspondence.

In further action Senator Kertulla introduced SB 275 on March 12, 1981, which increases the vendor fee from 5 to 25 percent. (See Attachment 2).

SB 275 gives rise to several questions. The Fish and Game Fund was established as a dedicated fund by Article I, Section 17, Chapter 94, SLA 1959. Footnotes under its present location as AS 16.05.110 show that the "dedication under this section was created subsequent to the date of the ratification of the Alaska Constitution, Article IX, Section 7; hence there was not protection for the fund under the grandfather clause. However, the fund was protected by the fact that federal law requires dedication of fishing and hunting licenses". 1959 Opinions of the Attorney General No. 14. (See Attachment 3). This Opinion, and others (1959 No.'s 7 and 9) also points out that "existing dedications may be continued but may not be revised upward or downward by means of altering the tax, the rate of dedication or the purpose for which the dedication will be used. No action of the Legislature is permissible which would (1) tend to increase or decrease the percentage of the total tax and license proceeds which are dedicated, or (2) which would tend to increase or decrease the amount of proceeds which are dedicated." There are other footnotes following Article IX, Section 7 of the Alaska Constitution.

So questions arise as to whether SB 275 will accomplish an increase in vendor fees. From another view it appears that an increase in vendor fees may not be a meaningful solution. Perhaps remuneration for the administrative effort and time would be more satisfactory.

Others are also suggesting changes which effect vendors. The Fish and Wildlife Protection Division wrote the Board of Fisheries about communication and procedural problems. (See Attachment 4). This missive suggests that improvement to forms, handling of supplies and better control is needed. A regional office to serve vendors is also suggested. Board Member Chris Goll, who is also a vendor, discussed these suggestions with Sport Fish Director Rupe Andrews and myself on January 23, 1981. This meeting considered the effect upon vendors of de-control and increase in administrative requirements. Mr. Goll and Director Andrews emphasized the need for Revenue to provide vendor service at the regional level.

The Division of Sport Fish wrote in January expressing ideas to change and hopefully simplify harvest record reporting. (See Attachment 5). The memorandum expressed the concept of adding the harvest record to the back of the Sport License. The change will have both positive and negative effects upon the vendor.

The vendor system itself shows the strain of growth and changing conditions. Twenty years ago vendors dealt with most customers on a first name and cash basis. Growth has resulted in a more impersonal relationship and a check method of paying for licensing services. As a result the banking requirements have a more difficult procedure with substantial increases on returned items, delinquent accounts and overall accounting. Fish and Game laws are much more complicated. Explanations and response to license questions requires more time. Vendor numbers have a faster growth factor than the population - there is more competition.

The result is lowering of the accuracy of licensing information and a longer period of time before license information and money is sent to the Fish and Game Licensing Office.

A FINGER IN THE DIKE

We have been evaluating the effect of vendor de-control. About a year and a half ago a systems analyst was assigned to review and make recommendations on the Fish and Game Licensing System. A Description of the Present System was completed on April 7, 1980 (See Attachment 6) and Conceptual Design for Improvement of the present system was completed on July 30, 1980 (See Attachment 7). This assignment was substantially delayed during the year as the Systems Analyst was intermittently assigned to the Permanent Fund Dividend and Tax Rebate Systems. However, the supply and inventory portion of the conceptual design was approved for detail design and ultimately this part of the system became operational during December. It provides a computer assisted control over inventory as assigned to vendors. Held in abeyance due to the Special Project assignments were the enlarging of the conceptual design to include all the system inter-relationships and the requirements of the licensing part of the system to meet the needs of all users. And, of course, the licensing computerization was held pending the enlarged conceptual work.

THE BATTLE WITH THE SFA

It became apparent, about the beginning of calendar 1981, that special emphasis was required to meet the needs in Fish and Game Licensing. More holes were appearing in the dike. The accounting activity was consistently behind. Money

was not being processed quickly and the Systems Analyst gave notice of leaving. On January 23, 1981, a contract was signed with Computer Management Services Inc. (CMSI) to document the present status of the Fish and Game Licensing System. (See Attachment 8). The purpose of this effort was to set the status basis so that the expanded conceptual design could be done. The product was completed on schedule in March, 1981, (See Attachment 9). The contractor's proposal for doing the next step, has resulted in a second contract for the expanded conceptual design. This contract was approved to begin on March 23, 1981, (See Attachment 10) the product is due April 10, 1981, and will provide alternatives for meeting user needs. This product will be discussed with all users and the degree of their financial participation determined for further work on the system.

THE VENDOR SCENE

A review of the vendor situation discloses the following:

1. AS 16.05.390 authorized the vendor fee for issuance of sport licenses, tags and permits. The law, which allows the vendor to keep the fee and remit the net receipts was enacted as Section 6, Article II, Chapter 94, SLA 1959. Amendments occurred in 1960, 1962, 1963 and 1976. Attachment 11 defines the vendor fees.
2. Attachment 11 also shows the licenses, tags and permits sold by vendors. There has been no change in the percentage fee the vendor is allowed to keep since inception of the program. Gross Receipts in FY80 were \$5,100,417.08. Vendors kept \$244,555.32 (.048%) and sent a net of \$4,855,861.76 to the Department of Revenue.
3. There is no longer a tag for Glacier Bear (repealed by Chapter 268, SLA 1976). A number of licenses, tags and permits are not sold by vendors (i.e., Fur Dealer, Taxidermy, Fish/Fur/Game Licenses, Licenses to the Blind, Hunts by Permit, Musk Ox Tags and Guide Licenses. Guide Licenses have been handled by the Department of Commerce, Occupational Licensing Since 1974).
4. There is a substantial amount of activity by the vendor for which there is no remuneration. Each vendor is provided with an Instruction Manual detailing the requirements for sale of licenses and submission of monthly collection reports. They receive no remuneration for the time involved in reading the manual and training their sales clerks. Neither are they compensated for the time spent banking daily receipts or preparing the monthly reports. Each vendor is accountable for the proper handling and control of the following materials:
 - a. License book including 17 classes of licenses
 - b. Affidavit for Military, Duplicate, and 25¢ Licenses
 - c. License Application
 - d. 12 Nonresident Big Game Tags with Big Game Record
 - e. Resident Brown/Grizzly Bear tag with Big Game Record
 - f. King Salmon/Steelhead Permit with Application
 - g. Monthly Collection Report
 - h. Application for Senior Citizen License

- i. Harvest tickets for 4 species of big game (these are distributed by ADFG with vendors receiving 15¢ for each one completed if they return them timely.)
- j. King Salmon Punch Cards (Cook Inlet area only. These are distributed by ADFG).
- k. Regulation books for hunting, trapping and sport fishing.
- l. Applications for permit hunts.

Each vendor is held responsible for all materials serially numbered which represent money and for the correction of any errors made in issuing the licenses. They must return all unissued licenses, tags, and permits at the end of each year for audit purposes. In addition, the public tends to regard each agent as an expert in fishing, hunting, and trapping regulations for the entire state.

5. A fairly tight rein was kept on the number of vendors until 1977. Up until that time vendor appointments were made as warranted by population growth. Rapid growth in population and business competition demanded that vendors be appointed as a business enhancement. A type of de-control resulted with the appointment of any applicant who meets minimum qualifications. Vendors have increased from 250 in 1977 to over 500 in 1981. The largest growth is among small business in urban/suburban areas whose business is related, sometimes marginally, to the sale of sporting goods. There has also been a substantial increase in the turnover of vendors. Both the growth and turnover factors have substantially added to the work in the Fish and Game Licensing Office. It is also a factor that more competition in an area can result in lower total vendor fees and in a higher out-of-pocket cost to the vendor in providing the required level of service.
6. There are four different types or groups of vendors:

- a. chain store operations

Large operations where sales are handled by a specified department and the reports are done by the accounting department (sometimes located in a different city or state.) Examples of this are Pay'n'Save, Carr's Payless, J.C. Penney's and the Military Accounts. Large inventory stock and low prices are the drawing card of these stores and license sales are regarded as a customer service with costs being absorbed by the existing structure.

- b. urban/suburban operations

These are speciality stores (usually, sporting goods) competing not only with each other but also with the larger chain stores. The availability of licenses for sale becomes a matter of survival, for there are many other opportunities for the public to purchase not only licenses but also merchandise. These stores are usually staffed by a small sales force and sometimes employ a bookkeeper or accountant to handle the reporting.

c. rural operations

These are owner-operated businesses located along the highway where license sales can be either a service or a necessity depending on the location and the type of business. These businesses are often a family run combination of restaurant/gas station/store/motel that caters to area residents as well as tourists. The owner/operator not only sells the licenses, but also submits the report. Included in this type of operation would also be isolated fishing lodges.

d. bush operations

These are villages throughout the state isolated from road transportation. There is a feeling of community within these operations; vendors are providing a service for their neighbors and often try to find a replacement before terminating. New vendors are generally recruited by Fish and Game biologists or Fish and Wildlife personnel in their travels throughout the area.

7. The following is a discussion of the volume of business, and the quality and cost of service within each type or group of vendor:

a. chainstore

Large volume of business with accuracy and quality of service dependent upon the interest and enthusiasm of the person responsible for sales (usually department manager.) Treatment of the public is polite but often impersonal. High personnel turnover sometimes results in increased errors. Cost of operation is generally absorbed by the organization, while timeliness and accuracy of reports are usually maintained at an acceptable level and tend to be easily corrected when necessary.

b. urban/suburban

There is keen competition among these vendors; customers are usually treated warmly and given personalized service. License sales are regarded as important, but reporting and correction of errors is usually a low priority. These vendors tend to be the first to complain about the high volume of paperwork and low commission and last to respond to correction notices and shortage recaps. However the cost of selling licenses is probably felt the hardest among vendors of this type. They tend to spend more time with each customer while selling a license, and a fairly large volume of sales results in more time required to submit the monthly report. All this is time taken away from the real purpose of their operation - selling merchandise.

c. rural

These vendors are more easy-going than the last group and do not seem to be so competitive. Although long hours during the tourist season often result in back-logged reports, they are usually conscientious about clearing up their records (as soon as they have time.) Business

often comes in spurts and can sometimes cause a significant error factor. Since these businesses are owner-operated, the additional cost of license sales comes directly from their own pocket and they do not always view the fee as adequate compensation.

d. bush

These vendors do a very small volume of business and are conscientious about submitting reports timely and accurately. Licenses are sold as a community service. Vendors give up their personal time to sell licenses with relatively few complaints about cost, although when pressured by us for any reason (reports not submitted, errors, etc.) they are not reluctant to let us know that they are overworked and underpaid.

8. We began a modest vendor audit program in 1979. About half of the vendors have been visited. It is obvious that a once-a-year visit does not meet the need. Vendors need a local or at least a regional Fish and Game Licensing Office contact when problems occur. They now turn to the local Fish and Game Department employee, state trooper or other agency with the poor results that occur when the person asked cannot answer and the person asking becomes frustrated. Vendors also need a different consideration in the issuing of licenses, tags, permits and instructions. It has been the practice to require that a vendor report at the end of a calendar year before the new year's material is issued. This procedure is causing a hardship on vendors in good standing who require the new material early enough to meet Christmas gift demands and sport seasons which extend into or begin with the new calendar year.
9. The Vendor complaint about complex and time consuming paperwork has merit. Procedures and instructions to vendors are prepared in August preceding each license year. The licenses, tags and permits are ordered about the same time. The procedures and instructions often pertain to statewide sports activity and the vendor must select that which applies to them. The licenses, tags and permits are normally distributed in December preceding the license year. However, as the license year unfolds, there are often legislated changes which cause revision to vendor procedures, instructions and materials. An example is the King Salmon and Steelhead Trout Permit which became effective south of Yakutat on July 8, 1980. There is also difficulty in projecting where individuals will purchase their licenses, tags and permits. A vendor will periodically run out of some part of the material sent them. We review the supply that was issued to each of the 500 vendors, identify where surplus exists and transfer the item to the needy vendor. These are normally controlled items representing money so both the vendor losing the item and the vendor gaining the item is impacted by paperwork. Legislative and administrative changes are reviewed each year for the purposes of reducing and improving the paperwork. Still, this a very large system with 32 controlled items representing money, 4 accounting controls over the money, 500 vendors providing services and about 500,000 transactions annually (1,000,000 specific licenses, tags and permits) from individuals who have purchased the licenses, tags, and permits.

WHERE PATHS MEET

The data and fees which vendors send to the Fish and Game Licensing Office and the vendor environment is important to several agencies:

1. The Department of Fish and Game wants timely and accurate license, tag and permit data. They have enforcement and wildlife management duties. They want to see vendors communicating with Revenue and believe regional offices would solve much of the problem. They want to see vendors better informed and trained so that complaints they receive from the public would stop. They would like access to historical data for sales trends, future projections and budget justification. They need the entire license year data, by the end of February of the following year, so that Federal Reporting requirements can be met. They need to know the resident and non-resident statistics as 50% of Federal Funding comes from non-resident licensing.
2. Public Safety wants the same monthly microfiche as now received and an annual print-out of licenses once a year. Enforcement activity often requires the license copy which Revenue received from the vendor.
3. Limited Entry wants access to historical license data at a point in the future.
4. License data must be furnished the Court System by the end of February for the preceding license year. The Court System uses the data for jury selection.
5. This is an early indicator data system important to economics and research. It provides early information on resident and non-resident trends. It provides important verification information for other processes such as the Permanent Fund Dividend System.
6. Data is important for court action which requires accurate, timely retrieval of license information.

TO PUT IT IN FOCUS

There are two important issues evident in this report:

1. Changes must be considered for the Fish and Game Licensing System; and
2. Changes must be considered in license vendor remuneration.

IDEAS FOR SOLUTION

The following changes are recommended:

1. Suggest the vendor fee increase proposed in SB 275 be changed to the idea of leaving the license fee at 5% and pay, from a General Fund Appropriation, administrative costs to each vendor. Several alternatives can be considered. The more obvious are to pay a:
 - a. Percentage of the gross license sales; or,

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- b. Fixed amount for each transaction; or,
- c. Fixed amount for administrative overhead.

Attachment 12 shows the gross sales, vendor fee, number of license transactions and number of tag transactions (for selected vendors during calendar 1980). Another 25% of the vendor's activity, (permits, transmittals, deposits) are not shown. However, the Attachment shows some of the inequities that would occur if administrative costs were based upon the value of gross sales.

The payment of a fixed amount per transaction is recommended. The amount to be paid each vendor would be determined by the Fish and Game Licensing Office as each transmittal of work is received. The money to make the payments would be appropriated from the General Fund and any residuals would lapse into the General Fund at the end of each Fiscal year. The administrative costs, (to cover vendor activity such as training, supervision, banking, transaction and cash transmittal, phone calls, postage, etc.) would be paid to the vendor as a fixed amount per transaction by the Fish and Game Licensing Office. Payments would be made at least as often as once a calendar quarter.

The recommended fee to be paid is \$1.00 for each transaction. The FY82 cost, is estimated at \$750,000.

FY80 Transactions	=	500,000
* Other Transactions paid for	=	<u>125,000</u>
		625,000
Growth to FY82 at 20%	=	<u>125,000</u>
TOTAL		750,000

* Other transactions which were not shown on Attachment 11, but, for which the \$1.00 payment should apply are:

- a. Each Bank Deposit (usually daily or weekly per vendor).
- b. Each Transmittal of documents and cash to the Fish and Game Licensing Office.
- c. Each license issued; any affidavit, application document or harvest ticket which is required in connection with a license will not be subject to the \$1.00 fee.
- d. Each tag issued.

2. Regarding the Fish and Game Licensing Program:

- a. Move the Fish and Game Licensing Office to the Carter Skis and Stuff location to provide better public access and a close proximity to the new Department of Fish and Game location.

Joseph K. Donohue

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- b. Finish the computerization of the accounting function and the providing of data as required by other agencies. Vigorously pursue implementation.
- c. Vendor Control should be de-centralized and delegated to our Public Service Counters. This includes regional supply of materials and banking as well as near future transfer of daily deposits at the regional level to the Treasury Investment Account.
- d. Develop and implement a vigorous audit program with emphasis on vendors who are not reporting as scheduled. Send next years materials to vendors in good standing on October 1.
- e. Support of the Department of Fish and Game Housekeeping Bill which will give Revenue discretion on when vendors report.

Attachments

cc: Don Barnes, Deputy Director
Linda Lockridge, Fish and Game Licensing

16.05.380 is ammended by adding:

The Commissioner of Revenue may/shall pay agents for their administrative costs in providing license, tag, banking and reporting functions. The payment is \$1.00 per transaction or \$50.00 per year which ever is larger and shall be paid from funds appropriated by the legislature.