

# HB

# 192

<TARGET><BILL>HB 192</BILL><SUBJECT>HB  
192</SUBJECT><COMM>HFIN28</COMM></TARGET>

# Fiscal Note

State of Alaska  
2014 Legislative Session

Bill Version: HB 192  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB192CS(FSH)-DCCED-DCRA-01-21-14  
Title: PAYMENT OF FISHERY RESOURCE LANDING  
TAX  
Sponsor: MILLETT  
Requester: House Fisheries

Department: Department of Commerce, Community and  
Economic Development  
Appropriation: Community and Regional Affairs  
Allocation: Community and Regional Affairs  
OMB Component Number: 2879

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>OPERATING EXPENDITURES</b>	<b>FY 2015</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0

Estimated CAPITAL (FY2015) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

The CS for this bill does not alter the fiscal note. This fiscal note is updated for second session of Legislature.

Prepared By: <u>Scott Ruby, Director</u>	Phone: (907)269-4569
Division: <u>Community and Regional Affairs</u>	Date: 01/08/2014 02:25 PM
Approved By: <u>Jeanne Mungle, Director</u>	Date: 01/08/14
Agency: <u>Administrative Services</u>	

**FISCAL NOTE ANALYSIS**

**STATE OF ALASKA  
2014 LEGISLATIVE SESSION**

**BILL NO. CSHB 192(FSH)**

**Analysis**

This bill would amend existing statutes regarding payment of the Fishery Resource Landing Tax. The amendments change the timeline for when annual returns must be made, and add clarification for the specific amount required for each quarterly payment.

There is no anticipated fiscal impact to the Division of Community and Regional Affairs from this bill.

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: CSHB 192(FSH)  
Fiscal Note Number: 1  
(H) Publish Date: 4/11/13

Identifier: HB192-DCCED-DCRA-04-10-13  
Title: PAYMENT OF FISHERY RESOURCE LANDING TAX  
Sponsor: MILLETT  
Requester: House Fisheries

Department: Department of Commerce, Community and Economic Development  
Appropriation: Community and Regional Affairs  
Allocation: Community and Regional Affairs  
OMB Component Number: 2879

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

<b>Change in Revenues</b>								
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

Prepared By: Scott Ruby, Director  
Division: Community and Regional Affairs  
Approved By: JoEllen Hanrahan, Director  
Administrative Services

Phone: (907)269-4569  
Date: 04/10/2013 06:00 PM  
Date: 04/10/13

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSHB 192(FSH)

**Analysis**

This bill would amend existing statutes regarding payment of the fishery resource landing tax. The amendments change the timeline for when annual returns must be made, and add clarification for the specific amount required for each quarterly payment.

There is no anticipated fiscal impact to the Division of Community and Regional Affairs from this bill.

# Fiscal Note

State of Alaska  
2014 Legislative Session

Bill Version: HB 192  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB192CS(FSH)-DOR-TAX-01-21-14  
Title: PAYMENT OF FISHERY RESOURCE LANDING  
TAX  
Sponsor: MILLETT  
Requester: H (FIN)

Department: Department of Revenue  
Appropriation: Taxation and Treasury  
Allocation: Tax Division  
OMB Component Number: 2476

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

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Estimated SUPPLEMENTAL (FY2014) cost: 0.0

Estimated CAPITAL (FY2015) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/14

**Why this fiscal note differs from previous version:**

This version provides for an effective date of January 1, 2014, with an estimated date of 04/30/2014 for when regulations will be adopted (the Department cannot implement regulations until 12/31/2014). This fiscal note is also updated for FY 15.

Prepared By:	Johanna Bales, Deputy Director & Tim Cottongim, RAS	Phone:	(907)269-6628
Division:	Tax Division	Date:	12/23/2013 04:00 PM
Approved By:	Angela M. Rodell, Commissioner	Date:	12/23/13
Agency:	Department of Revenue		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2014 LEGISLATIVE SESSION

BILL NO. CSHB192(FSH)

### Analysis

**Bill Language:**

This bill will change the return and payment due date of Fishery Resource Landing Tax returns to the end of the month following the month after the department publishes the statewide average price list. Currently, taxpayers must file their returns and make payment by April 1st of each year. The Fishery Resource Landing Tax is calculated using the statewide average price which historically is not published until sometime in May of each year. If a taxpayer fails to pay the full amount of tax owed, the taxpayer is charged interest on the unpaid tax from the date the tax was due until the tax is ultimately paid. It is virtually impossible for taxpayers to know the exact amount of tax they owe on April 1st since the information they need to calculate the tax isn't available until May. This bill also allows a taxpayer to avoid penalties on estimated payments if the taxpayer pays at least 90% of the amount of tax owed each quarter based on the statewide average price of the same species posted in the previous year times the number of pounds of fishery resource landed during the quarter. This bill provides an effective date of January 1, 2014.

**Revenues:**

We expect to see a small decline in interest revenue received on late payments as a result of this legislation. However, we are unable to project the exact amount as there are several variables used in the calculation of interest. Additionally, we expect that the amount of penalty imposed on estimated tax payments will also decrease. However, the amount of penalty for the past two fiscal years was \$9,088 for FY2012 and \$5,216 for FY2011. Therefore, we estimate that the decrease in penalty for failure to underpay estimated tax payments would not exceed \$9,088 (the highest of the past two fiscal years).

**Expenditures:**

We anticipate the provisions within this bill can be implemented in the Tax Division using existing staff and resources.

**Regulations:**

This bill will require a change to 15 AAC 77.025 to address the "pay-as-you-fish" provision allowed for estimated tax payments provided in this bill. Additionally, current regulation 15 AAC 77.015 should be repealed as there will no longer be a requirement for an automatic extension of the time to file a return. We anticipate regulations can be adopted by December 31, 2014.

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: CSHB 192(FSH)  
Fiscal Note Number: 2  
(H) Publish Date: 4/11/13

Identifier: HB192SS-DOR-TAX-04-10-13  
Title: PAYMENT OF FISHERY RESOURCE LANDING  
TAX  
Sponsor: MILLETT  
Requester: (H) FSH

Department: Department of Revenue  
Appropriation: Taxation and Treasury  
Allocation: Treasury Division  
OMB Component Number: 121

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

<b>Change in Revenues</b>		***	***	***	***	***	***
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/13

**Why this fiscal note differs from previous version:**

Initial version, with sponsor substitute reflected.

Prepared By:	John Bernasconi, Chief of Operations & Tim Cottongim, RAS	Phone:	(907)465-4773
Division	Tax Division	Date:	04/10/2013 04:00 PM
Approved By:	Alicia Egan, Legislative Liaison	Date:	04/10/13
	Department of Revenue		

FISCAL NOTE ANALYSIS #2

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSHB 192(FSH)

**Analysis**

**Bill Language:**

This bill will change the return and payment due date of Fishery Resource Landing Tax returns to the end of the month following the month after the department publishes the statewide average price list. Currently, taxpayers must file their returns and make payment by April 1st of each year. The Fishery Resource Landing Tax is calculated using the statewide average price which historically is not published until sometime in May of each year. If a taxpayer fails to pay the full amount of tax owed, the taxpayer is charged interest on the unpaid tax from the date the tax was due until the tax is ultimately paid. It is virtually impossible for taxpayers to know the exact amount of tax they owe on April 1st since the information they need to calculate the tax isn't available until May. This bill also allows a taxpayer to avoid penalties on estimated payments if the taxpayer pays at least 90% of the amount of tax owed each quarter based on the statewide average price of the same species posted in the previous year times the number of pounds of fishery resource landed during the quarter.

**Revenues:**

We expect to see a small decline in interest revenue received on late payments as a result of this legislation. However, we are unable to project the exact amount as there are several variables used in the calculation of interest. Additionally, we expect that the amount of penalty imposed on estimated tax payments will also decrease. However, the amount of penalty for the past two fiscal years was \$9,088 for FY2012 and \$5,216 for FY2011. Therefore, we estimate that the decrease in penalty for failure to underpay estimated tax payments would not exceed \$9,088 (the highest of the past two fiscal years).

**Expenditures:**

We anticipate the provisions within this bill can be implemented in the Tax Division using existing staff and resources.

**Regulations:**

This bill will require a change to 15 AAC 77.025 to address the "pay-as-you-fish" provision allowed for estimated tax payments provided in this bill. Additionally, current regulation 15 AAC 77.015 should be repealed as there will no longer be a requirement for an automatic extension of the time to file a return. We anticipate regulations can be adopted by December 31, 2013.

# Alaska Legislature

## Representative Charisse Millett

### Session:

State Capitol Building, Room 403  
Juneau, AK 99801  
Phone (907) 465-3879  
Fax (907) 465-2069  
Toll free (888) 269-3879



### Interim:

Anchorage LIO  
716 W 4<sup>th</sup> Ave., Room 390  
Anchorage, AK 99501  
Phone (907) 269-0222  
Fax (907) 269-0223

*District 24*

### SPONSOR STATEMENT HB 192

Currently, commercial fishermen are required to submit the resource landing tax by April 1<sup>st</sup>. The difficulty with this fixed date is that Department of Fish and Game does not always have the statewide average fish report by that time. Though the Department of Revenue does grant an automatic extension to file the landing tax return if the report has not been submitted within 30 days of the due date, there are no extensions for payment time. This results in penalties and interest to occur. For example, the 2011 list was not published until May 29, 2012. This results in the accumulation of unfair penalties and interest to commercial fishermen. Commercial fishermen are also required to make equal quarterly payments. This means that in some instances, the current statute would require payment of 50% of the landing taxes before even leaving port.

House Bill 192 makes necessary changes to the resource landing tax statutes. The first section aligns the due date for the resource landing tax with the date that the statewide average fish report is released. This is a long overdue remedy. The State of Alaska should not punish our fishing industry for the delay of information they have no control over.

The second section of House Bill 192 still maintains that 100% of the previous year's tax liability or at least 90% of the estimated amount is owed. However, the requirement to make equal quarterly payments is deleted. Instead, the commercial fisherman is allowed to pay their quarterly tax based on their production and estimated price for that specific quarter. It only makes sense that a way of life as volatile as that of our commercial fishermen should have a tax structure that reflects those realities. House Bill 192 provides a tax regime that is equitable and fair.

House Bill 192 has been referred to the Fisheries and Finance Committees. I would greatly appreciate you in joining me in supporting Alaska's commercial fishing industry.

Prepared by: Vasilios Gialopsos

# 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

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

April 2, 2013

**SUBJECT:** Sectional summary of HB 192 (Work Order No. 28-LS0725\A)

**TO:** Representative Charisse Millett  
Attn: Vasilios Gialopsos

**FROM:** Alpheus Bullard *LAB*  
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

**Section 1.** Amends AS 43.77.020(b) to change the date that the Fishery Resource Landing Tax is due.

**Section 2.** Amends AS 43.77.020(d) to change how the Department of Revenue determines whether a taxpayer is subject to a tax penalty based on a taxpayer's quarterly payments of the Fishery Landing Tax.

TLAB:lnd  
13-198.lnd

# Alaska Legislature

## Representative Charisse Millett

Session:  
State Capitol Building, Room 403  
Juneau, AK 99801  
Phone (907) 465-3879  
Fax (907) 465-2069



Interim:  
Anchorage LIO  
716 W 4<sup>th</sup> Ave., Room 390  
Anchorage, AK 99501  
Phone (907) 269-0222  
Fax (907) 269-0223

## HOUSE BILL 192

### EXPLANATION OF CHANGES

#### Changes in Section 1

In the original bill, "the return is due **within 30 days** after the department posts the statewide average fish price calculated." Depending on the date the department posts this information, the due date for the return could be a different part of the month every year.

The Committee Substitute (CS) changes this to "**the last day of the month following the month**" the department posts the statewide average fish price. The return will always be due at the end of a month.

#### Changes in Section 2

The new language in Section 2 gives fishermen three different methods to make their estimated quarterly payments:

- (e) (1) pay 100% of the prior year's tax,
  - (e) (2) pay 90% of the current year's estimated tax, or
  - (e) (3) pay 90% of the estimated tax (based on last year's prices) due for the actual fish landed each quarter.
- (e)(1) and (e)(2) allows those fishermen who catch most of their fish at the beginning of the year to spread their tax payment throughout the year.
- (e)(3) could be used by those who do not start fishing until later in the year.

A new section (f) requires the taxpayer to notify the department by March 31<sup>st</sup> of each year which payment method under (e) is being used. If the taxpayer fails to select a payment method, the department will apply the payment method under section (e)(1) or (e)(2), whichever is less.

## Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway

Juneau, AK 99801

Phone: 907-586-6652

Fax: 907-523-1168

Email: [seafa@gci.net](mailto:seafa@gci.net)

Website: <http://www.seafa.org>



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April 2, 2013

Senate Resources  
Alaska State Legislature  
State Capitol, Room 205  
Juneau, AK 99801-1182

RE: Support HB 192

Dear Representative Paul Seaton, Chair and Fish Committee members,

Southeast Alaska Fishermen's Alliance (SEAFa) is a multi-gear/multi-species, membership based association. SEAFa supports HB 192 which addresses an issue that affects several of our members.

HB 192 will prevent the imposition of tax penalties and interest for a situation that is completely out of the tax payer's control. SB 192 aligns the date the tax is due to correspond with the date the report is due. Currently the report is due March 31<sup>st</sup> or the last day of the month following the month the State publishes the statewide prices that must be used on the return which generally is in May but the tax is due on April 1<sup>st</sup>. How do you pay a tax when you don't know what you owe.

HB 192 deletes the requirement to make equal quarterly payments and allows the commercial fisherman to pay each quarter based on their production and estimated price for that quarter. A commercial fisherman has no idea of how their season is going to go until they are done fishing - asking to pay before they fish is difficult as you don't know how much to pay nor do you have income from the fishing to pay for the taxes.

In FY 2012, 78 Resource landing tax reports were filed by 67 tax payers.

This legislation does not take away the right of the State to assess penalties or interest if a tax payer does not pay an appropriate quarterly payment based on their production.

SEAFAs support HB 192 that provides a tax regime that is equitable and fair.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathy Hansen", followed by a long horizontal line extending to the right.

Kathy Hansen  
Executive Director