

**HB**

**133**

*Ray Gillespie*  
*Gillespie & Associates*  
*Lobbying & Governmental Affairs*



*Mailing Address:*  
9478 Riverbend Court  
Juneau, Alaska 99801

*Telephone: (907) 463-3375*  
*Fax: (907) 463-5522*

*Office Address:*  
318 Fourth Street  
Juneau, Alaska 99801

February 16, 1993

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

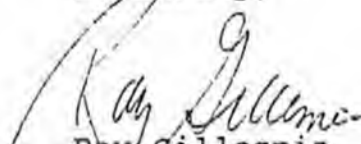
Re: House Bill 133

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



CHAIRMAN  
HOUSE RULES COMMITTEE

CHAIRMAN  
HOUSE SPECIAL FISHERIES COMMITTEE

MEMBER  
FINANCE SUBCOMMITTEES  
FISH AND GAME  
PUBLIC SAFETY

SESSION:  
CAPITOL BUILDING, ROOM 204  
JUNEAU, ALASKA 99801-1182  
PHONE: (907) 465-4451  
FAX: (907) 465-3445

INTERIM:  
P.O. BOX 109  
UNALASKA, ALASKA 99685  
PHONE: (907) 581-1234  
FAX: (907) 581-2875

## 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 clarify exactly what payments are included in that definition.

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 opposition.

In the past, a few 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 Lonsville*  
for

Date:

*3/16/93*

# FISCAL NOTE

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

STATE OF ALASKA  
 1993 LEGISLATIVE SESSION

Division Date: February 16, 1993 Dept. Affected: Revenue  
 Title: Amending the definition of "value" for purposes of administration of fisheries taxes BRU: Revenue Operations  
 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						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL</b>						
<b>REVENUE FUND SOURCE: General Fund</b>	10.0	550.0	550.0	550.0	550.0	550.0

FUNDING: (Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
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						
<b>TOTAL</b>	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

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**  
 For further distribution information call the Governor's Legislative Office

HB 133  
Fiscal Note Analysis  
February 16, 1993  
Page 2 of 2

### 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.