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HOUSE COMMITTEE REPORT

(11)

Date Referred: April 5, 1989

FURTHER REFERRALS:

Date of Committee Action: 4/20/89

The FINANCE Committee considered:

SB 62

SENATE BILL NO. 62

[SALMON ENHANCEMENT TAX]

"An Act relating to a one percent salmon enhancement tax; and providing for an effective date."

RECOMMENDATIONS:

be replaced with HCSSB62 (Res.) the same title
 a new title

have attached amendment(s)

do pass

do not pass

no recommendation

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
 (Dept)

APPROVES PREVIOUS: (Date/Dept)

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) 2/6/89 CED

zero with analysis _____

zero fn/analysis _____

SIGNING DO PASS:

SIGNING:
 (Check approp. column)

Do Not Pass No Rec Amend

<u>Jay Brown</u> BROWN			X	
<u>Dick Schultz</u> SHULTZ			X	
<u>Roe Phillips</u> PHILLIPS			✓	

Chairman's Signature
Ronald D. Linn

R10/HFC 4-20-89

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 62

PUBLISH DATE: 1/9/89

FISCAL NOTE

REQUEST:

Revision Date: 1/9/89

Title: An Act relating to a 1% salmon enhancement tax.

Sponsor: Zharoff

Requestor: Resources

Agency Affected: Commerce & Econ. Devel.

BRU: Investments

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Martin J. Richard, Director Phone: 465-2510

Division: Investments Date: 1/30/89

Approved by Commissioner: Larry Merculieff, Commissioner Date: 465-2500

Agency: Commerce & Economic Development 1/30/89

Distribution (by preparer):

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

Offered: 4/5/89
Referred: Finance

6-0368J

Original sponsor: Zharoff

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 HOUSE CS FOR SENATE BILL NO. 62 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 * Section 1. AS 43.76 is amended by adding a new section to read:

10 Sec. 43.76.012. ONE PERCENT SALMON ENHANCEMENT TAX. (a) A
11 person holding a limited entry permit under AS 16.43 shall pay a
12 salmon enhancement tax at the rate of one percent of the value of
13 salmon, as defined in AS 43.75.140, that the person removes from the
14 state or transfers to a buyer in the state. The buyer shall collect
15 the salmon enhancement tax at the time the salmon is acquired by the
16 buyer.

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

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

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

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

26 * Sec. 2. AS 43.76.015(b) is amended to read:

27 (b) The salmon enhancement tax is levied under AS 43.76.010,
28 [OR] 43.76.011, or 43.76.012 in a region on the effective date stated
29 on the ballot in

78-06-4 3034 07X

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

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

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

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

9 (1) The qualified regional association for the region shall
10 hold at least one public meeting not less than 30 days before the date
11 on which ballots must be postmarked to be counted in the election to
12 explain the reason for the proposed salmon enhancement tax and to
13 explain the registration and voting procedure to be used in the elec-
14 tion. The qualified regional association shall provide notice of the
15 meeting by

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

18 (B) posting the notice in at least three public places
19 in the region; and

20 (C) publishing the notice in at least one newspaper of
21 general circulation in the region at least once a week for two
22 consecutive weeks before the meeting.

23 (2) The qualified regional association shall mail two
24 ballots to each eligible interim-use permit and entry permit holder.
25 The first ballot shall be mailed not [NO] more than 45 days before the
26 date ballots must be postmarked to be counted in the election. The
27 second ballot shall be mailed not [NO] less than 15 days before the
28 date ballots must be postmarked to be counted in the election. The
29 qualified regional association shall adopt procedures to ensure

1 [INSURE] that only one ballot from each eligible interim-use permit
2 and entry permit holder is counted in the election.

3 (3) The ballot shall

4 (A) indicate whether the election relates to a salmon
5 enhancement tax under AS 43.76.010, [OR] to a salmon enhancement
6 tax under AS 43.76.011, or to a salmon enhancement tax under
7 AS 43.76.012;

8 (B) ask the question whether the salmon enhancement
9 tax shall be levied;

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

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

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

16 (4) The ballots shall be returned by mail and shall be
17 counted by the commissioner of commerce and economic development or by
18 a person approved by the commissioner of commerce and economic de-
19 velopment.

20 * Sec. 4. AS 43.76.020(a) is amended to read:

21 (a) The salmon enhancement tax levied under AS 43.76.010, [OR]
22 43.76.011, or 43.76.012 may be terminated by the commissioner of
23 revenue upon majority vote at an election held under AS 43.76.015 in
24 the region in which the salmon enhancement tax is levied.

25 * Sec. 5. AS 43.76.020(b) is amended to read:

26 (b) A salmon enhancement tax shall be terminated by the commis-
27 sioner of revenue under (a) of this section following an election in a
28 region if

29 (1) a petition is presented to the commissioner of commerce

1 and economic development requesting termination of the salmon enhance-
2 ment tax which is signed by at least 25 percent of the number of
3 persons who voted under AS 43.76.015 in the election approving the
4 salmon enhancement tax in the region;

5 (2) the commissioner of commerce and economic development
6 determines that there are no outstanding loans to the qualified re-
7 gional association under AS 16.10.510 that are secured by the tax;

8 (3) an election is held in accordance with AS 43.76.015;
9 the ballot shall ask the question whether the salmon enhancement tax
10 for the region shall be terminated; the ballot shall be worded so that
11 a "yes" vote is for continuation of the salmon enhancement tax and a
12 "no" vote is for termination of the salmon enhancement tax;

13 (4) [(3)] a majority of the eligible interim-use permit and
14 entry permit holders who vote in the election cast a ballot for the
15 termination of the salmon enhancement tax; and

16 (5) [(4)] the qualified regional association provides
17 notice of the election in accordance with AS 43.76.015 within two
18 months after receiving notice from the commissioner of commerce and
19 economic development that a valid petition under (1) of this sub-
20 section has been received.

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

22 (a) A buyer who acquires fisheries resources that [WHICH] are
23 subject to a [THE] salmon enhancement tax imposed by AS 43.76.010,
24 [OR] 43.76.011, or 43.76.012 shall collect the salmon enhancement tax
25 at the time of purchase, and shall remit the total salmon enhancement
26 tax collected during each month to the department [DEPARTMENT OF
27 REVENUE] by the last day of the next month.

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

29 (a) The owner of salmon removed from the state is liable for

1 payment of a [THE] salmon enhancement tax imposed by AS 43.76.010,
2 [OR] 43.76.011, or 43.76.012 if, at the time the salmon are removed
3 from the state, the tax payable on the salmon has not been collected
4 by a buyer.

5 * Sec. 8. AS 43.76.035 is amended to read:

6 Sec. 43.76.035. EXEMPTION. This chapter does not apply to
7 salmon harvested under a special harvest area entry permit issued
8 under AS 16.43.400 [TO A REGIONAL ASSOCIATION ESTABLISHED UNDER
9 AS 16.10.380].

10 * Sec. 9. This Act takes effect immediately under AS 01.10.070(c).



SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE

P.O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P.O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

SECTIONAL ANALYSIS

HCS For Senate Bill 62 - "An Act relating to the salmon enhancement tax; and providing for an effective date."

SECTION 1

Adds a new section -- AS 43.76.012 -- to existing statutes that establishes a one percent salmon enhancement tax. This would be in addition to the already existing two percent and three percent salmon enhancement taxes. Alaska's regional aquaculture associations now have the option of implementing either two percent or three percent taxes to fund their operations. This section would give them an additional choice.

SECTION 2

Adds a reference to the one percent salmon enhancement tax (43.76.012) to existing statute.

SECTION 3

- (2) Makes grammatical changes to existing statute.
- (3) Adds a reference to the one percent salmon enhancement tax (43.76.012) to existing statute.

SECTION 4

Adds a reference to the one percent salmon enhancement tax (43.76.012) to existing statute.

SECTION 5

- (2) New paragraph. Prohibits the regional associations from terminating salmon enhancement taxes if the associations have outstanding state loans that are secured by the tax.

SECTION 6

Adds a reference to the one percent salmon enhancement tax (43.76.012) to existing statute.

SECTION 7

Adds a reference to the one percent salmon enhancement tax (43.76.012) to existing statute.

SECTION 8

New section. Exempts all private nonprofit aquaculture corporations from the salmon enhancement tax liability.

SECTION 9

Immediate effective date.



SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE

P.O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P.O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: Rep. Lyman Hoffman
Rep. Ron Larson
Co-Chairmen
House Finance Committee

FROM: Sen. Fred F. Zharoff

DATE: April 17, 1989

RE: House CS For Senate Bill 62 - "An Act relating to the salmon enhancement tax; and providing for an effective date."

HCSSB 62 establishes a one percent salmon enhancement tax. Current state statutes provide for two percent and three percent salmon enhancement taxes, which the regional aquaculture associations use to fund their operations, pay for salmon enhancement projects, and service the debt on their state loans. HCSSB 62 would give the associations the option of having a one percent tax.

The language in HCSSB 62 duplicates present statutes, adding references to the one percent tax.

In the House Resources Committee, SB 62 was amended to prohibit the regional associations from reducing or terminating the tax if it is being used to secure a state loan. An amendment also was added to incorporate SB 84 into SB 62. SB 84 was introduced by the Governor to clarify the nonprofit exemption for aquaculture associations in regard to the salmon enhancement tax.

If HCSSB 62 becomes law, the Bristol Bay Salmon Enhancement Association -- which does not presently have a salmon enhancement tax -- plans to hold an election to seek approval from Bristol Bay commercial fishermen for a one percent salmon enhancement tax. If approved, the one percent tax would provide the association with the funds it needs to operate salmon enhancement projects such as stream clearance, lake fertilization, fish ladders, streamside incubators, egg planting, etc. The association has concluded the two percent and three percent tax options would raise revenues that exceed the association's needs at this time.

The following backup information is attached:

1. Sectional analysis.
2. Position paper and fiscal note prepared by the Department of Commerce and Economic Development.

3. Bill analysis prepared by the Department of Fish and Game.
4. Letter from the president of the Bristol Bay Salmon Enhancement Association and resolution of support.
5. Letters of support from the Northern Southeast Regional Aquaculture Association; the Cook Inlet Aquaculture Association, the Prince William Sound Aquaculture Corporation, and the Southern Southeast Regional Aquaculture Association.
6. Letter of support from the Egegik Setnetters' Association.
7. Backup information about SB 82.
8. State statutes pertaining to the Salmon Enhancement Tax.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 9, 1989

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Kelly:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the exemptions from the salmon enhancement tax imposed by AS 43.76. This bill is designed to clarify an ambiguity created through the enactment last session of AS 43.76.035.

Before the 1988 legislation was enacted, the practice of the Department of Revenue, in interpreting AS 43.76, was to exempt from the salmon enhancement tax salmon harvested under all special harvest area permits issued to hatcheries under AS 16.43.400. This practice exempted both regional and nonregional private, nonprofit hatcheries, on the basis that the tax is intended, for the most part, to benefit the state's hatchery program.

Last year's AS 43.76.035, however, codified the exemption only for regional aquaculture associations. Thus, by implication, that statute could be interpreted to repeal the exemption for those private, nonprofit hatcheries that are not run by regional aquaculture associations, thereby imposing a new tax burden of two or three percent on those hatcheries. The Department of Commerce and Economic Development has indicated that this added tax burden, if imposed, might affect the ability of these hatcheries to meet future loan payments.

We firmly believe that it was not the intent of the legislature, in passing AS 43.76.035, to limit the exemption, and this bill will clarify that the exemption applies to all hatcheries in the state's hatchery program. I urge your support of this measure.

Sincerely

Steve Cowper
Governor



3.

STATE OF ALASKA
OFFICE OF THE GOVERNOR
BILL ANALYSIS

DEPARTMENT Fish and Game	DIVISION FRED	BILL NUMBER SB 62	SPONSOR Zharoff
SHORT TITLE OF BILL An Act relating to a one percent salmon enhancement tax			
DEPARTMENT POSITION The department supports this bill as a logical extension to existing legislation.			
PREPARED BY Johnny S. Holland	DATE 1/18/89	COMMISSIONER'S SIGNATURE <i>William W. Jelenc</i>	DATE 1/20/89

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Department of Commerce & Economic Development Department of Revenue	CONSTITUENT GROUP(S) AFFECTED BY BILL Regional aquaculture associations, commercial fishermen
ORGANIZATIONAL SUPPORT FOR BILL Regional aquaculture associations, commercial fishermen	ORGANIZATIONAL OPPOSITION TO BILL

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT
There is existing salmon enhancement tax statutes (AS 43.76.010 and AS 43.76.011) allowing for 2 and 3% salmon enhancement taxes. This proposal legislation will amend the existing statutes to include 1% salmon enhancement tax.

ANALYSIS OF BILL/PROGRAM EFFECTS
SB 62 is a logical extension of existing statutes, allowing for taxation at a lower rate than presently statutorily permitted. The lower rate may be needed if: (a) lower revenues are required by regional aquaculture associations; (b) the higher rates are not amendable to fishermen in a given area. This bill allows the regional aquaculture associations to choose from a broader range of self-imposed taxes. There should be no direct effects on the FRED program.

AMENDMENTS PROPOSED

None

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

SB 62: "An Act relating to a one percent salmon enhancement tax; and providing for an effective date."

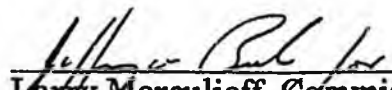
This legislation will provide qualified regional aquaculture associations with the option of voting for a one percent salmon enhancement tax. Existing statute (AS 43.76.010 - 040) allows these associations to conduct elections for the purpose of establishing a tax on salmon harvested within their region. The proceeds of these taxes are collected by the Department of Revenue, deposited in the general fund and then may be appropriated to the Department of Commerce and Economic Development for the purpose of providing financing to the qualified regional association. This financing is provided through contracts with the various associations. AS 43.76.010 - 040 currently provides for establishment of either a two percent or three percent tax. Passage of this legislation would add the option of a one percent tax.

Currently there are seven qualified regional associations within the state, five of which already have salmon enhancement taxes in place. Prince William Sound Aquaculture Association, Cook Inlet Aquaculture Association, and Kodiak Regional Aquaculture Association all have established a two percent tax and Northern Southeast Regional Aquaculture Association and Southern Southeast Regional Aquaculture Association have established a three percent tax. The Bristol Bay Regional Aquaculture Association and the Lower Yukon-Kuskokwim Regional Aquaculture Association have not yet established a salmon enhancement tax in their respective regions.

During calendar year 1987, the following enhancement tax revenues were collected by the Department of Revenue:

Prince William Sound Aquaculture Association	\$1,085,077.00
Cook Inlet Aquaculture Association	2,330,652.00
Northern Southeast Regional Aquaculture Association	1,090,819.00
Southern Southeast Regional Aquaculture Association	1,232,650.00

The Department of Commerce and Economic Development is neutral on this legislation.


Larry Mercurieff, Commissioner
Department of Commerce and
Economic Development

Date: 1/27/89

6.

RECEIVED FEB 13 1989

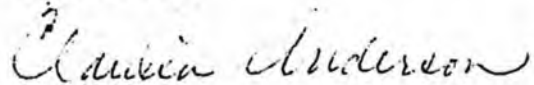
Egegik Setnetters' Association
Levelock, Ak. 99625
Feb. 7, 1989

Senator Zharoff
Pouch V
Juneau, Ak. 99811

Dear Senator,

The Egegik Setnetters' Association would like to thank you for both introducing and supporting SB 62. If any enhancement tax is appropriate for the Bay, 1% surely seems the most reasonable to us.

Sincerely,



Claudia Anderson, treasurer
for
Linda Kjarstad, president

NORTHERN



SOUTHEAST REGIONAL AQUACULTURE ASSOCIATION, INC.

103 Monastery Street Sitka, Alaska 99835 (907) 747-6850

February 17, 1989

Senator Fred Zharoff
Alaska State Legislature
P O Box V
Juneau AK 99811

Dear Senator Zharoff:

This letter is to advise you that we at the Northern Southeast Regional Aquaculture Association have no objection to SB62 authorizing a one percent (1%) enhancement tax for Bristol Bay. I know that the fishermen in Bristol Bay want to get a regional aquaculture association going and I'm sure that this 1% tax will help them realize their goal.

Sincerely,

Pete Esquiro
General Manager

PE/sp



RECEIVED FEB 23 1989

COOK INLET
AQUACULTURE ASSOCIATION

HC 2, BOX 849
SOLDOTNA, AK 99689-9707
(907) 283-5781

February 20, 1989

Senator Fred Zharoff
P.O. Box V
Juneau, Alaska 99811

Dear Senator Zharoff:

Cook Inlet Aquaculture Association supports passage of Senate Bill 62. This would allow Regional Aquaculture Associations the option of a 1% enhancement tax in addition to the existing 2% or 3% options.

The 1% option would be very helpful to individuals attempting to organize a Regional Association in Bristol Bay. We do not believe that the existence of a 1% option would cause Cook Inlet fishermen to exert any significant pressure to reduce our enhancement tax from the current (2%) level. We would anticipate no negative impact as a result of passage of SB 62.

Sincerely,

Thomas E. Mears,
Executive Director

*Prince William Sound
Aquaculture
Corporation*

RECEIVED FEB 22 1989

*P.O. Box 1110
Cordova, Alaska 99574
Phone: (907) 424-7511
Fax: (907) 424-7514*

A regional non-profit organization for the enhancement of salmon.

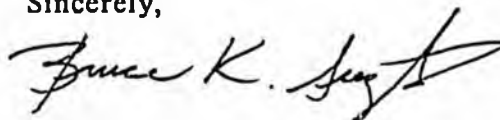
February 20, 1989

Senator Fred F. Zharoff
Alaska State Senate
P. O. Box V
Juneau, Alaska 99811

Dear Senator Zharoff:

We would like to confirm Prince William Sound Aquaculture Corporation's support of Senate Bill 62 which provides the opportunity to assess a 1% salmon enhancement tax in addition to the 2 and 3% rates already present in the statutes. We believe that the 1% tax rate will provide greater flexibility to address specific regional enhancement needs and aid fledgling regional aquaculture associations in developing their programs. Hatchery programs are vital to insure the long term growth and stability of the state's important fishing industry. We view SB 62 as a means of expanding and consolidating these very important programs.

Sincerely,



Bruce K. Suzumoto
President

BKS/pmd

RECEIVED FEB 27 1989

**SOUTHERN SOUTHEAST REGIONAL
AQUACULTURE ASSOCIATION, INC.**

1621 Tongass Ave., #103

(907) 225-9605

Ketchikan, Alaska 99901

February 24, 1989

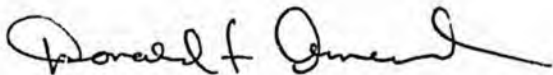
Senator Fred Zharoff
Capital, Room 121
P.O. Box V
Juneau, Alaska 99811

Dear Senator Zharoff:

I am writing to you in support of SB.62 which amends the fisheries enhancement tax statutes by allowing Regional Aquaculture Associations to choose a 1% enhancement tax along with the 2% and 3% choice.

The financial needs of the Regional Aquaculture Associations vary among the different areas of the State. Fishermen who vote to tax themselves should have the option to chose a tax rate commensurate with their needs. The addition of a 1% tax rate along with the other options give more flexibility to the program. The Southern Southeast Regional Aquaculture Association does not believe that your bill would have any adverse affect on our Region and we support your bill.

Sincerely,



Donald F. Amend
General Manager

cc: Robert H. Blake

DFA:cw
81-14

PRIVATE NON PROFIT HATCHERIES

4.
RECEIVED FEB 10 1989

BBSEA
Box 1130
Dillingham, Ak
99576
2 February, 89

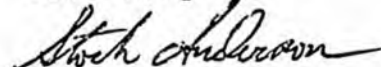
Fred Zharoff Senator
PO Box V
Juneau, Ak 99811

Re: SB 62

Dear Fred,

The enclosed resolution was made last April by BBSEA and speaks for itself as to the need of adopting SB 62. It was the consensus that with the different tax rates in our fishing districts the choice of 1% enhancement tax would be the most appropriate tax for BBSEA. The amount of tax generated by a 1% tax would be a good start for salmon enhancement in Bristol Bay. If you need any further information please let me know.

Sincerely


Stosh Anderson

BRISTOL BAY SALMON ENHANCEMENT ASSOCIATION
PO Box 1130
Dillingham, Alaska 99576

In our Board meeting of April 16, 1988, which took place in Dillingham, Alaska, the following resolution was approved:

Resolved that we will hold an election to approve a salmon enhancement tax. The amount of the enhancement tax is to be one percent, (1%) of the gross value of all salmon caught under commercial fishing provisions, in the Bristol Bay area. (Alaska Fish & Game Area "T") The tax shall apply to all fish caught under the State of Alaska Commercial Fishing Regulations.

This resolution is in accord with the general provisions of Section 43. Revenue and Taxation, of the Alaska Statutes and Regulations for Nonprofit Salmon Hatcheries.

The Board was aware that as of this date, the Alaska Statutes, does not allow for a one per cent (1%) assessment. There was testimony that a one percent assessment option, would be added to the existing choices of either a two or three percent assessments currently allowed under Sec. 43.76.010 and .011. This change was expected to occur before the effective date of this resolution.

The effective date of this resolution is January 1, 1989.

signed this 19 day of April 1988


Stosh Anderson, President

FISCAL NOTE

REQUEST:

Revision Date: October 25, 1988
 Title: Salmon Enhancement Tax: Hatchery Exemption.
 Sponsor: Rules Committee
 Requestor: Governor

Agency Affected: Revenue
 BRU: Income and Excise Audit
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES		-0-	-0-	-0-	-0-	-0-
TRAVEL		-0-	-0-	-0-	-0-	-0-
CONTRACTUAL		-0-	-0-	-0-	-0-	-0-
SUPPLIES		-0-	-0-	-0-	-0-	-0-
EQUIPMENT		-0-	-0-	-0-	-0-	-0-
LANDS & STRUCTURES		-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS		-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS		-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE		-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: See attached analysis.

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

Phone: (907) 465-2320
 Date: October 25, 1988

Approved by Commissioner: Hugh Malone
 Agency: Department of Revenue

Date: October 25, 1988

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

Prepared by: Steven E. Kettel
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October 25, 1988

Analysis:

The proposed legislation exempts all private nonprofit hatcheries from salmon enhancement tax liability. The bill is necessary to correct an ambiguity that was created through the enactment last year of AS 43.76.035. Prior to enactment of Section 035, the Department practice was to exempt all salmon harvested under all special harvest permits issued under AS 16.43.400. This exempted both regional and nonregional private, nonprofit hatcheries. Section .035 however, codified the exemption only for regional aquaculture associations, and could be construed to repeal the exemption for private nonprofit hatcheries. This legislation expands the exemption to cover private nonprofit hatcheries.