

H B

306

Alaska State Legislature



WHILE IN SESSION
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Representative Mike Navarre

March 26, 1990

MEMORANDUM

TO: Rep. Cliff Davidson, Co-Chair
Rep. Curt Menard, Co-Chair
All members, House Resources Committee

FROM: Rep. Mike Navarre *Mike*

SUBJECT: HB 306, relating to increases in fisheries business license fees.

Attached is some back-up information on HB 306. As stated in the material, the license fees for processors have not been increased in over 40 years.

While providing a method for a reasonable increase of these fees, the bill also allows for use of the funds produced by that increase to bolster the state's seafood inspection program, something that will benefit the industry as well as the consumer.

I respectfully request the committee's favorable consideration of HB 306.

Summary - House Bill 306

Proposed Fisheries Business License Fee Increase

This bill would increase the fees charged by the Department of Revenue for a fisheries business license, and also establish a civil penalty of \$500 per day for operating without a license. All processors requiring an inspection by the Department of Environmental Conservation (DEC) would be licensed.

The current license fee of \$25 was established in 1949, and has not been modified since. The proposed increase is based on the estimated value of the fisheries resource processed. As you can see from the table below, the license fee for a shore-based processor with an estimated annual value of fisheries resources of \$50,000 or less would remain unchanged:

Proposed License Fees

Estimated total resource value	Floating Processor	Shore-Based Processor
\$ 0 - 50,000	\$50.00	\$25.00
\$ 50,001 - 250,000	\$500.00	\$250.00
\$ 250,001 - over	\$1,000.00	\$500.00

The bill also provides for a separate accounting of the license fees, allowing them to be appropriated to the DEC for its seafood inspection program.

The frequency of inspection by the Division of Environmental Quality's Seafood Section is determined by public health significance and past performance. Inspection time varies, depending on the location and complexity of the operation.

The reason license fees for floating processors are higher than shore-based processors is that floating processors, the fastest growing segment of the seafood processing industry, are routinely more expensive to inspect than their land-based counterparts. Quite often, processing vessels work in remote locations, and can only be reached by expensive travel means - charter aircraft, helicopters, boats /skiffs, or a combination of these. Boarding or transferring to and from these vessels is frequently difficult or impossible, due to poor weather conditions and/or a lack of transportation. This can cause delays in inspection activities, and often increases personnel costs due to required additional per diem.

By making the increased license fees available for funding the seafood inspection program, HB 306 will better enable the DEC to perform this vital function. It will ensure inspection program consistency, thus helping to assure a quality product, which can only be beneficial to processors as well as consumers.

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: HB 306

PUBLISH DATE: _____

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: An act imposing penalties and amending fisheries license fees
Sponsor: Navarre
Requestor: _____

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	1.0	1.0	1.0	1.0	1.0	1.0
CONTRACTUAL	2.0	2.0	2.0	2.0	2.0	2.0
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	3.0	3.0	3.0	3.0	3.0	3.0
CAPITAL	0	0	0	0	0	0
REVENUE	100.0	100.0	100.0	100.0	100.0	100.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	3.0	3.0	3.0	3.0	3.0	3.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	3.0	3.0	3.0	3.0	3.0	3.0

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: See attached page

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

Phone: (907) 465-2320
Date: _____

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: 3/28/90

Distribution (by preparer):

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

Fiscal Note
HB 306
March 26, 1990

BILL ANALYSIS

This bill imposes a penalty for engaging in a fisheries business without a license and amends the license fee payable for obtaining a fisheries business license.

This bill amends the fisheries business license fee to provide for a graduated fee based on the estimated value of fisheries resources to be processed during the respective calendar year.

DEPARTMENT'S POSITION

The department supports the intentions of this bill.

Recommendation No. 1 The department would prefer that the license fee be based on actual fair market value of fisheries resources processed from the preceding year. License fees based on actual amounts will avoid additional efforts which would be required to analyze the reasonableness of the estimates and in some cases obtaining affidavits under oath by taxpayers as provided by this bill.

Recommendation No. 2 The department prefers the language regarding civil penalties as provided in House Bill 400, Section 2. This section provides for a civil penalty of \$5,000 for each citation for processing without a fisheries business license up to a maximum of \$25,000.

0369K

Original sponsor(s): REP. NAVARRE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 306 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

10 * Section 1. AS 43.75.020 is amended to read:

11 Sec. 43.75.020. APPLICATION FOR LICENSE. (a) Application for a
12 license shall be filed with the department and accompanied by a [AN
13 INITIAL] fee [OF \$25]. A separate [INITIAL] fee is required for each
14 cannery, cold storage, freezer ship, processing plant, or other facil-
15 ity [PLANT] specified in the application covered by the license. The
16 application must [SHALL] contain the name of the applicant, the line
17 of business to be licensed, place of business, and other information
18 that [FACTS WHICH] the department prescribes. The applicant shall
19 state that the applicant agrees to pay the [LICENSE] tax, and that the
20 applicant will make a return and pay the tax at the time provided by
21 law.

22 (b) Upon receipt of the application in proper form accompanied
23 by the [INITIAL] fee the department shall issue the license.

24 * Sec. 2. AS 43.75.020 is amended by adding new subsections to read:

25 (c) The fee payable by a floating fisheries business is

26 (1) \$200 for a facility that did not operate in the state
27 during the previous license year;

28 (2) \$200 if the value of the fishery resource processed in
29 the facility during the previous license year was \$100,000 or less;

1 (3) \$400 if the value of the fishery resource processed in
2 the facility during the previous license year was more than \$100,000
3 but not more than \$200,000;

4 (4) \$600 if the value of the fishery resource processed in
5 the facility during the previous license year was more than \$200,000
6 but not more than \$300,000;

7 (5) \$800 if the value of the fishery resource processed in
8 the facility during the previous license year was more than \$300,000
9 but not more than \$400,000; and

10 (6) \$1,000 if the value of the fishery resource processed
11 in the facility during the previous license year was more than
12 \$400,000.

13 (d) The fee payable by a shore-based fisheries business is

14 (1) \$100 for a facility that did not operate in the state
15 during the previous license year;

16 (2) \$100 if the value of the fishery resource processed in
17 the facility during the previous license year was \$100,000 or less;

18 (3) \$200 if the value of the fishery resource processed in
19 the facility during the previous license year was more than \$100,000
20 but not more than \$200,000;

21 (4) \$300 if the value of the fishery resource processed in
22 the facility during the previous license year was more than \$200,000
23 but not more than \$300,000;

24 (5) \$400 if the value of the fishery resource processed in
25 the facility during the previous license year was more than \$300,000
26 but not more than \$400,000; and

27 (6) \$500 if the value of the fishery resource processed in
28 the facility during the previous license year was more than \$400,000.

29 (e) A license is valid for the duration of the calendar year for

1 which it is issued.

2 (f) The commissioner shall deposit the proceeds of the license
3 fee into the general fund.

4 (g) The commissioner of administration shall separately account
5 for all proceeds of the license fee deposited into the general fund.

6 (h) The legislature may appropriate the annual estimated balance
7 of the account established under (g) of this section to the Department
8 of Environmental Conservation to conduct inspections of fisheries
9 businesses under AS 03.05.020(a)(1) and 03.05.040.

10 * Sec. 3. AS 43.75.140 is amended by adding new paragraphs to read:

11 (12) "fee" means the fisheries business license fee under
12 AS 43.75.020;

13 (13) "tax" means the fisheries business tax levied by
14 AS 43.75.015.

15 * Sec. 4. This Act takes effect October 31, 1990.