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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:

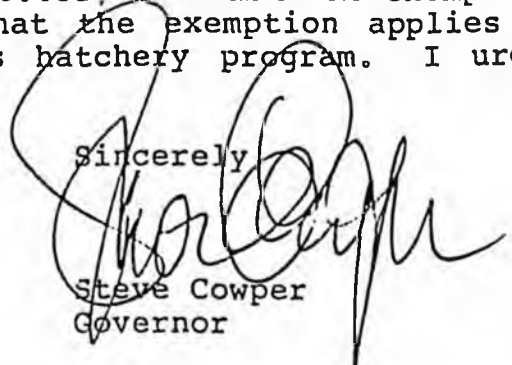
Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the exemptions from the salmon enhancement tax imposed by AS 43.76. This bill is designed to clarify an ambiguity created through the enactment last session of AS 43.76.035.

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

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  
Director, Income & Excise Audit  
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.

### FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: Exemption of hatcheries  
from salmon enhancement tax  
Sponsor: Rules Committee  
Requestor: Governor

Agency Affected: Dept. Fish and Game  
BRU: FRED  
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						
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REVENUE						
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**FUNDING:** (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

Prepared by: Dr. Brian Allee, Director Phone: 465-4160  
Division: FRED Date: 10/19/88

Approved by Commissioner: *Orin Halvorsen* Date: 10/19/88  
Agency: Department of Fish and Game

Distribution (by preparer): *Added 10/19/88*  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)