

HB

4000

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CS HB 400

PUBLISH DATE: _____

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: Civil penalties for failure to
obtain fisheries business license
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: Revenue
BRU: Income & Excise Audit

Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	500.0	500.0	500.0	500.0	500.0	500.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	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: (Attach a separate page if necessary)

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Division: Income and Excise Audit Date: March 6, 1990

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: March 6, 1990
Agency: Department of Revenue *3/7/90*

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

CS HB 400
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Steven E. Kettel
Income and Excise Audit Division

Analysis

Failure to obtain a license prior to processing will trigger a monetary penalty scheme under the proposal. The penalties escalate as subsequent violations occur. The bill will create civil penalties for processing fish without a license. This will make it much easier for the Department to enforce the law, and will give the Department the leverage it needs to obtain fisheries business license applications and tax prepayments from fish processing companies.

This legislation was recommended by the legislative audit completed on June 9, 1989. Recommendation No. 5 stated that the Department of Revenue should seek legislation for more stringent penalties for operating a fisheries business without a fisheries business license.

This legislation is also supported by the Alaska Municipal League.

The committee substitute adds clarifying language to the definition of value. In several isolated instances, processors are categorizing part of the purchase price they pay to fishermen as a delivery fee, transportation charge or similar description. The Department has consistently held that for both the raw fish tax (AS43.75) and the salmon enhancement tax (AS43.76), taxable value includes the entire amount a processor pays to obtain unprocessed fish.

This legislation adds to the definition of value any part of the price paid for the fish characterized as "compensation for delivery". A letter of intent accompanying the legislation states that this amendment does not establish new policy. It is intended to lend support to existing department interpretation and authority.

Revenue Impact

We cannot anticipate the number of processors that will fail to obtain proper licensing and consequently be penalized. We do believe that voluntary compliance, especially among floating processors, will improve dramatically and increase tax collections by \$500,000 - \$1 million.