

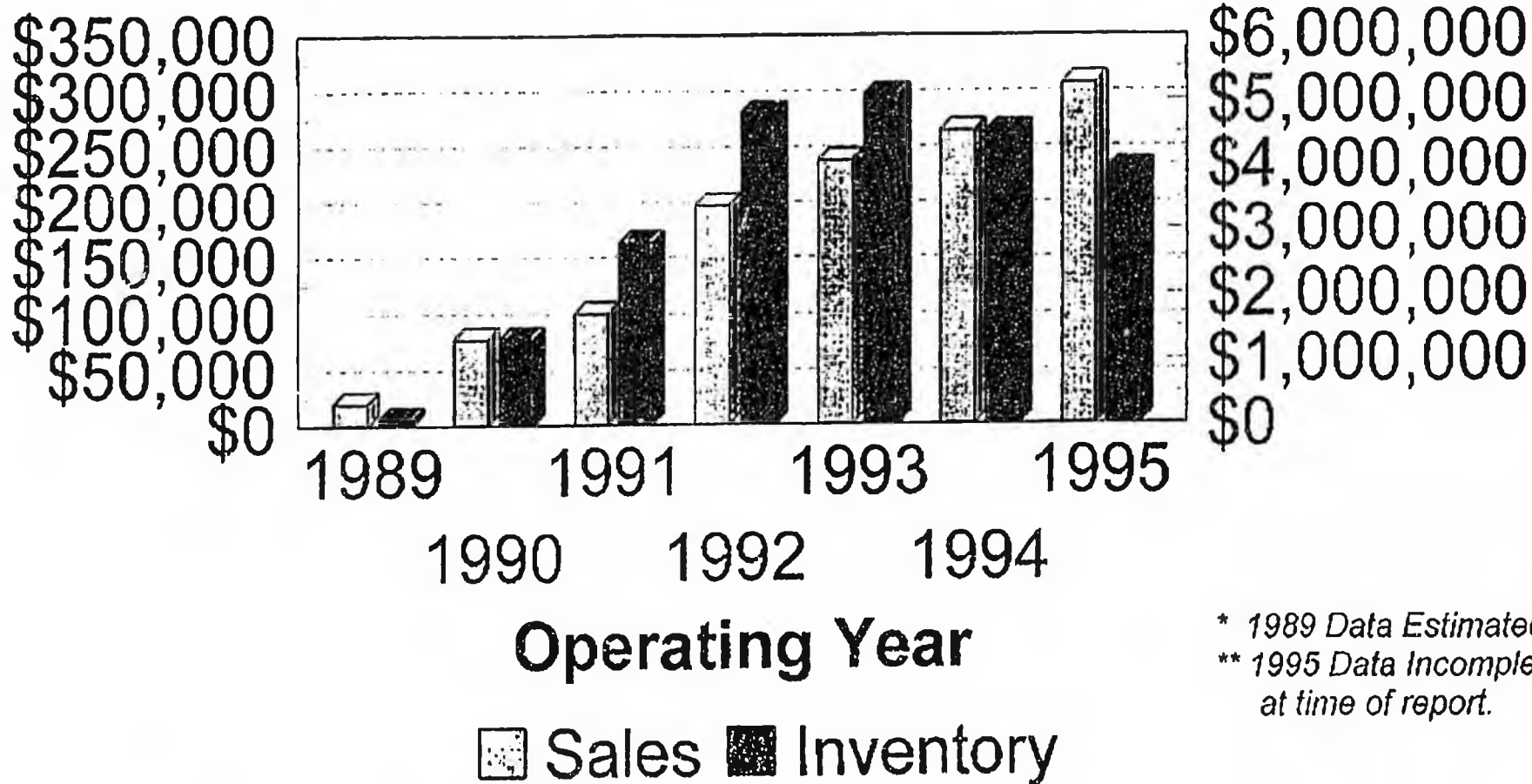
HB

118

AQUATIC FARM SALES AND INVENTORY

Total Farm Sales

End of Year Inventory



* 1989 Data Estimated
 ** 1995 Data Incomplete at time of report.

1995 Reporting Year

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CS HB 118

Revision Date: _____
 Title: An Act relating to seafood marketing, to the
definition of seafood and to an aquatic farm product marketing tax
 Sponsor: Austerman
 Requestor: House Special Committee on Fisheries

Department: Commerce and Economic Development
 BRU: Alaska Seafood Marketing Institute
 Component: Alaska Seafood Marketing Institute
 COMPONENT SERIAL NO. _____ 393

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	1.0	1.0	1.5			
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	1.0	1.0	1.5	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
--------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts	1.0	1.0	1.5			
1006 GF/MHTIA						
Other						
TOTAL	1.0	1.0	1.5	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

CS HB 118 amends the Alaska Seafood Marketing Institute statutes (AS 16.51.180 (a)) to include aquatic farm products in the seafood marketing assessment. The assessment is a voluntary tax on seafood products levied at .3 percent of the value paid by the processor for the product. Aquatic farm sales in 1995 was valued at \$300,000 which would produced \$900 for the seafood marketing assessment. The value of product in inventory is approximately \$3,00,000 which will provide some future growth in sales .

The assessments are collected by the Department of Revenue and transferred to the ASMI to be utilized to purchase advertising services to promote of consumption of Alaska products. In order to receive and expend these funds for the intended purpose, ASMI is requesting additional program receipt authorization of \$1,000 in FY97 with a gradual increase in the subsequent years to meet anticipated increased sales.

Prepared by	Dwayne Peoples <i>[Signature]</i>	Phone: 465-5571
Division	Alaska Seafood Marketing Institute	Date: 2/2/96
Approved by Commissioner	William L. Hensley <i>[Signature]</i>	Date: 2-6-96
Agency	Commerce and Economic Development	

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

Revision Date: _____ Dept. Affected: Revenue
 Title: Seafood Marketing / Aquatic Product Tax BRU: Revenue Operations
 Component: Income and Excise Audit
 Sponsor: Rep. Austerman
 Requestor: (H) SCF COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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 EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES (GF)	124.0	124.0	124.0	124.0	124.0	124.0
---------------------------	-------	-------	-------	-------	-------	-------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Paul E. Dick Phone: 465-2320
 Division: Income and Excise Audit Date: 2/20/96
 Approved by Commissioner: Wilson Condon Date: 2/20/96
 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



Alaska State Legislature

House of Representatives
Special Committee on Fisheries

SPONSOR STATEMENT

CSHB 118 - "SEAFOOD MARKETING / AQUATIC PRODUCT TAX"

March 3, 1996

CSHB 118 brings ASMI two new sources of revenue to ASMI.

First, this bill imposes an aquatic farm product marketing assessment at the rate of .3 percent on the value of aquatic farmers' product. The aquatic farmers' assessment would be remitted to the Department of Revenue annually by April 1 of the calendar year following the sales. Oysters, mussels and clams are permitted for aquatic farming; however, at present, only oysters are being sold in any significant amount.

Second, CSHB 118 amends AS 43.76.110 so that special harvest area permit holders would be subject to the 1 percent salmon marketing tax. Special harvest area permit holders are those fishermen who harvest cost recovery salmon for the hatcheries. The salmon put on the market through this method enter and effect the salmon market and should contribute to our ailing salmon markets.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 23, 1996

SUBJECT: Sectional Summary of CSHB 118(FSH); An Act relating to seafood marketing, to the definition of "seafood" for purposes of the Alaska Seafood Marketing Institute, to an aquatic farm product marketing assessment, and to the salmon marketing tax.

TO: Representative Alan Austerman

FROM: George Utermohle *GU*
Legislative Counsel

You have requested a sectional summary of CSHB 118(FSH); An Act relating to seafood marketing, to the definition of "seafood" for purposes of the Alaska Seafood Marketing Institute, to an aquatic farm product marketing assessment, and to the salmon marketing tax.

As a preliminary matter, please note that a sectional summary of a bill is not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill amends AS 16.51.090 by authorizing the board of directors of the Alaska Seafood Marketing Institute to establish committees related to the marketing of seafood and seafood products.

Section 2 of the bill adds a new section to AS 16.51 which defines "seafood" for the purposes of AS 16.51.120 - 16.51.161, seafood marketing assessment.

Section 3 of the bill adds a new section to AS 16.51 establishing a marketing assessment of 0.3 percent of the value of aquatic farm products sold by aquatic farms.

Section 4 of the bill amends AS 16.51.170 to provide that AS 43.05 and AS 43.10 apply for the enforcement and collection of the aquatic farm product assessment established by sec. 3 of the bill.

Section 5 of the bill amends the general definition of "seafood" for AS 16.51 to include aquatic farm products.

Section 6 of the bill adds a definition of "aquatic farm product" for purposes of AS 16.51.

Representative Alan Austerman

February 23, 1996

Page 2

Section 7 of the bill amends AS 43.76.110 to provide that persons (private nonprofit hatcheries under AS 16.10.400) who have special harvest area entry permits must pay the salmon marketing tax.

Section 8 of the bill provides that the bill takes effect immediately under AS 01.10.070(c).

GU:glc:klb

96-114.glc

Bill Analysis

Section 1 amends AS 16.51.090 such that powers of the Alaska Seafood Marketing Assessment board would apply to the marketing of seafood products.

Section 2 adds a new section to 16.51 to define "seafood" such that it does not include aquatic farm products for AS 16.51.120 - 16.51.161.

Section 3 of this bill provides for a new aquatic farm product marketing assessment of .3% on the value of aquatic farm product sold by aquatic farm permit holders. Permit holders would be required to file returns and remit assessments to Department of Revenue by April 1 each year.

Section 4 specifies that tax enforcement provisions authorized under AS 43.05 and AS 43.10 would apply to collection of the aquatic farm products assessment.

Section 5 adds language to the definition of "seafood" so that it includes aquatic farm products.

Section 6 adds a new paragraph to AS 16.51.180 so that "aquatic farm product" has the meaning given in AS 16.40.199.

Section 7 amends AS 43.76.110 so that special harvest area permit holders would be subject to the salmon marketing tax.

Section 8 provides for an immediate effective date.

Operating Costs

The Department does not anticipate any additional costs to administer the aquatic farm product marketing assessment or collect salmon marketing tax collections from special harvest area permit holders.

Revenue

According to the Alaska Seafood Marketing Institute (ASMI), a .3% assessment would yield approximately \$1.0 per year. According to Department of Fish and Game data, the total value of salmon harvested under special harvest area permits in 1995 was \$12.3 million. If values remained at the 1995 level, a 1% salmon marketing tax would yield \$123.0.

Total revenue increases from both the assessment and tax under this bill is estimated at \$124.0.

Alaskan Shellfish Growers ASSOCIATION



Amy
File
HB 118

Rep. Alan Austerman
Capitol Building
Juneau, AK 99811

Dear Rep. Austerman:

Thank you for inviting our comments on House Bill 118. The Alaskan Shellfish Growers Association (ASGA) voted unanimously at its annual meeting in October to support this measure if two amendments are adopted. These amendments relate to reporting requirements and the amount of the assessment.

The collection provisions of the legislation would be unduly burdensome and costly to administer. In fact, the Alaska Department of Revenue estimates the administrative cost of the procedures would far exceed the amount collected. These sections would require the reporting to the state of each sale of aquatic farm products, and would impose enormous paperwork requirements on growers and the state.

These sections were based upon the collection requirements of the one percent marketing assessment on salmon fishermen. They work well for that purpose because each purchase of salmon must be recorded on a "fish ticket" and a copy forwarded to the state for other purposes. However, aquatic farmers are not under a "fish ticket" system and to impose a similar system strictly for the marketing assessment would be excessive.

Discussion with Revenue officials suggest that the department would support a single annual report from growers for the purposes of collecting the tax. Shellfish growers currently are required to submit an annual report to the Alaska Department of Fish and Game. The year-end report includes a month-by-month summary of aquatic farm product sales and gross revenues from those sales. It seems that this report could be revised slightly to fit the purposes of this legislation.

The legislation would impose a one percent marketing tax on aquatic farmers to help support the programs of the Alaska Seafood Marketing Institute (ASMI). While we believe that ASMI is doing a very good job in promoting Alaska oysters, ASGA believes the tax should be fair and equitable to everyone in the industry.

Aquatic farmers are classified by the state for all other purposes as seafood, but HB 118 would put us in a new category. Existing statutes allows seafood processors to set the level of the

assessment through a vote of all licensed processing companies. Currently, this assessment is set at .3 percent. ASGA strongly believes that aquatic farmers should be put under the same assessment as all other seafood processors.

Again, ASGA strongly supports ASMI's marketing efforts, but we believe adoption of both of these amendments are vital. I would be pleased to work with you and your staff to develop legislation acceptable to the industry.

Sincerely,



Rodger Painter

c.c.

Rep. Caren Robinson
Rep. Kim Elton
Art Scheunemann, ASMI

Table 1. 1995 Aquatic farm permit data.

	Southeast	Southcentral	TOTAL
OPERATIONS			
Aquatic farm permit applications	2	7	9
New Farm Permits issued	1	3	4 ¹⁾
Permits pending or still in process	1	4	5
Total permitted aquatic farms	15	41	56
Shellfish hatcheries/nurseries	1	1	2
Farm/Hatchery Major Amendment Applications	2	1	3
Farms reporting activity	13	31	44
Farm permit renewals received	2	7 ²⁾	9
Farm permit renewals issued	4	11	15
1994 renewals pending/still in process	1	4	5
Acreage permitted for aquatic farming	46	163 ³⁾	209
RESEARCH			
Permit applications	11	26	37
SHELLFISH AND AQUATIC PLANT ACQUISITION/TRANSPORT			
Permit applications	30	47	77
Permits issued	27	44	71
Permits pending or still in process	3	1	4

¹⁾ From 1994 applications.

²⁾ Includes one shellfish hatchery renewal application.

³⁾ Includes 20 acres in Kachemak Bay State Park.

Table 2. 1995 Aquatic farm operations data.

	Southeast	Southcentral	TOTAL
MARKET SALES			
Oysters	599,106	267,866 ¹⁾	866,972
Value	\$185,723	\$110,302	\$296,025
Mussels (lbs)	100	4,235	4,335
Value	— ²⁾	\$10,458	\$10,458
Total aquatic farm market sales			\$306,483
HATCHERY/NURSERY SALES			
Oysters	0	43,370	43,370
Value	\$0	— ³⁾	— ³⁾
SEEDSTOCK PURCHASED			
Oyster spat	1,779,752	2,404,000 ¹⁾	4,183,752
Oyster larvae	0	4,000,000	4,000,000
END OF YEAR INVENTORY ²⁾			
Oysters	3,506,064	6,809,002 ¹⁾	10,315,066.00
Value	\$1,026,879	\$2,655,510	\$3,742,389
Mussels (lbs)	1,000	73,210 ⁴⁾	74,210
Value	— ³⁾	\$179,365	\$179,365
Total End-of-Year Aquatic Farm Inventory Value			\$3,921,754
Oysters(hatchery/nursery)	33,800	94,000	127,800.00
Value	— ³⁾	— ³⁾	— ³⁾
Littleneck clams (hatchery stock)	0	34,000	34,000
Value	\$0	— ³⁾	— ³⁾
EMPLOYMENT SUMMARY			
Number of employees	24	50	74 ⁵⁾
Days worked	1,342	2,887	4,229

¹⁾ Southcentral production data preliminary

²⁾ A small inventory of other species, primarily scallops (<5,000 organisms) exists.

³⁾ Single producer, financial information confidential.

⁴⁾ Estimate. Mussel inventory methods vary widely between farms.

⁵⁾ Does not include owner/operator work days.

Alaska Oyster Sales 1990-1995 (1995 estimated)

