

SCOMM

#36:7

IDENTIFICATION	BILL NAME An act making a special appropriation to the Dept. of Commerce and Economic Development for distribution of additional Salmon enhancement tax receipts to Cook Inlet Aquaculture Association; and providing for an effective date		BILL NUMBER HB 234
	SPONSOR(S) Malone		DATE INTRODUCED 3/2/83
			RELATED BILLS PENDING
	REFERRALS Resources and Finance		
INITIAL RESEARCH	INITIAL SUMMARY COMPLETED		LEGAL DIVISION SUMMARY
	SPONSOR CONTACTED FOR BACKUP MATERIALS		DEPT OF LAW SUMMARY
			FISCAL NOTE
	AGENCY RESPONSE		OTHER INTERESTED LEGISLATORS NOTIFIED
BACKGROUND RESEARCH	SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES		OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, ETC
	RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS		
HEARING PREPARATION	CHAIRMAN BRIEFED		DATE & PLACE SET
	STAFF MEMO TO COMMITTEE		TELECONFERENCE
	BACKGROUND MATERIAL DISTRIBUTED		PSA/PRESS RELEASE
	LIST OF WITNESSES		SUGGESTED AMENDMENTS/CS DRAFTED

COMMITTEE REPORT

HOUSE

RESOURCES
FURTHER: FINANCE

3/2/83

Date: _____

Mr. Speaker:
HOUSE SPECIAL COMMITTEE ON FISHERIES

The ~~Committee~~ on _____ has had HB 234

An Act making a special appropriation to the Department of Commerce and Economic Development for distribution of additional salmon enhancement tax receipts to Cook Inlet Aquaculture Association; and providing for an effective date.

under consideration and reports it back as follows:

- [] 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 [] Zero Fiscal Note Attached
- [] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Malone
13-0920

Funding Information
General Fund \$204,000
Other Funds -0-
\$204,000

Introduced: 3/2/83
Referred: House Special
Committee on Fisheries,
Resources and Finance

IN THE HOUSE

BY MALONE

HOUSE BILL NO. 234

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act making a special appropriation to the Department of Commerce and Economic Development for distribution of additional salmon enhancement tax receipts to Cook Inlet Aquaculture Association; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. Representing the additional amount of salmon enhancement tax collected in Cook Inlet, the sum of \$204,000 is appropriated from the general fund to the Department of Commerce and Economic Development for distribution to the Cook Inlet Aquaculture Association.

* Sec. 2. The appropriation made by this Act shall be disbursed in accordance with AS 43.76.025.

* Sec. 3. This Act takes effect immediately in accordance with AS 01.-10.070(c).

ALASKA STATE LEGISLATURE

....13th Legislature FIRST Session

HOUSE ...BILL..... NO. ...234..

By ...MALONE.....

An Act making a special appropriation to the Department of Commerce and Economic Development for distribution of additional salmon enhancement tax receipts to Cook Inlet Aquaculture Association; and providing for an effective date.

Sp. Ap. Cook Inlet Aquaculture

Introduced in the House 3/2....., 1983

HISTORY IN THE HOUSE

19	83	Read first time and referred to Committee on																												
Mar	2	House Special Committee on Fisheries, Resources and Environment Reported back with recommendation that																												
		Read second time and																												
		Read third time and																												
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CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

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SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor by Governor
	Filed with Lt. Governor
	Chapter No.



COOK INLET
AQUACULTURE ASSOCIATION

P.O. BOX 3819
SOLDOTNA, AK 99669-3819
(907) 262-9419

February 7, 1983

Honorable Hugh Malone
State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Malone:

Cook Inlet Aquaculture Association is experiencing a major difficulty with the manner in which Salmon Enhancement Taxes are collected and distributed. It appears that, at least in Cook Inlet, the amount of tax collected each year by the Department of Revenue is substantially less than what is indicated by mathematical manipulations of ADF&G catch statistics.

If one takes the number of salmon caught each year by species and multiplies this number by the appropriate average weights and prices the product is the landed value of Cook Inlet salmon. Two percent of the landed value is the amount of enhancement tax which should be collected by the Department of Revenue each year. Two percent of the landed value of the 1981 Cook Inlet salmon catch is \$491,000. Two percent of the 1982 landed value is at least \$741,000. Collections by Department of Revenue since the enhancement tax went into effect are approximately \$1,039,000; a shortfall of \$172,000 or nearly 14% of the landed value.

There are at least two possible mechanisms which, operating either independently or in conjunction, would explain the shortfall. It is possible that ADF&G statistics overestimate the landed value of Cook Inlet salmon. I have scrutinized these statistics and their method of collection and have found no reason to doubt their veracity. A more likely explanation seems to be that some fish buyers are either not collecting the salmon enhancement tax from fishermen or are not forwarding the monies collected to the Department of Revenue.

As you are aware there are a large number of fish buyers which operate in Cook Inlet each salmon season. Further, there is a substantial unreal turnover among firms and individuals purchasing fish. It appears that the Department of Revenue makes

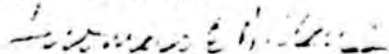
little effort to locate the new fish buyers each year in order to inform the buyers about the enhancement tax and provide them with the necessary paperwork. The Department of Revenue seems to assume that the fish buyers who remitted tax collections in a previous year are the only ones liable for collecting and remitting taxes in a subsequent year. There seems to be vague, if any, knowledge that ADF&G requires potential fish buyers to file an "Intent to Operate" within a given region each year and that ADF&G has a list of those buyers which have so filed.

It also seems that the Department of Revenue simply tabulates the tax monies collected from each region. There is, to my knowledge, no attempt made to enforce the enhancement tax law either through in-season field checks or comparison with ADF&G fish ticket summaries.

Every fisherman who pays his salmon enhancement tax expects that all other fishermen within the region are likewise paying this tax. All fishermen seem to assume that the State is enforcing the collection of the tax and that the rate of compliance should be about 99%.

The Association needs some help to make sure that fishermen's expectations regarding the tax are reasonably fulfilled. Thank you for considering this issue.

Sincerely,



Thomas E. Mears
Executive Director

TEM:sa

cc. Senator Don Gilman
Senator Paul Fischer
Representative Milo Fritz
Representative Bettye Cato

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 234 Date on Bill: 3/2/83
Title: "An Act making a special appropriation to the Dept. of Commerce & Economic Development;
Sponsor: Malone
Requestor: _____

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital				
Operating				
Total		0	0	

b. Revenues:

Revenue							
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2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: D. A. Hostak, Director
Division: Loans & Veterans' Affairs

Phone: 465-2510
Date: 3/11/83

Approved by Commissioner: Richard A. Lyon
Department: Commerce & Economic Development

Date: 3/16/83

5. Distribution:

Original to Legislative Finance
Copy to OMB
Copy to Sponsor
Copy to Requestor

2/15/83