

SB

71

<TARGET><BILL>SB 71</BILL><SUBJECT>SB
71</SUBJECT><COMM>HFIN28</COMM></TARGET>

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSSB 71(FIN)
Fiscal Note Number: 3
(S) Publish Date: 2/12/14

Identifier: SB071-DCCED-DCRA-01-21-14
Title: PAYMENT OF FISHERY RESOURCE LANDING
TAX
Sponsor: MICCICHE
Requester: Senate Finance

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

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial version of bill with fiscal note updated for second session of Legislature.

Prepared By:	Scott Ruby, Director	Phone:	(907)269-4569
Division:	Community and Regional Affairs	Date:	01/08/2014 02:40 PM
Approved By:	Jeanne Mungle, Director	Date:	01/08/14
Agency:	Administrative Services		

FISCAL NOTE ANALYSIS #3

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB 71(FIN)

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: CSSB 71(FIN)
Fiscal Note Number: 4
(S) Publish Date: 2/12/14

Identifier: SB071-DOR-TAX-01-21-14
Title: PAYMENT OF FISHERY RESOURCE LANDING
TAX
Sponsor: MICCICHE
Requester: (S) 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 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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:

Updated for 2014 session.

Prepared By:	Johanna Bales, Deputy Director	Phone:	(907)269-6628
Division:	Tax	Date:	12/23/2013 01:57 PM
Approved By:	Angela M. Rodell, Commissioner	Date:	12/23/13
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS #4

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSSB 71(FIN)

Analysis

Bill Language:

This bill will change the return and payment due date of Fishery Resource Landing Tax returns to 30 days 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 changes the timing of estimated tax payments needed to avoid estimated tax penalty to either 90% of the amount calculated by multiplying the actual price paid at the time the fishery resource was landed by the appropriate tax rate or 100% of the taxpayer's liability for the prior tax year.

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 \$17,954 for FY2013 and \$9,088 for FY2012. Therefore, we estimate that the decrease in penalty for failure to underpay estimated tax payments would not exceed \$17,954 (the higher 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 remove the equal tax installments required currently in the 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.

HOUSE CS FOR SENATE BILL NO. 71(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR MICCICHE

REPRESENTATIVES Tarr, Gara

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the fishery resource landing tax and cost recovery fisheries; and**
2 **providing for an effective date."**

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

4 *** Section 1.** AS 16.10.455(c) is amended to read:

5 (c) As a condition of participation in a common property salmon fishery in a
6 terminal harvest area under this section, a fisherman who participates in the fishery is
7 subject to the payment of the assessment levied under (d) of this section on the
8 projected value of the salmon or on the pounds of salmon harvested. The
9 assessment is levied on the [VALUE OF] salmon that the fisherman takes in the
10 terminal harvest area and sells to a licensed buyer. The buyer of the salmon must be
11 licensed under AS 43.75, and the buyer shall collect the assessment on salmon taken
12 in a terminal harvest area at the time of purchase and remit the assessment to the
13 Department of Revenue in accordance with regulations adopted by the Department of
14 Revenue.

1 * **Sec. 2.** AS 16.10.455(d) is amended to read:

2 (d) The Department of Revenue may, by regulation, annually, by March 1 of
 3 each year, set the [RATE OF THE] assessment levied on salmon taken in a terminal
 4 harvest area in consultation with the Department of Commerce, Community, and
 5 Economic Development, the hatchery permit holder, and representatives of affected
 6 commercial fishermen. The [RATE OF THE] assessment shall provide sufficient
 7 revenue to cover debt service to the state, reasonable operating expenses, reasonable
 8 maintenance expenses, and development or maintenance of a reserve fund up to 100
 9 percent of annual operating costs of the hatchery permit holder. In setting the [RATE
 10 OF THE] assessment, the department shall consider the estimated return and harvest
 11 of salmon in the terminal harvest area, the projected price to be paid for salmon in the
 12 region, the amount of the existing reserve held by the hatchery permit holder, and the
 13 amount by which the assessment collected in previous years exceeded or fell short of
 14 the amount anticipated to be collected. The [TOTAL RATE OF THE] assessment may
 15 not exceed 50 percent of the value of the salmon. The department may levy the
 16 assessment as a percentage of the projected value of the salmon returning to the
 17 terminal harvest area or as a flat rate on each pound of salmon harvested in the
 18 area, to the nearest whole cent.

19 * **Sec. 3.** AS 43.77.020(b) is amended to read:

20 (b) The return shall be made on the basis of the calendar year. The return
 21 [AND] is due on the last day of the month following the month that the
 22 department posts the statewide average fish price calculated by the Department
 23 of Fish and Game for [BEFORE APRIL 1 AFTER THE CLOSE OF] the calendar
 24 year for which the return is made, and any unpaid tax shall be paid with the return.

25 * **Sec. 4.** AS 43.77.020(d) is amended to read:

26 (d) A person subject to the tax under this chapter shall make quarterly
 27 payments of the tax estimated to be due for the year, as required under (e) of this
 28 section [REGULATIONS ADOPTED BY THE DEPARTMENT]. A taxpayer will be
 29 subject to an estimated tax penalty, determined by applying the interest rate specified
 30 in AS 43.05.225 to the underpayment for each quarter, unless the taxpayer makes
 31 estimated tax payments as required under (e) of this section [IN EQUAL

1 INSTALLMENTS THAT TOTAL EITHER

2 (1) AT LEAST 90 PERCENT OF THE TAXPAYER'S TAX
3 LIABILITY UNDER THIS CHAPTER FOR THE TAX YEAR; OR

4 (2) AT LEAST 100 PERCENT OF THE TAXPAYER'S TAX
5 LIABILITY UNDER THIS CHAPTER FOR THE PRIOR TAX YEAR].

6 * **Sec. 5.** AS 43.77.020 is amended by adding new subsections to read:

7 (e) A person subject to tax under this chapter shall make estimated quarterly
8 tax payments on or before March 31, June 30, September 30, and December 31 of
9 each year using one of the following methods:

10 (1) four equal installments the sum of which is at least equal to the
11 taxpayer's tax liability under this chapter for the immediately preceding calendar year;

12 (2) four equal installments the sum of which equals at least 90 percent
13 of the taxpayer's tax liability under this chapter for the current calendar year; or

14 (3) four installments, calculated in each quarter, equal to 90 percent of
15 the sum of the number of pounds of unprocessed fish of each species landed in the
16 state during the quarter that are subject to tax under this chapter, multiplied by the
17 respective statewide average price for each species posted by the department in the
18 immediately preceding calendar year, multiplied by the applicable tax rate under this
19 chapter.

20 (f) By March 31 of each year, a taxpayer electing to use the method under
21 (e)(3) of this section shall notify the department of the election. Once the election is
22 made, the taxpayer may not change the estimated payment method until the following
23 calendar year. If a taxpayer does not notify the department of an election to use the
24 method under (e)(3) of this section, the department shall calculate the taxpayer's
25 estimated liability under (e)(1) and (2) of this section, and apply the estimated
26 payment method that results in the lowest tax liability to determine the taxpayer's
27 underpayment and estimated tax penalty.

28 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 TRANSITION AND IMPLEMENTATION. For the 2014 calendar year, a taxpayer
31 may make estimated quarterly tax payments under AS 43.77.020, and the regulations adopted

1 to implement that section, as they read on December 31, 2013, or under AS 43.77.020, as
2 amended by secs. 3 - 5 of this Act. A taxpayer may not make estimated tax payments for the
3 2014 calendar year under AS 43.77.020(e)(3), added by sec. 5 of this Act, unless the taxpayer
4 notifies the department before January 1, 2015, of the taxpayer's intent to make payments
5 under that paragraph.

6 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 **RETROACTIVITY.** Sections 3 - 5 of this Act are retroactive to January 1, 2014.

9 * **Sec. 8.** This Act takes effect immediately under AS 01.10.070(c).

HOUSE CONCURRENT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Introduced:

Referred:

A RESOLUTION

1 **Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State**
2 **Legislature, concerning Senate Bill No. 71, relating to the fishery resource landing tax.**

3 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 That under Rule 54, Uniform Rules of the Alaska State Legislature, the provisions of
5 Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, regarding
6 changes to the title of a bill, are suspended in consideration of Senate Bill No. 71, relating to
7 the fishery resource landing tax.

Adopted
4/19/14

28-LS0594\H
Bullard
4/19/14

HOUSE CS FOR CS FOR SENATE BILL NO. 71(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR MICCICHE

REPRESENTATIVES Tarr, Gara

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the fishery resource landing tax; and providing for an effective**
2 **date."**

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

4 *** Section 1.** AS 43.77.020(b) is amended to read:

5 (b) The return shall be made on the basis of the calendar year. The return
6 [AND] is due on the last day of the month following the month that the
7 department posts the statewide average fish price calculated by the Department
8 of Fish and Game for [BEFORE APRIL 1 AFTER THE CLOSE OF] the calendar
9 year for which the return is made, and any unpaid tax shall be paid with the return.

10 *** Sec. 2.** AS 43.77.020(d) is amended to read:

11 (d) A person subject to the tax under this chapter shall make quarterly
12 payments of the tax estimated to be due for the year, as required under (e) of this
13 section [REGULATIONS ADOPTED BY THE DEPARTMENT]. A taxpayer will be
14 subject to an estimated tax penalty, determined by applying the interest rate specified
15 in AS 43.05.225 to the underpayment for each quarter, unless the taxpayer makes

1 estimated tax payments as required under (e) of this section [IN EQUAL
2 INSTALLMENTS THAT TOTAL EITHER

3 (1) AT LEAST 90 PERCENT OF THE TAXPAYER'S TAX
4 LIABILITY UNDER THIS CHAPTER FOR THE TAX YEAR; OR

5 (2) AT LEAST 100 PERCENT OF THE TAXPAYER'S TAX
6 LIABILITY UNDER THIS CHAPTER FOR THE PRIOR TAX YEAR].

7 * **Sec. 3.** AS 43.77.020 is amended by adding new subsections to read:

8 (e) A person subject to tax under this chapter shall make estimated quarterly
9 tax payments on or before March 31, June 30, September 30, and December 31 of
10 each year using one of the following methods:

11 (1) four equal installments the sum of which is at least equal to the
12 taxpayer's tax liability under this chapter for the immediately preceding calendar year;

13 (2) four equal installments the sum of which equals at least 90 percent
14 of the taxpayer's tax liability under this chapter for the current calendar year; or

15 (3) four installments, calculated in each quarter, equal to 90 percent of
16 the sum of the number of pounds of unprocessed fish of each species landed in the
17 state during the quarter that are subject to tax under this chapter, multiplied by the
18 respective statewide average price for each species posted by the department in the
19 immediately preceding calendar year, multiplied by the applicable tax rate under this
20 chapter.

21 (f) By March 31 of each year, a taxpayer electing to use the method under
22 (e)(3) of this section shall notify the department of the election. Once the election is
23 made, the taxpayer may not change the estimated payment method until the following
24 calendar year. If a taxpayer does not notify the department of an election to use the
25 method under (e)(3) of this section, the department shall calculate the taxpayer's
26 estimated liability under (e)(1) and (2) of this section, and apply the estimated
27 payment method that results in the lowest tax liability to determine the taxpayer's
28 underpayment and estimated tax penalty.

29 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
30 read:

31 **TRANSITION AND IMPLEMENTATION.** For the 2014 calendar year, a taxpayer

1 may make estimated quarterly tax payments under AS 43.77.020, and the regulations adopted
2 to implement that section, as they read on December 31, 2013, or under AS 43.77.020, as
3 amended by secs. 1 - 3 of this Act. A taxpayer may not make estimated tax payments for the
4 2014 calendar year under AS 43.77.020(e)(3), added by sec. 3 of this Act, unless the taxpayer
5 notifies the department before January 1, 2015, of the taxpayer's intent to make payments
6 under that paragraph.

7 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 **RETROACTIVITY.** Sections 1 - 3 of this Act are retroactive to January 1, 2014.

10 * **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).

Adopted
4/19/14

28-LS0594\H.1
Bullard
4/19/14

AMENDMENT #1

OFFERED BY
Rep. MUNOZ

OFFERED IN THE HOUSE

TO: HCS CSSB 71(FIN), Draft Version "H"

1 Page 1, line 1, following "tax":

2 Insert "**and cost recovery fisheries**"

3

4 Page 1, following line 3:

5 Insert new bill sections to read:

6 ** Section 1. AS 16.10.455(c) is amended to read:

7 (c) As a condition of participation in a common property salmon fishery in a
8 terminal harvest area under this section, a fisherman who participates in the fishery is
9 subject to the payment of the assessment levied under (d) of this section on the
10 projected value of the salmon or on the pounds of salmon harvested. The
11 assessment is levied on the [VALUE OF] salmon that the fisherman takes in the
12 terminal harvest area and sells to a licensed buyer. The buyer of the salmon must be
13 licensed under AS 43.75, and the buyer shall collect the assessment on salmon taken
14 in a terminal harvest area at the time of purchase and remit the assessment to the
15 Department of Revenue in accordance with regulations adopted by the Department of
16 Revenue.

17 * Sec. 2. AS 16.10.455(d) is amended to read:

18 (d) The Department of Revenue may, by regulation, annually, by March 1 of
19 each year, set the [RATE OF THE] assessment levied on salmon taken in a terminal
20 harvest area in consultation with the Department of Commerce, Community, and
21 Economic Development, the hatchery permit holder, and representatives of affected
22 commercial fishermen. The [RATE OF THE] assessment shall provide sufficient
23 revenue to cover debt service to the state, reasonable operating expenses, reasonable

1 maintenance expenses, and development or maintenance of a reserve fund up to 100
 2 percent of annual operating costs of the hatchery permit holder. In setting the [RATE
 3 OF THE] assessment, the department shall consider the estimated return and harvest
 4 of salmon in the terminal harvest area, the projected price to be paid for salmon in the
 5 region, the amount of the existing reserve held by the hatchery permit holder, and the
 6 amount by which the assessment collected in previous years exceeded or fell short of
 7 the amount anticipated to be collected. The [TOTAL RATE OF THE] assessment may
 8 not exceed 50 percent of the value of the salmon. **The department may levy the**
 9 **assessment as a percentage of the projected value of the salmon returning to the**
 10 **terminal harvest area or as a flat rate on each pound of salmon harvested in the**
 11 **area, to the nearest whole cent.**
 12

13 Page 1, line 4:

14 Delete "Section 1"

15 Insert "Sec. 3"

16
 17 Renumber the following bill sections accordingly.

18
 19 Page 3, line 3:

20 Delete "secs. 1 - 3"

21 Insert "secs. 3 - 5"

22
 23 Page 3, line 4:

24 Delete "sec. 3"

25 Insert "sec. 5"

26
 27 Page 3, line 4:

28 Delete "Sections 1 - 3"

29 Insert "Sections 3 - 5"

ALASKA STATE LEGISLATURE

SESSION ADDRESS:
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Phone: (907) 235-0690

SENATOR PETER A. MICCICHE

Sponsor Statement

DISTRICT 0

Anchor Point

Clam Gulch

Cohoe

Diamond Ridge

Fox River

Fritz Creek

Funny River

Halibut Cove

Happy Valley

Homer

Kachemak City

Kachemak Selo

Kalifornsky

Kasilof

Kenai

Nikolaevsk

Ninilchik

Razdolna

Ridgeway

Seldovia

Soldotna

Voznesenka

CS SB 71(FIN) "An Act relating to the fishery resource landing tax."

SB 71 is a bill important to commercial fishing families throughout Alaska. It has been introduced to repair glitches in the landing resource tax statutes and regulations that require the payment of unfair penalties and interest by well-intentioned commercial fishermen.

Currently the resource landing tax is due before April 1st, however, the statewide average fish price report, which is calculated by the Department of Fish and Game, is not always out by then. This bill aligns the due date of the tax with the date that the report is released eliminating confusion, frustration and wasted time that could best be spent increasing revenue by harvesting and processing fish... what fishermen do best.

The current statute also includes provisions for equal quarterly payments. Many Alaska fishermen and fisheries only operate in one of the four quarters. With the seasonal nature of many fisheries and the variability in harvest, it is virtually impossible for resource landing taxpayers to accurately predict their full year's harvest for equal payments. With the passage of this legislation, fishermen can choose from three different methods that more accurately align with their fishery to make their estimated payments.

I urge your support of this legislation, designed to bring efficiencies that will better serve Alaska's fishing families, as well as the Department of Revenue.

Changes in the bill from Version A to CS SB 71 (FIN) version C

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 CS changes this to “**the last day of the month following the month**” the department posts it.

Changes in Section 2

Creates new (e) and (f) in AS 43.77.020 (which appear in Section 3)

New Section 3

The new language in Section 3 gives fishermen three different methods to make their estimated quarterly payments:

(e)(1) pay 100% of prior year's tax, or

(e)(2) 90% of current year's estimated tax, or

(e)(3) pay 90% of estimated tax (based on last year's prices) due for the actual fish landed each quarter.

A new section (f) requires the taxpayer to notify the department by March 31 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.



UNITED FISHERMEN OF ALASKA

Mailing Address: PO Box 20229, Juneau AK 99802-0229
Physical Address: 410 Calhoun Ave Ste 101, Juneau AK 99801
Phone: (907)586-2820 Fax: (907) 463-2545
Email: ufa@ufa-fish.org Website: www.ufa-fish.org

March 25, 2013

Senator Cathy Geissel, Chair
Senate Resources Committee
State Capitol
Juneau, AK 99801-1182
Email: Senator.Cathy.Geissel@akleg.gov

RE: Support for SB 71, PAYMENT OF FISHERY RESOURCE LANDING TAX

Dear Senator Geissel, and members of the Senate Resources Committee;

United Fishermen of Alaska (UFA) is the largest statewide commercial fishing trade association, representing 36 commercial fishing organizations participating in fisheries throughout the state and its offshore federal waters.

UFA supports SB 71, which makes changes to current statutes regarding the timing and requirement for four equal payments in estimated fisheries resource landing tax.

SB 71 would change the current timing of tax payment due date to align with the date the corresponding report is due. Currently the report is due March 31st or the last day of the month following the month in which 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 1st. This mismatch in timing results in late payment fines and interest for well-intentioned producers, as well as confusion, frustration, and wasted time that could best be spent harvesting and processing fish to increase revenue.

The current statute includes provisions for four equal payments, but with the seasonal nature of many fisheries, and the variability in harvest, it is virtually impossible for resource landing taxpayers to accurately predict their full years harvest to calculate equal payments. SB 71 would create a fair and equitable tax system by aligning the date of the tax with the report.

Thank you for your consideration.

Sincerely,

Julianne Curry
Executive Director

CC:
Senator Peter Micciche

Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway
Juneau, AK 99801

Phone: 907-586-6652

Fax: 907-523-1168

Email: seafa@gci.net

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



March 21, 2013

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

RE: Support SB 71

Dear Senator Giessel, Chair and Resource Committee Members,

Southeast Alaska Fishermen's Alliance (SEAFa) is a multi-gear/multi-species, membership based association. SEAFa supports SB 71 which addresses an issue that affects several of our members.

SB 71 will prevent the imposition of tax penalties and interest for a situation that is completely out of the tax payer's control. SB 71 aligns the date the tax is due to correspond with the date the report is due. Currently the report is due March 31st 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 1st. How do you pay a tax when you don't know what you owe and why should an individual then be punished by the imposition of penalties and interest for failure to pay on time?

Section 2 of SB 71 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.

SEAFa supports SB 71 and hopes that the Legislature fixes this glitch in the Resource Landing Tax that penalizes law-abiding tax payers.

Sincerely,

A handwritten signature in cursive script that reads "Kathy Hansen". The signature is followed by a long horizontal line extending to the right.

Kathy Hansen
Executive Director

Alaska Scallop Association

PO Box 8989
Kodiak, AK 99615
907-512-7018



March 14, 2013

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

RE: SB 71

Dear Senator Giessel, Chair and Resource Committee Members,

Alaska Scallop Association (ASA) is a trade organization representing the Alaska Weathervane Scallop catcher/freezer boats.

ASA is in support of SB 71, "An Act relating to the filing date for the final quarterly payment of, and to the assessment of penalties under, the fishery resource landing tax."

As operators of fishing vessels shucking scallops and selling our own product we are required to pay Landing Taxes. Under current statutes our landing taxes must be paid in 4 equal payments at the end of each quarter with final payment due by March 31 of the following year. While this might be fine for entities operating year round, there are certainly problems with "Seasonal" operations, particular ones that only operate on the second half of the calendar year.

Problem #1; The Scallop Season begins July 1, our first product normally lands in Kodiak, mid-July with payment from our customers for this product beginning to trickle in by mid-August. Current statutes require we pay landing tax at the end of each quarter, March 31, June 30, Sept 30 & December 31. With our season timing the current statute requires us to pay 50% of our landing taxes before we have even left the dock to go fishing. This can place a difficult financial burden on our fishing boats as they prepare for the upcoming season.

Problem #2; Landing taxes are calculated using a Statewide Average Price put out by the Department of Revenue. This Statewide Average Price list is normally released to us in May. Our final Landing tax payment is due March 31, four to six weeks before the price list is released. While we can estimate fairly closely we can never get the exact correct price that ADOR publishes. It just seems logical to have the final payment due 30 days after the Statewide Average Price list is released, rather than a date before we know what price to use.

Regards, Jim Stone, ASA Vice President

A handwritten signature in black ink, appearing to read "Jim Stone", with a horizontal line drawn underneath it.

Lynne Smith

To: Lynne Smith
Subject: RE: Landing Tax issue

From: Kruzof [<mailto:kruzof@ak.net>]
Sent: Friday, March 15, 2013 9:47 AM
To: Sen. Peter Micciche
Cc: Kathy Hansen
Subject: Landing Tax issue

Dear Senator Micciche,

Thank you for your willingness to sponsor and introduce SENATE BILL NO. 71 regarding repairing flaws in how the Fisheries Landing Tax is administered. While I and others in the industry have made great effort to fulfill fish tax requirements for the State of Alaska, it has been difficult to meet all the confusing regulatory and statutory mandates surrounding this tax code. Consequently, over the years my business has endured undue tax penalties and interest due to the conflicting wording between the statutory and regulatory language. Section 1 of your bill helps correct this.

Industry has also been burdened with a strict mandate of equal quarterly tax payments scheduled throughout the year. Such payments run contrary to varied catch and price rates throughout a harvester's operating season. Therefore it is difficult to make equal quarterly tax payments throughout the year on fish that is either, not yet harvested, or when the value and catch volume may vary vastly from one quarter or year to the next. Section 2 of your bill takes this into consideration and helps alleviate regulatory burden on industry and its ability to be an effective revenue producing entity for the State of Alaska.

I believe this legislation will help improve process efficiencies for both industry and the Department of Revenue, therefore sincerely appreciate your time and effort on this bill.

I leave you with hope that your colleagues will understand and support the importance of this bill. If you need to hear any further details on why this bill should be implemented please feel free to contact me anytime.

Sincerely yours,



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Fresh Frozen Seafood

Rhonda A. Hubbard,
Managing member and Owner
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MP (907) 362-1813
www.jrfisheries.com



Support Streamlining Fisheries Landing Tax Regulations

The Alaska Chamber supports streamlining fisheries landing tax regulations, simplifying the paperwork burden on self-marketing fishermen, and to align timing of reporting with the timing of payments due.

Oppose the Referendum to Repeal Senate Bill 21

The Alaska Chamber opposes the referendum to repeal Senate Bill 21 (SB21).

Support Workforce Development to Increase the Number of Qualified Employees Needed to Fill Positions In Resource Industries

The Alaska Chamber supports workforce development in the state, particularly as it relates to resource development in basins like Cook Inlet. As oil and gas exploration and development in Alaska continues to grow, more qualified Alaska employees are needed to take jobs created as a result.

Support Permitting by Making the Number of State of Alaska Permitters Commensurate with Levels of Exploration and Development Activity

The Alaska Chamber supports a rigorous but efficient oil and gas permitting process in Alaska.

Support Keeping Alaska State Chartered Financial Institutions Competitive

The Alaska Chamber supports updates to statutes effecting commerce including Title 6 regarding financial institutions

Support Transfer or Sale of Land to Private Entities

The Alaska Chamber supports the sale or transfer of a proportionate percentage of government-owned lands, at all levels, to privately held taxable entities, so as to provide development opportunities for the citizenry of the State of Alaska.

Support Medicaid Expansion Provided Federal Match Maintained and/or Alternative Pilot Program Implemented

The Alaska Chamber supports Medicaid Expansion in Alaska provided the State of Alaska continues to receive at least a 90% federal match and/or the State participates through an alternative pilot program.

Oppose New Vessel Restrictions Not Based on Science with Regard to Harbor Seals

The Alaska Chamber opposes any new vessel restrictions with regard to harbor seals until additional research can demonstrate a direct connection between vessels visiting glacial habitats and a proven decline in harbor seal populations.