

H B

400

SENATE COMMITTEE REPORT

DATE: 4/7/90

FURTHER:

DATE TURNED INTO OFFICE: 4/27/90

Resources

Committee considered

CSHB 400 (Fin) 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 _____

[] same title
[] new title
[] technical title change (HB only)

[x] attached amendment(s)
[] _____ letter of intent adopted

[x] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

[] fiscal note(s) Dept/Date: _____

[] fiscal note(s) Dept/Date: _____

[] zero fiscal note(s) _____

[x] zero fiscal note(s) REV _____

[] appropriation-no fiscal note

[] Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signatures]

[Signature]
Chair: Signature and Recommendation

*done by
Senate Sec. of*

A M E N D M E N T

OFFERED IN THE SENATE

BY THE RESOURCES COMMITTEE

TO: CSHB 400 (Finance) am

Page 2, line 29:

Delete "grilling"

Insert "gilling"



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

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17B400

January 8, 1990

The Honorable Sam Cotten
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that allows the commissioner of revenue to assess a civil penalty against a person who is required to obtain a fisheries business license under AS 43.75.010, but who fails to do so. The penalty assessed for a failure to obtain a license is \$5,000 for a first occurrence. Penalties for subsequent occurrences increase by increments of \$5,000, to a maximum of \$25,000. The bill also makes four housekeeping amendments.

AS 43.75.011 -- 43.75.140 require fish processors and certain others to obtain a license and pre-pay any estimated fisheries business taxes before the processing or other disposition of fish takes place. Failure to obtain a license is punishable under AS 43.05.290 only after a criminal conviction.

The Department of Revenue estimates there to be as many as 50 unlicensed floating fish processors that are working within Alaska's territorial waters. It is believed that compliance with the fisheries tax statutes would be enhanced by authorizing the department to assess civil penalties against those who fail to obtain the required license.

Sections 1, 3, and 4 of the bill make "housekeeping" changes. The change in sec. 1 amends AS 43.75.011 to make clear that a person who is not engaged in a "fisheries business" (as defined in AS 43.75.140) but who is subject to the fisheries business tax under AS 43.75.100, must obtain a fisheries business license. For example, a commercial fisherman selling his or her Alaska catch outside the state, or a fish buyer who transports fish, taken in Alaska, outside the state for processing, is, under AS 43.75.100,

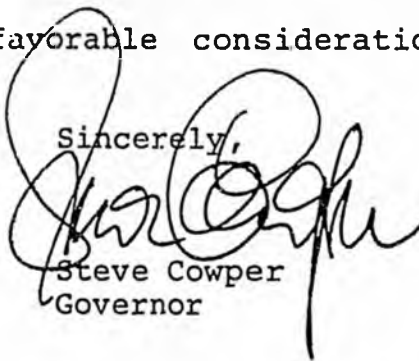
liable for payment of the fisheries business tax. It has been the department's long-standing interpretation of AS 43.75 that such a person must obtain the same license required of a fisheries business.

Section 3 of the bill deletes confusing references in AS 43.75.020 to the "initial" fee (i.e., the license fee), and clarifies that the license fee is an annual fee. Section 3 also deletes the word "license" where it precedes "tax" in AS 43.75.020, and replaces that outdated reference with a reference to the statutes in AS 43.75 that impose the fisheries business tax.

Section 4 of the bill deletes the phrase "covered by this chapter," which modifies the term "fishery resource" in AS 43.75.100(a). "Fishery resource" is defined in AS 43.75.140, making that modifying phrase unnecessary and confusing.

I urge your early and favorable consideration of this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name and title.

Steve Cowper
Governor

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
Division: Income and Excise Audit

Phone: (907) 465-2320
Date: December 5, 1989

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: December 5, 1989

Distribution (by preparer):

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

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.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

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HB 400

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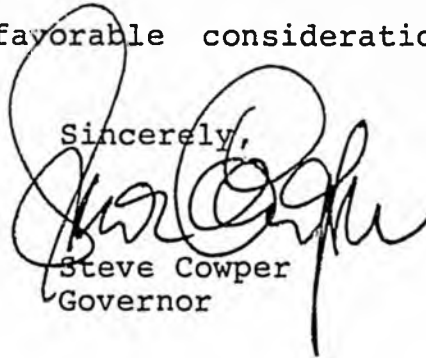
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