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SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3-25 5-DAY NOTICE  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

\*\*FISCAL NOTE(S) ATTACHED \_\_\_\_\_ \*\*  
IN ACCORDANCE WITH AS 24.08.035  
(see below)

3/18/83

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

Resources \_\_\_\_\_ Committee considered \_\_\_\_\_ SB 494

one percent salmon enhancement tax; efd

and recommended:

replace with CS 30 494(res) \_\_\_\_\_  same title  
 attached amendment(s) and  new title

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted and attached

\*\* Committee  attached or  adopted fiscal note(s)  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]  
Paul Foster  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature] No Rec  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature] Do Pass  
Chairman signature and recommendation

Committee Backup Attached

FISCAL NOTE

REQUEST: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act relating to a one percent salmon enhancement tax ...  
Sponsor: Resources Committee  
Requestor: Resources and Finance

Agency Affected: Department of Revenue  
BRU: Income and Excise Audit  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
<b>OPERATING</b>						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	-	-	-	-	-
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel  
Division: Income and Excise Audit

Phone: (907) 465-2320  
Date: March 29, 1988

Approved by Commissioner: Hugh Malone  
Agency: Department of Revenue

Date: 3/29/88

Distribution (by preparer):

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

Prepared by: Steven E. Kettel  
Income and Excise Audit Division  
Department of Revenue  
March 29, 1988

SB 494

Bill Analysis

Current law (AS 43.76) provides that upon approval by a qualified regional aquaculture association, an optional two or three percent tax will be levied on the value of salmon removed from or transferred within the association boundary. There are currently four aquaculture associations that have approved the salmon enhancement tax.

The tax is levied upon the limited entry permit holder, but generally is collected by a fish processor and paid to the Department of Revenue on a monthly basis. These funds are appropriated by the Legislature to the aquaculture associations annually.

SB 494 provides a third optional tax rate - one percent. The Department's fiscal note does not attempt to forecast how many associations will vote to reduce their tax rate. We assume that a new region establishing the salmon enhancement tax may approve the lower rate.

<u>Aquaculture Association</u>	<u>Approved S.E.T. (yes, no)</u>	<u>Rate</u>
Southern Southeast	yes	3%
Northern Southeast	yes	3%
Prince William Sound	yes	2%
Cook Inlet	yes	2%
IMARPIK (Bristol Bay)	no	
Kodiak	no	

The amendments which Senator Jones is proposing for SB 494 would eliminate statewide salmon enhancement authorities and provide exemptions from assessments under certain circumstances to regional aquaculture associations. The Southern Southeast Regional Aquaculture Association has asked that Senator Jones proposed these amendments to the measure.

The first amendment (Sections 1 and 9) would repeal the authority for statewide salmon enhancement authorities. This statute has never been used and it is thought by the regional associations to be unnecessary. It is Senator Jones' understanding the other regional aquaculture organizations endorse this repealing language.

The second amendment (Sec. 8.) would provide exemptions from assessments for regional aquaculture associations when the salmon are harvested with a special harvest area entry permit. The basis for this is; the assessment is being collected for the benefit of the regional association, it is duplicative, costly, and time consuming to collect the assessment form the association and then return it.

5-2068B  
Bannister  
3/29/88

Original sponsor: Resources Committee

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 494 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the salmon enhancement tax and to  
7 salmon enhancement authorities; and providing for an  
8 effective date."

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

10 \* Section 1. AS 16.10.555 is amended to read:

11 Sec. 16.10.555. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
12 FORECLOSURE. The Department of Commerce and Economic Development  
13 shall dispose of property acquired through default or foreclosure of a  
14 loan made under AS 16.10.500 - 16.10.560 [AS 16.10.500 - 16.10.620].  
15 Disposal shall be made in a manner that serves the best interests of  
16 the state, and may include the amortization of payments over a period  
17 of years.

18 \* Sec. 2. AS 43.76 is amended by adding a new section to read:

19 Sec. 43.76.013. ONE PERCENT SALMON ENHANCEMENT TAX. (a) A  
20 person holding a limited entry permit under AS 16.43 shall pay a  
21 salmon enhancement tax at the rate of one percent of the value of  
22 salmon, as defined in AS 43.75.140, that the person removes from the  
23 state or transfers to a buyer in the state. The buyer shall collect  
24 the salmon enhancement tax at the time the salmon is acquired by the  
25 buyer.

26 (b) A one percent salmon enhancement tax may only be levied or  
27 collected under (a) of this section

28 (1) in a region designated by the commissioner of fish and  
29 game for the purpose of salmon production under AS 16.10.375;

1 (2) if there exists in the region an association determined  
2 by the commissioner of fish and game to be a qualified regional asso-  
3 ciation under AS 16.10.380; and

4 (3) if the qualified regional association approves the one  
5 percent salmon enhancement tax under AS 43.76.015.

6 \* Sec. 3. AS 43.76.015(b) is amended to read:

7 (b) The salmon enhancement tax is levied under AS 43.76.010,  
8 [OR] 43.76.011, or 43.76.013 in a region on the effective date stated  
9 on the ballot if

10 (1) it is approved by a majority vote of the eligible  
11 interim-use permit and entry permit holders voting in an election held  
12 under this section in the region; and

13 (2) the election results are certified by the commissioner  
14 of commerce and economic development.

15 \* Sec. 4. AS 43.76.015(c) is amended to read:

16 (c) In conducting an election under this section, a qualified  
17 regional association shall adopt the following procedures:

18 (1) The qualified regional association for the region shall  
19 hold at least one public meeting not less than 30 days before the date  
20 on which ballots must be postmarked to be counted in the election to  
21 explain the reason for the proposed salmon enhancement tax and to  
22 explain the registration and voting procedure to be used in the elec-  
23 tion. The qualified regional association shall provide notice of the  
24 meeting by

25 (A) mailing the notice to each eligible interim-use  
26 permit and entry permit holder;

27 (B) posting the notice in at least three public places  
28 in the region; and

29 (C) publishing the notice in at least one newspaper of

1 general circulation in the region at least once a week for two  
2 consecutive weeks before the meeting.

3 (2) The qualified regional association shall mail two  
4 ballots to each eligible interim-use permit and entry permit holder.  
5 The first ballot shall be mailed not [NO] more than 45 days before the  
6 date ballots must be postmarked to be counted in the election. The  
7 second ballot shall be mailed not [NO] less than 15 days before the  
8 date ballots must be postmarked to be counted in the election. The  
9 qualified regional association shall adopt procedures to insure that  
10 only one ballot from each eligible interim-use permit and entry permit  
11 holder is counted in the election.

12 (3) The ballot shall

13 (A) indicate whether the election relates to a salmon  
14 enhancement tax under AS 43.76.010, [OR] to a salmon enhancement  
15 tax under AS 43.76.011, or to a salmon enhancement tax under  
16 AS 43.76.013;

17 (B) ask the question whether the salmon enhancement  
18 tax shall be levied;

19 (C) indicate the boundaries of the region in which the  
20 salmon enhancement tax will be levied;

21 (D) provide an effective date for the levy of the  
22 salmon enhancement tax; and

23 (E) indicate the date on which returned ballots must  
24 be postmarked in order to be counted.

25 (4) The ballots shall be returned by mail and shall be  
26 counted by the commissioner of commerce and economic development or by  
27 a person approved by the commissioner of commerce and economic de-  
28 velopment.

29 " Sec. 5. AS 43.76.020(a) is amended to read:

1 (a) The salmon enhancement tax levied under AS 43.76.010, [OR]  
2 43.76.011, or 43.76.013 may be terminated by the commissioner of  
3 revenue upon majority vote at an election held under AS 43.76.015 in  
4 the region in which the salmon enhancement tax is levied.

5 \* Sec. 6. AS 43.76.025(a) is amended to read:

6 (a) A buyer who acquires fisheries resources that [WHICH] are  
7 subject to the salmon enhancement tax imposed by AS 43.76.010, [OR]  
8 43.76.011, or 43.76.013 shall collect the salmon enhancement tax at  
9 the time of purchase, and shall remit the total salmon enhancement tax  
10 collected during each month to the department [DEPARTMENT OF REVENUE]  
11 by the last day of the next month.

12 \* Sec. 7. AS 43.76.028(a) is amended to read:

13 (a) The owner of salmon removed from the state is liable for  
14 payment of the salmon enhancement tax imposed by AS 43.76.010, [OR]  
15 43.76.011, or 43.76.013 if, at the time the salmon are removed from  
16 the state, the tax payable on the salmon has not been collected by a  
17 buyer.

18 \* Sec. 8. AS 43.76 is amended by adding a new section to read:

19 Sec. 43.76.035. EXEMPTION. This chapter does not apply to  
20 salmon harvested under a special harvest area entry permit issued  
21 under AS 16.43.400 to a regional association established under AS 16.-  
22 10.380.

23 \* Sec. 9. AS 16.10.600, 16.10.610, and 16.10.620 are repealed.

24 \* Sec. 10. This Act takes effect immediately under AS 01.10.070(c).  
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