

LEGISLATIVE FINANCE-HOUSE / SENATE FINANCE COMM. FILES 8879

SB 74 cont., SB 75 1990 605 196

### **Credits Taken**

While reported expenditures totaled \$83 million during the 1986-1988 period, only about \$23 million in actual credits were applied. Credits are limited to 50% of a firm's tax liability and to 50% of qualified expenditures. Generally, the credits taken by most major firms are limited by their tax liability and not by the size of their qualified expenditures. Qualified expenditures made in 1986-1988 generated potential credits of \$42 million, nearly twice as large as the amount actually applied. The credit carry forward is about \$19 million. See Table 5.

The Department of Revenue has preapproved expenditures in 1989 of \$92 million. Total theoretical credits potentially equal \$88 million (half of the 1989 preapproved amount plus the amount carried forward and the amount already claimed). However, based on past experience, qualified expenditures actually reported on tax returns will be about 65% of the amount preapproved (\$60 million), generating an estimated credit of \$30 million. Adding the 1989 estimated credit and the 1987 - 1988 carryover (\$19 million) gives a more probable maximum estimated credit outstanding of \$50 million. See Table 6.

### **Anticipated Total Revenue Impacts**

Investments in facilities and equipment placed in service during 1989 may be used to qualify for credit through 1991. However, credits actually applied will probably peak in 1988, with the smallest amounts taken in 1987 and 1991. The price and volume of fish and shellfish and thus tax receipts (and credits) are expected to be less in 1989 and 1990 than in 1988. By 1991 most firms with credits to carry forward will have exhausted their 3 year window. The overall credits actually applied during the life of the tax credit program are expected to total between \$48 and \$55 million, about 60% of the total credits potentially available (\$87 million).

### **Plant Ownership**

In order to show how the benefits of the tax credit program are distributed, an attempt was made to compare expenditures and credits applied according to the following ownership categories: U.S., Foreign and Alaska. There is no practical way to "officially" determine plant ownership and even arriving at consistent, meaningful definitions is difficult. However, ownership of most major facilities is common industry knowledge and it was felt that it would be more useful to do an imperfect comparison than to avoid the issue. Knowledgeable individuals, news reports and other sources were consulted to help arrive at the ownership designations used.

Firms are designated Alaskan owned if the president or general manager resides in the state, if it is owned by a resident corporation, or if it is generally thought of as a locally owned facility. There are instances where a firm may have begun operations in the state, has a significant proportion of resident stockholders and a substantial part of their management staff are residents, but for business

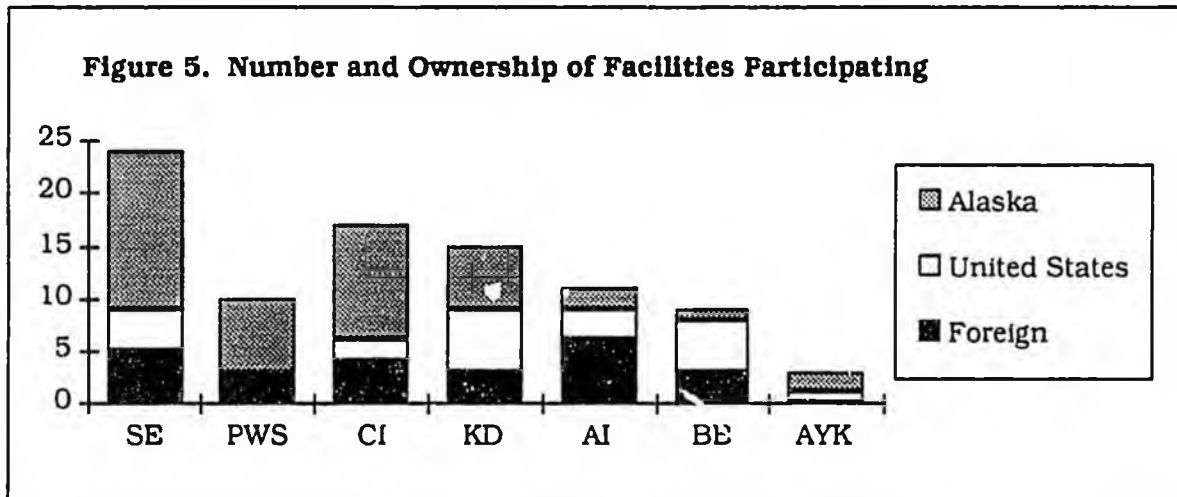
reasons the firm elected to move their corporate offices outside the state. Such firms are also termed Alaskan.

Firms are designated U.S. owned if they are known to be owned by outside corporations, if they have never had their headquarters in the state, if there are no known significant resident stockholders and if most management staff have their homes outside the state.

Firms are termed foreign owned if reports indicate that all or nearly all the company is held by foreign nationals or foreign corporations. In practice, foreign owners tend to have full ownership control of the firms in which they are heavily invested. Those firms classified as foreign in this paper are all thought to have 90% or more foreign ownership.

Of the 89 facilities where expenditures have or will be made under the tax credit program, on the order of 44 are owned by Alaska residents or Alaska-based corporations, 24 by foreign entities, and 21 by U.S. citizens or corporations headquartered outside of the state. See Table 6.

Forty-one percent of the credits actually applied through 1988 were taken by Alaskan firms, 29% by US firms, and 31% by foreign firms. Based on the tax liabilities of the companies involved, the 1989 approved expenditures and the amount of credits carried over from prior years, this ratio is not expected to change appreciably in the future.



### Concentration of Major Investments

Through 1988, 14 firms had made investments of more than \$1 million at 18 plants. These large investments amounted to \$65 million or about 77% of all investments made during the period. As a result of these investments, credits totaling \$18.2 million were actually applied. This amount represented 79% of all credits taken during the period. See Table 7.

Adding 65% of 1989 preapproved expenditures to those reported through 1988 gives an estimate of total expenditures through the life of the credit program. Through 1989, 22 firms will likely have made investments of more than \$1 million at each of 28 plants. This category of large investments will total about \$128 million or 89% of the total estimated expenditures of all participating firms.

Total expenditures by company for the life of the tax credit program are estimated below:

**Table 7. Company Expenditures by Size**

<u>Expenditures</u>	<u>Number of firms</u>	<u>\$Invested</u>	<u>% of Total</u>
Over \$1 million	22	\$128 million	89%
over \$2 million	12	\$114 million	79%
over \$5 million	8	\$99 million	69%
over \$10 million	5	\$75 million	52%
over \$15 million	2	\$43 million	30%
over \$20 million	1	\$26 million	17%

### Areas

Area designations used in this paper are:

- SE: Southeast, includes Yakutat
- PWS: Prince William Sound, includes Seward
- CI: Kodiak, includes Chignik
- AI: Aleutian Islands, includes Sand Point, King Cove
- BB: Bristol Bay, includes Port Moller, Togiak
- AYK: Arctic, Yukon, Kuskokwim - includes points north of Togiak and interior rivers.

## PRESS RELEASE

Department of Revenue  
March 29, 1990  
Contact: Steve Kettel  
(907) 465-2320

RECEIVED MAR 29 1990

### ALASKA'S FISH TAX CREDIT PROGRAM MOSTLY BENEFITS OUTSIDE CORPORATIONS

Almost 90 percent of the benefits of Alaska's fish tax credits go to large Lower 48-based firms who employ mostly non-residents. The Alaska Department of Revenue estimates that the State will lose an estimated \$15 million in revenue this year in credits to fish processors. More than 70 percent of the total credits taken went to 12 firms, 10 of which were based outside the State.

Department of Labor figures for 1988 indicate that the workforces of these 10 Outside firms, which total approximately 10,200 employees, average 59 percent non-residents. The non-resident employment percentages for these firms ranged from a low of 15 percent to a high of 80 percent.

In 1987, the legislature enacted a law allowing fish processors to claim a credit of up to 50 percent of their liability on the raw fish taxes. Processors claim credits based on the amount of capital expenditures they make to improve production or product quality. Fish processors may carry forward unused credits and apply the credits against its tax liabilities for the next two years.

The amount of loss from this tax break has been increasing each year. The potential amount of fish tax credits increases every year as construction and capital improvements are completed, and businesses accumulate unused credits from prior years to apply against subsequent years' tax liabilities.

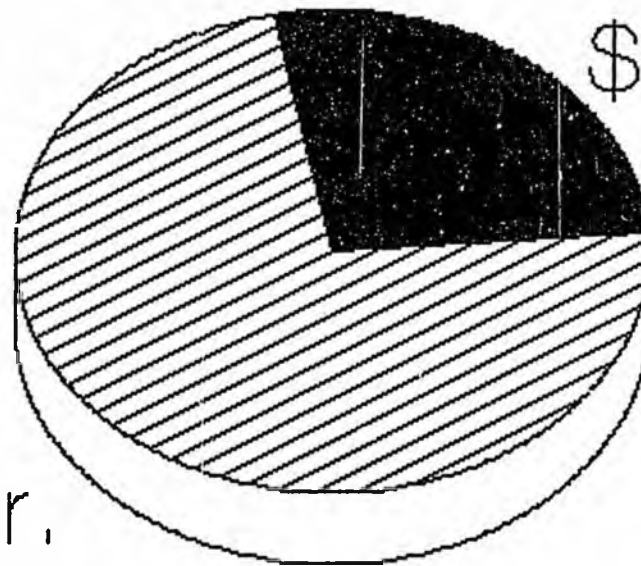
Since the program began in 1987, state revenues have been reduced by \$21.7 million because of the credits claimed by fish processors. This year's fish tax loss is expected to be \$15 million as a result of the tax credit program.

Lower 48-based firms are those with principal offices located outside the state or owned by more than 50 percent non-residents.

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# Fish Taxes FY 1989

Gen. Fund  
\$11,037,670

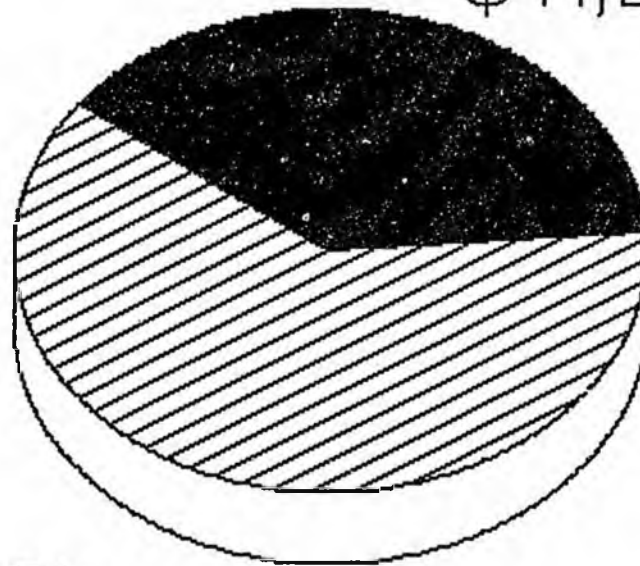


Ord. & Shr.  
\$30,366,560

PREPARED BY  
INCOME & EXCISE AUDIT DIV  
4-6-90

# Fish Taxes FY 1988

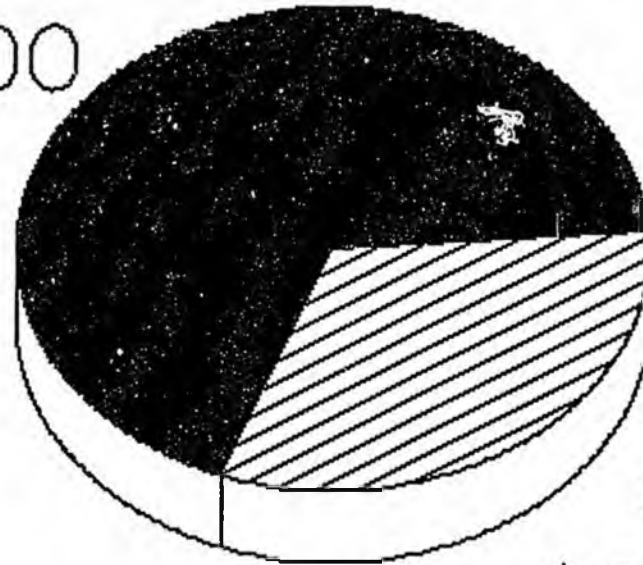
Gen. Fund  
\$11,214,360



Ord. & Shr.  
\$18,176,020

# Fish Taxes FY 1987

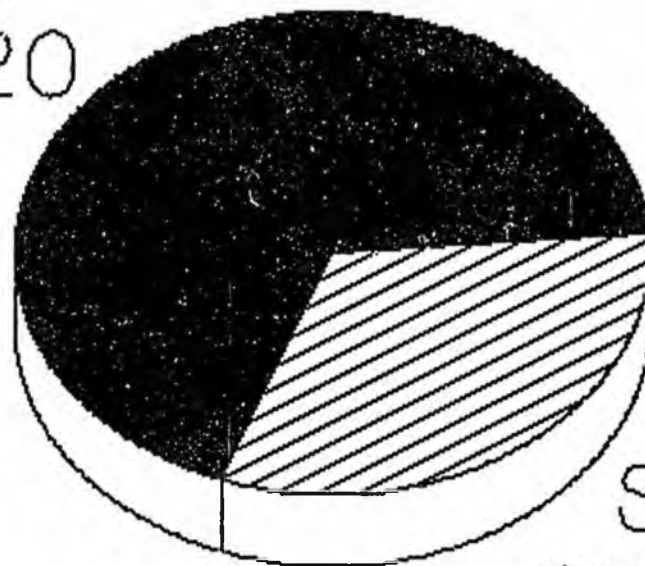
Gen. Fund  
\$18,348,500



Shared  
\$8,676,554

# Fish Taxes FY 1986

Gen. Fund  
\$14,348,020



Shared  
\$6,781,110



SENATOR FRED F. ZHAROFF  
ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 485-3473 • 485-3474 • 485-3844 (Labor and Commerce Committee)

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: Senator Rick Uehling  
Co-Chairman  
Senate Finance Committee

FROM: Senator Fred F. Zharoff

DATE: March 16, 1990

RE: CS For Senate Bill 74 - "An Act amending and extending the fisheries business tax credit; relating to fisheries business tax refunds to municipalities; and providing for an effective date."

I respectfully request that CSSB 74 be scheduled for hearing before the Senate Finance Committee at the committee's earliest convenience.

CSSB 74 extends the existing Fisheries Business Tax Credit program an additional two years. If passed, SB 74 would allow fisheries businesses to have the benefit of the program for a five year period, rather than the three years now provided by law. The bill also extends the period during which seafood processors may apply for the bill from 1989 to 1991.

The tax credit acts as an incentive for increased investment in Alaska's shorebased seafood processing facilities. It allows processors to use up to fifty percent of their annual business tax liability for capital expenditures that "increase product diversity, or production efficiency and capacity, or improve product quality". The spinoff effects from this credit include:

- Economic development in Alaskan coastal communities.
- Greater employment opportunities.
- More markets for Alaskan commercial fishermen.
- A more stable Alaska seafood industry.

The program is particularly crucial at this time due to increased Alaskan involvement in the fledgling bottomfish industry and the threat the state faces from the Seattle-based factory trawler fleet. Alaska must do all it can to encourage and support shorebased processors.

CSSB 74 also makes the following changes to the tax credit statute:

-- It clarifies that fisheries businesses may make capital expenditures each year in which they are eligible to claim tax credits.

-- It adds a new category of eligible capital expenditures under which seafood processors can receive credits for fisheries-related municipal improvement projects. This will help coastal communities keep up with seafood processor demands for additional municipal services and facilities.

-- It corrects an contradiction in the current statute pertaining to municipal participation in the tax credit. The present law allows municipalities to offer their own tax credit to processors in the amount of up to half the shared fish tax revenue they receive from the state. However, the law only allows processors to claim tax credits of up to a maximum of 50 percent of their business tax liability, effectively blocking a municipal contribution. The bill raises the cap to 75 percent to accommodate both state and municipal tax credits.

The following backup information is attached:

1. Sectional analysis.
2. Department of Revenue fiscal note and position paper.
3. Department of Revenue annual report about the Fisheries Business Tax Credit program.
4. Resolution passed by the Southwest Alaska Municipal Conference.
5. Alaska Municipal League position paper. The AML's suggested amendment was incorporated into the Resources CS.
6. Excerpt from the Alaska Municipal League 1990 Policy Statement.
7. Letter from Mr. John Lotzgesell, treasurer for Kodiak Salmon Packers, Inc.
8. Letter from Mr. Larry Cambronero, vice president for Chugach Fisheries, Inc.
9. Letter from T.K. Beeston, president of Nelbro Packing Company.
10. Summary of results from Fisheries Business Tax Credit Survey.

Memo to the Senate Finance Committee - page 3

11. Senate Advisory Council research report on the Fisheries Business Tax Credit program.
12. Fisheries Business Tax Credit statutes.
13. Fisheries Business Tax Credit regulations.



# SENATOR FRED F. ZHAROFF

## ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 485-3473 • 485-3474 • 485-3844 (Labor and Commerce Committee)

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMASIN ISLANDS

1

### SECTIONAL ANALYSIS

#### CS FOR SENATE BILL NO. 74 (Resources)

"An Act amending and extending the fisheries business tax credit; relating to fisheries business tax refunds to municipalities; and providing for an effective date."

#### SECTION 1

Amends 43.75.032(a) to allow a fisheries business to claim a fisheries tax credit for a maximum of five consecutive years, rather than the three consecutive years allowed by present law. Extends the period during which a processor may begin the credit from 1989 to 1991. Also clarifies that a fisheries business may make a qualifying capital expenditure each year it claims the credit.

Adds new paragraph (3) which allows processors to receive tax credits for their participation in fisheries-related municipal improvement projects. This will help municipalities secure funds for municipal capital expenditures related to or needed because of fisheries development.

#### SECTION 2

Changes existing language to be consistent with amendment in Section 1, and deletes reference to three year tax credit period and replaces it with reference to a five year period.

#### SECTION 3

Deletes reference to three year tax credit period and replaces it with reference to five year period.

#### SECTION 4

Changes language to be consistent with amendment in Section 1.

#### SECTION 5

The current law only allows a taxpayer to claim tax credits for up to 50 percent of their business tax liability. This section raises the cap to 75 percent in

order to allow municipalities, if they so wish, to also participate in the tax credit. The 50 percent tax liability cap will remain in effect for processors who do not receive a municipal tax credit.

SECTION 6

Allows a municipality to offer a tax credit for not more than five years, rather than the three years now allowed in present law.

SECTION 7

Changes the repeal dates in the current law to reflect a five year credit rather than a three year credit.

SECTION 8

Changes a repeal date in the current law to reflect a five year credit rather than a three year credit.

SECTION 9

Changes an effective date in the current law to reflect a five year credit rather than a three year credit.

SECTION 10

APPLICABILITY TO EXISTING CREDITS.

Allows municipalities to extend any tax credits they may have already offered from three years to five years.

SECTION 11

Retroactive clause. Makes the five year tax credit retroactive to the start of the program, Jan. 1, 1987. This is necessary to allow for the continuation of the present program.

SECTION 12

Immediate effective date.



## SENATOR FRED F. ZHAROFF

ALASKA STATE LEGISLATURE

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### MEMORANDUM

TO: Steve Kettel  
Director - Income and Excise Tax Division  
Department of Revenue

FROM: Karl Ohls *Karl Ohls*  
Office of Senator Zharoff

DATE: Feb. 15, 1990

RE: Senate Bill 74 - Fish Tax Credit extension

This memo is a followup to the Senate Resources Committee meeting on Feb. 5. At the meeting, Resources Committee members expressed interest in seeing a number of different versions of the bill and a fiscal analysis for each one.

I now have the drafts of the various versions of SB 74 that the committee members wish to review. On behalf of the Senate Resources Committee, I wish to request a fiscal analysis and/or note for each one, and for the current version. I have labeled the drafts A, B, C, D and E.

A. is the extension of the present program with the two amendments. One clarifies that a capital expenditure can be made each year the credit is taken. The other adds fisheries-related municipal projects to the list of projects for which a credit can be claimed.

B. is the extension of the present program with the amendment clarifying when a capital expenditure can be claimed.

C. establishes a new three-year Fisheries Business Tax Credit program, allowing the current one to expire. It includes the amendments clarifying when the capital expenditure can be made and allowing credits for fisheries-related municipal projects.

D. establishes a new three-year tax credit program, allowing the current one to expire. It includes the amendment clarifying that capital expenditures can be made each year the credit is taken.

E. establishes a new five-year tax credit program, with substantially the same provisions as the current one. It does not clarify when capital expenditures can be made and does not allow credits for municipal projects.

Also attached is a copy of the unamended version of SB 74.

My recollection -- and that of the other staff people present -- is that the committee was interested in finding out the fiscal implications of the amendments and the various versions of SB 74, and if there were any substantial differences between them.

cc: Nancy Peterson  
Senate Resource Committee staff

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

3  
STEVE COWPER, GOVERNOR

P.O. BOX 3  
JUNEAU, ALASKA 99811-0400  
PHONE: (907) 465-2300  
TELEFAX: (907) 465-2389

January 22, 1990

The Honorable Tim Kelly  
President of the Senate  
P.O. Box V  
Juneau, AK 99811

Dear Mr. President:

In accordance with AS 43.75.034, the Department of Revenue respectfully submits the following annual report on the Alaska fisheries business tax credit program.

In 1986, the Alaska Legislature enacted AS 43.75.032 to provide a fisheries business tax credit to businesses for expenditures that increase product diversity, or production efficiency and capacity, or improve product quality, at a shore-based fisheries business facility in the state, or contribute to the development of a cooperative seafood industrial park in the state. The program allows fisheries businesses to reduce their tax liability by up to 50% for a maximum period of three consecutive years.

Although this statute sunsets December 31, 1991, only those expenditures incurred through 1989 are eligible for this tax credit program. Fisheries businesses may claim unused credits on returns through tax year 1991.

Tax credits may not be approved for more than 50% of eligible capital expenditures. However, AS 43.75.032 provides that an additional 25% of the expenditures may be used as credits for expenditures made in municipalities which adopt an ordinance directing the Department of Revenue to reduce the amount of its shared tax revenues by the additional expenditures taken as credits.

To date, the following municipalities have adopted such ordinances: Anchorage, Pelican, Seward and Valdez. In any case, a taxpayer's credit may not exceed 50% of its tax liability.

The Department of Revenue adopted an emergency regulation effective December 22, 1989 recognizing that there were circumstances in which taxpayers were unable to place its plant construction or improvements in service by the December 31, 1989 deadline. The regulation, 15 AAC 75.085, allows for fisheries businesses to claim tax credits for those expenditures incurred through December 31, 1989 as long as the plant or improvements are placed in service by December 31, 1990.

The Honorable Tim Kelly  
January 22, 1990  
Page 2

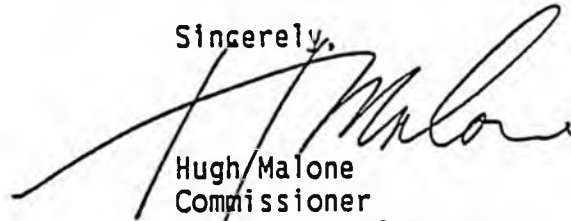
The attached spreadsheets provide details of the estimated expenditures approved for tax credits in 1989 and the actual credits taken for tax years 1988 and 1987. Total expenditures approved for the 1989 tax year were \$66,732,463. Actual credits taken against 1988 taxes which directly reduced fiscal year 1989 revenues totaled \$14,666,914. The total amount of potential credits to date which may be applied against 1989, 1990 and 1991 tax returns totals \$61,125,995.

Expenditures were made for the following types of equipment and facilities:

- Plant modifications and facility upgrades
- Baader filleting skinning machines
- Ice houses and refrigeration equipment
- New and replacement of various pumps and cannery equipment
- Bottomfish and surimi processing equipment
- Forklifts, loaders, cranes, booms, etc.

To date no business has sought approval of a credit for construction of an industrial park.

Sincerely,



Hugh Malone  
Commissioner  
Department of Revenue

HM:SK:ped  
Enclosures  
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# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 8  
JUNEAU, ALASKA 99811-0400  
PHONE: (907) 465-2300  
TELEFAX: (907) 465-2389

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The Honorable Sam Cotten  
Speaker of the House  
P.O. Box V  
Juneau, AK 99811

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The Honorable Sam Cotten  
January 22, 1990  
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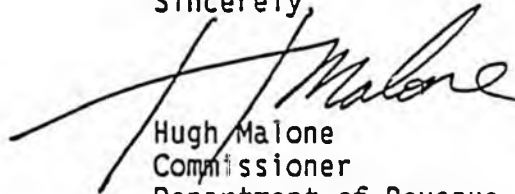
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Sincerely,



Hugh Malone  
Commissioner  
Department of Revenue

HM:SK:ped  
Enclosures  
90-5  
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Alaska Department of Revenue  
1987 FISHERIES BUSINESS TAX CREDIT DATA  
 For the Calendar Year 1987

<u>LOCATION OF FACILITY</u>	<u>EXPENDITURES APPROVED</u>	<u>ACTUAL 1987 EXPENDITURES</u>	<u>TAX CREDIT CLAIMED</u>
Akutan	\$13,888,000.00	\$ 116,062.36	\$ 58,031.18
Alitak	120,000.00	196,732.00	139,756.02
Chignik	351,500.00	290,021.00	145,010.50
Cordova	2,299,402.00	2,220,290.63	636,193.40
Craig	385,000.00	493,871.16	95,657.16
Ekuk	435,645.00	608,203.00	91,914.30
Excursion Inlet	282,237.00	687,135.00	85,472.55
*Haines	0.00	0.00	57,841.17
*Homer	0.00	0.00	323,270.91
Hoonah	195,515.00	349,428.62	47,265.70
Juneau	4,500.00	5,762.96	2,881.48
Kasilof	190,000.00	190,000.00	25,527.02
Kenai	1,403,292.00	1,160,302.42	565,854.67
Ketchikan	2,663,257.00	1,553,896.00	172,505.78
King Cove	2,500,000.00	0.00	0.00
Kodiak	11,276,266.05	8,578,273.69	1,800,820.57
Naknek	533,205.00	486,496.71	397,803.97
Petersburg	3,183,347.00	3,077,003.41	531,474.91
Port Bailey	364,653.00	45,901.00	57,713.88
Seward	618,087.00	618,087.00	423,094.87
Sitka	650,674.00	550,705.49	280,089.09
Togiak	139,395.00	69,697.50	40,970.40
Unalaska	13,362,294.00	17,326,912.00	330,748.40
Valdez	475,000.00	269,273.34	93,392.50
Wrangell	197,000.00	156,894.00	41,512.50
Yakutat	1,224,435.00	490,770.53	149,801.71
**Alaskan Waters	N/A	N/A	441,182.04
TOTALS	<u>\$56,712,704.05</u>	<u>\$39,541,746.82</u>	<u>\$7,035,786.68</u>

\* Fisheries tax credits may be applied against a taxpayer's entire liability. In some cases, taxpayers operate in more than one location and apply credits against tax liabilities attributable to locations where expenditures were not incurred.

\*\* In some cases, taxpayers own floating processors as well as shore-based facilities and apply credits against tax liabilities attributable to the floating processors.

Alaska Department of Revenue  
1988 FISHERIES BUSINESS TAX CREDIT DATA  
 For the Calendar Year 1988

<u>LOCATION OF FACILITY</u>	<u>EXPENDITURES APPROVED</u>	<u>ACTUAL 1988 EXPENDITURES</u>	<u>TAX CREDIT CLAIMED</u>
Akutan	\$ 403,000.00	\$ 5,079,940.37	\$ 2,381,638.44
Anchorage	811,600.00	475,280.94	230,323.00
Bethel	51,000.00	51,000.00	19,006.54
Chignik	860,405.44	764,746.44	356,733.23
Cordova	2,797,604.00	2,862,781.99	1,002,366.81
*Craig	0.00	0.00	65,216.68
Dutch Harbor	450,000.00	450,000.00	56,111.37
Egegik	110,500.00	103,152.00	44,910.36
Fkuk	1,836,997.00	2,168,997.00	92,589.34
Excursion Inlet	44,500.00	23,326.00	131,304.30
Gustavus	65,050.00	72,100.00	5,079.58
Haines	39,000.00	39,000.00	99,905.94
Homer	239,300.00	160,063.14	304,810.13
*Hoonah	0.00	0.00	59,649.40
Juneau	630,220.00	211,342.61	41,711.06
Kasilof	2,031,073.77	2,035,388.00	403,204.00
Kenai	4,917,507.06	1,987,285.95	893,163.56
Ketchikan	815,105.00	179,593.00	307,381.29
King Cove	0.00	2,800,000.00	815,984.52
Kodiak	9,591,291.49	8,048,590.53	2,215,428.67
Kodiak Island	592,000.00	494,110.00	451,778.00
Larsen Bay	218,800.00	228,376.00	114,188.00
Naknek	3,817,963.00	2,331,401.88	763,306.41
Nikiski	493,951.49	300,732.50	147,926.44
North Pole	57,140.00	56,231.79	2,431.86
Pelican	59,100.00	47,581.87	30,928.23
Petersburg	2,014,950.00	1,678,096.67	591,451.70
Port Graham	124,623.00	186,974.95	97,193.00
Seward	4,468,472.00	1,622,741.71	329,948.88
Sitka	332,874.00	514,428.86	367,434.67
Togiak	163,000.00	187,841.00	77,457.15
Unalaska	17,105,213.00	605,213.00	355,474.49
Valdez	11,759,500.00	6,057,195.37	939,890.65
Wrangell	117,000.00	81,007.95	57,766.30
Yakutat	1,026,850.53	936,060.93	203,753.96
**Alaskan Waters	0.00	0.00	609,466.12
 TOTAL	 <u>\$68,045,590.78</u>	 <u>\$42,840,582.45</u>	 <u>\$14,666,914.08</u>

\* Fisheries tax credits may be applied against a taxpayer's entire liability. In some cases, taxpayers operate in more than one location and apply credits against tax liabilities attributable to locations where expenditures were not incurred.

\*\* In some cases, taxpayers own floating processors as well as shore-based facilities and apply credits against tax liabilities attributable to the floating processors.

Alaska Department of Revenue  
SCHEDULE OF 1989 APPROVED EXPENDITURES  
 For the Calendar Year 1989

<u>LOCATION OF FACILITY</u>	<u>EXPENDITURES APPROVED</u>
Akutan	\$ 727,000.00
Alitak	840,560.00
Anchorage	1,853,162.00
Bethel	1,065,000.00
Bristol Bay	70,800.00
Chignik	315,000.00
Cordova	2,858,958.00
Dillingham	115,311.00
Dutch Harbor	28,792,000.00
Egegik	196,468.00
Ekuk	174,300.00
Excursion Inlet	1,004,300.00
Gustavus	4,000.00
Haines	130,000.00
Juneau	175,000.00
Kasilof	156,500.00
Kenai	2,806,625.00
Ketchikan	3,009,200.00
King Cove	600,000.00
Kodiak	6,237,204.40
Naknek	1,607,398.00
Nikiski	500,000.00
North Pole	107,808.00
Pelican	52,805.00
Petersburg	3,130,000.00
Port Bailey	463,050.00
Sand Point	1,400,000.00
Seldovia	315,300.00
Seward	2,994,200.00
Sitka	403,240.00
St. Paul Island	3,081,000.00
Togiak	516,500.00
Uganik Bay	370,574.00
Unalaska	14,000.00
Valdez	97,000.00
Wrangell	298,000.00
Yakutat	<u>250,200.00</u>
 TOTAL	 <u>\$66,732,463.40</u>

Since calendar year 1989 returns are not due until March 31, 1990, data for actual expenditures and credits claimed are not available as of the time of this report.

Alaska Department of Revenue  
SCHEDULE OF POTENTIAL CREDITS  
 For the Calendar Year 1988

LOCATION OF FACILITY	ACTUAL CREDIT CARRYFORWARD (1)	PREVIOUS POTENTIAL CREDITS (2)	1989 POTENTIAL CREDITS (3)	TOTAL POTENTIAL CREDITS (4)
Akutan	\$ 158,331.75	\$ 0.00	\$ 363,500.00	\$ 521,831.75
Alitak	0.00	0.00	420,280.00	420,280.00
Anchorage	27,317.47	0.00	926,581.00	953,898.47
Bethel	6,493.46	0.00	532,500.00	538,993.46
Bristol Bay	0.00	0.00	35,400.00	35,400.00
Chignik	70,467.25	0.00	157,500.00	227,967.25
Cordova	297,519.24	0.00	1,429,479.00	1,726,998.24
*Cordova/Port Graham/Uganik	573,492.96	0.00	0.00	573,492.96
Dillingham	0.00	0.00	57,655.50	57,655.50
Dutch Harbor	452,570.41	0.00	14,396,000.00	14,848,570.41
Egegik	6,665.64	0.00	98,234.00	104,899.64
Ekuk	0.00	0.00	87,150.00	87,150.00
Excursion Inlet	0.00	0.00	502,150.00	502,150.00
Gustavus	30,970.42	0.00	2,000.00	32,970.42
Haines	6,461.85	0.00	65,000.00	71,461.85
Hoonah	67,799.21	0.00	0.00	67,799.21
Juneau	63,960.25	0.00	87,500.00	151,460.25
Kasilof	683,962.98	0.00	78,250.00	762,212.98
Kenai	252,994.92	0.00	1,403,312.50	1,656,307.42
Ketchikan	212,730.93	0.00	1,504,600.00	1,717,330.93
King Cove	0.00	0.00	300,000.00	300,000.00
Kodiak	4,110,270.80	0.00	3,118,602.20	7,228,873.00
Naknek	216,574.41	0.00	803,699.00	1,020,273.41
Nikiski	2,439.81	0.00	250,000.00	252,439.81
North Pole	25,684.04	0.00	53,904.00	79,588.04
Pelican	0.00	0.00	26,402.50	26,402.50
Petersburg	30,129.35	199,500.00	1,565,000.00	1,794,629.35
*Petersburg/Bristol Bay	231,303.25	0.00	0.00	231,303.25
Port Baily	0.00	0.00	231,525.00	231,525.00
Sand Point	0.00	0.00	700,000.00	700,000.00
Seldovia	0.00	0.00	157,650.00	157,650.00
Seward	84,903.50	0.00	1,497,100.00	1,582,003.50
Sitka	0.00	0.00	201,620.00	201,620.00
*Sitka/Yakutat	244,903.48	0.00	0.00	244,903.48
St. Paul Island	0.00	0.00	1,540,500.00	1,540,500.00
Togiak	16,463.35	0.00	258,250.00	274,713.35
Uganik Bay	0.00	0.00	185,287.00	185,287.00
Unalaska	8,103,295.83	8,250,000.00	7,000.00	16,360,295.83
Valdez	2,728,265.52	0.00	48,500.00	2,776,765.52
Wrangell	19,672.17	0.00	149,000.00	168,672.17
Yakutat	0.00	0.00	125,100.00	125,100.00
*Multiple Locations	584,618.88	0.00	0.00	584,618.88
<b>TOTALS</b>	<b>\$ 519,310,242.12</b>	<b>\$ 8,250,000.00</b>	<b>\$ 377,346,271.72</b>	<b>\$ 611,125,004.83</b>

(See footnotes and the following page)

Alaska Department of Revenue  
SCHEDULE OF POTENTIAL CREDITS  
For the Calendar Year 1988

Footnotes to Schedule of Potential Credits

\* Amounts for fisheries businesses which operate in more than one location and may apply credits for expenditures made in one location against liabilities incurred in other locations.

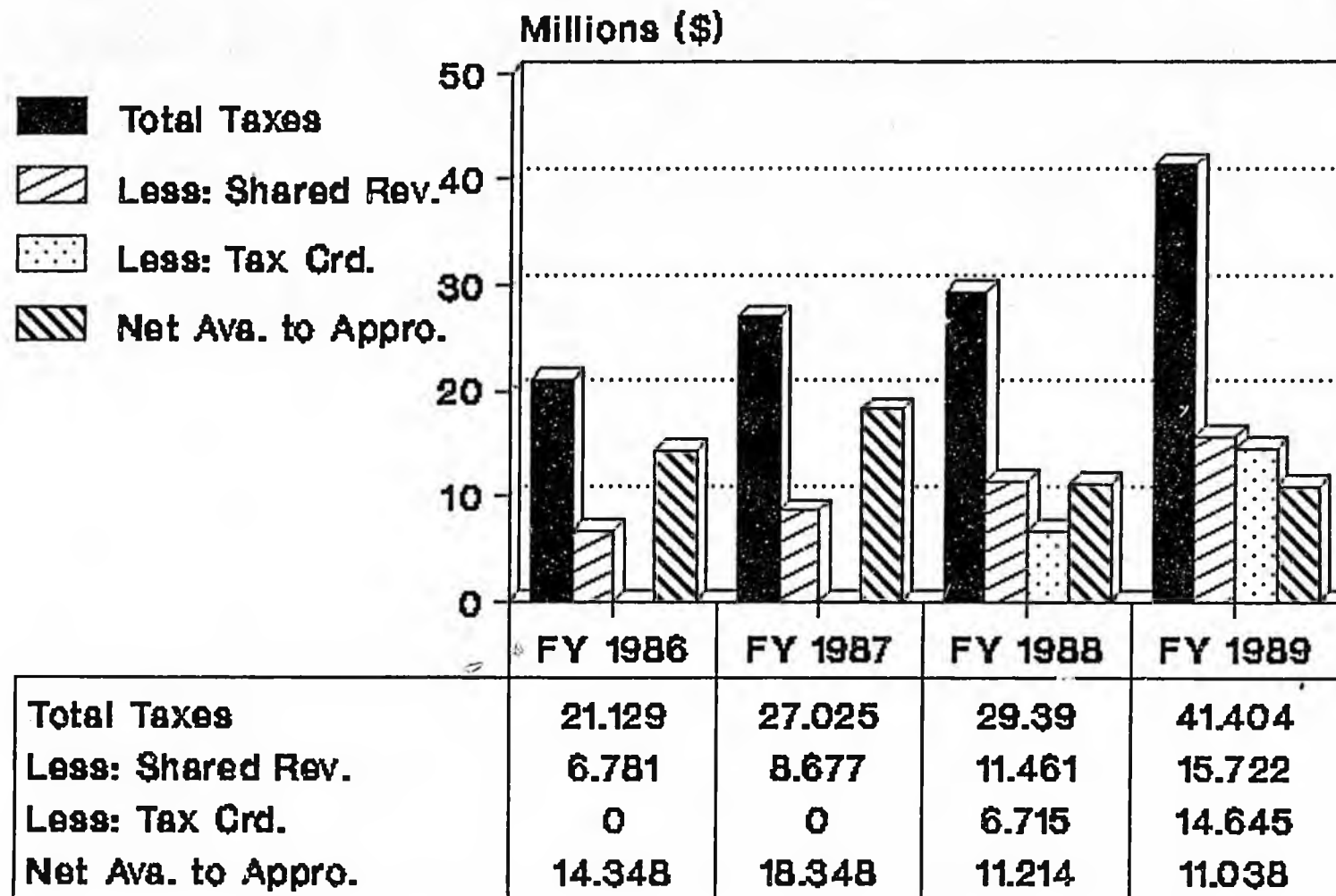
(1) Amounts from 1988 returns which are available to be carried forward to subsequent tax years.

(2) Amounts approved prior to 1989, but have not been applied against tax liabilities because the plant or improvements were not placed in service as of December 31, 1988. These amounts are expected to be claimed against 1989 tax liabilities.

(3) Amounts which represent 50% of approved expenditures in 1989 which may be applied against liabilities beginning with tax year 1989.

(4) Total of amounts to be carried forward (1) and potential credits (2) and (3).

## Fisheries Business Tax Program Fish Tax Credit Impact on G.F. Revenues



15 AAC 75 is amended by adding a new section to read:

15 AAC 75.085. EXCEPTION TO PLACED IN SERVICE RULE. (a) A fisheries business is entitled to a credit for those expenditures actually made through December 31, 1989 and approved by the department for improvements made to depreciable property or for new plant construction, even though improvements or construction were not completed and the facility was not placed in service as of December 31, 1989 if the following conditions are met:

(1) the expenditures for the construction of new plant or plant improvements were substantially made on or before December 31, 1989;

(2) facts and circumstances beyond the control of the fisheries business taking the credit delayed or postponed the placing in service of the facility or improvements beyond December 31, 1989;

(3) completion of the improvements or construction, and placement of the improvements or facility into useful service are made prior to December 31, 1990; and,

(4) the fisheries business applies for and receives a waiver from the department as provided in this section from the placed in service rule as provided by 15 AAC 75.080.

(b) On or before the due date of its 1989 fisheries business tax return, a fisheries business shall apply in writing to the department for a waiver from the placed in service rule and provide the following information:

(1) the status of the construction and verification that construction of the facility was substantially complete as of December 31, 1989;

(2) the current status of the construction as of the time of applying for the waiver; and,

(3) a complete explanation of those facts and circumstances that delayed or postponed completion of the construction beyond December 31, 1989.

(c) A fisheries business is not entitled to a tax credit for expenditures made prior to December 31, 1989 if it fails to obtain a waiver from the placed in service rule

(1) prior to claiming credit for those expenditures on its fisheries business tax return; or,

(2) before the due date of the return, whichever is earlier.

(d) For purposes of this section, substantially complete means that more than 50% of the total expenditures for approved improvements or new plant construction were made by December 31, 1989.

(e) Credit is limited in all cases to those expenditures actually made prior to January 1, 1990. (Eff. 12/22/89, Register 113)

Authority: AS 43.05.080  
AS 13.75.032

Expires April 30 1990,  
unless made "permanent"  
by the adopting agency.



# Southwest Alaska Municipal Conference

*Putting Resources to Work For People*

1007 West 3rd Avenue, Suite 201 • Anchorage, Alaska 99501 • (907) 274-7555

RECEIVED JAN 30 1993 (4)

## RESOLUTION NO. 88-27

A RESOLUTION OF THE SWAMC REQUESTING THE AMENDMENT AND EXTENSION OF AS 43.75.032 WHICH AUTHORIZES STATE FISHERIES BUSINESS TAX CREDITS TO FISH PROCESSORS.

WHEREAS, AS 43.75.032 enables an onshore fish processor to receive a State Fisheries Business Tax Credit for capital improvements to the fish processing plant, and

WHEREAS, this credit has assisted many onshore fish processors in Southwest Alaska to upgrade and expand processing facilities, which has assisted long-term economic development of the region and the State; and

WHEREAS, the initial legislation authorized the tax credits for only a three year period and expires on January 1, 1992; and

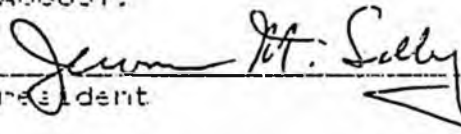
WHEREAS, legislation was introduced in 1988 to extend the credit to a five year period and the expiration date an additional 2 years, but this legislation was not adopted; and

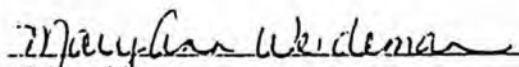
WHEREAS, the municipalities in Southwest Alaska believe the tax credit program has resulted in economic development in their community and that extending the credit would better enable the onshore fish processing industry to capitalize on the increase in bottomfish and other fisheries development.

NOW THEREFORE BE IT RESOLVED that the SWAMC requests that the State Fisheries Business Tax Credit authorized in AS 43.75.032 allows credits for a period of five years and that the expiration date be extended an additional two years.

BE IT FURTHER RESOLVED that SWAMC requests that the legislature allow local municipalities to give an additional 25% credit.

PASSED AND ADOPTED THIS 28TH DAY OF AUGUST.

  
President

  
Secretary

Alaska  
MUNICIPAL  
League

5


TELEPHONE  
(907) 586-1325  
FAX 463-5480

217 SECOND STREET, SUITE 200  
JUNEAU, ALASKA 99801

February 5, 1990

MEMORANDUM

TO: Senator Bettye Fahrenkamp, Chairperson  
Members of the Senate Resources Committee

FROM: Scott A. Burgess, Executive Director 

SUBJECT: SB 74 - Extending the Fisheries Business Tax Credit

The Alaska Municipal League (AML) supports SB 74, amending and extending the Fisheries Business Tax Credit program. On behalf of the AML, I am requesting an amendment to allow the credits to be applied to cooperative or municipal utility construction related to on-shore fisheries development.

Specifically, on Page 1, Line 19, after "...capital expenditure." Costs paid by a fisheries business eligible for the business tax credit shall include the construction costs of a cooperative or municipal utility improvement project which is related to on-shore fisheries industry development. Ownership of any utilities constructed under this provision must remain with the cooperative or municipality. A fisheries business may claim...

The AML supports legislation extending the Fisheries Business Tax Credit program, which enables on-shore fish processors to receive credit for capital improvements to fish processing plants. The AML supports the application of the fisheries business tax credit to cooperative or municipal utility construction related to on-shore fisheries development. The AML supports allowing such credits for five years, rather than two, and that the expiration date be extended to 1996.

The initial legislation establishing the Fisheries Business Tax Credit program allowed tax credits for capital improvements to on-shore fish processing plants for only three years and established January 1, 1992 as the expiration date for the program. Many on-shore processors have been able to upgrade and expand their processing facilities by taking advantage of the program, thus aiding economic development in many of Alaska's coastal communities. Municipalities in coastal areas support an extension of the program to allow for five years of credit for capital improvements and a later expiration date to enable the on-shore fish processing industry to capitalize on the increase in bottomfish and other fisheries development.

Again, the AML supports SB 74 and requests an amendment to include tax credits for cooperative or municipal utility expansions related to on-shore fisheries development. Thank you.

- o Extension of Fisheries Business Tax Credits - The League supports legislation extending the Fisheries Business Tax Credit program, which enables onshore fish processors to receive credit for capital improvements to fish processing plants. The League supports the application of the fisheries business tax credit to cooperative or municipal utility construction related to on-shore fisheries development. The League requests that such credits be allowed for five years, rather than two, and that the expiration date of the program be extended to 1994.

The initial legislation establishing the Fisheries Business Tax Credit program allowed tax credits for capital improvements to onshore fish processing plants for only three years and established January 1, 1992 as the expiration date for the program. Many onshore processors have been able to upgrade and expand their processing facilities by taking advantage of the program, thus aiding economic development in many of Alaska's coastal communities. Municipalities in coastal areas support an extension of the program to allow for five years of credit for capital improvements and a later expiration date to enable the onshore fish processing industry to capitalize on the increase in bottomfish and other fisheries development.

- o Marketing - The League supports continued state funding of the Alaska Seafood Marketing Institute.

The Alaska Seafood Marketing Institute (ASMI) has proven its effectiveness in promoting Alaskan fish products in the United States and abroad. ASMI is funded by the State in partnership with industry to market Alaskan seafood.

- o Crab Management - The League strongly urges the State to retain state jurisdiction over crab management of fishery resources in the federal Exclusive Economic Zone. The Legislature is urged to appropriate any additional funds necessary to allow the State to comply with federal requirements.

The State has demonstrated its ability to manage the domestic crab fishery. It has the expertise and resources to develop a comprehensive Alaska Management Plan, which would provide the industry with constant and locally controlled management.

- o Mariculture - The League supports the development of a stable, year-round private mariculture industry, with the initial efforts directed toward

Administrative Office  
20520 Koonen Road  
Mukwonago, Washington 98272  
Telephone (206) 486-9872

7

Administrative Office  
20520 Koonen Road  
Mukwonago, Washington 98272  
Telephone (206) 486-9872



March 1, 1990

The Honorable Senator Fred F. Zharoff  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Zharoff:

As a shore-based salmon processing plant located on the southwest side of Kodiak Island we wish to express our support for Senate Bill 74, the tax credit extension bill for the Fisheries Business Tax Credits.

Kodiak Salmon Packers, Inc. is an Alaskan corporation. Established in May 1986, we have steadily increased our production capacity at our Larsen Bay facility. Our direct payment to the State for the past three years for the Alaska Corporate Net Income Tax have been: 1986 - \$63,896; 1987 - \$37,566; 1988 - \$ 171,806. Our gross Fisheries Business tax for the past three years are as follows:

	Gross	Net of Credits
1986	\$ 56,663.73	\$ 56,663.73
1987	203,614.52	139,827.28
1988	564,428.68	450,240.68
	<u>\$ 824,706.93</u>	<u>\$ 646,731.69</u>
	=====	=====

Our production, by gross pounds of salmon purchased has been: 1986- 4,662,201; 1987- 4,975,981; 1988 - 11,983,185.

Realistically, the Fisheries Credits has allowed us to more economically make the necessary improvements to our facility. The large increase in production from 1987 to 1988 was due to a great part, to our increase in frozen production capacity and improvements to a critical ice storage and distribution facility.

Our Company attempts to support Alaska businesses as much as possible and gives Alaskan residents preferred employment opportunities. As the only facility in Larsen Bay that can effectively handle northbound freight services- we allow all

materials for the City of Larsen Bay and its residents to be loaded (& unloaded) and transferred across our dock facilities at no charge. It is estimated that an average of \$338,000 to \$462,000 per year are disbursed to Alaska companies. This figure does not include payments to Alaskan tenders nor to our Alaskan fishermen.

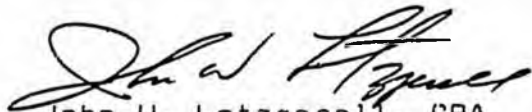
We realize the difficulty that you face on the passage of this bill. With the decline in State revenues from oil royalties and pressure to raise other revenues you face a formidable task. There are very few advantages to being a shore-based seafood processing plant. We are subject to the runs of salmon surrounding our area, whereas floating processors can come into an area, compete for raw product, and then move to other locations to maximize their production. However, from a taxing and monitoring viewpoint, a shore-based facility is easy to identify. We are there to offer steady seasonal employment; shore support services; offer a solid basis for tax remittances; easier to inspect by State and Federal agencies; and are helpful to assist State agencies in their programs.

If we, as a processor, may offer any additional assistance to you, we express our sincere invitation to contact us. By the way, Alan Beardsley wanted to pass on his pleasure of having you visit our plant this past summer.

I am enclosing some related information about our company and remain

Very truly yours,

KODIAK SALMON PACKERS, INC.

  
John W. Lotzgesell, CPA  
Treasurer

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF FISH AND GAME

P.O. BOX 3-2000  
JUNEAU, ALASKA 99802-2000  
PHONE: (907) 465-4160

### DIVISION OF FISHERIES REHABILITATION, ENHANCEMENT & DEVELOPMENT (FRED)

February 13, 1990

Kodiak Salmon Packers  
20520 Brown Road  
Monroe, WA 98272

Dear Sir:

The Alaska Department of Fish and Game (ADF&G), Fisheries Rehabilitation, Enhancement and Development (FRED) Division maintains an annual performance award program to recognize special efforts of staff as well as program supports. The program is based upon nominations from the divisional staff and selection by the Division's Management Team.

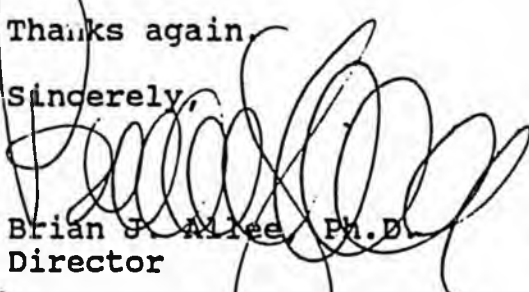
The Kodiak Salmon Packers are being given a FRED Division Performance Award in the category of program supporters for 1989. The staff and management people of Kodiak Salmon Packers of Larsen Bay, Kodiak Island have been exceptional program supporters since 1986. You have passed over 534 tons of liquid fertilizer across your dock at Larsen Bay to assist the ADF&G and the Kodiak Regional Aquaculture Association in fertilizing Karluk and Frazer Lakes. You have provided dock and warehouse space, and logistical support without compensation. You have always been ready to support ADF&G in the efforts to rehabilitate the salmon runs in Kodiak Island.

The FRED Division would like to thank Kodiak Salmon Packers for their past support and look forward to many more years of cooperative fisheries enhancement work at Kodiak.

The program supporter's award consists of a plaque. If someone from your organization is able to attend, I would like to present it at the FRED Division annual meeting in Anchorage on February 27 at the Barratt Inn at 1:00 P.M. If you are unable to attend, I will ask Lorne White to present the award to you in Kodiak.

Thanks again.

Sincerely,



Brian J. Allee, Ph.D.  
Director

cc: Lorne White  
Oliver Holm, KRAA

CHUGACH FISHERIES, INC.



4241 - 21st AVENUE WEST, SUITE 204  
SEATTLE, WA 98199  
PHONE (206) 284-0804

RECEIVED JAN 10 1989

8

January 10, 1989

Senator Fred F. Zharoff  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Fred F. Zharoff

The purpose of this letter is to ask for your support in promoting the extension of the capital improvement tax credit program. I understand that review of the program is set for legislative session scheduled in January.

The program had allowed our company a chance to improve our ability to produce a better quality product as well as open new markets and in turn received higher value for our product. Our added capital expenditures had brought positive contributions to the Alaskan business communities as well as increased local employment.

I am aware of the fact that you're one of the original supporter of the program therefore counting on you for your continued support to our industry.

Thank you in advance for your support.

Very truly yours,  
Chugach Fisheries, Inc.

A handwritten signature in black ink, appearing to read "L. Cambronero". The signature is stylized and cursive.

Larry Cambronero  
V.P. Operations

**Nelbro**  
PACKING COMPANY

P.O. BOX 82548  
KENMORE, WASHINGTON 98028



RECEIVED FEB 3 1989  
(9)

February 2, 1989

Senator Fred F. Zharoff  
P.O. Box V  
Juneau, AK 99811

Dear Senator Zharoff:

I enclose the Survey of Shorebased Seafood Processing Companies on the use of the Fisheries Business Tax Credit for our two plants at Naknek and Petersburg.

I apologize for the delay in responding but I have been away from my office and I hope that these responses are in time to be helpful.

We certainly support and appreciate your efforts to extend the Credit for an additional two years. This will assist us, and all shore based processors, to compete in a very competitive industry and will generate new jobs and additional tax revenue within the State of Alaska.

If there is anything further I can do please contact me.

Yours sincerely,

NELBRO PACKING COMPANY

*T. K. Beeston*

T. K. Beeston

**Survey on the Use of the Fisheries Business Tax Credit  
Senator Zharoff**

**Conducted during 1988-89 Legislative Interim  
Questionnaire Results Compiled 3/14/89**

**Response:**

43 companies with onshore plants responded out of a possible 127.  
33% return.

These companies returned surveys for 64 processing plants, out of a possible 165. 39% of Alaska's onshore plants.

The companies that responded are estimated to account for 75% of the seafood processing capacity in Alaska.

**How many plants used the tax credit?**

92% of the plants used the tax credit.  
8% did not.

**How many additional jobs were created by the tax credit?**

77% hired additional workers.  
22% did not.  
1% switched existing workforce from seasonal to year-round employment.

**Did processors use the tax credit to diversify?**

77% used the tax credit to process new species or new products.  
23% did not.

**Did product capacity increase due to tax credit?**

88% increased production capacity with the tax credit.  
12% had no increase.

**Where was the tax credit money spent?**

79% said they spent the money for the tax credit improvements in the communities in which they operate (labor, construction materials, etc.).

5% did not.

9% did not know the amount.

7% said not applicable.

**Did the tax credit encourage processors to invest onshore rather than offshore?**

39% --because of the tax credit--invested in onshore plants rather than floating processors.

61% answered not a factor or not applicable.

**Did the tax credit affect prices?**

34% said that they were able to pay fishermen more for their fish because of improvements made with the tax credit.

58% said it had no effect on prices.

8% said question was not applicable.

2% did not know.

**Did the tax credit increase the length of the operating season?**

47% said they increased the length of their operating season because of tax credit improvements.

45% said it had no impact.

4% said not applicable.

4% said they would increase their operating season in the future.

**Was the tax credit used for freezers?**

14% used to diversify from a canning to a freezing operation.

86% answered no or not applicable.

52% of the plants that answered no already had freezing facilities.

Alaska State Legislature

RECEIVED JAN 10 1989



SENATOR  
ARLISS STURGULEWSKI

Chairman, Senate Community and Regional Affairs Committee  
Vice-Chairman, Senate Judiciary Committee  
Member, Senate Resources Committee

2957 SHELDON JACKSON STREET  
ANCHORAGE, ALASKA 99508

While in Juneau  
P. O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3818

Senate

MEMORANDUM

January 9, 1989

TO: Senator Zharoff

FROM: Senator Sturgulewski

RE: SB 74 "An Act amending and extending the fisheries business tax credit relating to fisheries business tax refunds to municipalities, and providing for an effective date."

Earlier this year I requested the Senate Advisory Council to look into the impact of the Fisheries Business Tax Credit program. I am sending their report on to you in hopes that it will be useful background for SB 74.

Enclosure

# Alaska State Legislature

Senate Advisory Council



P.O. Box V  
State Capitol  
Juneau, Alaska 99811  
Phone: (907) 465-3114

## MEMORANDUM

TO: Senator Arliss Sturgulewski  
Alaska State Senate

ATTENTION: Frank Hoffman

FROM: Richard Rainery *RR*  
Senior Analyst

DATE: November 22, 1988

SUBJECT: Fisheries Business Tax Credit and Revenue Sharing Programs  
Research Request No. 88-003324

You have requested information concerning the consequences of implementing the Fisheries Business Tax credit program and the results of the municipal revenue sharing feature of the same tax, including the provision calling for phased activation of full revenue sharing for newly formed boroughs. While tax revenues derived from the sale of raw fish have been shared by the State of Alaska with the municipalities of origin for a number of years now, both the tax credit program and the new borough share phase-in are recent amendments to the law. As such, information concerning their influence on the seafood industry and municipal finances and economies is still sketchy. Your question is rather broad and while this memorandum will touch on all aspects of the tax credit and revenue sharing programs, the subject is broad as well. I refer you to a recent draft Senate Advisory Council report, Community Fisheries Development, which includes a discussion of state fisheries taxation policy for additional information. Copies have been provided to your office.

### I. Fisheries Business Tax Credit Program

Credits against the tax liabilities of seafood processing industry firms were made available for calendar years beginning in 1986. A firm may claim a credit of up to 50% of annual tax liability for the costs of certain capital investments at shoreside facilities. Eligible improvements, which must be approved in advance by the Alaska Department of Revenue (ADOR), include facilities which diversify products, increase efficiency, quality, and capacity or development of cooperative seafood industrial parks. The full amount of an approved credit may be applied against up to three years' tax liabilities. The basic intent of the tax credit, as well as some other aspects of the tax's structure, is to encourage expansion of existing facilities into new processes

Senator Arliss Sturgulewski  
November 22, 1988  
Page 2

and products and to entice new processing capacity to locate on Alaskan terra firma rather than operating at sea, which is the predominant trend at present, particularly in the groundfish fisheries.

Has the provision of the tax credit lured the seafood industry ashore? Within the near future there will be some fifty U.S. factory trawlers (most in excess of 200 feet in length) operating in the Alaskan Exclusive Economic Zone (EEZ), up from none just a few years ago. There are plans for at least two 600 foot processing vessels as well. These ships will not be replacing existing shore based capacity, but displacing the foreign processing components of at sea joint ventures as the "Americanization" of the EEZ continues. That process should be complete within about two years. It is predicted that 80% of the bottomfish catch will be processed at sea. A variety of factors assure that floating processing will predominate. Combined operations are more profitable, transshipment to tramp freighters is more efficient than calling at shore, better quality products are assured by immediate processing of catches, and suitable sites for plants are scarce on the Bering Sea coast. These are not absolutes, there are factors which favor shore based facilities<sup>1</sup>, but no reversal in the trend of the last few years is apparent yet.

Measuring the economic benefits of tax incentives in general is a difficult task. Despite the proliferation of special tax treatment for a variety of industries in states across the nation, rare has been the rigorous analysis of the economic effect of an incentive. Nor have state governments made concerted efforts to assess the revenue impacts of incentives. This is generally the case in Alaska. The fisheries business tax credit program is still too new to judge fairly and completely. It is true that, since the credit was implemented, processing companies have filed for and received approval from ADOR for a huge amount of expenditures for qualifying improvements. These are recorded in Table 1. It should be noted that these data are preliminary and "unaudited". Their value lies in their representation of gross magnitude rather than as a precise rendering of circumstances.

When lobbying for the enactment of the credit program, processing interests were careful not to claim that sensational growth of shore based processing capacity would result, but asserted that it was a necessary element in any meaningful attempt to spark such expansion. Approved applications for credits now exceed \$113 million in amount for calendar years 1987 and 1988. This represents a significant percentage of the assessed value of existing shore plants, perhaps as much as one third. Comprehensive estimates on statewide assessed values are not available, but a partial survey in 1987 identified about \$210,000,000 in capital assets (see Community Fisheries Development).

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<sup>1</sup>The fisheries business tax rate structure favors shore plants and capital and labor costs are lesser on land.

Table 1  
Fisheries Business Tax Credit Investments  
(Calendar Years 1987 and 1988)

	1987	1988*	Both Years
Approved Expenditure	\$55.2	\$58.6	\$113.8
Potential Credit	27.6	29.3	56.9
Actual Expenditure	37.6	39.9#	77.5
Actual Credit	18.8	19.9#	38.7
Credit Claimed	6.7	14.4	21.1

Source: ADOR, 1988.

\* As of November 1988.

# Estimates based on 1987 patterns.

Annual tax collections have ranged between about \$15 million and \$25 million since Fiscal Year 1980. One-half of total tax liabilities represents the upper limit on credits, if all processors had been eligible for the full 50%. It is not surprising that actual credits have been less than the approved level thus far; individual company tax bills are small enough that most larger credit amounts will have to be spread out over three years to be fully used. Credits claimed on 1987 tax returns reduced state revenues by \$6.7 million, only about one third the value of credits earned. 1988 expenditures are forecast to be only slightly higher than those of 1987, but credits will be more than double 1987 levels principally due to carryover from that year. State revenues have declined as a result. Increased harvest values have kept collections relatively high, but will not counterbalance the loss of income resulting from use of credits and the state's portion after revenue sharing has substantially decreased (see the next section for more details).

The fundamental issue, in light of this information, is whether the investments in question would have been made in the absence of the credit. The answer to that question is not clear. It presupposes knowledge of the innermost workings of corporate decisionmaking that is not usually available to government researchers. Certainly, it has been the position of business in general that tax incentives are meaningful and oftentimes essential elements in

certain decisions.<sup>2</sup> I certainly cannot dispute that position in this case. It is, however, not the claim of the Alaskan processing industry that these investments would not have occurred absent the credit. Rick Lauber, vice-president of the Pacific Seafood Processors Association (PSPA), says that he would not make that assertion. He does say that the level of investment since the enactment of the credit has surprised him, both the amount and the number of processors participating (over 40 in both years). He believes that the credit has definitely influenced the timing of investments. Given the rapid development of the Bering Sea bottomfish industry, that circumstance may be the real benefit of the credit, permitting the capture of a portion of the harvest for shore plants before the domestic processing sector becomes fully developed. It would seem, however, that the shore plant sector was in a "fish or cut bait" situation and in order to compete had to invest to adapt to the new fisheries and markets. The credit surely made those investments more attractive.

Mr. Lauber cited one case in which the credit was instrumental in a decision for a major expansion of one shore plant, although perhaps in an unforeseen manner. A major Aleutian processor had determined to expand capacity and diversify, but was debating whether to do so at an existing shore plant or to add to its fleet of floating processors. The plans of the newly formed Aleutians East Borough to assess a 2% tax on the sale of raw fish would have been the straw that tipped the scale in favor of at sea processing had it not been for the availability of the fisheries business tax credit. As a result, a \$14 million dollar expansion to the firm's shore plant went forward.

A significant portion of ADOR approved expenditures are for bottomfish processing. According to Dick Reynolds of the Office of Commercial Fisheries Development in the Alaska Department of Commerce and Economic Development, the following rough categories of investment were approved in 1987:

- |  |                  |
|--|------------------|
| 1. Docks, unloading, and holding facilities      | - \$ 4.7 million |
| 2. Ice or refrigeration/freezing facilities      | - 7.4 million    |
| 3. Buildings or utilities                        | - 16.2 million   |
| 4. Standard finfish/shellfish species processing | - 4.1 million    |
| 5. Other value added processing                  | - 2.4 million    |
| 6. Bottomfish fillets                            | - 8.9 million    |
| 7. Surimi  | - 9.9 million    |
| 8. Other (including fishmeal and oil processing) | - 4.4 million    |

Approximately \$40 million of the \$58 million total was identified by Mr. Reynolds as capital improvements for bottomfish processing plants, so it would seem as though the money (if indeed all these planned investments come to fruition) is largely being spent in that developing sector as intended by law.

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<sup>2</sup>Although most research has suggested incentives are not necessary or are poorly designed, there are respectable arguments on both sides of the issue.

At present little concrete information is available on how these investments, actual or prospective, will affect the Alaskan seafood industry and the overall state economy. The industry is presently booming, with the value of catches to fishermen and processors increasing on an annual basis, despite the fact that fewer of the most highly valued species, salmon, have been landed in each of the last two years. Construction of refrigeration facilities will enable processors to adapt to changing markets in which frozen salmon are displacing canned fish and in which frozen bottomfish fillets are an increasing piece of the pie. Frozen fish are generally higher in value than canned products and the fact that they may as well be held in inventory during periods of product surfeit should help to strengthen somewhat the market position of processors of Alaskan fish.

At this point it would be speculative to attempt to determine whether there have been any employment gains attributable to the credit program. While the credit focusses on capital investment, it is certain that some increased employment will result from capacity growth and product diversification. Whether new jobs will be filled by Alaskans or non-residents is the question. Recently about 70% of shore based processing jobs have been filled by non-resident seasonal workers. Statewide, seafood processing employment increased by 100 jobs (less than 1%) between August (a peak month) 1987 and August 1988. The increase appears to have been centered in Southeast Alaska, where little bottomfish is processed. If there is a substantial increase in workforce at bottomfish plants, that may be more likely to benefit the site communities since most such plants will operate on a year-round basis as opposed to the seasonal nature of the established fisheries. Even if labor is imported, many non-residents may perforce become de facto residents.

Although the financing of construction of new facilities is eligible under the credit program, no applications for new plants have been made says John Hansen, supervisor of the audit office of the Income and Excise Tax Division of ADOR. All approved expenditures have been for existing or previously planned investments. Credit use has yet to affect much of maritime Alaska; eligible investment occurred in but 22 communities in 1987. Some 63% of the dollar value of approved 1987 applications were from only three communities (Akutan, Kodiak, and Unalaska) and 87% originated in but 10 communities. In 1988, the top three (Kodiak, Unalaska, and Valdez) accounted for 60% of approved value, while the top ten sites had 89%.

A final note on the credit program: Mr. Lauber of PSPA asserts that the program could be of added benefit to the state, particularly in terms of resident employment if a clarification to the law were made. The processors believe that the construction of employee housing should qualify for the credit. ADOR has not agreed and has not approved such expenditures. PSPA contends that if apartment or detached housing were eligible under the program, permanent residents could be attracted to Alaskan communities. Many communities in which plants are located are chronically short of housing. The

provision of decent housing combined with year-round employment could, in Mr. Lauber's opinion, help to ameliorate the transient, temporary nature of most processing employment. He believes that if companies operating factory trawlers and other at sea processing vessels could qualify for credits for investments in housing, a number of such vessels could be enticed to homeport in Alaska. Of the fifty or so factory trawlers licensed to fish the Alaskan EEZ, no more than ten are homeported in Alaska. Increasing that number would obviously strengthen local and regional fishing and support sector economies.

II. The Fisheries Business Tax Revenue Sharing Program

The fisheries business tax has been a significant contributor to the state treasury (in relative terms) for only the last ten years. Total collections topped \$10 million dollars for the first time in FY 1979 and since FY 1981 have ranged from about \$19 million to \$26 million. Figure 1 displays state and municipal shares since FY 1979, with estimates for FY 1989 - 1990, and shortfalls in municipal shares for FY 1987 - 1988 when appropriations were insufficient for full funding. Since the 1981 amendment to the law which

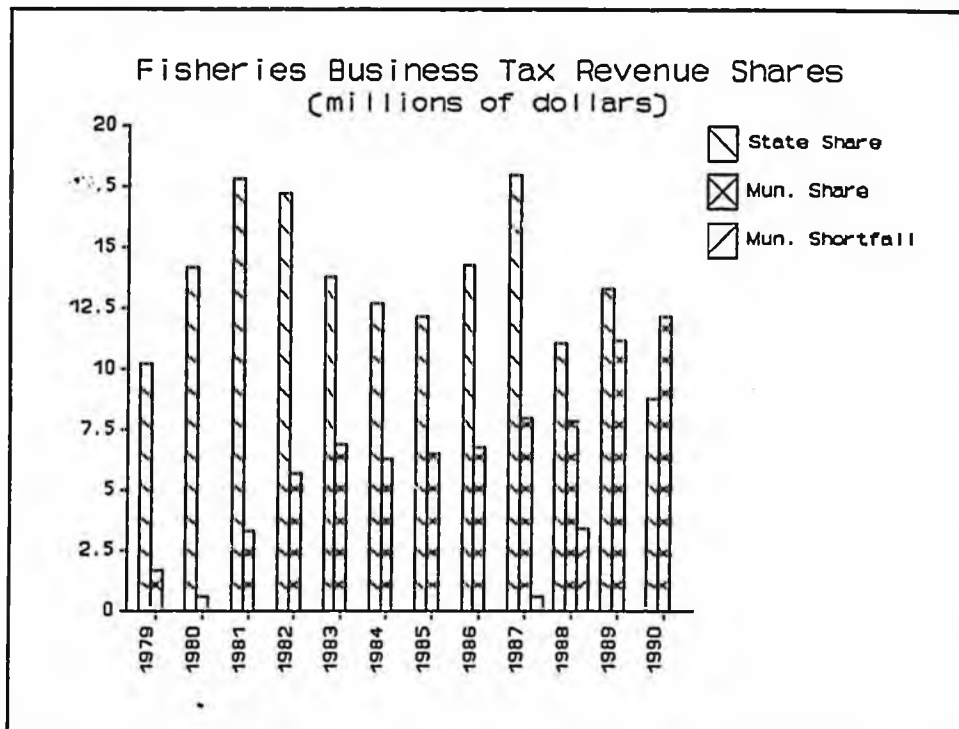


Figure 1 FY 1989 and FY 1990 shares estimated.

Source: ADOR, 1988.

increased the municipal share of locally generated revenues from 20% to 50%, municipal shares have been steadily rising. The proportion of state/municipal shares had settled into about a two thirds/one third pattern for the five years beginning in FY 1983. That relationship changed in FY 1988 as taxpayers began claiming credits. The state share dropped to only 49% of revenues with municipalities entitled to 51%, although the latter received only 35% as legislative appropriations were insufficient for full distribution.<sup>3</sup> Although total liabilities in FY 1988 were a record \$29.1 million, state revenues declined in absolute, as well as relative, terms, compared to the previous year. Strong harvests and good prices pushed up revenues, but the tax credit reduced the state share of the total by \$6.7 million for the year. Absent the credit, the rough FY 1983 - FY 1987 proportion of state/municipal shares would have prevailed.

ADOR projections of fisheries business tax revenues and the distribution of those revenues for the present and coming fiscal year (Elliot, pers. com., 1988) are as follows:

<u>FY 1989</u>	
State share	- \$13.3 million
Municipal share	- 11.2 million
Municipal shortfall	- 3.4 million
Credits	- 14.4 million
<u>FY 1990</u>	
State share	- \$ 8.8 million
Municipal share	- 12.2 million
Credits	- 8.9 million

The increased state share in FY 1989 reflects the high prices received by fishermen during 1988. The decline in FY 1990 is indicative of ADOR's opinion that those high prices will not be duplicated next year. The increase in the FY 1989 credit amount is the result of the carryover of approved but unclaimed FY 1988 credits (some \$23 million). As that carryover diminishes, the overall level of credits claimed is expected to decline in FY 1990. So for the period FY 1988 - FY 1990, the net state share of gross fisheries business tax collections is forecast to decline by \$30 million as a result of credits against the tax liabilities of processors. State revenues for the period are forecast to decline to levels comparable to those of FY 1979, before the present tax structure was adopted (FY 1989 must be regarded as an anomaly at present as inflated salmon prices raised the total ex-vessel value for those species for the 1988 calendar year by over 40% above the previous record).

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<sup>3</sup>The \$600,000 shortfall in FY 1987 distributions to municipalities was wiped out by a supplemental appropriation the following year. Supplemental funding for the FY 1988 shortfall has been requested by ADOR for FY 1990.

Senator Arliss Sturgulewski  
November 22, 1988  
Page 8

In 1987, the Alaska Legislature amended the revenue sharing formula for the fisheries business tax to provide for a phased implementation of the full share of revenues to be returned to newly formed boroughs for monies collected from organized municipalities within the boundaries of those boroughs. Under normal circumstances such monies are split evenly (25%/25%) between the community of origin and the encompassing borough. SB 162 altered the formula in AS 43.75.130 to give new boroughs a 5% share of revenue in the first year of operation, with the city retaining 45%. In each succeeding year, the borough share would increase by 5% and the city share decrease by 5% until the standard division came into effect at the commencement of the fifth calendar year of the borough's existence.

Only one borough, Aleutians East, has been incorporated since the effective date of the formula change. The Aleutians East Borough was incorporated on October 23, 1987, so the formula was applied only to the last quarter's tax receipts from the affected cities (Akutan, King Cove, and Sand Point). The borough has thus far received 5% of the revenues generated within those cities for just that final quarter of 1987. The formula amount was reduced further by the FY 1988 funding shortfall. Other municipalities received 70.39% of the revenue sharing funds due them; the Aleutians East Borough (and its constituent communities) received only 64.88% of the full entitlement as a result of their delayed submission of tax information to ADOR. Insufficient funding remained by that time to return the same portion of full funding to Aleutians East municipalities that was provided to the remainder of the state. The division of tax revenues (in thousands) generated in the borough for FY 1988 was as follows:

Aleutians East Borough	-	\$ 6.2	(shortfall - \$ 3.3)
City of Akutan	-	244.3	(shortfall - 132.2)
City of King Cove	-	372.4	(shortfall - 201.6)
City of Sand Point	-	108.5	(shortfall - 58.7)
Total	-	\$731.4	(shortfall - \$395.8)

It may appear as though the borough's share is substantially less than a 5% share of one quarter's tax collections. This impression is the result of the seasonal nature of fishery harvests. The bulk of the value of harvests are taken during the spring and summer quarters. In the last quarter of 1987, raw fish sales in these three cities amounted to only 13% of the year's sum.

Please inform us if there is any additional information you wish on this topic.

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION: 2d CSSB 74 (FIN)

PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Fisheries Business Tax Credit  
Refunds to Municipalities  
Sponsor: Zharoff, Et al.  
Requestor: Finance

Agency Affected: Revenue  
BRU: Income & Excise Audit  
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>OPERATING</b>						
PERSONAL SERVICES	<del>40.0</del>	40.0	<del>40.0</del>	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	<del>5.0</del>	5.0	<del>5.0</del>	0	0	0
SUPPLIES	<del>1.0</del>	1.0	<del>1.0</del>	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<del>46.0</del>	46.0	<del>46.0</del>	0	0	0
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE</b>	15.85mil	16.0 mil	16.0 mil	0	0	0

*0* *[15.0 mil]* *[16.0 mil]* *[16.0 mil]*

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	0	0	0	0	0	0

POSITIONS:

FULL-TIME	1	1	1	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320  
Division: Income and Excise Audit Date: April 28, 1990

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: April 28, 1990  
Agency: Department of Revenue

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

2d CS SB 74  
Prepared by:  
Steven E. Kettel  
April 28, 1990

Analysis

- allows retroactive change to 1987-1989 program, requiring or allowing taxpayers previously denied credits to apply for and receive refunds. Cost est. \$850,000
- does not require municipal participation in program.
- potential revenue impact of \$15 million per year.
- Section 10 we believe makes program a three year program (1990-1992). We are unsure of sponsor's intention on expenditures made in 1992, but it appears they also will receive credit.

The Department of Revenue opposes the extension of the fisheries business tax credit.

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: An Act Adending and Extending the Fisheries Business Tax Credit  
 Sponsor: Zharoff et.  
 Requestor: CRA, Res. and Finance

Agency Affected: Revenue  
 BRU: Income & Excise Audit  
 Components: Operating

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>						
<b>CAPITAL</b>						
<b>REVENUE</b>	(15,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)

**FUNDING:** (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

Prepared by: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320  
 Division: Income and Excise Audit Date: \_\_\_\_\_  
 Approved by Commissioner: Hugh Malone *Hugh Malone* Date: 2/23/90  
 Agency: Department of Revenue

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: An Act Adending and Extending the Fisheries Business Tax Credit  
Sponsor: Zharoff et  
Requestor: CRA, Res. and Finance

Agency Affected: Revenue  
BRU: Income & Excise Audit  
Components: Operating

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE	(15,000)	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

Prepared by: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320  
Division: Income and Excise Audit Date: \_\_\_\_\_  
Approved by Commissioner: Hugh Malone *Hugh Malone* Date: 2/23/90  
Agency: Department of Revenue

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

BILL ANALYSIS

This bill repeals and reenacts a new section to replace the current fisheries tax credit statute. This bill would have a triple fiscal impact to the State as follows:

1. Extends the current fisheries tax credit program as provided by AS 43.75.032 by 4 years. This bill extends the time period for making capital expenditures, which expired December 31, 1989, by 4 years to December 31, 1995. Concomitantly, this bill also extends the time period for claiming credits, which is currently due to expire with tax year 1991, by 4 years through tax year 1995.

2. Expands the allowability of expenditures eligible for fisheries tax credits. This bill would allow fisheries businesses to claim credits for construction, extension, or improvement of a utility, road or dock to be owned by a municipality. This subsection, AS 43.75.032(a)(3), omits any provision for the department to use its discretion in approving such expenditures, but provides for the municipality or cooperative to use its "judgment" in determining whether expenditures would qualify for the credits.

3. Increases the amount of credit from 50% to 75% of the fisheries tax liability. This bill would allow fisheries business to decrease the amount of tax remitted to the state from 50% to only 25% of the tax liability for cases in which municipalities which adopt ordinances directing the department to reduce their tax refund under AS 43.75.130. In cases where this provision would be applicable, the department would retain no revenue after refunding the respective municipality.

Additionally, this bill removes the current provision for prior approval of expenditures to qualify for tax credits. Without this requirement, more expenditures will likely be claimed because taxpayers may in their discretion believe that the expenditure is indeed eligible for the credit program.

The Department opposes this draft legislation.

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STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION: CSSB 74

PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: March 7, 1990 Amended  
Title: Fisheries Business Tax Credit  
Refunds to Municipalities  
Sponsor: Zharoff, Et al.  
Requestor: Finance

Agency Affected: Revenue  
BRU: Income & Excise Audit  
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	0	0	0	0	0	0
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE</b>	<15,000>	<16,000>	<16,000>	<16,000>	<16,000>	<16,000>

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320  
Division: Income and Excise Audit Date: March 5, 1990

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: March 5, 1990  
Agency: Department of Revenue

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Prepared by:  
Steven E. Kettel  
March 7, 1990  
Page 2 of 2

### BILL ANALYSIS

This bill repeals and reenacts a new section to replace the current fisheries tax credit statute. This bill would have a dual fiscal impact to the State as follows:

1. Extends the current fisheries tax credit program as provided by AS 43.75.032 by 4 years. This bill extends the time period for making capital expenditures, which expired December 31, 1989, by 6 years to December 31, 1995. Concomitantly, this bill also extends the time period for claiming credits, which is currently due to expire with tax year 1991, by 4 years through tax year 1995.

2. Expands the allowability of expenditures eligible for fisheries tax credits. This bill would allow fisheries businesses to claim credits for construction, extension, or improvement of a utility, road or dock to be owned by a municipality. Under this subsection, AS 43.75.032(a)(3), the Department would need to promulgate regulations requiring municipalities or cooperatives to submit documentation substantiating their determination whether expenditures would provide substantial benefit to the municipality in which the fisheries business is located.

The Department opposes this draft legislation for the following reasons.

1. This legislation will have a significant impact on general fund revenues. The department estimated that general fund revenues will decrease by as much as \$64 million over the additional four year period the fisheries tax credit program is extended under this legislation.

The expansion of the scope of expenditures coupled with the deletion of the provision to require approval by the department prior to expenditures will increase the total amount of credits to be applied and carried forward against fisheries taxes that would otherwise be collected.

2. The department believes that the current fisheries credit program has fully served its purpose to benefit the industry by allowing them to establish new shore based processing plants and improve existing facilities. Now that the industry has made significant investment to increase production and efficiency, it is capable of successfully competing in the marketplace without additional fisheries tax credits provided by this legislation.

The department also contends that with the growing market for Alaska fisheries products, many of the expenditures incurred to date would have been made regardless of the current tax credit program. The department believes that extension of the fisheries tax credit program will not induce additional capital expenditures which otherwise may be made.

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: SB 74  
PUBLISH DATE: 4/12/89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act Amending and Extending the  
Fisheries Business Tax Credit  
Sponsor: Zharoff etc.  
Requestor: CRA, Res. and Finance

Agency Affected: Revenue  
BRU: Income & Excise Audit  
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	(6700)	(13000)	(13700)	(13700)	(13700)	(13700)

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel  
Division: Income and Excise Audit

Phone: (907) 465-2320  
Date: March 14, 1989

Approved by Commissioner: Hugh Malone  
Agency: Department of Revenue

Date: March 14, 1989

Distribution (by preparer):

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

SB 74  
PREPARED BY: STEVEN E. KETTEL  
MARCH 14, 1989

## SECTIONAL ANALYSIS

Section 1 extends the maximum period for which a fisheries business may receive a credit against their fish tax liability from three to five years.

Section 2 also extends the maximum period of time from 3 to 5 years the amount a municipality may increase the fish tax credit by foregoing up to one-half of their share of fish tax collections.

Section 3 extends the unused credit carryover to correspond to the 5 year election period in Section 1.

Section 4 increases the maximum amount of credit that may be claimed to 75% of the taxpayers total tax liability if a municipality participates in the credit program. Current law provides a 50% maximum whether or not a municipality participates.

Section 5 makes a technical change to adopt the five year credit period.

Section 6-8 provides a sunset provision on the fish tax credit of December 31, 1995.

Section 9 provides transition rules allowing municipalities to adopt an ordinance conforming to the change in this bill.

## SB 74/CURRENT LAW COMPARATIVE ANALYSIS

	<u>SB 74</u>	<u>CURRENT LAW</u>
1. AUTHORIZED PERIOD FOR EXPENDITURE	1987-1991	1987-1989
2. PERIOD CREDIT AVAILABLE	1987-1995	1987-1991
3. CARRY-OVER PROVISION	5 year	3 year
4. POTENTIAL FISCAL IMPACT	\$74.5 Million	\$35.2 Million
5. MAXIMUM CREDIT AVAILABILITY *	75 % tax liability	50% tax liability

\* requires municipal approval and participation

SB 74

Prepared by: Steven E. Kettel

March 14, 1989

## BILL ANALYSIS

The present fish tax credit program has been widely utilized by the shorebased fisheries processing industry. Nearly \$136 million in shorebased investment has been proposed since 1986 and the Department continues to approve additional millions in proposed expenditures each month.

Actual tax credits taken to date total \$6.7 million. This represents credits for expenditures made in 1987 only. 1988 expenditures and the corresponding credits will be claimed by the end of March 1989. Due to higher than expected returns in some salmon fisheries, and higher prices for many species, we anticipate both an increase in fish tax collections for 1988 and a corresponding increase in fish tax credits claimed.

## FISCAL IMPACT OF HB 74

We project that fish processors will continue to take advantage of this program into the 1990's. The attached schedule anticipates that by expanding the number of years that capital expenditures will create tax credits, an estimated \$74.5 million in general funds may be lost. To calculate this impact we have made several broad assumptions.

- 1) Expenditures will level out to \$40 million per year for each additional year of the program.
- 2) The fish tax collections will increase 10% in FY89 and 5% thereafter based upon increased product capacity and productivity through capital expansion.
- 3) We assume that the last tax year for which credits will be granted is 1995.

## DEPARTMENT POSITION STATEMENT

The Department of Revenue opposes this legislation for the following reasons:

- 1) As the fiscal note reports, this legislation has substantial impact on general fund revenues.
- 2) This legislation does not mandate municipal participation. The Department favors an amendment requiring cities and boroughs which benefit from the capital expansion to give up a portion of their revenues.
- 3) The Department believes that many of the expenditures have been made and will be made in the future regardless of whether a credit is offered.
- 4) Shorebased fisheries businesses already fully constructed are put at a competitive disadvantage against those new entries to the market.

PREPARED BY:

STEVEN E. KETTEL

PROJECTED REVENUE IMPACT  
FISHERIES BUSINESS TAX CREDIT (AS 43.75.032)

INCOME & EXCISE AUDIT  
MARCH 14, 1989

\$ in millions

TAX YEAR FISCAL YEAR	EXISTING CREDIT PROGRAM				PROGRAM UNDER SB74						PROGRAM TOTALS	SB74 TOTALS
	1987 1988	1988 1989	1989 1990(a)	1990 1991	1991 1992	1992 1993	1993 1994	1994 1995	1995 1996			
APPROVED EXPENDITURES	55.5	62.4	38.4	40.0	40.0	N/A	N/A	N/A	N/A	236.3	100	
CREDIT APPROVED	27.7	31.2	19.2	20.0	20.0	N/A	N/A	N/A	N/A	118.1		
CREDIT APPLIED (REVENUE LOSS)	6.7	11.0	11.8	12.4	13.0	13.7	13.7	13.7	13.7	109.7	74.5	
CREDIT AVAILABLE FOR CARRYFORWARD	21.0	41.2	48.6	56.2	63.2	49.5	35.8	22.1	8.4			

SUMMARY

FISHERIES TAX LIABILITY BEFORE CREDIT APPLIED	29.2	(b)32.1	33.7	35.4	37.2	39.0	39.0	39.0	39.0	323.6
CREDIT APPLIED	(6.7)	(11.0)	(11.8)	(12.4)	(13.0)	(13.7)	(13.7)	(13.7)	(13.7)	(109.7)
MUNICIPAL SHARE	<u>(14.6)</u>	<u>(16.0)</u>	<u>(16.8)</u>	<u>(17.7)</u>	<u>(18.6)</u>	<u>(19.5)</u>	<u>(19.5)</u>	<u>(19.5)</u>	<u>(19.5)</u>	<u>(161.7)</u>
GENERAL FUND SHARE	7.9	5.1	5.1	5.3	5.6	5.8	5.8	5.8	5.8	52.2

(a) TY 1989 expenditures to 3/10/89 amount to 18.4 million. Balance of calendar year expenditures at 20 million. TY 1991 through 1992 annual expenditures estimated at 20 million per year.

(b) Tax liability is an estimate based on an increase in resource value and production. Fisheries Business tax returns are due March 31 of the following year. The rate of increase is estimated at 5% to FY 1993 and remained constant through FY 1996.

S

B

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5

SENATE COMMITTEE REPORT

No further

FURTHER

2/28/89

DATE TURNED INTO OFFICE

2/1/89

Mr. President:

FINANCE

Committee considered

SB 75

state publications

and recommended

[x] replace with  
[x] or adopt

CS  
CS

SB 75 (Fin)  
~~SB 75 (Fin)~~

[x] same title  
[ ] new title  
[ ] technical  
title change  
(HB only)

[ ] attached amendment(s) and

[ ] letter of intent adopted

[x] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to

OK

+ do pass

FISCAL NOTE(S)

[x] zero  
[ ] new

[ ] fiscal impact  
[ ] updated

[ ] appropriation no FN  
[ ] previous

[ ] same as previous fiscal note(s) published

MEMBERS SIGNING DO PASS

SFC FN  
o  
coming

*[Handwritten signatures]*

Chairman signature and recommendation

*[Handwritten signature]* (CO-CHAIR)  
*[Handwritten signature]* (DO PASS)

[ ] Committee Backup attached

*[Handwritten signature]* G-CHAIR

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CS SB 75 (Finance)  
PUBLISH DATE: \_\_\_\_\_

### FISCAL NOTE

REQUEST: \_\_\_\_\_

REVISION DATE: \_\_\_\_\_  
TITLE: An Act relating to state publications

AGENCY: Department of Administration  
BRU: General Services & Supply  
Central Duplicating/Purchasing  
COMPONENTS: General Services & Supply  
Central Duplicating/Purchasing

SPONSOR: Senator Pearce  
REQUESTOR: \_\_\_\_\_

#### EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERS. SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND/BUILD.						
GRANTS/CLAIMS						
MISCELLANEOUS						
TOTAL		0	0	0	0	0
CAPITAL		0	0	0	0	0
REVENUE		0	0	0	0	0

#### FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUNDS						
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

#### POSITIONS:

FULL-TIME		0	0	0	0	0
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

#### ANALYSIS:

PREPARED BY: \_\_\_\_\_

*Rick Uehling*  
SENATOR RICK UEHLING, CO-CHAIRMAN  
SENATE FINANCE COMMITTEE

DATE: March 1, 1989

PHONE No.: 465-4821

Original sponsors: Pearce, Uehling,  
and Faiks

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 75 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state publications."

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

8 \* Section 1. AS 44.99 is amended by adding new sections to read:

9 ARTICLE 3. STATE PUBLICATIONS.

10 Sec. 44.99.130. LIST OF PUBLICATIONS. Each state agency shall  
11 compile a list identifying each publication that the agency produces.  
12 The list must also give the actual production costs for each publica-  
13 tion and be available for inspection by members of the public. An  
14 agency produces a publication under this section even if the agency  
15 contracts with another person or agency to do the production.

16 Sec. 44.99.140. DISCLOSURES ON PUBLICATION. A state agency that  
17 produces a publication shall print on the publication the name of the  
18 agency and a statement that gives the purpose of the publication, the  
19 actual annual production costs for the publication, the cost for each  
20 copy, and the city and state where the printing was done. The state-  
21 ment must read: "This publication was produced at an annual cost of  
22 \$....., \$..... per copy, to...(statement of purpose)..., and was  
23 printed in.....(city and state where printed)". The statement may  
24 include, if applicable, a declaration of the revenue raised by the  
25 sale of the publication or from the purchase of advertising in the  
26 publication. The agency identification and the statement shall be  
27 printed in type that is the same size as the main type used in the  
28 body of the publication. The statement shall be printed next to the  
29 agency identification and set in a box composed of at least one-point

1 rule.

2 Sec. 44.99.150. DEFINITIONS. In AS 44.99.130 - 44.99.150,

3 (1) "production costs" means the costs for preparation,  
4 printing, and circulation; in this paragraph,

5 (A) "preparation" includes personnel costs, materials,  
6 art work, and typesetting;

7 (B) "printing" includes reproduction, binding, and  
8 other services related to the printing that are normally per-  
9 formed by the printing industry;

10 (2) "publication" means a written document produced for  
11 public distribution and for which the actual annual production costs  
12 exceed \$3,000; "publication" includes books, brochures, flyers, man-  
13 uals, newsletters, pamphlets, programs, reports, and similar docu-  
14 ments, but does not include standard forms, letterhead stationery,  
15 letterhead envelopes, the Alaska Statutes, the Alaska Administrative  
16 Code, and the Alaska Rules of Court.

17 (3) "state agency" means

18 (A) a department, institution, board, commission,  
19 division, authority, public corporation, or other administrative  
20 unit of the executive branch, including the University of Alaska  
21 and the Alaska Railroad Corporation;

22 (B) a committee, division, or administrative unit of  
23 the legislative branch, including Legislative Council, the lead-  
24 ership of each house, and the office of the ombudsman;

25 (C) an administrative unit of the judicial branch,  
26 including the Judicial Council and the Commission on Judicial  
27 Conduct.

Original sponsors: Pearce, Uehling,  
and Faiks

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR SENATE BILL NO. 75 (~~State~~ *Finance*)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL  
6 For an Act entitled: "An Act relating to state publications."

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13 tion and be available for inspection by members of the public. An  
14 agency produces a publication under this section even if the agency  
15 contracts with another person or agency to do the production.

16 Sec. 44.99.140. DISCLOSURES ON PUBLICATION. A state agency that  
17 produces a publication shall print on the publication the name of the  
18 agency and a statement that gives the purpose of the publication, the  
19 actual annual production costs for the publication, the cost for each  
20 copy, and the city and state where the printing was done. The state-  
21 ment must read: "This publication was produced at an annual cost of  
22 \$....., \$..... per copy, to...(statement of purpose)..., and was  
23 printed in.....(city and state where printed)". The statement may  
24 include, if applicable, a declaration of the revenue raised by the  
25 sale of the publication or from the purchase of advertising in the  
26 publication. The agency identification and the statement shall be  
27 printed in type that is the same size as the main type used in the  
28 body of the publication. The statement shall be printed next to the  
29 agency identification and set in a box composed of at least one-point

1 rule.

2 Sec. 44.99.150. DEFINITIONS. In AS 44.99.130 - 44.99.150,

3 (1) "production costs" means the costs for preparation,  
4 printing, and circulation; in this paragraph,

5 (A) "preparation" includes <sup>personnel costs (SF)</sup> materials, art work, and  
6 typesetting;

7 (B) "printing" includes reproduction, binding, and  
8 other services related to the printing that are normally per-  
9 formed by the printing industry;

10 (2) "publication" means a written document produced for  
11 public distribution and for which the actual annual production costs  
12 exceed \$3,000; "publication" includes books, brochures, flyers, man-  
13 uals, newsletters, pamphlets, programs, reports, and similar docu-  
14 ments, but does not include standard forms, letterhead stationery,  
15 letterhead envelopes, the Alaska Statutes, and the Alaska Administra-  
16 tive Code;

17 (3) "state agency" means

18 (A) a department, institution, board, commission,  
19 division, authority, public corporation, or other administrative  
20 unit of the executive branch, including the University of Alaska  
21 and the Alaska Railroad Corporation;

22 (B) a committee, division, or administrative unit of  
23 the legislative branch, including Legislative Council, the lead-  
24 ership of each house, and the office of the ombudsman.

25  
include Jud Br (JD)  
Sub Sec (4) or (c)

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 28, 1989

SUBJECT: Sectional analysis of CSSB 75(State Affairs)  
TO: Senator Drue Pearce  
FROM: Theresa Bannister *TB*  
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 adds a new article on state publications.

Proposed Sec. 44.99.130 requires each state agency to compile a list identifying each publication that the agency produces. The list must give the actual production costs and be available for public inspection. Includes a publication produced for the agency by another agency or person under an agency contract.

Proposed Sec. 44.99.140 requires a state agency that produces a publication to make certain identification, purpose, cost, and printing location disclosures on the publication. Allows the agency to include in the statement a declaration of the revenue raised by the sale of the publication or from the purchase of advertising in the publication. Specifies the type size, presentation, and location of the information on the publication.

Proposed Sec. 44.99.150 provides a definition of "production costs", "publication", and "state agency" for the two previous sections. "Publication" is defined as a written document produced for public distribution and for which the actual annual production costs exceed \$3,000; specific inclusions and exclusions are listed. "State agency" is defined to mean agencies of the executive and legislative branches.

TB:kb  
wkk2/069

*Cost Box*

This publication was produced at an annual cost of \$5000.00, \$.50 per copy, to keep Alaskan Veterans informed about issues and opportunities of interest to them, and was printed in Anchorage, Alaska.

This example is totally fabricated and does NOT represent any known publication.



Official Business

# Alaska State Legislature

SENATE

*Committee on Finance*

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

## SUMMARY OF AMENDMENTS IN CSSB 75 (SA), An Act relating to state publications

1. Page 1, lines 23-26 of CSSB 75 (SA) - Inserted the following new language which can appear on the publication statement:

" The statement may include, if applicable, a declaration of the revenue raised by the sale of the publication or from the purchase of advertising in the publication."

2. Page 2, line 10 of CSSB 75 (SA) - A definition of the word "publication" has been added. No definition presently exists in either Alaska statute or regulation. Standard forms, letterhead stationery, letterhead envelopes, Alaska statutes and the Alaska Administrative Code are excluded from this definition.

3. Page 2, line 16 of CSSB 75 (SA) - The definition of "state agency" has been amended to include the Alaska Pioneers' Homes, the Alaska State Building Authority, a regional Native housing authority created under AS 18.55.996, and a regional electrical authority created under AS 18.57.020.

# Alaska State Legislature

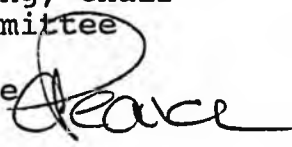
3111 C Street, Suite 150  
Anchorage, Alaska 99503  
(907) 561-2038

*During Session:*  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4993

**Senator Drue Pearce**  
District G

## MEMORANDUM

TO: Senator Rick Uehling, Chair  
Senate Finance Committee

FROM: Senator Drue Pearce 

RE: Senate Bill 75

DATE: February 23, 1989

I expect Senate Bill 75 to pass out of the Senate State Affairs Committee on Friday, February 24, 1988.

I would appreciate it if you would schedule a hearing of this bill in the Finance Committee pending referral from State Affairs.

Attached is information for distribution to the Committee at the hearing.

DP:jf

- FY 86 PUBLISHING COSTS -

TABLE 1: ALASKA STATE GOVERNMENT PRINTING EXPENDITURES

AGENCY	TOTAL EXPENDITURES	TERM CONTRACTS & CONTRACTS < \$5000	TOTAL IDENTIFIABLE EXPENDITURES	PERCENT IDENTIFIED	IN-STATE				OUT-OF-STATE			
					CENTRAL DUPLICATING	ALASKA BIDDER	TOTAL AMOUNT	PERCENT IDENTIFIED	ALASKA BIDDER	NOHALASKA BIDDER	TOTAL AMOUNT	PERCENT IDENTIFIED
Governor's Office Administration	\$313,790	\$105,954	207,836	66	\$107,757	\$64,000	171,757	83	\$30,079	\$6,000	36,079	17
Law	410,708	130,980	279,728	68	220,059	0	220,059	79	59,669	0	59,669	21
Revenue	94,739	63,394	31,345	33	16,345	15,000	31,345	100	0	0	0	0
Education	250,575	80,661	169,913	68	49,599	40,240	89,839	53	70,469	9,605	80,074	47
Health & Social Services	656,647	388,387	268,260	41	134,939	120,984	255,923	95	4,957	7,380	12,337	5
Labor	384,672	186,128	198,544	52	150,509	42,566	193,075	97	5,469	0	5,469	3
Commerce & Economic Dev.	382,487	169,186	213,302	56	163,206	11,478	174,684	82	34,083	4,535	38,618	18
Military & Veteran Affairs	355,497	223,943	131,553	37	94,502	29,551	124,053	94	0	7,500	7,500	6
Natural Resources	17,327	11,770	5,557	32	5,557	0	5,557	100	0	0	0	0
Fish & Game	426,859	330,711	96,148	23	80,148	16,000	96,148	100	0	0	0	0
Public Safety	1,055,975	558,431	497,544	47	190,718	161,588	352,306	71	39,626	105,612	145,238	29
Environmental Conservation	680,982	588,124	92,858	14	49,399	0	49,399	53	43,459	0	43,459	47
Corrections	55,922	26,466	29,455	53	29,455	0	29,455	100	0	0	0	0
Community & Regional Affairs	42,861	0	42,861	100	42,861	0	42,861	100	0	0	0	0
Transp. & Public Facilities	138,792	76,919	61,874	45	54,409	7,465	61,874	100	0	0	0	0
Ombudsman	800,282	669,942	130,340	16	122,880	0	122,880	94	7,460	0	7,460	6
Legislative Affairs & Audit*	10,850	10,427	423	4	423	0	423	100	0	0	0	0
Alaska Court System	359,708	53,148	306,560	85	5,059	0	5,059	2	0	301,501	301,501	98
TOTAL	154,403	151,306	3,097	2	3,097	0	3,097	100	0	0	0	0
TOTAL	\$6,593,075	\$3,825,877	2,767,198	42	\$1,520,922	\$508,872	2,029,794	73	\$295,271	\$442,133	737,404	27

\*Legislative Affairs Agency FY 86 term contracts included \$301,501 for Alaska statutes which was identified as out-of-state printing.

Source: State of Alaska accounting system; Alaska Department of Administration, Division of General Services and Supply; Legislative Affairs Agency, Division of Administrative Services.

Prepared by the House Research Agency, December 1986.

TABLE 1: ALASKA STATE GOVERNMENT PRINTING EXPENDITURES

AGENCY	TOTAL EXPENDITURES	TERM CONTRACTS	TOTAL	PERCENT IDENTIFIED	IN-STATE				OUT-OF-STATE			
		< \$5000	IDENTIFIABLE EXPENDITURES		CENTRAL DUPLICATING	ALASKA BIDDER	TOTAL AMOUNT	PERCENT IDENTIFIED	ALASKA BIDDER	HONALASKA BIDDER	TOTAL AMOUNT	PERCENT IDENTIFIED
Governor's Office	\$313,790	\$105,954	207,836	66	\$107,757	\$64,000	171,757	83	\$30,079	\$6,000	36,079	17
Administration	410,708	130,980	279,728	68	220,059	0	220,059	79	59,669	0	59,669	21
Law	94,739	63,394	31,345	33	16,345	15,000	31,345	100	0	0	0	0
Revenue	250,575	80,661	169,913	68	49,599	40,240	89,839	53	70,469	9,605	80,074	47
Education	656,647	388,387	268,260	41	134,939	120,984	255,923	95	4,957	7,380	12,337	5
Health & Social Services	384,672	186,128	198,544	52	150,509	42,566	193,075	97	5,469	0	5,469	3
Labor	382,487	169,186	213,302	56	163,206	11,478	174,684	82	34,083	4,535	38,618	18
Commerce & Economic Dev.	355,497	223,943	131,553	37	94,502	29,551	124,053	94	0	7,500	7,500	6
Military & Veteran Affairs	17,327	11,770	5,557	32	5,557	0	5,557	100	0	0	0	0
Natural Resources	426,859	330,711	96,148	23	80,148	16,000	96,148	100	0	0	0	0
Fish & Game	1,055,975	558,431	497,544	47	190,718	161,588	352,306	71	39,626	105,612	145,238	29
Public Safety	680,982	588,124	92,858	14	49,399	0	49,399	53	43,459	0	43,459	47
Environmental Conservation	55,922	26,466	29,455	53	29,455	0	29,455	100	0	0	0	0
Corrections	42,861	0	42,861	100	42,861	0	42,861	100	0	0	0	0
Community & Regional Affairs	138,792	76,919	61,874	45	54,409	7,465	61,874	100	0	0	0	0
Transp. & Public Facilities	800,232	669,942	130,340	15	122,880	0	122,880	94	7,460	0	7,460	6
Ombudsman	10,850	10,427	423	4	423	0	423	100	0	0	0	0
Legislative Affairs & Audit*	359,708	53,148	306,560	85	5,059	0	5,059	2	0	301,501	301,501	98
Alaska Court System	154,403	151,306	3,097	2	3,097	0	3,097	100	0	0	0	0
<b>TOTAL</b>	<b>\$6,593,075</b>	<b>\$3,825,877</b>	<b>2,767,198</b>	<b>42</b>	<b>\$1,520,922</b>	<b>\$508,872</b>	<b>2,029,794</b>	<b>73</b>	<b>\$295,271</b>	<b>\$442,133</b>	<b>737,404</b>	<b>27</b>

\*Legislative Affairs Agency FY 86 term contracts included \$301,501 for Alaska statutes which was identified as out-of-state printing.

Source: State of Alaska accounting system; Alaska Department of Administration, Division of General Services and Supply; Legislative Affairs Agency, Division of Administrative Services.

Prepared by the House Research Agency, December 1986.

11001  
 DIVISIONAL  
 REPORT

FEB 22 1989

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF FISH AND GAME

P.O. BOX 3-2000  
JUNEAU, ALASKA 99802-2000  
PHONE: (907) 465-4100

### OFFICE OF THE COMMISSIONER

February 22, 1989

The Honorable Drue Pearce  
Alaska State Senator  
P.O. Box V  
Juneau, AK 99811


Dear Senator Pearce:

This letter will respond to your request of February 22 regarding SB 75. You had requested information regarding the costs and distribution of the popular Alaska Fish & Game magazine.

Alaska Fish & Game was mailed to a total of 9,709 subscribers in the most recent 12-month period. Program receipts for FY 88 totalled \$81,261 and for FY 89 program receipts total \$66,210 through February 15, 1989. Total production costs for Alaska Fish & Game magazine for FY 88 were \$200,276, which includes personal services, printing, postage, equipment, and all supplies. The magazine is issued six times per year with a total of 81,750 copies. Each copy therefore costs approximately \$2.45 to produce. These figures are the total costs for production of the magazine. Actual printing of Alaska Fish & Game magazine is done in Forest Grove, Oregon. The purpose of the magazine is to provide useful information to the general public about Alaska's wildlife resources.

If I can be of further assistance, please feel free to call.

Sincerely,

  
Don W. Collinsworth  
Commissioner



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y, State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

MEMORANDUM

February 23, 1982

TO: Representative Ken Fanning  
ATTN: Gail Thibodeau  
FROM: Carol Biggs, Admin. Asst.  
RE: University of Alaska Multi-colored Publications  
Research Request #82-54

In response to a request by Gail Thibodeau of your staff, we contacted Keith B. Mather, Vice Chancellor for Research, at the University of Alaska, who provided the following information on costs for publications requiring the use of color.

Six thousand copies of the University of Alaska Research Annual Report were printed at a unit cost of \$13 each, for a total of \$78,000. He said that this report is sent to universities, foundations, industries, and government agencies, both nationally and worldwide, as a means of advertising the University of Alaska. He stated that to his knowledge only two other entities within the University utilized color in their reports. Those were the Agricultural Experiment Station and the Geophysical Institute. He suggested that I contact each of those divisions individually for costs of their publications.

This year Agroborealis, which is a magazine published once a year by the Agricultural Experiment Station, was printed at a cost of \$20,273 for 8,000 copies, or a unit price of \$2.53. The previous year 7,000 copies of this magazine were printed for \$14,300, or \$2.04 per copy.

The Geophysical Institute also publishes an annual report, which, according to Mr. Mather, is too lengthy to include in the University's main annual report. There were 2,200 copies of this report printed at a cost of \$30,239.93, or \$13.75 each. This report has been published for the past 20 years.

Mr. Mather also said that each department at the University can do a certain amount of its own color printing, as there is a graphics services center on campus. I called the graphics center and found that most of the color work that they do involves spot color, such as that used in a bar graph where several different colors are used to differentiate

HOUSE RESEARCH REPORTS

Representative Ken Fanning  
February 23, 1982  
Page 2

the items being compared. The graphic services center has the ability to print reports which use colored photographs, but not the time, as they serve all University of Alaska departments statewide. Two of the examples given as products of the graphic service center which involve color were the University of Alaska recruitment brochure and museum posters, such as those used for special exhibits on campus.

The examples of University of Alaska publications using color mentioned above may not represent all of the University publications which use color, and if you would like us to contact each department individually, we will be glad to do so.

/cb



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y. State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

May 10, 1982

MEMORANDUM

TO: Files  
FROM: Deb Pomeroy  
RE: Research Request 82-131

Christine Englehart of Representative Fanning's office called on May 7 asking that we find out the cost of preparing and printing the Alaska Silver Anniversary Commission's Master Plan. She also requested that we get the number of copies printed and the cost of distributing it.

The afternoon of the 7th, I called her to tell her that Patria at the Commission's Anchorage office had stated that it had cost \$22,000 to get 100 hundred copies of the 18 volume master plan and the summary volume printed.

Monday, May 10, Jean Reichman called with the following information which I called Christine with:

Contract Cost of the Master Plan (Alaska 1984)	\$2,820,674.50
Printing Costs:	
100 Copies of Master Plan & Summary	\$ 22,000.00
1,000 additional copies of Summary	\$ 20,000.00
Postage	
40 copies air freight to Juneau from Anchorage	\$ 700.00
Additional distribution (Estimate)	\$ 2,500.00

Ms. Reichman also stated that she would be sending me a breakdown of expenditures which the Legislative auditors had compiled.

I called Christine with the above information. She did not want a memo sent down, and said she would call me if she decided to wait for the Legislative auditors' report before writing a speech on this topic.

Total time spent on this request was approximately 1.5 hours.

## Committee Substitute for House Bill No. 156

An act relating to public printing; amending ss. 283.31 and 283.315, F.S., raising the threshold level of state agency printing costs which triggers internal oversight and requires a statement of cost and purpose; amending s. 283.53, F.S., providing an exception to bid letting on specified university publications; amending s. 6 of chapter 83-252, Laws of Florida, extending repeal; providing procedures for review; providing for review and repeal of s. 283.422, F.S.; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 283.31, Florida Statutes, is amended to read:

283.31 Internal printing oversight committees.--Each state agency shall establish an internal printing oversight committee which will be responsible for overseeing the printing of all publications produced for public distribution and costing in excess of \$3,000 ~~\$1,800~~ which are paid for by state tax funds appropriated by the Legislature, whether produced within the agency or by private printers; and for maintaining an accurate index of each such publication, together with the actual costs of preparation, printing, and circulation. The information reflected by such records shall be reported semiannually to the Auditor General on July 31 for the reporting period ending June 30, and on January 31 for the reporting period ending December 31, in the format that he shall require; and the Auditor General shall report annually the information to the President of the Senate and Speaker of the House of Representatives prior to the convening of the regular session, or at any time upon request of the Legislature. A committee may exempt contract documents from the requirements of ss. 283.42 and 287.102. However, the committee shall include justification for such exemptions in its semiannual report to the Auditor General. The semiannual report shall also contain the following: written justification of need, purpose, authority, source of funding, frequency and number of issues, and reasons for choice of either in-house or outside vendor printing.

Section 2. Subsection (1) of section 283.315, Florida Statutes, is amended to read:

283.315 Publications; statement of cost and purpose.--

(1) Every department or agency of the state which prints or causes to be printed publications, as defined in s. 283.30(8) and costing in excess of \$3,000 ~~\$1,800~~ which are paid for by state tax funds appropriated by the Legislature, shall cause the following statement, with cost data and purpose inserted, to be printed on the publication adjacent to the identification of the agency responsible for the publication: "This publication was produced at an annual cost of \$...., or \$.... per copy to ...(statement of purpose)...." This statement shall be printed in type which is the same size as the type of the body copy of the publication, and the statement shall be set in a box composed of at least a 1-point rule.

Section 3. Subsection (3) is added to section 283.53, Florida Statutes, to read:

283.53 Specified university publications; activities; trust funds.--

(3) Printing of such publications shall be let upon contract to the lowest responsible bidder, in accordance with s. 283.33, except when the additional costs incurred in changing from the current printer to the new low bidder exceed the savings reflected in the bid prices. Such additional costs shall not exceed 10 percent of the lowest bid price.

Section 4. Section 6 of chapter 83-252, Laws of Florida, is amended to read:

Section 6. This act shall stand repealed on October 1, 1990 January 1, 1989, and shall be reviewed by the Legislature prior to that date. It is the intent of the Legislature that each section of Chapter 283, including future amendments, be reviewed under this section. The President of the Senate and the Speaker of the House of Representatives shall designate a committee in each respective house to conduct the review. The committees shall evaluate whether chapter 283, Florida Statutes, should be reenacted and develop the criteria to be used for such evaluation; evaluate whether such review is necessary at a future date; and, if so, determine the appropriate entity to conduct it and the appropriate entity to monitor and assign subsequent reviews. The committees shall conduct the reviews and submit a report and recommendations to the appropriate executive officer of each house no later than March 1, 1990.

Section 5. Section 283.422, Florida Statutes, is repealed on October 1, 1990, and shall be reviewed by the Legislature prior to that date, pursuant to the provisions of section 6 of chapter 83-252, Laws of Florida.

Section 6. This act shall take effect July 1, 1988, or upon becoming a law, whichever occurs later.

Approved by the Governor May 12, 1988.

Filed in Office Secretary of State May 12, 1988.

\*\*\*\*\*  
\* This publication was produced at a base cost of \$19.02 per page \*  
\* for 1500 copies or \$.0126 per single page for the purpose of \*  
\* informing the public of Acts passed by the Legislature. \*  
\*\*\*\*\*

Tennessee

12-4-707. Payments to subcontractors — Interest. — (a) Upon payment by an agency, a business which has acquired under contract, property or services in connection with its contract with such agency from a subcontractor or supplier, shall pay the subcontractor or supplier within thirty (30) days after receiving payment from the agency.

(b) Interest at the rate of one and one-half percent (1½%) per month shall accrue and is due any subcontractor or supplier who is not paid within thirty (30) days after the business receives payment from the agency, unless otherwise provided by contract between the agency and the business, or by contract between the business and the subcontractor or supplier. Interest begins to accrue on the thirty-first day at the rate specified in this subsection. [Acts 1985, ch. 57, § 1.]

CHAPTER 5  
PUBLIC PRINTING

SECTION.

PART 1—GENERAL PROVISIONS

12-4-101. [Repealed.]

12-4-102. Supervision by department of general services.

12-4-103 — 12-4-124. [Repealed.]

SECTION.

12-5-125. Cost data for public documents.

PART 2—LEGISLATIVE ACTS AND JOURNALS;  
REPORTS

12-5-201 — 12-5-213. [Repealed.]

PART 1—GENERAL PROVISIONS

12-5-101. [Repealed.]

Compiler's Notes. This section (Acts 1909, ch. 346, § 1; Shan., § 1a18; Code 1932, § 45; T.C.A. (orig. ed.), § 12-501), concerning the definition of public printing and the preference

for Tennessee printers, was repealed by Acts 1981, ch. 332, § 26. For supervision by the department of general services, see § 12-5-102.

12-5-102. Supervision by department of general services. — The department of general services shall have entire charge and supervision of all printing done for each and every department or branch of government of the state, including all departmental offices and all charitable, penal, educational or reform institutions. [Acts 1915, ch. 45, § 1; Shan., § 1a2; impl. am. Acts 1923, ch. 7, §§ 2, 3, 20; mod. Code 1932, § 29; impl. am. Acts 1937, ch. 33, § 42; impl. am. Acts 1939, ch. 11, § 23; mod. C. Supp. 1950, § 29; impl. am. Acts 1953, ch. 163, § 29; impl. am. Acts 1959, ch. 9, § 5; impl. am. Acts 1961, ch. 97, § 5; impl. am. Acts 1972, ch. 543, § 7; T.C.A. (orig. ed.), § 12-502.]

Cross-References. Powers of department of general services, § 4-3-1105.

Section to Section References. This chapter is referred to in § 8-3-104.

Comparative Legislation. Public printing: Ala. Code § 41-4-130 et seq.

Ark. Stat. Ann. § 14-401 et seq.

Ga. O.C.G.A. § 50-18-1 et seq.

Ky. Rev. Stat. Ann. § 57.011 et seq.

Miss. Code Ann. § 31-1-1 et seq.

Mo. Rev. Stat. § 34.170 et seq.

N.C. Gen. Stat. § 143-48 et seq.

Va. Code § 2.1-484 et seq.

Collateral References. 81A C.J.S. States § 154 et seq.

States — 90 et seq.

12-5-103 — 12-5-124. [Repealed.]

Compiler's Notes. These sections (Code 1858, §§ 19-21 (deriv. Acts 1841-1842, ch. 120, §§ 1-3); Acts 1859-1860, ch. 97, § 2; 1896, ch. 109, §§ 11-13, 15-17, 28; 1915, ch. 45, §§ 3-12; 1927, ch. 48, § 1; Shan., §§ 1a7-1a14, 11-13, 15-17, 28, 38-39; Code 1932, §§ 31-33, 36-38, 40, 41, 43, 44, 46-48, 50-52, 64-66; C. Supp.

1950, §§ 31, 32, 34-38, 40, 43, 44, 46, 65, 66, 68; Acts 1972, ch. 598, § 1; T.C.A. (orig. ed.), §§ 12-503 — 12-516, 12-518 — 12-520, 12-533 — 12-537), concerning public printing, were repealed by Acts 1981, ch. 332, § 26. For supervision by the department of general services, see § 12-5-102.

12-5-125. Cost data for public documents. — (a) Every department or agency of the state which promulgates public documents shall cause the following statement with cost data inserted to be printed on the publication adjacent to the identification of the agency responsible for the publication:

"This public document was promulgated at a cost of \$\_\_\_\_\_ per copy." This statement shall be printed in either the same size type as the body copy of the publication or in such type style and size to be fully legible and set in a box composed of a light-weight-rule line.

(b) As used in this section, unless the context otherwise requires, "public document" means any annual, biennial, regular or special report or publication of which at least one thousand (1,000) copies are printed and which may be subject to distribution to the public, or any printed material which is controlled by the publications committee established in chapter 7 of this title, regardless of the number of copies produced. Public documents include:

(1) The acts and journals of the legislature, the reports of the Supreme Court and such other courts as shall have their decisions reported by the attorney general and reporter of this state or shall be required by any act or resolution of the legislature;

(2) The periodic reports of officers of the state and any special reports that may from time to time be made by state officers or committees of the legislature or other committees provided for by law; and

(3) Such other reports or statements as may be published under the authority of the state or any official thereof; and

(4) Items exempted from the requirements of this section include letterhead stationery, envelopes, or memoranda and correspondence utilizing a manual signature and not reproduced through a printing related function;

(c) For the purposes of this section, the following two (2) factors shall be utilized in computing cost data whether on bid by a private person or company, or by a state institution:

(1) PREPARATION. Included in this is expenditure for materials, artwork and typesetting involved in preparing the public document for publication; and

(2) PRINTING. Included in this is expenditure for reproduction, binding and other printing industry related functions.

(d) The provisions of this section shall be enforced and administered through the publications committee created pursuant to the provisions of chapter 7 of this title. The publications committee may in its discretion render opinions to agencies as to whether those agencies are in compliance with this section. If the committee decides that those agencies are not in compliance, it shall have authority to direct those agencies to cease publication of the public

TENNESSEE STATUTE

documents which are not in compliance until such time as compliance shall be demonstrated to the committee's satisfaction. [Acts 1977, ch. 398, §§ 1-4; T.C.A., § 12-538; Acts 1983, ch. 82, §§ 1-3.]

## PART 2—LEGISLATIVE ACTS AND JOURNALS; REPORTS

### 12-5-201 — 12-5-213. [Repealed.]

**Compiler's Notes.** This part (Code 1858, § 8; Acts 1871, ch. 83, § 1; 1895, ch. 169, §§ 4, 19-25; 1899, ch. 392, §§ 5, 6; 1901, ch. 72, § 1; Shan., §§ 14, 18-23, 25-27; Code 1932, §§ 49, 53-63; Acts 1935, ch. 181, § 1; C. Supp. 1950, §§ 54, 55, 57, 58, 60; T.C.A. (orig. ed.), §§ 12-517, 12-521 — 12-532; Acts 1981, ch.

109, § 2), concerning reports and legislative acts and journals, was repealed by Acts 1981, ch. 332, § 28. For supervision by the department of general services, see § 12-5-102. For distribution of publications, see chapter 6 of this title.

## CHAPTER 6

### DISTRIBUTION OF PUBLICATIONS

#### SECTION.

- 12-6-101. Acts distributed to legislators.  
 12-6-102. General distribution of acts.  
 12-6-103. Acts and journals retained by secretary of state.  
 12-6-104. Shipment of acts.  
 12-6-105. Penalty for failure to distribute acts.  
 12-6-105. All other public documents — General assembly distribution cancellation card.  
 12-6-107. Libraries as depositories for documents — Legislative library — Copies.  
 12-6-108. Publications to be deposited.  
 12-6-109. Notice of publications to secretary of state.

#### SECTION.

- 12-6-110. Copies to depositories, secretary of state, and other locations.  
 12-6-111. Exchange copies for university.  
 12-6-112. Care of depository copies.  
 12-6-113. Exchanges by state librarian.  
 12-6-114. Delivery of exchange copies.  
 12-6-115. [Repealed.]  
 12-6-116. Pamphlet copies of acts.  
 12-6-117. Certain resolutions not to be printed or distributed — List in "Acts of Tennessee" — Distribution to state library and archives and legislative reference and law library.  
 12-6-118. Automatic and other distributions.

**12-6-101. Acts distributed to legislators.** — Each member of the general assembly is entitled to one (1) copy of the printed acts of the general assembly of which he was a member, which shall be delivered to such member's legislative office in Nashville, but only upon written request by such member not later than February 1 of each year. [Code 1858, § 22 (deriv. Acts 1831, ch. 2, § 9); Shan., § 40; Acts 1923, ch. 101, § 2; Code 1932, § 69; T.C.A. (orig. ed.), § 12-601; Acts 1981, ch. 191, § 1; 1984, ch. 798, § 2.]

**Cross-References.** English deemed official and legal language, § 4-1-404.

**Section to Section References.** This chapter is referred to in §§ 4-4-114, 8-3-104, 12-7-102, 12-7-106.

**Comparative Legislation.** Distribution of publications:

- Ala. Code § 41-21-1 et seq.  
 Ark. Stat. Ann. § 14-401 et seq.  
 Ky. Rev. Stat. Ann. § 57.151 et seq.

Miss. Code Ann. § 1-6-7 et seq.  
 Mo. Rev. Stat. § 2.010 et seq.

N.C. Gen. Stat. § 147-45 et seq.

Va. Code § 30-34.5.

**Collateral References.** 73 Am. Jur. 2d Statutes §§ 84-88.

82 C.J.S. Statutes § 63.

States = 38.

States = 44 et seq.

**12-6-102. General distribution of acts.** — (a) It is also the duty of the secretary of state to distribute the printed acts, upon written request received not later than February 1 of each year, as follows: to each executive officer and public service commissioner of the state, one (1) copy; to each judge and each clerk of the Supreme, Appeals, circuit and criminal courts, one (1) copy; to each chancellor, each clerk and master, one (1) copy; to each district attorney general and each assistant, one (1) copy; to the attorney general and each assistant, one (1) copy; to each clerk of the probate courts and each judge of the county or probate courts, and to each register and each trustee, one (1) copy; each of the copies to belong to the indicated office, and go to the successor of the incumbent; also to the order of the University of Tennessee, up to thirty (30) copies for the use of the University of Tennessee as a depository and for exchanges.

(b) A copy of the printed acts shall be, upon written request received not later than February 1 of each year, delivered to every organized bar association in the state of Tennessee, provided such bar association maintains a law library and provided the name and address of such bar association shall be certified to the secretary of state by the county clerk of the county in which the association exists; and, provided, further, that should the association cease to function or to maintain a law library, all copies of the acts shall thereupon be turned over and delivered to the county clerk.

(c) Bound volumes of acts or resolutions may be made available to any person, firm, or corporation, requesting same in writing not later than February 1 of each year, at a cost of five dollars (\$5.00) per volume.

(d) Any requests for acts or resolutions received later than February 1 of each year will be accepted subject to availability.

(e) This section and §§ 12-6-101, 12-6-103 shall not apply to Tennessee Code Annotated, any supplement thereto or replacement volume thereof, or any act enacting that Code. [Code 1858, § 30; Shan., § 42; Acts 1923, ch. 101, § 2; mod. Code 1932, § 70; Acts 1935, ch. 181, § 2; 1941, ch. 22, § 1; mod. C. Supp. 1960, § 70; modified; impl. am. Acts 1955, ch. 69, § 1; Acts 1961, ch. 290, § 1; modified; impl. am. Acts 1978, ch. 934, §§ 22, 36; T.C.A. (orig. ed.), § 12-602; Acts 1981, ch. 191, §§ 2-5.]

**Cross-References.** Printing and distribution of school laws, § 4b-1-201.

Tennessee Code Annotated, §§ 1-1-106 — 1-1-113.

**Section to Section References.** This section is referred to in § 12-6-116.

**Law Reviews.** The Tennessee Court Systems — Prosecution, 8 Mem. St. U.L. Rev. 477.

**12-6-103. Acts and journals retained by secretary of state.** — The secretary of state shall also retain for the use of the executive and general assembly, unless a different number shall be prescribed by special law, fifty (50) copies of the acts and as many of the journals of each house, depositing three (3) copies of each in the state library. [Code 1858, § 31; Shan., § 43; mod. Code 1932, § 71; T.C.A. (orig. ed.), § 12-603.]

two (2) copies shall be lendable on application, to the persons, if any, allowed to take other books from the library of the depository. The other copy shall not be allowed to be taken from the premises of the depository. [Acts 1917, ch. 42, § 2; Shan. Supp., § 1387a9; Code 1932, § 2285; T.C.A. (orig. ed.), § 12-612.]

12-6-113. Exchanges by state librarian. — The state librarian and archivist may, from time to time, procure from the general government, any foreign government, or from any state or territory within the United States, the public acts, and law and equity reports of such government, state or territory, by exchanging the public acts or reports of this state. [Code 1858, § 38 (deriv. Acts 1843-1844, ch. 135, § 2); impl. am. Priv. Acts 1859-1860, ch. 53, § 2; Acts 1879, ch. 31, §§ 1, 6; Shan., § 55; mod. Code 1932, § 79; impl. am. Acts 1951, ch. 197, § 1; T.C.A. (orig. ed.), § 12-613.]

12-6-114. Delivery of exchange copies. — Each person or persons in charge of making such documents and publications as provided in § 12-6-108(1) shall deliver upon request up to sixty (60) copies to the state librarian and archivist, to enable the librarian to make these exchanges. [Acts 1879, ch. 31, § 8; Shan., § 51; mod. Code 1932, § 80; impl. am. Acts 1951, ch. 197, § 1; T.C.A. (orig. ed.), § 12-614; Acts 1981, ch. 191, § 11.]

#### 12-6-115. [Repealed.]

Compiler's Notes. This section (Code 1858, § 39 (deriv. Acts 1843-1844, ch. 135, § 1); Shan., § 56; mod. Code 1932, § 81; C. Supp. 1960, § 81; T.C.A. (orig. ed.), § 12-615), concerning expense of exchanges, was repealed by Acts 1981, ch. 191, § 13. For present law, see § 8-1-106.

12-6-116. Pamphlet copies of acts. — (a) The secretary of state is authorized to furnish to any person, firm or corporation, so requesting in writing not later than January 1 of each year, copies of the unbound, printed pamphlets containing the public acts of the general assembly which are printed at intervals during and shortly after each legislative session and made available pending publication of the bound volumes of the Public Acts of Tennessee, for that session. Requests received after January 1 of each year will be accepted subject to availability.

(b) The secretary of state shall charge and collect from each person, firm or corporation, except those specified in § 12-6-102, a fee of five dollars (\$5.00) for each complete set of pamphlets. The secretary of state shall fix a reasonable fee to be charged for copies of single pamphlets. Fees collected by the secretary of state shall be paid over to the state treasurer and shall become a part of the general fund of the state. [Acts 1970, ch. 460, § 1; T.C.A., § 12-616; Acts 1981, ch. 191, § 12.]

Cross-References. Report of local action included in published volume, § 8-3-204.

12-6-117. Certain resolutions not to be printed or distributed — List in "Acts of Tennessee" — Distribution to state library and archives and legislative reference and law library. — (a) Notwithstanding any provision of the law to the contrary, resolutions of the general assembly which honor or commend individuals or groups or which express sympathy or condolences upon the death of an individual shall not be published in the "Acts of Tennessee" pursuant to part 2 (repealed) of chapter 5 of this title, nor shall such resolutions be distributed in accordance with this chapter, unless the secretary of state, in consultation with the speaker of the senate and speaker of the house of representatives, determines that the resolution requires publication due to the prominence or contributions made by such person or group. The secretary of state shall cause a list of all such resolutions which are not printed to be included within the "Acts of Tennessee."

(b) At the time at which the secretary of state delivers the enrolled copies of acts and resolutions to the printer for publication pursuant to § 8-3-104, he shall deliver one (1) copy of all resolutions which are not printed pursuant to the provisions of this section to the state library and archives and to the legislative reference and law library. [Acts 1981, ch. 109, § 3.]

Compiler's Notes. Part 2 of chapter 5 of this title, referred to in this section, was repealed by Acts 1981, ch. 322, § 26.

12-6-118. Automatic and other distributions. — Except for exchange and depository copies provided for herein, there shall be no automatic distribution of any state report or publication, unless such distribution is required by an act or resolution enacted after May 25, 1984. Any other distribution must be approved by the state publications committee, as provided for in chapter 7 of this title, or be upon individual request of a person entitled to or desirous of receipt of any such publication or report. [Acts 1984, ch. 798, § 4.]

## CHAPTER 7

### STATE PUBLICATIONS COMMITTEES

SECTION.		SECTION.	
12-7-101.	State agencies publication committee — Establishment.	12-7-106.	Higher education and technical institutions publication committee — Establishment — Duties.
12-7-102.	Duties of publications committee.	12-7-107.	Approval procedure.
12-7-103.	Approval required.	12-7-108.	Application.
12-7-104.	Publications information required.		
12-7-105.	Cooperation required.		

12-7-101. State agencies publication committee — Establishment. — In order to control the cost and proliferation of publications and report printed by state agencies, and to provide a permanent record of publication issued by state government, there is hereby created a publications committee which shall consist of the commissioner of finance and administration, the commissioner of general services, the director of the governor's information office, the comptroller of the treasury, one (1) member of the senate, one (1) member of the house appointed by the respective speakers and the secretary of

state. The commissioner of finance and administration, or his representative, shall be the chairman of this committee, and the secretary of state, or his representative, shall be the secretary and as such shall keep a permanent and accurate record of the committee's proceedings. The members of this committee shall serve without additional compensation. The commissioner of finance and administration, the commissioner of general services, the secretary of state and the comptroller are authorized to designate an alternate representative who shall have full authority to vote and participate in all other activities of the committee under this chapter. Such designations must be made in writing to the chairman of the committee, with copy filed with the staff director and the secretary of state. The committee shall have authority to issue regulations implementing provisions concerning designation in such a manner as to provide for maximum continuity of such representation. [Acts 1976, ch. 694, § 1; 1979, ch. 296, § 1; T.C.A., § 12-1001.]

**Compiler's Notes.** The publications committee created by this section and § 12-7-106 will terminate June 30, 1990. See also §§ 4-29-112 and 4-29-211.

**Section to Section References.** This chapter is referred to in §§ 12-5-125, 12-6-110.

**Sections 12-7-101 — 12-7-106** are referred to in § 4-29-211.

**Comparative Legislation.** State publications committees:

Ky. Rev. Stat. Ann. § 57.04 et seq.

Va. Code § 2.1-464 et seq.

**Collateral References.** 81A C.J.S. States §§ 132, 162.

**12-7-102. Duties of publications committee.** — (a) It shall be the duty of the publications committee to establish rules and regulations to control costs and quantity of all publications, and to promulgate rules and regulations governing the printing and distribution of state agency reports and publications issued by agencies and departments of the government of the state of Tennessee, excluding the institutions of higher education, the judicial branch of state government, and those state institutions and facilities exempted from public purchase laws in § 12-3-103.

(b) The rules and regulations on distribution shall include a provision stipulating that there shall be no automatic distribution of reports or publications, except the distribution provided for in chapter 6 of this title, or otherwise by law or resolution enacted after May 25, 1984, but that all distributions must either be approved in general by the committee or be made upon request by the recipient.

(c) Further, it shall be the duty of the publications committee to establish a procedure for reviewing all publications as hereinafter defined, and to approve or disapprove the printing of existing publications and planned publications which come under the provisions of this chapter.

(d) The publications committee shall determine the need for existing and planned publications based upon agency's goals and purpose or statutory requirements, and the quantity and distribution of each approved publication.

(e) The publications committee shall also prepare and submit once every two (2) weeks a list of available publications and a brief synopsis of such publications to each member of the general assembly.

(f) Upon receiving such list, a member of the general assembly may request a copy of a publication from the publications committee.

(g) Publications herein shall be defined to include any newsletter, stationery, greeting card, any report printed at facilities not operated by the state or any report or printed material produced for distribution outside the department or agency for which the report is to be printed. [Acts 1976, ch. 694, § 2; T.C.A., § 12-1002; Acts 1980, ch. 742, §§ 1, 2; 1982, ch. 563, § 4; 1984, ch. 798, § 5.]

**Section to Section References.** This section is referred to in § 12-7-103.

**12-7-103. Approval required.** — (a) No publication, coming within the jurisdiction of the publications committee as provided by § 12-7-102, shall be printed unless it has been approved in accordance with rules promulgated by the publications committee. Rules of the publications committee shall be promulgated in accordance with the Uniform Administrative Procedures Act compiled in title 4, chapter 5.

(b) The publications committee shall require any publication printed to include the number of copies printed.

(c) The publications committee shall not approve any publication which purports to contain a citation to or a reproduction of a duly promulgated agency rule (as defined by the Uniform Administrative Procedures Act § 4-5-102) prior to receiving a written statement from the secretary of state or his representative verifying the fact that the rule so cited or reproduced has been duly promulgated and is currently in effect.

(d) A printing authorization number shall be assigned to each publication which has been approved as required by this section. The printing authorization number shall be affixed to the publication adjacent to the identification of the agency responsible for the publication. No printing facility operated by the state shall print any publication, coming within the jurisdiction of the publications committee as provided by § 12-7-102, unless the printing authorization number has been affixed as required by this subsection. No contract shall be entered into, nor requisition issued, nor acted upon, by any state department or agency, including, but not limited to, the division of purchasing of the department of general services, for printing of any publication, coming within the jurisdiction of the publications committee as provided by § 12-7-102, at any facility unless the printing authorization number has been affixed as required by this subsection. All state contracts or grant agreements including, but not limited to, all contracts for personal, professional and consultant services entered into under §§ 12-4-109 and 12-4-110, which involve or may involve the printing of any publication, coming within the jurisdiction of the publications committee as provided by § 12-7-102, shall contain a provision whereby the contractor or grantee agrees that no publication shall be printed unless a printing authorization number has been obtained and affixed as required by this section.

(e) Whenever any department, institution or agency of the state government contracts for the printing of a publication, coming within the jurisdiction of the publications committee as provided by § 12-7-102, and such publication has not been approved in accordance with rules promulgated by the

publications committee, such contract shall be void and of no effect. [Acts 1976, ch. 694, § 3; T.C.A., § 12-1003; Acts 1980, ch. 455, § 1; 1982, ch. 563, §§ 5, 6; 1983, ch. 80, §§ 1, 2.]

**12-7-104. Publications information required.** — The publications committee shall, as a minimum, keep the following information on each approved publication:

- (1) Name of publication;
- (2) Department producing publication;
- (3) Purpose and brief description of publication contents;
- (4) Number of copies authorized to be printed;
- (5) A general list of distribution; and
- (6) Estimated cost of printing and distribution. [Acts 1976, ch. 694, § 4; T.C.A., § 12-1004.]

**12-7-105. Cooperation required.** — It shall be the duty of all departments, institutions or agencies of state government to furnish to the publications committee all material requested from the committee regarding publications and reports. [Acts 1976, ch. 694, § 5; T.C.A., § 12-1005.]

**12-7-106. Higher education and technical institutions publication committee — Establishment — Duties.** — (a) To control publications of higher education institutions and technical institutes, there is hereby established a publications committee which shall consist of the executive director of the Tennessee higher education commission, the president of the University of Tennessee system, the chancellor of the state board of regents, and the commissioner of education or his designee. This committee shall review publications of higher education institutions and technical institutes to determine the necessity of the publications, and shall promulgate rules and regulations governing the printing of such publications by higher education institutions and technical institutes. The rules and regulations shall include a provision stipulating that there shall be no automatic distribution of reports or publications, except the distribution provided for in chapter 6 of this title, or otherwise by law or resolution enacted after May 25, 1984, but that all distributions must either be approved in general by the committee or be made upon request by the recipient. The publications committee shall require each higher education institution and technical institute to keep, as a minimum, the following information on each approved publication:

- (1) Name of publication;
- (2) Department producing publication;
- (3) Purpose and brief description of publication's contents;
- (4) Number of copies authorized to be printed;
- (5) A general list of distribution; and
- (6) Estimated cost of printing and distribution.

(b) The publications committee shall require any publication printed at facilities not operated by the state or higher education institution or technical institute to include the printer's name, address, and the number of copies printed.

(c) The publications committee shall not approve any publication which purports to contain a citation to or a reproduction of a duly promulgated agency rule (as defined by the Uniform Administrative Procedures Act § 4-6-102) prior to receiving a written statement from the secretary of state or his representative verifying the fact that the rule so cited or reproduced has been duly promulgated and is currently in effect.

(d) A printing authorization number shall be assigned to each publication which has been approved as required by this section. The printing authorization number shall be affixed to the publication adjacent to the identification of the higher education institution or technical institute responsible for the publication. No printing facility operated by a higher education institution or technical institute shall print any publication unless the printing authorization number has been affixed as required by this subsection. No contract shall be entered into, no requisition issued, or acted upon, by any higher education institution or technical institute for printing of any publication at any facility unless the printing authorization number has been affixed as required by this subsection. All contracts or grant agreements entered into by a higher education institution or technical institute which involve or may involve the printing of a publication shall contain a provision whereby the contractor or grantee agrees that no publication shall be printed unless a printing authorization number has been obtained and affixed as required by this section. [Acts 1976, ch. 694, § 6; T.C.A., § 12-1006; Acts 1980, ch. 455, § 2; 1982, ch. 563, §§ 7-9; 1984, ch. 798, § 6.]

**Compiler's Notes.** The publications committees created by § 12-7-101 and this section will terminate June 30, 1990. See §§ 4-29-112 and 4-29-211.

**Section to Section References.** Section 12-7-101 — 12-7-106 are referred to as § 4-29-211.

**12-7-107. Approval procedure.** — The approval procedure established by the publications committee created by this chapter may allow one-time approval of a publication which is printed on a periodic basis and which conforms to the format, design, and purpose of the publication as originally presented to the appropriate committee for approval without requiring review and approval of subsequent issues of the publication. [Acts 1976, ch. 694, § 7; T.C.A., § 12-1007.]

**12-7-108. Application.** — The requirements of this chapter shall not apply to any student newspaper publication or annuals and/or yearbook. [Acts 1976, ch. 694, § 8; T.C.A., § 12-1008.]

## CHAPTER 8 SALE OF PRODUCTS

SECTION.	SECTION.
12-8-101. Stone products and hot mix asphalt — Prohibitions.	12-8-103. Gratuitous work for nonprofit organizations — Sales to farmers.
12-8-102. Penalty — Injunctive relief.	