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DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

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May 9, 1991

POSITION PAPER

RE: Senate Bill 284

SPONSOR: Senator Eliason

Program Effects of the Bill

The effect of this bill is to correct a technical language problem which inadvertently found its way into a bill, HB 456, passed during the previous legislative session. As passed, the new law provides for an additional sharing with municipalities of 50% of state fisheries business tax collected outside of municipal boundaries, but only such taxes as are collected from floating processors. SB 284 deletes specific references to floating processing, thus expanding the additional tax sharing to 50% of all state fish taxes collected outside municipal boundaries.

Comments

The Department supports the passage of this bill. As passed, HB 456 clearly failed to meet the intent of the additional fish tax sharing program. As explicitly stated by the bill's sponsor in legislative hearings leading to the passage of HB 456,

"(T)he bill essentially provides for additional distribution of fisheries business tax revenues, specifically those revenues collected in areas that are not part of the incorporated borough or part of any municipality." ... "One hundred percent of those revenues collected from floating processors operating outside of corporate limits or land based processors located outside of corporate limits go to the state. The result is that many communities which have boat harbors, house fishing fleets, and provide services and have significant impacts, do not enjoy any of the distributed fisheries business tax revenues."

- House Resource Committee, 3/26/90


and,

Position Paper - SB 284
May 9, 1991
Page two

"HB 456 would address the revenue that the state currently receives for fish processing that occurs outside municipal boundaries but within the state limit."

- House Finance Committee, 4/11/90

However, as passed, HB 456 only addressed those revenues collected outside municipal boundaries from floating processors. SB 284 corrects this oversight, thereby expanding the fish tax sharing program created by HB 456 to account for all fish tax collected outside municipal boundaries, including shore-based operations as was the intent.


Edgar Blatchford, Commissioner.

Alaska State Legislature

SENATOR RICHARD I. ELIASON

President of the Senate

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Juneau, Alaska 99811
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SB 284 is a "house-keeping" measure to correct a problem created by the inadvertent addition of the adjective "floating" before the word "processor" in last year's HB 456. The attached fiscal note and background information regarding HB 456 (which upon passage became Chapter 195, SLA 1990) shows that the intent of the bill was clearly to include ALL processors in the unorganized borough, not only "floating processors" in the unorganized borough.

SB 284 simple removes the word "floating" to allow the legislation passed in 1990 to be enacted as the Legislature intended.

(1990 Session)



STATE OF ALASKA
HOUSE OF REPRESENTATIVES

BILL ANALYSIS CESSHB 456 (FIN)

House Bill 456 expands the sharing of fisheries business tax revenues to additional municipalities and increases funds to communities already receiving shared revenues.

The new funds will be derived from currently unshared fish taxes collected from processors located outside municipal boundaries.

Under current law, all processors must pay a fisheries business tax to the state. Taxes collected from firms processing fish inside municipal boundaries are shared 50/50 with the community.

In FY 89, these taxes totalled \$41.3 million.

Of this, \$31.4 million came from fish processed within municipal boundaries, with \$15.7 million shared with those municipalities.

The balance, \$9.9 million, was from fish processed outside municipalities.

Under this bill, half of these remaining revenues would be shared with impacted communities to help mitigate the costs of providing municipal services to fishermen and the fishing industry.

The Department of Community and Regional Affairs would allocate the funds among the fisheries management areas of the state (page 5, line 7).

The formula for apportionment uses the ratio of the weight of fish sold in a management area (production value: page 3, line 11) to the total production value for all management areas.

The department, after allocating the funds to be distributed in a management area, will distribute the funds among the municipalities in that area based on either demonstrated impacts of fisheries business activities (page 2, line 15), based on commercial fishing vessel days (page 2, line 12) or based on both.

The municipality will be responsible for providing the necessary information to the department. The department will have two years to develop the criteria to be used to allocate funds (page 3, line 24).



LAWS OF ALASKA

1990

Source

CSSSIB 456 (Fin)

Chapter No.

195

AN ACT

Relating to the fisheries business tax and to the allocation of certain fisheries business tax receipts to certain municipalities by the Department of Community and Regional Affairs; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 12

Approved by the Governor: June 27, 1990
Actual Effective Date: July 1, 1992

Chapter 195

AN ACT

Relating to the fisheries business tax and to the allocation of certain fisheries business tax receipts to certain municipalities by the Department of Community and Regional Affairs; and providing for an effective date.

Section 1. AS 29.60 is amended by adding a new section to read:

ARTICLE 6. SHARED FISHERIES BUSINESS TAXES.

Sec. 29.60.450. FISHERIES BUSINESS TAX ALLOCATION. (a) A municipality may receive a fisheries business tax allocation under this section if the municipality demonstrates to the department that the municipality suffered significant effects from fisheries business activities during the base year.

(b) The amount transmitted each fiscal year under AS 43.75.137 shall be apportioned by the department to each management area based on the ratio of the management area's production value to the total production value for all of the management areas. The department shall allocate the amount available for each management area to each municipality in that management area based on the demonstrated effects on the municipality of fisheries business activities, the commercial fishing vessel days in that municipality, or both.

(c) A municipality that receives a tax allocation under this section shall use the tax allocation to help reduce the effect of fisheries business activities on the municipality, which may include

the expenses of any municipal service.

(d) At the request of the department, an applicant or a recipient of a tax allocation shall provide the department with the assistance and information available to the municipality that is necessary for the department to carry out the department's duties under this section relating to that municipality.

(e) The department may adopt regulations necessary to carry out the provisions of this section.

(f) In this section

(1) "base year" means the calendar year that precedes the application deadline for the tax allocation year;

(2) "commercial fishing vessel day" means a day for which a fishing vessel licensed under AS 16.05.490 pays the municipality a moorage, harbor, or docking fee;

(3) "effect" means the result of fisheries business activities on the municipality's

(A) population;

(B) employment;

(C) finances;

(D) air and water quality;

(E) fish and wildlife habitats; and

(F) ability to provide essential public services, including health care, public safety, education, transportation, marine garbage collection and disposal, solid waste disposal, utilities, and government administration;

(4) "fisheries business activity" means activity related to

(A) fishing, including but not limited to the catching and sale of fisheries resources;

(B) vessel moorage and vessel and gear maintenance;

(C) preparing fisheries resources for transportation

and

(D) processing fisheries resources for sale by freezing, icing, cooking, salting, or other method and includes but is not limited to canneries, cold storages, freezer ships, and processing plants;

(5) "management area" means one of the geographical units designated by the Board of Fisheries by regulation adopted under AS 16.05.251(a)(2) for the management of commercial fisheries of the state;

(6) "production value" means the weight of the fish and shellfish produced by floating fisheries businesses.

* Sec. 2. AS 43.75 is amended by adding a new section to read:

Sec. 43.75.137. ADDITIONAL REFUND. To the extent that appropriations are available for the purpose, and notwithstanding the requirement of AS 37.07.080(e) that approval of the office of management and budget is required, an amount equal to 50 percent of the tax revenue that is collected under this chapter from floating fisheries businesses and is not subject to division with a municipality under AS 43.75.130 shall be transmitted each fiscal year, without the approval of the office of management and budget, by the department to the Department of Community and Regional Affairs for disbursement to eligible municipalities under AS 29.60.450.

* Sec. 3. This Act takes effect July 1, 1991.

HOUSE COMMITTEE REPORT

(7)
Date Referred: May 14, 1991

FURTHER REFERRALS:

Date of Committee Action: 5-15-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

SB 284

SENATE BILL NO. 284

FISHERIES TAXES

"An Act amending ch. 195, SLA 1990, to revise the basis for computing the additional refund due certain municipalities based on fisheries business activities within them; and providing for an effective date."

RECOMMENDATIONS: [] the same title
be replaced with _____ [] a new title

[] have attached amendments(s)

do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[] fiscal impact _____

[] fiscal note(s) _____

[] zero fiscal note _____

zero fiscal note(s) DCRA, Revenue

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Mackie	X				
Bettye Davis	X				
Baker	✓				
Samples	✓				
Phillips	✓				

MACKIE
CHAIRMAN'S SIGNATURE

May 9, 1991

SB 284
FISCAL NOTE ANALYSIS
DEPARTMENT OF REVENUE

SB 284 would revise the basis for computing additional refunds to communities from fisheries business taxes not previously subject to sharing by the Department of Revenue. This bill is being introduced as a technical amendment to AS 43.75.137 to be consistent with the original intent of Chapter 195, SLA 1990.

Under SB 284, additional refunds would be based on floating and shore based nonmunicipal revenues rather than just floating business nonmunicipal revenues as currently provided under AS 43.75.137.

The Department of Revenue is including a zero fiscal note with this bill because the fiscal impact of this bill was accounted for in a fiscal note prepared by the department last year for CSSSHB 456 (Chapter 195, SLA 1990). Last year's fiscal note reflected floating and shore based nonmunicipal revenues, which was consistent with HB 456 as originally introduced.

During the legislative process, a committee substitute was introduced with language which reduced the basis for computing refunds from all nonmunicipal to only floating business nonmunicipal revenues. This was apparently an oversight by the drafter of the committee substitute and was not consistent with the intent of the final bill as passed.

SB 284 would take effect July 1, 1992 which is the effective date of Chapter 195, SLA 1990.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 284

Revision Date: _____ Department Affected: Community & Regional Affairs

Title: "An Act.. fisheries business activities..." BRU: _____

Sponsor: Senator Eliason Component: _____

Requestor: _____ COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4708

Division: Administrative Services Date: 5/8/91

Approved by Commissioner: Edgar Blatchford

Agency: Community & Regional Affairs Date: 5/8/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB284

Revision Date: _____
Title: Revise the basis for computing
additional refund due certain municipalities
Sponsor: Eliason
Requestor: _____

Department Affected: Department of Revenue
BRU: Revenue Operations
Component: Income and Excise Audit

COMPONENT SERIAL NO. | 1 | 1 | 3 |

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year impact: None

ANALYSIS: Attach a separate page for analysis.

SEE ATTACHED

Prepared By: Larry E. Meyers *Larry E. Meyers* Phone: (907) 465-2320
Division: Income and Excise Audit Division Date: May 8, 1991

Approved by Commissioner: Lee E. Fisher *Lee E. Fisher*
Agency: Department of Revenue Date: 5-9-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

QUEST:

Session Date: _____
 Title: Fisheries Business Tax Refunds
to Municipalities
 Sponsor: Goll
 Requestor: Finance

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	0	0	<\$4000.>	<\$4000.>	<\$4000.>	<\$4000.>

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)

Prepared By: Steven E. Ketter *Steven E. Ketter* Phone: (907) 465-2320
 Division: Income and Excise Audit Date: April 30, 1990

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: April 30, 1990
 Agency: Department of Revenue

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