

COMMITTEE REPORT
SENATE

FURTHER:

3/28/85

Date _____

Mr. President

The Committee on FINANCE considered SB 11
fisheries business tax.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

1/14/85

Date 3/27/85

Mr. President

The Committee on RESOURCES considered SB 11
relating to the fisheries business tax.

and (a majority of the committee) ~~(the committee)~~ reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 11 (RES)
 - new title
 - same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS

2 [Signature]

[Signature]
 Chairman
[Signature]
 Chairman recommendation

Offered: 3/28/85
Referred: Finance

Original sponsor: Zharoff

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 11 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the fisheries business tax; and
7 providing for an effective date."

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

9 * Section 1. AS 43.75.015(a) is amended to read:

10 (a) A person engaged in a fisheries business is liable for and
11 shall pay the tax levied by this section on the value of each of the
12 following fisheries resources processed during the year at the rate
13 set out after each:

14 (1) salmon canned at a shore-based fisheries business
15 [CANNERY] - four and one-half percent;

16 (2) salmon processed by a shore-based fisheries business,
17 except salmon for which the tax is due under (1) of this subsection,
18 and all other fisheries resources processed by a shore-based fisheries
19 business - three percent;

20 (3) fisheries resources processed by a floating fisheries
21 business - five percent.

22 * Sec. 2. AS 43.75 is amended by adding new sections to read:

23 Sec. 43.75.018. FISHERIES BUSINESS TAX CREDIT. (a) A fisheries
24 business is entitled to a credit of not more than 50 percent of the
25 business tax liability under AS 43.75.015 for capital expenditures
26 made during the tax year to increase product diversity, promote pro-
27 duction efficiency and capacity, or improve product quality at a
28 shore-based fisheries business facility in the state if an application
29 for the credit is approved by the department in advance of the capital
30

1 expenditure.

2 (b) A fisheries business may claim a credit under (a) of this
3 section for a maximum period of three consecutive years. An applicant
4 for the credit may elect to begin the three-year period with any tax
5 year from 1986 through 1990.

6 (c) The portion of a capital expenditure that exceeds the amount
7 eligible for a credit under (a) of this section during a single tax
8 year may not be carried back to a prior taxable year, but may be
9 claimed as a credit under (a) of this section for a subsequent tax
10 year within the three-year period elected under (b) of this section.
11 Tax credits may not be approved for more than 100 percent of a capital
12 expenditure.

13 (d) The department may not approve a tax credit under (a) of
14 this section if (1) the property for which the capital expenditure was
15 made was the subject of a previous capital expenditure by another
16 taxpayer for whom a corresponding tax credit under (a) of this section
17 has been approved; or (2) a fisheries business claims a tax credit
18 under (a) of this section and the payment of a fisheries business tax
19 under AS 43.75.015 by the fisheries business is past due; a payment is
20 not past due if the payment of a fisheries business tax under AS 43.-
21 75.015 is in administrative or judicial appeal.

22 (e) The department shall prepare an application form for a
23 credit under (a) of this section.

24 (f) The department shall approve or disapprove an application
25 for a credit under this section within 60 days after receiving the
26 application.

27 Sec. 43.75.019. TAX CREDIT REPORT. Not later than the 60th
28 legislative day of each regular legislative session the Department of
29 Revenue, in conjunction with the Department of Commerce and Economic

1 Development, shall submit to the legislature a report on the fisheries
2 business tax credit program under AS 43.75.018. The report shall
3 describe the expenditures for which a credit was claimed during the
4 previous tax year and, if possible, the increase in employment and
5 processing capacity by the fisheries businesses for whom the credit
6 was approved. Reporting under this section shall begin with the first
7 regular session of the Fifteenth Alaska Legislature.

8 * Sec. 3. AS 43.75.130 is amended by adding a new subsection to read:

9 (b) For purposes of this section, tax revenue collected under
10 AS 43.75.015 from a person entitled to a credit under AS 43.75.018
11 shall be calculated as if the person's tax had been collected without
12 applying the credit.

13 * Sec. 4. AS 43.75.140 is amended by adding new paragraphs to read:

14 (9) "capital expenditures" includes the price paid for
15 equipment and the costs of improvements made to depreciable property,
16 but does not include expenditures that are deducted entirely for
17 federal income tax purposes in the year in which they accrued or were
18 paid; in this paragraph, "depreciable property" has the meaning that
19 shall be given to it by the commissioner of commerce and economic
20 development;

21 (10) "product diversity" means the processing of nontradi-
22 tional fish or other seafood species or products;

23 (11) "product quality" means the handling of fish or other
24 seafood species or products in order to increase product sales or
25 value.

26 * Sec. 5. AS 43.75.018, 43.75.019, 43.75.130(b), and 43.75.140(9),
27 (10), and (11) are repealed June 30, 1994.

28 * Sec. 6. This Act takes effect January 1, 1986.

Introduced: 1/14/85
Referred: Resources and
Finance

1 IN THE SENATE

BY ZHAROFF

2 SENATE BILL NO. 11

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the fisheries business tax."

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22 Sec. 43.75.018. FISHERIES BUSINESS TAX CREDIT. (a) A fisheries
23 business is entitled to a credit of not more than 50 percent of the
24 business tax liability under AS 43.75.015 for capital expenditures
25 related to a shore-based fisheries business facility in the state made
26 during the tax year if an application for the credit is approved by
27 the department.

28 (b) A fisheries business may claim a credit under (a) of this
29 section for a maximum period of five consecutive years. An applicant

1 for the credit may elect to begin the five-year period with any tax
2 year from 1985 through 1989.

3 (c) The portion of a capital expenditure that exceeds the amount
4 eligible for a credit under (a) of this section during a single tax
5 year may not be carried back to a prior taxable year, but may be
6 claimed as a credit under (a) of this section for a subsequent tax
7 year within the five-year period elected under (b) of this section.
8 In no event may tax credits be approved for more than 100 percent of a
9 capital expenditure.

10 (d) The department may not approve a tax credit under (a) of
11 this section if the property for which the capital expenditure was
12 made was the subject of a previous capital expenditure by another
13 taxpayer for whom a corresponding tax credit under (a) of this section
14 has been approved.

15 (e) The department shall adopt regulations providing for the
16 application for a credit under (a) of this section and for the review
17 and approval or disapproval of an application.

18 (f) The department shall approve or disapprove an application
19 for a credit under this section not later than 60 days after receiving
20 the application.

21 Sec. 43.75.019. TAX CREDIT REPORT. Not later than the 60th
22 legislative day of each regular legislative session the Department of
23 Revenue, in conjunction with the Department of Commerce and Economic
24 Development, shall submit to the legislature a report on the fisheries
25 business tax credit program under AS 43.75.018. The report shall
26 describe the expenditures for which a credit was claimed during the
27 previous tax year and, if possible, the increase in employment and
28 processing capacity by the fisheries businesses for whom the credit
29 was approved. Reporting under this section shall begin with the first

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8 (9) "capital expenditures" includes the price paid for
9 equipment and the costs of improvements made to depreciable property,
10 but does not include expenditures that are deducted entirely for
11 federal income tax purposes in the year in which they accrued or were
12 paid.

13 * Sec. 5. AS 43.75.018, 43.75.019, 43.75.130(b), and 43.75.140(9) are
14 repealed June 30, 1994.

ALASKA STATE LEGISLATURE

14TH Legislature FIRST Session

SENATE BILL NO. 11

By ZHAROFF

"An Act relating to the fisheries business tax."

Introduced in the Senate 1/14, 1985

HISTORY IN THE SENATE

19 85

1 14

Read first time and referred to Committee on Resources and Finance

3 28

Reported back with recommendation that *Recessed w/CS-4 dep. in, none taken*

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: CSSB 11 (Resources)
 Title: Relating to the Fisheries
Business Tax
 Sponsor: Senate Resources Committee
 Requestor: Senate Finance Committee
 Date of Request: March 29, 1985

FISCAL DETAIL

Agency Affected: REVENUE
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	(7000.0)	-	-	-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: Robert W. Elliott
 Division: Revenue - Research Section

Phone: 465-2173
 Date: 3/29/85

Approved by Commissioner: Mary H. Stordahl
 Agency: Revenue

Date: 4/3/85

Distribution (by Agency preparing fiscal note):

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

FISCAL NOTE, CSSB 11
Attachment

Analysis for CSSB 11:

The above estimates are derived from the Revenue Sources March, 1985, projections for fisheries business taxes, and provide for tax credits beginning in tax year 1986. The estimates reflect the maximum revenue loss the State could experience if all shore-based fisheries business tax returns claimed a 50 percent tax credit after receiving prior approval by the department. It should be noted that although the fish processors would be the primary beneficiaries of the tax credit, there exists the possibility in certain cases where, if the processors are given a 50 percent credit 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 not shown beyond FY 87 since price/catch projections are unknown.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 4-1-85

REQUEST

Bill/Resolution No: CSSB 11
 Title: Fisheries Tax Credit
 Sponsor: Zharrof
 Requestor: Resources
 Date of Request: March 29, 1985

FISCAL DETAIL

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<u>OPERATING</u>						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	2.0	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	3.0	-0-	-0-	-0-	-0-
400 SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL OPERATING</u>	-0-	5.0	-0-	-0-	-0-	-0-
<u>CAPITAL</u>	-0-	-0-	-0-	-0-	-0-	-0-
<u>REVENUE</u>	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	5.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL</u>	-0-	5.0	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: Please see attached.

Prepared By: Martin J. Richard, Director Phone: 465-2320
 Division: Audit Division Date: April 2, 1985

Approved by Commissioner: [Signature] Date: 4/3/85
 Agency: Revenue

Distribution (by Agency preparing fiscal note):

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

Analysis for CSSB 11:

Travel \$2.0 - Passage of SB 11 will require the Audit Division to draft regulations and conduct public hearings throughout the state. Air fare and per diem costs are estimated at \$2,000 for travel to Ketchikan, Anchorage and Kodiak by one Audit Division employee.

Contractual Services \$3.0 - Conducting public hearing requires the presence of a court reporter, and advertising in statewide newspapers. In addition, the bill will make it necessary for the Department to revise its tax forms to request additional information from processors, and prepare annual reports to the legislature. Programming and forms design costs are included in this request.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: SB 11
 Title: Relating to the Fisheries
Business Tax
 Sponsor: Zharoff
 Requestor: Senate Resources Committee
 Date of Request: January 17, 1985

FISCAL DETAIL

Agency Affected: REVENUE
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	(7000.0)	(7000.0)	-	-	-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: Robert W. Elliott
 Division: Research Section

Phone: 465-2173
 Date: 1/23/85

Approved by Commissioner: Shirley G. Skudala
 Agency: Revenue

Date: 1/24/85

Distribution (by Agency preparing fiscal note):

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

FISCAL NOTE, SB 11
Attachment

Analysis for SB 11:

The above estimates are derived from the Revenue Sources January, 1985, projections for fisheries business taxes, and provide for tax credits effective in FY 86. The estimates reflect the maximum revenue loss the State would experience if all shore-based fisheries business tax returns applied for a 50 percent tax credit, and were subsequently approved by the department. It should be noted that although the fish processors would be the primary beneficiaries of the tax credit, there exists the possibility in certain cases where, if the processors are given a 50 percent credit 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 87 and not shown beyond since price/catch projections are unknown.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 1-18-85

REQUEST

Bill/Resolution No: SB 11
 Title: Fisheries Business Tax Credit
 Sponsor: Zharoff
 Requestor: Senate Resources Committee
 Date of Request: January 17, 1985

FISCAL DETAIL

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<u>OPERATING</u>						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	2.0	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	3.0	-0-	-0-	-0-	-0-
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700 GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL OPERATING</u>	-0-	5.0	-0-	-0-	-0-	-0-
<u>CAPITAL</u>	-0-	-0-	-0-	-0-	-0-	-0-
<u>REVENUE</u>	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	5.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL</u>	-0-	5.0	-0-	-0-	-0-	-0-

POSITIONS:

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PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: Please see attached.

Prepared By: Martin J. Richard
 Division: Audit

Phone: 465-2320
 Date: January 18, 1985

Approved by Commissioner: [Signature]
 Agency: _____

Date: 1/24/85

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Analysis for SB 11

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Contractual Services \$3.0 - Conducting public hearing requires the presence of a court reporter, and advertising in statewide newspapers. In addition, the bill will make it necessary for the Department to revise its tax forms to request additional information from processors, and prepare annual reports to the legislature. Programming and forms design costs are included in this request.

Offered: 3/28/85
Referred: Finance

Original sponsor: Zharoff

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 CS FOR SENATE BILL NO. 11 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION

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27 duction efficiency and capacity, or improve product quality at a
28 shore-based fisheries business facility in the state if an application
29 for the credit is approved by the department in advance of the capital

1 expenditure.

2 (b) A fisheries business may claim a credit under (a) of this
3 section for a maximum period of three consecutive years. An applicant
4 for the credit may elect to begin the three-year period with any tax
5 year from 1986 through 1990.

6 (c) The portion of a capital expenditure that exceeds the amount
7 eligible for a credit under (a) of this section during a single tax
8 year may not be carried back to a prior taxable year, but may be
9 claimed as a credit under (a) of this section for a subsequent tax
10 year within the three-year period elected under (b) of this section.
11 Tax credits may not be approved for more than 100 percent of a capital
12 expenditure.

13 (d) The department may not approve a tax credit under (a) of
14 this section if (1) the property for which the capital expenditure was
15 made was the subject of a previous capital expenditure by another
16 taxpayer for whom a corresponding tax credit under (a) of this section
17 has been approved; or (2) a fisheries business claims a tax credit
18 under (a) of this section and the payment of a fisheries business tax
19 under AS 43.75.015 by the fisheries business is past due: a payment is
20 not past due if the payment of a fisheries business tax under AS 43.-
21 75.015 is in administrative or judicial appeal.

22 (e) The department shall prepare an application form for a
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9 (b) For purposes of this section, tax revenue collected under
10 AS 43.75.015 from a person entitled to a credit under AS 43.75.018
11 shall be calculated as if the person's tax had been collected without
12 applying the credit.

13 * Sec. 4. AS 43.75.140 is amended by adding new paragraphs to read:

14 (9) "capital expenditures" includes the price paid for
15 equipment and the costs of improvements made to depreciable property,
16 but does not include expenditures that are deducted entirely for
17 federal income tax purposes in the year in which they accrued or were
18 paid; in this paragraph, "depreciable property" has the meaning that
19 shall be given to it by the commissioner of commerce and economic
20 development;

21 (10) "product diversity" means the processing of nonradi-
22 tional fish or other seafood species or products;

23 (11) "product quality" means the handling of fish or other
24 seafood species or products in order to increase product sales or
25 value.

26 * Sec. 5. AS 43.75.018, 43.75.019, 43.75.130(b), and 43.75.140(9),
27 (10), and (11) are repealed June 30, 1994.

28 * Sec. 6. This Act takes effect January 1, 1986.

Introduced: 1/14/85
Referred: Resources and
Finance

1 IN THE SENATE

BY ZHAROFF

2

SENATE BILL NO. 11

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the fisheries business tax."

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

8 * Section 1. AS 43.75.015(a) is amended to read:

9 (a) A person engaged in a fisheries business is liable for and
10 shall pay the tax levied by this section on the value of each of the
11 following fisheries resources processed during the year at the rate
12 set out after each:

13 (1) salmon canned at a shore-based fisheries business
14 [CANNERY] - four and one-half percent;

15 (2) salmon processed by a shore-based fisheries business,
16 except salmon for which the tax is due under (1) of this subsection,
17 and all other fisheries resources processed by a shore-based fisheries
18 business - three percent;

19 (3) fisheries resources processed by a floating fisheries
20 business - five percent.

21 * Sec. 2. AS 43.75 is amended by adding new sections to read:

22 Sec. 43.75.018. FISHERIES BUSINESS TAX CREDIT. (a) A fisheries
23 business is entitled to a credit of not more than 50 percent of the
24 business tax liability under AS 43.75.015 for capital expenditures
25 related to a shore-based fisheries business facility in the state made
26 during the tax year if an application for the credit is approved by
27 the department.

28 (b) A fisheries business may claim a credit under (a) of this
29 section for a maximum period of five consecutive years. An applicant

1 for the credit may elect to begin the five-year period with any tax
2 year from 1985 through 1989.

3 (c) The portion of a capital expenditure that exceeds the amount
4 eligible for a credit under (a) of this section during a single tax
5 year may not be carried back to a prior taxable year, but may be
6 claimed as a credit under (a) of this section for a subsequent tax
7 year within the five-year period elected under (b) of this section.
8 In no event may tax credits be approved for more than 100 percent of a
9 capital expenditure.

10 (d) The department may not approve a tax credit under (a) of
11 this section if the property for which the capital expenditure was
12 made was the subject of a previous capital expenditure by another
13 taxpayer for whom a corresponding tax credit under (a) of this section
14 has been approved.

15 (e) The department shall adopt regulations providing for the
16 application for a credit under (a) of this section and for the review
17 and approval or disapproval of an application.

18 (f) The department shall approve or disapprove an application
19 for a credit under this section not later than 60 days after receiving
20 the application.

21 Sec. 43.75.019. TAX CREDIT REPORT. Not later than the 60th
22 legislative day of each regular legislative session the Department of
23 Revenue, in conjunction with the Department of Commerce and Economic
24 Development, shall submit to the legislature a report on the fisheries
25 business tax credit program under AS 43.75.018. The report shall
26 describe the expenditures for which a credit was claimed during the
27 previous tax year and, if possible, the increase in employment and
28 processing capacity by the fisheries businesses for whom the credit
29 was approved. Reporting under this section shall begin with the first

1 regular session of the Fifteenth Alaska Legislature.

2 * Sec. 3. AS 43.75.130 is amended by adding a new subsection to read:

3 (b) For purposes of this section, tax revenue collected under
4 AS 43.75.015 from a person entitled to a credit under AS 43.75.018
5 shall be calculated as if the person's tax had been collected without
6 applying the credit.

7 * Sec. 4. AS 43.75.140 is amended by adding a new paragraph to read:

8 (9) "capital expenditures" includes the price paid for
9 equipment and the costs of improvements made to depreciable property,
10 but does not include expenditures that are deducted entirely for
11 federal income tax purposes in the year in which they accrued or were
12 paid.

13 * Sec. 5. AS 43.75.018, 43.75.019, 43.75.130(b), and 43.75.140(9) are
14 repealed June 30, 1994.

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

1/14/85

Date 3/27/85

Mr. President

The Committee on RESOURCES considered SB 11
relating to the fisheries business tax.

and (a majority of the committee) ~~(the committee)~~ reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 11 (RES)
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]

[Signature]
 Chairman
Do Pass
 Chairman recommendation