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SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: *SB 379*

BILL NAME: *Establishing a fisheries business tax credit*

SPONSOR(S): *Mulcahy*

DATE INTRODUCED: *1-26-84*

REFERRALS: *Resources
Finance*

RELATED BILLS PENDING:

HB 519 - ZHAROFF

1-16-84

*Resources
Finance*

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE
SUBSTITUTES DRAFTED:

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI



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

Senate

Committee on Resources

MINUTES

April 9, 1984
3:05 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Ziegler, Vice Chairman
Senator Eliason
Senator Paul Fischer
Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

SB 379, An Act establishing a fisheries business tax credit.

SB 391, An Act relating to fees for, sales of and collection of fees for sport fishing and hunting licenses and commercial fishing crewmember licenses.

SB 399, An Act relating to trespassing and posting of land.

SCR 44, Relating to management of state construction materials.

SB 379

Senator Mulcahy stated that this bill was heard in Fisheries Subcommittee and reported back to full Committee with all members recommending do pass. He explained that SB 379 was suggested by the Governor's Task Force on Fisheries and has the support of fishermen and processors. It would allow a tax credit of up to 50% for shore based processors and is intended to help the development of a bottomfish industry.

Senator Sturgulewski asked for clarification that local communities would still receive their full share of fisheries taxes.

Norman Staton, Special Assistant to the Commissioner of the Department of Revenue, explained that the tax credit would apply only to the down payment portion of capital expenditures.

SB 391

Senator Mulcahy reviewed the major provisions of the bill and reported that the Subcommittee on Fisheries recommended do pass.

Martin Richard, Division of Public Services, Department of Revenue, answered questions on Section 1 of the bill, which would allow residents of group homes to qualify for 25¢ licenses, and Section 3, which makes falsification of information on license applications a crime of perjury.

SB 399

Sandra Schubert, Aide to Senator Fahrenkamp explained that the Committee Substitute would require that property owners who choose to post their land place notices at each roadway or apparent way of access onto the property, and that the notices contain the name and address of the property owner.

Senator Ziegler moved CSSB 399 from Committee with individual recommendations. There was no objection.

SCR 44

Senator Vic Fischer explained that SCR 44 requests that the Department of Natural Resources inventory and set aside reserves of sand and gravel on a statewide basis, and establish a program of managing sand and gravel resources.

Ned Farquhar, Special Assistant to the Commissioner of Natural Resources, testified that the Department supports the resolution.

Ross G. Schaff, State Geologist, spoke in support of the resolution as it provides a focus to the State Geological Survey to initiate a statewide inventory of sand and gravel resources.

Randall G. Updike, State Geological Survey, reviewed the timeline and methodology for implementing the proposed program.

Senator Vic Fischer moved SCR 45 from Committee with individual recommendations. There was no objection.

The meeting adjourned at 3:50 pm.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI



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STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate Committee on Resources

MINUTES

April 11, 1984
3:08 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Ziegler, Vice Chairman
Senator Eliason
Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski
Senator Gilman

CALENDAR

SB 379, An Act establishing a fisheries business tax credit.

SB 391, An Act relating to fees for, sales of, and collection of fees for sport fishing and hunting licenses and commercial fishing crewmember licenses.

CSHB 589 (Finance)am, An Act relating to the Alaska Power Authority authorizing the construction of the Watana and Bradley Lake hydroelectric projects.

SCS CSHB 684 (Resources), An Act making special appropriations to the Alaska Power Authority.

SB 379
SB 391

Senator Mulcahy moved SB 379 and SB 391 from Committee with individual recommendations. There was no objection.

CSHB 589 (Fin)am

Larry Crawford, Executive Director, Alaska Power Authority, spoke in support of the bill, assuring the committee that the APA would not spend money for detailed design work on either Watana or Bradley until power sales agreements have been signed, and a plan of finance has been approved.

Pete McDowell, Director, Office of Management and Budget, testified that the Governor supports the bill and agreed to a proposed letter of intent that would assure that OMB's existing project review process will continue.

Dave Hutchens, Alaska Rural Electric Cooperative Association, spoke in support of the bill and submitted an amendment that would authorize Bradley and Watana at a specified funding level and keep interest earned from the appropriations in the Power Development Fund.

Martha Fox, Assistant Attorney General, testified that the Attorney General's office would defend the dedication of interest to the Power Development Fund.

Representative Ron Wendte urged that the development of these projects be done with full knowledge of the costs and impacts to those people affected. With the assurances given by the Administration that the existing process of review would continue, he is in support of the bill.

Jay Nelson, Alaska Environmental Lobby, did not support HB 589, testifying that the bill provides no assurance that the four dam pool problems will not be repeated on Bradley and Susitna. He also objected to the incorrect figures for projected costs of the projects.

CSHB 68' (Fin)am

Larry Crawford, Alaska Power Authority, answered questions on sections of the bill dealing with rate stabilization, system increment, and funds for design work on the Bradley Lake and Susitna projects. He agreed that a letter of intent outlining when funds would be spent should accompany this bill.

Dave Hutchens, Alaska Rural Electric Cooperative Association, proposed amendments to the bill that would clarify when appropriations to the Susitna project would be made and establish a deposit schedule for the appropriations.

The committee adjourned at 4:20 pm.

STATE OF ALASKA

SB 379
BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**
OFFICE OF COMMERCIAL FISHERIES DEVELOPMENT

POUCH D
JUNEAU, ALASKA 99811
PHONE: (907) 465-2518

February 28, 1984

Honorable Bob Mulcahy
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Mulcahy:

Re: Comments Requested on SB 379
(Fisheries Business Tax Credit)

Tax credits for the fishing industry have been discussed recently at several meetings. Tom Panamaroff has participated in and is familiar with the issues.

My hope is to encourage and help Alaska processors to gear up for groundfish by allowing a temporary tax credit. It seems that if the State is to make such an investment, the net result sought should be well defined and achievable. Our major concern with SB 379 and HB 518 is that nearly all capital expenditures that a processor might make would qualify for credit. If the equipment is to be used "in the processing of a developing commercial fish species," the Department of Revenue is likely to interpret that to mean anything that contributes to some level of production. For instance, an unloading pump intended for salmon but used once or twice for a few cod is likely to qualify.

The fisheries tax credit has implications related to federal and State income tax liability. Processors are probably not paying much income tax these days, but the following was developed by the Department of Revenue:

"Fish processors who purchase new equipment will have a federal and state investment tax credit for income tax purposes. The amount for the credit will be 10% of the cost for federal tax purposes and 1.8% of the cost for Alaska tax purposes. Any unused credits may be carried back three years and forward seven years.

Any credit given for Fish Tax purposes would reduce the processor's Fish Tax deduction for federal tax purposes and therefore increase the federal tax liability. Assuming the processor is paying corporate tax at the 46 percent rate, a fish tax credit of \$100,000 would increase a processor's federal tax liability by \$46,000. The processor's net savings from a Fish Tax credit of \$100,000 would be \$54,000."

Should credits be carried backward or forward? If a firm makes a large qualifying purchase that exceeds its current tax liability, can the excess credit be carried forward into succeeding years?

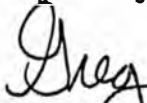
Would the credit program continue indefinitely or for some specified period of time? My feeling is that some Sunset review should be incorporated to insure that the program continues to meet real needs.

If the taxpaying company purchased equipment for its own use:

- * Would the company be able to claim credit for the full purchase price or if the equipment was financed, for only the amount actually paid?
- * Would the State be able to recoup credits taken if the equipment was subsequently sold? If so, what conditions should apply?
- * Would the company be able to take the credit for equipment intended for use outside of Alaska?

These comments probably are not comprehensive, but they do represent the kind of concerns that have been recently voiced. If I can be of any help, please advise.

Very truly yours,


Greg Baker
Director

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ALASKA DEVELOPING COMMERCIAL FISHERIES

Effective January 1, 1983 - December 31, 1983

Developing commercial fisheries are taxed at a lower rate than established commercial fisheries. A developing commercial fishery is one that has been so designated by the Alaska Department of Fish and Game (AS 16.05.050(12)). Below is a list of fish and shellfish species considered to be developing.

NOTE: Please make sure that any species you list on the Developing Schedules A-E are included in the list below. Species not listed below are considered to be established commercial fisheries and must be reported on the Established Schedules A-E.

If you claim any species on the Developing Schedules A-E which are not included in the list below, your return will be adjusted to reflect the higher tax for established fisheries.

- | | | |
|--|---|---|
| <p>BOTTOMFISH</p> <ul style="list-style-type: none"> Alaska Plaice Cod - Lingcod <ul style="list-style-type: none"> Longfin Cod Pacific Cod Pacific Tomcod Sablefish (Blackcod) Flounder Flounder, Starry Greenling (General) <ul style="list-style-type: none"> Rock Greenling Whitespotted Greenling Groundfish (General) Pacific Lamprey Pacific Ocean Perch Pacific Saury Rockfish & Red Snapper Sculpin - Bullhead <ul style="list-style-type: none"> Fourhorn Sole - Butter <ul style="list-style-type: none"> Dover English Flathead Petrals Rex Rock Sand Yellowfin Shark (General) - <ul style="list-style-type: none"> Salmon Shark Skate (General) Spiny Dogfish Turbot (Arrowtooth Flounder) <ul style="list-style-type: none"> Turbot, Greenland Whiting (Pollock) | <p>OTHER FISH AND SHELLFISH</p> <ul style="list-style-type: none"> Capelin Clams Coral Crab - Box Crab <ul style="list-style-type: none"> Horse (hair) Crab Brown or Golden King (Lithodes Aequispina) Korean Hair Crab (Erimacrus isenbeckis) Dolly Varden Freshwater Finfish - All species Herring - Food and Bait <ul style="list-style-type: none"> Chignik, South Peninsula-Aleutian Islands and North Peninsula areas, and Gulf of Alaska waters west of 156° 20' 13" W. long. and Bering Sea waters south of Cape Menshikof (57° 31' 20" N. lat.). (This includes waters of the south side of the Alaska Peninsula west of Killokak Rocks, waters of the Aleutian Islands and the waters of the north side of the Alaska Peninsula to Cape Menshikof.) Herring - Sac Roe, Bering Sea area <ul style="list-style-type: none"> (This is defined as the Bristol Bay, Security Cove-Etolin Strait and Bering Sea-Kotzebue areas. This means all waters of the Bering Sea north of the latitude of Cape Menshikof (57° 31' 20" N. lat.) to the International Date Line. Included within these areas are waters of the Bristol Bay, Security Cove, Goodnews Bay, Cape Romanzof, Norton Sound and Kotzebue Sound.) Kelp Lamprey Octopi Sandlance | <ul style="list-style-type: none"> Scallops Sea Cucumbers Sea Urchins Shrimp - Trawl gear only, Bering Sea area <ul style="list-style-type: none"> (This is defined as the North Peninsula, Bristol Bay, Security Cove-Etolin Strait and Bering Sea-Kotzebue areas. This means all waters of the Bering Sea north of 54° 36' N. lat. from Cape Sarichef to the International Date Line. Included within these areas are waters along the western side of the Alaska Peninsula, Bristol Bay, Security Cove, Goodnews Bay, Cape Romanzof, Norton Sound and Kotzebue Sound.) Shrimp - Otter trawl gear only, Southeastern Alaska <ul style="list-style-type: none"> (This includes Southeastern Alaska waters north of Dixon Entrance and south of Cape Spencer.) Shrimp - Pot gear only in all waters of Alaska except Cook Inlet area. <ul style="list-style-type: none"> (The Cook Inlet shrimp area includes waters bound on the south by the latitude of Cape Douglas (58° 52' N. lat.) and on the east by a line from 58° 52' N. lat., 151° 53' W. long. to Cape Elizabeth to Pt. Adams (land points on the southwest tip of the Kenai Peninsula). Thus this area covers only Cook Inlet proper, not Resurrection Bay or portions of Blyng Sound. It does include Kamishak and Kachemak Bays.) Smelt Snails Squid |
|--|---|---|

Fisheries by-products originating from developing commercial fish species are also considered to be developing. For example, herring roe originating from the Aleutian and Bering Sea harvest areas qualifies as a developing fishery.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
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POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate Committee on Resources

TO: Senator Mulcahy, Chairman
Resources Subcommittee on Fisheries

FROM: Senator Fahrenkamp, Chairman *[Signature]*
Senate Resources Committee

RE: SB 379; SB 391

The following bills have been referred to the Resources Committee. I am assigning them to the Subcommittee on Fisheries for consideration by the Subcommittee.

SB 379 - An Act establishing a fisheries business tax credit.

SB 391 - An Act relating to fees for, sales of, and collection of fees for sport fishing and hunting licenses and commercial fishing crewmember licenses.

cc: Senate Resources Committee members

STATE OF ALASKA

DEPARTMENT OF REVENUE

BILL SHEFFIELD, GOVERNOR

ELEVENTH FLOOR
STATE OFFICE BUILDING
POUCH SA
JUNEAU, ALASKA 99811

February 1, 1984

The Honorable Fred Zharoff
Representative
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Zharoff:

In reviewing HB 518, the Department of Revenue has some concerns about its general scope. Below are nine questions that the Department believes need to be addressed to clarify the bill's intent.

1. Is it the intent of this bill that all new equipment purchased by shore-based fisheries businesses qualify for the tax credit?
2. Will capital improvements also qualify for the credit?
3. Are carrybacks and carryforwards of the credits to be allowed?
4. Will there be a limitation on the number of years that fisheries businesses will be eligible for the credits?
5. When would the applications for the credits be filed?
6. On what basis should the department deny applications?
7. Will the definition of a shore-based fisheries business be the same statutory definition as found in AS 43.75.140(6)?
8. If the answer to #7 above is yes, would a floating fisheries business claiming shore-based tax status qualify for the credit? A fisheries business whose floating facility is permanently attached to the land or remains anchored in one location for the entire calendar year is entitled to claim the shore-based tax status.

The Honorable Fred Zharoff
February 1, 1984
Page 2

9. What would constitute "improvement of quality control operations"?

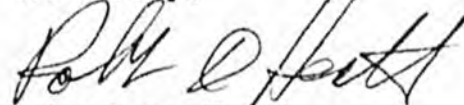
I would like to take this opportunity to make a few comments about the tax credit in general. First, if the intent of the tax credit is to provide assistance to Alaska fisheries businesses that are currently having financial difficulties, it is probable that those businesses will not be able to secure the financing necessary to purchase new equipment.

Additionally, a study of the major Alaska processors indicates that at least 50% of the processors in Alaska are owned by foreign corporations and at least 8% of the processors are owned by out-of-state corporations. Therefore, there would be a substantial tax savings to foreign-owned and out-of-state businesses as a result of this bill.

Finally, as you know, the Fisheries Business Tax is deductible for federal net income tax purposes, and any decrease in this tax as a result of a credit increases the processors' federal tax liability. For every dollar the state loses through the tax credit, the federal government gets 46¢ and the taxpayer only benefits to the extent of the remaining 54¢.

I hope this information has been of help. Please call with any questions.

Sincerely,



Robert D. Heath
Commissioner of Revenue

RDH/MO/gb

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: SB 379
 Title: An Act establishing a fisheries business tax credit.
 Sponsor: Mulcahy
 Requestor: Senate Resources Comm.
 Date of Request: January 27, 1984

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: Collection and Management
 BRU, Program of Subprogram(s) Affected: Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	2.0	-	-	-	-
300 CONTRACTUAL	-	1.0	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	3.0	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	(350.0)	(350.0)	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	3.0	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Robert W. Elliott
 Division: Research Section

Phone: 465-2173
 Date: _____

Approved by Commissioner: Robert Elliott
 Agency: Revenue

Date: 2/2/84

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Analysis for SB 379

Travel \$2.0 - passage of SB 379 will require the Audit Division to draft regulations and conduct public hearings throughout the state. Airfare and per diem costs are estimated at \$2,000 for travel to Ketchikan, Anchorage and Kodiak by one Audit Division employee.

Contractual services \$1.0 - conducting public hearings requires the presence of a court reporter and advertising in statewide newspapers.

The above estimates were based on the average collections for developing commercial fish species (AS 43.75.015(b)) for the past two years, and assume the legislation would become effective in FY 85. The estimates reflect the maximum loss the state would experience if all eligible persons applied and were granted a 50 percent tax credit. It should be noted that there exists the possibility in certain cases whereby, if a 50 percent tax credit is granted and the remaining 50 percent is refunded to local governments per AS 43.75.130, the state could eventually not receive any revenues from those fisheries business taxes.

Estimates are duplicated for FY 86 and not shown beyond since price/catch projections are unknown.

(4) "Person" includes an individual, firm, partnership, joint adventure, association, corporation, estate trust, business trust, receiver, or any group or combination acting as a unit. (§ 2 ch 43 SLA 1949; am § 1 ch 172 SLA 1957)

Opinions of attorney general. — Although the Pribilof Islands constitute a special reservation, within the meaning of the Buck Act, 4 USC 105-110, the operations of businesses, including performing contractors' work for the federal government, are not exempt from state taxation. 1959 Op. Att'y Gen., No. 22.

Mere contracts between private persons or corporations and the United States do not necessarily render the former essential governmental agencies and confer upon them freedom from state taxation. 1959 Op. Att'y Gen., No. 22.

The principle of immunity from state and local taxation is generally based upon the direct ownership or use and control of the property by the United States, and does not extend to the business, property, or income of contractors who are doing work for the federal government for the purpose of gain. 1959 Op. Att'y Gen., No. 22.

Persons receiving in excess of \$1500 gross per year from the supplying of part of their home to others and who claim business deductions on their Alaska income tax return for that same part of their home are required to obtain an Alaska business license. 1960 Op. Att'y Gen., No. 20.

When an individual claims that part of his property is business property for income tax purposes, the same part of his property does not come within the meaning of the words "personal home" in §§ 1 and 15 of the business license regulations. 1960 Op. Att'y Gen., No. 20.

NOTES TO DECISIONS

Intent to tax all business proportionately. — It is apparent that the legislature intended to discard license taxes on specifically enumerated businesses and to tax all businesses proportionately. Territory of Alaska v. Journal Printing Co., 15 Alaska 676, 135 F. Supp. 169 (D. Alaska 1955).

Newspapers are within purview of chapter. — The inclusion of newspapers, along with other businesses, is within the purview of this chapter. Territory of Alaska v. Journal Printing Co., 15 Alaska

An individual may not claim a reduction of state income tax on the grounds that part of his home is business property and then escape the state business license tax on the basis that the same part of his home is not a business property but his personal home. 1960 Op. Att'y Gen., No. 20.

Rents received by religious corporations are not exempted from the Alaska business license tax. 1960 Op. Att'y Gen., No. 25.

Where most of the business activities of a company took place in Missouri, it being very difficult to directly allocate that portion of the company's profits or income which was derived from its Alaska operations, the company carried on enough activities in Alaska to become subject to state taxation and these activities could be taxed on an indirect allocation formula. 1959 Op. Att'y Gen., No. 22.

The definition of "gross receipts" in this section indicates a clear legislative intent that, for the purposes of the act, gross receipts should include all of the taxpayer's receipts within the state, whether in the form of money or other valuable considerations. 1961 Op. Att'y Gen., No. 8.

Oil companies may not deduct from their gross receipts federal or Alaska motor fuel excise taxes paid or collected on oil products sold for purposes of calculating taxable gross receipts under the Alaska Business License Act. 1961 Op. Att'y Gen., No. 8.

Newspapers and the business of newspaper publishing are not made exempt from the ordinary forms of taxation for the support of local government by the provisions of the 1st and 14th amendments to the United States Constitution. Territory of Alaska v. Journal Printing Co., 15 Alaska 676, 135 F. Supp. 169 (D. Alaska 1955).

Definitions found in AS 21 are not controlling as to paragraph (1) of this section, because of the different purposes of each. Northern Adjusters, Inc. v. Department of Revenue, Sup. Ct. Op. No. 2332 (File No. 5128), 627 P.2d 205 (1981).

(File No. 5128), 627 P.2d 205 (1981).

The purpose of excluding "insurance businesses" from the coverage of AS 43.70.030(a) by virtue of the definition in paragraph (1) is apparently to avoid taxing these businesses twice, since insurers are subject to a premiums tax imposed by AS 21.09.210. Northern Adjusters, Inc. v. Department of Revenue, Sup. Ct. Op. No. 2332 (File No. 5128), 627 P.2d 205 (1981).

The term "insurance businesses" does not include adjusters. Northern

Adjusters, Inc. v. Department of Revenue, Sup. Ct. Op. No. 2332 (File No. 5128), 627 P.2d 205 (1981).

Because adjusters are not "insurers" subject to the premiums tax, they should not be viewed as "insurance businesses" exempt from the general license tax. Northern Adjusters, Inc. v. Department of Revenue, Sup. Ct. Op. No. 2332 (File No. 5128), 627 P.2d 205 (1981).

Applied in Ketchikan Spruce Mills v. Dewey, 17 Alaska 336 (1957).

Sec. 43.70.120. Short title. This chapter may be cited as the Alaska Business License Act. (§ 1 ch 43 SLA 1949)

Chapter 75. Fisheries Taxes.

Article

1. Taxes and Licenses (§§ 43.75.010 — 43.75.055)
2. Taking of Fisheries Products Which Are Sold Outside Taxing Jurisdiction (§§ 43.75.100 — 43.75.120)
3. General Provisions (§§ 43.75.130 — 43.75.140)

Opinions of attorney general. — A native business enterprise incorporated under the Indian Reorganization Act of 1934, 48 Stat. 987, 25 U.S.C.A. § 476 et seq., whether it be a cooperative store or a cannery, doing business outside of an Indian reservation is subject to the Alaska Business License Act, AS 43.70, and this

chapter, even though those businesses may be operated by Alaska Natives who have incorporated under the Indian Reorganization Act of 1934. Conversely, such native business enterprises doing business within a reservation are not subject to these state taxes. 1978 Op. Att'y Gen., No. 16.

NOTES TO DECISIONS

Cited in Northern Adjusters, Inc. v. Department of Revenue, Sup. Ct. Op. No. 2332 (File No. 5128), 627 P.2d 205 (1981).

Article 1. Taxes and Licenses.

- | | |
|---|--------------------------------------|
| Section | Section |
| 11. Fisheries business license | 20. Application for license |
| 15. Fisheries business tax | 30. Filing return and payment of tax |
| 17. Exclusion from fisheries business tax | 55. Security for collection of taxes |

NOTES TO DECISIONS

State license tax on salmon canneries with its revenue sharing provision is not different in kind from general gross receipts tax of Alaska Business License Act. — See *Liberati v. Bristol Bay Borough*, Sup. Ct. Op. No.

1755 (File No. 3365), 585 P.2d 878 (1978). There is no general prohibition against like municipal and state taxes. *Liberati v. Bristol Bay Borough*, Sup. Ct. Op. No. 1755 (File No. 3365), 585 P.2d 878 (1978).

Collateral referer ces. — 35 Am. Jur. 2d, Fish and Game, § 45. 71 Am. Jur. 2d, State and Local Taxation, §§ 392-401. 36A C.J.S., Fish, § 36.

Financial hardship or inability to pay taxes as rendering inapplicable statutes denying remedy by injunction against assessment or collection of tax, 65 ALR2d 550.

Constitutional exemption from taxation as subject to legislative regulation respecting conditions of its assertion, 4 ALR2d 744.

Payment of taxes to prevent closing of, or interference with, business as involuntary so as to permit recovery, 80 ALR2d 1040.

Power of legislature to remit, release, or compromise tax claim, 28 ALR2d 1425.

What constitutes manufacturing and who is a manufacturer under tax laws, 17 ALR3d 7.

When right to refund of state or local taxes accrues, within statute limiting time for applying for refund, 46 ALR2d 1350.

Validity and construction of state statute making successor corporation liable for taxes of predecessor, 65 ALR3d 1181.

Legislative power to exempt from taxation property, purpose, or uses additional to those specified in constitution, 61 ALR2d 1031.

Sec. 43.75.010. Fisheries business licenses. [Repealed, § 13 ch 79 SLA 1979. For current law, see AS 43.75.011.]

NOTES TO DECISIONS

State license tax on salmon canneries with its revenue sharing provision is not different in kind from general gross receipts tax of Alaska Business License Act. — See *Liberati v. Bristol Bay Borough*, Sup. Ct. Op. No.

1755 (File No. 3365), 585 P.2d 878 (1978). There is no general prohibition against like municipal and state taxes. *Liberati v. Bristol Bay Borough*, Sup. Ct. Op. No. 1755 (File No. 3365), 585 P.2d 878 (1978).

Sec. 43.75.011. Fisheries business license. A person engaging or attempting to engage in a fisheries business shall first apply for and obtain a license as provided in AS 43.75.020. (§ 3 ch 79 SLA 1979)

Cross references. — For legislative findings and purpose relating to AS 43.75, see §§ 1 and 2, ch. 79, SLA 1979 in the Temporary and Special Acts.

Sec. 43.75.015. Fisheries business tax. (a) A person engaged in a fisheries business is liable for and shall pay the tax levied by this

section on the value of each of the following fisheries resources processed during the year at the rate set out after each:

(1) salmon canned at a shore-based cannery — four and one-half per cent;

(2) salmon processed by a shore-based fisheries business, except salmon for which the tax is due under (1) of this subsection, and all other fisheries resources processed by a shore-based fisheries business — three per cent;

(3) fisheries resources processed by a floating fisheries business — five per cent.

(b) Instead of the taxes levied by (a) of this section, a person who processes a developing commercial fish species is liable for and shall pay a tax equal to

(1) one percent of the value of the developing commercial fish species processed by a shore-based fisheries business during the year; and

(2) three percent of the value of the developing commercial fish species processed by a floating fisheries business during the year.

(c) A person engaging or attempting to engage in a fisheries business who first actually and physically processes the fishery resource, or a person who purchases a fishery resource that is frozen from a person excluded by AS 43.75.017 from liability for the tax, is liable for and shall pay to the department the entire tax imposed by this section. In determining this tax liability, the person may deduct from the value of the fishery resources processed the value of fishery resources that are canned or processed for other fisheries businesses. A person taking the deduction authorized by this subsection shall report all information relating to the deduction in accordance with regulations issued by the department. (§ 3 ch 79 SLA 1979; am §§ 5, 6 ch 117 SLA 1981)

Effect of amendments. — The 1981 amendment, substituted "who processes" for "engaged in a fishery business which includes processing" preceding "a developing commercial fish" in the introductory language of subsection (b), and in subsection (c), added "or a person who purchases a fishery resource that is frozen from a person excluded by AS

43.75.017 from liability for the tax" following "processes the fishery resource" in the first sentence, deleted "not" preceding "deduct" in the second sentence and substituted the present third sentence for "but shall include that value as part of the value of the fishery resources processed."

NOTES TO DECISIONS

A tax on the business of catching and canning salmon is not a property tax. *Pacific Am. Fisheries v. Territory of Alaska*, 2 F.2d 9 (9th Cir. 1924), aff'd, 269 U.S. 269, 46 S. Ct. 110, 70 L. Ed. 270 (1925).

whether the raw fish were purchased or otherwise obtained. *Arctic Maid v. Territory of Alaska*, 277 F.2d 120 (9th Cir. 1960), rev'd on other grounds, 366 U.S. 199, 81 S. Ct. 929, 6 L. Ed. 2d 227 (1961).

"Canning" is activity of salmon cannery which is taxed. — Under former AS 43.75.010, the salmon cannery activity which was taxed is that of "canning,"

No discrimination in favor of local cannery against freezer ships under prior law. — See *Alaska v. Arctic Maid*, 366 U.S. 199, 81 S. Ct. 929, 6 L. Ed. 2d 227 (1961).

Cold storages and other fish processors. — For cases construing former law requiring licenses for cold storages and other fish processors, see *Territory of Alaska v. Arctic Maid*, 13 Alaska 126, 140 F. Supp. 190 (D. Alaska, 1956), *aff'd*, 366 U.S. 199, 81 S. Ct. 929, 6 L. Ed. 2d 227 (1961); *State v. Wakefield Fisheries, Inc.*, Sup. Ct. Op. No. 779 (File Nos. 1397, 1398), 455 P.2d 166 (1972); *State v. Reefer King Co.*, Sup. Ct. Op. No. 1344 (File Nos. 2605, 2606, 2607), 559 P.2d 56 (1976).

For case discussing priority of claims for license taxes under prior law in a bankruptcy proceeding, see *In re King Salmon Fisheries Co.*, 7 Alaska 97 (1923).

Constitutionality of former provisions taxing salmon canneries on basis of number of cases packed. — See *Territory of Alaska v. Pacific Am. Fisheries*, 7 Alaska 160, *aff'd*, 2 F.2d 9 (9th Cir. 1924), *aff'd*, 269 U.S. 269, 46 S. Ct. 110, 70 L. Ed. 270 (1925).

Sec. 43.75.017. Exclusion from fisheries business tax. A person is not liable for the fisheries business tax under AS 43.75.015 when the fishery resource is frozen aboard a fishing vessel if

- (1) the vessel is operated as a commercial fishing vessel under a valid commercial fishing license;
- (2) the fishery resource is not processed beyond heading, gutting or cleaning, freezing and glazing;
- (3) the fishery resource was caught by the vessel; and
- (4) the fishery resource is sold by the person claiming an exclusion from the tax to a fisheries business licensed under this chapter. (§ 7 ch 117 SLA 1981)

Sec. 43.75.020. Application for license. (a) Application for a license shall be filed with the department and accompanied by an initial fee of \$25. A separate initial fee is required for each plant specified in the application covered by the license. The application shall contain the name of the applicant, the line of business to be licensed, place of business, and other facts which the department prescribes. The applicant shall state that the applicant agrees to pay the license tax, and that the applicant will make a return and pay the tax at the time provided by law.

(b) Upon receipt of the application in proper form accompanied by the initial fee the department shall issue the license. (§ 2 ch 82 SLA 1949; am § 93 ch 59 SLA 1982)

Effect of amendments. — The 1982 amendment deleted "as of the date the application is filed or mailed, and the applicant may carry on the business from

the date the application was actually mailed" following "the license" in subsection (b), and, made other, minor changes.

Sec. 43.75.030. Filing return and payment of tax. (a) A person subject to the tax shall file a return stating the value of fisheries resources processed during the license year, computed as required by this chapter, and such other information as the department prescribes by regulation. The return shall show the license number and shall be signed by the taxpayer or an authorized agent, under penalty of perjury. If a receiver, trustee, or assign is operating the property or busi-

ness, that person shall file the return for the person. A tax due on the basis of such a return shall be collected in the same manner as if collected from the person of whose business the receiver, trustee, or assign has custody and control.

(b) The return shall be made on the basis of the calendar year to the department at Juneau before April 1 after the close of the calendar year.

(c) The department may adopt regulations for the granting of a reasonable extension of time for filing and may grant an extension of time for filing.

(d) The tax shall be paid before April 1 after the close of the calendar year.

(e) Every person engaging or attempting to engage in a business for which a license is required under this chapter shall keep records, make statements under oath, file returns, and comply with all regulations which the commissioner of revenue may adopt.

(f) When the department considers it is necessary, it may require a person, by notice served upon the person, to file a return, make such statements under oath, or keep and display to it such records as it considers sufficient to show the tax for which the person is liable. If a person fails to file a return as prescribed by law or by regulation, or makes, wilfully or otherwise, a false or fraudulent return, the department shall make the return from the information which it can obtain. A return made by the department is prima facie good and sufficient for all legal purposes. (§ 3 ch 82 SLA 1949; am §§ 2, 3 ch 146 SLA 1962; am §§ 5, 6 ch 79 SLA 1979)

Effect of amendments. — The 1979 amendment substituted "fisheries resources" for "raw fisheries products" in the first sentence of subsection (a), deleted "AS 43.75.010 — 43.75.050 of" preceding "this chapter" in the first sentence of sub-

section (a) and in subsection (e), deleted "such" preceding "records," preceding "statements," and preceding "returns" in subsection (e), and substituted "all regulations which" for "such regulations as" in subsection (e).

NOTES TO DECISIONS

Applied in *Schlothman v. Territory of Alaska*, 276 F.2d 806 (9th Cir.), cert. denied, 362 U.S. 990, 80 S. Ct. 1079, 4 L. Ed. 2d 1022 (1960).

Sec. 43.75.050. Violations and penalties. [Repealed, § 4 ch 94 SLA 1976; § 3 ch 166 SLA 1976; §§ 45, 46 ch 113 SLA 1980. For current law, see AS 43.05.220 and 43.05.290.]

Sec. 43.75.055. Security for collection of taxes. Each applicant for a license under this chapter shall, in or with the application, state under oath the amount of each of the products which the applicant expects to produce during the license year. The applicant shall further state the extent of lienable real property owned by the applicant in the

state against which the tax may be collected and other information with respect to description, location and value of the property which the department prescribes. If the lienable value of the property is not equal to three times the amount of the tax for which the applicant will probably be liable under this section, the department may not issue the license until the applicant files with the department a surety bond approved by the attorney general in a penal sum equal to twice the probable amount of the tax for which the applicant will be liable, conditioned upon payment of the tax in full when due, with interest if not paid before delinquency. However, if the applicant purchases salmon for export from Alaska in the round, the amount of the bond is \$50,000 unless the applicant is the owner of lienable real property in the state of a value of at least \$50,000, and the bond must be conditioned upon payment to the fisherman of the full purchase price for the salmon and the payment of the tax in full when due. The department may waive the bond requirement if the applicant posts other security in the form of collateral acceptable to the department or prepays the estimated tax. (§ 4 ch 84 SLA 1967; am § 8 ch 79 SLA 1979)

Effect of amendments. — The 1979 amendment added the present fourth sentence and added "or prepays the estimated tax" to the end of the present fifth sentence.

Secs. 43.75.060 — 43.75.095. Cold storage and other fish processors [Repealed, § 13 ch 79 SLA 1979.]

Article 2. Taking of Fisheries Products Which Are Sold Outside Taxing Jurisdiction.

Section 100. Tax imposed on taking of fishery resource	Section 110. Duty of taxpayer and payment of tax
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Collateral references. — 35 Am. Jur. 2d, Fish and Game, § 25; 71 Am. Jur. 2d, State and Local Taxation, §§ 392-401. 36A C.J.S., Fish, § 33. State tax on or in respect of goods shipped in interstate commerce to consignee for sale on consignor's account without previous sale or order for purchase, 4 ALR2d 244.

Loading or unloading interstate freight in performance of obligation resting upon one other than interstate carrier as interstate commerce as regards local taxation, 10 ALR2d 651. Property destined for removal from state as subject to taxation therein, 11 ALR2d 938.

Sec. 43.75.100. Tax imposed on taking of fishery resource. (a) A person taking, purchasing, or otherwise acquiring a fishery resource covered by this chapter which has not been subject to the tax imposed

in AS 43.75.015 is subject to the tax levied in AS 43.75.015 on the value of the fishery resource if the person

(1) transports the fishery resource to a point outside the taxing jurisdiction of the state for subsequent processing or sale outside the taxing jurisdiction of the state;

(2) sells the fishery resource outside the taxing jurisdiction of the state; or

(3) has the fishery resource processed by a fisheries business in the state.

(b) The rate of tax that shall be paid by a person whose liability for the tax is established by this section is the rate of tax that would have been due under AS 43.75.015 if the fisheries business that first actually and physically processed the fish had been liable to pay the tax. (§ 1 ch 190 SLA 1959; am § 4 ch 79 SLA 1979; am §§ 8, 9 ch 117 SLA 1981)

Effect of amendments. — The 1979 amendment rewrote this section. The 1981 amendment deleted "sold" following "fishery resource" in the introductory language of subsection (a), deleted "to a fisheries business" in paragraphs (1) and (2) of subsection (a), deleted "or" at the end of paragraph (1) and added "or" at the end of paragraph (2) of subsection (a) and added paragraph (3) of that subsection. The amendment also rewrote subsection (b).

Sec. 43.75.110. Duty of taxpayer and payment of tax. A person subject to taxes under AS 43.75.100 shall make a return stating the value of fisheries resources taken, purchased, or otherwise acquired during the license year for sale to fisheries businesses outside of the taxing jurisdiction of the state computed as required by AS 43.75.100, and other information to carry out the provisions of AS 43.75.100 as may be prescribed by the department. The return shall contain the license number and shall be signed by the taxpayer or an authorized agent, under penalty of perjury. If a receiver, trustee, or assign operating the property or business, that person shall make the return for the person. A tax due on the basis of such return shall be collected in the same manner as if collected from the person of whose business the receiver, trustee, or assign has custody and control. The requirements for time and place of payment of tax, and the obligation to keep records and make the records available to the commissioner of revenue are the same as those prescribed in AS 43.75.011 — 43.75.050. (§ 2 ch 190 SLA 1959; am § 9 ch 79 SLA 1979)

Effect of amendments. — The 1979 amendment substituted "fisheries resources taken, purchased, or otherwise acquired" for "raw fisheries products taken" and "fisheries businesses" for "freezer ships, floating cold storages, or floating canneries" in the first sentence and substituted "AS 43.75.011 — 43.75.050" for "the business license tax law for salmon canneries" at the end of the fifth sentence.

Sec. 43.75.120. Violations and penalties. [Repealed, § 46 ch 113 SLA 1980.]

Article 3. General Provisions.

Section

- 130. Refund to local governments
- 140. Definitions

Sec. 43.75.130. Refund to local governments. The commissioner of revenue shall pay

(1) to each municipality unified under AS 29.68.240 — 29.68.440, and to each city located in the unorganized borough, 50 percent of the amount of tax revenue collected in the municipality from taxes levied by this chapter;

(2) to each city located within a borough, 25 percent of the amount of tax revenue collected in the city from taxes levied by this chapter; and

(3) to each borough

(A) 50 percent of the amount of tax revenue collected in the area of the borough outside cities from taxes levied by this chapter; and

(B) 25 percent of the amount of tax revenue collected in cities located within the borough from taxes levied by this chapter. (§ 6 ch 155 SLA 1962; am § 75 ch 69 SLA 1970; am § 10 ch 218 SLA 1976; am § 11 ch 79 SLA 1979; am § 10 ch 117 SLA 1981)

Effect of amendments. — The 1979 amendment rewrote this section. The 1981 amendment substituted "50 percent" for "20 percent" in paragraphs (1) and (3)(A) and substituted "25 percent" for "10 percent" in paragraphs (2) and (3)(B).

NOTES TO DECISIONS

State license tax on salmon canneries with its revenue sharing provision is not different in kind from general gross receipts tax of Alaska

Business License Act. — See *Liberati v. Bristol Bay Borough*, Sup. Ct. Op. No. 1755 (File No. 3365), 585 P.2d 878 (1978).

Sec. 43.75.135. Additional refund to boroughs and cities. [Repealed, § 13 ch 79 SLA 1979.]

Sec. 43.75.136. Appropriations to Commercial Fishing and Agriculture Bank. [Repealed, § 20 ch 117 SLA 1981.]

Sec. 43.75.140. Definitions. In this chapter

(1) "department" means the Department of Revenue;

(2) "developing commercial fish species" means those species of fish and shellfish annually designated by the commissioner of fish and game under AS 16.05.050(12);

(3) "fisheries business" means a person who engages in processing fisheries resources for sale by freezing, cooking, salting, or other method and includes but is not limited to canneries, cold storages, freezer ships, and processing plants;

(4) "fishery resource" means fin fish, shellfish and fish by-products, including but not limited to salmon, halibut, herring, flounder, crab, clam, cod, shrimp, and pollock;

(5) "floating fisheries business" means a fisheries business which is not a shore-based fisheries business; the term includes, but is not limited to, a shore-based fisheries business as defined in (6)(B) of this section when it is removed from the state;

(6) "shore-based fisheries business" means a fisheries business

(A) operated from a facility which is permanently attached to the land; or

(B) operated from a facility which remains in the same location in the state for the entire tax year;

(7) "taking" means pursuing, fishing, capturing, or harvesting a fisheries resource in any manner,

(8) "value" means the actual price paid for the fisheries resource by the fisheries business, including indirect consideration such as fuel, supplies, or gear, whether paid at the time of purchase of the fisheries resource or tendered as a deferred or delayed payment, except that "value" means the market value of the fishery resource if the taking of the fishery resource is done in company-owned or company-subsidized boats operated by employees of the fisheries business or in boats which are operated under lease or other arrangement. (§ 3 ch 79 SLA 1979; am § 46 ch 94 SLA 1980; am § 46 ch 113 SLA 1980; am §§ 11, 12 ch 117 SLA 1981)

Revisor's notes. — Reorganized in 1983 to alphabetize the defined terms.

Effect of amendments. — The first and second 1980 amendments both repealed the definition of "year".

The 1981 amendment added "the taking

of" preceding "the fishery resource" and substituted "done" for "procured" preceding "in company-owned" in the definition of "value". The amendment also added the definition of "taking".

Chapter 76. Salmon Enhancement Tax.

Section

- 10. Three percent salmon enhancement tax
- 11. Two percent salmon enhancement tax
- 15. Election to approve or terminate salmon enhancement tax
- 20. Termination of salmon enhancement tax
- 25. Collection of tax and disposition of proceeds

Section

- 28. Liability for tax on salmon shipped from state
- 30. Accounting of financing received as a result of the salmon enhancement tax
- 40. Definition

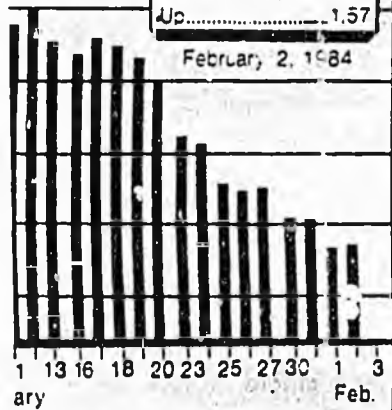
Editor's notes. — For findings and purpose of enacting legislation, see § 1, ch.

154, SLA 1980, in the Temporary and Special Acts.

arketplace

DOW JONES AVERAGE
INDUSTRIALS

High.....1223.93
Low.....1138.49
Close.....1213.88
Chg.....-1.57



arket rebounds



57

2, 1984

Unch.

385

2006

0.35

Volume -

20

opposite

0.62

NEW YORK — A late round of buying helped the stock market post its first clear-cut gain in more than two weeks Thursday. Analysts said a recent decline of the dollar in foreign exchanges stirred buying interest in industries such as pharmaceuticals, which do a large share of their business overseas. The Dow Jones average of 30 industrials rose 1.57 to 1,213.88, for its best daily showing since it gained 3.87 points Jan. 15 last month through its close, the average tumbled Thursday's volume on the New York exchange came to 111.33 million shares, up from 107.10 million in the previous

Fish paste strikes food firms' fancy

And Alaska has the basic ingredient

By **CHUCK KLEESCHULTE**
Daily News business reporter

It may not be the savior of the state's fishing industry after the foundering of crab stocks, but production of high-protein fish paste from Alaska's plentiful bottomfish is spawning a lot of interest.

Nearly 200 food companies nationwide in recent weeks have shown interest in experimenting with minced, processed fish — surimi — as a basic ingredient in everything from imitation crab legs and shrimp to new products such as pizza toppings and cheese spreads.

If the colorless, odorless fish paste is widely accepted by American food makers as a key ingredient, it could substantially benefit Alaska processors and fishermen by creating a secondary product, beside fillets, to be made from pollock. That in turn would improve the economics for Alaskans harvesting bottomfish by making better use of smaller-sized groundfish.

"Surimi in itself is not an end-all, but it certainly will help us make better use of our bottomfish and that might help us actually get a full bottomfishing industry going," said Chris Mitchell, executive director of the Alaska Fisheries Development Foundation.

Already sales of surimi or products made from the fish paste have increased tenfold in the United States since 1980.

A year ago the foundation, using \$1.3 million in federal funds, launched a drive first to find uses for and later to promote production of surimi in the United States.

The Anchorage-based foundation last year imported surimi from Japanese producers and gave it to American food companies to encourage them to experiment with developing new product lines.

And late last year the foundation agreed to pay \$350,000 to install the first full-scale surimi processing line in America.

Seattle-based Royal Alaska Seafoods, which operates plants in Unalaska-Dutch Harbor, was selected over four other companies to operate the line. The firm hopes to start producing up to 2,000 pounds of the fish paste an hour during March.

Production could increase when additional Japanese-developed equipment arrives in April.

The foundation will dispense the first surimi produced to food manufacturers to encourage them to devise uses for the white, stabilized fish pulp.

Tom Takeoka, operations manager for Royal Alaska, said his company is strongly interested in learning how to make surimi since it provides a year-round use for bottomfish, allowing for better plant utilization than either salmon or crab processing.

"It's a nine- or 10-month a year operation. It's certainly a promising way to use the 3 billion pounds of pollock that we have available," Takeoka said.

Already there is a growing market for surimi in the United States. Imports from Japan of the product or of finished food made from surimi, such as imitation crab legs or scallops, has gone from 3 million pounds in 1980, to around 29 million pounds last year.

Both Mitchell and Takeoka say there is no reason why the United States shouldn't supply that and all future demand given that the chemical processes to make surimi, although highly mechanized, aren't terribly complex.

Surimi is simply ground up fish, skin and bones removed, that has been washed several times to remove enzymes, perserved in a sugar and chemical base, and then frozen. Like soybeans, it can be textured and flavored to resemble almost any product.

Its advantage, Mitchell said, is it that it retains its fish proteins and remains low in

Surimi Imports to United States (in millions of pounds)

1983	29
1982	16
1981	6
1980	3
1979	2



Source: National Fisherman Seafood Business Reports

cholesterol. "It could be made into the first truly healthy snack food."

Mitchell declined to disclose which companies are investigating surimi production and the products they are considering. But he said interest in the product is growing as demonstrated by major articles on it so far this year in food industry trade publications.

MEMORANDUM

State of Alaska

TO: Robert D. Heath, Commissioner
Department of Revenue

DATE: January 31, 1984

FILE NO:

TELEPHONE NO: 465-4100

FROM: Don W. Collinsworth, Commissioner
Department of Fish and Game

SUBJECT: List of Alaska's
Developing
Fisheries, 1984

In accordance with AS 16.05.050(12), I am providing the attached list of fish species the Department of Fish and Game considers developing commercial fish species during 1984. The developing fishery designations were derived under the criteria specified in AS 16.05.050(12).

- A. The optimum yield from the harvest of the species has not been reached,
- B. a substantial portion of the allowable harvest of the species has been allocated to fishing vessels of a foreign nation, or
- C. a commercial harvest of the fish species has recently developed.

A fourth criteria used, but not provided for by statute, considers the situation where there is no existing commercial fishery, but intermittent commercial utilization has occurred in the past. Such fisheries were also considered to be developing.

Two changes have been made to the list this year. The Southeastern Alaska brown king crab fishery and the Southeastern Alaska and Yakutat sablefish (black cod) fishery are now considered fully developed fisheries. An optimum or sustained yield has been set for both fisheries and in recent years that harvest level has been taken relatively quickly, resulting in emergency order closures of the seasons. There is no directed foreign harvest for brown king crab. There is a limited directed foreign harvest for sablefish (815 m.t.) between 140 degrees West longitude to 147 degrees West longitude. The area east of 140 degrees West longitude is closed to foreign harvest of sablefish. A substantial (3,000 m.t.) portion of the harvest is taken by the domestic fishery. The commercial harvest of both species is longstanding.

Should you require further information on the attached list, my office will be glad to respond.

Enclosure

Robert D. Heath

-2-

January 31, 1984

cc: Pennoyer
Parker
Clasby
Thornburgh
Finger
CF Regional Supervisors

Dan Anderson, Revenue
Patty LaPierre, Revenue
Colleen Brown, Revenue
Greg Baker, Commerce
✓Ed Hine, Leg. Affairs

ALASKA DEPARTMENT OF FISH AND GAME
 ALASKA DEVELOPING FISHERIES - 1984
 Authority 16.05.050(12)

<u>Species</u>	<u>Area(s) in which species are developing</u>
Herring, sac roe	Bristol Bay Area (5 AAC 27.800) and Bering Sea Area (5 AAC 27.900) - all Bering Sea and Chukchi Sea waters north of the latitude of Cape Menshikof (57°31'20" N. lat.)
Herring, food & bait	Chignik (5 AAC 27.550), South Peninsula-Aleutian Islands (5 AAC 27.600) and North Peninsula Areas (5 AAC 27.700); Gulf of Alaska waters west of 156°20'13" W. long. and Bering Sea waters south of Cape Menshikof (57°31'20" N. lat.)
Shrimp, pot gear	All waters, except for the Cook Inlet Area (5 AAC 31.300 & 400); waters north of Cape Douglas and west of Cape Fairfield.
Shrimp, trawl gear	Bering Sea waters north of 54°36' N. lat. for all types of trawl gear. Southeastern Alaska waters north of Dixon Entrance and south of Cape Spencer for otter trawl gear only.
Sablefish or black cod	All waters, except for the Southeastern Alaska Area (5 AAC 31.100) and the Yakutat Area (5 AAC 31.100); waters north of Dixon Entrance and east of Cape Suckling.
Brown or golden king crab	All waters, except for the Southeastern Alaska Area (5 AAC 33.100); waters north of Dixon Entrance and south of Cape Fairweather.

Developing Fisheries Statewide

Crab other than Dungeness, Tanner, and red and blue king crab	Snails
Clams	Squid
Coral	Freshwater finfish, all species
Octopi	Bottomfish
Scallops	Capelin
Sea Cucumbers	Dolly Varden
Sea Urchins	Lamprey
Kelp	Smelt
	Sandlance

Table 1

General Fund Unrestricted Revenues

--Fisheries Taxes--
(millions of dollars)

	<u>FY 71</u>	<u>FY 72</u>	<u>FY 73</u>	<u>FY 74</u>	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>
Fisheries Business Tax													
Fish - Canned Salmon	3.5	2.7	1.7	1.4	1.6	1.8	3.8	5.5	6.7	4.3	5.3	8.6	4.3
Fish - Shore Based	.3	.3	.5	.9	.8	.8	1.9	2.3	3.3	7.6	11.0	8.7	11.5
Fish - Floating	.2	.2	.3	.5	.3	.5	.5	.5	1.9	2.7	3.8	5.5	4.7
Total	<u>4.0</u>	<u>3.2</u>	<u>2.5</u>	<u>2.8</u>	<u>2.7</u>	<u>3.1</u>	<u>6.2</u>	<u>8.3</u>	<u>11.9</u>	<u>14.6</u>	<u>20.7</u>	<u>22.8</u>	<u>20.5</u>
Limon Enhancement Tax	--	--	--	--	--	--	--	--	--	--	--	<u>2.4</u>	<u>2.6</u>
Seafood Marketing Assessments	--	--	--	--	--	--	--	--	--	--	--	--	<u>.9</u>
Total Taxes	<u>4.0</u>	<u>3.2</u>	<u>2.5</u>	<u>2.8</u>	<u>2.7</u>	<u>3.1</u>	<u>6.2</u>	<u>8.3</u>	<u>11.9</u>	<u>14.6</u>	<u>20.7</u>	<u>25.2</u>	<u>24.0</u>
Percent of Total General Fund Unrestricted Revenues	1.8	1.5	1.2	1.1	0.8	0.4	0.7	1.1	1.1	0.6	0.6	0.6	0.7

CITY OF KODIAK
RESOLUTION NUMBER 09-84

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK SUPPORTING USE OF THE STATE PORTION OF THE RAW FISH TAX TO PROVIDE TAX CREDITS TO SHORE-BASED FISH PROCESSORS

WHEREAS, investment capital for onshore processing facilities is recognized as a top priority in Kodiak's fishing community; and

WHEREAS, because the Kodiak King Crab season did not open in 1983, and may not open in the near future, diversification is needed; and

WHEREAS, the potential growth of Kodiak's bottomfish industry makes it especially important that this segment of the processing industry be promoted,

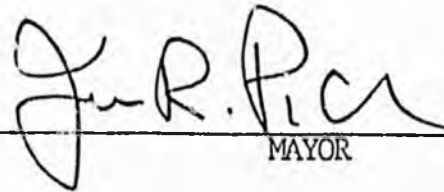
NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the Governor and the Legislature be and are hereby urged to provide raw fish tax credits against the State's fifty percent for upgrading and modernization of shore-based fish processing facilities.

BE IT FURTHER RESOLVED that copies of this resolution be forwarded to:

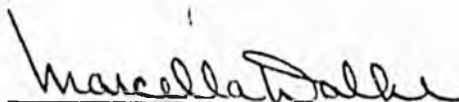
The Honorable Bill Sheffield, Governor of Alaska
The Honorable Stephen McAlpine, Lieutenant Governor of Alaska
All Alaska State Senators
All Alaska State Representatives
The Kodiak Island Borough
The Kodiak Area Chamber of Commerce

PASSED AND APPROVED this 9TH day of FEBRUARY, 1984.

CITY OF KODIAK


MAYOR

ATTEST:


CITY CLERK

January 19, 1984

Senator Bob Mulcahy
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Senator Mulcahy,

After our phone conversation on Wednesday I did some more thinking. I believe that 1984 will be a critical year for Alaska and more important for me, Kodiak's entry into Bottomfish processing. I would urge you to support a Fish Tax bill that would allow a tax credit for 1984.

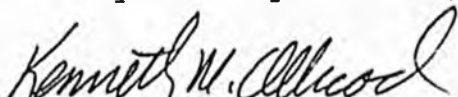
At the present time we are planning to install a Baader Codfish fileting machine. In fact we have Board approval at this time. This line could be operational in March 1984, but if there is no chance for a tax credit in 1984 it will most likely be delayed.

Our present budget for 1984 calls for processing 1,000,000 lbs of Codfish in 1984 with direct labor dollars of \$56,000.00. In 1985, 5,000,000 lbs of Codfish with direct labor \$262,500.00 and 1986, 8,000,000 lbs and \$420,000.00. We also expect to pay to the fishermen in 1984 - \$190,000.00, 1985 - \$1,000,000.00, and 1986 - \$1,680,000.00. This would all be new money to Kodiak and Alaska. It should create the year-round jobs that will raise the quality of our processing workers - much more professional labor for all species. When you compare our 1983 direct labor dollars of \$750,000.00 you can see that Bottomfish would result in a much expanded payroll. If this was to be multiplied by 8 or 10 plants it would mean big dollars to Kodiak and Alaska.

If Western Alaska Fisheries puts in the equipment in 1984 at a capital cost of around \$200,000.00 without a tax credit, and the 1984 test runs are disappointing, we could lose our Corporate support in 1985 even with the tax credit.

I would also like to stress again that if the State sells or leases the Gibson Cove plant at less than fair market value, restriction should be placed on that plant to only process under-developed species.

Thankyou for your time,


Kenneth M Allread
General Manager