

SCOMM

36:16

IDENTIFICATION	BILL NAME <i>A Act establishing a fisheries business tax credit</i>		BILL NUMBER <i>HB 518</i>
	SPONSOR(S)		DATE INTRODUCED <i>1/16/84</i>
			RELATED BILLS PENDING
			REFERRALS <i>Resources</i> <i>Finance</i>
INITIAL RESEARCH	INITIAL SUMMARY COMPLETED	LEGAL DIVISION SUMMARY	
	SPONSOR CONTACTED FOR BACKUP MATERIALS	DEPT OF LAW SUMMARY	
	AGENCY RESPONSE	FISCAL NOTE	
		OTHER INTERESTED LEGISLATORS NOTIFIED	
BACKGROUND RESEARCH	SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES		OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, ETC
	RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS		
HEARING PREPARATION	CHAIRMAN BRIEFED	DATE & PLACE SET	
	STAFF MEMO TO COMMITTEE	TELECONFERENCE	
	BACKGROUND MATERIAL DISTRIBUTED	PSA/PRESS RELEASE	
	LIST OF WITNESSES	SUGGESTED AMENDMENTS/CS DRAFTED	

Original sponsors: Zharoff and
Grussendorf

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON FISHERIES

2 CS FOR HOUSE BILL NO. 518 (Fisheries)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a fisheries business tax cred-
7 it."

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

9 * Section 1. AS 43.75 is amended by adding new sections to read:

10 Sec. 43.75.018. FISHERIES BUSINESS TAX CREDIT. (a) A cannery
11 or fisheries business is entitled to a credit of not more than 50
12 percent of the cannery's or business's tax liability under AS 43.75.-
13 015 for capital expenditures related to a shore-based cannery or a
14 shore-based fisheries business facility in the state made during the
15 tax year if an application for the credit is approved by the depart-
16 ment.

17 (b) A cannery or fisheries business may claim a credit under (a)
18 of this section for a maximum period of five consecutive years. An
19 applicant for the credit may elect to begin the five-year period with
20 any tax year from 1984 through 1988.

21 (c) The portion of a capital expenditure that exceeds the amount
22 eligible for a credit under (a) of this section during a single tax
23 year may not be carried back to a prior taxable year, but may be
24 claimed as a credit under (a) of this section for a subsequent tax
25 year within the five-year period elected under (b) of this section.
26 In no event may tax credits be approved for more than 100 percent of a
27 capital expenditure.

28 (d) The department may not approve a tax credit under (a) of
29 this section if the property for which the capital expenditure was

1 made was the subject of a previous capital expenditure by another
2 taxpayer for whom a corresponding tax credit under (a) of this section
3 has been approved.

4 (e) The department shall adopt regulations providing for the
5 application for a credit under (a) of this section and for the review
6 and approval or disapproval of an application.

7 (f) The department shall approve or disapprove an application
8 for a credit under this section not later than 60 days after receiving
9 the application.

10 Sec. 43.75.019. TAX CREDIT REPORT. Not later than the 60th
11 legislative day of each regular legislative session the Department of
12 Revenue, in conjunction with the Department of Commerce and Economic
13 Development, shall submit to the legislature a report on the fisheries
14 business tax credit program under AS 43.75.018. The report shall
15 describe the expenditures for which a credit was claimed during the
16 previous tax year and, if possible, the increase in employment and
17 processing capacity by the canneries and fisheries businesses for whom
18 the credit was approved. Reporting under this section shall begin
19 with the second regular session of the Fourteenth Alaska Legislature.

20 * Sec. 2. AS 43.75.130 is amended by adding a new subsection to read:

21 (b) For purposes of this section, tax revenue collected under
22 AS 43.75.015 from a person entitled to a credit under AS 43.75.018
23 shall be calculated as if the person's tax had been collected without
24 applying the credit.

25 * Sec. 3. AS 43.75.018, 43.75.019 and 43.75.130(b) are repealed
26 June 30, 1993.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 518
 Title: Fisheries business
tax credit
 Sponsor: Zharoff
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: ADEC
 Program Category Affected: None
 BRU, Program or Subprogram(s) Affected:
None

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Richard Peifer Phone: 465-2600
 Division: Seafood & Animal Industry Date: 1/24/84

Approved by Commissioner: Richard A. Peifer Date: 1/24/84
 Agency: Department of Environmental Conservation

Distribution (by Agency preparing fiscal note):

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

12/1/83

HOUSE BILL 518

An act establishing a fisheries business tax credit

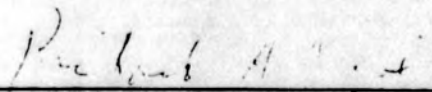
POSITION PAPER

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

The Department of Environmental Conservation supports the concept of this bill. Improvement of quality control and facilities, and development of new commercial fish species represent significant costs to the industry. These costs constitute a major deterrent to much-needed improvements in industry processing methods, facilities, and product quality.

The incentive offered by this legislation represents an investment in the economic future of the State of Alaska.

Dated: January 24, 1984



Richard A. Nevé
Commissioner
Department of Environmental
Conservation

MASTER

CITY OF KODIAK
RESOLUTION NUMBER 09-84

FEB 14 1984

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK SUPPORTING USE OF THE STATE PORTION OF THE RAW FISH TAX TO PROVIDE TAX CREDITS TO SHORE-BASED FISH PROCESSORS

WHEREAS, investment capital for onshore processing facilities is recognized as a top priority in Kodiak's fishing community; and

WHEREAS, because the Kodiak King Crab season did not open in 1983, and may not open in the near future, diversification is needed; and

WHEREAS, the potential growth of Kodiak's bottomfish industry makes it especially important that this segment of the processing industry be promoted,

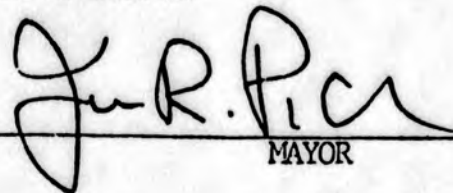
NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the Governor and the Legislature be and are hereby urged to provide raw fish tax credits against the State's fifty percent for upgrading and modernization of shore-based fish processing facilities.

BE IT FURTHER RESOLVED that copies of this resolution be forwarded to:

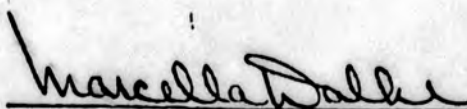
The Honorable Bill Sheffield, Governor of Alaska
The Honorable Stephen McAlpine, Lieutenant Governor of Alaska
All Alaska State Senators
All Alaska State Representatives
The Kodiak Island Borough
The Kodiak Area Chamber of Commerce

PASSED AND APPROVED this 9TH day of FEBRUARY, 1984.

CITY OF KODIAK


MAYOR

ATTEST:


CITY CLERK

MASTER

SECTIONAL ANALYSIS OF CSHB518(Fisheries)

Section one: This section sets up the fisheries business tax credit program. Under the program a fish processor is entitled to receive a credit of not more than 50% of its raw fish tax liability for capital investments in shore-based facilities. The program has a consecutive five year eligibility period for each fish processor, which the processor can initiate in any year through 1988. Fish processors will be allowed to carry eligible investments forward during their five year period, but will be unable to begin a tax credit for an item which has already been credited under this program.

This section also provides for an annual report to the legislature on the benefits and utilization of this tax credit program (to begin in 1986).

Section two: This section provides that the calculation of raw fish tax refunds to local governments will not change and will continue as if the raw fish tax credit did not exist.

Section three: This section repeals the raw fish tax credit program in 1993; after all eligibility under the program has expired.



Alaska State Legislature

HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN
RICHARD SHULTZ, CO-CHAIRMAN
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

adopted 4/2/84

TO: House Resources Members

From: Committee Staff

DATE: [REDACTED] 4

RE: [REDACTED]

Proposed

Section one: This new section deletes the word "cannery" and replaces it with "fisheries business". This action cleans up the statutes because in the definition section of Chapter 75, AS 43.75.140(3), "cannery" is defined as a "fisheries business". AS 43.75.140(3) states:

(3) "fisheries business" means a person who engages in processing fisheries resources for sale by freezing, cooking, salting, or other method and includes but is not limited to canneries, cold storages, freezer ships, and processing plants.

Also, throughout the original committee substitute bill, the word "cannery" has been deleted because the words "fisheries business" already defines "cannery" in the definition section of this chapter.

Section two: This section sets up the fisheries business tax credit program. Under the program a fish processor is entitled to receive a credit of not more than 50% of its raw liability for capital investments in shore-based facilities. The program has a consecutive five year eligibility period for each fish processor, which the processor can initiate in any year through 1988. Fish processors will be allowed to carry eligible investments forward during their five year period, but will be unable to begin a tax credit for an item which has already been credited under this program.

This section also provides for an annual report to the legislature on the benefits and utilization of this tax credit program (to begin in 1986).

Section three: This section provides that the calculation of raw fish tax refunds to local governments will not change and will continue as if the raw fish tax credit did not exist.

Section four: This section puts the definition of "capital expenditure" in the statutes under the definition section of Chapter 75. This is language from the Department of Revenue.

Section five: This section repeals the raw fish tax program in 1993; after all eligibility under the program has expired.

only difference definition to

Dept. of Res Supports the Bill

Philip Daniels

UFA Supports S18

Greg Baker
Supports

- Could create another billion dollar industry

- 35 million could be available to go into Fisheries development

Original sponsors: Zharoff and
Grussendorf

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IN THE HOUSE

BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 518 (Resources)
IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the fisheries business tax."

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

* Section 1. AS 43.75.015(a) is amended to read:

(a) A person engaged in a fisheries business is liable for and shall pay the tax levied by this section on the value of each of the following fisheries resources processed during the year at the rate set out after each:

(1) salmon canned at a shore-based fisheries business [CANNERY] - four and one-half percent;

(2) salmon processed by a shore-based fisheries business, except salmon for which the tax is due under (1) of this subsection, and all other fisheries resources processed by a shore-based fisheries business - three percent;

(3) fisheries resources processed by a floating fisheries business - five percent.

* Sec. 2. AS 43.75 is amended by adding new section to read:

Sec. 43.75.018. FISHERIES BUSINESS TAX CREDIT. (a) A fisheries business is entitled to a credit of not more than 50 percent of the business tax liability under AS 43.75.015 for capital expenditures related to a shore-based fisheries business facility in the state made during the tax year if an application for the credit is approved by the department.

(b) A fisheries business may claim a credit under (a) of this section for a maximum period of five consecutive years. An applicant

1 for the credit may elect to begin the five-year period with any tax
2 year from 1984 through 1988.

3 (c) The portion of a capital expenditure that exceeds the amount
4 eligible for a credit under (a) of this section during a single tax
5 year may not be carried back to a prior taxable year, but may be
6 claimed as a credit under (a) of this section for a subsequent tax
7 year within the five-year period elected under (b) of this section.
8 In no event may tax credits be approved for more than 100 percent of a
9 capital expenditure.

10 (d) The department may not approve a tax credit under (a) of
11 this section if the property for which the capital expenditure was
12 made was the subject of a previous capital expenditure by another
13 taxpayer for whom a corresponding tax credit under (a) of this section
14 has been approved.

15 (e) The department shall adopt regulations providing for the
16 application for a credit under (a) of this section and for the review
17 and approval or disapproval of an application.

18 (f) The department shall approve or disapprove an application
19 for a credit under this section not later than 60 days after receiving
20 the application.

21 Sec. 43.75.019. TAX CREDIT REPORT. Not later than the 60th
22 legislative day of each regular legislative session the Department of
23 Revenue, in conjunction with the Department of Commerce and Economic
24 Development, shall submit to the legislature a report on the fisheries
25 business tax credit program under AS 43.75.018. The report shall
26 describe the expenditures for which a credit was claimed during the
27 previous tax year and, if possible, the increase in employment and
28 processing capacity by the fisheries businesses for whom the credit
29 was approved. Reporting under this section shall begin with the

1 second regular session of the Fourteenth Alaska Legislature.

2 * Sec. 3. AS 43.75.130 is amended by adding a new subsection to read:

3 (b) For purposes of this section, tax revenue collected under
4 AS 43.75.015 from a person entitled to a credit under AS 43.75.018
5 shall be calculated as if the person's tax had been collected without
6 applying the credit.

7 * Sec. 4. AS 43.75.140 is amended by adding a new paragraph to read:

8 (9) "capital expenditures" includes the price paid for
9 equipment and the costs of improvements made to depreciable property,
10 but does not include expenditures that are deducted entirely for
11 federal income tax purposes in the year in which they accrued or were
12 paid.

13 * Sec. 5. AS 43.75.018, 43.75.019, 43.75.130(b), and 43.75.140(9) are
14 repealed June 30, 1993.
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HOUSE SPECIAL COMMITTEE
ON FISHERIES
March 20, 1984
4:00 p.m.

Members Present: Rep. Herrmann, Chairman
Rep. Fuller, Vice-Chair
Rep. McBride
Rep. Zharoff
Rep. Bussell

Members Absent: Rep. Goll
Rep. Grussendorf

COMMITTEE CALENDAR

HB 518 "An Act establishing a fisheries business
tax credit."

WITNESS REGISTER

Phillip Daniel
United Fisherman's Association
319 Seward Street
Suite #10
Box 1771
Juneau, Alaska 99801
586-6121
Position Statement: Available to answer questions.

Steve Kettel
Department of Revenue
Pouch S
Juneau, Alaska 99811
465-2343
Position Statement: Available to answer questions.

Norm Staton
Department of Revenue
Pouch S
Juneau, Alaska 99811
Position Statement: Available to answer questions.

PREVIOUS ACTION

HB 518 1/16/84 - First Reading.
Committee Referrals - Fisheries, Resources,
Finance and Rules Committees.
See Fisheries minutes of February 2, 1984.

ACTION NARRATIVE

TAPE#64
Recording
Number 0001

Chairman Herrmann called the meeting to order at 4:00 p.m., recognized the members present and announced the agenda. Chairman Herrmann asked for a motion to bring Committee Substitute for HB 518 (Fisheries) before the committee for consideration.

Rep. Fuller moved and asked unanimous consent that CSHB 518 (Fisheries) be considered at this time. No objection, so ordered.

Chairman Herrmann called the first witness to testify on the bill.

Number 0015

Phillip Daniel, representing the United Fishermen of Alaska said they support HB 518. He discussed the present economic plight of the fishing industry and the great need for this type of legislation.

Number 0040

Chairman Herrmann thanked Mr. Daniel for his testimony and called Rick Lauber to testify.

Number 0044

Rick Lauber said he represented the Pacific Seafood Processors Association, and that they too support HB 518. He discussed how the working group had been working on the bill; fine tuning it to make it acceptable to the legislature.

Mr. Lauber said he would rather not see any limitations, but felt that the 50% limitation was practical and acceptable. He stated that HB 518 was necessary to get the fishery off the ground.

Number 0094

Chairman Herrmann thanked Rick Lauber and asked Norm Staton to come forward and testify.

Number 0101

Norm Staton from the Department of Revenue said they were happy to see the language change in the Committee Substitute.

Number 0121

Mr. Staton pointed out a minor reservation the Department had.

Number 0141 Norm Staton said it would be difficult to include everything in the report which was called for.

Number 0159 Rep. McBride asked if it wouldn't be hard for Mr. Staton to ask the processors the question and present their answers.

Number 0166 Mr. Staton replied that they could do that and he was only expressing some caution.

Number 0173 Rep. McBride wanted to know if an offshore processor could take the tax credit.

Number 0164 Norm Station said it was his understanding that he could qualify if he used it on shore.

Number 0192 Rep. Fuller inquired if the fiscal note was a one-time shot.

Number 0199 Steve Kettel from the Audit Department answered yes.

Number 0200 Chairman Herrmann announced that Rep. Bussell was now in attendance.

Number 0208 Norm Staton asked if he could raise one other issue.

Number 0230 Steve Kettel said the issue was in connection with the letter of intent. He felt that the eligible investments were too broad.

Number 0249 Mr. Kettel continues. He asked if there could be further clarification on this point.

Number 0256 Chairman Herrmann attempted to solve the problem by pointing out a certain portion of the bill. Keith didn't think it cleared up the problem.

Number 0268 Rep. Fuller wanted to know how much emphasis was placed on the letter of intent.

Number 0273 Mr. Staton said the Department uses the letter of intent.

Number 0278 Discussion continues between Rep. Bussell and Mr. Kettel.

Number 0286 Rep. McBride said he saw design and

engineering as part of knowing what your expenditures are going to be, and maybe could solve the labor part by adding one line.

Number 0298

Chairman Herrmann said she would direct staff to work on the letter of intent.

Rep. Fuller moved and asked unanimous consent to pass CSHB 518 (Fisheries) out of committee and asked for individual recommendations. No objection, the motion carried.

Number 0306

Rep. Zharoff said he did not see any problems with the letter of intent, and felt the Department clearly understood what the intent was.

Chairman Herrmann informed Rep. Zharoff that the committee would be considering the letter of intent for HB 518 on Thursday.

Number 0330

Rep. Zharoff said he wanted to alert the committee that he intended to approach the Co-Chairman of the Resources Committee for introduction of a resolution to the International Pacific Halibut Commission.

This resolution will request the International Pacific Halibut Commission to utilize our limited entry office for the issuance of new registration forms that they are requiring our Alaskan small boat fisherman to have, said Rep. Zharoff.

Number 0358

Discussion continues between committee members.

Number 0371

Chairman Herrmann adjourned the meeting.

HOUSE SPECIAL COMMITTEE
ON FISHERIES
March 22, 1984
4:02 p.m.

Members Present: Rep. Herrmann, Chairman
Rep. Fuller, Vice-Chair
Rep. Bussell
Rep. Zharoff

Members Absent: Rep. McBride
Rep. Grussendorf
Rep. Goll

COMMITTEE CALENDAR

LETTER OF INTENT FOR CSHB 518 (Fisheries)

"An Act establishing a fisheries business
tax credit".

WITNESS REGISTER

NONE

PREVIOUS ACTION

CSHB 518
(Fisheries)

1/16/84 - First Reading.

Committee Referrals - Fisheries, Resources,
Finance and Rules Committees.

See minutes of February 2 and March 20,
1984.

ACTION NARRATIVE

TAPE#65
Recording
Number 0001

Chairman Herrmann called the meeting to
order at 4:02 p.m., recognized the members
and announced the agenda before the
committee. She asked for discussion on the
following letter of intent for CSHB 518
(Fisheries):

LETTER OF INTENT - CSHB 518 (Fisheries):

It is the intent of the Legislature of the

State of Alaska that the Fisheries Business Tax Credit program is enacted primarily for increasing capital investments in equipment relating to:

- (1) processing developing commercial fish species;
- (2) meeting quality control guidelines; and
- (3) upgrading and modernization of existing processing facilities.

The program is designed to make capital available for investment in equipment for shorebased facilities within Alaska and not for purchase of land or processing facilities.

The Legislature expects eligible capital expenditures to be the price paid to acquire equipment, including costs of improvements and betterments made to property, but not expenditures which are taken as a deduction in computing federal taxable income for the taxable year.

Number 0010

Rep. Bussell discussed a separate document with Chairman Herrmann. Rep. Bussell had a question on real property.

Number 0045

Rep. Fuller suggested amending that and if they have to amend it, fine.

Rep. Zharoff wanted to know what real property was. Rep. Bussell said real property was like a building.

Number 0059

Mel Monsen said if the amendment is adopted by the Resources Committee, then the language is needed. Mr. Monsen said when he talked to the Department, they said the letter of intent as it was originally drafted is fine if the definition of capital expenditures could be included in the statutes. If not, then the letter of intent should include the last paragraph.

Chairman Herrmann and Rep. Bussell discussed what language should added to the bill.

Number 0077

Rep. Fuller said he thought the committee should pass out the letter of intent and let the Resources Committee take care of it.

Rep. Fuller moved and asked unanimous consent that the Letter of Intent accompany CSHB 518 (Fisheries). No objection, the motion carried.

Number 0083

No further business to come before the committee, Chairman Herrmann adjourned the meeting.

HOUSE SPECIAL COMMITTEE
ON FISHERIES
February 2, 1984
4:05 p.m.

Members Present: Rep. Herrmann, Chairman
Rep. McBride
Rep. Zharoff
Rep. Goll
Rep. Bussell

Members Absent: Rep. Fuller, Vice-Chair
Rep. Gurssendorf

COMMITTEE CALENDAR

HB 518 "An Act establishing a fisheries business
tax credit."

WITNESS REGISTER

Greg Baker
Pouch D
Juneau, Alaska 99811
Position Statement: Supports HB 518.

Rick Lauber
321 Highland
Juneau, Alaska 99801
Position Statement: Supports HB 518.

Norm Staton
Pouch S
Department of Revenue
Juneau, Alaska 99811
Position Statement: Said HB 514 may be hard to achieve.

David Woodruff
Box 647
Kodiak, Alaska 99615
Position Statement: Supports HB 518.

PREVIOUS ACTION

HB 518 1/16/84 - First Reading.

Committee Referrals - Fisheries, Resources,
Finance and Rules Committees.

No previous action in Fisheries.

ACTION NARRATIVE

TAPE#51
Recording
Number 0002

Chairman Herrmann called the meeting to order. She asked Rep. Zharoff to explain the bill.

Number 0018

Rep. Zharoff indicated that it would allow a tax credit to those attempting to get into bottomfish. It would encourage upgrading and modernization of processing facilities.

Number 0073

Discussion between Chairman Herrmann and Rep. Zharoff.

Number 0107

Chairman Herrmann called Greg Baker to testify.

Number 0115

Greg Baker states his name and says he is supportive of seafood tax credit program.

Number 0170

Presented some questions that would result from this bill.

Number 0191

Mr. Baker said this would be difficult in writing regulations.

Number 0220

Asked if an across the board reduction in raw fish tax would do the same thing.

Number 0230

Discussion between Chairman Herrmann, Greg Baker and Rep. McBride.

Number 0267

Rep. Bussell wanted to know why different percentages were charged on shore and off shore.

Number 0275

Greg Baker answered that it was to encourage on shore processing.

Number 0289

Greg Baker said the on shore processors constituted 30% of the processors and 70% were off shore. The off shore percentage was increasing every year.

Number 0326

Rep. Zharoff said the language of the bill is broad. His intent was that this be a one time tax credit.

Number 0341

There was discussion between Rep. McBride and Greg Baker.

Number 0383

Greg Baker identified greatest potential

areas for bottomfish development.

Number 0427 Rep. McBride offers options for use of money gained from bill.

Number 0435 Greg Baker stated that there were other needs, he further talked about those needs.

Number 0453 Rep. McBride wanted to know if there was enough money for those needs.

Number 0458 Greg Baker said he thought there was enough.

Number 0463 Chairman Herrmann said, we have enough research on bottomfishing. What we need now is action.

Number 0470 Rep. McBride said he was thinking about products that we might develop.

Number 0484 Rep. Zharoff; my concern is to allow processors to look into other areas for sources of revenue.

Number 0490 Chairman Herrmann thanked and excused Greg Baker. She then called Rick Lauber to testify.

Number 0495 Rick Lauber; talked about how the Governor proposed to help the fishing industry.

Number 0527 Mr. Labuer went on to say that this tax incentive was a genuine way to help the industry and that he is in favor of it. He said he felt it was a necessity for developing the industry.

Number 0577 Rick Lauber said it is important to encourage on shore processing. The industry needs relief.

Number 0604 Chairman Herrmann discussed Unalaska plant.
Rick Lauber said Unisea is out of crab business.

Number 0620 Rep. Zharoff reiterated that bill is open ended.

Number 0624 Mr. Lauber said the best thing to do is lure them into a sense of security.

Number 0640 Rep. Zharoff asked question, do you think it should stay open ended?

Number 0642 Rick Lauber says yes, then elaborates.

Number 0651 Discussion between Rep. McBride and Rick Lauber.

Tape 52
Recording
Number 0001 Rick Lauber says it isn't just the processor that bears the tax increase.

Number 0050 Rep. McBride; so it is coming out of profits of fishermen and processors.

Number 0072 Mr. Lauber said, I guess it probably would be.

Number 0689 Chairman Herrmann thanked Mr. Lauber and excused him. She than called Norm Staton to testify.

Number 0091 Norm Staton gave his background and said it would be hard to get support for a tax credit out of the Department of Revenue.

Number 0131 Mr. Staton said he didn't know the Governor's Office position yet, but thought it would probably be positive.

Number 0161 Rep. McBride wanted to know if Mr. Staton had any idea what it cost to collect the tax.

Number 0163 Norm Staton didn't think it was much. There was further discussion on this between Mr. Staton and Rep. McBride.

Number 0182 Norm Staton said there was a need to determine what tax you wanted to impact.

Number 0202 Rep. Zharoff wanted to know if raw fish tax was collected after fish were caught.

Number 0206 Norm Staton said yes it was collected after.

Number 0213 Rep. McBride wanted to know if it was 3% of tax you paid fisherman.

There was discussion on this.

Number 0220 Chairman Herrmann thanked Mr. Staton and excused him. She than called on David Woodruff to testify.

Number 0229 David Woodruff said he supports Rep.

Zharoff's bill.

- Number 0239 David Woodruff said he had originally requested such a bill be introduced for bottomfish only.
- Number 0250 We needed to develop bottomfish, but needed a break to get into bottomfish, said Mr. Woodruff.
- Number 0284 Chairman Herrmann stated that the committee would be working on developing bottomfish. She said we will be going to the public with recommendations and asking for comment.
- Number 0293 Rep. Zharoff said the bill does get to the grassroots of the thing and that is helping the industry.
- Number 0301 Rep. McBride said he mis-understood the bill. The mis-understanding was cleared up.
- Number 0314 Rep. Bussell said he didn't understand why only give a 50% break, why not give it all back.
- Number 0328 Rep. Zharoff said he would like nothing more than to give it all back, but said that couldn't work because local governments get a portion of tax. That portion is very crucial to them.
- Number 0339 Mr. Woodruff; we were afraid to ask for it all because the municipality needed some to.
- Number 0370 Chairman Herrmann thanked Mr. Woodruff for testifying.
- Number 0372 Rep. Bussell said that this was a simple resolution.
- Number 0377 Chairman Herrmann said we will be working on the bill.
- Number 0380 Rep. Bussell wanted to know how much goes back to the city.
- Number 0388 Chairman Herrmann asked Rep. Zharoff to get back-up material to committee members.
- Number 0450 Rep. Bussell made comments on another bill that was pertinent to the Fisheries Committee. He talked about the problem of

the bill

Number 0462

No further business to come before the committee, Chairman Herrmann adjourned the meeting at 5:30 p.m.