

SCOMM

#36:7

IDENTIFICATION	BILL NAME An act making a special appropriation to the Dept. of Commerce and Economic Development for distribution of additional Salmon enhancement tax receipts to Cook Inlet Aquaculture Association; and providing for an effective date		BILL NUMBER HB 234
	SPONSOR(S) Malone		DATE INTRODUCED 3/2/83
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	

REFERRALS
 Resources and Finance

COMMITTEE REPORT

HOUSE

RESOURCES
FURTHER: FINANCE

3/2/83

Date: _____

Mr. Speaker:
HOUSE SPECIAL COMMITTEE ON FISHERIES

The ~~Committee~~ on _____ has had HB 234

An Act making a special appropriation to the Department of Commerce and Economic Development for distribution of additional salmon enhancement tax receipts to Cook Inlet Aquaculture Association; and providing for an effective date.

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Julia
13-0920

Funding Information	
General Fund	\$204,000
Other Funds	-0-
	<u>\$204,000</u>

Introduced: 3/2/83
Referred: House Special
Committee on Fisheries,
Resources and Finance

1
2
3 IN THE HOUSE

BY MALONE

4 HOUSE BILL NO. 234

5 IN THE LEGISLATURE OF THE STATE OF ALASKA

6 THIRTEENTH LEGISLATURE - FIRST SESSION

7 A BILL

8 For an Act entitled: "An Act making a special appropriation to the Depart-
9 ment of Commerce and Economic Development for distri-
10 bution of additional salmon enhancement tax receipts
11 to Cook Inlet Aquaculture Association; and providing
12 for an effective date."

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

14 * Section 1. Representing the additional amount of salmon enhancement
15 tax collected in Cook Inlet, the sum of \$204,000 is appropriated from the
16 general fund to the Department of Commerce and Economic Development for
17 distribution to the Cook Inlet Aquaculture Association.

18 * Sec. 2. The appropriation made by this Act shall be disbursed in
19 accordance with AS 43.76.025.

20 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

ALASKA STATE LEGISLATURE

.... 13th Legislature FIRST Session

HOUSE ... BILL NO. ... 234 ..

By ... MALONE

An Act making a special appropriation to the Department of Commerce and Economic Development for distribution of additional salmon enhancement tax receipts to Cook Inlet Aquaculture Association; and providing for an effective date.

Sp. Ap. Cook Inlet Aquaculture

Introduced in the House 3/2....., 19.83

HISTORY IN THE HOUSE

19	83	Read first time and referred to Committee on										
Mar	2	House Special Committee on Fisheries, Resources and Reported back with recommendation that										
		Read second time and										
		Read third time and										
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		Reconsideration										
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		Reported correctly engrossed										
		Signed by Speaker										
		Sent to Senate										
CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19		Read first time and referred to Committee on										
		Reported back with recommendation that										
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Excused	Excused											
		Reported correctly engrossed										
		Signed by President										
		Returned to House										
SECRETARY OF THE SENATE												

HISTORY IN THE HOUSE

19		Received from Senate
		Concurred in Senate amendment thus adopting: VOTE
		Failed to concur in Senate amendment; asked Senate to recede VOTE
		Senate receded from amendment VOTE
		Senate failed to recede from amendment VOTE
		CC appointed by House
		CC appointed by Senate
		CC adopted by House VOTE
		CC adopted by Senate VOTE
		To enrolling Reported correctly enrolled Sent to Governor by Governor
		Filed with Lt. Governor
		Chapter No.



COOK INLET
AQUACULTURE ASSOCIATION

P.O. BOX 3819
SOLDOTNA, AK 99669-3819
(907) 262-9419

February 7, 1983

Honorable Hugh Malone
State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Malone:

Cook Inlet Aquaculture Association is experiencing a major difficulty with the manner in which Salmon Enhancement Taxes are collected and distributed. It appears that, at least in Cook Inlet, the amount of tax collected each year by the Department of Revenue is substantially less than what is indicated by mathematical manipulations of ADF&G catch statistics.

If one takes the number of salmon caught each year by species and multiplies this number by the appropriate average weights and prices the product is the landed value of Cook Inlet salmon. Two percent of the landed value is the amount of enhancement tax which should be collected by the Department of Revenue each year. Two percent of the landed value of the 1981 Cook Inlet salmon catch is \$491,000. Two percent of the 1982 landed value is at least \$741,000. Collections by Department of Revenue since the enhancement tax went into effect are approximately \$1,039,000; a shortfall of \$172,000 or nearly 14% of the landed value.

There are at least two possible mechanisms which, operating either independently or in conjunction, would explain the shortfall. It is possible that ADF&G statistics overestimate the landed value of Cook Inlet salmon. I have scrutinized these statistics and their method of collection and have found no reason to doubt their veracity. A more likely explanation seems to be that some fish buyers are either not collecting the salmon enhancement tax from fishermen or are not forwarding the monies collected to the Department of Revenue.

As you are aware there are a large number of fish buyers which operate in Cook Inlet each salmon season. Further, there is a substantial unreal turnover among firms and individuals purchasing fish. It appears that the Department of Revenue makes

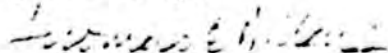
little effort to locate the new fish buyers each year in order to inform the buyers about the enhancement tax and provide them with the necessary paperwork. The Department of Revenue seems to assume that the fish buyers who remitted tax collections in a previous year are the only ones liable for collecting and remitting taxes in a subsequent year. There seems to be vague, if any, knowledge that ADF&G requires potential fish buyers to file an "Intent to Operate" within a given region each year and that ADF&G has a list of those buyers which have so filed.

It also seems that the Department of Revenue simply tabulates the tax monies collected from each region. There is, to my knowledge, no attempt made to enforce the enhancement tax law either through in-season field checks or comparison with ADF&G fish ticket summaries.

Every fisherman who pays his salmon enhancement tax expects that all other fishermen within the region are likewise paying this tax. All fishermen seem to assume that the State is enforcing the collection of the tax and that the rate of compliance should be about 99%.

The Association needs some help to make sure that fishermen's expectations regarding the tax are reasonably fulfilled. Thank you for considering this issue.

Sincerely,



Thomas E. Mears
Executive Director

TEM:sa

cc. Senator Don Gilman
Senator Paul Fischer
Representative Milo Fritz
Representative Bettye Cato

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 234 Date on Bill: 3/2/83
 Title: "An Act making a special appropriation to the Dept. of Commerce & Economic Development;
 Sponsor: Malone
 Requestor: _____

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital				
Operating				
Total		0	0	

b. Revenues:

Revenue				
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2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: *D. A. Hostak* Phone: 465-2510
 Division: Loans & Veterans' Affairs Date: 3/11/83
 Approved by Commissioner: *Richard A. Lyon* Date: 3/16/83
 Department: Commerce & Economic Development

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/15/83