

LEG. FINANCE - BILLS 1979 - 1980 1203

CASHB 969 cont., thru HB 969 1203

1 and by publishing the notice in at least one newspaper of general circu-  
2 lation, if one exists, in the region at least once a week for three  
3 consecutive weeks before the meeting. The notice shall briefly state  
4 the amount of the tax and a short general description of the purposes  
5 for which the tax is expected to be used. The qualified regional asso-  
6 ciation shall mail a ballot, along with notice of the initial meeting,  
7 to each limited entry permit holder actively participating in a salmon  
8 fishery in the region. The ballot shall ask the question whether a  
9 salmon enhancement tax shall be levied, indicate the boundaries of the  
10 region in which the salmon enhancement tax will be levied, provide an  
11 effective date for the levy of the salmon enhancement tax if the salmon  
12 enhancement tax is approved, and indicate the date on which returned  
13 ballots must be postmarked in order to be counted. At the initial  
14 meeting additional ballots shall be distributed to limited entry permit  
15 holders in attendance who did not return a ballot by mail within the  
16 required time and who actively participate in a salmon fishery in the  
17 region. All ballots (those returned by mail and those voted at the  
18 meeting) shall be counted by a special committee appointed by the quali-  
19 fied regional association for that purpose. After the vote is taken at  
20 the initial meeting, the qualified regional association shall hold a  
21 second public meeting. The qualified regional association shall give  
22 notice of the second meeting by publication in a newspaper of general  
23 circulation in the region each day for five consecutive days and by  
24 mailing notice to each limited entry permit holder who actively parti-  
25 cipates in a salmon fishery in the region at least 14 days before the  
26 second public meeting. At the second meeting a vote by written ballot  
27 shall be taken from among the limited entry permit holders at the  
28 meeting who actively participate in a salmon fishery in the region and  
29 who have not previously voted on the question. These votes shall be

1 counted with the votes counted at the initial meeting. A majority vote  
2 for the salmon enhancement tax is required from the combined total of  
3 the returned ballots and the votes cast at both public meetings, before  
4 a salmon enhancement tax may be levied or collected. A person may not  
5 vote twice.

6 (c) An election to reduce or terminate a salmon enhancement tax  
7 shall be conducted under the same procedural requirements established  
8 under (a) and (b) of this section for an election to approve a salmon  
9 enhancement tax.

10 (d) The qualified regional association shall establish standard  
11 registration procedures for voting on approval, reduction or termination  
12 of the salmon enhancement tax.

13 Sec. 43.76.020. REDUCTION OR TERMINATION OF SALMON ENHANCEMENT  
14 TAX. (a) The salmon enhancement tax levied under AS 43.76.010 may be  
15 reduced to a rate which is less than three percent or may be terminated  
16 by the commissioner of revenue

17 (1) upon the recommendation of the commissioner of commerce  
18 and economic development;

19 (2) upon request of a majority of the board of directors of  
20 the qualified regional association for the region in which the salmon  
21 enhancement tax is levied; or

22 (3) upon majority vote at an election held under (b) of this  
23 section in the region in which the tax is levied.

24 (b) A salmon enhancement tax may be reduced or terminated by the  
25 commissioner of revenue under (a)(3) of this section following an elec-  
26 tion in a region if

27 (1) a petition is presented to the commissioner of commerce  
28 and economic development requesting reduction or termination of the  
29 salmon enhancement tax which is signed by at least 25 percent of the

1 number of persons who were qualified to vote under AS 43.76.015(b) in  
2 the election approving the salmon enhancement tax in the region;

3 (2) an election is held in accordance with AS 43.76.015(c);  
4 the ballot shall ask the question whether the salmon enhancement tax for  
5 the region shall be terminated or reduced, as appropriate; in the case  
6 of termination, the ballot shall be worded so that a "yes" vote is for  
7 continuation of the salmon enhancement tax and a "no" vote is for term-  
8 ination of the salmon enhancement tax;

9 (3) a majority of the people who vote cast a ballot for the  
10 termination or reduction of the salmon enhancement tax; all limited  
11 entry permit holders actively participating in a salmon fishery in the  
12 area are eligible to vote;

13 (4) the qualified regional association provides notice of the  
14 election in accordance with AS 43.76.015(b) within two months after  
15 receiving notice from the commissioner of commerce and economic develop-  
16 ment that a valid petition under (1) of this subsection has been re-  
17 ceived.

18 Sec. 43.76.025. COLLECTION OF TAX AND DISPOSITION OF PROCEEDS.

19 (a) A processor who buys fisheries resources which are subject to the  
20 salmon enhancement tax imposed by AS 43.76.010 shall collect the tax at  
21 the time of purchase, and shall remit the total tax collected during  
22 each month to the Department of Revenue by the last day of the next  
23 month.

24 (b) A processor who collects the salmon enhancement tax shall  
25 maintain records reflecting the location of the catch of the fisheries  
26 resources.

27 \* Sec. 3. AS 16.10 is amended by adding a new section to read:

28 Sec. 16.10.385. ACCOUNTING OF FINANCING RECEIVED AS A RESULT OF  
29 THE SALMON ENHANCEMENT TAX. A qualified regional association requesting

1 state financial assistance shall submit an annual financial report to  
2 the Department of Commerce and Economic Development on a form provided  
3 by the Department of Commerce and Economic Development. The Department  
4 of Commerce and Economic Development may, by regulation, require that a  
5 qualified regional association use a uniform system of accounting. A  
6 qualified regional association requesting state assistance shall submit  
7 an annual budget to the Department of Commerce and Economic Development  
8 on or before a date specified by the Department of Commerce and Economic  
9 Development.

10 \* Sec. 4. The commissioner of commerce and economic development shall  
11 direct that no further royalty assessments be collected under AS 16.10.530 on  
12 or after the effective date of an election in the region of a qualified  
13 regional association that approves a salmon enhancement tax in accordance  
14 with AS 43.76.010 - 43.76.015.

15 \* Sec. 5. The approval of a salmon enhancement tax in accordance with  
16 AS 43.76.010 - 43.76.015 constitutes compliance with the requirements of  
17 AS 16.10.530 for the imposition of a mandatory assessment on the sale of  
18 salmon under AS 16.10.530.

19 \* Sec. 6. Sections 1 and 4 of this Act, AS 43.76, and AS 16.10.385 are  
20 repealed.

21 \* Sec. 7. Sections 1 - 4 and 7 of this Act take effect immediately in  
22 accordance with AS 01.10.070(c).

23 \* Sec. 8. Sections 5, 6 and 8 of this Act take effect on the publication  
24 date of a decision by the Alaska Supreme Court in the appeal of State of  
25 Alaska v. Wayne Alex, et al (Supreme Court File No. 5065), if the decision  
26 holds that AS 16.10.530 is constitutional as applied before July 13, 1979.  
27  
28  
29



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

*James O Smith*  
Signature of Camera Operator

*3/20/90*  
Date



Original sponsor: Rules Committee by request

Offered: 4/24/80  
Referred: Rules

Funding Information

General Fund	\$1,628,000
Other Funds	-0-
	<u>\$1,628,000</u>

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 970 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation for regional

7

aquaculture associations; and providing for an effective

8

date."

9

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

10

\* Section 1. The sum of \$1,628,000 is appropriated from the general fund

11

to the Department of Commerce and Economic Development for payment of grants

12

in the following amounts to the listed regional aquaculture associations:

13

Southern Southeast regional aquaculture association \$691,000

14

Northern Southeast regional aquaculture association 500,000

15

Cook Inlet regional aquaculture association 437,000

16

\* Sec. 2. A regional aquaculture association which receives a grant under

17

sec. 1 of this Act shall return to the Department of Commerce and Economic

18

Development, in the form and manner of payment acceptable to the commissioner

19

of commerce and economic development, the difference between the grant re-

20

ceived by the regional aquaculture association and the amount of the salmon

21

enhancement tax (AS 43.76.010) collected in the region in which the regional

22

aquaculture association operates if the salmon enhancement tax is repealed

23

before the amount collected from the tax in the region equals or exceeds the

24

amount of the grant. Payments received by the Department of Commerce and

25

Economic Development under this section shall be deposited in the general

26

fund.

27

\* Sec. 3. This Act takes effect immediately upon enactment of a version

28

of an Act entitled "An Act relating to salmon fisheries enhancement."

29

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 11, 1980

SUBJECT: Salmon enhancement tax;  
Grants to regional aquaculture associations  
CSHB 969 and CSHB 970

TO: House Resources Committee  
Attn: Mary Levan, A.A.

FROM: Kenneth E. Vassar  
Legislative Counsel *KV*

Enclosed is the committee substitute you requested for House Bill 970. I believe the language added in section 2 of this bill violates that part of Article II, sec. 13 of the state Constitution which provides:

Bills for appropriations shall be confined to appropriations.

I talked with John Sund about this problem, and he suggested that the language in section 2 might be added instead to House Bill 969. Unfortunately, when I talked to him, I had already sent your committee substitute for House Bill 969 back to you; and when I was able to call you about it, the committee had already reported that bill out of committee. Moreover, the committee has also already reported House Bill 970 out with the changes included in section 2.

I would suggest that House Bill 970 should be returned to its original form and the following amendments made to Committee Substitute for House Bill 969:

Page 7, after line 18

Insert the following new material:

\* Sec. 6. A regional aquaculture association which receives money from an appropriation after April 1, 1980, shall return to the Department of Commerce and Economic Development, in the form and manner of payment

House Resources Committee  
Page 2  
April 11, 1980

acceptable to the commissioner of commerce and economic development, the difference between the money received by the regional aquaculture association and the amount of the salmon enhancement tax (AS 43.76.010) collected in the region in which the regional aquaculture association operates if the salmon enhancement tax is repealed before the amount collected in the region equals or exceeds the amount of the money received by the regional aquaculture association. Payments received by the Department of Commerce and Economic Development under this section shall be deposited in the general fund.

Page 7, line 19

Delete "\* Sec. 6" and insert "\* Sec. 7"

Page 7, line, 21

Delete "\* Sec. 7. Sections 1 - 4 and 7" and insert following:

"\* Sec. 8. Sections 1 - 4, 6 and 8"

Page 7, line 23

Delete "\* Sec. 8. Sections 5, 6 and 8" and insert the following:

"\* Sec. 9. Sections 5, 7 and 9"

Finally, there is a significant problem with the title of Committee Substitute for House Bill 969. It does not express the special effective dates of the bill. Therefore, the following change should be made at page 1, line 6:

After "enhancement" add "; and providing for an effective date"

KEV:ljb

Enclosure

# Cook Inlet Aquaculture Assn.

B

P. O. Box 850 — Soldotna, Alaska 99669  
262-4441 Ext. 257

APR 24 1980

April 21, 1980

Senator John C. Sackett  
Pouch V  
Juneau, Alaska 99811

*all in H FIN*

Dear Senator Sackett:

Please work on passage of H.B. 969, H.B. 970, H.B. 971. Specifically, there is need to provide a 2% tax provision for Cook Inlet as that was the original vote. Secondly, when commercial fishermen vote to terminate the tax and no indebtedness exists, it should be that the Commissioner shall stop the taxing rather than may.

You have received letters and/or phone calls, requesting that no more grants or funds be given CIAA.

The goal of CIAA is to produce more salmon in Cook Inlet by means of hatcheries and other rehabilitation and enhancement techniques.

In 1977 and 1978 ADF&G, Sport Division, conducted the Statewide Harvest Survey on sport fishing. One question asked the sport fishing public was: What would you like to see done to improve sport fishing in Alaska? The most frequent response was, STOCK MORE: the fifth most frequent response was: BUILD MORE HATCHERIES and the twelfth was: REHABILITATE-ENHANCE MORE. (See attached summary from the report.)

At a House Resources Committee hearing on H.R. 50, Mr. Steve Pennoyer, Acting Commercial Fish Division Director, indicated there are no management problems with a hatchery at Eklutna to which there are not solutions. When the facility in the Knik Arm produces kings and cohos as well as pinks and/or chums it will benefit every salmon harvester and many others as well. This will be done with small amounts of public aid compared with the benefits or volunteer time and taxes by some harvestors.

Thank you for your efforts on this.

Sincerely,

*Floyd E. Heimbuch*

Floyd E. Heimbuch  
Executive Director

FEH:sa  
enclosure

Table 60. Most Frequent\* Comments to the 1977 Alaska Sport Fish Survey.

	Number
1. Stock more.....	1,260
2. Make sport fishing regulations less restrictive.....	993
3. Publish sport fish survey results.....	893
4. Enforce regulations more and better.....	787
5. Build more hatcheries.....	749
6. Restrict commercial fishing more.....	729
7. Provide more access.....	514
8. Make sport fishing regulations more restrictive.....	426
9. Manage fisheries better.....	293
10. Provide more public recreational, sanitary facilities.....	288
11. Control litter.....	248
12. Rehabilitate-enhance more.....	238
13. Allocate more salmon to sport fishermen.....	200
14. Provide more and better information and education.....	179
15. Improve regulation book.....	165
16. Restrict sport fishing more.....	134
17. Increase nonresident license fees.....	131
18. Increase fisheries research.....	130
19. Implement punch card or permit system.....	106

\* Occurring 100 or more times.

Support ltr

B

April 20, 1980

DO NOT PASS HB969 nor HB970!!!!!!!!!!!!

Senator John Sackett

Room 7  
Juneau, Alaska 99811

RE: HB969 and HB970

Dear Senator,

For three years, the ORGANIZATION FOR UPPER LYNN CANAL FISHERMEN'S RIGHTS has resisted NSRMA as controlling factor over Upper Lynn Canal Fisheries. The Commissioner of ADP&G mandated the Upper Lynn Canal area to be under NSRMA control on June 13, 1977. No vote of local fishermen. OLCFR organized in November of 1977 to get out of NSRMA. In December of 1977, OLCFR petitioned the Commissioner of ADP&G, the Governor and NSRMA to release this area from NSRMA. No results. In March of 1978, the OLCFR mailed out poll cards to the entire gillnet fleet. The returned indicated that all fishermen were not adequately represented by only two regional associations. They were against private organizations taking fishermen. In February of 1979, an OLCFR poll was mailed to all local fishermen. 79% wanted local control. The Court Approved Option Ballots of October, 1979 indicated that only 20% of fishermen approved regional aquaculture associations. Then, in March of 1980, OLCFR submitted a proposal to our Legislators, the Attorney General, Commissioner ADP&G and the FRED Division for enhancement and management of Upper Lynn Canal hoping that supportive legislation would evolve to effect this and release Upper Lynn Canal from the NSRMA. Representative Jim Burdick has a copy of said proposal.

PASS HB969 nor HB970.

*Thomas J. Haines*  
 Thomas J. Haines  
 1000 1/2 1st St.  
 Juneau, Alaska 99801

cc: All Legislators  
File

BU 617  
Haines

Both in H FIN 4-9-80  
 HB 969 Salmon Fish Enhancement HB 970

Funding Information

General Fund \$1,466,000  
Other Funds -0-  
\$1,466,000

Introduced: 3/21/80  
Referred: Resources and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY REQUEST

2

HOUSE BILL NO. 970

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation for regional

7

aquaculture associations; and providing for an effective

8

date."

9

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

10

\* Section 1. The sum of \$1,466,000 is appropriated from the general fund

11

to the Department of Commerce and Economic Development for payment of grants

12

in the following amounts to the listed regional aquaculture associations:

13

Southern Southeast regional aquaculture association \$691,000

14

Northern Southeast regional aquaculture association 500,000

15

Cook Inlet Regional aquaculture association 275,000

16

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-

17

070(c).

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# RECORDS CERTIFICATION



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James O Smith  
Signature of Camera Operator

3/20/90  
Date

(11)

# COMMITTEE REPORT

## HOUSE

4/9/80

FURTHER:

Date: 4-22-80

Mr. Speaker:

The Committee on FINANCE has had HB 969

"An Act relating to salmon fisheries enhancement."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 969 (Finance)  same title  
 new title
- and recommends reports it back with individual recommendations
- AND attaches a "Letter of Intent"  New Fiscal Note (2) \$92.7 <sup>4/24</sup>  
~~4/29~~
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

Freeman

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

no rec

Duncan - no rec

Jim Matney - no rec

[Signature] - no rec

\_\_\_\_\_

\_\_\_\_\_

Freeman  
CHAIRMAN

Vice

Original sponsor: Rules Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 969 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to salmon fisheries enhancement."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 \* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

9 (1) regional aquaculture associations qualified under AS 16.10.380  
10 have been organized in many areas of the state and have initiated salmon  
11 enhancement programs which will result in a general benefit to the state and  
12 a direct benefit to the commercial, subsistence, and sport fisheries;

13 (2) commercial salmon harvesters in most regions where the regional  
14 aquaculture associations are established have initiated self-imposed systems  
15 of harvest assessments to provide financing of efficient regional salmon  
16 enhancement programs;

17 (3) harvest assessments initiated in the regions are either volun-  
18 tary or mandatory, depending on the choice of the commercial salmon harvesters  
19 of each region;

20 (4) the mandatory assessment method initiated by many of the  
21 regional aquaculture associations under the authorization of state law is  
22 currently involved in protracted litigation;

23 (5) in order to ensure the uninterrupted continuation of the  
24 current salmon enhancement programs, it is essential that a revenue source  
25 for regional aquaculture associations be developed before a final judicial  
26 determination of the constitutionality of the mandatory assessments;

27 (6) while future legislatures cannot be legally bound to return  
28 revenues to each region based on the harvest assessments initiated in the  
29 regions, this legislature clearly recognizes this duty.

1 (b) It is the purpose of this Act to provide a means for continuing a  
2 mandatory method of revenue collection from commercial harvesters of salmon,  
3 and to continue revenue distribution to those regional aquaculture associa-  
4 tions which desire to use this means of ensuring that efficient salmon en-  
5 hancement programs have the necessary financial resources to continue.

6 (c) It is also the purpose of this Act to establish as a legislative  
7 policy the policy of making appropriations to the Department of Commerce and  
8 Economic Development to provide financing for qualified regional associa-  
9 tions, and to base those appropriations on the revenue received from the  
10 collection of the salmon enhancement tax. The legislature may base an appro-  
11 priation for a region on the value of fisheries resources caught in the  
12 region rather than the value of the fisheries resources sold in the region  
13 when those values differ. This section does not constitute a limitation on  
14 the use which the legislature may make of the proceeds of the salmon enhance-  
15 ment tax collected under this chapter.

16 \* Sec. 2. AS 43 is amended by adding a new chapter to read:

17 CHAPTER 76. SALMON ENHANCEMENT TAX.

18 Sec. 43.76.010. THREE PERCENT SALMON ENHANCEMENT TAX. (a) A  
19 person holding a limited entry permit under AS 16.43.010 - 16.43.380  
20 shall pay a salmon enhancement tax at the rate of three percent of the  
21 value of salmon, as defined in AS 43.75.140(7), that the person sells to  
22 a processor licensed under AS 43.75.011. The processor shall collect  
23 the salmon enhancement tax at the time of the sale.

24 (b) A three percent salmon enhancement tax may only be levied or  
25 collected under (a) of this section

26 (1) in a region designated by the commissioner of fish and  
27 game for the purpose of salmon production under AS 16.10.375;

28 (2) if there exists in that region an association determined  
29 by the commissioner of fish and game to be a qualified regional associa-

1 tion under AS 16.10.380; and

2 (3) if the qualified regional association approves the three  
3 percent salmon enhancement tax under AS 43.76.015.

4 Sec. 43.76.011. TWO PERCENT SALMON ENHANCEMENT TAX. (a) A person  
5 holding a limited entry permit under AS 16.43.010 - 16.43.380 shall pay  
6 a salmon enhancement tax at the rate of two percent of the value of  
7 salmon, as defined in AS 43.75.140(7), that the person sells to a pro-  
8 cessor licensed under AS 43.75.011. The processor shall collect the  
9 salmon enhancement tax at the time of the sale.

10 (b) A two percent salmon enhancement tax may only be levied or  
11 collected under (a) of this section

12 (1) in a region designated by the commissioner of fish and  
13 game for the purpose of salmon production under AS 16.10.375;

14 (2) if there exists in that region an association determined  
15 by the commissioner of fish and game to be a qualified regional associa-  
16 tion under AS 16.10.380; and

17 (3) if the qualified regional association approves the two  
18 percent salmon enhancement tax under AS 43.76.015.

19 Sec. 43.76.015. ELECTION TO APPROVE OR TERMINATE SALMON ENHANCE-  
20 MENT TAX. (a) A qualified regional association may conduct an election  
21 under this section after the commissioner of commerce and economic  
22 development approves

23 (1) the form of the notice to be published by the qualified  
24 regional association;

25 (2) the form of the ballot to be used in the election; and

26 (3) the registration and voting procedure for the approval or  
27 termination of the salmon enhancement tax.

28 (b) The salmon enhancement tax is levied under AS 43.76.010 or  
29 43.76.011 in a region on the effective date stated on the ballot if

1 (1) it is approved by a majority vote of the eligible interim-  
2 use permit and entry permit holders voting in an election held under  
3 this section in the region; and

4 (2) the election results are certified by the commissioner of  
5 commerce and economic development.

6 (c) In conducting an election under this section, a qualified  
7 regional association shall adopt the following procedures:

8 (1) The qualified regional association for the region shall  
9 hold at least one public meeting not less than 30 days before the date  
10 on which ballots must be postmarked to be counted in the election to  
11 explain the reason for the proposed salmon enhancement tax and to ex-  
12 plain the registration and voting procedure to be used in the election.  
13 The qualified regional association shall provide notice of the meeting  
14 by

15 (A) mailing the notice to each eligible interim-use  
16 permit and entry permit holder;

17 (B) posting the notice in at least three public places  
18 in the region; and

19 (C) publishing the notice in at least one newspaper of  
20 general circulation in the region at least once a week for two  
21 consecutive weeks before the meeting.

22 (2) The qualified regional association shall mail two ballots  
23 to each eligible interim-use permit and entry permit holder. The first  
24 ballot shall be mailed no more than 45 days before the date ballots must  
25 be postmarked to be counted in the election. The second ballot shall be  
26 mailed no less than 15 days before the date ballots must be postmarked  
27 to be counted in the election. The qualified regional association shall  
28 adopt procedures to insure that only one ballot from each eligible  
29 interim-use permit and entry permit holder is counted in the election.

1 (3) The ballot shall

2 (A) indicate whether the election relates to a salmon  
3 enhancement tax under AS 43.76.010 or to a salmon enhancement tax  
4 under AS 43.76.011;

5 (B) ask the question whether the salmon enhancement tax  
6 shall be levied;

7 (C) indicate the boundaries of the region in which the  
8 salmon enhancement tax will be levied;

9 (D) provide an effective date for the levy of the salmon  
10 enhancement tax; and

11 (E) indicate the date on which returned ballots must be  
12 postmarked in order to be counted.

13 (4) The ballots shall be returned by mail and shall be  
14 counted by the commissioner of commerce and economic development or by a  
15 person approved by the commissioner of commerce and economic develop-  
16 ment.

17 (d) The commissioner of commerce and economic development shall  
18 certify the results of an election under this section if he determines  
19 that the requirements of (a) and (c) of this section have been satisfied.

20 (e) Except as provided in AS 43.76.020(b)(2), an election to  
21 terminate a salmon enhancement tax shall be conducted under the same  
22 procedures established under (a) and (c) - (d) of this section for an  
23 election to approve a salmon enhancement tax.

24 (f) In this section, "eligible interim-use permit and entry permit  
25 holder" means an individual who, 90 days before the date ballots must be  
26 postmarked to be counted in an election under this section, is listed in  
27 the records of the Alaska Commercial Fisheries Entry Commission as the  
28 legal owner of an interim-use permit or an entry permit which authorizes  
29 him to fish commercially in an administrative area, established by the

1 Alaska Commercial Fisheries Entry Commission under AS 16.43.200, which  
2 is included, in whole or in part, in the region in which the election is  
3 held.

4 Sec. 43.76.020. TERMINATION OF SALMON ENHANCEMENT TAX. (a) The  
5 salmon enhancement tax levied under AS 43.76.010 may be terminated by  
6 the commissioner of revenue upon majority vote at an election held under  
7 AS 43.76.015 in the region in which the salmon enhancement tax is  
8 levied.

9 (b) A salmon enhancement tax shall be terminated by the commis-  
10 sioner of revenue under (a) of this section following an election in a  
11 region if

12 (1) a petition is presented to the commissioner of commerce  
13 and economic development requesting termination of the salmon enhance-  
14 ment tax which is signed by at least 25 percent of the number of persons  
15 who were qualified to vote under AS 43.76.015 in the election approving  
16 the salmon enhancement tax in the region;

17 (2) an election is held in accordance with AS 43.76.015; the  
18 ballot shall ask the question whether the salmon enhancement tax for the  
19 region shall be terminated; the ballot shall be worded so that a "yes"  
20 vote is for continuation of the salmon enhancement tax and a "no" vote  
21 is for termination of the salmon enhancement tax;

22 (3) a majority of the eligible interim-use permit and entry  
23 permit holders who vote in the election cast a ballot for the termina-  
24 tion of the salmon enhancement tax;

25 (4) the qualified regional association provides notice of the  
26 election in accordance with AS 43.76.015 within two months after re-  
27 ceiving notice from the commissioner of commerce and economic develop-  
28 ment that a valid petition under (1) of this subsection has been re-  
29 ceived.

1           Sec. 43.76.025. COLLECTION OF TAX AND DISPOSITION OF PROCEEDS.

2           (a) A processor who buys fisheries resources which are subject to the  
3 salmon enhancement tax imposed by AS 43.76.010 or 43.76.011 shall col-  
4 lect the salmon enhancement tax at the time of purchase, and shall remit  
5 the total salmon enhancement tax collected during each month to the  
6 Department of Revenue by the last day of the next month.

7           (b) A processor who collects the salmon enhancement tax shall

8                 (1) maintain records reflecting the region designated under  
9 AS 16.10.375 in which the fishery resource was caught; and

10                (2) report to the Department of Revenue by March 1 of each  
11 year the total value, as defined in AS 43.75.140(7), of the salmon  
12 caught in each region designated under AS 16.10.375 which the processor  
13 has purchased during the preceding year.

14           (c) The salmon enhancement tax collected under this chapter shall  
15 be deposited in the general fund. The legislature may make appropria-  
16 tions based on this revenue to the Department of Commerce and Economic  
17 Development for the purpose of providing financing for qualified re-  
18 gional associations. The legislature may base an appropriation for a  
19 qualified regional association operating within a region designated  
20 under AS 16.10.375 on the value of the fisheries resources caught in  
21 that region rather than the value of the fisheries resources sold in  
22 that region if those values differ.

23 \* Sec. 3. AS 16.10 is amended by adding a new section to read:

24           Sec. 16.10.385. ACCOUNTING OF FINANCING RECEIVED AS A RESULT OF  
25 THE SALMON ENHANCEMENT TAX. A qualified regional association requesting  
26 state financial assistance in accordance with AS 43.76.025(c) shall  
27 submit an annual financial report to the Department of Commerce and  
28 Economic Development on a form provided by the Department of Commerce  
29 and Economic Development. The Department of Commerce and Economic

1 Development may, by regulation, require that a qualified regional asso-  
2 ciation use a uniform system of accounting. A qualified regional asso-  
3 ciation requesting state assistance shall submit an annual budget to the  
4 Department of Commerce and Economic Development on or before a date  
5 specified by the Department of Commerce and Economic Development.

6 \* Sec. 4. The commissioner of commerce and economic development shall  
7 direct that no further royalty assessments be collected under AS 16.10.530 on  
8 or after the effective date of an election in the region of a qualified  
9 regional association that approves a salmon enhancement tax in accordance  
10 with AS 43.76.010 - 43.76.015.

11 \* Sec. 5. The approval of a salmon enhancement tax in accordance with  
12 AS 43.76.010 - 43.76.015 constitutes compliance with the requirements of  
13 AS 16.10.530 for the imposition of a mandatory assessment on the sale of  
14 salmon under AS 16.10.530.

15 \* Sec. 6. Sections 1 and 4 of this Act, AS 43.76, and AS 16.10.385 are  
16 repealed.

17 \* Sec. 7. Sections 1 - 4 and 7 of this Act take effect immediately in  
18 accordance with AS 01.10.070(c).

19 \* Sec. 8. Sections 5, 6 and 8 of this Act take effect on the publication  
20 date of a decision by the Alaska Supreme Court in the appeal of State of  
21 Alaska v. Wayne Alex, et al (Supreme Court File No. 5065), if the decision  
22 holds that AS 16.10.530 does not violate the Constitution of the State of  
23 Alaska.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 969

Title "An act relating to salmon fisheries enhancement."

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Division of Business Loans

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE 4/29/80

PREPARED BY *[Signature]*

AGENCY Div. of Business Loans/Commerce & Econ. Devel.

PHONE 465-2510

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for House Bill No. 969

Title An Act relating to salmon fisheries enhancement

Requested by House Finance Committee

Date 4/24/80

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_ Revenue \_\_\_\_\_

Program Category Affected \_\_\_\_\_

BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		72.7	72.7	72.7	72.7	72.7
200 TRAVEL		5.5	5.5	5.5	5.5	5.5
300 CONTRACTUAL		9.5	9.5	9.5	9.5	9.5
400 COMMODITIES		1.4	1.4	1.4	1.4	1.4
500 EQUIPMENT		3.6	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>92.7</b>	<b>89.1</b>	<b>89.1</b>	<b>89.1</b>	<b>89.1</b>

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		92.7	89.1	89.1	89.1	89.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		3	3	3	3	3
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached memorandum to R. D. Stevenson dated 4/24/80.

IV. DATE April 24, 1980

PREPARED BY 

AGENCY Department of Revenue, Audit Division

PHONE 465-2320

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

# MEMORANDUM

# State of Alaska

TO: R. D. Stevenson  
Special Assistant  
Department of Revenue

DATE: April 24, 1980

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins  
Director  
Audit Division

SUBJECT: CS for HB No. 969

The Committee Substitute for House Bill No. 969 made one minor change in the original bill; however, there were no changes made in the areas which we mentioned in our original analysis.

This bill would establish a salmon enhancement tax at 3 percent of the value of salmon sold to a processor. The processor will be charged with collecting tax at the time of purchase. It is anticipated that there will be approximately 220 processors to process salmon. Each processor will be required to file a return on a monthly basis. To handle the initial review and processing functions, we will need two permanent full time Tax Examiner positions. To accomplish the audit functions, we will require the addition of one Revenue Auditor position.

There is one potential significant enforcement problem in that the legislation does not define how the value of the salmon is to be determined for purposes of the tax. It is recommended that the bill be amended to provide for the determination of value.

The proposed Section 43.76.025(b) provides that the processor collecting the tax shall maintain records reflecting the location of the catch of the fishery resource. However, nowhere else in the proposed law is there any indication of what the processor is to do with this information. Is it intended that the monthly return to the Department of Revenue should account for the catch by location, or is the processor to send some type of report to the Department of Commerce and Economic Development? It is recommended that this subsection be modified to clearly state the intent with regard to this information.

It should also be noted that there is no provision for the imposition of this 3 percent tax in the case where someone other than a salmon processor acquires salmon which is subsequently flown or in some other manner transported out of the State for subsequent sale or processing. The Legislature may want to consider establishing a provision such as AS 43.75.100 which places the tax on the person removing the fish resource from the State without it being subject to any taxation.

1	POSITION TITLE Tax Examiner I	RANGE/STEP 10 A	BARG. UNIT. G	LOCATION	GOV	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY	17,004
5	BENEFITS	2,528
6	FICA	1,131
7	HEALTH INS.	1,524
8	TOTAL PERSONAL SERVICES	22,187
9	TRAVEL	
10	CONTRACTUAL	3,160
11	COMMODITIES	450
12	EQUIPMENT	1,200
13	OTHER	
14	TOTAL COST	26,997

JUSTIFICATION:

It is anticipated that there will be approximately 220 processors to process salmon and each processor will be required to file a return on a monthly basis To handle the initial review and processing function we will need two permanent full time Tax Examiner positions.

	CODE	FUNDING SOURCE
15		FED RCPTS.
16		GF MATCH.
17		GEN. FUND
18		I-A RCPTS.
19		PGM RCPTS
20		OTHER

21	CONTINUATION	
22	ADDITION	X

FOR B&M USE ONLY

4A KEY NUMBER \_\_\_\_\_ COLUMN NO. \_\_\_\_\_

AGENCY Department of Revenue PROGRAM AREA Revenue Collection & Management

BRU Audit Division

**13** REQUEST FOR NEW POSITION.

COMPONENT \_\_\_\_\_

Page \_\_\_\_\_ of \_\_\_\_\_

REVISED DATE \_\_\_\_\_

FY 81

1	POSITION TITLE Tax Examiner I	RANGE/STEP 10 A	BARG. UNIT. G	LOCATION	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY	17,004
5	BENEFITS	2,528
6	FICA	1,131
7	HEALTH INS.	1,524
8	TOTAL PERSONAL SERVICES	22,187
9	TRAVEL	
10	CONTRACTUAL	3,160
11	COMMODITIES	450
12	EQUIPMENT	1,200
13	OTHER	
14	TOTAL COST	26,997

JUSTIFICATION:

It is anticipated that there will be approximately 220 processors to process salmon and each processor will be required to file a return on a monthly basis. To handle the initial review and processing functions we will need two permanent full time Tax Examiner positions.

	CODE	FUNDING SOURCE
15		FED RCPTS.
16		GF MATCH.
17		GEN. FUND
18		I-A RCPTS.
19		PGM RCPTS
20		OTHER

21	CONTINUATION	
22	ADDITION	X

FOR B&M USE ONLY

4A KEY NUMBER \_\_\_\_\_ COLUMN NO. \_\_\_\_\_

AGENCY Department of Revenue PROGRAM AREA Revenue Collection & Management

BRU Audit Division

FY 81

**13** REQUEST FOR NEW POSITION.

COMPONENT \_\_\_\_\_

Page \_\_\_\_\_ of \_\_\_\_\_

REVISED DATE \_\_\_\_\_

1	POSITION TITLE Revenue Auditor I				RANGE/STEP 14 A	BARG. UNIT. G	LOCATION	GOV	APPROV	DISAP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG		

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY	22,089
5	SENEFITS	3,285
6	FICA	1,469
7	HEALTH INS.	1,524
8	TOTAL PERSONAL SERVICES	28,367
9	TRAVEL	5,500
10	CONTRACTUAL	3,160
11	COMMODITIES	450
12	EQUIPMENT	1,200
13	OTHER	
14	TOTAL COST	38,677

JUSTIFICATION:

It is anticipated that there will be approximately 220 processors to process salmon and each processor will be required to file a return on a monthly basis. To accomplish the audit functions, we will require the addition of one Revenue Auditor I position.

	CODE	FUNDING SOURCE
15		FED RCPTS.
16		GF MATCH.
17		GEN. FUND 38,677
18		I-A RCPTS.
19		PGM RCPTS.
20		OTHER

21	CONTINUATION	
22	ADDITION	X

FOR B&M USE ONLY

AA KEY NUMBER \_\_\_\_\_ COLUMN NO. \_\_\_\_\_

AGENCY Department of Revenue PROGRAM AREA Revenue Collection & Management

BRU Audit Division

**13** REQUEST FOR NEW POSITION

COMPONENT \_\_\_\_\_

Page \_\_\_\_\_ of \_\_\_\_\_

REVISED DATE \_\_\_\_\_

FY 81

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 969

Title "An act relating to salmon fisheries enhancement."

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Division of Business Loans

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE 4/29/80

PREPARED BY *[Signature]*

AGENCY Div. of Business Loans/Commerce & Econ. Devel.

PHONE 465-2510

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

STATE OF ALASKA  
STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

**DEPARTMENT OF LAW**

OFFICE OF THE ATTORNEY GENERAL

POUCH K-STATE CAPITOL  
JUNEAU, ALASKA 99811

(907) 465-3685

April 16, 1980

The Honorable Terry Gardiner  
Alaska State Legislature  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

Re: Constitutionality of HB 969  
Salmon Assessments  
Our file J-66-597-80

Dear Representative Gardiner:

You have asked for our comments on HB 969, relating to salmon fisheries enhancement. You requested our analysis both of the constitutionality of the bill as presently drafted, and in relation to Judge Compton's decision holding the old mandatory assessment program unconstitutional.

The present bill differs in every important respect from the mandatory assessment program. Judge Compton held that AS 16.05.530 is unconstitutional for the reasons that it is in fact a tax, and as a tax is improperly dedicated to a specific purpose; that the regional associations are not "service areas", and that the legislature may not delegate to either the associations or a commissioner the power to tax. As discussed in detail below, the present bill imposes a tax but does not dedicate it, makes no attempt to characterize regional aquaculture associations as service areas, and does not (with the suggestions below) improperly delegate the taxing power.

Dedication

Under the mandatory assessment program, an association voted to impose an assessment, the assessment was then collected from all the fishermen in the area by the processors, and returned directly to the regional associations. The disbursal to the associations was made without any act by the legislature. The present bill imposes a tax, to be levied on a regional basis only after certain conditions are met. One of the conditions is a vote by a majority of the limited entry permit holders in the salmon fisheries in the region. Once the tax is imposed, it is collected by the processors and forwarded to the Department of Revenue (for deposit in the general fund). This bill clearly imposes the tax for the purpose of providing a revenue source for funding the aquaculture associations; however, the language of the bill makes it clear that the legislature is making no attempt to bind future legislatures to take that action. While this legislature, if it passes the bill, is expressing an intent to return by appropriation the tax moneys collected, it also recognizes that this expression of intent does not guarantee that the funds will be treated in a like manner in the future. The tax is simply not dedicated.

Earlier drafts of this bill contained additional language under the section entitled "Collection of Tax and Disposition of Proceeds" (43.76.025) which specifically directed that the proceeds from the tax would be deposited

in the general fund. We can see no good reason for deleting this language, and recommend that it be included again.

While the bill as presently drafted certainly implies that the proceeds will be deposited in the general fund, specific language to that effect will strengthen the bill.

Delegation

The bill as drafted raises several delegation issues, none of which, in our opinion, is fatal to the bill (with the suggestions herein).

1. Tax on a condition. It might be argued that the provision allowing each association to vote on whether or not to impose the tax is an improper delegation to the association of the taxing power. However, the legislature here is doing the taxing, leaving only the imposition of the tax subject to the occurrence of some outside condition (i.e., the vote of the association). Legislation of this type is commonly upheld, and is not invalid simply because it is left to a vote of the persons affected to decide whether or not it should be imposed. The analysis of the relevant cases is that the legislature has the power to impose the tax without the consent of those affected, can impose it subject to whatever conditions it chooses, and thus can impose it subject to the condition that a majority of those affected approve it. See, Curran v. Wallace, 306 U.S. 1, 15, 16 (1938), U.S. v. Rock Royal Co-op, 307 U.S. 533, 577, 578 (1938). Similarly, the legislature has the power to limit

the duration of its legislation as it sees fit, and can likewise lift the imposition of the tax subject to a condition, here the vote of the association.

The other two conditions required before the imposition of the tax are in a sense delegated to the commissioner of fish and game: that the region be designated by him for the purpose of salmon production, and that there exist a regional association determined by him to be a qualified regional association. Delegations to executive departments are proper where sufficient standards are established, and in our opinion the standards set out in AS 16.10.375 and 16.10.380 are sufficient to make the delegation proper.

2. Reduction of tax. The bill as presently drafted provides that the tax may be reduced to a percentage less than three percent by several methods. The first two methods are discussed below, as they apply to termination; the third method is upon a majority vote by the association. This is the weakest section of the bill, for by leaving with the association the power to set the rate of the tax, a strong argument can be made that the association has been delegated the power to tax. The problem might be eliminated by including language which sets out precise standards for when an association could reduce the tax, and to what percentage,

but these standards might be difficult to draft.

It is our understanding that the objective of the reduction provision is to allow an association to set the rate at two percent, that is, that only two alternatives are contemplated: two percent or three percent. In fact, the old mandatory assessment section was amended to ~ that the assessment could be either two percent or three percent. As a practical matter, it is understood that the Cook Inlet Regional Association would choose to participate in a two percent tax, as that was the rate of the assessment in that region. As such, a cleaner method for removing the delegation problem would be to add another section to the bill which imposes a two percent tax, subject to the same conditions required for the three percent tax, and allow an association to elect to impose one tax or the other. Thus, an association can by election fulfill the condition of either the two percent tax or the three percent tax. The provisions for reduction of the tax should then be deleted.

3. Termination of tax. As noted briefly above, the same analysis that permits the imposition of the tax on a condition also permits the termination on a condition. The legislature has the power to enact a tax for a limited duration; it can condition that duration on the occurrence of an outside event. Thus, a vote by an association to terminate the tax is not an improper delegation.

However, the bill as presently drafted provides two additional methods for termination: upon the recommendation of the commissioner of commerce, and upon request of the association board of directors. While the second method might arguably be just as proper as a vote by the entire association, the first is probably an improper delegation to the commissioner of commerce, as there are no standards set out delineating when he should exercise that power. It is our understanding that a redraft of the bill is presently being prepared which eliminates these two provisions, and the bill will be better without them.

Service areas.

HB 969 does not designate regional aquaculture associations as service areas, and none of the problems that Judge Compton found with the mandatory assessment program in that area can arise.

Other problems.

The election procedures set out in proposed sec. 43.-76.015 of the bill call for voting at one of two public meetings or by mail. As written, the procedures are confusing, and we recommend that this section be redrafted.

Finally, \* Sec. 8 of the bill has the effect of repealing the tax imposed should the mandatory assessment provision (AS 16.10.530) be held constitutional by the Alaska Supreme Court. The original bill required that the holding be "as applied before July 13, 1979". CS for HB 969 now reads

The Hon. Terry Gardiner


April 16, 1980  
Page 7

that the holding be that "AS 16.10.530 does not violate the Constitution". Conceivably, the court might hold that AS 16.10.530 is constitutional, but not as previously applied. Under the committee substitute, then, the tax would be repealed but the old program could not be reinstated, and the association would be left without a source of funds.

Attached is a copy of the bill which incorporates our suggestions, with the exception of those referred to under "Other problems".

Sincerely,

AVRUM M. GROSS  
ATTORNEY GENERAL

By:   
Deborah Vogt  
Assistant Attorney General

DV:dlm

Attachment

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 11, 1980

SUBJECT: Salmon enhancement tax;  
Grants to regional aquaculture associations  
CSHB 969 and CSHB 970

TO: House Resources Committee  
Attn: Mary Levan, A.A.

FROM: Kenneth E. Vassar  
Legislative Counsel *KV*

Enclosed is the committee substitute you requested for House Bill 970. I believe the language added in section 2 of this bill violates that part of Article II, sec. 13 of the state Constitution which provides:

Bills for appropriations shall be confined to appropriations.

I talked with John Sund about this problem, and he suggested that the language in section 2 might be added instead to House Bill 969. Unfortunately, when I talked to him, I had already sent your committee substitute for House Bill 969 back to you; and when I was able to call you about it, the committee had already reported that bill out of committee. Moreover, the committee has also already reported House Bill 970 out with the changes included in section 2.

I would suggest that House Bill 970 should be returned to its original form and the following amendments made to Committee Substitute for House Bill 969:

Page 7, after line 18

Insert the following new material:

\* Sec. 6. A regional aquaculture association which receives money from an appropriation after April 1, 1980, shall return to the Department of Commerce and Economic Development, in the form and manner of payment

House Resources Committee  
Page 2  
April 11, 1980

acceptable to the commissioner of commerce and economic development, the difference between the money received by the regional aquaculture association and the amount of the salmon enhancement tax (AS 43.76.010) collected in the region in which the regional aquaculture association operates if the salmon enhancement tax is repealed before the amount collected in the region equals or exceeds the amount of the money received by the regional aquaculture association. Payments received by the Department of Commerce and Economic Development under this section shall be deposited in the general fund.

Page 7, line 19

Delete "\* Sec. 6" and insert "\* Sec. 7"

Page 7, line, 21

Delete "\* Sec. 7. Sections 1 - 4 and 7" and insert following:

"\* Sec. 8. Sections 1 - 4, 6 and 8"

Page 7, line 23

Delete "\* Sec. 8. Sections 5, 6 and 8" and insert the following:

"\* Sec. 9. Sections 5, 7 and 9"

Finally, there is a significant problem with the title of Committee Substitute for House Bill 969. It does not express the special effective dates of the bill. Therefore, the following change should be made at page 1, line 6:

After "enhancement" add "; and providing for an effective date"

KEV:ljb

Enclosure

# MEMORANDUM

## State of Alaska

TO:

Legislative Affairs

DEPT. \_\_\_\_\_

DIV. \_\_\_\_\_

SEC. \_\_\_\_\_

DATE : April 23, 1980

FROM:

Vicki Wißson  
House Finance Committee  
Cap Bldg Rm 519  
3795/3796

SUBJECT: CS for HB 969 (Finance)

Please prepare Finance Committee Substitute for HB 969 incorporating list of amendments attached and with deletion on page 6 of the bill also attached. Please return to me as soon as possible. Thanks.

Copy

Original sponsor: Rules Committee

Offered: 4/9/80  
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 969

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to salmon fisheries enhancement."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 \* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

9 (1) regional aquaculture associations qualified under AS 16.10.380  
10 have been organized in many areas of the state and have initiated salmon  
11 enhancement programs which will result in a general benefit to the state and  
12 a direct benefit to the commercial, subsistence, and sport fisheries;

13 (2) commercial salmon harvesters in most regions where the regional  
14 aquaculture associations are established have initiated self-imposed systems  
15 of harvest assessments to provide financing of efficient regional salmon  
16 enhancement programs;

17 (3) harvest assessments initiated in the regions are either volun-  
18 tary or mandatory, depending on the choice of the commercial salmon harvesters  
19 of each region;

20 (4) the mandatory assessment method initiated by many of the  
21 regional aquaculture associations under the authorization of state law is  
22 currently involved in protracted litigation;

23 (5) in order to ensure the uninterrupted continuation of the  
24 current salmon enhancement programs, it is essential that a revenue source  
25 for regional aquaculture associations be developed before a final judicial  
26 determination of the constitutionality of the mandatory assessments;

27 (6) while future legislatures cannot be legally bound to return  
28 revenues to each region based on the harvest assessments initiated in the  
29 regions, this legislature clearly recognizes this duty.

1 (b) It is the purpose of this Act to provide a means for continuing a  
2 mandatory method of revenue collection from commercial harvesters of salmon,  
3 and to continue revenue distribution to those regional aquaculture associa-  
4 tions which desire to use this means of ensuring that efficient salmon en-  
5 hancement programs have the necessary financial resources to continue.

6 (c) It is also the purpose of this Act to establish as a legislative  
7 policy the policy of making appropriations to the Department of Commerce and  
8 Economic Development to provide financing for qualified regional associations,  
9 and to base those appropriations on the revenue received from the collection  
10 of the salmon enhancement tax. The legislature may base an appropriation for  
11 a region on the value of fisheries resources caught in the region rather than  
12 the value of the fisheries resources sold in the region when those values  
13 differ. This section does not constitute a limitation on the use which the  
14 legislature may make of the proceeds of the salmon enhancement tax collected  
15 under this chapter.

16 \* Sec. 2. AS 43 is amended by adding a new chapter to read:

17 CHAPTER 76. SALMON ENHANCEMENT TAX.

18 Sec. 43.76.010. SALMON ENHANCEMENT TAX. (a) A person holding a  
19 limited entry permit under AS 16.43.010 - 16.43.380 shall pay a salmon  
20 enhancement tax at the rate of three percent of the value of salmon the  
21 person sells to a processor licensed under AS 43.75.011. The processor  
22 shall collect the salmon enhancement tax at the time of the sale.

23 (b) A salmon enhancement tax may only be levied or collected under  
24 (a) of this section

25 (1) in a region designated by the commissioner of fish and  
26 game for the purpose of salmon production under AS 16.10.375;

27 (2) if there exists in that region an association determined  
28 by the commissioner of fish and game to be a qualified regional associa-  
29 tion under AS 16.10.380; and

1           (3) if the qualified regional association approves the salmon  
2 enhancement tax under AS 43.76.015.

3           Sec. 43.76.015. ELECTION TO APPROVE, REDUCE OR TERMINATE SALMON  
4 ENHANCEMENT TAX. (a) A qualified regional association may not conduct  
5 an election under (b) of this section unless the commissioner of commerce  
6 and economic development approves the form of the notice to be published  
7 by the qualified regional association, the form of the ballot to be used  
8 in the election, and the registration procedure established by the  
9 qualified regional association under (c) of this section. The commis-  
10 sioner of commerce and economic development shall consult with the  
11 commissioner of fish and game before approving the form of the ballot to  
12 be used in an election under (b) of this section to verify the accuracy  
13 of the boundary description in the ballot. After an election is held  
14 under (b) of this section, the salmon enhancement tax takes effect in  
15 the region, if it is approved by a majority vote, upon the effective  
16 date stated in the ballot, or when the election results are certified by  
17 the commissioner of commerce and economic development, whichever is  
18 later. The commissioner of commerce and economic development shall  
19 certify the results of an election under (b) of this section if the  
20 procedural requirements of (b) of this section have been followed.

21           (b) Before a salmon enhancement tax is levied under AS 43.76.010,  
22 the qualified regional association for the region shall hold an initial  
23 public meeting to explain and discuss the necessity for the tax and to  
24 explain the registration procedure established by the qualified regional  
25 association. The qualified regional association shall provide public  
26 notice of the initial meeting by mailing notice at least 20 days before  
27 the meeting to each limited entry permit holder actively participating  
28 in a salmon fishery in the region, by posting the notice at least 20  
29 days before the meeting in at least three public places in the region,

1 and by publishing the notice in at least one newspaper of general circu-  
2 lation, if one exists, in the region at least once a week for three  
3 consecutive weeks before the meeting. The notice shall briefly state  
4 the amount of the tax and a short general description of the purposes  
5 for which the tax is expected to be used. The qualified regional asso-  
6 ciation shall mail a ballot, along with notice of the initial meeting,  
7 to each limited entry permit holder actively participating in a salmon  
8 fishery in the region. The ballot shall ask the question whether a  
9 salmon enhancement tax shall be levied, indicate the boundaries of the  
10 region in which the salmon enhancement tax will be levied, provide an  
11 effective date for the levy of the salmon enhancement tax if the salmon  
12 enhancement tax is approved, and indicate the date on which returned  
13 ballots must be postmarked in order to be counted. At the initial  
14 meeting additional ballots shall be distributed to limited entry permit  
15 holders in attendance who did not return a ballot by mail within the  
16 required time and who actively participate in a salmon fishery in the  
17 region. All ballots (those returned by mail and those voted at the  
18 meeting) shall be counted by a special committee appointed by the quali-  
19 fied regional association for that purpose. After the vote is taken at  
20 the initial meeting, the qualified regional association shall hold a  
21 second public meeting. The qualified regional association shall give  
22 notice of the second meeting by publication in a newspaper of general  
23 circulation in the region each day for five consecutive days and by  
24 mailing notice to each limited entry permit holder who actively parti-  
25 cipates in a salmon fishery in the region at least 14 days before the  
26 second public meeting. At the second meeting a vote by written ballot  
27 shall be taken from among the limited entry permit holders at the meeting  
28 who actively participate in a salmon fishery in the region and who have  
29 not previously voted on the question. These votes shall be counted with

1 the votes counted at the initial meeting. A majority vote for the  
2 salmon enhancement tax is required from the combined total of the re-  
3 turned ballots and the votes cast at both public meetings, before a  
4 salmon enhancement tax may be levied or collected. A person may not  
5 vote twice.

6 (c) An election to reduce or terminate a salmon enhancement tax  
7 shall be conducted under the same procedural requirements established  
8 under (a) and (b) of this section for an election to approve a salmon  
9 enhancement tax.

10 (d) The qualified regional association shall establish standard  
11 registration procedures for voting on approval, reduction or termination  
12 of the salmon enhancement tax.

13 Sec. 43.76.020. REDUCTION OR TERMINATION OF SALMON ENHANCEMENT  
14 TAX. (a) The salmon enhancement tax levied under AS 43.76.010 may be  
15 reduced to a rate which is less than three percent or may be terminated  
16 by the commissioner of revenue

17 (1) upon the recommendation of the commissioner of commerce  
18 and economic development;

19 (2) upon request of a majority of the board of directors of  
20 the qualified regional association for the region in which the salmon  
21 enhancement tax is levied; or

22 (3) upon majority vote at an election held under (b) of this  
23 section in the region in which the tax is levied.

24 (b) A salmon enhancement tax may be reduced or terminated by the  
25 commissioner of revenue under (a)(3) of this section following an elec-  
26 tion in a region if

27 (1) a petition is presented to the commissioner of commerce  
28 and economic development requesting reduction or termination of the  
29 salmon enhancement tax which is signed by at least 25 percent of the

1 number of persons who were qualified to vote under AS 43.76.015(b) in  
2 the election approving the salmon enhancement tax in the region;

3 (2) an election is held in accordance with AS 43.76.015(c);  
4 the ballot shall ask the question whether the salmon enhancement tax for  
5 the region shall be terminated or reduced, as appropriate; in the case  
6 of termination, the ballot shall be worded so that a "yes" vote is for  
7 continuation of the salmon enhancement tax and a "no" vote is for term-  
8 ination of the salmon enhancement tax;

9 (3) a majority of the people who vote cast a ballot for the  
10 termination or reduction of the salmon enhancement tax; all limited  
11 entry permit holders actively participating in a salmon fishery in the  
12 area are eligible to vote;

13 (4) the qualified regional association provides notice of the  
14 election in accordance with AS 43.76.015(b) within two months after  
15 receiving notice from the commissioner of commerce and economic develop-  
16 ment that a valid petition under (1) of this subsection has been re-  
17 ceived.

18 Sec. 43.76.025. COLLECTION OF TAX AND DISPOSITION OF PROCEEDS.

19 (a) A processor who buys fisheries resources which are subject to the  
20 salmon enhancement tax imposed by AS 43.76.010 shall collect the tax at  
21 the time of purchase, and shall remit the total tax collected during  
22 each month to the Department of Revenue by the last day of the next  
23 month.

24 (b) A processor who collects the salmon enhancement tax shall  
25 maintain records reflecting the ~~location of the catch of the fisheries~~  
26 ~~resources.~~

27 \* Sec. 3. AS 16.10 is amended by adding a new section to read:

28 Sec. 16.10.385. ACCOUNTING OF FINANCING RECEIVED AS A RESULT OF  
29 THE SALMON ENHANCEMENT TAX. A qualified regional association requesting

1 state financial assistance shall submit an annual financial report to  
2 the Department of Commerce and Economic Development on a form provided  
3 by the Department of Commerce and Economic Development. The Department  
4 of Commerce and Economic Development may, by regulation, require that a  
5 qualified regional association use a uniform system of accounting. A  
6 qualified regional association requesting state assistance shall submit  
7 an annual budget to the Department of Commerce and Economic Development  
8 on or before a date specified by the Department of Commerce and Economic  
9 Development.

10 \* Sec. 4. The commissioner of commerce and economic development shall  
11 direct that no further royalty assessments be collected under AS 16.10.530 on  
12 or after the effective date of an election in the region of a qualified  
13 regional association that approves a salmon enhancement tax in accordance  
14 with AS 43.76.010 - 43.76.015.

15 \* Sec. 5. The approval of a salmon enhancement tax in accordance with  
16 AS 43.76.010 - 43.76.015 constitutes compliance with the requirements of  
17 AS 16.10.530 for the imposition of a mandatory assessment on the sale of  
18 salmon under AS 16.10.530.

19 \* Sec. 6. Sections 1 and 4 of this Act, AS 43.76, and AS 16.10.385 are  
20 repealed.

21 \* Sec. 7. Sections 1 - 4 and 7 of this Act take effect immediately in  
22 accordance with AS 01.10.070(c).

23 \* Sec. 8. Sections 5, 6 and 8 of this Act take effect on the publication  
24 date of a decision by the Alaska Supreme Court in the appeal of State of  
25 Alaska v. Wayne Alex, et al (Supreme Court File No. 5065), if the decision  
26 holds that AS 16.10.530 does not violate the Constitution of the State of  
27 Alaska.

28  
29



Page 3, line 3           Delete present section, add new section  
AS 43.76.015:

Sec. 43.76.015. ELECTION TO APPROVE OR TERMINATE

SALMON ENHANCEMENT TAX. (a) A qualified regional association may conduct an election under this section after the commissioner of commerce and economic development approves:

(1) the form of the notice to be published by qualified regional association;

(2) the form of the ballot to be used in the election;

(3) the registration and voting procedures for the approval or termination of the tax.

(b) The salmon enhancement tax is levied under AS 43.76.010 or AS 43.76.011 on the effective date stated on the ballot when:

(1) the tax is approved by a majority of all of the eligible interim and permanent limited entry holders voting in one single election in each region as established pursuant to AS 16.10.380 and;

(2) the election results are certified by the commissioner of commerce and economic development.

(c) The qualified regional association shall adopt the following procedures for conducting an election under this chapter;

(1) At least one public meeting shall be held not less than 30 days prior to the date the ballots must be postmarked to explain the reason for the proposed tax and

the registration and voting procedure to be used for the voting. Notice of the meeting shall be given by;

(a) mailing the notice to each person eligible to vote and;

(b) posting the notice in at least three public places within the region and;

(c) publishing the notice in at least one newspaper of general circulation in the region at least once per week for two consecutive weeks prior to the meeting.

(2) mail a ballot to each individual interim and permanent limited entry permit holder eligible to vote. The ballots shall be mailed to each eligible voter twice, once not more than 45 days and the second time not less than 15 days prior to the date the ballots must be postmarked to be counted. Procedures shall be adopted so that only one ballot from each eligible voter is counted.

(d) The ballot shall state the following;

(1) whether a tax should be levied under AS 43.76.010 or AS 43.76.011,

(2) the boundaries of the region in which the tax would be levied,

(3) the effective date for the levy of the tax,

(4) the date on which the ballots must be postmarked in order to be counted,

(e) The ballots shall be returned by mail and counted by the commissioner of commerce and economic development or

a person approved by the commissioner.

(f) The interim and permanent limited entry holders eligible to vote are those listed by the commercial fisheries entry commission as the legal owner of the permit 90 days prior to the date set that the ballots must be postmarked to be counted.

(g) An election to terminate a salmon enhancement tax shall be conducted under the same procedural requirements established under this section for an election to approve a salmon enhancement tax.

Page 5, line 13      Delete Sec. 43.76.020, replace with following:

Sec. 43.76.020.    TERMINATION OF SALMON ENHANCEMENT TAX.

(a) A salmon enhancement tax levied under AS 43.76.010 or AS 43.76.011 may be terminated by the commissioner of revenue upon majority vote at an election held under Sec. 015 of this section in the region in which the tax is levied.

(b) A salmon enhancement tax shall be terminated by the commissioner of revenue under (a) of this section following an election in a region if: .

(1) a petition is presented to the commissioner of commerce and economic development requesting termination of the salmon enhancement tax which is signed by at least 25 percent of the number of persons who were qualified to vote under AS 43.76.015 in the election approving the salmon enhancement tax in the region;

(2) an election is held in accordance with AS 43.76.015; the ballot shall ask the question whether the salmon enhancemtn tax for the region shall be terminated. The ballot shall be worded so that a "yes" vote is for continuation of the salmon enhancement tax and a "no" vote is for termination of the salmon enhancement tax;

(3) a majority of the people eligible to vote cast a ballot for the termination of the salmon enhancement tax;

(4) the qualified regional association provides notice of the election in accordance with AS 43.76.015 within two months after receiving notice from the commissioner of commerce and economic development that a valid petition under (1) of this subsection has been received.

Page 6, line 20      After AS 43.76.010 add "or AS 43.76.011"

Page 6, line 25      After "reflecting the" add "regional association identified pursuant to AS 16.10.375 in which the fishery resource was caught and shall report to the Department of Revenue by March 1 of each year the total value as defined in AS 43.75.140(7) of each species caught in each regional association area."

Page 6, line 25      After (.) add: "and shall report ot the Department of Revenue by March 1 of each year."

Page 6, line 26      Add new section (c):

(c) The tax collected under this chapter shall be deposited in the General Fund. The legislature may make appropriations based on this revenue to the department of commerce and

economic development for the purposes of providing funding for qualified regional associations. The legislature may base an appropriation for a region on the value of fisheries resources caught in that region rather than the value of the fisheries resources sold in that region, where those values differ.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS HB 969  
 Title An act relating to salmon fisheries enhancement  
 Requested by House Finance Date 4-11-80

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-----	approximately 1.5 annually	-----
FEDERAL FUNDS				
OTHER (Specify Fund Source)				

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The bill proposes a salmon enhancement tax at 3 percent of the value of salmon sold by a limited entry permit holder to a licensed processor. The tax is to be levied in areas where a qualified regional aquaculture association receives approval for such levy by the majority of the qualified permit holders in the area. The tax can be reduced or terminated by the Commissioner of Revenue upon recommendation of the Commissioner of Commerce and Economic Development and the regional association.

The above estimate is for those regional associations only which did levy mandatory assessments until the assessments were declared invalid by the courts. The estimate is based on data obtained from those regional associations, and some catch and value statistics from the Department of Fish and Game. It is assumed that collections will not be submitted until July 1, 1980.

(continued)

IV. DATE 4/11/80 PREPARED BY Barbara Sorenson  
 AGENCY REVENUE  
 PHONE #2174  
 Original: Legislative Finance  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

ANALYSIS

There are three more regional associations in the State which would qualify for the proposed levy. Potential collections in those areas are not included in the above estimate.

Original sponsor: Rules Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 969 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL.

6 For an Act entitled: "An Act relating to salmon fisheries enhancement."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 \* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

9 (1) regional aquaculture associations qualified under AS 16.10.380  
10 have been organized in many areas of the state and have initiated salmon  
11 enhancement programs which will result in a general benefit to the state and  
12 a direct benefit to the commercial, subsistence, and sport fisheries;

13 (2) commercial salmon harvesters in most regions where the regional  
14 aquaculture associations are established have initiated self-imposed systems  
15 of harvest assessments to provide financing of efficient regional salmon  
16 enhancement programs;

17 (3) harvest assessments initiated in the regions are either volun-  
18 tary or mandatory, depending on the choice of the commercial salmon harvesters  
19 of each region;

20 (4) the mandatory assessment method initiated by many of the  
21 regional aquaculture associations under the authorization of state law is  
22 currently involved in protracted litigation;

23 (5) in order to ensure the uninterrupted continuation of the  
24 current salmon enhancement programs, it is essential that a revenue source  
25 for regional aquaculture associations be developed before a final judicial  
26 determination of the constitutionality of the mandatory assessments;

27 (6) while future legislatures cannot be legally bound to return  
28 revenues to each region based on the harvest assessments initiated in the  
29 regions, this legislature clearly recognizes this duty.

1 (b) It is the purpose of this Act to provide a means for continuing a  
2 mandatory method of revenue collection from commercial harvesters of salmon,  
3 and to continue revenue distribution to those regional aquaculture associa-  
4 tions which desire to use this means of ensuring that efficient salmon en-  
5 hancement programs have the necessary financial resources to continue.

6 (c) It is also the purpose of this Act to establish as a legislative  
7 policy the policy of making appropriations to the Department of Commerce and  
8 Economic Development to provide financing for qualified regional associa-  
9 tions, and to base those appropriations on the revenue received from the  
10 collection of the salmon enhancement tax. The legislature may base an appro-  
11 priation for a region on the value of fisheries resources caught in the  
12 region rather than the value of the fisheries resources sold in the region  
13 when those values differ. This section does not constitute a limitation on  
14 the use which the legislature may make of the proceeds of the salmon enhance-  
15 ment tax collected under this chapter.

16 \* Sec. 2. AS 43 is amended by adding a new chapter to read:

17 CHAPTER 76. SALMON ENHANCEMENT TAX.

18 Sec. 43.76.010. THREE PERCENT SALMON ENHANCEMENT TAX. (a) A  
19 person holding a limited entry permit under AS 16.43.010 - 16.43.380  
20 shall pay a salmon enhancement tax at the rate of three percent of the  
21 value of salmon, as defined in AS 43.75.140(7), that the person sells to  
22 a processor licensed under AS 43.75.011. The processor shall collect  
23 the salmon enhancement tax at the time of the sale.

24 (b) A three percent salmon enhancement tax may only be levied or  
25 collected under (a) of this section

26 (1) in a region designated by the commissioner of fish and  
27 game for the purpose of salmon production under AS 16.10.375;

28 (2) if there exists in that region an association determined  
29 by the commissioner of fish and game to be a qualified regional associa-

1 tion under AS 16.10.380; and

2 (3) if the qualified regional association approves the three  
3 percent salmon enhancement tax under AS 43.76.015.

4 Sec. 43.76.011. TWO PERCENT SALMON ENHANCEMENT TAX. (a) A person  
5 holding a limited entry permit under AS 16.43.010 - 16.43.380 shall pay  
6 a salmon enhancement tax at the rate of two percent of the value of  
7 salmon, as defined in AS 43.75.140(7), that the person sells to a pro-  
8 cessor licensed under AS 43.75.011. The processor shall collect the  
9 salmon enhancement tax at the time of the sale.

10 (b) A two percent salmon enhancement tax may only be levied or  
11 collected under (a) of this section

12 (1) in a region designated by the commissioner of fish and  
13 game for the purpose of salmon production under AS 16.10.375;

14 (2) if there exists in that region an association determined  
15 by the commissioner of fish and game to be a qualified regional associa-  
16 tion under AS 16.10.380; and

17 (3) if the qualified regional association approves the two  
18 percent salmon enhancement tax under AS 43.76.015.

19 Sec. 43.76.015. ELECTION TO APPROVE OR TERMINATE SALMON ENHANCE-  
20 MENT TAX. (a) A qualified regional association may conduct an election  
21 under this section after the commissioner of commerce and economic  
22 development approves

23 (1) the form of the notice to be published by the qualified  
24 regional association;

25 (2) the form of the ballot to be used in the election; and

26 (3) the registration and voting procedure for the approval or  
27 termination of the salmon enhancement tax.

28 (b) The salmon enhancement tax is levied under AS 43.76.010 or  
29 43.76.011 in a region on the effective date stated on the ballot if

1 (1) it is approved by a majority vote of the eligible interim-  
2 use permit and entry permit holders voting in an election held under  
3 this section in the region; and

4 (2) the election results are certified by the commissioner of  
5 commerce and economic development.

6 (c) In conducting an election under this section, a qualified  
7 regional association shall adopt the following procedures:

8 (1) The qualified regional association for the region shall  
9 hold at least one public meeting not less than 30 days before the date  
10 on which ballots must be postmarked to be counted in the election to  
11 explain the reason for the proposed salmon enhancement tax and to ex-  
12 plain the registration and voting procedure to be used in the election.  
13 The qualified regional association shall provide notice of the meeting  
14 by

15 (A) mailing the notice to each eligible interim-use  
16 permit and entry permit holder;

17 (B) posting the notice in at least three public places  
18 in the region; and

19 (C) publishing the notice in at least one newspaper of  
20 general circulation in the region at least once a week for two  
21 consecutive weeks before the meeting.

22 (2) The qualified regional association shall mail two ballots  
23 to each eligible interim-use permit and entry permit holder. The first  
24 ballot shall be mailed no more than 45 days before the date ballots must  
25 be postmarked to be counted in the election. The second ballot shall be  
26 mailed no less than 15 days before the date ballots must be postmarked  
27 to be counted in the election. The qualified regional association shall  
28 adopt procedures to insure that only one ballot from each eligible  
29 interim-use permit and entry permit holder is counted in the election.

1 (3) The ballot shall

2 (A) indicate whether the election relates to a salmon  
3 enhancement tax under AS 43.76.010 or to a salmon enhancement tax  
4 under AS 43.76.011;

5 (B) ask the question whether the salmon enhancement tax  
6 shall be levied;

7 (C) indicate the boundaries of the region in which the  
8 salmon enhancement tax will be levied;

9 (D) provide an effective date for the levy of the salmon  
10 enhancement tax; and

11 (E) indicate the date on which returned ballots must be  
12 postmarked in order to be counted.

13 (4) The ballots shall be returned by mail and shall be  
14 counted by the commissioner of commerce and economic development or by a  
15 person approved by the commissioner of commerce and economic develop-  
16 ment.

17 (d) The commissioner of commerce and economic development shall  
18 certify the results of an election under this section if he determines  
19 that the requirements of (a) and (c) of this section have been satisfied.

20 (e) Except as provided in AS 43.76.020(b)(2), an election to  
21 terminate a salmon enhancement tax shall be conducted under the same  
22 procedures established under (a) and (c) - (d) of this section for an  
23 election to approve a salmon enhancement tax.

24 (f) In this section, "eligible interim-use permit and entry permit  
25 holder" means an individual who, 90 days before the date ballots must be  
26 postmarked to be counted in an election under this section, is listed in  
27 the records of the Alaska Commercial Fisheries Entry Commission as the  
28 legal owner of an interim-use permit or an entry permit which authorizes  
29 him to fish commercially in an administrative area, established by the

1 Alaska Commercial Fisheries Entry Commission under AS 16.43.200, which  
2 is included, in whole or in part, in the region in which the election is  
3 held.

4 Sec. 43.76.020. TERMINATION OF SALMON ENHANCEMENT TAX. (a) The  
5 salmon enhancement tax levied under AS 43.76.010 may be terminated by  
6 the commissioner of revenue upon majority vote at an election held under  
7 AS 43.76.015 in the region in which the salmon enhancement tax is  
8 levied.

9 (b) A salmon enhancement tax shall be terminated by the commis-  
10 sioner of revenue under (a) of this section following an election in a  
11 region if

12 (1) a petition is presented to the commissioner of commerce  
13 and economic development requesting termination of the salmon enhance-  
14 ment tax which is signed by at least 25 percent of the number of persons  
15 who were qualified to vote under AS 43.76.015 in the election approving  
16 the salmon enhancement tax in the region;

17 (2) an election is held in accordance with AS 43.76.015; the  
18 ballot shall ask the question whether the salmon enhancement tax for the  
19 region shall be terminated; the ballot shall be worded so that a "yes"  
20 vote is for continuation of the salmon enhancement tax and a "no" vote  
21 is for termination of the salmon enhancement tax;

22 (3) a majority of the eligible interim-use permit and entry  
23 permit holders who vote in the election cast a ballot for the termina-  
24 tion of the salmon enhancement tax;

25 (4) the qualified regional association provides notice of the  
26 election in accordance with AS 43.76.015 within two months after re-  
27 ceiving notice from the commissioner of commerce and economic develop-  
28 ment that a valid petition under (1) of this subsection has been re-  
29 ceived.

1           Sec. 43.76.025. COLLECTION OF TAX AND DISPOSITION OF PROCEEDS.

2           (a) A processor who buys fisheries resources which are subject to the  
3 salmon enhancement tax imposed by AS 43.76.010 or 43.76.011 shall col-  
4 lect the salmon enhancement tax at the time of purchase, and shall remit  
5 the total salmon enhancement tax collected during each month to the  
6 Department of Revenue by the last day of the next month.

7           (b) A processor who collects the salmon enhancement tax shall

8                 (1) maintain records reflecting the region designated under  
9 AS 16.10.375 in which the fishery resource was caught; and

10                (2) report to the Department of Revenue by March 1 of each  
11 year the total value, as defined in AS 43.75.140(7), of the salmon  
12 caught in each region designated under AS 16.10.375 which the processor  
13 has purchased during the preceding year.

14           (c) The salmon enhancement tax collected under this chapter shall  
15 be deposited in the general fund. The legislature may make appropria-  
16 tions based on this revenue to the Department of Commerce and Economic  
17 Development for the purpose of providing financing for qualified re-  
18 gional associations. The legislature may base an appropriation for a  
19 qualified regional association operating within a region designated  
20 under AS 16.10.375 on the value of the fisheries resources caught in  
21 that region rather than the value of the fisheries resources sold in  
22 that region if those values differ.

23 \* Sec. 3. AS 16.10 is amended by adding a new section to read:

24           Sec. 16.10.385. ACCOUNTING OF FINANCING RECEIVED AS A RESULT OF  
25 THE SALMON ENHANCEMENT TAX. A qualified regional association requesting  
26 state financial assistance in accordance with AS 43.76.025(c) shall  
27 submit an annual financial report to the Department of Commerce and  
28 Economic Development on a form provided by the Department of Commerce  
29 and Economic Development. The Department of Commerce and Economic

1 Development may, by regulation, require that a qualified regional asso-  
2 ciation use a uniform system of accounting. A qualified regional asso-  
3 ciation requesting state assistance shall submit an annual budget to the  
4 Department of Commerce and Economic Development on or before a date  
5 specified by the Department of Commerce and Economic Development.

6 \* Sec. 4. The commissioner of commerce and economic development shall  
7 direct that no further royalty assessments be collected under AS 16.10.530 on  
8 or after the effective date of an election in the region of a qualified  
9 regional association that approves a salmon enhancement tax in accordance  
10 with AS 43.76.010 - 43.76.015.

11 \* Sec. 5. The approval of a salmon enhancement tax in accordance with  
12 AS 43.76.010 - 43.76.015 constitutes compliance with the requirements of  
13 AS 16.10.530 for the imposition of a mandatory assessment on the sale of  
14 salmon under AS 16.10.530.

15 \* Sec. 6. Sections 1 and 4 of this Act, AS 43.76, and AS 16.10.385 are  
16 repealed.

17 \* Sec. 7. Sections 1 - 4 and 7 of this Act take effect immediately in  
18 accordance with AS 01.10.070(c).

19 \* Sec. 8. Sections 5, 6 and 8 of this Act take effect on the publication  
20 date of a decision by the Alaska Supreme Court in the appeal of State of  
21 Alaska v. Wayne Alex, et al (Supreme Court File No. 5065), if the decision  
22 holds that AS 16.10.530 does not violate the Constitution of the State of  
23 Alaska.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

HB 969

I. REQUEST

Bill/Resolution No. House Bill No. 969  
 Title An Act relating to salmon fisheries enhancement.  
 Requested by House Resources & Finance Committees Date 3/26/80

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_ Revenue \_\_\_\_\_  
 Program Category Affected \_\_\_\_\_ Fiscal Services \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_ Audit Division \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		72.7	72.7	72.7	72.7	72.7
200 TRAVEL		5.5	5.5	5.5	5.5	5.5
300 CONTRACTUAL		9.5	9.5	9.5	9.5	9.5
400 COMMODITIES		1.4	1.4	1.4	1.4	1.4
500 EQUIPMENT		3.6	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>92.7</b>	<b>89.1</b>	<b>89.1</b>	<b>89.1</b>	<b>89.1</b>

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		92.7	89.1	89.1	89.1	89.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		3	3	3	3	3
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached memorandum to R. D. Stevenson dated 3/26/80.

IV. DATE March 26, 1980 PREPARED BY *Ray Stevens*  
 AGENCY Department of Revenue, Audit Division  
 PHONE 465-2320  
 Original: Legislative Finance  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

# AGENCY: REVENUE

All Department of Revenue BRU's in the Revenue Collection and Management cover program are included herein. A major emphasis on identifying the "invisible taxpayer" is planned in the FY 81 budget, primarily in the BRUs of Audit, Enforcement, and Administration and Support.

The goals of the Audit BRU are to achieve effective compliance by taxpayers with the tax laws of Alaska, and to raise revenues through an effective audit program. The Revenue Audit staff concentrates on corporate and individual income tax, estate taxes, excise taxes, business license tax, fisheries tax, mining license tax, and the issuance of permits for games or skill or chance.

The goal of the Enforcement BRU is to enforce the collection of taxes from all taxpayers in a fair and equitable manner. The Division is responsible for billing and collecting all delinquent tax accounts.

The Administration and Support BRU includes the Office of the Commissioner, Administrative Services, and Fish and Game Licensing. The Commissioner's Office oversees all functions of the Department of Revenue. The Research Section, under the Office of the Commissioner, performs special studies in analyzing and developing revenue sources, as well as projecting State cash flow through revenue estimating models and information provided by State agencies. The Administrative Services component provides centralized general services for the Department of Revenue, including personnel, budget, payroll, purchasing, mail, etc. This section also provides certain technical services such as administering business licenses, processing tax and license remittances, and initial processing of tax returns. The Fish and Game Licensing component is being transferred to this BRU from the Natural Resources category for FY 81. This component processes revenues received from the sales of Fish and Game licenses statewide. Most of the licenses are sold by contract vendors such as sporting goods stores.

## STATE OF ALASKA -- BUDGET UNIT SUMMARY

CATEGORY: GENERAL DEVELOPMENT  
AGENCY: DEPARTMENT OF REVENUE

PROGRAM: REVENUE OPERATIONS

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
AUDIT	2461.5	2530.6	2513.1	2691.6			3223.6
ENFORCEMENT	1196.5	1335.4	1324.7	1217.0			1366.3
OFFICE OF THE COMMISSIONER	877.3	1077.4	1054.4	757.6			964.5
ADMINISTRATIVE SERVICES	1630.0	1783.7	1746.5	1773.6			2361.4
FISH AND GAME LICENSING	572.1	580.6	531.0	259.0			298.0
** TOTAL	6737.4	7307.7	7170.3	6698.0			8213.8
** CHANGES VERSUS 80 AUTH							22.6%
FUNDING SOURCE							
GENERAL FUND	6429.4	7067.7	6952.8	6698.0			8213.8
PGM RECEIPTS	308.0	240.0	217.5				
** GENERAL FUND CHANGE VS. 80 AUTH							22.6%
POSITIONS							
FULL-TIME	173.0	173.0	173.0	179.0			191.0
PART-TIME	8.0	8.0	8.0	8.0			21.0
TEMPORARY	14.0	14.0	14.0	13.0			

STATE  
of ALASKA

## MEMORANDUM

TO:  R. D. Stevenson  
Special Assistant  
Department of Revenue

DATE: March 26, 1980

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins  
Director  
Audit Division

SUBJECT: House Bill No. 969

This bill would establish a salmon enhancement tax at 3 percent of the value of salmon sold to a processor. The processor will be charged with collecting tax at the time of purchase. There is one potential significant enforcement problem in that the legislation does not define how the value of the salmon is to be determined for purposes of the tax. It is recommended that the bill be amended to provide for the determination of value.

It is anticipated that there will be approximately 220 processors to process salmon. Each processor will be required to file a return on a monthly basis. To handle the initial review and processing functions, we will need two permanent full time Tax Examiner positions. To accomplish the audit functions, we will require the addition of one Revenue Auditor position.

The proposed Section 43.76.025(b) provides that the processor collecting the tax shall maintain records reflecting the location of the catch of the fishery resource. However, nowhere else in the proposed law is there any indication of what the processor is to do with this information. Is it intended that the monthly return to the Department of Revenue should account for the catch by location, or is the processor to send some type of report to the Department of Commerce and Economic Development? It is recommended that this subsection be modified to clearly state the intent with regard to this information.

1	POSITION TITLE <b>Tax Examiner I</b>			RANGE/STEP <b>10 A</b>	BARG. UNIT. <b>G</b>	LOCATION	GOV	APPROV.	DISAPP.				
2	TYPE OF POSITION <b>PFT</b>	STAFF MONTHS <b>12</b>	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG						
3	TYPE OF EXPENDITURE			AMOUNT									
	1			2		3							
4	PERSONAL SERVICES: SALARY			17,004		JUSTIFICATION:  It is anticipated that there will be approximately 220 processors to process salmon and each processor will be required to file a return on a monthly basis. To handle the initial review and processing functions we will need two permanent full time Tax Examiner positions.							
5	BENEFITS			2,528									
6	FICA			1,131									
7	HEALTH INS.			1,524									
8	TOTAL PERSONAL SERVICES			22,187									
9	TRAVEL												
10	CONTRACTUAL			3,160									
11	COMMODITIES			450									
12	EQUIPMENT			1,200									
13	OTHER												
14	TOTAL COST			26,997									
15	CODE			FUNDING SOURCE									
16				FED RCPTS.									
17				GF MATCH.									
18				GEN. FUND		26,997							
19				I-A RCPTS.									
20				PGM RCPTS									
21				OTHER									
22	CONTINUATION			FOR B&M USE ONLY									
22	ADDITION												
4A KEY NUMBER _____ COLUMN NO. _____													

AGENCY Department of Revenue PROGRAM AREA Revenue Collection & Management

BRU Audit Division

FY 81

**13** REQUEST FOR NEW  
POSITION.

COMPONENT \_\_\_\_\_

Page 1 of 3

REVISED  
DATE \_\_\_\_\_

1	POSITION TITLE Tax Examiner I			RANGE/STEP 10 A	BARG. UNIT. G	LOCATION	GOV.	APPROV.	DISAPP.					
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.							
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:								
	1	2	3											
4	PERSONAL SERVICES:				It is anticipated that there will be approximately 220 processors to process salmon and each processor will be required to file a return on a monthly basis. To handle the initial review and processing functions we will need two permanent full time Tax Examiner positions.									
5	SALARY		17,004											
6	BENEFITS		2,528											
7	FICA		1,131											
8	HEALTH INS.		1,524											
9	TOTAL PERSONAL SERVICES		22,187											
10	TRAVEL													
11	CONTRACTUAL		3,160											
12	COMMODITIES		450											
13	EQUIPMENT		1,200											
14	OTHER													
15	TOTAL COST		26,997											
15	CODE	FUNDING SOURCE												
16		FED RCPTS.												
17		GF MATCH.												
18		GEN. FUND		26,997										
19		I-A RCPTS.												
20		PGM RCPTS												
21		OTHER												
22	CONTINUATION													
22	ADDITION	X	FOR B&M USE ONLY											
4A	KEY NUMBER			COLUMN NO.										

AGENCY Department of Revenue PROGRAM AREA Revenue Collection & Management

BRU Audit Division

FY 81

**13** REQUEST FOR NEW POSITION.

COMPONENT \_\_\_\_\_

Page 2 of 3

REVISED DATE \_\_\_\_\_

1	POSITION TITLE Revenue Auditor I				RANGE/STEP 14 A	BARG. UNIT. G	LOCATION	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG.		

TYPE OF EXPENDITURE		AMOUNT
1	2	3
4	PERSONAL SERVICES: SALARY	22,089
5	BENEFITS	3,285
6	FICA	1,469
7	HEALTH INS.	1,524
8	TOTAL PERSONAL SERVICES	28,367
9	TRAVEL	5,500
10	CONTRACTUAL	3,160
11	COMMODITIES	450
12	EQUIPMENT	1,200
13	OTHER	
14	TOTAL COST	38,677

JUSTIFICATION:  
It is anticipated that there will be approximately 220 processors to process salmon and each processor will be required to file a return on a monthly basis. To accomplish the audit functions, we will require the addition of one Revenue Auditor I position.

CODE	FUNDING SOURCE	
15	FED RCPTS.	
16	GF MATCH	
17	GEN. FUND	38,677
18	I-A RCPTS.	
19	PGM RCPTS	
20	OTHER	
21	CONTINUATION	
22	ADDITION	X

FOR B&M USE ONLY

4A KEY NUMBER \_\_\_\_\_ COLUMN NO. \_\_\_\_\_

AGENCY Department of Revenue PROGRAM AREA Revenue Collection & Management

BRU Audit Division

FY 81

**13** REQUEST FOR NEW POSITION.

COMPONENT \_\_\_\_\_

Page 3 of 3

REVISED DATE \_\_\_\_\_



THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. H B 969  
 Title An act relating to salmon fisheries enhancement  
 Requested by \_\_\_\_\_ Date 3-28-80

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Millions of Dollars)

GENERAL FUND	-0-	-----approximately 1.5 annually-----				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The bill proposes a salmon enhancement tax at 3 percent of the value of salmon sold by a limited entry permit holder to a licensed processor. The tax is to be levied in areas where a qualified regional aquaculture association receives approval for such levy by the majority of the qualified permit holders in the area. The tax can be reduced or terminated by the Commissioner of Revenue upon recommendation of the Commissioner of Commerce and Economic Development and the regional association.

The above estimate is for those regional associations only which did levy mandatory assessments until the assessments were declared invalid by the courts. The estimate is based on data obtained from those regional associations, and some catch and value statistics from the Department of Fish and Game. It is assumed that collections will not be submitted until July 1, 1980

(continued)

IV. DATE 3/28/80 PREPARED BY Barbara Lorenson  
 AGENCY REVENUE  
 Original: Legislative Finance PHONE 2174  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

# AGENCY: REVENUE

All Department of Revenue BRU's in the Revenue Collection and Management cover program are included herein. A major emphasis on identifying the "invisible taxpayer" is planned in the FY 81 budget, primarily in the BRUs of Audit, Enforcement, and Administration and Support.

The goals of the Audit BRU are to achieve effective compliance by taxpayers with the tax laws of Alaska, and to raise revenues through an effective audit program. The Revenue Audit staff concentrates on corporate and individual income tax, estate taxes, excise taxes, business license tax, fisheries tax, mining license tax, and the issuance of permits for games or skill or chance.

The goal of the Enforcement BRU is to enforce the collection of taxes from all taxpayers in a fair and equitable manner. The Division is responsible for billing and collecting all delinquent tax accounts.

The Administration and Support BRU includes the Office of the Commissioner, Administrative Services, and Fish and Game Licensing. The Commissioner's Office oversees all functions of the Department of Revenue. The Research Section, under the Office of the Commissioner, performs special studies in analyzing and developing revenue sources, as well as projecting State cash flow through revenue estimating models and information provided by State agencies. The Administrative Services component provides centralized general services for the Department of Revenue, including personnel, budget, payroll, purchasing, mail, etc. This section also provides certain technical services such as administering business licenses, processing tax and license remittances, and initial processing of tax returns. The Fish and Game Licensing component is being transferred to this BRU from the Natural Resources category for FY 81. This component processes revenues received from the sales of Fish and Game licenses statewide. Most of the licenses are sold by contract vendors such as sporting goods stores.

## STATE OF ALASKA -- BUDGET UNIT SUMMARY

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AGENCY: DEPARTMENT OF REVENUE

PROGRAM: REVENUE OPERATIONS

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** TOTAL	6737.4	7307.7	7170.3	6698.0			8213.8
** CHANGES VERSUS 80 AUTH							22.6%
FUNDING SOURCE							
GENERAL FUND	6429.4	7067.7	6952.8	6698.0			8213.8
PGM RECEIPTS	308.0	240.0	217.5				
** GENERAL FUND CHANGE VS. 80 AUTH							22.6%
POSITIONS							
FULL-TIME	173.0	173.0	173.0	179.0			191.0
PART-TIME	8.0	8.0	8.0	8.0			21.0
TEMPORARY	14.0	14.0	14.0	13.0			

## ANALYSIS

There are three more regional associations in the State which would qualify for the proposed levy. Potential collections in those areas are not included in the above estimate.

Original sponsor: Rules Committee

Offered: 4/9/80  
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 969

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to salmon fisheries enhancement."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 \* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

9 (1) regional aquaculture associations qualified under AS 16.10.380  
10 have been organized in many areas of the state and have initiated salmon  
11 enhancement programs which will result in a general benefit to the state and  
12 a direct benefit to the commercial, subsistence, and sport fisheries;

13 (2) commercial salmon harvesters in most regions where the regional  
14 aquaculture associations are established have initiated self-imposed systems  
15 of harvest assessments to provide financing of efficient regional salmon  
16 enhancement programs;

17 (3) harvest assessments initiated in the regions are either volun-  
18 tary or mandatory, depending on the choice of the commercial salmon harvesters  
19 of each region;

20 (4) the mandatory assessment method initiated by many of the  
21 regional aquaculture associations under the authorization of state law is  
22 currently involved in protracted litigation;

23 (5) in order to ensure the uninterrupted continuation of the  
24 current salmon enhancement programs, it is essential that a revenue source  
25 for regional aquaculture associations be developed before a final judicial  
26 determination of the constitutionality of the mandatory assessments;

27 (6) while future legislatures cannot be legally bound to return  
28 revenues to each region based on the harvest assessments initiated in the  
29 regions, this legislature clearly recognizes this duty.

1 (b) It is the purpose of this Act to provide a means for continuing a  
2 mandatory method of revenue collection from commercial harvesters of salmon,  
3 and to continue revenue distribution to those regional aquaculture associa-  
4 tions which desire to use this means of ensuring that efficient salmon en-  
5 hancement programs have the necessary financial resources to continue.

6 (c) It is also the purpose of this Act to establish as a legislative  
7 policy the policy of making appropriations to the Department of Commerce and  
8 Economic Development to provide financing for qualified regional associations,  
9 and to base those appropriations on the revenue received from the collection  
10 of the salmon enhancement tax. The legislature may base an appropriation for  
11 a region on the value of fisheries resources caught in the region rather than  
12 the value of the fisheries resources sold in the region when those values  
13 differ. This section does not constitute a limitation on the use which the  
14 legislature may make of the proceeds of the salmon enhancement tax collected  
15 under this chapter.

16 \* Sec. 2. AS 43 is amended by adding a new chapter to read:

17 CHAPTER 76. SALMON ENHANCEMENT TAX.

18 Sec. 43.76.010. SALMON ENHANCEMENT TAX. (a) A person holding a  
19 limited entry permit under AS 16.43.010 - 16.43.380 shall pay a salmon  
20 enhancement tax at the rate of three percent of the value of salmon the  
21 person sells to a processor licensed under AS 43.75.011. The processor  
22 shall collect the salmon enhancement tax at the time of the sale.

23 (b) A salmon enhancement tax may only be levied or collected under  
24 (a) of this section

25 (1) in a region designated by the commissioner of fish and  
26 game for the purpose of salmon production under AS 16.10.375;

27 (2) if there exists in that region an association determined  
28 by the commissioner of fish and game to be a qualified regional associa-  
29 tion under AS 16.10.380; and

1 (3) if the qualified regional association approves the salmon  
2 enhancement tax under AS 43.76.015.

3 Sec. 43.76.015. ELECTION TO APPROVE, REDUCE OR TERMINATE SALMON  
4 ENHANCEMENT TAX. (a) A qualified regional association may not conduct  
5 an election under (b) of this section unless the commissioner of commerce  
6 and economic development approves the form of the notice to be published  
7 by the qualified regional association, the form of the ballot to be used  
8 in the election, and the registration procedure established by the  
9 qualified regional association under (c) of this section. The commis-  
10 sioner of commerce and economic development shall consult with the  
11 commissioner of fish and game before approving the form of the ballot to  
12 be used in an election under (b) of this section to verify the accuracy  
13 of the boundary description in the ballot. After an election is held  
14 under (b) of this section, the salmon enhancement tax takes effect in  
15 the region, if it is approved by a majority vote, upon the effective  
16 date stated in the ballot, or when the election results are certified by  
17 the commissioner of commerce and economic development, whichever is  
18 later. The commissioner of commerce and economic development shall  
19 certify the results of an election under (b) of this section if the  
20 procedural requirements of (b) of this section have been followed.

21 (b) Before a salmon enhancement tax is levied under AS 43.76.010,  
22 the qualified regional association for the region shall hold an initial  
23 public meeting to explain and discuss the necessity for the tax and to  
24 explain the registration procedure established by the qualified regional  
25 association. The qualified regional association shall provide public  
26 notice of the initial meeting by mailing notice at least 20 days before  
27 the meeting to each limited entry permit holder actively participating  
28 in a salmon fishery in the region, by posting the notice at least 20  
29 days before the meeting in at least three public places in the region,

1 and by publishing the notice in at least one newspaper of general circu-  
2 lation, if one exists, in the region at least once a week for three  
3 consecutive weeks before the meeting. The notice shall briefly state  
4 the amount of the tax and a short general description of the purposes  
5 for which the tax is expected to be used. The qualified regional asso-  
6 ciation shall mail a ballot, along with notice of the initial meeting,  
7 to each limited entry permit holder actively participating in a salmon  
8 fishery in the region. The ballot shall ask the question whether a  
9 salmon enhancement tax shall be levied, indicate the boundaries of the  
10 region in which the salmon enhancement tax will be levied, provide an  
11 effective date for the levy of the salmon enhancement tax if the salmon  
12 enhancement tax is approved, and indicate the date on which returned  
13 ballots must be postmarked in order to be counted. At the initial  
14 meeting additional ballots shall be distributed to limited entry permit  
15 holders in attendance who did not return a ballot by mail within the  
16 required time and who actively participate in a salmon fishery in the  
17 region. All ballots (those returned by mail and those voted at the  
18 meeting) shall be counted by a special committee appointed by the quali-  
19 fied regional association for that purpose. After the vote is taken at  
20 the initial meeting, the qualified regional association shall hold a  
21 second public meeting. The qualified regional association shall give  
22 notice of the second meeting by publication in a newspaper of general  
23 circulation in the region each day for five consecutive days and by  
24 mailing notice to each limited entry permit holder who actively parti-  
25 cipates in a salmon fishery in the region at least 14 days before the  
26 second public meeting. At the second meeting a vote by written ballot  
27 shall be taken from among the limited entry permit holders at the meeting  
28 who actively participate in a salmon fishery in the region and who have  
29 not previously voted on the question. These votes shall be counted with

1 the votes counted at the initial meeting. A majority vote for the  
2 salmon enhancement tax is required from the combined total of the re-  
3 turned ballots and the votes cast at both public meetings, before a  
4 salmon enhancement tax may be levied or collected. A person may not  
5 vote twice.

6 (c) An election to reduce or terminate a salmon enhancement tax  
7 shall be conducted under the same procedural requirements established  
8 under (a) and (b) of this section for an election to approve a salmon  
9 enhancement tax.

10 (d) The qualified regional association shall establish standard  
11 registration procedures for voting on approval, reduction or termination  
12 of the salmon enhancement tax.

13 Sec. 43.76.020. REDUCTION OR TERMINATION OF SALMON ENHANCEMENT  
14 TAX. (a) The salmon enhancement tax levied under AS 43.76.010 may be  
15 reduced to a rate which is less than three percent or may be terminated  
16 by the commissioner of revenue

17 (1) upon the recommendation of the commissioner of commerce  
18 and economic development;

19 (2) upon request of a majority of the board of directors of  
20 the qualified regional association for the region in which the salmon  
21 enhancement tax is levied; or

22 (3) upon majority vote at an election held under (b) of this  
23 section in the region in which the tax is levied.

24 (b) A salmon enhancement tax may be reduced or terminated by the  
25 commissioner of revenue under (a)(3) of this section following an elec-  
26 tion in a region if

27 (1) a petition is presented to the commissioner of commerce  
28 and economic development requesting reduction or termination of the  
29 salmon enhancement tax which is signed by at least 25 percent of the

1 number of persons who were qualified to vote under AS 43.76.015(b) in  
2 the election approving the salmon enhancement tax in the region;

3 (2) an election is held in accordance with AS 43.76.015(c);  
4 the ballot shall ask the question whether the salmon enhancement tax for  
5 the region shall be terminated or reduced, as appropriate; in the case  
6 of termination, the ballot shall be worded so that a "yes" vote is for  
7 continuation of the salmon enhancement tax and a "no" vote is for term-  
8 ination of the salmon enhancement tax;

9 (3) a majority of the people who vote cast a ballot for the  
10 termination or reduction of the salmon enhancement tax; all limited  
11 entry permit holders actively participating in a salmon fishery in the  
12 area are eligible to vote;

13 (4) the qualified regional association provides notice of the  
14 election in accordance with AS 43.76.015(b) within two months after  
15 receiving notice from the commissioner of commerce and economic develop-  
16 ment that a valid petition under (1) of this subsection has been re-  
17 ceived.

18 Sec. 43.76.025. COLLECTION OF TAX AND DISPOSITION OF PROCEEDS.

19 (a) A processor who buys fisheries resources which are subject to the  
20 salmon enhancement tax imposed by AS 43.76.010 shall collect the tax at  
21 the time of purchase, and shall remit the total tax collected during  
22 each month to the Department of Revenue by the last day of the next  
23 month.

24 (b) A processor who collects the salmon enhancement tax shall  
25 maintain records reflecting the location of the catch of the fisheries  
26 resources.

27 \* Sec. 3. AS 16.10 is amended by adding a new section to read:

28 Sec. 16.10.385. ACCOUNTING OF FINANCING RECEIVED AS A RESULT OF  
29 THE SALMON ENHANCEMENT TAX. A qualified regional association requesting