

HB

4100

SENATE FINANCE COMMITTEE REPORT

DATE: 4/28/90

DATE TURNED INTO OFFICE: 5/18/90

The Finance Committee considered CSHB 400 (Finance) am

"An Act relating to the fisheries business tax and license, and to persons subject to the tax and the licensure requirement; establishing civil penalties for failure to obtain a fisheries business license; and providing for an effective date."

and recommended:

- replace with _____ CS _____
 - or adopt _____ CS _____
 - attached amendment(s)
 - _____ letter of intent adopted
 - do pass
 - do not pass
 - no recommendation
 - individual recommendations
 - further referral to _____
- same title
 new title
 technical title change (HB only)

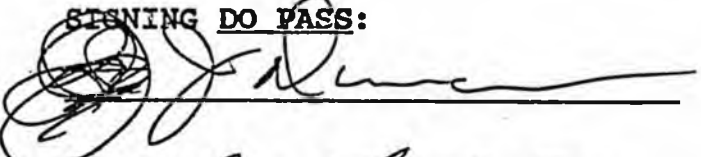
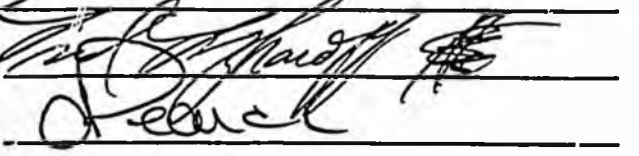
ATTACHES NEW FISCAL NOTE(S):
Dept/Date:
 fiscal note(s) _____

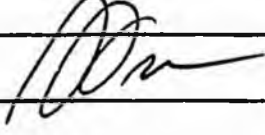
 zero fiscal note(s) _____

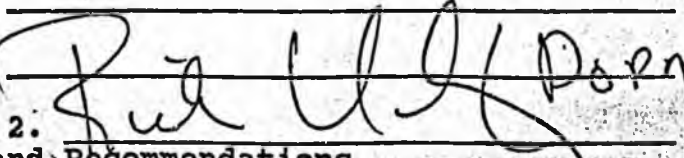
 appropriation-no fiscal note

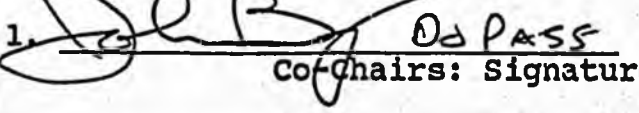

APPROVES PREVIOUS:
Dept/Date:
 fiscal note(s) FOR 90pt. 500.0 Revenue

 zero fiscal note(s) _____

SIGNING DO PASS:



OTHER RECOMMENDATIONS:
 NO REC



1.  DO PASS
2. 
Cofchairs: Signatures and Recommendations

STATE OF ALASKA
1990 LEGISLATIVE SESSION

No. 1

BILL VERSION: HB 400

PUBLISH DATE: HOUSE 1/8/90

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: See Attached:

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320
Division: Income and Excise Audit Date: December 5, 1989

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: December 5, 1989
Agency: Department of Revenue

Distribution (by preparer):

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

Adopted

Law Log #0015
Analysis
Prepared by:
Steven E. Kettel
Director
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.

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.

Amended: 4/6/90
Offered: 3/26/90
Referred: Rules

go0150hH

Original sponsor(s): Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 400 (Finance) am
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
7 license, and to persons subject to the tax and the
8 licensure requirement; establishing civil penalties
9 for failure to obtain a fisheries business license;
10 and providing for an effective date."

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

12 * Section 1. AS 43.75.011 is amended to read:

13 Sec. 43.75.011. FISHERIES BUSINESS LICENSE. A person engaging
14 or attempting to engage in a fisheries business or in an activity
15 described in AS 43.75.100 shall first apply for and obtain a license
16 as provided in AS 43.75.020.

17 * Sec. 2. AS 43.75.011 is amended by adding a new subsection to read:

18 (b) The commissioner may assess a civil penalty against a person
19 required to have a license under (a) of this section who fails to
20 obtain the license. The civil penalty for a violation of (a) of this
21 section may not exceed \$5,000 the first time a civil penalty is
22 assessed, \$10,000 for a second assessment, \$15,000 for a third assess-
23 ment, \$20,000 for a fourth assessment, and \$25,000 for a fifth or
24 subsequent assessment. The commissioner may not assess a person more
25 than one civil penalty for a violation of (a) of this section in a
26 30-day period.

27 * Sec. 3. AS 43.75.020 is amended to read:

28 Sec. 43.75.020. APPLICATION FOR LICENSE. (a) Application for a
29 license shall be filed with the department and accompanied by an

1 annual [INITIAL] fee of \$25. A separate annual [INITIAL] fee is
2 required for each plant specified in the application covered by the
3 license. The application shall contain the name of the applicant, the
4 line of business to be licensed, place of business, and other facts
5 which the department prescribes. The applicant shall state that the
6 applicant agrees to pay the [LICENSE] tax imposed by AS 43.75.015 or
7 43.75.100, and that the applicant will make a return and pay the tax
8 at the time provided by law.

9 (b) Upon receipt of the application in proper form, accompanied
10 by the annual [INITIAL] fee, the department shall issue the license.

11 * Sec. 4. AS 43.75.100(a) is amended to read:

12 (a) A person taking, purchasing, or otherwise acquiring a fish-
13 ery resource that [COVERED BY THIS CHAPTER WHICH] has not been subject
14 to the tax imposed in AS 43.75.015 is subject to the tax levied in
15 AS 43.75.015 on the value of the fishery resource if the person

16 (1) transports the fishery resource to a point outside the
17 taxing jurisdiction of the state for subsequent processing or sale
18 outside the taxing jurisdiction of the state;

19 (2) sells the fishery resource outside the taxing jurisdic-
20 tion of the state; or

21 (3) has the fishery resource processed by a fisheries
22 business in the state.

23 * Sec. 5. PLAN FOR ADDITIONAL REFUND OF TAXES. After consultation with
24 the commissioners of commerce and economic development and community and
25 regional affairs, the commissioner of revenue shall prepare and submit to
26 the legislature by February 15, 1991, recommendations to amend the fisher-
27 ies business tax (AS 43.75.011 - 43.75.140) so that a portion of the tax
28 collected by the state may be refunded to municipalities in which gutting,
29 grilling, sliming, or icing of a fishery resource to maintain the quality

1 of the fresh resource occurs before additional processing of the fishery
2 resource in another community.

3 * Sec. 6. Section 5 of this Act takes effect immediately under AS 01.-
4 10.070(c).

5 * Sec. 7. Except for sec. 5 of this Act, this Act takes effect January
6 1, 1991.