

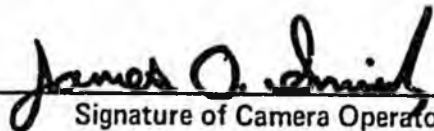
LEG. FINANCE - BILLS 1979 - 1980 1279

CSSB 132am thru SB 132



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Signature of Camera Operator

3/23/90
Date

COMMITTEE REPORT

HOUSE

FURTHER:

4/28/79

Date: Apr. 29, 1979

Mr. Speaker:

The Committee on FINANCE has had CSSB 132(Rules)

"An Act relating to fisheries taxes; and providing for an effective date."

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 ^HCS for CSSB 132 (Resources) same title new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Freeman

Montgomery

MEMBERS HAVING
OTHER RECOMMENDATIONS:

McKinnon - No Rec

Smith - No Rec

Rogers - No Rec

H. H. - No Rec

Schaffer - No Rec

Hansen - do not Pass

Freeman
CHAIRMAN

Original sponsor: Kerttula

Offered: 4/27/79
Referred: Rules

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 132 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fisheries taxes; and providing for
7 an effective date."

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

9 * Section 1. FINDINGS. The legislature finds that the state has

10 (1) funded and implemented several fisheries-related development
11 programs;

12 (2) funded and implemented fishery loan programs;

13 (3) increased its fishery protection and management program;

14 (4) funded and implemented a limited entry program; and

15 (5) embarked on a program of encouraging the development of a
16 bottom fishing industry.

17 * Sec. 2. PURPOSE. The purposes of this Act are to

18 (1) insure that the state is able to continue its efforts toward
19 overall fisheries-related development programs by raising additional revenue
20 to pay for the programs;

21 (2) make the imposition of the fisheries tax more uniform among
22 fisheries businesses; and

23 (3) provide funding for the development of new fisheries.

24 * Sec. 3. AS 43.75 is amended by adding new sections to read:

25 Sec. 43.75.011. FISHERIES BUSINESS LICENSE. A person engaging or
26 attempting to engage in a fisheries business shall first apply for and
27 obtain a license as provided in AS 43.75.020.

28 Sec. 43.75.015. FISHERIES BUSINESS TAX. (a) A person engaged in
29 a fisheries business is liable for and shall pay the tax levied by this

1 section on the value of each of the following fisheries resources pro-
2 cessed during the year at the rate set out after each:

3 (1) salmon canned at a shore-based cannery -- four and one-
4 half per cent;

5 (2) salmon processed by a shore-based fisheries business,
6 except salmon for which the tax is due under (1) of this subsection, and
7 all other fisheries resources processed by a shore-based fisheries
8 business:

9 (A) until June 30, 1980 -- three per cent;

10 (B) after June 30, 1980 and until June 30, 1981 -- three
11 and one-half per cent; and

12 (C) after June 30, 1981 -- four per cent;

13 (3) fisheries resources processed by a floating fisheries
14 business:

15 (A) until June 30, 1980 -- five per cent;

16 (B) after June 30, 1980 and until June 30, 1981 -- five
17 and one-half per cent; and

18 (C) after June 30, 1981 -- six per cent.

19 (b) Instead of the taxes levied by (a) of this section,

20 (1) a person engaged in a fishery business which includes
21 processing a developing commercial fish species is liable for and shall
22 pay a tax equal to

23 (A) one per cent of the value of the developing commer-
24 cial fish species processed by a shore-based fisheries business
25 during the year; and

26 (B) three per cent of the value of the developing commer-
27 cial fish species processed by a floating fisheries business during
28 the year;

29 (2) a person engaged in a fishery business which includes

1 processing a fish species for which designation as a developing commer-
2 cial fish species has been revoked by the commissioner of fish and game
3 is liable for and shall pay a tax equal to

4 (A) for shore-based fisheries businesses:

5 (i) three per cent of the value of the fish species
6 during the first year following the year in which the designa-
7 tion of the species as a developing commercial fisheries
8 species is revoked;

9 (ii) three and one-half per cent of the value of the
10 fish species during the second year following the year in
11 which the designation of the species as a developing commer-
12 cial fisheries species is revoked; and

13 (iii) four per cent of the value of the fish species
14 thereafter;

15 (B) for floating fisheries businesses:

16 (i) five per cent of the value of the fish species
17 during the first year following the year in which the designa-
18 tion of the species as a developing commercial fisheries
19 species is revoked;

20 (ii) five and one-half per cent the value of the
21 fish species during the second year following the year in
22 which the designation of the species as a developing commer-
23 cial fisheries species is revoked; and

24 (iii) six per cent of the value of the fish species
25 thereafter.

26 (c) A person engaging or attempting to engage in a fisheries
27 business who first actually and physically processes the fishery re-
28 source is liable for and shall pay to the department the entire tax
29 imposed by this section. In determining this tax liability, the person

1 may not deduct from the value of the fishery resources processed the
2 value of fishery resources that are canned or processed for other fish-
3 eries businesses, but shall include that value as part of the value of
4 the fishery resources processed.

5 Sec. 43.75.136. APPROPRIATIONS TO COMMERCIAL FISHING AND AGRICUL-
6 TURE BANK. The legislature may annually appropriate 20 per cent of the
7 amount of tax revenue collected under this chapter to the Commercial
8 Fishing and Agriculture Bank established in AS 44.54.010 until the bank
9 is fully capitalized as determined by the commissioner of revenue based
10 upon the estimated capital needs of the bank.

11 Sec. 43.75.140. DEFINITIONS. In this chapter

12 (1) "department" means the Department of Revenue;

13 (2) "developing commercial fish species" means those species
14 of fish and shellfish annually designated by the commissioner of fish
15 and game under AS 16.05.050(12);

16 (3) "fisheries business" means a person who engages in pro-
17 cessing fisheries resources for sale by freezing, cooking, salting, or
18 other method and includes but is not limited to canneries, cold stor-
19 ages, freezer ships, and processing plants;

20 (4) "fishery resource" means fin fish, shellfish and fish
21 by-products, including but not limited to salmon, halibut, herring,
22 flounder, crab, clam, cod, shrimp, and pollock;

23 (5) "floating fisheries business" means a fisheries business
24 which is not a shore-based fisheries business; the term includes, but is
25 not limited to, a shore-based fisheries business as defined in (6)(B) of
26 this section when it is removed from the state;

27 (6) "shore-based fisheries business" means a fisheries busi-
28 ness

29 (A) operated from a facility which is permanently

1 attached to the land; or

2 (B) operated from a facility which remains in the same
3 location in the state for the entire tax year;

4 (7) "value" means the actual price paid for the fisheries
5 resource by the fisheries business, including indirect consideration
6 such as fuel, supplies, or gear, whether paid at the time of purchase of
7 the fisheries resource or tendered as a deferred or delayed payment,
8 except that "value" means the market value of the fishery resource if
9 the fishery resource is procured in company-owned or company-subsidized
10 boats operated by employees of the fisheries business or in boats which
11 are operated under lease or other arrangement;

12 (8) "year" means the fiscal year of the state.

13 * Sec. 4. AS 43.75.100 is repealed and re-enacted to read:

14 Sec. 43.75.100. TAX IMPOSED ON TAKING OF FISHERY RESOURCE. (a) A
15 person taking, purchasing, or otherwise acquiring a fishery resource
16 covered by this chapter which has not been subject to the tax imposed in
17 AS 43.75.015 is subject to the tax levied in AS 43.75.015 on the value
18 of the fishery resource sold if the person

19 (1) transports the fishery resource to a point outside the
20 taxing jurisdiction of the state for subsequent processing or sale to a
21 fisheries business outside the taxing jurisdiction of the state; or

22 (2) sells the fishery resource to a fisheries business out-
23 side the taxing jurisdiction of the state.

24 (b) A person whose liability for a tax is established by this
25 section shall pay the same rate of tax that a person in the fisheries
26 business would pay on the value of the fishery resource under AS 43.75.-
27 015.

28 * Sec. 5. AS 43.75.030(a) is amended to read:

29 (a) A person subject to the tax shall file a return stating the

1 value of [RAW] fisheries resources [PRODUCTS] processed during the
2 license year, computed as required by [AS 43.75.010 - 43.75.050 OF] this
3 chapter, and such other information as the department prescribes by
4 regulation. The return shall show the license number and shall be
5 signed by the taxpayer or his authorized agent, under penalty of per-
6 jury. If a receiver, trustee, or assign is operating the property or
7 business, he shall file the return for the person. A tax due on the
8 basis of such a return shall be collected in the same manner as if
9 collected from the person of whose business he has custody and control.

10 * Sec. 6. AS 43.75.030(e) is amended to read:

11 (e) Every person engaging or attempting to engage in a business
12 for which a license is required under [AS 43.75.010 - 43.75.050 OF] this
13 chapter shall keep [SUCH] records, make [SUCH] statements under oath,
14 file [SUCH] returns, and comply with all [SUCH] regulations which [AS]
15 the commissioner of revenue may prescribe.

16 * Sec. 7. AS 43.75.050(f) is amended to read:

17 (f) A person who wilfully fails to obtain a license, pay a tax,
18 make a return, keep or display a record, or supply the information at
19 the time required by law or regulation, in violation of [AS 43.75.010 -
20 43.75.055 OF] this chapter, is, in addition to other penalties provided
21 by law, guilty of a misdemeanor, and upon conviction is punishable by a
22 fine of not more than \$1,000, or by imprisonment for not more than one
23 year, or by both, together with the cost of prosecution.

24 * Sec. 8. AS 43.75.055 is amended to read:

25 Sec. 43.75.055. SECURITY FOR COLLECTION OF TAXES. Each applicant
26 for a license under this chapter shall, in or with his application,
27 state under oath the amount of each of the products which he expects to
28 produce during the license year. The applicant shall further state the
29 extent of lienable real property owned by the applicant in the state

1 against which the tax may be collected and other information with re-
2 spect to description, location and value of the property which the
3 department prescribes. If the lienable value of the property is not
4 equal to three times the amount of the tax for which the applicant will
5 probably be liable under this section, the department may not issue the
6 license until the applicant files with the department a surety bond
7 approved by the attorney general in a penal sum equal to twice the
8 probable amount of the tax for which the applicant will be liable,
9 conditioned upon payment of the tax in full when due, with interest if
10 not paid before delinquency. However, if the applicant purchases salmon
11 for export from Alaska in the round, the amount of the bond is \$50,000
12 unless the applicant is the owner of lienable real property in the state
13 of a value of at least \$50,000, and the bond must be conditioned upon
14 payment to the fisherman of the full purchase price for the salmon and
15 the payment of the tax in full when due. The department may waive the
16 bond requirement if the applicant posts other security in the form of
17 collateral acceptable to the department or prepays the estimated tax.

18 * Sec. 9. AS 43.75.110 is amended to read:

19 Sec. 43.75.110. DUTY OF TAXPAYER AND PAYMENT OF TAX. A person
20 subject to taxes under AS 43.75.100 - 43.75.120 shall make a return
21 stating the value of [RAW] fisheries resources [PRODUCTS] taken, pur-
22 chased, or otherwise acquired during the license year for sale to
23 fisheries businesses [FREEZER SHIPS, FLOATING COLD STORAGES, OR FLOATING
24 CANNERIES] outside of the taxing jurisdiction of the state computed as
25 required by AS 43.75.100 - 43.75.120, and other information to carry out
26 the provisions of AS 43.75.100 - 43.75.200 as may be prescribed by the
27 department. The return shall contain the license number and shall be
28 signed by the taxpayer or his authorized agent, under penalty of per-
29 jury. If a receiver, trustee, or assign is operating the property or

business, he shall make the return for the person. A tax due on the basis of such return shall be collected in the same manner as if collected from the person of whose business he has custody and control. The requirements for time and place of payment of tax, and the obligation to keep records and make the records available to the commissioner of revenue are the same as those prescribed in AS 43.75.011 - 43.75.050 [THE BUSINESS LICENSE TAX LAW FOR SALMON CANNERIES].

* Sec. 10. AS 43.75.120 is amended to read:

Sec. 43.75.120. VIOLATIONS AND PENALTIES. (a) The liability to file returns and pay interest and deficiency assessments, and the subjection of property to liens is the same as prescribed in AS 43.75.011 - 43.75.050 [THE BUSINESS LICENSE TAX LAW FOR SALMON CANNERIES].

(b) A violation of AS 43.75.100 - 43.75.120 or the regulations issued under AS 43.75.100 - 43.75.120 is a misdemeanor subject to punishment as prescribed in AS 43.75.011 - 43.75.050 [THE BUSINESS LICENSE TAX LAW FOR SALMON CANNERIES].

* Sec. 11. AS 43.75.130 is repealed and re-enacted to read:

Sec. 43.75.130. REFUND TO LOCAL GOVERNMENTS. The commissioner of revenue shall pay

(1) to each municipality unified under AS 29.68.240 - 29.68.-440, and to each city located in the unorganized borough, 30 per cent of the amount of tax revenue collected in the municipality from taxes levied by AS 43.75;

(2) to each city located within a borough, 15 per cent of the amount of tax revenue collected in the city from taxes levied by AS 43.-75; and

(3) to each borough

(A) 30 per cent of the amount of tax revenue collected in the area of the borough outside cities from taxes levied by

1 AS 43.75; and

2 (B) 15 per cent of the amount of tax revenue collected
3 in cities located within the borough from taxes levied by AS 43.75.

4 * Sec. 12. AS 16.05.050 is amended by adding a new paragraph to read:

5 (12) not later than March 31 of each year, provide to the
6 commissioner of revenue the names of those fish and shellfish species
7 which he designates as developing commercial fish species for the follow-
8 ing fiscal year of the state; a fish or shellfish species is a develop-
9 ing commercial fish species if, within a specified geographical region,

10 (A) the optimum yield from the harvest of the species
11 has not been reached;

12 (B) a substantial portion of the allowable harvest of
13 the species has been allocated to fishing vessels of a foreign
14 nation; or

15 (C) a commercial harvest of the fish species has recent-
16 ly developed.

17 * Sec. 13. AS 43.75.010, 43.75.060, 43.75.070, 43.75.080, 43.75.090,
18 43.75.095, and 43.75.135 are repealed.

19 * Sec. 14. TRANSITION. The taxes paid for the 1979 calendar year under
20 AS 43.75 shall be shared with municipalities in accordance with AS 43.75.130
21 and 43.75.135, as those sections read before their respective amendment and
22 repeal by this Act. The taxes paid for the 1980 calendar year and for each
23 succeeding calendar year shall be shared with municipalities in accordance
24 with AS 43.75.130, as amended by sec. 11 of this Act.

25 * Sec. 15. This Act take effect immediately in accordance with AS 01.10.-
26 070(c).

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

March 9, 1979

The Honorable John C. Sackett
Chairman
Senate Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

CS SB 132 would reform the Alaska fishery taxes by making them more equitable and uniform among types of processing while at the same time raising additional revenue for the state and municipalities for fishery enhancement programs.

Our present fish tax structure can be traced back to 1949 and has been changed little since that time. The tax structure contains different tax values and rates according to fish species being processed and the manner of processing. These different rates and values are shown in Attachment 1. Although this tax structure may have been appropriate in 1949, the tax structure as applied to today's economics is extremely unequitable and inefficient and bears no relationship to the value of the resource harvested or the economics of the business.

The fish tax structure we are proposing first of all standardizes the tax at a rate of 6 percent of the raw value of the product for all species and all methods of processing. Under this bill an additional \$12 million would be raised the first year and the total of \$20 million would be divided equally between the general fund, the commercial fishing and agriculture bank, and revenue sharing to municipalities.

Secondly, and as important as standardizing the tax structure, the legislation we are proposing will enable the state and municipalities to continue funding fishery enhancement programs, by making an additional amount of revenue available for the development of our

fishery industry. Specifically additional funding would be available to the Commercial Fishing and Agricultural Bank for fishermen and processor loans and additional revenue sharing would be available to fishing communities. The specific amount of this funding is shown in Attachment 2 and 3.

The State has placed a strong emphasis on Renewable Resource Development. Appropriations for fish enhancement programs alone have totalled approximately \$90 million dollars since FY 1977, \$30.5 million of which has been for operating expenditures and another \$58.4 million for capital expenditures. Since FY 1973 fishery loans has totalled \$48 million including \$13 million in FY 1978.

We are all concerned about the state's financial condition. This additional funding will insure that money is available for future fishery enhancement programs.

When the Commercial Fishery and Agricultural Bank goes into operation this year it will have a beginning appropriation of \$2 million. With the \$6.8 million that would be appropriated with this legislation it is estimated that the bank would be able to make approximately \$54 million in loans in its first year of operation. Resident processors as well as fishermen will be able to take advantage of the bank and sums large enough to help a developing bottom fishery will be available within the state.

Municipalities, too, are facing fiscal problems. The amounts of revenue sharing available to municipalities in this legislation will help solve those problems and in some cases enable municipalities to implement projects on their own without having to rely on the passage of general obligation bonds to fund their docks and fish enhancement programs.

Sincerely,

John R. Messenger
Acting Commissioner

EXISTING FISH TAX RATES

CANNERIES

FY 78 Receipts = \$5,420,438

- Salmon - 3% of average wholesale price of
canned product during months of
August - December of five years
preceding license year

If figured on raw value would be
an effective tax rate of 4.45%
- Crab - 2% of raw value
- Clam - 1% of raw value for butter clams
2% of raw value for razor clams
- Herring - 1% of raw value

FREEZERSHIPS

FY 78 Receipts = \$1,299,516

- 4% of raw value

COLD STORAGE

FY 78 Receipts = \$1,933,484

- 1% of raw value

TOTAL

FY 1978 RECEIPTS = \$8,653,433

PROPOSED TAX RATES

CANNERIES

Receipts = \$7,305,520

- 6% of Raw Value

FREEZERSHIPS

Receipts = \$1,949,275

- 6% of Raw Value

COLD STORAGES

Receipts = \$11,600,904

- 6% of Raw Value

TOTAL

RECEIPTS = \$20,855,699

GENERAL FUND PORTION
(1977-1978)EXISTING SYSTEM

\$7,097,820

PROPOSED SYSTEM

\$8,277,936

COMMERCIAL FISHING AND AGRICULTURE BANK
(1977-1978)EXISTING SYSTEM

\$ -0-

PROPOSED SYSTEM

\$6,834,087

REVENUE SHARING
(1977-1978)EXISTING SYSTEM

\$1,202,180

PROPOSED SYSTEM

\$5,390,238

TOTALS
(1977-1978)EXISTING SYSTEM

\$8,300,000

PROPOSED SYSTEM

\$20,502,261

FISH TAX PROPOSAL
(1977-1978)

COMMUNITIES	TOTAL REVENUE COLLECTED		REVENUE SHARED	
	EXISTING	----- PROPOSED	EXISTING - (20%)	PROPOSED (33-1/3%)
ANCHORAGE CITY & BOROUGH	\$ 202,598.29	\$ 529,886.46	\$ 40,519.66	\$176,452.19
BRISTOL BAY	463,903.02	636,982.85	92,780.60	212,115.28
CORDOVA	558,723.88	988,707.05	111,744.77	329,239.44
CRAIG	14,073.75	84,192.50	2,814.75	28,036.10
DILLINGHAM	164,010.31	983,561.86	32,802.06	327,526.09
HAINES BOROUGH*	177,336.56	320,918.67	35,471.84	106,890.40
HAINES	45.34	147.04	4.53	24.48
HOMER	64,678.37	255,447.72	6,467.84	42,532.05
HOONAH	11,196.27	67,052.62	2,239.25	22,328.52
HYDABURG	7,820.15	46,795.90	1,564.03	15,583.03
JUNEAU CITY & BOROUGH	40,163.84	240,608.04	8,032.77	80,122.48
KENAI BOROUGH*	327,087.01	782,202.92	132,326.36	523,952.65
KENAI	340,080.00	593,964.91	34,008.00	98,895.16
KETCHIKAN GATEWAY BOROUGH*	273,231.39	405,771.01	70,299.04	195,012.13
KETCHIKAN	156,529.09	359,702.06	15,652.76	59,890.39
KING COVE	58,042.28	251,198.56	11,608.46	83,649.12
KLAWOCK	113,605.53	153,100.14	22,721.11	50,982.35
KODIAK BOROUGH*	416,239.21	562,447.54	182,757.95	753,621.38
KODJAK	995,101.01	3,401,359.50	99,510.10	566,326.35
NENANA	69.63	292.78	13.93	97.50
PELICAN	59,580.57	357,108.42	11,916.11	118,917.10
PETERSEURG	498,258.45	1,084,785.50	99,651.69	361,233.57
ST. MARY'S	1,175.00	6,925.00	235.00	2,306.03
SAND POINT	43,600.00	261,000.00	14,533.00	82,000.00
SELDOVIA	11,513.43	68,830.58	1,151.34	11,460.29
SEWARD	252,817.79	664,213.70	25,281.78	110,591.58
SITKA CITY & BOROUGH	36,542.35	218,879.10	7,308.47	72,886.74
UNALASKA	701,345.38	2,915,587.34	140,269.07	970,890.60
WRANGELL	57,829.92	146,603.37	11,565.98	48,818.92
YAKUTAT	7,302.94	43,442.64	1,460.59	14,466.40

* Includes additional Revenue Sharing from cities within borough.

Figures are based upon 1978 collections for the 1977 tax year and may differ from budget figures based upon fiscal year cutoff.

SENATE JOURNAL

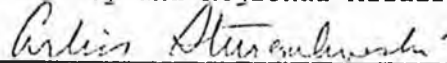
Senator John Sackett
Chairman, Finance Committee
Alaska State Legislature

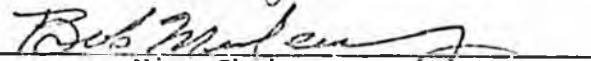
LETTER OF INTENT ---- CSSB 132

The Senate Community and Regional Affairs Committee has adopted and passed Committee Substitute for Senate Bill 132 which is a referral to the Senate Finance Committee.

Testimony, received by the Committee, indicates the need for further investigation on the economic ramifications of this legislation, with particular emphasis on the development of bottom fisheries.

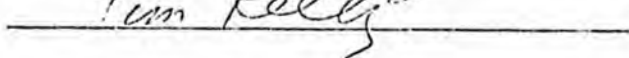
By Senate Community and Regional Affairs Committee


Chairman


Vice-Chairman







THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____
Title An Act relating to fisheries taxes
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Revenue
Program Category Affected Revenue Collection and Management
BRU, Program, or Subprograms 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 79	FY 80	FY 81	FY 82	FY 83	FY 84
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)

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

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

It is estimated that this bill will raise an additional 12 million dollars and bring total fish tax collections to 20 million dollars. These collections will be split evenly among the general fund, revenue sharing to municipalities, and the commercial fishing and agriculture bank, until fully capitalized. It is estimated that revenue sharing to municipalities would be increased by about 4 million dollars as shown in the attached breakdown. It would also allow an annual appropriation to the commercial fishing and agriculture bank of approximately 7 million dollars. Revenue to the general fund would be increased by approximately 1 million dollars and then by a greater amount when the commercial fishing and agriculture bank is fully capitalized. A breakdown of the distribution of revenues is shown in the attached pages.

IV. DATE 2/26/79

PREPARED BY *John J. Messinger*
AGENCY Department of Revenue
PHONE 465-2300

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

GENERAL FUND PORTION
(1977-1978)

EXISTING SYSTEM

\$7,097,820

PROPOSED SYSTEM

\$8,277,936

7,097,820

1,180,116 ✓

COMMERCIAL FISHING AND AGRICULTURE BANK
(1977-1978)

EXISTING SYSTEM

\$ -0-

PROPOSED SYSTEM

\$6,834,087 ✓

REVENUE SHARING
(1977-1978)

EXISTING SYSTEM

\$1,202,180

PROPOSED SYSTEM

\$5,390,238

1,202,180

4,188,058 ✓

TOTALS
(1977-1978)

EXISTING SYSTEM

\$8,300,000

PROPOSED SYSTEM

\$20,502,261

8,300,000

\$12,202,261 ✓

FISH TAX PROPOSAL
(1977-1978)

COMMUNITIES	TOTAL REVENUE COLLECTED		REVENUE SHARED	
	EXISTING	PROPOSED	EXISTING (20%)	PROPOSED (33-1/3%)
ANCHORAGE CITY & BOROUGH	\$ 202,598.29	\$ 529,886.46	\$ 40,519.66	\$176,452.19
BRISTOL BAY	463,903.02	636,922.85	92,780.60	212,115.28
CORDOVA	558,723.88	938,707.05	111,744.77	329,239.44
CRAIG	14,073.75	84,192.50	2,814.75	28,036.10
DILLINGHAM	164,010.31	983,561.86	32,802.06	327,526.09
HAINES BOROUGH*	177,336.56	320,918.67	35,471.84	106,890.40
HAINES	45.34	147.04	4.53	24.48
HOMER	64,678.37	255,447.72	6,467.84	42,532.05
HOONAH	11,196.27	67,052.62	2,239.25	22,328.52
HYDABURG	7,820.15	46,795.90	1,564.03	15,583.03
JUNEAU CITY & BOROUGH	40,163.84	240,608.04	8,032.77	80,122.48
KENAI BOROUGH*	327,087.01	782,202.92	132,326.36	523,952.65
KENAI	340,080.00	593,964.91	34,008.00	98,895.16
KETCHIKAN GATEWAY BOROUGH*	273,231.39	405,771.01	70,299.04	195,012.13
KETCHIKAN	156,529.09	359,702.06	15,652.76	59,890.39
KING COVE	58,042.28	251,193.56	11,608.46	83,649.12
KLANCK	113,605.53	153,100.14	22,721.11	50,982.35
KODIAK BOROUGH*	416,239.21	562,447.54	182,757.95	753,621.38
KODIAK	995,101.01	3,401,359.50	99,510.10	566,326.35
NENANA	69.63	292.78	13.93	97.50
PELICAN	59,580.57	357,103.42	11,916.11	118,917.10
PETERSBURG	498,258.45	1,084,785.50	99,651.69	361,233.57
ST. MARY'S	1,175.00	6,925.00	235.00	2,306.03
SELDOVIA	11,513.43	68,830.58	1,151.34	11,460.29
SEWARD	252,817.79	664,213.70	25,281.78	110,591.58
SITKA CITY & BOROUGH	36,542.35	218,879.10	7,308.47	72,886.74
UNALASKA	701,345.38	2,915,587.34	140,269.07	970,890.60
WRANGELL	57,829.92	146,603.37	11,565.98	48,818.92
YAKUTAT	7,302.94	43,442.64	1,460.59	14,466.40
<i>Squal Point</i>			<i>14,533.⁰⁰</i>	<i>57,200.⁰⁰</i>

* Includes additional Revenue Sharing from cities within borough.

Figures are based upon 1978 collections for the 1977 tax year and may differ from budget figures based upon fiscal year cutoff.

Original sponsor: Kerttula

Offered: 4 79
Referred: Rules

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 132 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fisheries taxes; and providing for
7 an effective date."

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

9 * Section 1. FINDINGS. The legislature finds that the state has

10 (1) funded and implemented several fisheries-related development
11 programs;

12 (2) funded and implemented fishery loan programs;

13 (3) increased its fishery protection and management program;

14 (4) funded and implemented a limited entry program; and

15 (5) embarked on a program of encouraging the development of a
16 bottom fishing industry.

17 * Sec. 2. PURPOSE. The purposes of this Act are to

18 (1) insure that the state is able to continue its efforts toward
19 overall fisheries-related development programs by raising additional revenue
20 to pay for the programs;

21 (2) make the imposition of the fisheries tax more uniform among
22 fisheries businesses; and

23 (3) provide funding for the development of new fisheries.

24 * Sec. 3. AS 43.75 is amended by adding new sections to read:

25 Sec. 43.75.011. FISHERIES BUSINESS LICENSE. A person engaging or
26 attempting to engage in a fisheries business shall first apply for and
27 obtain a license as provided in AS 43.75.020.

28 Sec. 43.75.015. FISHERIES BUSINESS TAX. (a) A person engaged in
29 a fisheries business is liable for and shall pay the tax levied by this

1 section on the value of each of the following fisheries resources pro-
2 cessed during the year at the rate set out after each:

3 (1) salmon canned at a shore-based cannery -- four and one-
4 half per cent;

5 (2) salmon processed by a shore-based fisheries business,
6 except salmon for which the tax is due under (1) of this subsection, and
7 all other fisheries resources processed by a shore-based fisheries
8 business:

9 (A) until June 30, 1980 -- three per cent;

10 (B) after June 30, 1980 and until June 30, 1981 -- three
11 and one-half per cent; and

12 (C) after June 30, 1981 -- four per cent;

13 (3) fisheries resources processed by a floating fisheries
14 business:

15 (A) until June 30, 1980 -- five per cent;

16 (B) after June 30, 1980 and until June 30, 1981 -- five
17 and one-half per cent; and

18 (C) after June 30, 1981 -- six per cent.

19 (b) Instead of the taxes levied by (a) of this section,

20 (1) a person engaged in a fishery business which includes
21 processing a developing commercial fish species is liable for and shall
22 pay a tax equal to

23 (A) one per cent of the value of the developing commer-
24 cial fish species processed by a shore-based fisheries business
25 during the year; and

26 (B) three per cent of the value of the developing commer-
27 cial fish species processed by a floating fisheries business during
28 the year;

29 (2) a person engaged in a fishery business which includes

1 processing a fish species for which designation as a developing commer-
2 cial fish species has been revoked by the commissioner of fish and game
3 is liable for and shall pay a tax equal to

4 (A) for shore-based fisheries businesses:

5 (i) three per cent of the value of the fish species
6 during the first year following the year in which the designa-
7 tion of the species as a developing commercial fisheries
8 species is revoked;

9 (ii) three and one-half per cent of the value of the
10 fish species during the second year following the year in
11 which the designation of the species as a developing commer-
12 cial fisheries species is revoked; and

13 (iii) four per cent of the value of the fish species
14 thereafter;

15 (B) for floating fisheries businesses:

16 (i) five per cent of the value of the fish species
17 during the first year following the year in which the designa-
18 tion of the species as a developing commercial fisheries
19 species is revoked;

20 (ii) five and one-half per cent the value of the
21 fish species during the second year following the year in
22 which the designation of the species as a developing commer-
23 cial fisheries species is revoked; and

24 (iii) six per cent of the value of the fish species
25 thereafter.

26 (c) A person engaging or attempting to engage in a fisheries
27 business who first actually and physically processes the fishery re-
28 source is liable for and shall pay to the department the entire tax
29 imposed by this section. In determining this tax liability, the person

1 may not deduct from the value of the fishery resources processed the
2 value of fishery resources that are canned or processed for other fish-
3 eries businesses, but shall include that value as part of the value of
4 the fishery resources processed.

5 Sec. 43.75.136. APPROPRIATIONS TO COMMERCIAL FISHING AND AGRICUL-
6 TURE BANK. The legislature may annually appropriate 20 per cent of the
7 amount of tax revenue collected under this chapter to the Commercial
8 Fishing and Agriculture Bank established in AS 44.54.010 until the bank
9 is fully capitalized as determined by the commissioner of revenue based
10 upon the estimated capital needs of the bank.

11 Sec. 43.75.140. DEFINITIONS. In this chapter

12 (1) "department" means the Department of Revenue;

13 (2) "developing commercial fish species" means those species
14 of fish and shellfish annually designated by the commissioner of fish
15 and game under AS 16.05.050(12);

16 (3) "fisheries business" means a person who engages in pro-
17 cessing fisheries resources for sale by freezing, cooking, salting, or
18 other method and includes but is not limited to canneries, cold stor-
19 ages, freezer ships, and processing plants;

20 (4) "fishery resource" means fin fish, shellfish and fish
21 by-products, including but not limited to salmon, halibut, herring,
22 flounder, crab, clam, cod, shrimp, and pollock;

23 (5) "floating fisheries business" means a fisheries business
24 which is not a shore-based fisheries business; the term includes, but is
25 not limited to, a shore-based fisheries business as defined in (6)(B) of
26 this section when it is removed from the state;

27 (6) "shore-based fisheries business" means a fisheries busi-
28 ness

29 (A) operated from a facility which is permanently

1 attached to the land; or

2 (B) operated from a facility which remains in the same
3 location in the state for the entire tax year;

4 (7) "value" means the actual price paid for the fisheries
5 resource by the fisheries business, including indirect consideration
6 such as fuel, supplies, or gear, whether paid at the time of purchase of
7 the fisheries resource or tendered as a deferred or delayed payment,
8 except that "value" means the market value of the fishery resource if
9 the fishery resource is procured in company-owned or company-subsidized
10 boats operated by employees of the fisheries business or in boats which
11 are operated under lease or other arrangement;

12 (8) "year" means the fiscal year of the state.

13 * Sec. 4. AS 43.75.100 is repealed and re-enacted to read:

14 Sec. 43.75.100. TAX IMPOSED ON TAKING OF FISHERY RESOURCE. (a) A
15 person taking, purchasing, or otherwise acquiring a fishery resource
16 covered by this chapter which has not been subject to the tax imposed in
17 AS 43.75.015 is subject to the tax levied in AS 43.75.015 on the value
18 of the fishery resource sold if the person

19 (1) transports the fishery resource to a point outside the
20 taxing jurisdiction of the state for subsequent processing or sale to a
21 fisheries business outside the taxing jurisdiction of the state; or

22 (2) sells the fishery resource to a fisheries business out-
23 side the taxing jurisdiction of the state.

24 (b) A person whose liability for a tax is established by this
25 section shall pay the same rate of tax that a person in the fisheries
26 business would pay on the value of the fishery resource under AS 43.75.-
27 015.

28 * Sec. 5. AS 43.75.030(a) is amended to read:

29 (a) A person subject to the tax shall file a return stating the

1 value of [RAW] fisheries resources [PRODUCTS] processed during the
2 license year, computed as required by [AS 43.75.010 - 43.75.050 OF] this
3 chapter, and such other information as the department prescribes by
4 regulation. The return shall show the license number and shall be
5 signed by the taxpayer or his authorized agent, under penalty of per-
6 jury. If a receiver, trustee, or assign is operating the property or
7 business, he shall file the return for the person. A tax due on the
8 basis of such a return shall be collected in the same manner as if
9 collected from the person of whose business he has custody and control.

10 * Sec. 6. AS 43.75.030(e) is amended to read:

11 (e) Every person engaging or attempting to engage in a business
12 for which a license is required under [AS 43.75.010 - 43.75.050 OF] this
13 chapter shall keep [SUCH] records, make [SUCH] statements under oath,
14 file [SUCH] returns, and comply with all [SUCH] regulations which [AS]
15 the commissioner of revenue may prescribe.

16 * Sec. 7. AS 43.75.050(f) is amended to read:

17 (f) A person who wilfully fails to obtain a license, pay a tax,
18 make a return, keep or display a record, or supply the information at
19 the time required by law or regulation, in violation of [AS 43.75.010 -
20 43.75.055 OF] this chapter, is, in addition to other penalties provided
21 by law, guilty of a misdemeanor, and upon conviction is punishable by a
22 fine of not more than \$1,000, or by imprisonment for not more than one
23 year, or by both, together with the cost of prosecution.

24 * Sec. 8. AS 43.75.055 is amended to read:

25 Sec. 43.75.055. SECURITY FOR COLLECTION OF TAXES. Each applicant
26 for a license under this chapter shall, in or with his application,
27 state under oath the amount of each of the products which he expects to
28 produce during the license year. The applicant shall further state the
29 extent of lienable real property owned by the applicant in the state

1 against which the tax may be collected and other information with re-
2 spect to description, location and value of the property which the
3 department prescribes. If the lienable value of the property is not
4 equal to three times the amount of the tax for which the applicant will
5 probably be liable under this section, the department may not issue the
6 license until the applicant files with the department a surety bond
7 approved by the attorney general in a penal sum equal to twice the
8 probable amount of the tax for which the applicant will be liable,
9 conditioned upon payment of the tax in full when due, with interest if
10 not paid before delinquency. However, if the applicant purchases salmon
11 for export from Alaska in the round, the amount of the bond is \$50,000
12 unless the applicant is the owner of lienable real property in the state
13 of a value of at least \$50,000, and the bond must be conditioned upon
14 payment to the fisherman of the full purchase price for the salmon and
15 the payment of the tax in full when due. The department may waive the
16 bond requirement if the applicant posts other security in the form of
17 collateral acceptable to the department or prepays the estimated tax.

18 * Sec. 9. AS 43.75.110 is amended to read:

19 Sec. 43.75.110. DUTY OF TAXPAYER AND PAYMENT OF TAX. A person
20 subject to taxes under AS 43.75.100 - 43.75.120 shall make a return
21 stating the value of [RAW] fisheries resources [PRODUCTS] taken, pur-
22 chased, or otherwise acquired during the license year for sale to
23 fisheries businesses [FREEZER SHIPS, FLOATING COLD STORAGES, OR FLOATING
24 CANNERIES] outside of the taxing jurisdiction of the state computed as
25 required by AS 43.75.100 - 43.75.120, and other information to carry out
26 the provisions of AS 43.75.100 - 43.75.200 as may be prescribed by the
27 department. The return shall contain the license number and shall be
28 signed by the taxpayer or his authorized agent, under penalty of per-
29 jury. If a receiver, trustee, or assign is operating the property or

business, he shall make the return for the person. A tax due on the basis of such return shall be collected in the same manner as if collected from the person of whose business he has custody and control. The requirements for time and place of payment of tax, and the obligation to keep records and make the records available to the commissioner of revenue are the same as those prescribed in AS 43.75.011 - 43.75.050 [THE BUSINESS LICENSE TAX LAW FOR SALMON CANNERIES].

* Sec. 10. AS 43.75.120 is amended to read:

Sec. 43.75.120. VIOLATIONS AND PENALTIES. (a) The liability to file returns and pay interest and deficiency assessments, and the subjection of property to liens is the same as prescribed in AS 43.75.011 - 43.75.050 [THE BUSINESS LICENSE TAX LAW FOR SALMON CANNERIES].

(b) A violation of AS 43.75.100 - 43.75.120 or the regulations issued under AS 43.75.100 - 43.75.120 is a misdemeanor subject to punishment as prescribed in AS 43.75.011 - 43.75.050 [THE BUSINESS LICENSE TAX LAW FOR SALMON CANNERIES].

* Sec. 11. AS 43.75.130 is repealed and re-enacted to read:

Sec. 43.75.130. REFUND TO LOCAL GOVERNMENTS. The commissioner of revenue shall pay

(1) to each municipality unified under AS 29.68.240 - 29.68.440, and to each city located in the unorganized borough, 30 per cent of the amount of tax revenue collected in the municipality from taxes levied by AS 43.75;

(2) to each city located within a borough, 15 per cent of the amount of tax revenue collected in the city from taxes levied by AS 43.75; and

(3) to each borough

(A) 30 per cent of the amount of tax revenue collected in the area of the borough outside cities from taxes levied by

1 AS 43.75; and

2 (B) 15 per cent of the amount of tax revenue collected
3 in cities located within the borough from taxes levied by AS 43.75.

4 * Sec. 12. AS 16.05.050 is amended by adding a new paragraph to read:

5 (12) not later than March 31 of each year, provide to the
6 commissioner of revenue the names of those fish and shellfish species
7 which he designates as developing commercial fish species for the follow-
8 ing fiscal year of the state; a fish or shellfish species is a develop-
9 ing commercial fish species if, within a specified geographical region,

10 (A) the optimum yield from the harvest of the species
11 has not been reached;

12 (B) a substantial portion of the allowable harvest of
13 the species has been allocated to fishing vessels of a foreign
14 nation; or

15 (C) a commercial harvest of the fish species has recent-
16 ly developed.

17 * Sec. 13. AS 43.75.010, 43.75.060, 43.75.070, 43.75.080, 43.75.090,
18 43.75.095, and 43.75.135 are repealed.

19 * Sec. 14. TRANSITION. The taxes paid for the 1979 calendar year under
20 AS 43.75 shall be shared with municipalities in accordance with AS 43.75.130
21 and 43.75.135, as those sections read before their respective amendment and
22 repeal by this Act. The taxes paid for the 1980 calendar year and for each
23 succeeding calendar year shall be shared with municipalities in accordance
24 with AS 43.75.130, as amended by sec. 11 of this Act.

25 * Sec. 15. This Act take effect immediately in accordance with AS 01.10.-
26 070(c).

Original sponsor: Kerttula

Offered: 4/9/79
Referred: Resources

1 IN THE SENATE BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 132
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fisheries; and providing for an
7 effective date."

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

9 * Section 1. FINDINGS. The legislature finds that the state has

10 (1) funded and implemented several fisheries-related development
11 programs;

12 (2) funded and implemented fishery loan programs;

13 (3) increased its fishery protection and management program;

14 (4) funded and implemented a limited entry program; and

15 (5) embarked on a program of encouraging the development of a
16 bottom fishing industry.

17 * Sec. 2. PURPOSE. The purposes of this Act are to

18 (1) insure that the state is able to continue its efforts toward
19 overall fisheries-related development programs by raising additional revenue
20 to pay for the programs;

21 (2) make the imposition of the fisheries tax more uniform among
22 fisheries businesses; and

23 (3) provide funding for the development of new fisheries.

24 * Sec. 3. AS 43.75 is amended by adding new sections to read:

25 Sec. 43.75.011. FISHERIES BUSINESS LICENSE. A person engaging or
26 attempting to engage in a fisheries business shall first apply for and
27 obtain a license as provided in AS 43.75.020.

28 Sec. 43.75.015. FISHERIES BUSINESS TAX. (a) A person engaged in
29 a fisheries business is liable for and shall pay a tax equal to six per

1 cent of the value of the fishery resource processed by his fisheries
2 business during the year.

3 (b) A person engaging or attempting to engage in a fisheries
4 business who actually and physically processes the fishery resource is
5 liable for and shall pay to the department the whole tax imposed by this
6 section. In determining this tax liability, the person may not deduct
7 from the value of the fishery resource processed the value of fishery
8 resources canned or processed for other fisheries businesses, but shall
9 include this as part of the value of the fishery resources canned or
10 processed.

11 Sec. 43.75.136. APPROPRIATIONS TO COMMERCIAL FISHING AND AGRICUL-
12 TURE BANK. The legislature may annually appropriate 33 1/3 per cent of
13 the amount of tax revenue collected under this chapter to the Commercial
14 Fishing and Agriculture Bank established in AS 44.54.010 until the bank
15 is fully capitalized as determined by the commissioner of commerce and
16 economic development based upon the estimated capital needs of the bank.

17 Sec. 43.75.140. DEFINITIONS. In this chapter

18 (1) "department" means the Department of Revenue;

19 (2) "fisheries business" means a person who engages in pro-
20 cessing fisheries resources for sale by freezing, cooking, salting, or
21 other method and includes but is not limited to canneries, cold stor-
22 ages, freezer ships, and processing plants;

23 (3) "fishery resource" means fin fish, shellfish and fish
24 by-products, including but not limited to salmon, halibut, herring,
25 crab, clam, cod, shrimp, and pollock;

26 (4) "value" means the actual price paid for the fisheries
27 resource by the fisheries business including indirect consideration such
28 as fuel, supplies, or gear, except that "value" means the market value
29 of the fishery resource if procured in company-owned or subsidized boats

1 operated by employees of the fisheries business or under lease or other
2 arrangement.

3 * Sec. 4. AS 43.75.100 is repealed and re-enacted to read:

4 Sec. 43.75.100. TAX IMPOSED ON TAKING OF FISHERY RESOURCE. A
5 person taking, purchasing, or otherwise acquiring a fishery resource
6 covered by this chapter which has not been subject to the tax imposed in
7 AS 43.75.015 who sells the fishery resource to a fisheries business
8 outside the taxing jurisdiction of the state is subject to the tax set
9 out in AS 43.75.015 on the value of the fishery resource sold.

10 * Sec. 5. AS 43.75.030(a) is amended to read:

11 (a) A person subject to the tax shall file a return stating the
12 value of [RAW] fisheries resources [PRODUCTS] processed during the
13 license year, computed as required by [AS 43.75.010 - 43.75.050 OF] this
14 chapter, and such other information as the department prescribes by
15 regulation. The return shall show the license number and shall be
16 signed by the taxpayer or his authorized agent, under penalty of per-
17 jury. If a receiver, trustee, or assign is operating the property or
18 business, he shall file the return for the person. A tax due on the
19 basis of such a return shall be collected in the same manner as if
20 collected from the person of whose business he has custody and control.

21 * Sec. 6. AS 43.75.030(e) is amended to read:

22 (e) Every person engaging or attempting to engage in a business
23 for which a license is required under [AS 43.75.010 - 43.75.050 OF] this
24 chapter shall keep [SUCH] records, make [SUCH] statements under oath,
25 file [SUCH] returns, and comply with all [SUCH] regulations which [AS]
26 the commissioner of revenue may prescribe.

27 * Sec. 7. AS 43.75.050(f) is amended to read:

28 (f) A person who wilfully fails to obtain a license, pay a tax,
29 make a return, keep or display a record, or supply the information at

1 the time required by law or regulation, in violation of [AS 43.75.010 -
2 43.75.055 OF] this chapter, is, in addition to other penalties provided
3 by law, guilty of a misdemeanor, and upon conviction is punishable by a
4 fine of not more than \$1,000, or by imprisonment for not more than one
5 year, or by both, together with the cost of prosecution.

6 * Sec. 8. AS 43.75.055 is amended to read:

7 Sec. 43.75.055. SECURITY FOR COLLECTION OF TAXES. Each applicant
8 for a license under this chapter shall, in or with his application,
9 state under oath the amount of each of the products which he expects to
10 produce during the license year. The applicant shall further state the
11 extent of lienable real property owned by the applicant in the state
12 against which the tax may be collected and other information with
13 respect to description, location and value of the property which the
14 department prescribes. If the lienable value of the property is not
15 equal to three times the amount of the tax for which the applicant will
16 probably be liable under this section, the department may not issue the
17 license until the applicant files with the department a surety bond
18 approved by the attorney general in a penal sum equal to twice the
19 probable amount of the tax for which the applicant will be liable,
20 conditioned upon payment of the tax in full when due, with interest if
21 not paid before delinquency. However, if the applicant purchases salmon
22 for export from Alaska in the round, the amount of the bond is \$50,000
23 unless the applicant is the owner of lienable real property in the state
24 of a value of at least \$50,000, and the bond must be conditioned upon
25 payment to the fisherman of the full purchase price for the salmon and
26 the payment of the tax in full when due. The department may waive the
27 bond requirement if the applicant posts other security in the form of
28 collateral acceptable to the department or prepays the estimated tax.

29 * Sec. 9. AS 43.75.110 is amended to read:

1 Sec. 43.75.110. DUTY OF TAXPAYER AND PAYMENT OF TAX. A person
2 subject to taxes under AS 43.75.100 - 43.75.120 shall make a return
3 stating the value of [RAW] fisheries resources [PRODUCTS] taken, pur-
4 chased, or otherwise acquired during the license year for sale to
5 fisheries businesses [FREEZER SHIPS, FLOATING COLD STORAGES, OR FLOATING
6 CANNERIES] outside of the taxing jurisdiction of the state computed as
7 required by AS 43.75.100 - 43.75.120, and other information to carry out
8 the provisions of AS 43.75.100 - 43.75.200 as may be prescribed by the
9 department. The return shall contain the license number and shall be
10 signed by the taxpayer or his authorized agent, under penalty of per-
11 jury. If a receiver, trustee, or assign is operating the property or
12 business, he shall make the return for the person. A tax due on the
13 basis of such return shall be collected in the same manner as if
14 collected from the person of whose business he has custody and control.
15 The requirements for time and place of payment of tax, and the obliga-
16 tion to keep records and make the records available to the commissioner
17 of revenue are the same as those prescribed in AS 43.75.011 - 43.75.050
18 [THE BUSINESS LICENSE TAX LAW FOR SALMON CANNERIES].

19 * Sec. 10. AS 43.75.120 is amended to read:

20 Sec. 43.75.120. VIOLATIONS AND PENALTIES. (a) The liability to
21 file returns and pay interest and deficiency assessments, and the sub-
22 jection of property to liens is the same as prescribed in AS 43.75.011 -
23 43.75.050 [THE BUSINESS LICENSE TAX LAW FOR SALMON CANNERIES].

24 (b) A violation of AS 43.75.100 - 43.75.120 or the regulations
25 issued under AS 43.75.100 - 43.75.120 is a misdemeanor subject to punish-
26 ment as prescribed in AS 43.75.011 - 43.75.050 [THE BUSINESS LICENSE TAX
27 LAW FOR SALMON CANNERIES].

28 * Sec. 11. AS 43.75.130 is amended to read:

29 Sec. 43.75.130. REFUND TO LOCAL GOVERNMENTS. The commissioner of

1 revenue shall pay to each organized borough, to [AND] each city, and to
2 each municipality unified under AS 29.68.240 - 29.68.440, 33 1/3 [OF THE
3 FIRST CLASS 10] per cent of the amount of tax revenue collected in the
4 municipality [BOROUGH OR CITY] from taxes levied by AS 43.75 [AS 43.75.-
5 010 - 43.75.090]; however, if tax revenue is collected in a city within
6 a borough, the department shall pay an amount equal to 16 2/3 per cent
7 of the amount of revenue collected in the city within the borough to the
8 city and the same amount to the borough.

9 * Sec. 12. AS 43.75.010, 43.75.060, 43.75.070, 43.75.080, 43.75.090,
10 43.75.095, and 43.75.135 are repealed.

11 * Sec. 13. TRANSITION. The taxes paid for the 1978 calendar year under
12 AS 43.75 shall be shared with municipalities in accordance with AS 43.75.130
13 and 43.75.135, as those sections read before their respective amendment and
14 repeal by this Act. The taxes paid for the 1979 calendar year and for each
15 succeeding calendar year may be shared with municipalities in accordance with
16 AS 43.75.130, as amended by sec. 11 of this Act.

17 * Sec. 14. This Act is retroactive to January 1, 1979.

18 * Sec. 15. This Act takes effect immediately in accordance with AS 01.-
19 10.070(c).

Original sponsor: Kerttula

Offered: 3/17/79

1 IN THE SENATE

BY THE RULES COMMITTEE

2 CS FOR SENATE BILL NO. 132 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fisheries taxes; and providing for
7 an effective date."

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

9 * Section 1. FINDINGS. The legislature finds that the state has

10 (1) funded and implemented several fisheries-related development
11 programs;

12 (2) funded and implemented fishery loan programs;

13 (3) increased its fishery protection and management program;

14 (4) funded and implemented a limited entry program; and

15 (5) embarked on a program of encouraging the development of a
16 bottom fishing industry.

17 * Sec. 2. PURPOSE. The purposes of this Act are to

18 (1) insure that the state is able to continue its efforts toward
19 overall fisheries-related development programs by raising additional revenue
20 to pay for the programs;

21 (2) make the imposition of the fisheries tax more uniform among
22 fisheries businesses; and

23 (3) provide funding for the development of new fisheries.

24 * Sec. 3. AS 43.75 is amended by adding new sections to read:

25 Sec. 43.75.011. FISHERIES BUSINESS LICENSE. A person engaging or
26 attempting to engage in a fisheries business shall first apply for and
27 obtain a license as provided in AS 43.75.020.

28 Sec. 43.75.015. FISHERIES BUSINESS TAX. (a) A person engaged in
29 a fisheries business is liable for and shall pay a tax equal to six per

1 cent of the value of the fishery resource processed by his fisheries
2 business during the year.

3 (b) A person engaging or attempting to engage in a fisheries
4 business who actually and physically processes the fishery resource is
5 liable for and shall pay to the department the whole tax imposed by this
6 section. In determining this tax liability, the person may not deduct
7 from the value of the fishery resource processed the value of fishery
8 resources canned or processed for other fisheries businesses, but shall
9 include this as part of the value of the fishery resources canned or
10 processed.

11 Sec. 43.75.131. TAX SHARING WITH MUNICIPALITIES. The legislature
12 may annually appropriate to each borough, to each city of the first
13 class, and to each municipality unified under AS 29.68.240 - 29.68.440,
14 an amount equal to 33 1/3 per cent of the amount of tax revenue col-
15 lected in the municipality from taxes levied in this chapter. If tax
16 revenue is collected in a city within a borough, the legislature may
17 divide the tax revenue appropriated under this section between the city
18 and the borough.

19 Sec. 43.75.136. PAYMENTS TO COMMERCIAL FISHING AND AGRICULTURE
20 BANK. The legislature may annually appropriate 33 1/3 per cent of the
21 amount of tax revenue collected under this chapter to the Commercial
22 Fishing and Agriculture Bank established in AS 44.54.010 until the bank
23 is fully capitalized as determined by the commissioner of commerce and
24 economic development based upon the estimated capital needs of the bank.

25 Sec. 43.75.140. DEFINITIONS. In this chapter

26 (1) "department" means the Department of Revenue;

27 (2) "fisheries business" means a person who engages in pro-
28 cessing fisheries resources for sale by freezing, cooking, salting, or
29 other method and includes but is not limited to canneries, cold stor-

1 ages, freezer ships, and processing plants;

2 (3) "fishery resource" means fin fish, shellfish and fish
3 by-products, including but not limited to salmon, halibut, herring,
4 crab, clam, cod, shrimp, and pollock;

5 (4) "value" means the actual price paid for the fisheries
6 resource by the fisheries business including indirect consideration such
7 as fuel, supplies, or gear, except that "value" means the market value
8 of the fishery resource if procured in company-owned or subsidized boats
9 operated by employees of the fisheries business or under lease or other
10 arrangement.

11 * Sec. 4. AS 43.75.100 is repealed and re-enacted to read:

12 Sec. 43.75.100. TAX IMPOSED ON TAKING OF FISHERY RESOURCE. A
13 person taking, purchasing, or otherwise acquiring a fishery resource
14 covered by this chapter which has not been subject to the tax imposed in
15 AS 43.75.015 who sells the fishery resource to a fisheries business
16 outside the taxing jurisdiction of the state is subject to the tax set
17 out in AS 43.75.015 on the value of the fishery resource sold.

18 * Sec. 5. AS 43.75.030(a) is amended to read:

19 (a) A person subject to the tax shall file a return stating the
20 value of [RAW] fisheries resources [PRODUCTS] processed during the
21 license year, computed as required by [AS 43.75.010 - 43.75.050 OF] this
22 chapter, and such other information as the department prescribes by
23 regulation. The return shall show the license number and shall be
24 signed by the taxpayer or his authorized agent, under penalty of per-
25 jury. If a receiver, trustee, or assign is operating the property or
26 business, he shall file the return for the person. A tax due on the
27 basis of such a return shall be collected in the same manner as if
28 collected from the person of whose business he has custody and control.

29 * Sec. 6. AS 43.75.030(e) is amended to read:

1 (e) Every person engaging or attempting to engage in a business
2 for which a license is required under [AS 43.75.010 - 43.75.050 OF] this
3 chapter shall keep [SUCH] records, make [SUCH] statements under oath,
4 file [SUCH] returns, and comply with all [SUCH] regulations which [AS]
5 the commissioner of revenue may prescribe.

6 * Sec. 7. AS 43.75.050(f) is amended to read:

7 (f) A person who wilfully fails to obtain a license, pay a tax,
8 make a return, keep or display a record, or supply the information at
9 the time required by law or regulation, in violation of [AS 43.75.010 -
10 43.75.055 OF] this chapter, is, in addition to other penalties provided
11 by law, guilty of a misdemeanor, and upon conviction is punishable by a
12 fine of not more than \$1,000, or by imprisonment for not more than one
13 year, or by both, together with the cost of prosecution.

14 * Sec. 8. AS 43.75.055 is amended to read:

15 Sec. 43.75.055. SECURITY FOR COLLECTION OF TAXES. Each applicant
16 for a license under this chapter shall, in or with his application,
17 state under oath the amount of each of the products which he expects to
18 produce during the license year. The applicant shall further state the
19 extent of lienable real property owned by the applicant in the state
20 against which the tax may be collected and other information with
21 respect to description, location and value of the property which the
22 department prescribes. If the lienable value of the property is not
23 equal to three times the amount of the tax for which the applicant will
24 probably be liable under this section, the department may not issue the
25 license until the applicant files with the department a surety bond
26 approved by the attorney general in a penal sum equal to twice the
27 probable amount of the tax for which the applicant will be liable,
28 conditioned upon payment of the tax in full when due, with interest if
29 not paid before delinquency. However, if the applicant purchases salmon

1 for export from Alaska in the round, the amount of the bond is \$50,000
2 unless the applicant is the owner of lienable real property in the state
3 of a value of at least \$50,000, and the bond must be conditioned upon
4 payment to the fisherman of the full purchase price for the salmon and
5 the payment of the tax in full when due. The department may waive the
6 bond requirement if the applicant posts other security in the form of
7 collateral acceptable to the department or prepays the estimated tax.

8 * Sec. 9. AS 43.75.110 is amended to read:

9 Sec. 43.75.110. DUTY OF TAXPAYER AND PAYMENT OF TAX. A person
10 subject to taxes under AS 43.75.100 - 43.75.120 shall make a return
11 stating the value of [RAW] fisheries resources [PRODUCTS] taken, pur-
12 chased, or otherwise acquired during the license year for sale to
13 fisheries businesses [FREEZER SHIPS, FLOATING COLD STORAGEES, OR FLOATING
14 CANNERIES] outside of the taxing jurisdiction of the state computed as
15 required by AS 43.75.100 - 43.75.120, and other information to carry out
16 the provisions of AS 43.75.100 - 43.75.200 as may be prescribed by the
17 department. The return shall contain the license number and shall be
18 signed by the taxpayer or his authorized agent, under penalty of per-
19 jury. If a receiver, trustee, or assign is operating the property or
20 business, he shall make the return for the person. A tax due on the
21 basis of such return shall be collected in the same manner as if
22 collected from the person of whose business he has custody and control.
23 The requirements for time and place of payment of tax, and the obliga-
24 tion to keep records and make the records available to the commissioner
25 of revenue are the same as those prescribed in AS 43.75.011 - 43.75.050
26 [THE BUSINESS LICENSE TAX LAW FOR SALMON CANNERIES].

27 * Sec. 10. AS 43.75.120 is amended to read:

28 Sec. 43.75.120. VIOLATIONS AND PENALTIES. (a) The liability to
29 file returns and pay interest and deficiency assessments, and the sub-

1 jection of property to liens is the same as prescribed in AS 43.75.011 -
2 43.75.050 [THE BUSINESS LICENSE TAX LAW FOR SALMON CANNERIES].

3 (b) A violation of AS 43.75.100 - 43.75.120 or the regulations
4 issued under AS 43.75.100 - 43.75.120 is a misdemeanor subject to
5 punishment as prescribed in AS 43.75.011 - 43.75.050 [THE BUSINESS
6 LICENSE TAX LAW FOR SALMON CANNERIES].

7 * Sec. 11. AS 43.75.010, 43.75.060, 43.75.070, 43.75.080, 43.75.090,
8 43.75.095, 43.75.130, and 43.75.135 are repealed.

9 * Sec. 12. TRANSITION. The taxes paid for the 1978 calendar year under
10 AS 43.75 shall be shared with municipalities in accordance with AS 43.75.130
11 and 43.75.135, as those sections read before repeal by this Act. The taxes
12 pa d for the 1979 calendar year and for each succeeding calendar year may be
13 shared with municipalities in accordance with AS 43.75.131, added by sec. 3
14 of this Act.

15 * Sec. 13. This Act is retroactive to January 1, 1979.

16 * Sec. 14. This Act takes effect immediately in accordance with AS 01.-
17 10.070(c).



Official Business

Alaska State Legislature

Senate

Office of the Secretary

March 13, 1979

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM TO: Rules Committee

From: Secretary of the Senate *RM*

Subject: COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 132
(relating to fisheries taxes) - Conclusion
on by Senate Judiciary Committee Chairman

President Tillion referred the above message to the Rules
Committee this date.



Official Business

Alaska State Legislature

Senate

Committee on Judiciary

*Reuben
Signal and*

Pouch V
State Capitol
Juneau, Alaska 99811

March 12, 1979

The Honorable Clem Tillion
President of the Senate
Alaska State Legislature

Re: CSSB 132

Dear Mr. President:

On March 9, 1979, you requested me, in my capacity as chairman of the Senate Judiciary committee, to review the captioned bill and to report to the Senate as to its constitutionality.

At the outset, I should state that the following comments are mine and mine alone; I do not profess to speak for the other members of the Judiciary committee. It should likewise be noted that I do not claim any special expertise in the field of constitutional law, nor have I had sufficient time to devote to the research which would ordinarily be entailed in analyzing this bill.

A close reading of CSSB 132 indicates two sections of the bill would run afoul of the Alaska Constitution. Those two are 43.75.136, providing for payments to the Commercial Fishing and Agriculture Bank, and 43.75.131, making increased refunds to local government.

Article IX, sec. 7 of the Alaska Constitution provides as follows:

"The proceeds of any state tax or license shall not be dedicated to any special purpose except when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of the constitution by the people of Alaska."

I was assisted in my efforts to check the constitutionality of the questioned sections of the bill by the opinions of two Attorneys General dated, respectively, April 4, 1969 and May 2, 1975. Both opinions not only considered the case law of this and other jurisdictions, sparse as it is, but they also reviewed the minutes of the Alaska Constitutional Convention and committees thereof. It is evident, in both these opinions, that the framers of our constitution did not want to have additional taxes earmarked or dedicated to special purposes.

The Honorable Clem Tillion
March 12, 1979
Page Two

A dedication of ten per cent of the fish tax existed at the time of the ratification of the Constitution, and the dedication clearly falls within the exemption. Problems arise when that ten per cent is increased, as in the instant bill, to thirty-three and one-third per cent. The issue of the constitutionality of increasing the percentage of an existing dedicated fund was not specifically addressed by either of the opinions reviewed. However, material contained in these opinions strongly suggests that increasing an existing dedicated fund was not intended by the Constitution.

It is equally clear that payments to the Commercial Fishing and Agriculture Bank and earmarking state tax revenue for the construction of docks, etc. by local governmental units would do violence to the Constitution of the State of Alaska.

The Attorney General's opinion of April 4, 1969 holds:

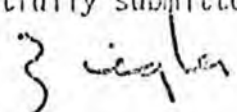
"The proceeds of any state tax or license which must be shared with local governmental units are dedicated to a special purpose and are in violation of Article IX, sec. 7 of the Alaska Constitution."

The Attorney General's opinion of May 2, 1975 states:

"Accordingly, it is our conclusion that the dedication of any source of public revenue: tax, license, rental, sale, bonus-royalty, royalty, or whatever is limited by the state Constitution to those existing when the Constitution was ratified or required for participation in federal programs."

Conclusion: CSSB 132, as written, is patently unconstitutional.

Respectfully submitted,


Robert H. Ziegler, Sr.
Chairman
Senate Judiciary Committee

RIIZ/pkz



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 A. Daniel
Signature of Camera Operator

3/23/90
Date

COMMITTEE REPORT
SENATE

3/8/79

FURTHER: None

Date: March 10, 1979

Mr. President:

The Committee on FINANCE has had SB 132
refund of raw fish tax receipts to local government

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 SB 132 (Finance) same title new title
and recommends Individual Recommendations
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Alan Jackson DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

None - no rec.

John King DO PASS

John A. Bennett
CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____
 Title An Act relating to fisheries taxes
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 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 79	FY 80	FY 81	FY 82	FY 83	FY 84
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)

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


POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

It is estimated that this bill will raise an additional 12 million dollars and bring total fish tax collections to 20 million dollars. These collections will be split evenly among the general fund, revenue sharing to municipalities, and the commercial fishing and agriculture bank, until fully capitalized. It is estimated that revenue sharing to municipalities would be increased by about 4 million dollars as shown in the attached breakdown. It would also allow an annual appropriation to the commercial fishing and agriculture bank of approximately 7 million dollars. Revenue to the general fund would be increased by approximately 1 million dollars and then by a greater amount when the commercial fishing and agriculture bank is fully capitalized. A breakdown of the distribution of revenues is shown in the attached pages.

IV. DATE 2/26/79

PREPARED BY 
 AGENCY Department of Revenue
 PHONE 465-2300

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

GENERAL FUND PORTION
(1977-1978)

EXISTING SYSTEM

\$7,097,820

PROPOSED SYSTEM

\$8,277,936

7,097,820
1,180,116 ✓

COMMERCIAL FISHING AND AGRICULTURE BANK
(1977-1, '8)

EXISTING SYSTEM

\$ -0-

PROPOSED SYSTEM

\$6,834,087 ✓

REVENUE SHARING
(1977-1978)

EXISTING SYSTEM

\$1,202,180

PROPOSED SYSTEM

\$5,390,238

1,202,180
4,188,058 ✓

TOTALS
(1977-1978)

EXISTING SYSTEM

\$8,300,000

PROPOSED SYSTEM

\$20,502,261

8,300,000
\$12,202,261

FISH TAX PROPOSAL
(1977-1978)

COMMUNITIES	TOTAL REVENUE COLLECTED		REVENUE SHARED	
	EXISTING	PROPOSED	EXISTING (20%)	PROPOSED (33-1/3%)
ANCHORAGE CITY & BOROUGH	\$ 202,598.29	\$ 529,886.46	\$ 40,519.66	\$176,452.19
BRISTOL BAY	463,903.02	636,982.85	92,780.60	212,115.28
CORDOVA	558,723.88	988,707.05	111,744.77	329,239.44
CRAIG	14,073.75	84,192.50	2,814.75	28,036.10
DILLINGHAM	164,010.31	983,561.86	32,802.06	327,526.09
HAINES BOROUGH*	177,336.56	320,918.67	35,471.84	106,890.40
HAINES	45.34	147.04	4.53	24.48
HOMER	64,678.37	255,447.72	6,467.84	42,532.05
HOONAH	11,196.27	67,052.62	2,239.25	22,328.52
HYDABURG	7,820.15	46,795.90	1,564.03	15,583.03
JUNEAU CITY & BOROUGH	40,163.84	240,608.04	8,032.77	80,122.48
KENAI BOROUGH*	327,087.01	782,202.92	132,326.36	523,952.65
KENAI	340,080.00	593,964.91	34,008.00	98,895.16
KETCHIKAN GATEWAY BOROUGH*	273,231.39	405,771.01	70,299.04	195,012.13
KETCHIKAN	156,529.09	359,702.06	15,652.76	59,890.39
KING COVE	58,042.28	251,193.56	11,608.46	83,649.12
KLANOCK	113,605.53	153,100.14	22,721.11	50,982.35
KODIAK BOROUGH*	416,239.21	562,447.54	182,757.95	753,621.38
KODIAK	995,101.01	3,401,359.50	99,510.10	566,326.35
NENANA	69.63	292.78	13.93	97.50
PELICAN	59,580.57	357,103.42	11,916.11	118,917.10
PETERSBURG	498,258.45	1,084,735.50	99,651.69	361,233.57
ST. MARY'S	1,175.00	6,925.00	235.00	2,306.03
SELDOVIA	11,513.43	68,830.58	1,151.34	11,460.29
SEWARD	252,817.79	664,213.70	25,281.78	110,591.58
SITKA CITY & BOROUGH	36,542.35	218,879.10	7,308.47	72,886.74
UNALASKA	701,345.38	2,915,587.34	140,269.07	970,890.60
WRANGELL	57,829.92	146,603.37	11,565.98	48,818.92
YAKUTAT	7,302.94	43,442.64	1,460.59	14,466.40

5 Incl. Point

14,533.⁰⁰ 87,200.⁰⁰

* Includes additional Revenue Sharing from cities within borough.

Figures are based upon 1978 collections for the 1977 tax year and may differ from budget figures based upon fiscal year cutoff.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH S - JUNEAU 99811

March 9, 1979

The Honorable John C. Sackett
Chairman
Senate Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

CS SB 132 would reform the Alaska fishery taxes by making them more equitable and uniform among types of processing while at the same time raising additional revenue for the state and municipalities for fishery enhancement programs.

Our present fish tax structure can be traced back to 1949 and has been changed little since that time. The tax structure contains different tax values and rates according to fish species being processed and the manner of processing. These different rates and values are shown in Attachment 1. Although this tax structure may have been appropriate in 1949, the tax structure as applied to today's economics is extremely unequitable and inefficient and bears no relationship to the value of the resource harvested or the economics of the business. ← 1949

The fish tax structure we are proposing first of all standardizes the tax at a rate of 6 percent of the raw value of the product for all species, and all methods of processing. Under this bill an additional \$12 million would be raised the first year and the total of \$20 million would be divided equally between the general fund, the commercial fishing and agriculture bank, and revenue sharing to municipalities.

Secondly, and as important as standardizing the tax structure, the legislation we are proposing will enable the state and municipalities to continue funding fishery enhancement programs, by making an additional amount of revenue available for the development of our

fishery industry. Specifically additional funding would be available to the Commercial Fishing and Agricultural Bank for fishermen and processor loans and additional revenue sharing would be available to fishing communities. The specific amount of this funding is shown in Attachment 2 and 3.

The State has placed a strong emphasis on Renewable Resource Development. Appropriations for fish enhancement programs alone have totaled approximately \$90 million dollars since FY 1977, \$30.5 million of which has been for operating expenditures and another \$58.4 million for capital expenditures. Since FY 1973 fishery loans has totalled \$48 million including \$13 million in FY 1978.

We are all concerned about the state's financial condition. This additional funding will insure that money is available for future fishery enhancement programs.

When the Commercial Fishery and Agricultural Bank goes into operation this year it will have a beginning appropriation of \$2 million. With the \$6.8 million that would be appropriated with this legislation it is estimated that the bank would be able to make approximately \$54 million in loans in its first year of operation. Resident processors as well as fishermen will be able to take advantage of the bank and sums large enough to help a developing bottom fishery will be available within the state.

Municipalities, too, are facing fiscal problems. The amounts of revenue sharing available to municipalities in this legislation will help solve those problems and in some cases enable municipalities to implement projects on their own without having to rely on the passage of general obligation bonds to fund their doc's and fish enhancement programs.

Sincerely,

John R. Messenger
Acting Commissioner

EXISTING FISH TAX RATES

CANNERIES

FY 78 Receipts = \$5,420,438

Salmon - 3% of average wholesale price of
canned product during months of
August - December of five years
preceding license year

If figured on raw value would be
an effective tax rate of 4.45%

Crab - 2% of raw value

Clam - 1% of raw value for butter clams
2% of raw value for razor clams

Herring - 1% of raw value

FREEZERSHIPS

FY 78 Receipts = \$1,299,516

- 4% of raw value

COLD STORAGE

FY 78 Receipts = \$1,933,484

- 1% of raw value

TOTAL

FY 1978 RECEIPTS = \$8,653,438

PROPOSED TAX RATES

CANNERIES

Receipts = \$7,305,520

- 6% of Raw Value

FREEZERSHIPS

Receipts = \$1,949,275

- 6% of Raw Value

COLD STORAGES

Receipts = \$11,600,904

- 6% of Raw Value

TOTAL

RECEIPTS = \$20,855,699

GENERAL FUND PORTION
(1977-1978)EXISTING SYSTEM

\$7,097,820

PROPOSED SYSTEM

\$8,277,936

COMMERCIAL FISHING AND AGRICULTURE BANK
(1977-1978)EXISTING SYSTEM

\$ -0-

PROPOSED SYSTEM

\$6,834,087

REVENUE SHARING
(1977-1978)EXISTING SYSTEM

\$1,202,180

PROPOSED SYSTEM

\$5,390,238

TOTALS
(1977-1978)EXISTING SYSTEM

\$8,300,000

PROPOSED SYSTEM

\$20,502,261

FISH TAX PROPOSAL
(1977-1978)

<u>COMMUNITIES</u>	<u>TOTAL REVENUE COLLECTED</u>		<u>REVENUE SHARED</u>	
	EXISTING	----- PROPOSED	EXISTING - (20%)	PROPOSED (33-1/3%)
ANCHORAGE CITY & BOROUGH	\$ 202,598.29	\$ 529,886.46	\$ 40,519.66	\$176,452.19
BRISTOL BAY	463,903.02	636,982.85	92,780.60	212,115.28
CORDOVA	558,723.88	988,707.05	111,744.77	329,239.44
CRAIG	14,073.75	84,192.50	2,814.75	28,036.10
DILLINGHAM	164,010.31	983,561.86	32,802.06	327,526.09
HAINES BOROUGH*	177,336.56	320,918.67	35,471.84	106,890.40
HAINES	45.34	147.04	4.53	24.48
HOMER	64,678.37	255,447.72	6,467.84	42,532.05
HOONAH	11,196.27	67,052.62	2,239.25	22,328.52
HYDABURG	7,820.15	46,795.90	1,564.03	15,583.03
JUNEAU CITY & BOROUGH	40,163.84	240,608.04	8,032.77	80,122.48
KENAI BOROUGH*	327,087.01	782,202.92	132,326.36	523,952.65
KENAI	340,080.00	593,964.91	34,008.00	98,895.16
KETCHIKAN GATEWAY BOROUGH*	273,231.39	405,771.01	70,299.04	195,012.13
KETCHIKAN	156,529.09	359,702.06	15,652.76	59,890.39
KING COVE	58,042.28	251,198.56	11,608.46	83,649.12
KLAWOCK	113,605.53	153,100.14	22,721.11	50,982.35
KODIAK BOROUGH*	416,239.21	562,447.54	182,757.95	753,621.38
KODIAK	995,101.01	3,401,359.50	99,510.10	566,326.35
NENANA	69.63	292.78	13.93	97.50
PELICAN	59,580.57	357,108.42	11,916.11	118,917.10
PETERSBURG	498,258.45	1,084,785.50	99,651.69	361,233.57
ST. MARY'S	1,175.00	6,925.00	235.00	2,306.03
SAND POINT	43,600.00	261,000.00	14,533.00	82,000.00
SELDOVIA	11,513.43	68,830.58	1,151.34	11,460.29
SEWARD	252,817.79	664,213.70	25,281.78	110,591.58
SITKA CITY & BOROUGH	36,542.35	218,879.10	7,308.47	72,886.74
UNALASKA	701,345.38	2,915,587.34	140,269.07	970,890.60
WRANGELL	57,829.92	146,603.37	11,565.98	48,818.92
YAKUTAT	7,302.94	43,442.64	1,460.59	14,466.40

* Includes additional Revenue Sharing from cities within borough.

Figures are based upon 1978 collections for the 1977 tax year and may differ from budget figures based upon fiscal year cutoff.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K-STATE CAPITOL
JUNEAU, ALASKA 99811

March 14, 1979

The Honorable Clem Tillion
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: CSSB 132 (FINANCE), relating to fish-
processing taxes

Dear Senator Tillion:

In your letter of March 12, 1979, you requested that this office review AS 43.75.131 and 135 as proposed in the above-referenced bill in light of the comments of Senator Ziegler, Chairman, Senate Judiciary Committee, who raised substantial concerns regarding the constitutionality of these provisions under Article 9, Section 7 of the Alaska Constitution. That provision states:

The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section 15 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

AS 43.75.130 and 135 in the present fish processing tax chapter presently provide that the "commissioner of revenue shall pay to each organized borough and each city of the first class [twenty percent] of the amount of tax revenue" collected under this chapter. Since § 130 was originally enacted in 1962 (§ 6, ch. 155, SLA 1962) and § 135 in 1963 (§ 1, ch. 89, SLA 1963) neither of the refund provisions qualify under the grandfather clause in the second sentence of the constitutional provision. This mandatory language ("shall pay") was carried over into the new proposal AS 43.75.131 which requires the following distributions:

1. Subsection (a) states that "the department shall pay to each borough and to each city of the first class an amount equal to 33 and 1/3 percent of the amount of tax revenue collected" under AS 43.75.

2. Subsection (a) also requires that the tax revenue be shared equally between city and boroughs when the city is located within a borough.

3. Subsection (b) states that "one-half of the revenue shared . . . shall be used for docks or other fisheries related development programs."

It is our opinion that Senator Ziegler's concerns are well-founded and that the language in AS 43.75.131 as written might well be found to be facially invalid under the state constitutional provision prohibiting the dedication of funds. Even with the mandatory language of the existing statute, the Department of Law has always construed these provisions as (1) requiring an appropriation and (2) that each subsequent legislature has the discretion as to whether or not to make such an appropriation for the purposes stated in the underlying statute. Thus, any such formula is advisory only and operates as an expression of the policy of the enacting legislature and nothing more. However, Senator Ziegler is quite correct in that the advisory nature of such language should be made more express so that the language of the provision would not become subject to a challenge that on its face the provision violates the intent of the constitutional provision.

We therefore recommend that proposed AS 43.75.131 and 136 as stated in CS for SB 132 (FINANCE) Section 3 be modified as follows:

AS 43.75.131. REFUND TO LOCAL GOVERNMENTS.
The legislature may, in its discretion, annually appropriate to each borough, each city of the first class, each municipality unified under AS 29.68.240--29.68.440 an amount equal to 33 and 1/3 percent of the amount of the tax revenue collected in the municipality from taxes levied in this chapter. In the case of tax revenue collected inside a city within a borough, the legislature may, in its discretion, divide the revenue to be shared equally between the city and the borough.

The Honorable Clem Tillion
March 14, 1979
Page 3

[Subsection (b) should be deleted in its entirety.]

AS 43.75.136. PAYMENTS TO COMMERCIAL FISHING AND AGRICULTURE BANK. The legislature may in its discretion annually appropriate an amount equal to 33 and 1/3 percent of the amount of tax revenue levied under this chapter to the Commercial Fishing and Agriculture Bank established in AS 44.54.010 until that bank is fully capitalized as determined by the commissioner of commerce and economic development based upon the estimated capital needs of the bank.

In addition to the safeguard which I mentioned in our meeting this morning, I would further recommend that sec. 12 of the Act be modified as follows:

EFFECT OF REVENUE SHARING PROVISIONS AND TRANSITIONAL RULES. The tax paid for the 1978 calendar year may be shared in accordance with AS 43.75.130 and AS 43.75.135 as those sections read before repealed by this Act. The tax paid for the 1979 calendar year and for each succeeding calendar year may be shared in accordance with AS 43.75.131, added by sec. 3 of this Act, depending upon the judgment of each subsequent legislature and upon the amounts properly appropriated for this purpose. It is recognized by this legislature that AS 43.75.131 and 136 are advisory only, that they have no binding effect on future legislatures, and that future legislatures will be free to disregard the formula outlined in the sections.

In addition, it is suggested that the reporting committee issue a letter of intent along with the proposed committee substitute, a draft of which is attached to this letter.

Sincerely,

AVRUM M. GROSS
ATTORNEY GENERAL

By:

Joseph K. Donohue
Joseph K. Donohue
Assistant Attorney General

JKD:chw

Enclosure

DRAFT

It is the intent of this committee that the revenue shared with the local municipalities pursuant to AS 43.75.131 be used for docks and other fisheries related projects. It is believed that such improvements would operate as an incentive to the development of a bottomfishing industry in the state as well as to improve and further develop the fisheries currently being exploited. This committee recognizes that AS 43.75.131 and 136 merely reflect the policy of the current legislature and that future legislatures would be free to disregard the formula set forth therein. Future legislatures should examine the extent to which municipalities which have received these revenues have made reasonable efforts to meet the demand for fishery related facilities. If future legislatures find that needed fisheries development programs have not been implemented, the revenue sharing program reflected in AS 43.75.131 should be reevaluated.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 132
 Title Raw Fish Tax
 Requested by Community & Regional Affairs & Finance Date 2-12-79

II. FISCAL DETAIL
 Agency Affected _____ Revenue _____
 Program Category Affected Development
 Budget Request Unit(s) Affected Shared Taxes

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
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	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

There is no additional cost to administer the Bill. The General Fund will decrease in the amount shown as the additional raw fish tax revenue is shared.

IV. DATE 2-16-79 PREPARED BY  P. A. Wall
 AGENCY Revenue
 PHONE 465-2313
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

Fisheries Tax

Cities	FY 77 Actual	Actual FY 77 @ 25%	FY 78 Actual	Actual FY 78 @ 25%	FY 79 Authorized	Est. FY 79 @ 25%	FY 80 Request	Est. FY 80 @ 25%
Cordova	86477	216,192.5	111791	279,477.5	69500	173,750.0	89988	224,970.0
Craig	4260	10,650.0	3273	8,182.5	5000	12,500.0	4433	11,082.5
Dillingham	29669	74,172.5	32792	81,980.0	30000	75,000.0	30874	77,185.0
Fairbanks	15	37.5	3	7.5	15	37.5	16	40.0
Haines	-0-	-0-	5	12.5	-0-	-0-	-0-	-0-
Hoonah	1952	4,880.0	2249	5,622.5	2000	5,000.0	2031	5,077.5
Homer	2697	6,742.5	6475	16,187.5	2000	5,000.0	2806	7,015.0
Hydaburg	1659	4,147.5	1564	3,910.0	2000	5,000.0	1726	4,315.0
Kake	391	977.5	-0-	-0-	500	1,250.0	407	1,017.5
Kenai	35639	89,097.5	34010	85,025.0	30000	75,000.0	37086	92,715.0
Ketchikan	14860	37,150.0	27290	68,225.0	15000	37,500.0	15463	38,657.5
King Cove	85810	214,525.0	11593	28,982.5	80000	200,000.0	89294	223,235.0
Klawock	10858	27,145.0	22716	56,790.0	10000	25,000.0	11299	28,247.5
Kodiak	74439	186,097.5	98465	246,162.5	70000	175,000.0	77461	193,652.5
Nenana	92	230.0	79	197.5	100	250.0	96	240.0
Pelican	12447	31,117.5	13153	32,882.5	12000	30,000.0	12952	32,380.0
Petersburg	36904	92,260.0	99651	249,127.5	35000	87,500.0	38402	96,005.0
Seldovia	1233	3,082.5	1151	2,877.5	1000	2,500.0	1283	3,207.5
Seward	21220	53,050.0	26850	67,125.0	20000	50,000.0	22081	55,202.5
St. Marys	-0-	-0-	235	587.5	-0-	-0-	-0-	-0-
Unalaska	101417	253,542.5	154901	387,252.5	90000	225,000.0	105534	263,835.0
Valdez	-0-	-0-	5	12.5	-0-	-0-	-0-	-0-

AGENCY Revenue _____ BRU Shared Taxes _____ COMPONENT Fisheries Tax _____ DATE REVISED _____

CONTINUED
page 1 of 2 pages, Form _____

Fisheries Tax (Con't.)

Cities	FY 77 Actual	Actual FY 77 @ 25%	FY 78 Actual	Actual FY 78 @ 25%	Authorized	Est. FY 79 @ 25%	FY 80 Request	Est. FY 80 @ 25%
Wrangell	6482	16,205.0	11571	28,927.5	5000	12,500.0	6745	16,862.5
Yakutat	1227	3,067.5	1456	3,640.0	2000	5,000.0	1277	3,192.5
Total Cities	529748	1,324,370.0	661279	1,653,197.5	481115	1,202,787.5	551254	1,378,135.0
Boroughs								
North Star	15	37.5	3	7.5	100	250.0	16	40.0
Anchorage	25367	63,417.5	40525	101,312.5	35000	87,500.0	26397	65,752.5
Bristol Bay	93101	232,752.5	92881	232,202.5	100000	250,000.0	96881	242,202.5
Fairbanks	-0-	-0-	-0-	-0-	100	250.0	-0-	-0-
Haines	4669	11,672.5	35467	88,667.5	6000	15,000.0	4859	12,147.5
Juneau	7054	17,635.0	8159	20,397.5	10000	25,000.0	7340	18,350.0
Kenai	68248	170,620.0	133925	334,812.5	75000	187,500.0	71019	177,547.5
Ketchikan	34018	85,045.0	81946	204,865.0	40000	100,000.0	35399	88,497.5
Kodiak	251716	629,290.0	182348	455,870.0	232685	581,712.5	261968	654,920.0
Mat-Su	-0-	-0-	-0-	-0-	10000	25,000.0	-0-	-0-
Sitka	5734	14,335.0	8289	20,722.5	10000	25,000.0	5967	14,917.5
Total Boroughs	489922	1,224,805.0	583544	1,458,860.0	518885	1,297,212.5	509846	1,274,615.0
Total Cities & Boroughs	1019670	2,549,175.0	1244821	3,112,057.5	1000000	2,500,000.0	1061100	2,652,750.0

AGENCY Revenue

BRU Shared Taxes

COMPONENT Fisheries Tax

DATE
REVISED

CONTINUED

page 2 of 2 pages, Form

A M E N D M E N T

Offered in the SENATE

TO: CSSB 132

Page 6, following line 8, insert new sections to read:

* Sec. 11. AS 29.53 is amended by adding a new section to read:

Sec. 29.53.162. TAX ADJUSTMENT FOR PROPERTY OF PERSONS ENGAGED IN CERTAIN FISHERIES BUSINESSES. (a) The borough shall allow as a credit against the tax due on the real property of a person engaged in the processing of fisheries resources in a cannery, cold storage, freezer ship or processing plant the amount of tax paid under AS 43.75.015 and 43.75.100 by the owner of the real property during the preceding tax year of the borough for the processing of any fish species which has been designated by the commissioner of fish and game as a developing commercial species under AS 16.05.050(12). The amount of the credit may not exceed the amount of the taxpayer's tax liability to a borough under this chapter.

(b) A taxpayer claiming the benefit of the tax credit provided in (a) of this section shall furnish with the tax payment a copy of his return filed with the Department of Revenue under AS 43.75.030(e) indicating his liability for, and payment of, fisheries taxes under AS 43.75 during the preceding calendar year. A taxpayer claiming the benefit of the tax credit provided in (a) of this section who, during the previous year, has processed both fish species designated by the

commissioner of fish and game as developing commercial species and fish species which have not been so designated shall include a certified statement indicating the proportion of the total fisheries resource attributable to species designated by the commissioner of fish and game and for which a credit is claimed under this section.

(c) If the property for which a tax credit is claimed under this section is located inside a city within a borough and each municipality levies and collects a property tax, the tax credit allowed to the taxpayer

(1) against the tax due the city is the amount of tax paid under AS 43.75.015 and 43.75.100 attributable to developing commercial fish species designated by the commissioner of fish and game multiplied by the ratio of the city's property tax rate to the total property tax rate levied by the city and the borough;

(2) against the tax due the borough is determined by subtracting from the total tax credit allowed, the amount determined under (1) of this subsection.

* Sec. 12. AS 16.05.050 is amended by adding a new paragraph to read:

(12) not later than October 31 of each year, designate and provide to the commissioners of revenue and community and regional affairs the names of those species of fish of which there is a significant supply and for which there is a developing commercial market.

Renumber all subsequent sections.

Page 6, delete lines 16 - 18 and insert the following:

* Sec. 15. Sections 1 - 10, 13 and 14 of this Act are retroactive to January 1, 1979.

* Sec. 16. Sections 1 - 10 and 13 - 15 of this Act take effect immediately in accordance with AS 01.10.070(c). Section 11 of this Act takes effect January 1, 1980. Section 12 of this Act takes effect July 1, 1979.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____
 Title An Act relating to fisheries taxes
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 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 79	FY 80	FY 81	FY 82	FY 83	FY 84
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)

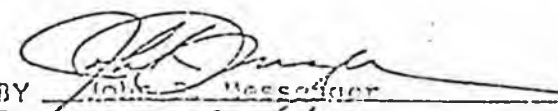
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

It is estimated that this bill will raise an additional 12 million dollars and bring total fish tax collections to 20 million dollars. These collections will be split evenly among the general fund, revenue sharing to municipalities, and the commercial fishing and agriculture bank, until fully capitalized. It is estimated that revenue sharing to municipalities would be increased by about 4 million dollars as shown in the attached breakdown. It would also allow an annual appropriation to the commercial fishing and agriculture bank of approximately 7 million dollars. Revenue to the general fund would be increased by approximately 1 million dollars and then by a greater amount when the commercial fishing and agriculture bank is fully capitalized. A breakdown of the distribution of revenues is shown in the attached pages.

IV. DATE 2/26/79 PREPARED BY 
 AGENCY Department of Revenue
 Original: Legislative Finance PHONE 465-2300
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

GENERAL FUND PORTION
(1977-1978)

EXISTING SYSTEM

\$7,097,820

PROPOSED SYSTEM

\$8,277,936

COMMERCIAL FISHING AND AGRICULTURE BANK
(1977-1978)

EXISTING SYSTEM

\$ -0-

PROPOSED SYSTEM

\$6,834,087

REVENUE SHARING
(1977-1978)

EXISTING SYSTEM

\$1,202,150

PROPOSED SYSTEM

\$5,390,238

TOTALS
(1977-1978)

EXISTING SYSTEM

\$8,300,000

PROPOSED SYSTEM

\$20,502,261

FISH TAX PROPOSAL
(1977-1978)

COMMUNITIES	TOTAL REVENUE COLLECTED		REVENUE SHARED	
	EXISTING	PROPOSED	EXISTING (20%)	PROPOSED (33-1/3%)
ANCHORAGE CITY & BOROUGH	\$ 202,598.29	\$ 529,886.46	\$ 40,519.66	\$176,452.19
BRISTOL BAY	463,903.02	636,982.85	92,780.60	212,115.28
CORDOVA	558,723.88	938,707.05	111,744.77	329,239.44
CRAIG	14,073.75	84,192.50	2,814.75	28,036.10
DILLINGHAM	164,010.31	983,561.86	32,802.06	327,526.09
HAINES BOROUGH*	177,336.56	320,918.67	35,471.34	106,890.40
HAINES	45.34	147.04	4.53	24.48
HOMER	64,678.37	255,447.72	6,467.84	42,532.05
HOONAH	11,196.27	67,052.62	2,239.25	22,328.52
HYDABURG	7,820.15	46,795.90	1,564.03	15,583.03
JUNEAU CITY & BOROUGH	40,163.84	240,608.04	8,032.77	80,122.48
KENAI BOROUGH*	327,087.01	782,202.92	132,326.36	523,952.65
KENAI	340,080.00	593,964.91	34,008.00	98,895.16
KETCHIKAN GATEWAY BOROUGH*	273,231.39	405,771.01	70,299.04	195,012.13
KETCHIKAN	156,529.09	359,702.06	15,652.76	59,890.39
KING COVE	58,042.28	251,193.56	11,608.46	83,649.12
KLANOCH	113,605.53	153,100.14	22,721.11	50,982.35
KODIAK BOROUGH*	416,239.21	562,447.54	182,757.95	753,621.38
KODIAK	995,101.01	3,401,359.50	99,510.10	566,326.35
NENANA	69.63	292.78	13.93	97.50
PELICAN	59,580.57	357,103.42	11,916.11	118,917.10
PETERSBURG	498,258.45	1,084,785.50	99,651.69	361,233.57
ST. MARY'S	1,175.00	6,925.00	235.00	2,306.03
SELDOVIA	11,513.43	68,830.58	1,151.34	11,460.29
SEWARD	252,817.79	664,213.70	25,281.78	110,591.58
SITKA CITY & BOROUGH	36,542.35	218,879.10	7,308.47	72,886.74
UNALASKA	701,345.38	2,915,587.34	140,269.07	970,890.60
WRANGELL	57,829.92	146,603.37	11,565.98	48,818.92
YAKUTAT	7,302.94	43,442.64	1,460.59	14,466.40

52nd Point

14,533.⁰⁰ 87,200.⁰⁰

* Includes additional Revenue Sharing from cities within borough.

Figures are based upon 1978 collections for the 1977 tax year and may differ from budget figures based upon fiscal year cutoff.

Original sponsor: Kerttula

Offered: 3/8/79
Referred: Finance

1 IN THE SENATE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2

CS FOR SENATE BILL NO. 132

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to fisheries taxes; and providing for
7 an effective date."

8

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

9

* Section 1. FINDINGS. The legislature finds that the state has

10

(1) funded and implemented several fisheries ^{related development} enhancement programs;

11

(2) funded and implemented fishery loan programs;

12

(3) increased its fishery protection and management program;

13

(4) funded and implemented a limited entry program; and

14

(5) embarked on a program of encouraging the development of a

15

bottom fishing industry.

16

* Sec. 2. PURPOSE. The purposes of this Act are to

17

(1) insure that the state is able to continue its efforts toward ^{fisheries related development programs} overall fishery ^{fisheries} enhancement by raising additional revenue to pay for fishery ^{related development programs} enhancement projects;

18

19

20

(2) make the imposition of the fishery tax more uniform among

21

fisheries businesses; and

22

(3) provide funding for the development of new fisheries.

23

* Sec. 3. AS 43.75 is amended by adding new sections to read:

24

Sec. 43.75.011. FISHERIES BUSINESS LICENSE. A person engaging or
25 attempting to engage in a fisheries business shall first apply for and
26 obtain a license as provided in AS 43.75.020.

27

Sec. 43.75.015. FISHERIES BUSINESS TAX. (a) A person engaged in
28 a fisheries business is liable for and shall pay a tax equal to six per
29 cent of the value of the fishery resource processed by his fisheries

1 business during the year.

2 (b) A person engaging or attempting to engage in a fisheries
3 business who actually and physically processes the fishery resource is
4 liable for and shall pay to the department the whole tax imposed by this
5 section. In determining this tax liability, the person may not deduct
6 from the value of the fishery resource processed the value of fishery
7 resources canned or processed for other fisheries businesses, but shall
8 include this as part of the value of the fishery resources canned or
9 processed.

10 Sec. 43.75.131. REFUND TO LOCAL GOVERNMENTS. (a) The department
11 shall pay to each borough, to each city of the first class, and to each
12 municipality unified under AS 29.68.240 - 29.68.440, an amount equal to
13 33 1/3 per cent of the amount of tax revenue collected in the municipal-
14 ity from taxes levied in this chapter. In the case of tax revenue
15 collected inside a city within a borough, the revenue to be shared shall
16 be divided equally between the city and the borough.

17 (b) One-half of the revenue shared with a borough or city of the
18 first class shall be used for docks or other ~~fishery enhancement pro-~~
19 *programs* ~~jects~~ and those expenditures must be certified and reported to the
20 department annually no later than January 30.

21 Sec. 43.75.136. PAYMENTS TO COMMERCIAL FISHING AND AGRICULTURE
22 BANK. The legislature may appropriate 33 1/3 per cent of the amount of
23 tax revenue levied under this chapter to the Commercial Fishing and
24 Agriculture Bank established in AS 44.54.010 until that bank is fully
25 capitalized as determined by the commissioner of commerce and economic
26 development based upon the estimated capital needs of the bank.

27 Sec. 43.75.140. DEFINITIONS. In this chapter

28 (1) "department" means the Department of Revenue;

29 (2) "fisheries business" means a person who engages in pro-

1 cessing fisheries resources for sale by freezing, cooking, salting, or
2 other method and includes but is not limited to canneries, cold
3 storages, freezer ships, and processing plants;

4 (3) "fishery resource" means fin fish, shellfish and fish
5 by-products, including but not limited to salmon, halibut, herring,
6 crab, clam, cod, shrimp, and pollock;

7 (4) "value" means the actual price paid for the fisheries
8 resource by the fisheries business including indirect consideration such
9 as fuel, supplies, or gear, except that "value" means the market value
10 of the fishery resource if procured in company-owned or subsidized boats
11 operated by employees of the fisheries business or under lease or other
12 arrangement.

13 * Sec. 4. AS 43.75.100 is repealed and re-enacted to read:

14 Sec. 43.75.100. TAX IMPOSED ON TAKING OF FISHERY RESOURCE. A
15 person taking, purchasing, or otherwise acquiring a fishery resource
16 covered by this chapter which has not been subject to the tax imposed in
17 AS 43.75.015 who sells the fishery resource to a fisheries business
18 outside the taxing jurisdiction of the state is subject to the tax set
19 out in AS 43.75.015 on the value of the fishery resource sold.

20 * Sec. 5. AS 43.75.030(a) is amended to read:

21 (a) A person subject to the tax shall file a return stating the
22 value of [RAW] fisheries resources [PRODUCTS] processed during the
23 license year, computed as required by [AS 43.75.010 - 43.75.050 OF] this
24 chapter, and such other information as the department prescribes by
25 regulation. The return shall show the license number and shall be
26 signed by the taxpayer or his authorized agent, under penalty of per-
27 jury. If a receiver, trustee, or assign is operating the property or
28 business, he shall file the return for the person. A tax due on the
29 basis of such a return shall be collected in the same manner as if

1 collected from the person of whose business he has custody and control.

2 * Sec. 6. AS 43.75.030(e) is amended to read:

3 (e) Every person engaging or attempting to engage in a business
4 for which a license is required under [AS 43.75.010 - 43.75.050 OF] this
5 chapter shall keep [SUCH] records, make [SUCH] statements under oath,
6 file [SUCH] returns, and comply with all [SUCH] regulations which [AS]
7 the commissioner of revenue may prescribe.

8 * Sec. 7. AS 43.75.050(f) is amended to read:

9 (f) A person who wilfully fails to obtain a license, pay a tax,
10 make a return, keep or display a record, or supply the information at
11 the time required by law or regulation, in violation of [AS 43.75.010 -
12 43.75.055 OF] this chapter, is, in addition to other penalties provided
13 by law, guilty of a misdemeanor, and upon conviction is punishable by a
14 fine of not more than \$1,000, or by imprisonment for not more than one
15 year, or by both, together with the cost of prosecution.

16 * Sec. 8. AS 43.75.055 is amended to read:

17 Sec. 43.75.055. SECURITY FOR COLLECTION OF TAXES. Each applicant
18 for a license under this chapter shall, in or with his application,
19 state under oath the amount of each of the products which he expects to
20 produce during the license year. The applicant shall further state the
21 extent of lienable real property owned by the applicant in the state
22 against which the tax may be collected and other information with respect
23 to description, location and value of the property which the department
24 prescribes. If the lienable value of the property is not equal to three
25 times the amount of the tax for which the applicant will probably be
26 liable under this section, the department may not issue the license
27 until the applicant files with the department a surety bond approved by
28 the attorney general in a penal sum equal to twice the probable amount
29 of the tax for which the applicant will be liable, conditioned upon

1 payment of the tax in full when due, with interest if not paid before
2 delinquency. However, if the applicant purchases salmon for export from
3 Alaska in the round, the amount of the bond is \$50,000 unless the appli-
4 cant is the owner of lienable real property in the state of a value of
5 at least \$50,000, and the bond must be conditioned upon payment to the
6 fisherman of the full purchase price for the salmon and the payment of
7 the tax in full when due. The department may waive the bond requirement
8 if the applicant posts other security in the form of collateral accept-
9 able to the department or prepays the estimated tax.

10 * Sec. 9. AS 43.75.110 is amended to read:

11 Sec. 43.75.110. DUTY OF TAXPAYER AND PAYMENT OF TAX. A person
12 subject to taxes under AS 43.75.100 - 43.75.120 shall make a return
13 stating the value of [RAW] fisheries resources [PRODUCTS] taken, pur-
14 chased, or otherwise acquired during the license year for sale to
15 fisheries businesses [FREEZER SHIPS, FLOATING COLD STORAGES, OR FLOATING
16 CANNERIES] outside of the taxing jurisdiction of the state computed as
17 required by AS 43.75.100 - 43.75.120, and other information to carry out
18 the provisions of AS 43.75.100 - 43.75.200 as may be prescribed by the
19 department. The return shall contain the license number and shall be
20 signed by the taxpayer or his authorized agent, under penalty of per-
21 jury. If a receiver, trustee, or assign is operating the property or
22 business, he shall make the return for the person. A tax due on the
23 basis of such return shall be collected in the same manner as if
24 collected from the person of whose business he has custody and control.
25 The requirements for time and place of payment of tax, and t! obliga-
26 tion to keep records and make the records available to the commissioner
27 of revenue are the same as those prescribed in AS 43.75.011 - 43.75.050
28 [THE BUSINESS LICENSE TAX LAW FOR SALMON CANNERIES].

29 * Sec. 10. AS 43.75.120 is amended to read:

1 Sec. 43.75.120. VIOLATIONS AND PENALTIES. (a) The liability to
2 file returns and pay interest and deficiency assessments, and the sub-
3 jection of property to liens is the same as prescribed in AS 43.75.011 -
4 43.75.050 [THE BUSINESS LICENSE TAX LAW FOR SALMON CANNERIES].

5 (b) A violation of AS 43.75.100 - 43.75.120 or the regulations
6 issued under AS 43.75.100 - 43.75.120 is a misdemeanor subject to
7 punishment as prescribed in AS 43.75.011 - 43.75.050 [THE BUSINESS
8 LICENSE TAX LAW FOR SALMON CANNERIES].

9 * Sec. 11. AS 43.75.010, 43.75.060, 43.75.070, 43.75.080, 43.75.090,
10 43.75.095, 43.75.130, and 43.75.135 are repealed.

11 * Sec. 12. TRANSITION. The tax paid for the 1978 calendar year shall be
12 shared in accordance with AS 43.75.130 and 43.75.135, as those sections read
13 before repeal by this Act. The tax paid for the 1979 calendar year and for
14 each succeeding calendar year shall be shared in accordance with AS 43.75.131
15 added by sec. 3 of this Act.

16 * Sec. 13. This Act is retroactive to January 1, 1979.

17 * Sec. 14. This Act takes effect immediately in accordance with AS 01.-
18 10.070(c).

Original sponsor: Kerttula

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS FOR SENATE BILL NO. 132 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to fisheries taxes; and providing for
7 an effective date."

8

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

9

* Section 1. FINDINGS. The legislature finds that the state has

10

(1) funded and implemented several fisheries-related development

11

programs;

12

(2) funded and implemented fishery loan programs;

13

(3) increased its fishery protection and management program;

14

(4) funded and implemented a limited entry program; and

15

(5) embarked on a program of encouraging the development of a

16

bottom fishing industry.

17

* Sec. 2. PURPOSE. The purposes of this Act are to

18

(1) insure that the state is able to continue its efforts toward

19

overall fisheries-related development programs by raising additional revenue
20 to pay for the programs;

21

(2) make the imposition of the fisheries tax more uniform among

22

fisheries businesses; and

23

(3) provide funding for the development of new fisheries.

24

* Sec. 3. AS 43.75 is amended by adding new sections to read:

25

Sec. 43.75.011. FISHERIES BUSINESS LICENSE. A person engaging or

26

attempting to engage in a fisheries business shall first apply for and

27

obtain a license as provided in AS 43.75.020.

28

Sec. 43.75.015. FISHERIES BUSINESS TAX. (a) A person engaged in

29

a fisheries business is liable for and shall pay a tax equal to six per

1 cent of the value of the fishery resource processed by his fisheries
2 business during the year.

3 (b) A person engaging or attempting to engage in a fisheries
4 business who actually and physically processes the fishery resource is
5 liable for and shall pay to the department the whole tax imposed by this
6 section. In determining this tax liability, the person may not deduct
7 from the value of the fishery resource processed the value of fishery
8 resources canned or processed for other fisheries businesses, but shall
9 include this as part of the value of the fishery resources canned or
0 processed.

1 Sec. 43.75.131. REFUND TO LOCAL GOVERNMENTS. (a) The department
2 shall pay to each borough, to each city of the first class, and to each
3 municipality unified under AS 29.68.240 - 29.68.440, an amount equal to
4 33 1/3 per cent of the amount of tax revenue collected in the municipal-
5 ity from taxes levied in this chapter. In the case of tax revenue
6 collected inside a city within a borough, the revenue to be shared shall
7 be divided equally between the city and the borough.

8 (b) One-half of the revenue shared with a borough or city of the
9 first class shall be used for docks or other fisheries-related develop-
0 ment programs and those expenditures must be certified and reported to
1 the department annually no later than January 30.

2 Sec. 43.75.136. PAYMENTS TO COMMERCIAL FISHING AND AGRICULTURE
3 BANK. The legislature may appropriate 33.1/3 per cent of the amount of
4 tax revenue levied under this chapter to the Commercial Fishing and
5 Agriculture Bank established in AS 44.54.010 until that bank is fully
6 capitalized as determined by the commissioner of commerce and economic
7 development based upon the estimated capital needs of the bank.

8 Sec. 43.75.140. DEFINITIONS. In this chapter

9 (1) "department" means the Department of Revenue;

1 (2) "fisheries business" means a person who engages in pro-
2 cessing fisheries resources for sale by freezing, cooking, salting, or
3 other method and includes but is not limited to canneries, cold stor-
4 ages, freezer ships, and processing plants;

5 (3) "fishery resource" means fin fish, shellfish and fish
6 by-products, including but not limited to salmon, halibut, herring,
7 crab, clam, cod, shrimp, and pollock;

8 (4) "value" means the actual price paid for the fisheries
9 resource by the fisheries business including indirect consideration such
10 as fuel, supplies, or gear, except that "value" means the market value
11 of the fishery resource if procured in company-owned or subsidized boats
12 operated by employees of the fisheries business or under lease or other
13 arrangement.

14 * Sec. 4. AS 43.75.100 is repealed and re-enacted to read:

15 Sec. 43.75.100. TAX IMPOSED ON TAKING OF FISHERY RESOURCE. A
16 person taking, purchasing, or otherwise acquiring a fishery resource
17 covered by this chapter which has not been subject to the tax imposed in
18 AS 43.75.015 who sells the fishery resource to a fisheries business
19 outside the taxing jurisdiction of the state is subject to the tax set
20 out in AS 43.75.015 on the value of the fishery resource sold.

21 * Sec. 5. AS 43.75.030(a) is amended to read:

22 (a) A person subject to the tax shall file a return stating the
23 value of [RAW] fisheries resources [PRODUCTS] processed during the
24 license year, computed as required by [AS 43.75.010 - 43.75.050 OF] this
25 chapter, and such other information as the department prescribes by
26 regulation. The return shall show the license number and shall be
27 signed by the taxpayer or his authorized agent, under penalty of per-
28 jury. If a receiver, trustee, or assign is operating the property or
29 business, he shall file the return for the person. A tax due on the

1 basis of such a return shall be collected in the same manner as if
2 collected from the person of whose business he has custody and control.

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4 respect to description, location and value of the property which the
5 department prescribes. If the lienable value of the property is not
6 equal to three times the amount of the tax for which the applicant will
7 probably be liable under this section, the department may not issue the
8 license until the applicant files with the department a surety bond
9 approved by the attorney general in a penal sum equal to twice the

1 probable amount of the tax for which the applicant will be liable,
2 conditioned upon payment of the tax in full when due, with interest if
3 not paid before delinquency. However, if the applicant purchases salmon
4 for export from Alaska in the round, the amount of the bond is \$50,000
5 unless the applicant is the owner of licensable real property in the state
6 of a value of at least \$50,000, and the bond must be conditioned upon
7 payment to the fisherman of the full purchase price for the salmon and
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