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FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: February 25, 1993

FURTHER REFERRALS:

Date of Committee Action: 3/9/93

The FINANCE Committee considered:

HB 133

HOUSE BILL NO. 133

DEFINITION OF VALUE FOR FISHERIES TAX

"An Act amending the definition of 'value' for purposes of administration of fisheries taxes; and providing for an effective date."

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

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) Revenue 2/17/93

zero fiscal note _____

zero fiscal note(s) _____

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Eileen P. Maclean <small>Maclean</small>	✓				
Ronald J. Larson <small>Larson</small>	X	<i>Sam Hoff</i> Hoffman			✓
Mark Stanley <small>Stanley</small>	X	<i>Taylor Brown</i> BROWN			✓
Larry Martin <small>Martin</small>	X				
Leah K. Parnell <small>Parnell</small>	X				
Ben Grussen <small>Grussen</small>	X				
<i>Therese</i> Therese	X				
<i>Foster</i> FOSTER	X				

Ronald J. Larson Larson
CO-CHAIRMAN'S SIGNATURE

E. Maclean Maclean

FISCAL NOTE

No. 1
 Bill Version: HB 133
 (H) Publish Date: 2/17/93

STATE OF ALASKA
 1993 LEGISLATIVE SESSION

Revision Date: February 15, 1993 Dept. Affected: Revenue
 Title: Amending the definition of "value" for purposes of administration of BRU: Revenue Operations
fisheries taxes Component: Income and Excise Audit
 Sponsor: House Special Committee on Fisheries
 Requestor: House Special Committee on Fisheries COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE: General Fund	10.0	550.0	550.0	550.0	550.0	550.0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary)
 (See Attached)

Prepared by: Larry E. Meyers, Director Phone: 465-2320
 Division: Income and Excise Audit Division Date: February 16, 1993
 Approved by Commissioner: Darrel J. Rexwinkel Date: February 16, 1993
 Agency: Department of Revenue

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HB 133
No. 1

HB 133
Fiscal Note Analysis
February 16, 1993
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Analysis

HB 133 clarifies the definition of "value" which is used as the basis for calculating fisheries business and salmon enhancement taxes under AS 43.75 and AS 43.76, respectively. This bill amends the current definition of value under AS 43.75.290 to specify that amounts paid for delivery are included as part of the value of fisheries resources. The department has noted through its audit efforts that some taxpayers deduct actual or imputed costs of delivery when determining value for tax computations. This bill strengthens the department's position that amounts paid for delivery are part of the value of fisheries resources. Inclusion of delivery costs will eliminate understatements of value by fisheries businesses thereby increasing fisheries business and salmon enhancement taxes collected by the State.

Alaska State Legislature

Representative Carl E. Moses



CHAIRMAN
HOUSE RULES COMMITTEE

CHAIRMAN
HOUSE SPECIAL FISHERIES COMMITTEE

MEMBER
FINANCE SUBCOMMITTEES
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HB 133

The Definition of "Value" for Purposes of Fisheries Taxes

House Bill 133 is substantially similar to existing law [AS 43.75.290(11)], but restructures the definition of "value" used in administering fisheries taxes in order to enhance clarity.

The bill is identical to Resources CSHB 448, introduced by Representative Gail Phillips last session, with some further clarification recommended by the Division of Legal Services. The legislation has not received any known opposition.

In the past, processors and fishermen have disputed the definition of value in paying the raw fisheries tax and salmon enhancement tax. The argument is that bonuses and delivery costs are not part of the actual amount paid fishermen for their fish. This interpretation leaves an opening for processors to pay lower prices for the fish, and make up for this low price by giving bonuses for services such as delivery or handling. HB 133 clarifies exactly what services and forms of payment are subject to these taxes.

HB 133 would take effect on January 1, 1994.

DEPARTMENT OF FISH AND GAME
POSITION PAPER

Bill No: HB 133
Sponsor: House Fisheries Committee
Division: Commercial Fisheries
Bill Title: "An Act amending the definition of 'value' for purposes of administration of fisheries taxes; and providing for an effective date."
Department Position: Neutral

This legislation would plug some loopholes in the administration of the fisheries business tax. This legislation has no fiscal impact upon the department. The department has no position for or against this legislation.

Commissioner's Signature

Tom Samerick
for

Date: 2/16/93

Ray Gillespie
Gillespie & Associates
Lobbying & Governmental Affairs



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February 16, 1993

Representative Carl Moses
Chairman, House Special Committee on Fisheries
Alaska State Capitol
Juneau, Alaska 99801

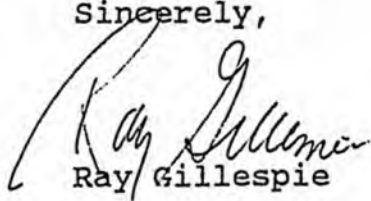
Re: House Bill 133

Dear Representative Moses:

On behalf of Cook Inlet Aquaculture Association, Prince William Sound Aquaculture Corporation, Northern Southeast Regional Aquaculture Association, and Southern Southeast Regional Aquaculture Association, I would like to express our complete support for House Bill 133.

This legislation will close loop-holes in the definition of "fisheries value." By closing the loop-holes, the incidents of tax avoidance or evasion in the collection of enhancement taxes will be minimized. This legislation is needed to give the Department of Revenue complete tools in its efforts to fully collect taxes derived from the self-imposed enhancement taxes used to support regional aquaculture programs.

Sincerely,


Ray Gillespie

fej

Alaska State Legislature

Representative Carl E. Moses



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HOUSE RULES COMMITTEE

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MEMORANDUM

TO: Representative Eileen MacLean, Co-Chairman
Representative Ron Larson, Co-Chairman
House Finance Committee

FROM: Representative Carl Moses @Em

DATE: February 24, 1993

RE: Request for scheduling

I would respectfully request that you schedule for a hearing in your committee House Bill 133, relating to the definition of "value" for purposes of fisheries taxes. HB 133 is substantially similar to existing law [AS 43.75.290(11)], but restructures the definition of "value" used in administering fisheries taxes in order to enhance clarity.

The bill is identical to Resources CSHB 448, introduced by Representative Gail Phillips last session, with some further clarification recommended by the Division of Legal Services. The legislation has not received any known opposition. HB 133 would take effect on January 1, 1994, and would generate more than \$550,000 in raw fisheries tax paid to the State.

This bill has passed through both the House Fisheries and House Resources Committees with no opposition.

Thank you for your consideration of this request.