

THE PRES

879 -

HR 962

HB

879

AGO 125405

4/21 Reported out as CS



# Alaska State Legislature

## House

HOUSE RESOURCES COMMITTEE

**FISH & GAME ISSUES**

Alvin Osterback, Chairman

Pouch V, State Capitol  
Juneau, Alaska 99811  
(907) 465-3715

### HEARING NOTIFICATIONS

Re: Cumulative Qualifications for Limited Entry Permits

BILL	DATE INFORMED	LETTER/PHONE	INFORMED	HEARING DATE
HB 879		586-2820	United Fishermen of Alaska	4/21
		586-3456	Commercial Fisheries Entry Commission  Rep. Fuller, sponsor	4/21

# COMMITTEE REPORT

## HOUSE

2/18/80

FURTHER:

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on RESOURCES has had MB 879  
"An Act relating to limited entry permits."

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

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

**MEMBERS SIGNING  
DO PASS**

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**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

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CHAIRMAN

HB 879: An Act Relating to Limited Entry

This bill extends point pooling to the A-Y-K by including freshwater fisheries. If a person applied for two or more limited entry permits under AS 16.43.250 (d) but did not qualify for a permit (same kind of fish, same gear, but different areas), he can pool his points in the fisheries to obtain a permit in the fishery for which he is most qualified. The new section (f) states how, because of the different point threshold levels in salt and freshwater fisheries, a determination of eligibility would be made.

John Williams, of the Commercial Fisheries Entry Commission, has said that this bill would affect less than two dozen people, all of them gillnetters. These are people who traditionally have fished for a living, but have fished in more than one area and are not eligible for a permit in any one area, and so are now out of the fisheries. Since this bill adds so few new permits, it does not run contrary to the stated purpose of Limited Entry, which is to preserve the resource by limiting the number of fishermen. Williams knows of two people who have submitted multiple applications in the A-Y-K (one of these fished in Norton Sound and the Kuskokwim). He says it would take a computer search to see how many fished in Bristol Bay and the Kuskokwim or Yukon.

Jess Walters, also of the CFEC, called this bill "a great way to make sure people who have a long but mixed history in fishing can get into the fisheries." This bill does not add new people to the fishery, but is more a clean-up measure to take care of those who moved around, but still fished.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. HB 879  
 Title "An Act Relating to Limited Entry Permits"  
 Requested by Fuller Date 04/21/80

II. FISCAL DETAIL  
 Agency Affected Office of the Governor - Alaska Commercial Fisheries Entry  
 Program Category Affected NRMEC Commission  
 BRU, Program, or Subprogram(s) Affected Alaska Commercial Fisheries Entry Commission  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

No fiscal impact.

IV. DATE 04/21/80 PREPARED BY Derrill L. Johnson  
 AGENCY AK Commercial Fisheries Entry Commission  
 Original: Legislative Finance PHONE 465-4181  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

HB

915

# COMMITTEE REPORT

## HOUSE

2/28/80

FURTHER: FINANCE

Date: 3/19/80

Mr. Speaker:

The Committee on RESOURCES has had HB 915

"An Act making a special appropriation for marine mammal management and research; and providing for an effective date."

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

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

**MEMBERS SIGNING  
DO PASS**

*(NO REC)*  
[Signature]  
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[Signature]  
[Signature]  
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**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

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[Signature]  
**CHAIRMAN**

Hearings 4/8/80 - Reported out as CS

AGO 125408

FOI  
11



Alaska State Legislature  
House

HOUSE RESOURCES COMMITTEE

FISH & GAME ISSUES

Alvin Osterback, Chairman

Pouch V, State Capitol  
Juneau, Alaska 99801  
(907) 465-3715

HEARING NOTIFICATIONS

Re: Marine Mammal Research & Management

BILL	DATE INFORMED	LETTER/PHONE	INFORMED	HEARING DATE
HB 915	4/3/80		Rep. Fuller Sen. Ferguson, to testify Dept. of Fish and Game, Mr. Guy Martin, Kawerak Corp.	4/8/80

Make <sup>re</sup> (C)  
for HB 975 both adding as new sections

A BILL

For an Act entitled: "An Act making appropriations to the Arctic Environmental Information and Data Center, University of Alaska for socio-cultural research relating to whales and a study of the status of the beluga whale in the waters of Alaska; and providing for an effective date.

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

\* Section <sup>3</sup> <sub>as a grant</sub> The sum of \$80,000 is appropriated from the general fund <sub>to be paid</sub> to the Arctic Environmental Information and Data Center, University of Alaska to continue the socio-cultural research relating to whales.

\* Section <sup>4</sup> <sub>as a grant</sub> The sum of \$45,000 is appropriated from the general fund <sub>to be pd.</sub> to the Arctic Environmental Information and Data Center, University of Alaska to conduct a review of the historic use, distribution and life history of beluga whales in Alaska waters.

\* Section 3. This Act takes effect immediately in accordance with AS 01.10.070 (c).

~~Handwritten scribble~~

650  
80  
45  

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775

649,239  
80,000  
45,000  

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774,239

Information supporting the need for an Act entitled: "An Act making appropriations to the Arctic Environmental Information and Data Center, University of Alaska for socio-cultural research relating to whales and a study of the status of the beluga whale in the waters of Alaska; and providing for an effective date.

During the International Whaling Commission's (IWC) annual meeting in July 1979, a resolution pertaining to the coverage for small cetaceans, which includes beluga or white whales (*Delphinapterus leucas*) was introduced. Action was deferred to the 1980 IWC Annual meeting.

If the IWC should move to regulate beluga whales, the management, in all likelihood, would be subject to regulations established for aboriginal whaling since no known commercial harvests exist. The IWC expects that the following factors relating to the harvest of bowhead whales shall be documented:

1. The importance of the bowhead in the traditional diet;
2. Possible adverse effects of shifts to non-native foods;
3. Availability and acceptability of other food sources;
4. Historical take;
5. The integrative functions of the bowhead hunt in contemporary Eskimo society and the risk to the community identity from an imposed restriction on Native harvesting of the bowhead; and
6. To the extent possible, ecological considerations.

Should the beluga be subject to similar IWC requirements, little biological or socio-cultural data would be available for consideration in the development of a management regime. A report by V. Gurevich (1979) submitted to IWC notes that no unanimous opinion exists about the range of distribution on seasonal movements of the beluga. No data is available which documents the subsistence value of beluga to coastal inhabitants along the Arctic, Bering Sea, and Cook Inlet. This data would certainly appear necessary in view of possible regulatory actions and also because of pending outer continental shelf petroleum development which would have the potential of affecting beluga and beluga subsistence harvests.

Make CS  
HB 975  
both adding

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HB 915: Marine Mammals management and research appropriation.

This bill provides monies for continuation of work by the Eskimo Walrus Commission for work on walrus and other marine mammals, and also funding to the North Slope Borough for work with the Alaska Eskimo Whaling Commission on beluga and bowhead whale studies.

Particularly because of the impending 1982 OCS lease sale in the Norton Sound Basin, it is vitally important to have current data on the status of walrus herds. There is evidence now that the herds are experiencing the effects of population stress. The EWC is studying use and dependency of walrus and other marine mammals by Alaska Natives, including socio-economic as well as biological data.

In 1979 marine mammal management was returned to the federal government, with the result that, under the Marine Mammal Protection Act, 1) there is no sport hunting of marine mammals (can only be taken by Natives); 2) marine mammals are to be taken for subsistence use; 3) meat cannot be wasted; 4) marine mammals cannot be taken if that resource is in danger of depletion; and 5) raw ivory can only be sold to Natives.

The federal government will return marine mammal management to the State if certain conditions are agreed upon; currently the feds and state are negotiating. Since Natives are the largest user group, the EWC could provide much-needed Native input.

The state is not enforcing marine mammal management now that the feds have control. The EWC is working on developing and implementing management regulations, enforced by village social pressure; as the AEWC has done with whales.

Now that the state involvement with walrus and other marine mammals has been curtailed, it is important to have some in-state group actively working on research, management and enforcement.

Norton Sound Fish & Game Advisory Committee has requested the resumption of marine mammal research, the assumption by the state of marine mammal management, and the allowance by the feds of sport hunting of walrus on guided hunts.

Monies to the North Slope Borough are for work with the AEWC on research and training programs on whales. In light of the delays of the Beaufort lease sale because of lack of scientific investigation on the impact of oil drilling on whales, the timing of these programs is critical. There has been much concern over the migration patterns and habitat of the bowhead and beluga whales. This program will study the effects of man-made noise, vibration, and other disruptions on whales, and will train and involve Natives in the scientific work.

March 31, 1980

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March 26, 1980

MARINE MAMMAL MANAGEMENT AND RESEARCH

Grant

Personnel

Research Director \$30,000  
Research assistant 20,000  
3/4 Secretary  
\$9/hr. x 40 x 25 13,500  
Fringe at 21% 13,335

\$ 76,835

Office rent

\$500/mo. x 12 6,000

Supplies

\$150/mo. x 12 1,800

Telephone + postage

\$200/mo. x 12 2,400

\$ 10,200

\$ 87,035

Research

Travel

4 EWC meetings  
\$12,000/meeting 48,000

25 village trips  
\$250 airfare/trip 6,250

25 village trips  
\$45/3 days/per diem 3,375

57,625

61,875

Consultant

\$250/day x 17 days 4,250

4,250

Management Services

31,300

TOTAL

\$180,210

A very rapid change has occurred in the hunting techniques and equipment used the past few years. There is a decline in the use of skin boats and an increase in aluminum boats. The C.B. radio is in common use for communication between hunters, knowledge of weather changes and as a safety factor. Other remarks on safety were that life preservers and flares should be standard boat equipment, and that boats should be sturdy, seaworthy, and safe for the hunt.

Hunters are frustrated and confused by the see-saw control of walrus management between the State and Federal agencies; and the resulting changes in procedures relating to management controls. This was apparent in the very large majority that favored control by the Eskimo Walrus Commission. The implication is that Native hunters are being used as pawns in the procedural disagreements between the State and Federal agencies.

# ESKIMO WALRUS COMMISSION

KAWERAK, INC.

P.O. Box 948

Nome, Alaska 99762 (907) 443-2161

February 1, 1980

Initial Report (con't)

Page 2.

I was hired by The Eskimo Walrus Commission on the 11th of July, 1979 during their meeting held in Nome, Alaska as their Marine Mammal Research Specialist.

Using Mr. Charles H. Johnson's letter dated June 12th, 1979 to Dr. Dave Hickok; I developed a rough draft questionnaire. I used this very little, since it was not developed adequately in my initial trips to Wales and Little Diomedes. I used the scratch pad for the most part on these two trips.

After talking with Ms. Rosita Worl of Arctic Information and Data Center in Nome, I developed a more comprehensive data gathering questionnaire. This was also refined with the expertise of Mr. Caleb Pungowiyi, Mr. Charlie H. Johnson, and Mr. Guy Martin.

The majority of the people in my public meetings in the communities visited were reluctant to fill the data gathering questionnaires, thinking it was for the Alaska Department of Fish and Game. After I explain to them the project was funded from the Alaska Legislative Body in Juneau for The Eskimo Walrus Commission; the people in the community visited would begin to offer to participate in the research project. When the people understood that they were finally recognized for their vast knowledge in their subsistence life-style; their self-esteem was bolstered. Many would comment on how they were glad that one of their own was doing the research and not someone from Washington, D.C., or the "Lower 48".

The Time and Funding element is inadequate. When the people that have inhabited the land all their known history are expected to get an adequate picture of themselves in one year, only causes a debasing effect upon them. The recognition of their vast knowledge in their subsistence life-style should be honored by an on-going Monitor-Research position in the recognized representative body such as the Eskimo Walrus Commission. This also should be from one of their own to be relevant to the people represented.

## REASON:

As I sent ninety (90) Marine Mammal Research Questionnaires to the Community of Togiak, Alaska; the majority of the incomplete data gathering forms were sent back with comments such as: "Why do you want to ask so many questions?" "Are you writing a book?" "Why don't you come in person and ask these questions, then I can answer you in person".

## RESULT:

I did not have adequate travel funding to travel in person to explain the project

ESKIMO WALRUS COMMISSION

KAWERAK, INC.

P.O. Box 948

Nome, Alaska 99762 (907) 443-2101

February 1, 1980

Initial Report (con't)

Page 3.

RESULT: (con't)

before asking them to fill out the marine mammal research questionnaire. It is not only to gather data; but it demands a whole lot of on-going Public Relations that is desperately needed, just to be in good working relationship with the representative body such as The Eskimo Walrus Commission.

On the brighter side, it is good to see your fellow-man relate to you with a sparkle in his eye; "I'm glad the people in Juneau are finally listening to us before they tell us what to do or not to do in our hunting!"

IS IT WORTH WHILE?

From my own viewpoint as the Marine Mammal Research Specialist I say; we are just beginning a relevant working relationship that has been lacking all these years. Let us keep the good wholesome working relationship going in our "Great Land!!".

Sincerely submitted I remain,

*Mr. Carl M. Ahwinona, Sr.*

Mr. Carl M. Ahwinona, Sr.  
Marine Mammal Research Specialist  
Eskimo Walrus Commission  
P.O. Box 948  
Nome, Alaska 99762

see  
Marine Mammals  
p. 2

North Sound  
Fish & Game Advisory Committee

Nome, Alaska  
3/10/80

POSITION STATEMENT

We in North West Alaska feel our marine and land animal resources are Very important to us. These resources represent part of an everyday way of life with many of us, not only for food, other subsistence needs and sport, but also for a "Living." Thus, we need to maintain, or where appropriate, increase these resources to facilitate continued utilization.

For this, we need adequate management and research and we feel the State is the proper agency to do so. This requires funding.

We don't want to be left out in the "cold" of N. W. Alaska funding for Fish & Game any longer. As I have said, these resources mean as much or more to the people of this area as any regional population in the world.

With your understanding, we recommend the following specifics:

- 1) Adequate surveillance of commercial crabbing and herring fishing efforts. We are very concerned about these northern Bering populations. The M. V. Vigilance should be available for patrol during these seasons. Air surveillance would also be helpful.

- a. A boat that can be used safely along the coastal waters.
  - b. Air surveillance capability at least during some seasons.  
ex. Spring bear hunting and fall bear and moose seasons.  
Unscrupulous guides could quickly deestimate both populations here because of the nature of the area.
- 3) A Crab Biologist position is needed in Nome in view of the new commercial harvest in the Northern Bering Sea.
  - 4) Another more realistic crab count and continued research are also needed as some very strange things are happening to the crab population of this area.
  - 5) ~~Resume marine mammal research (Federal-State joint effort if necessary) and:~~
    - a. ~~Re-establish the Marine Mammal Biologist position in Nome.~~
    - b. ~~Push for State control of all marine mammals.~~
  - 6) ~~Request federal government to allow sport hunting of walrus or guided hunts.~~
  - 7) Modern fish counting equipment and techniques need to be employed in:
    - a. Salmon spawning streams for escapement and
    - b. Herring in the Northern Bering.
  - 8) Another aerial survey of the Arctic caribou herd and continued close management are needed if the herd is ever to return to a significant size so a sizable yearly harvest can again be utilized.
  - 9) Make certain adequate oil spill containment and clean-up capability is present if oil exploration and development occurs in the Bering Sea.

# Groups to spearhead bowhead research

Associated Press

Representatives of the Alaska Eskimo Whaling Commission and the Acoustical Society of America will hold a five day meeting in San Diego starting Feb. 25 to spearhead a comprehensive research program on the effects of offshore drilling on the endangered bowhead whale.

Eskimo hunters contend that sensitive bowheads could be forced from their traditional migration paths by the underwater noise caused by offshore drilling. They say they fear a change in migration patterns could leave villages on Alaska's northern coasts without access to the bowhead, important to Eskimos both as a food source and a part of their traditional culture.

North Slope Borough spokesman Jon Buchholdt said the first two days will be devoted to determining what data is already available on underwater sound and the bowhead. The rest of the conference will be used to write a protocol stating research objectives for the project and ways it will be accomplished.

Buchholdt claims federal research has been devoted only to justifying quotas imposed on Eskimo subsistence hunting by the International Whaling Commission. "They have wasted millions of dollars on research which is beside the point," he declared.

He said the government has failed to recognize Eskimo subsistence whaling as an industry in itself.

Buchholdt said North Slope Eskimos hope the research project can be incorporated in a settlement with oil companies wishing to drill offshore in the Beaufort Sea. The borough, environmentalists and other

local governments in the area are suing to void the recent joint federal-state Beaufort Sea oil and gas lease sale on grounds drilling could threaten marine mammals in the area.

## Walrus commission told of possible herd decline

2-15-80

ANCHORAGE (AP)—A U.S. Fish and Wildlife Service spokesman has warned the Eskimo Walrus Commission that increased commercial and industrial activity in the Bering Sea and Bristol Bay will contribute to a steep decline in walrus populations in the next 10 years.

Ted Schmidt, mammal and non-

migratory bird coordinator for the Alaska Division of the Service, said the 1980 walrus population is at an all-time high of about 250,000, up from about 50,000 in 1955. He said the population fluctuates naturally, but there will be increased pressures in the next 10 years that may cut the herd to between 110,000 and 150,000 animals.

Schmidt said those pressures include commercial clam fisheries, and oil and gas extraction, plus the effect of increased boat traffic, herring fisheries.

"If the only thing we had to worry about was the present Native harvest, from a biological standpoint I wouldn't be too concerned," Schmidt said. "If you stopped hunting walrus entirely right now, the population is going to come down anyway due to these other factors."

Subsistence hunters will kill an estimated 10,000 walrus per year during the next few years.

Schmidt said the Fish and Wildlife Service believes there is a need for more cooperation between the federal government, the state and Alaska Natives. He said the Service has agreed to form a Pacific Walrus Technical Committee with the Eskimo Walrus Commission and the Alaska Fish and Game Department.

"What we would like to see is more cooperative and management research studies," Schmidt said.

Controversy exists in Alaska because management of walrus herds has been taken from the state and given to Fish and Wildlife under the Marine Mammals Protection Act.

Non-natives are prohibited from possessing or dealing in raw products such as seal skins and ivory. But there are no restrictions on Native subsistence hunting.

Schmidt said he would prefer not to see Native hunting increased. But if hunting remains at the current level between now and 1990, he said it will not adversely affect the walrus population.

In fact, Native subsistence hunting is an element in population control. Schmidt said that when walrus populations reach a high level, as is the case now, the animals "are more or less eating themselves out of house and home at a certain point."

He said there are "fewer healthy animals, lower fecundity and starvation, plus more incidence of disease."

A BILL

For an Act entitled: "An Act making appropriations to the Arctic Environmental Information and Data Center, University of Alaska for socio-cultural research relating to whales and a study of the status of the beluga whale in the waters of Alaska; and providing for an effective date.

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

\* Section 1. The sum of \$80,000 is appropriated from the general fund to the Arctic Environmental Information and Data Center, University of Alaska to continue the socio-cultural research relating to whales.

\* Section 2. The sum of \$45,000 is appropriated from the general fund to the Arctic Environmental Information and Data Center, University of Alaska to conduct a review of the historic use, distribution and life history of beluga whales in Alaska waters.

\* Section 3. This Act takes effect immediately in accordance with AS 91.10.070 (c).

Original sponsor: Resources Committee  
(for Special Subsistence  
Committee)

Funding Information  
General Fund \$774,239  
Other Funds -0-  
\$774,239

IN THE HOUSE

BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 915

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making special appropriations for marine mammal management and research; and providing for an effective date."

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

\* Section 1. The sum of \$180,210 is appropriated from the general fund for payment as a grant to the Eskimo Walrus Commission for research and management programs relating to walrus and other marine mammals to be apportioned as follows:

(1) to the Eskimo Walrus Commission for cooperative work with the Department of Fish and Game on the improvement of walrus conservation measures, the development of subsistence hunting data, and the dissemination of information on the subsistence use of walrus \$87,035

(2) to the Eskimo Walrus Commission for research on nutritional and cultural dependence on walrus by the people from Barrow to Togiak 61,875

(3) to Kawerak, Inc., for management service costs 31,300

*leave in*  
\* ~~Sec. 2.~~ The sum of \$469,029 is appropriated from the general fund to be paid as a grant to the North Slope Borough for research and training programs relating to whales, to be undertaken with the Alaska Eskimo Whaling Commission.

\* ~~Sec. 3.~~ The sum of \$80,000 is appropriated from the general fund to be paid as a grant to the Arctic Environmental Information and Data Center, University of Alaska to continue the socio-cultural research relating to whales.

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\* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.070(c).

Original sponsor: Resources Committee  
(for Special Subsistence  
Committee)

*Reported out  
without sec. 3 & 4*

Funding Information  
General Fund ~~\$774,239~~  
Other Funds -0-  
~~\$774,239~~  
649,239

IN THE HOUSE

BY THE RESOURCES COMMITTEE

CS FOR HOUSE BILL NO. 915

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making special appropriations for marine mammal management and research; and providing for an effective date."

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

\* Section 1. The sum of \$180,210 is appropriated from the general fund for payment as a grant to the Eskimo Walrus Commission for research and management programs relating to walrus and other marine mammals to be apportioned as follows:

- (1) to the Eskimo Walrus Commission for cooperative work with the Department of Fish and Game on the improvement of walrus conservation measures, the development of subsistence hunting data, and the dissemination of information on the subsistence use of walrus \$87,035
- (2) to the Eskimo Walrus Commission for research on nutritional and cultural dependence on walrus by the people from Barrow to Togiak 61,875
- (3) to Kawerak, Inc., for management service costs 31,300

\* Sec. 2. The sum of \$469,029 is appropriated from the general fund to be paid as a grant to the North Slope Borough for research and training programs relating to whales, to be undertaken with the Alaska Eskimo Whaling Commission.

\* Sec. 3. The sum of \$80,000 is appropriated from the general fund to be paid as a grant to the Arctic Environmental Information and Data Center, University of Alaska, to continue the socio-cultural research relating to whales.

\* Sec. 4. The sum of \$45,000 is appropriated from the general fund to be paid as a grant to the Arctic Environmental Information and Data Center, University of Alaska to conduct a review of the historic use, distribution and life history of beluga whales in Alaska waters.

\* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.070(c).

HB

962

(9)

# COMMITTEE REPORT

## HOUSE

3/11/80

FURTHER: FINANCE

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on RESOURCES has had HB 962

"An Act allowing credits against fisheries taxes; and providing for an effective date."

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

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

MEMBERS SIGNING  
DO PASS

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

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\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]

CHAIRMAN

AGO 125409

Hearing 3/25/80 - Reported out as CS with DO PASS



# Alaska State Legislature

## House

### HOUSE RESOURCES COMMITTEE

#### FISH & GAME ISSUES

Alvin Osterback, Chairman

Pouch V, State Capitol  
Juneau, Alaska 99811  
(907) 465-3715

### HEARING NOTIFICATIONS

Re: Credits Against Fisheries Taxes

BILL	DATE INFORMED	LETTER/PHONE	INFORMED	HEARING DATE
HB 962	3/21/80	4100	Dept of Fish & Game	3/25/80
	3/21	3720	Rep. Terry Crandiner	
	3/21	2300	Revenue Dept - will testify and provide fiscal note	
	3/21	2018	Commerce Dept. - Dick Reynolds	
	3/21	586-2020	United Fishermen of Alaska	
	3/24	586-6521	Environmental Services - <sup>Mr.</sup> John Martin	
	3/24	586-6366 or 1324	Pacific Coastal Lumber Assoc. - Dick Lumber	
	3/24	586-6642	Alaska Longshoremen's & Warehousemen's Union - Larry Collier, Pres	
	3/24	3738	Rep. Dale Anderson	

STATE OF ALASKA  
THE LEGISLATURE

POUCHY STATE CAPITOL  
JUNEAU ALASKA 99801  
407 45 1800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 31, 1980

SUBJECT: Fish tax credit  
CSHB 962

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

FROM: Kenneth E. Vassar  
Legislative Counsel *EV*

Enclosed is the committee substitute you requested for House Bill 962. The change made in this committee substitute is to make the bill retroactive and applicable to the 1979 tax year. This change raises two questions:

(1) Apparently the intention is that the commissioner of revenue will rebate the amount of the credits which were not taken in 1979 but for which taxpayers would be eligible under this bill, but there is no mechanism in the bill to give the commissioner that power. How can he make these rebates without an appropriation or a fund to draw from?

(2) Assuming the commissioner is able to make the rebates, what effect does this have on the municipalities' share of the proceeds of the tax under AS 43.75.130? The tax credits are a reduction in the tax. Does this also mean the municipalities' shares will be reduced?

My understanding is that these questions will be addressed in the next committee of referral - the finance committee; however, I wanted to make sure you were aware of the questions.

KEV:ljb

Enclosure

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

March 24, 1980

The Honorable Alvin Osterback  
Co-Chairman  
House Resources Committee  
Room 118 - Capitol Building  
Juneau, Alaska 99811

Dear Mr. Osterback:

Re: House Bill No. 962

House Bill No. 962, an Act allowing credits against fisheries taxes, was introduced in the House on March 17, 1980 and was referred to the House Resources and Finance Committees.

For the consideration of the House Finance Committee, I am enclosing copies of Fiscal Notes prepared by Gary Jenkins, Director, Audit Division and Vincent Wright, Research Section, Department of Revenue concerning the proposed legislation.

Sincerely,

R. D. Stevenson  
Special Assistant

cc: The Honorable Bill Miles  
Co-Chairman  
House Resources Committee

The Honorable Russ Beckins  
Chairman  
House Finance Committee

Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

Gary Jenkins, Director  
Audit Division  
Department of Revenue

Vincent Wright  
Research Section  
Department of Revenue

**THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE**

FISCAL NOTE

**I. REQUEST**

Bill/Resolution No. House Bill No. 962  
 Title An Act allowing credits against fisheries taxes.  
 Requested by House Resources & Finance Committees Date 3/24/80

**II. FISCAL DETAIL**

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

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

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		37.5	37.5	37.5	37.5	37.5
200 TRAVEL		5.5	5.5	5.5	5.5	5.5
300 CONTRACTUAL		3.1	3.1	3.1	3.1	3.1
400 COMMODITIES		.5	.5	.5	.5	.5
500 EQUIPMENT		1.2	1.2	1.2	1.2	1.2
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>47.8</b>	<b>47.8</b>	<b>47.8</b>	<b>47.8</b>	<b>47.8</b>

FUNDING (Thousands of Dollars)

GENERAL FUND		47.8	47.8	47.8	47.8	47.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

See attached memorandum to R. D. Stevenson dated 3/24/80.

IV. DATE March 24, 1980

PREPARED BY 

AGENCY Department of Revenue, Audit Division

PHONE 465-2120

Original, Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

1	POSITION TITLE Revenue Auditor III			RANGE/STEP 18 A	BARG. UNIT. G	LOCATION Juneau	AGY	APPROV.	DISAPP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY		29,580						
5	BENEFITS		4,399						
6	FICA		1,967						
7	HEALTH INS.		1,524						
8	TOTAL PERSONAL SERVICES			37,470					
9	TRAVEL			5,500					
10	CONTRACTUAL			3,160					
11	COMMODITIES			450					
12	EQUIPMENT			1,200					
13	OTHER								
14	TOTAL COST			47,780					
	CODE	FUNDING SOURCE							
15		FED RCPTS							
16		GF MATCH							
17		GEN. FUND		47,780					
18		I-A RCPTS							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION								
22	ADDITION	X	FOR BSM USE ONLY						
	NA KEY NUMBER			COLUMN NO.					

Inasmuch as every fish processor doing business in the State of Alaska could form a seafood association as defined in the proposed law, we are requesting one permanent full time Auditor position to handle the auditing functions provided for in the proposed Section 43.75.035(b)(8).

AGENCY Department of Revenue PROGRAM AREA Revenue Collection and Management

BRU Audit Division

FY 81

**13** REQUEST FOR NEW POSITION.

COMPONENT \_\_\_\_\_

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

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



# MEMORANDUM

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

DATE: March 24, 1980

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins  
Director  
Audit Division

SUBJECT: House Bill No. 962

This bill provides for the establishment of fisheries industry trade associations which would be funded by the State of Alaska through the form of a special tax credit given to fish processors on their fish processing tax returns. Each processor would be allowed a credit on a dollar for dollar basis for contributions to the fishery association in an amount up to 15 percent of the fish processors' tax due.

There would appear to be a legitimate question regarding whether there is a clear need for the State of Alaska to directly fund trade associations for the fishing industry, an industry which, incidentally, is largely dominated by Japanese interests. The fishing industry is already provided income tax incentives to improve their processing facilities in the form of the investment credit, both at the federal and state levels. It should also be noted that any expenditures made by a processor which are in any way a business expense related to processing or marketing of fish products, are tax deductible under the corporate income tax. Further, it would seem logical that all processors would be putting forth maximum effort to produce a product which has the best possible appeal in the market place.

With regard to enhancing the quality of the product itself, the State of Alaska already has inspectors from the Department of Health and Social Services and the Department of Natural Resources working with processors in an effort to ensure proper quality of the product produced.

Inasmuch as every processor doing business in the State of Alaska could form a seafood association as defined in the proposed law, we are requesting one permanent full time Auditor position to handle the auditing functions provided for in the proposed Section 43.75.035(b)(8).

**THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE**

FISCAL NOTE

**I. REQUEST**

Bill/Resolution No. HB 962  
 Title An act allowing credits against Fisheries Taxes  
 Requested by \_\_\_\_\_ Date 3-24-80

**II. FISCAL DETAIL**

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Billions of Dollars)

GENERAL FUND		(1.2)			unknown	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The above mentioned assumes that 25% of the taxpayer credits are actually taken. The basis for the FY 81 data is the forecast in the Revenue Source book which incorporates catch and price projections.

The cost to the general fund in subsequent fiscal years is indeterminate but dependant on varying credits, harvests and prices. It is likely that there will be a slight increase over time in credits taken.

IV. DATE 3/27/80 PREPARED BY Veronica Young  
 AGENCY Revenue  
 Original Legislative Finance PHONE 2371  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

2320 - Need new fiscal note for  
CS HR962 with 1978 effective  
retroactive date rather  
than 1979

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

March 24, 1980

The Honorable Alvin Osterback  
Co-Chairman  
House Resources Committee  
Room 118 - Capitol Building  
Juneau, Alaska 99811

Dear Mr. Osterback:

Re: House Bill No. 962

House Bill No. 962, an Act allowing credits against fisheries taxes, was introduced in the House on March 17, 1980 and was referred to the House Resources and Finance Committees.

For the consideration of the House Finance Committee, I am enclosing copies of Fiscal Notes prepared by Gary Jenkins, Director, Audit Division and Vincent Wright, Research Section, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson  
Special Assistant

cc: The Honorable Bill Miles  
Co-Chairman  
House Resources Committee

Gary Jenkins, Director  
Audit Division  
Department of Revenue

The Honorable Russ Meekins  
Chairman  
House Finance Committee

Vincent Wright  
Research Section  
Department of Revenue

Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

(9)

# COMMITTEE REPORT

## HOUSE

3/17/80

FURTHER: FINANCE

Date: 3/25/80

Mr. Speaker:

The Committee on RESOURCES has had HB 962

"An Act allowing credits against fisheries taxes; and providing for an effective date."

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

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 962  same title  
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

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\_\_\_\_\_

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\_\_\_\_\_

[Signature]  
CHAIRMAN

Editor's note. — As to legislative findings and purpose relating to AS 43.75 see §§ 1 and 2, ch. 79, SLA 1979 in the 1979

Temporary and Special Acts and Resolutions and editor's note following AS 43.75.011.

Article 1. Tax and Licenses.

Section

- 10. [Repealed]
- 11. Fisheries business license
- 15. Fisheries business tax

Section

- 30. Filing return and payment of tax
- 50. Violations and penalties
- 55. Security for collection of taxes

Sec. 43.75.010. Fisheries business licenses.

Repealed by § 13 ch 79 SLA 1979, effective June 1, 1979.

Cross reference. — For present provisions covering the subject matter of the repealed section, see AS 43.75.011.

Editor's note. — The repealed section derived from § 1, ch. 82, SLA 1949; § 1, ch. 113 SLA 1951; § 1, ch. 146, SLA 1962; §§ 1, 2, ch. 84, SLA 1967.

State license tax on salmon canneries with its revenue sharing provision is not

different in kind from general gross receipts tax of Alaska Business License Act. — See *Liberati v. Bristol Bay Borough*, Sup. Ct. Op. No. 1735 (File No. 3365), 585 P.2d 878 (1978).

There is no general prohibition against like municipal and state taxes. *Liberati v. Bristol Bay Borough*, Sup. Ct. Op. No. 1735 (File No. 3365), 585 P.2d 878 (1978).

Sec. 43.75.011. Fisheries business license. A person engaging or attempting to engage in a fisheries business shall first apply for and obtain a license as provided in AS 43.75.020. (§ 3 ch 79 SLA 1979)

Effective date. — Section 15, ch. 79, SLA 1979, makes this section effective June 1, 1979, in accordance with AS 01.10.070(c).

Editor's note. — Section 1, ch. 79, SLA 1979, effective June 1, 1979, provides: "FINDINGS. The legislature finds that the state has

- "(1) funded and implemented several fisheries-related development programs;
- "(2) funded and implemented fishery loan programs;
- "(3) increased its fishery protection and management program;
- "(4) funded and implemented a limited entry program; and
- "(5) embarked on a program of encouraging the development of a bottom fishing industry."

Section 2, ch. 79, SLA 1979, effective June 1, 1979, provides: "PURPOSE. The purposes of this Act are to

- "(1) insure that the state is able to continue its efforts toward overall fisheries-related development programs by raising additional revenue to pay for the programs;
- "(2) make the imposition of the fisheries tax more uniform among fisheries businesses; and
- "(3) provide funding for the development of new fisheries."

HB 962

Sec. 43.75.015. Fisheries business tax. (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 cannery — four and one-half per cent;

(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 per cent;

(3) fisheries resources processed by a floating fisheries business — five per cent.

(b) Instead of the taxes levied by (a) of this section, a person engaged in a fishery business which includes processing a developing commercial fish species is liable for and shall pay a tax equal to

(1) one per cent of the value of the developing commercial fish species processed by a shore-based fisheries business during the year; and

(2) three per cent of the value of the developing commercial fish species processed by a floating fisheries business during the year.

(c) A person engaging or attempting to engage in a fisheries business who first actually and physically processes the fishery resource is liable for and shall pay to the department the entire tax imposed by this section. In determining this tax liability, the person may not deduct from the value of the fishery resources processed the value of fishery resources that are canned or processed for other fisheries businesses, but shall include that value as part of the value of the fishery resources processed. (S 3 ch 79 SLA 1979)

Effective date. — Section 15, ch. 79, SLA 1979, makes this section effective June 1, 1979, in accordance with AS 01.10.070(c).

**Sec. 43.75.030. Filing return and payment of tax.** (a) A person subject to the tax shall file a return stating the value of fisheries resources processed during the license year, computed as required by this chapter, and such other information as the department prescribes by regulation. The return shall show the license number and shall be signed by the taxpayer or his authorized agent, under penalty of perjury. If a receiver, trustee, or assign is operating the property or business, he shall file the return for the person. A tax due on the basis of such a return shall be collected in the same manner as if collected from the person of whose business he has custody and control.

(e) Every person engaging or attempting to engage in a business for which a license is required under this chapter shall keep records, make statements under oath, file returns, and comply with all regulations which the commissioner of revenue may prescribe. (am §§ 5, 6 ch 79 SLA 1979)

Effect of amendment. — The 1979 amendment, effective June 1, 1979, substituted "fisheries resources" for "raw fisheries products" in the first sentence of subsection (a), deleted "AS 43.7.010 — 43.75.050 of" preceding "this chapter" in the first sentence of subsection (a) and in subsection (e), deleted "such" preceding

"records," preceding "substituted" "such regu"

Sec. 4: (f) A p return, k required to other convictio imprison cost of p (am § 7

Effect o The 197 1979, dele of' preced (0).

Sec. license oath the during liable the tax descrip' prescri times t liable u the app attorne the tax of the Howev the rot owner and the full pu when applic depart ch 79

Effec amendr the pre

"records," preceding "statements," and preceding "returns" in subsection (e), and substituted "all regulations which" for "such regulations as" in subsection (e).

As the rest of the section was not affected by the amendment, it is not set out.

**Sec. 43.75.050. Violations and penalties.**

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

(am § 7 ch 79 SLA 1979)

**Effect of amendments.**

The 1979 amendment, effective June 1, 1979, deleted "AS 43.75.010 — 43.75.055 of" preceding "this chapter" in subsection (f).

As the rest of the section was not affected by the amendment, it is not set out.

**Sec. 43.75.055. Security for collection of taxes.** Each applicant for a license under this chapter shall, in or with his application, state under oath the amount of each of the products which he expects to produce during the license year. The applicant shall further state the extent of lienable real property owned by the applicant in the state against which the tax may be collected and other information with respect to description, location and value of the property which the department prescribes. If the lienable value of the property is not equal to three times the amount of the tax for which the applicant will probably be liable under this section, the department may not issue the license until the applicant files with the department a surety bond approved by the attorney general in a penal sum equal to twice the probable amount of the tax for which the applicant will be liable, conditioned upon payment of the tax in full when due, with interest if not paid before delinquency. However, if the applicant purchases salmon for export from Alaska in the round, the amount of the bond is \$50,000 unless the applicant is the owner of lienable real property in the state of a value of at least \$50,000, and the bond must be conditioned upon payment to the fisherman of the full purchase price for the salmon and the payment of the tax in full when due. The department may waive the bond requirement if the applicant posts other security in the form of collateral acceptable to the department or prepays the estimated tax. (§ 4 ch 84 SLA 1967; am § 8 ch 79 SLA 1979)

**Effect of amendment.** — The 1979 amendment, effective June 1, 1979, added the present fourth sentence and added "or

prepays the estimated tax" to the end of the present fifth sentence.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for House Bill No. 962  
 Title An Act allowing credits against fisheries taxes.  
 Requested by House Resources & Finance Committees Date 3/26/80

II. FISCAL DETAIL

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

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

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		37.5	37.5	37.5	37.5	37.5
200 TRAVEL		5.5	5.5	5.5	5.5	5.5
300 CONTRACTUAL		3.1	3.1	3.1	3.1	3.1
400 COMMODITIES		.5	.5	.5	.5	.5
500 EQUIPMENT		1.2	1.2	1.2	1.2	1.2
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		47.8	47.8	47.8	47.8	47.8

FUNDING (Thousands of Dollars)

GENERAL FUND		47.8	47.8	47.8	47.8	47.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

See attached memorandum to R. D. Stevenson dated 3/24/80.

IV. DATE March 26, 1980

PREPARED BY *Ray Perkins*  
 AGENCY Department of Revenue, Audit Division  
 PHONE 465-2320

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

# MEMORANDUM

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

DATE: March 24, 1980

FILE NO.

TELEPHONE NO.

FROM: Gary L. Jenkins  
Director  
Audit Division

SUBJECT: CS for  
House Bill No. 962

This bill provides for the establishment of fisheries industry trade associations which would be funded by the State of Alaska through the form of a special tax credit given to fish processors on their fish processing tax returns. Each processor would be allowed a credit on a dollar for dollar basis for contributions to the fishery association in an amount up to 15 percent of the fish processors' tax due.

There would appear to be a legitimate question regarding whether there is a clear need for the State of Alaska to directly fund trade associations for the fishing industry, an industry which, incidentally, is largely dominated by Japanese interests. The fishing industry is already provided income tax incentives to improve their processing facilities in the form of the investment credit, both at the federal and state levels. It should also be noted that any expenditures made by a processor which are in any way a business expense related to processing or marketing of fish products, are tax deductible under the corporate income tax. Further, it would seem logical that all processors would be putting forth maximum effort to produce a product which has the best possible appeal in the market place.

With regard to enhancing the quality of the product itself, the State of Alaska already has inspectors from the Department of Health and Social Services and the Department of Natural Resources working with processors in an effort to ensure proper quality of the product produced.

Inasmuch as every processor doing business in the State of Alaska could form a seafood association as defined in the proposed law, we are requesting one permanent full time Auditor position to handle the auditing functions provided for in the proposed Section 43.75.035(b)(8).

1	POSITION TITLE Revenue Auditor III			RANGE/STEP 18 A	BARG. UNIT. G	LOCATION Juneau	667	APPROV.	D:3
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.		

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES: SALARY		29,580
5	BENEFITS		4,399
6	FICA		1,967
7	HEALTH INS.		1,524
8	TOTAL PERSONAL SERVICES		37,470
9	TRAVEL		5,500
10	CONTRACTUAL		3,160
11	COMMODITIES		450
12	EQUIPMENT		1,200
13	OTHER		
14	TOTAL COST		47,780

JUSTIFICATION:

Inasmuch as every fish processor doing business in the State of Alaska could form a seafood association as defined in the proposed law, we are requesting one permanent full time Auditor position to handle the auditing functions provided for in the proposed Section 43.75.035(b)(8).

	CODE	FUNDING SOURCE	
15		FED RCPTS.	
16		GF MATCH	
17		GEN FUND	47,780
18		I-A RCPTS.	
19		PGM RCPTS	
20		OTHER	
21	CONTINUATION		
22	ADDITION	X	

FOR BGM USE ONLY

IA KEY NUMBER \_\_\_\_\_ COLUMN NO. \_\_\_\_\_

AGENCY Department of Revenue PROGRAM AREA Revenue Collection and Management

BRU Audit Division

**13** REQUEST FOR NEW POSITION.

COMPONENT \_\_\_\_\_

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

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

FY 81

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CS for House Bill No. 962  
 Title An Act allowing credits against fisheries taxes.  
 Requested by House Resources & Finance Committees Date 3/26/80

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

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		37.5	37.5	37.5	37.5	37.5
200 TRAVEL		5.5	5.5	5.5	5.5	5.5
300 CONTRACTUAL		3.1	3.1	3.1	3.1	3.1
400 COMMODITIES		.5	.5	.5	.5	.5
500 EQUIPMENT		1.2	1.2	1.2	1.2	1.2
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		47.8	47.8	47.8	47.8	47.8

FUNDING (Thousands of Dollars)

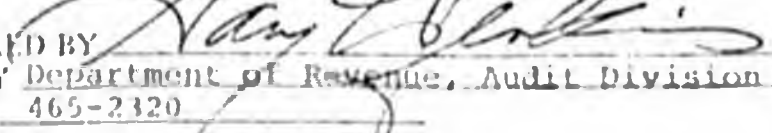
GENERAL FUND		47.8	47.8	47.8	47.8	47.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

See attached memorandum to R. D. Stevenson dated 3/24/80.

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

STATE  
of ALASKA

## MEMORANDUM

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

DATE: March 24, 1980

FILE NO.

TELEPHONE NO.

FROM: Gary I. Jenkins  
Director  
Audit Division

SUBJECT: CS for  
House Bill No. 962

This bill provides for the establishment of fisheries industry trade associations which would be funded by the State of Alaska through the form of a special tax credit given to fish processors on their fish processing tax returns. Each processor would be allowed a credit on a dollar for dollar basis for contributions to the fishery association in an amount up to 15 percent of the fish processors' tax due.

There would appear to be a legitimate question regarding whether there is a clear need for the State of Alaska to directly fund trade associations for the fishing industry, an industry which, incidentally, is largely dominated by Japanese interests. The fishing industry is already provided income tax incentives to improve their processing facilities in the form of the investment credit, both at the federal and state levels. It should also be noted that any expenditures made by a processor which are in any way a business expense related to processing or marketing of fish products, are tax deductible under the corporate income tax. Further, it would seem logical that all processors would be putting forth maximum effort to produce a product which has the best possible appeal in the market place.

With regard to enhancing the quality of the product itself, the State of Alaska already has inspectors from the Department of Health and Social Services and the Department of Natural Resources working with processors in an effort to ensure proper quality of the product produced.

Inasmuch as every processor doing business in the State of Alaska could form a seafood association as defined in the proposed law, we are requesting one permanent full time Auditor position to handle the auditing functions provided for in the proposed Section 43.75.035(b)(8).

1	POSITION TITLE Revenue Auditor III				RANGE/STEP 18 A	BARG. UNIT. G	LOCATION Juneau	GCY	APPROV.	DI
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY		FORM 12 PAGE/LINE	LEG.		

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY	29,580
5	BENEFITS	4,399
6	FICA	1,967
7	HEALTH INS.	1,524
8	TOTAL PERSONAL SERVICES	37,470
9	TRAVEL	5,500
10	CONTRACTUAL	3,160
11	COMMODITIES	450
12	EQUIPMENT	1,200
13	OTHER	
14	TOTAL COST	47,780

JUSTIFICATION:

Inasmuch as every fish processor doing business in the State of Alaska could form a seafood association as defined in the proposed law, we are requesting one permanent full time Auditor position to handle the auditing functions provided for in the proposed Section 43.75.035(b)(8).

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

21	CONTINUATION	
22	ADDITION	X

FOR BSA USE ONLY

AGENCY NUMBER \_\_\_\_\_ COLUMN NO. \_\_\_\_\_

AGENCY Department of Revenue PROGRAM AREA Revenue Collection and Management

BRU Audit Division

FY 81

**13** REQUEST FOR NEW POSITION.

COMPONENT \_\_\_\_\_

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

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

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS H B 962  
 Title An act allowing credits against Fisheries Taxes  
 Requested by \_\_\_\_\_ Date 3-26-80

II. FISCAL DETAIL

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

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Millions of dollars)

GENERAL FUND	-----	(2.0)	-----	-----	unknown	-----
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

If the proposed bill H B 962 were made retroactive to December 31, 1978 instead of December 31, 1979, as it reads on March 17, 1980 the loss to the general fund would amount to an extra \$ 750,000. If this were to be paid in FY 81 the total reduction in FY 81 would amount to approximately two million dollars.

IV. DATE 3/26/80 PREPARED BY Vincent S. Wright  
 AGENCY Revenue  
 PHONE 2381  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)