

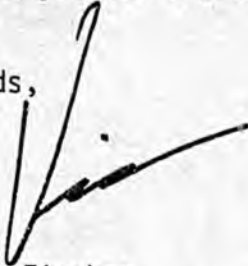
ALASKA LEGISLATURE COMMITTEE FILES 1900-1900 00/2

4315 SRES HB 44 - HB 58 1195

The House has just passed HB 44, establishing additional marine park units. Since the bill will not be acted on by the Senate until next year, I would suggest that this opportunity be utilized to add the additional Marine Park units that were excluded pending the court decision.

In any case, I would like to be kept fully informed of your progress in determining the future use of these selections. In closing, let me congratulate you for a job well done and a case well fought!

Best regards,

A handwritten signature in black ink, appearing to be 'Vic Fischer', written over the 'Best regards,' text.

Senator Vic Fischer

cc: Senator Sturgewlewski, Chair
Senate Resources Committee

Rep. M.M. Miller

/gb

Judge OKs selection of state lands

Forest acreage can be picked

Associated Press

A federal judge has cleared the way for the state to select more than 50,000 additional acres from the national forest system.

Under the Statehood Act, Alaska is entitled to 400,000 acres of national forest land for the purposes of community expansion, development and recreation.

The state already has selected more than 300,000 acres, and most of it has been approved by the U.S. Forest Service and the Department of Agriculture.

But in the late 1970s, the government balked at selections in Prince William Sound and Southeast Alaska.

"It was the position of the government that community recreation sites had to be within a one-hour boat ride (25 miles) of existing communities," said Regional Forester Mike Barton.

"The case boils down to whether or not the Forest Service has the authority to decide what lands are appropriate for state selection," said Tom Hawkins, director of the Alaska Division of Lands.

The state filed suit, and Tuesday U.S. District Judge James von der Heydt removed almost all restrictions on state selection of lands managed by the forest service, Hawkins said.

"The forest service argued that to support the state's position would give the state carte blanche to select land in the national forest system," Hawkins said. "The court found that this was precisely what the Congress had intended.

"Other than the limit of 400,000 acres, no other balancing factor was intended," Hawkins said.

Barton said the USFS still is awaiting a copy of von der Heydt's ruling. The agency can appeal, he said.



Back Times
4/29/85

Cut-a-

Rhonda
3-year-old
fore gett
Lung Ass
held at H
Champ C

Arm

prep

Times Staff

Several
take place
Alaska Air
176th Tactical
Col. Paul Lin
Lt. Col. I
will assume c
sources Man
and will bec
mander for
who served f
Force pilot
Alaska Air C
University o
ate.

Lt. Col.
currently dep
resources and

FROM DALE ANDERSON
BOX 2239
JUNEAU 99803

RE: MARINE PARKS

I URGE SUPPORT OF HB 44. THE PROPOSED STATE SHOULD BE PRESERVED FOR ALL CITIZENS TO USE. OF SPECIAL INTEREST TO ME BECAUSE OF ACCESSIBILITY AND PROXIMITY IS THE INCLUSION OF CRAB COVE IN FUNTERBAY AND TAKU HARBOR. PLEASE PASS THIS LEGISLATION BEFORE THE END OF SESSION.

EOM

FROM MIKE VUILLE
BOX 871
JUNEAU 99802

RE HB44

I URGE PASSAGE OF THE MARINE PARKS BILL WITH FUNTER BAY AND TAKU HARBOR INCLUDED TO BECOME LAW BEFORE THE END OF SESSION.

EOM

FROM UNICE ANDERSON
BOX 2239
JUNEAU 99803

RE HB44

I URGE PASSAGE OF THE MARINE PARKS BILL WITH FUNTER BAY AND TAKU HARBOR INCLUDED TO BECOME LAW BEFORE THE END OF SESSION.

EOM

TO SENATORS

FROM FRED HORST
9350 TURN ST.
JUNEAU 99801

RE MARINE PARKS

I URGE YOUR PASSAGE OF HB 44 THIS SESSION. PLEASE INCLUDE CRAB
COVE AND TAKU HARBOR IN THIS BILL.

TO SENATORS: RAY, FAIKS , SACKETT, KERTTULA, ELIASON, HALFORD, P.
FISCHER, AND FERGUSON

*
* DELIVER TO: JPOM *
* *
* *
* ORIGINAL *
* SENT: 05/07/85 TIME: 15:18 *
* FROM: DAN HARMOND *
* SUBJECT: JPOM *
* PRINT DATE: 05/07/85 TIME: 15:20 *
* *

TO SENS. ELIASON, HALFORD, RAY, RODEY, STURGOBIEWSKI, ZIEGLER, AND BENNETT

FROM TONY POPE
BOX 3035
JUNEAU 99803
RE: MARINE PARKS

I URGE YOU TO PASS HB 44 BEFORE THE END OF SESSION.

TO ALL SENATORS

FROM DON ANDERSON
BOX 2239
JUNEAU 99803

RE HB44

I URGE PASSAGE OF THE MARINE PARKS BILL WITH FUNTER BAY AND TAKU HARBOR INCLUDED TO BECOME LAW BEFORE THE END OF SESSION.

EOM

TO ALL SENATE MEMBERS

FROM JOSEPH GIEFER AND KAREY COOPERRIDER
FUNTER BAY AK. 99850

RE MARINE PARKS BILL

WE DESIRE YOUR SUPPORT IN THIS YEARS PASSAGE OF HB44 . WE ARE SPECIFICALLY INTERESTED IN CRAB COVE, COOTE' COVE , AND TAKU HARBOR BEING INCLUDED IN THIS BILL. THIS WILL INSURE PUBLIC USE AND ACCESS FOR OUR FUTURE GENERATIONS.

EOM

*
* DELIVER TO: JFOM *
* *
* *
* ORIGINAL *
* SENT: 05/08/85 TIME: 09:21 *
* FROM: DAN HARMOND *
* SUBJECT: JFOM *
* PRINT DATE: 05/08/85 TIME: 12:52 *
* *

TO ALL SENATORS

FROM REV. BO MELIN
BOX 477
SITKA-99835

RE HB44

I URGE PASSAGE OF THE MARINE PARKS BILL WITH FUNTER BAY AND TAKU HARBOR INCLUDED TO BECOME LAW BEFORE THE END OF SESSION.

EOM

TO: ALL SENATORS

FR: DONNA AND PHILIP EMERSON, #3 CRAB COVE, FUNTER BAY, AK 99850

RE: HB 44 MARINE PARKS

I SUPPORT HB 44 AS IT WAS PASSED.

TO ALL SENATORS

FROM KAREN OSHIRO
538 W. 74TH AVE.
ANCHORAGE 99502

RE HB44

I URGE PASSAGE OF THE MARINE PARKS BILL WITH FUNTER BAY AND TAKU HARBOR INCLUDED TO BECOME LAW BEFORE THE END OF SESSION.

EOM

* * * * *
* DELIVER TO: JPOM *
* * * * *
* ORIGINAL *
* SENT: 05/08/85 TIME: 09:19 *
* FROM: DAN HARMOND *
* SUBJECT: HB 44 *
* PRINT DATE: 05/08/85 TIME: 12:52 *
* * * * *

TO ALL SENATORS

FROM TIM MOORE
1117 A-ST.
JUNEAU 99801

RE: HB 44 MARINE PARKS

I AM STRONGLY IN FAVOR OF THIS BILL TO HELP KEEP PUBLIC ACCESS TO
PUBLIC RECREATIONAL AREAS IN THE PUBLICS HANDS. A VERY IMPORTANT
AREA FOR MY FAMILY IS THE FUNTER BAY AREA NEAR JUNEAU. I URGE
YOU TO PASS HB 44 THIS SESSION.

*

*
* DELIVER TO: JFOM *
*
* ORIGINAL *
* SENT: 05/07/85 TIME: 16:14 *
* FROM: DAN HARMOND *
* SUBJECT: HB44 N *
* PRINT DATE: 05/08/85 TIME: 12:15 *
*

TO ALL SENATORS

FROM LORILY BRICE-KRESSIN
BOX 592
DOUGLAS 99824

RE HB44

I URGE PASSAGE OF THE MARINE PARKS BILL WITH FUNTER BAY AND TAKU
HARBOR INCLUDED TO BECOME LAW BEFORE THE END OF SESSION.

EOM

*
* DELIVER TO: JPOM
*
*
* ORIGINAL
* SENT: 05/08/85 TIME: 16:49
* FROM: BONNIE POTTER
* SUBJECT: P.O.M.-KETCHIKAN
* PRINT DATE: 05/08/85 TIME: 16:50
*

J

TO: ALL MEMBERS OF SENATE RESOURCES COMMITTEE; SENATORS
STURGULEWSKI, FAHRENKAMP, COGHILL, ELIASON, V. FISCHER, HALFORD
AND ZHAROFF

FROM: JIM O'TOOLE, P. O. BOX 8401, KETCHIKAN, AK. 99901,
225-3181

RE: HOUSE BILL 44, MARINE PARKS

MESSAGE: STRONGLY URGE IMMEDIATE PASSAGE THIS SESSION OF HOUSE
BILL 44, MARINE PARKS AS WRITTEN. THANK YOU.

H344

Removed

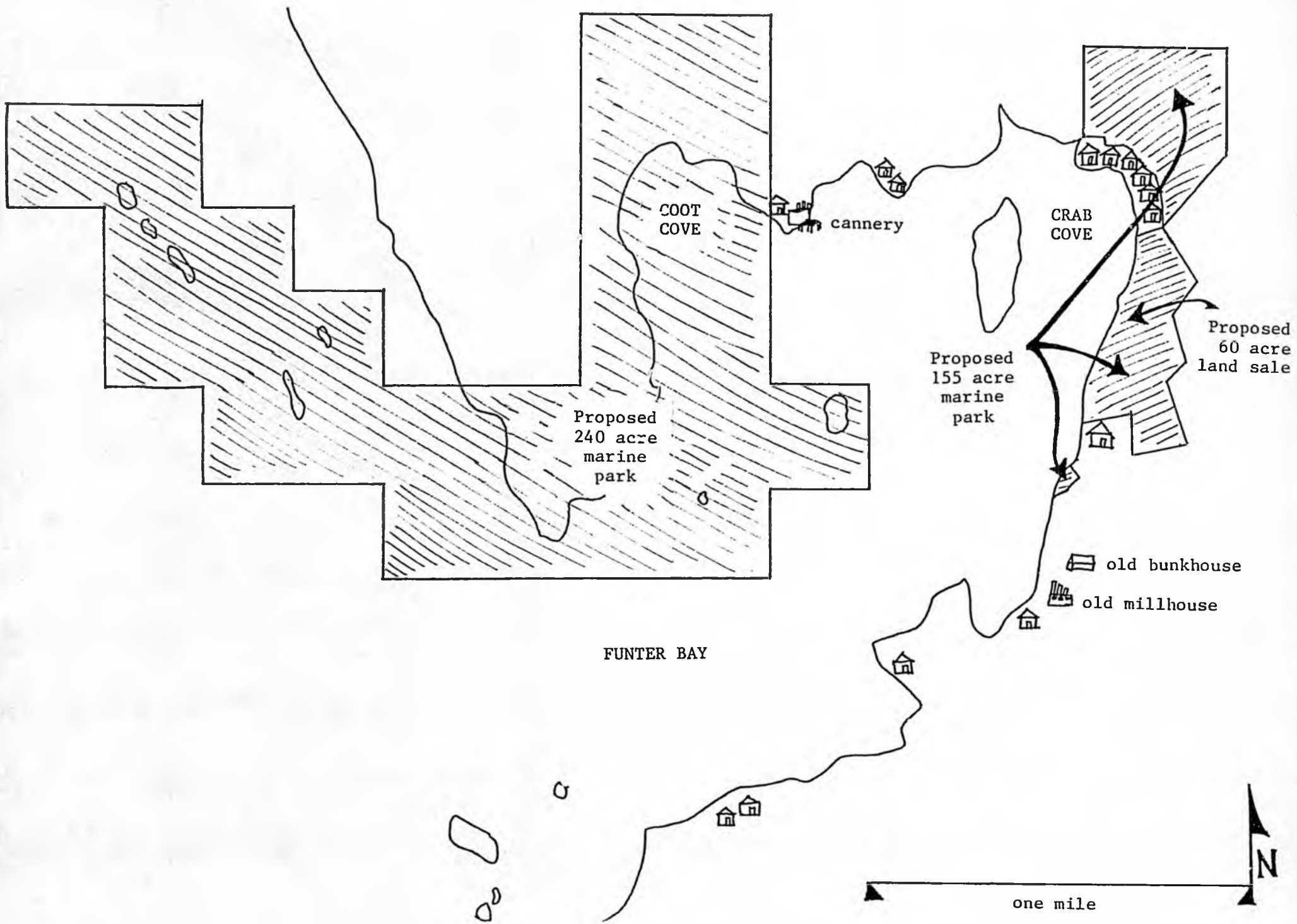
THOMAS LAKE

ADD TO LAST

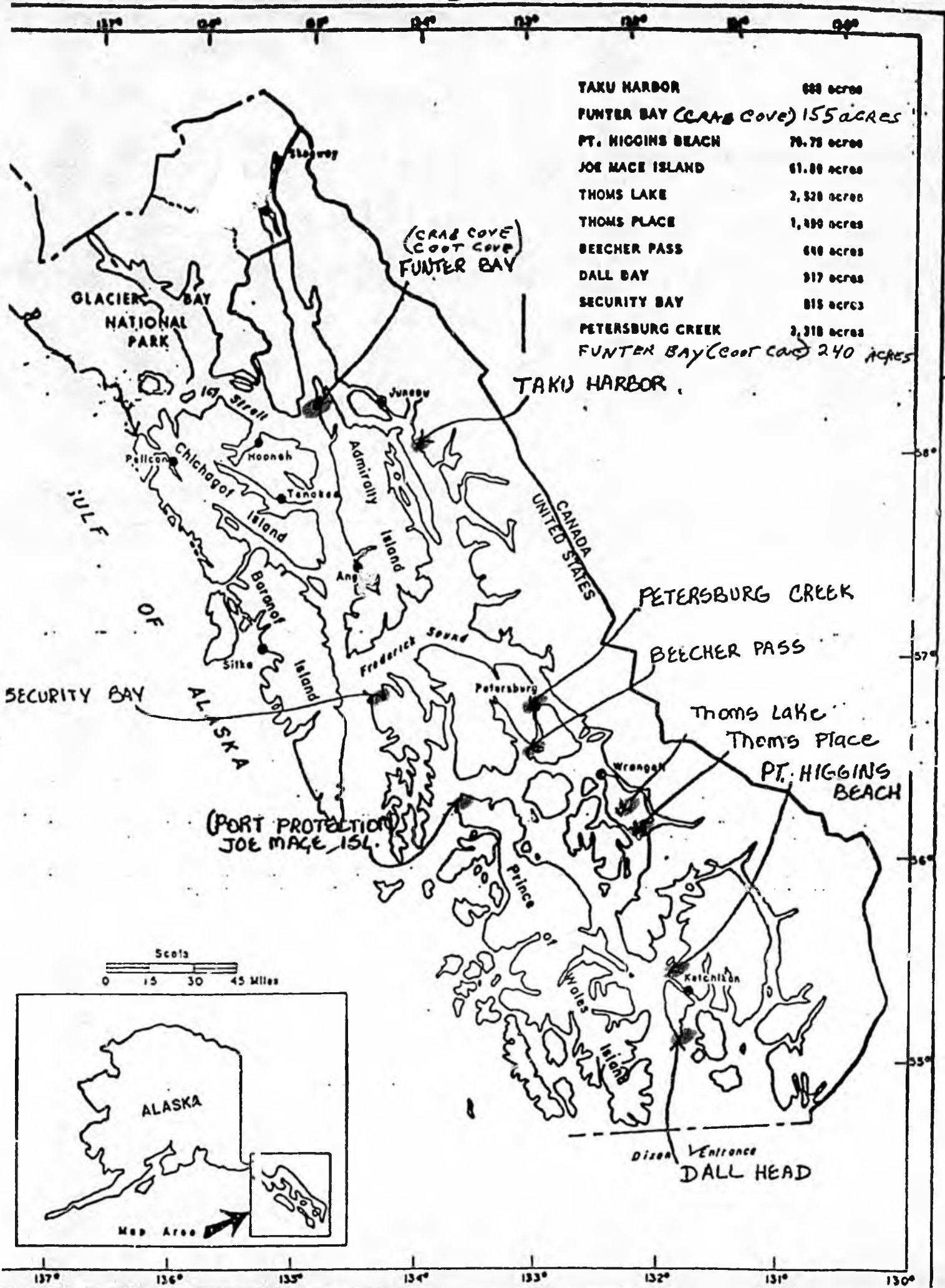
SECTION -

ANY OTHER

LAWFUL PURPOSE



II. PROPOSED MARINE PARKS



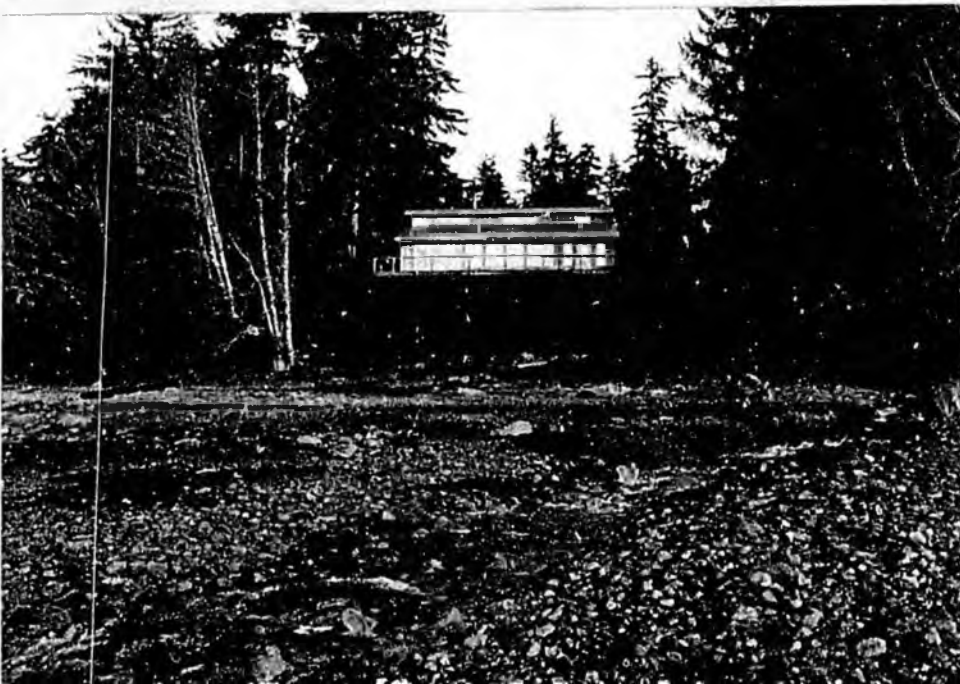


CRAB COVE

Looking into Crab Cove. Cabins and other structures already dominate the cove. State land is to the right of existing settlement.



Standing in the proposed marine park looking toward the head of the bay.



Standing in the proposed marine park. The creek, which is very close to existing development would be the only running water in the 65 acre marine park.

COOT COVE

Looking into Coot Cove, with no existing development. A marine park here could be several hundred acres.



Anadromous salmon stream at the head of cove.



Old ship skeleton, with salmon stream in background. Mussels and clams on beach.



The view toward Mt. Robert Barron from the head of the cove.



STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

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

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

SENATE RESOURCES COMMITTEE,
" "

5/8/85, 1:30
5/9/85, 3:00

Original sponsors: M.M. Miller, Goll
and Duncan

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 44 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to marine park units of the state
7 park system; and providing for an effective date."

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

9 * Section 1. AS 41.21.302(h) is amended to read:

10 (h) Nothing in AS 41.21.300 - 41.21.306 precludes the use of or
11 access to [PRIVATELY OWNED] land proximately located to a marine park
12 unit of the Alaska state park system or to mineral claims and leases.

13 The commissioner of natural resources shall permit adequate and feasi-
14 ble access across state land within a marine park unit of the Alaska
15 state park system to and from private and public land within or out-
16 side a unit. In the granting of such access the commissioner of
17 natural resources may adopt reasonable regulations to protect the
18 natural and other values of the marine park unit lands and water.

19 * Sec. 2. AS 41.21.304 is amended by adding new paragraphs to read:

20 (13) Taku Harbor

21 U.S. Mineral Survey No. 2192

22 Township 44 South, Range 70 East, Copper River Meridian

23 Section 5: W1/2SW1/4, W1/2E1/2SW1/4

24 Section 6: E1/2SE1/4

25 Section 7: NE1/4, NE1/4SE1/4, S1/2SE1/4

26 Section 8: W1/2, excluding ILMT 33289 (ATS682)

27 Section 17: W1/2W1/2

28 Section 18: E1/2, excluding tideland permit 100597

29 (14) Funter Bay

1 Township 42 South, Range 64 East, Copper River Meridian
2 Sections 1 and 12: The following described tracts,
3 excluding U.S. Surveys Nos. 2448 and 3149:

4 (A) Beginning at Corner No. 4, Lone Star Lode claim,
5 U.S. Mineral Survey No. (M.S.) 1492 proceed N. 70 degrees 00 feet
6 E. along the north boundary of said claim a distance of 359.15
7 feet more or less to Corner No. 3, Otter Lode claim, M.S. 1492;
8 thence N. 5 degrees 50 feet E. a distance of 666.60 feet more or
9 less along the west boundary of the Otter Lode claim to Corner
10 No. 4 of said claim; thence N. 70 degrees 00 feet E. a distance
11 of 1,500.00 feet more or less along the north boundary of the
12 Otter Lode claim, M.S. 1492 to Corner No. 1 of said claim, said
13 Corner being common to Corner No. 2, Mill Site claim, M.S. 2191;
14 thence N. 5 degrees 27 feet W. to an intersect with the southwest
15 boundary of ISH NIC claim, M.S. 2191; thence N. 44 degrees 00
16 feet W. along said boundary to Corner No. 4 of ISH NIC claim;
17 thence N. 46 degrees 00 feet E. along the northwest boundary of
18 ISH NIC claim a distance of 321.62 feet more or less to Corner
19 No. 3 of Beach No. 4 claim, M.S. 2191, common with Corner No. 2
20 of Beach No. 1 claim, M.S. 2191; thence N. 44 degrees 00 feet W.
21 along the southwest boundary of Beach No. 4 claim a distance of
22 600. 00 feet more or less to Corner No. 4 of Beach No. 4 claim;
23 thence N. 46 degrees 00 feet E. along the northwest boundary of
24 Beach No. 4 claim a distance of 1,099.47 feet more or less to
25 Corner No. 1 of Beach No. 4 claim, common with Corner No. 1 of
26 Beach No. 5 claim, M.S. 2191; thence N. 44 degrees 00 feet W.
27 along the southwest boundaries of Beach No's. 6 and 7 claims,
28 M.S. 2191 a distance of 1,200.00 feet more or less to Corner No.
29 1 of Beach No. 7 claim; thence N. 46 degrees 00 feet E. along the

1 northwest boundary of Beach No. 7 claim a distance of 135.10 feet
2 more or less to Corner No. 4 U.S. Survey No. (U.S.S.) 3149;
3 thence continue N. 46 degrees 00 feet E. along the northwest
4 boundaries of Beach No's. 7 and 8 claims, M.S. 2191 a distance of
5 2,864.90 feet more or less to Corner No. 2, Beach No. 8 claim;
6 thence due west a distance of 3,300 feet more or less to an
7 intersection of a line projected due north from Meander Corner
8 (M.C.) No. 3, U.S.S. 2448; thence due south a distance of 1,214
9 feet more or less to M.C. No. 3, U.S.S. 2448; thence meander
10 along the mean high water line of the northeast shore of Funter
11 Bay in a southwesterly, easterly, southeasterly, southwesterly
12 direction a distance of 1.11 miles more or less to a point lying
13 S. 70 degrees 00 feet W. from Corner No. 4, Lone Star Lode claim,
14 M.S. 1492 on the mean high water line of the easterly shore of
15 Funter Bay; thence N. 70 degrees 00 feet E. to Corner No. 4, Lone
16 Star Lode claim; the point of beginning.

17 (B) That portion of Mill Site, Mineral Survey (M.S.)
18 No. 2191, described as follows: beginning at Corner No. 1, Mill
19 Site, on line 2-3, Beach No. 1, M.S. 2191, thence S. 5 degrees 27
20 feet E., 57.26 feet, to the intersection of line 1-4, ISH NIC,
21 M.S. 2191; thence S. 46 degrees 00 feet W., 264.36 feet, along a
22 portion of line 1-4, of ISH NIC, to Corner No. 4, ISH NIC, M.S.
23 2191; thence S. 44 degrees 00 feet E., 331.75 feet, along a
24 portion of line 4-3 of ISH NIC, to the intersection of line 1-2,
25 Mill Site; thence S. 5 degrees 27 feet E., 137.55 feet, along a
26 portion of line 1-2 of Mill Site, to Corner No. 2, Mill Site,
27 identical to Corner No. 1 of Otter, M.S. 1492; thence S. 70
28 degrees 00 feet W., 1,500.00 feet, on line 2-3, Mill Site, iden-
29 tical to line 1-4 of Otter, M.S. 1492, to Corner No. 3, Mill

1 Site, M.S. 2191, identical to Corner No. 4 of Otter, M.S. 1492;
2 thence N. 5 degrees 27 feet W., 497.70 feet, on line 3-4, along
3 the mean-high tide line of Funter Bay, to Corner No. 4, Mill
4 Site; thence N. 30 degrees 07 feet E., 183.08 feet, on line 4-5,
5 along the mean-high tide line of Funter Bay, to Corner No. 5,
6 Mill Site, identical to Corner No. 3, Beach No. 1, M.S. 2191;
7 thence N. 70 degrees 00 feet E., 1,390.00 feet, on line 5-1, Mill
8 Site, identical to a portion of line 3-2, Beach No. 1, to Corner
9 No. 1, the point of beginning.

10 (C) That portion of Beach No. 1, Mineral Survey (M.S.)
11 No. 2191, described as follows: beginning at Corner No. 2, Beach
12 No. 1, identical with Corner No. 3, Beach No. 4, M.S. 2191, on
13 line 4-1 of ISH NIC, M.S. 2191, thence S. 70 degrees 00 feet W.,
14 1,500.00 feet on line 2-3, Beach No. 1, identical to a portion of
15 line 1-5, Mill Site, M.S. 2191, to Corner No. 3, Beach No. 1,
16 identical to Corner No. 5, Mill Site; thence N. 12 degrees 43
17 feet E., 460.00 feet, along the mean-high tide line of Funter Bay
18 to Corner No. 4, Beach No. 1; thence N. 47 degrees 23 feet E.,
19 157.50 feet, along the mean-high tide line of Funter Bay, to
20 Corner No. 5, Beach No. 1; thence N. 14 degrees 02 feet E.,
21 183.33 feet, along the mean-high tide line of Funter Bay, to
22 Corner No. 6, Beach No. 1, identical to Corner No. 4, Beach No.
23 2, M.S. 2191; thence N. 70 degrees 00 feet E., 874.74 feet, on
24 line 6-1, Beach No. 1, identical to a portion of line 4-3 of
25 Beach No. 2, to the intersection of line 4-1, Beach No. 4, M.S.
26 2191; thence S. 46 degrees 00 feet W., 126.34 feet, along a
27 portion of line 4-1 of Beach No. 4, to Corner No. 4, Beach No. 4;
28 thence S. 44 degrees 00 feet E., 600.00 feet, on line 4-3, Beach
29 No. 4, to Corner No. 3, Beach No. 4, identical to Corner No. 2,

1 Beach No. 1, the point of beginning.

2 (D) That portion of Beach No. 2, Mineral Survey (M.S.)
3 No. 2191, described as follows: beginning at the true point for
4 Corner No. 1, Beach No. 2, thence N. 70 degrees 00 feet E.,
5 1,197.45 feet, along a portion of line 1-2 of Beach No. 2, to the
6 intersection of line 1-4 of Beach No. 6, M.S. 2191; thence S. 44
7 degrees 00 feet E., 223.40 feet, along a portion of line 1-4 of
8 Beach No. 6, to Corner No. 4, Beach No. 6, identical with Corner
9 No. 1, Beach No. 5, M.S. 2191; thence S. 46 degrees 00 feet W.,
10 973.13 feet, along a portion of line 1-4 of Beach No. 4, to the
11 intersection of line 3-4 of Beach No. 2; thence S. 70 degrees 00
12 feet W., 874.74 feet, along a portion of line 3-4 of Beach No. 2,
13 to Corner No. 4, Beach No. 2, identical with Corner No. 6, Beach
14 No. 1; thence N. 14 degrees 03 feet E., 478.00 feet, along the
15 mean-high tide line of Funter Bay, to Corner No. 5, Beach No. 2;
16 thence N. 25 degrees 33 feet E., 291.00 feet, along the mean-high
17 tide line of Funter Bay, to Corner No. 1, Beach No. 2, the point
18 of beginning.

19 (E) That portion of Beach No. 3, Mineral Survey (M.S.)
20 No. 2191, described as follows: beginning at Corner No. 1, Beach
21 No. 3, thence N. 70 degrees 00 feet E., 637.07 feet, along a
22 portion of line 1-2, to the intersection of line 1-4, Beach No.
23 7, M.S. 2191; thence S. 44 degrees 00 feet E., 279.27 feet, along
24 a portion of line 1-4 of Beach No. 7, to Corner No. 4, Beach No.
25 7, identical to Corner No. 1, Beach No. 6, M.S. 2191, thence
26 continue S. 44 degrees 00 feet E., 376.60 feet, along a portion
27 of line 1-4 of Beach No. 6, to the intersection of line 3-4,
28 Beach No. 3; thence S. 70 degrees 00 feet W., 1,139.45 feet,
29 along a portion of line 3-4 of Beach No. 3, to Corner No. 4,

1 Beach No. 3; thence N. 1 degree 30 feet E., 644.00 feet, along
2 the mean-high tide line of Funter Bay, on line 4-1, to Corner No.
3 1, Beach No. 3, to point of beginning. Containing 12.22 acres.

4 Section 2: W1/2

5 Section 3: S1/2SW1/4, NW1/4SW1/4

6 Section 4: S1/2NE1/4, E1/2SE1/4

7 Section 10: N1/2N1/2, S1/2NE1/4

8 Section 11: NW1/4, NW1/4NE1/4, including all tide and
9 submerged land

10 (15) Ft. Higgins Beach

11 Township 74 South, Range 89 East, Copper River Meridian

12 U.S. Survey 3762 and adjacent tideland

13 (16) Joe Mace Island

14 Township 64 South, Range 75 East, Copper River Meridian

15 Lot 4, U.S. Survey 3854 and adjacent tideland

16 (17) Thoms Place

17 Township 65 South, Range 86 East, Copper River Meridian

18 Section 32: S1/2

19 Township 66 South, Range 86 East, Copper River Meridian

20 Section 4: SW1/4, S1/2NW1/4, NW1/4NW1/4, S1/2SE1/4,

21 NW1/4SE1/4

22 Section 5: All except for land within ASLS

23 81-234

24 Section 8: NE1/4

25 Section 9: N1/2, SE1/4

26 (18) Beecher Pass

27 Township 61 South, Range 79 East, Copper River Meridian

28 Section 1: NE1/4SW1/4, Lots 5 - 8

29 Section 10: Lots 1 - 2, including all adjacent

1 tideland

2 Section 11: Lots 1 - 11, including all adjacent
3 tideland

4 Section 12: Lots 3 - 11, including all adjacent
5 tideland

6 Section 14: Lot 2, including all adjacent tideland

7 Section 15: Lot 2, including all adjacent tideland

8 Township 61 South, Range 80 East, Copper River Meridian

9 Section 6: Lot 11, including all adjacent tideland

10 Section 7, Lots 1 - 2, including all adjacent tideland

11 (19) Dall Bay

12 Township 77 South, Range 91 East, Copper River Meridian

13 Section 29: W1/2SW1/4, SW1/4NW1/4

14 Section 30: SE1/4, E1/2SW1/4

15 Section 31: NE1/4, N1/2SE1/4, NE1/4SW1/4, E1/2NW1/4

16 subject to USS 3525 and A.T.S. 155

17 Section 32: NW1/4, N1/2SW1/4

18 (20) Security Bay

19 Township 58 South, Range 70 East, Copper River Meridian

20 Section 1: SW1/4SW1/4

21 Section 2: S1/2

22 Section 11: N1/2, SE1/4, E1/2SW1/4

23 Section 12: W1/2W1/2, E1/2SW1/4 subject to Forest
24 Service Preference 103521

25 Section 13: All subject to Historic Place Application
26 AA-6569, Parcel A

27 Section 14: NE1/4

28 (21) Petersburg Creek

29 Township 58 South, Range 79 East, Copper River Meridian

1 Section 18: S1/2 subject to valid existing rights to
2 lot 5

3 Section 19: N1/2, SE1/4

4 Section 20: All

5 Section 29: N1/2, SW1/4, W1/2SW1/4 excluding Block 3

6 Section 32: N1/2, N1/2S1/2 excluding Lots 5 - 8 and

7 U.S. Survey 2867

8 * Sec. 3. AS 41.21.306(d) is amended to read:

9 (d) Reasonable access shall be permitted to and across a marine
10 park unit of the Alaska state park system for lawful hunting, fishing,
11 trapping, [AND] recreational, and other lawful purposes.

12 * Sec. 4. This Act takes effect August 1, 1985.
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

*
* DELIVER TO: JPOM *
* *
* *
* ORIGINAL *
* SENT: 05/03/85 TIME: 08:23 *
* FROM: DAN HARMOND *
* SUBJECT: JPOM *
* PRINT DATE: 05/03/85 TIME: 08:23 *
* *

TO SENATORS: STURGULEWSKI, ELIASON, HALFORD, ZIEGLER, RAY, RODEY,
AND BENNETT

TO REPS. GRUSSENDORF, CATO, DUNCAN, GOLL, RINGSTAD, JENKINS, AND
HERRMANN

FROM TONY POPE
BOX 3035
JUNEAU 99801

RE: HB 44 MARINE PARKS BILL

I URGE YOU TO PASS THIS LAW AND GIVE TAKU HARBOR AND FUNTER BAY
MARINE PARK STATUS

EOM

*
* DELIVER TO: JPOM
*
* ORIGINAL
* SENT: 05/03/85 TIME: 08:16
* FROM: DAN HARMOND
* SUBJECT: MARINE PARKS
* PRINT DATE: 05/03/85 TIME: 08:17
*

TO SENATORS: STURGULEWSKI, ELIASON, HALFORD, ZIEGLER, RAY, RODEY,
AND BENNETT

TO REPS. GRUSSENDORF, CATO, DUNCAN, GOLL, RINGSTAD, JENKINS, AND
HERRMANN

• FROM ROSS POWELL
3194 PIONEER
JUNEAU 99801

RE: HB 44 MARINE PARKS BILL

I URGE YOU TO PASS THIS LAW AND GIVE TAKU HARBOR AND FUNTER BAY
MARINE PARK STATUS

EOM

*
* DELIVER TO: JPOM *
* *
* *
* ORIGINAL *
* SENT: 05/03/85 TIME: 08:19 *
* FROM: DAN HARMOND *
* SUBJECT: JPOM *
* PRINT DATE: 05/03/85 TIME: 08:19 *
* *

TO SENATORS: STURGULEWSKI, ELIASON, HALFORD, ZIEGLER, RAY, RODEY,
AND BENNETT

TO REPS. GRUSSENDORF, CATO, DUNCAN, GOLL, RINGSTAD, JENKINS, AND
HERRMANN

FROM BARRY CONNOLLY
811 BASIN RD.
JUNEAU 99801

RE: HB 44 MARINE PARKS BILL

I URGE YOU TO PASS THIS LAW AND GIVE TAKU HARBOR AND FUNTER BAY
MARINE PARK STATUS

EOM

*
* DELIVER TO: JPOM *
*
* ORIGINAL *
* SENT: 05/02/85 TIME: 17:17 *
* FROM: PEGGY SIMONS *
* SUBJECT: POM *
* PRINT DATE: 05/02/85 TIME: 17:17 *
*

TO: REP. CATO, DUNCAN, GOLL, GRUSSENDORF, HERRMANN
M.W.MILLER, M.M.MILLER, RINGSTAD, SUND
JENKINS, PEARCE

SEN. ELIASON, HALFORD, RAY, RODEY
STURGULEWSKI, ZIEGLER, BENNETT

FR: DALE ANDERSON, BOX 2239, JUNEAU 99803

RE: HB 44 STATE MARINE PARKS

I URGE SUPPORT OF HB 44, DEALING WITH THE ESTABLISHMENT OF MARINE
PARKS, BECAUSE THE PROPOSED SITES SHOULD BE PRESERVED FOR ALL
CITIZENS TO USE. OF SPECIAL INTEREST TO ME BECAUSE OF PROXIMITY
AND EASE OF ACCESSIBILITY IS THE INCLUSION OF CRAB COVE IN FUNTER
BAY AND TAKU HARBOR.

Alaska State Legislature



House of Representatives House Judiciary Committee

HB 44
MAY 15 1985

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4990

Esther Wunnicke
Commissioner
Department of Natural Resources
Pouch M
Juneau, Ak. 99811

May 19, 1985

Dear Esther:

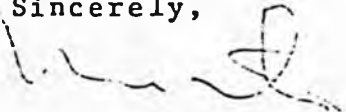
I would like to express my thanks to you for your decision to support HB 44 in its current form, especially in regard to the Funter Bay Marine Park as written in CSHB 44(Jud), as passed by the House, and SCS CSHB 44(Res), currently in the Senate Finance Committee.

I would like to express my strong hope and concern that DNR continue to support the Funter Bay proposal as written. Although I would like to have seen the bill pass this year, I am pleased with the progress the bill has made to date, and am confident that it will pass in this form after we reconvene next January.

In light of the intent and status of HB 44, I would like to stress very strongly the need for the Department of Natural Resources to delay further consideration of land disposal at Funter Bay until the issue is resolved.

Your personal attention to this is very much appreciated, as will be your response. If you have any questions regarding the bill in general or the Funter Bay proposal specifically, please contact me at your earliest convenience.

Sincerely,


Rep. M. Mike Miller
Juneau/District 4

cc: Gov. Bill Sheffield
Rep. Jim Duncan
Rep. Peter Goll
Sen. Arliss Sturgulewski
Sen. Dick Eliason
Sen. Vic Fischer

Alaska State Legislature

HB 44

ARLISS STURGULEWSKI, Chairman
BETTYE FAHRENKAMP, Vice Chairman
JACK COGHILL
DICK ELIASON
VIC FISCHER
RICK HALFORD
FRED ZHAROFF



POUCH V
JUNEAU, ALASKA. 99811
(907) 465-4907

Senate Committee on Resources

May 14, 1985

Esther Wunnicke, Commissioner
Department of Natural Resources
Pouch M, Mail Stop 1000
Juneau, AK 99811

Dear Commissioner Wunnicke:

Now that the legislative session has ended and I begin to sort out the remaining issues, I see that HB 44 relating to marine parks is still in the Senate Finance Committee.

This bill has very wide-spread support in Southeastern Alaska and I think it will be a topic of discussion again next session. One issue of concern voiced by a number of people was the DNR proposed land disposal in Funter Bay. I would like to encourage you to delay that land sale, particularly any of the land that may be included in a marine parks designation. There is a good possibility that HB 44 may pass next year and then the availability of land in the area for disposal will be clearer.

Esther, thank you for your support during the session. It is a pleasure working with you.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Arliss".

Senator Arliss Sturgulewski
Chairman, Senate Resources Committee



RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James A. Smith
Signature of Camera Operator

11/24/89
Date

H B

5 8

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
BETTYE FAHRENKAMP, Vice Chairman
JACK COGHILL
DICK ELIASON
VIC FISCHER
RICK HALFORD
FRED ZHAROFF



POUCH V
JUNEAU, ALASKA. 99811
(907) 465-4907

Senate Committee on Resources

M E M O R A N D U M

February 26, 1985

TO: All Members
Senate Resources Committee

FROM: Staff *+*
Senate Resources Committee

RE: SB 11 "An Act relating to the fisheries business tax."

SB 11 would establish a fisheries business tax credit for shore based fish processing facilities.

A tax credit of 50% of the tax liability under AS 43.75.015 for capital expenditures made during the year may be granted by the Department of Revenue. The tax credit would be available for a five year period from 1985 to 1989. A tax credit may be carried forward but may not be carried back.

The Department of Revenue must submit a report to each regular session of the legislature detailing the effects of the program.

The House has had similar legislation, HB 58, under consideration. HB 58 was amended and passed the House Special Committee on Fisheries and the House Resources Committee. It is now in House Finance. SB 11 is identical to HB 58 before amendments.

Municipalities which share in the fisheries business tax would not be affected by this tax credit and would continue to receive their 50% share of the tax.

The fiscal note shows \$5,000 for administration and \$7,000,000 as a potential reduction in state revenues.

Included in the packet are resolutions of support from the City of Kodiak, the Kodiak Island Borough, and the International Longshoremen's Union; an article on the problems facing fish processors; and several reports by the House Research Agency on tax credits.

fh:bh

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: SB 11
 Title: Relating to the Fisheries
Business Tax
 Sponsor: Zharoff
 Requestor: Senate Resources Committee
 Date of Request: January 17, 1985

FISCAL DETAIL

Agency Affected: REVENUE
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	(7000.0)	(7000.0)	-	-	-

FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page for analysis.

Robert W. Elliott

Prepared By: Robert W. Elliott
 Division: Research Section

Phone: 465-2173
 Date: 1/23/85

Approved by Commissioner: *Shirley A. Stender*
 Agency: Revenue

Date: 1/24/85

Distribution (by Agency preparing fiscal note):

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

FISCAL NOTE, SB 11
Attachment

Analysis for SB 11:

The above estimates are derived from the Revenue Sources January, 1985, projections for fisheries business taxes, and provide for tax credits effective in FY 86. The estimates reflect the maximum revenue loss the State would experience if all shore-based fisheries business tax returns applied for a 50 percent tax credit, and were subsequently approved by the department. It should be noted that although the fish processors would be the primary beneficiaries of the tax credit, there exists the possibility in certain cases where, if the processors are given a 50 percent credit and the remaining 50 percent is refunded to local governments per AS 43.75.130, the State could eventually not receive any revenues from those fisheries business taxes.

Estimates are duplicated for FY 87 and not shown beyond since price/catch projections are unknown.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 1-18-85

REQUEST

Bill/Resolution No: SB 11
 Title: Fisheries Business Tax Credit
 Sponsor: Zharoff
 Requestor: Senate Resources Committee
 Date of Request: January 17, 1985

FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: Collection and Management
 BRU, Program of Subprogram(s) Affected: Audit Division
Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	2.0	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	3.0	-0-	-0-	-0-	-0-
400 SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	5.0	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	5.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	5.0	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: Please see attached.

Prepared By: Martin J. Richard
 Division: Audit

Phone: 465-2320
 Date: January 18, 1985

Approved by Commissioner: [Signature]
 Agency: _____

Date: 1/24/85

Distribution (by Agency preparing fiscal note):

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

Analysis for SB 11

Travel \$2.0 - Passage of SB 11 will require the Audit Division to draft regulations and conduct public hearings throughout the state. Our fare and per diem costs are estimated at \$2,000 for travel to Ketchikan, Anchorage and Kodiak by one Audit Division employee.

Contractual Services \$3.0 - Conducting public hearing requires the presence of a court reporter, and advertising in statewide newspapers. In addition, the bill will make it necessary for the Department to revise its tax forms to request additional information from processors, and prepare annual reports to the legislature. Programming and forms design costs are included in this request.



Official Business

Alaska State Legislature

House of Representatives

Special Committee on Fisheries

Pouch V
Juneau, Alaska 99811

Phone:
(907) 465-4924

January 26, 1985

SECTIONAL ANALYSIS OF HB 58

"An Act relating to the fisheries business tax"

Section One: Amends existing fisheries business tax statutes to replace the word "cannery" with "fisheries business."

Section Two: Establishes a program allowing a seafood processing company to claim a credit or up to half of its fisheries business tax liability. The 50 percent cap will ensure that revenue sharing to local communities will not be affected by the tax credits. To qualify for a tax credit, a seafood processor must invest in capital expenditures related to a shore-based facility in Alaska. The credits are limited to five consecutive years, and must be initiated within the 1985-1989 tax years. Thus, the tax credit program will sunset by 1994. Credits for capital investments exceeding the 50 percent cap in a single tax year may be carried forward to a subsequent tax year within the five-year limit. Buyer's of seafood facilities for which a tax credit had been claimed will not qualify for credits on those particular capital improvements. The Department of Revenue is given authority to adopt regulations for administering the program and is directed to act on applications within 60 days of receipt.

This section also provides for an annual report to the legislature on the benefits and utilization of the tax credit program.

Section Three: Provides that the tax credits will not affect revenue sharing with local communities.

Section Four: Defines "capital expenditures."

Section Five: Repeals the tax credit program June 30, 1994.

ALB 43 588

CITY OF KODIAK
RESOLUTION NUMBER 09-84

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,

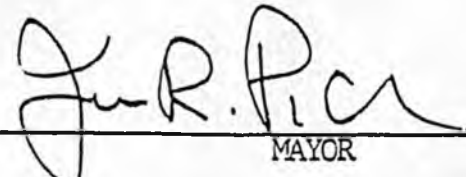
NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the Governor and the Legislature be and are hereby urged to provide raw fish tax credits against the State's fifty percent for upgrading and modernization of shore-based fish processing facilities.

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

KODIAK ISLAND BOROUGH
RESOLUTION NO. 85-20-R

A RESOLUTION OF THE KODIAK ISLAND BOROUGH ASSEMBLY SUPPORTING USE OF A PORTION OF THE RAW FISH TAX TO PROVIDE SHORE BASED FISHERIES BUSINESS TAX CREDITS.

WHEREAS, fishing is an important economic activity in the State of Alaska employing one out of every ten Alaskans, and

WHEREAS, investment capital for onshore processing facilities is recognized as a top priority in the fishing community, and

WHEREAS, loss of the King Crab fishing means diversification is needed to derive maximum benefit from Alaska's fishery resources, and

WHEREAS, the potential growth of the bottomfish industry makes it especially important that this segment of the processing industry be promoted for the economic welfare of the entire state, and

WHEREAS, tax credits would encourage the building and expansion of onshore bottomfish facilities and create a more stable job market, and

WHEREAS, Senate Bill 11 and House Bill 58 allow tax credit of not more than fifty percent of a shore-based cannery or fishery business's tax liability for capital expenditures incurred for the development of the capability of processing a developing commercial fish species.

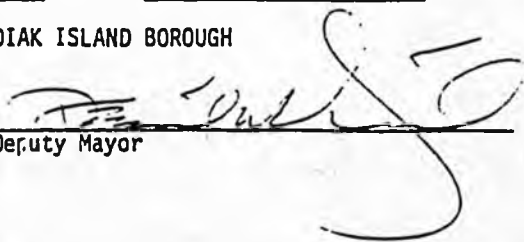
NOW, THEREFORE, BE IT RESOLVED by the Kodiak Island Borough Assembly that the Governor and the Legislature are urged to adopt Senate Bill 11 and House Bill 58 to provide tax credits to shore-based processors to develop or expand their facilities for bottomfish processing.

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

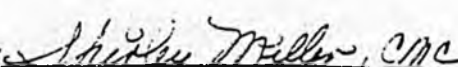
The Honorable Bill Sheffield, Governor of Alaska
The Honorable Don Bennett, President of the Senate
The Honorable Ben F. Grussendorf, Speaker, House of Representatives
The Honorable Mike Navarre, Chairman, House Labor & Commerce Committee
The Honorable Albert P. Adams, Chairman, House Finance Committee
The Honorable Jan Faiks, Co-Chairman, Senate Finance Committee
The Honorable John C. Sackett, Co-Chairman, Senate Finance Committee
The Honorable Fred F. Zharoff, State Senate
The Honorable David W. Thompson, House of Representatives
The Honorable John Pugh, Mayor, City of Kodiak
Andrew Brumbaugh, President, Kodiak Area Chamber of Commerce
Al Burch, Manager, Alaska Draggers Association
Ron Jolin, President, United Fisherman's Marketing Association
Lynn Domingo, Secretary-Treasurer, Cannery Workers Union
Chris Mitchell, Executive Director, Alaska Fisheries Development Foundation

PASSED AND APPROVED this 7th day of February, 1985.

KODIAK ISLAND BOROUGH

By 
Deputy Mayor

ATTEST:

By 
Borough Clerk

JAN 23 1985

INTERNATIONAL LOCAL 200
LONGSHOREMEN'S & WAREHOUSEMEN'S UNION
307 SOUTH FRANKLIN STREET, JUNEAU, ALASKA 99801 • (907) 586-6642

LARRY COTTER
President

JAY BROWNE
Vice President

MIKE ELLERS
Secretary-Treasurer

January 23, 1985

The Honorable Peter Goll
Alaska House of Representatives
Pouch V
Juneau, Alaska

Re: HB 58

Dear Representative:

Following discussions with Representative Cato and members of the fishing community I have decided that I am in full support of HB 58.

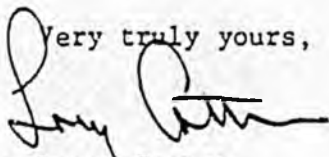
In an earlier letter to you I espoused a view that Alaska would be better off with a revamped fisheries business tax based upon a graduated scale than a tax credit approach as outlined in HB 58. However, I am now of the opinion the tax credit approach is a critical ingredient in providing Alaskan seafood processing companies a means through which their facilities can be modernized. And of course, modernization will play a crucial role in the development of a domestic bottom fish industry.

At the same time, I continue to believe a graduated fisheries business tax would provide added stimulus to seafood processing companies to engage in the processing of underutilized species. And I would strongly urge legislation along these lines be implemented.

In summation, I view these two approaches -- the tax credit for investment approach and the graduated tax approach -- as a meaningful combination of positive taxation which will yield a significant benefit to all Alaskans.

I look forward to speaking further with you on this in the future.

Very truly yours,


Larry Cotter
President

cc: The Honorable Ben Grussendorf
The Honorable Betty Cato
The Honorable Fred Zharoff




ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

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

February 18, 1985

MEMORANDUM

TO: Representatives Katie Hurley and Peter Goll

FROM: Sharman Haley 
Legislative Analyst

RE: Fisheries Business Investment Tax Credit
Research Request 85-159

Nevette Bowen of Representative Hurley's staff asked about the effectiveness and equity of an investment tax credit as in HB 58 and about alternatives. I reviewed the materials from the Department of Revenue which she provided and discussed them with her and Roger Painter of Representative Goll's staff. At their request, I have prepared the following written summary of the points we discussed.

A tax credit is an expenditure of State revenue. A tax credit is a form of subsidy and should be evaluated just as carefully as any program of direct expenditure. (One writer took it a step further, arguing that any tax incentive could be reformulated as a direct expenditure program and that in most cases this would be preferable policy.) The central problem needs to be identified, the program goals and objectives clarified, and the benefits quantified if possible. This would allow policy makers to consider exactly what they are buying for how much money.

While I do not have answers for you, posing some questions may be helpful in clarifying the issues here. The present case (as explained to me) concerns weakening of the shore-based fish processing industry due to insufficient investment in plants and equipment and market competition. Why is investment low? Is this a temporary or chronic problem? Can shore-based plants compete in the long run with floating processors and Norwegian fish farmers? What stake does the State and the Alaska public have in maintaining the shore-based industry? I expect that answers to the last question include concern for employment opportunities for Alaskans, the spin-off effects on other sectors of the economy, and a healthy tax base.

Subsidies lower economic efficiency. Free market economists generally object to tax incentive subsidies because they distort market pricing and the allocation of resources, resulting in economic inefficiency and

lower aggregate output. From this point of view, it is a waste of resources, public or private, to make an investment when a higher return could be made investing elsewhere. From a regional perspective, however, the local gains in employment or other values may be worth the loss to the society as a whole since the losses may be borne largely by nonresidents.

The public benefits of additional investment are unclear. An investment tax credit increases the firm's use of capital relative to labor. Without knowing the particulars of the shore-based fish processing industry and the particular investment prospects, there is no reason to assume that an increase in investment would have a positive impact on employment. If investments were made in labor-saving equipment, for example, the impact could actually be negative. One article recommended that if employment is the policy objective, a payroll subsidy would be preferable to an investment subsidy.

Given that a significant percentage of the processing industry is owned by foreigners and nonresidents, increased profits would not infuse much income to the Alaska economy. Nor is there any significant multiplier effect from investment in equipment which must be purchased outside Alaska. An increase in income and property value would, however, expand the tax base.

If there were some risk of plant closure without subsidized investment, the benefit from an investment subsidy might be significant. Even if the risk were substantial, however, the benefits of the subsidy need to be evaluated. For example, if the problem is market competition from Norwegian fish farming, one infusion of capital is not likely to solve the processors' long-term problem.

Is underinvestment a profitability problem or a cash-flow problem? Why is the private sector not investing? The nature of the underinvestment problem needs to be identified. If, as some have alleged, the investments are financially sound but the firms nevertheless have a problem raising the cash, a loan rather than a grant might be appropriate. (For processors owned by large conglomerates, the cash-flow argument is not very convincing; they have access to capital markets through the parent firm.) A State loan could be provided in the form of a tax deferral, rather than a tax credit.

An investment tax credit will stimulate investment, but by how much? The major studies of the effectiveness of an investment tax credit yield widely varying results, and are not applicable to the Alaska shore-based fish processing industry. The principal factor limiting the effectiveness of an investment tax credit is that much of the tax credit goes to reward firms for investments they would have made anyway, and does not stimulate new investment. Studies of firms' locational

decisions, for example, clearly show that market factors are the major determinants, and that taxes are considered only marginally.

Under the current version of HB 58, firms receive full credit for investments of up to 50 percent of their five-year tax liability. We can expect that firms will claim their full tax credit entitlement, and make no new investments beyond that amount. In their normal course of business, processors must make some investments in their plants and equipment just to keep operating; many of these investments could qualify for a tax credit under HB 58. If these current investments do not exhaust the firm's tax credit entitlement, it is unimaginable that at 100 percent subsidy, the firms could not find investments qualifying for the remainder. Beyond the dollar amount of their tax credit entitlement, the processors would have to pay the full market price for facilities and equipment; they would have no new incentives to invest more.

Limiting the subsidy to 25 percent (or less) as some have proposed would give processors incentive to invest up to four times more than with the 100 percent subsidy. An example will illustrate this. A firm with an annual tax liability of \$50,000 will have a five-year tax liability of \$250,000, entitling the firm to a total tax credit of \$125,000. At 100 percent subsidy, the firm will have incentive to invest exactly \$125,000, no more, no less. At 25 percent subsidy, the \$125,000 credit entitlement will be reached if the firm invests \$500,000--four times as much. Since the firm itself pays 75 percent of the cost of the investment (ignoring the federal and State income tax credits) it will consider more carefully the investments it chooses to make. Only those investments likely to yield a return in excess of the firm's share of the costs will be made. If the firm does not have \$500,000 worth of profitable investments, it may choose not to claim the full tax credit entitlement.

Two ideas were mentioned in the literature for targeting the tax credit to subsidize new investment rather than subsidizing current investment. There was no mention that either proposal had ever been implemented, however. The first would allow a tax credit only for the amount of investment in a given year that exceeds the firm's average investment over the previous few years. The Alaska Department of Revenue commented that such an approach would impose a heavy verification burden on them. If the tax credit program were ongoing instead of time limited, the burden would ease as the department would have in their records reported investment from previous tax years. A side effect of an ongoing program however would be a tendency by firms to plan all their investment projects for one year out of every few.

Representatives Hurley and Goll
February 18, 1985
Page Four

The second proposal would be easier to verify using federal income tax reports. In this approach, only investment in excess of reported depreciation would qualify for a tax credit.

* * * *

Although this memorandum has raised more questions than it answers, I hope that you find it helpful in your deliberations. If we can provide further research assistance, please call.

SH



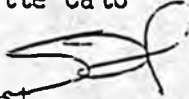
ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

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

November 15, 1984

MEMORANDUM

TO: Representative Bette Cato

FROM: Sharman Haley 
Legislative Analyst

RE: Legislative History of the Raw Fish Tax
Research Request 85-039

The raw fish tax, AS 43.75.010-.140, dates from statehood. The law provides for a tax on raw fish purchases by canneries, cold storages, and other processors. As of 1978, the statute levied a tax of from one to four percent of the purchase price depending on the specific fishery resource and the type of processing facility. Fishermen selling to floating processors outside State jurisdiction were also subject to the tax. Twenty percent of the tax revenues were refunded to the borough and/or first class city in which the facility was located. As you requested, a five-year history of bills affecting the raw fish tax is presented in this memorandum.

1979-1980

Thirteen bills amending the raw fish tax statutes were introduced during the Eleventh Legislature. House Bill 571 and SB 448, identical bills sponsored by Representative Hayes and Senator Kelly respectively, were omnibus tax relief bills suspending the raw fish tax as well as a host of other taxes. The bills saw little legislative action. House Bill 340, introduced by Representative Gardiner, also saw little action. The bill would have tied the reporting and enforcement of regional aquaculture assessments to processor licensing under the raw fish tax statutes. House Bill 227 would have eliminated the distinction between floating and shore-based cold storages, thereby reducing the tax rate on the floating facilities from four percent to one percent. This proposal by Representative Osterback did not move from the House Resources Committee.

House Bill 306, sponsored by the Governor, was a thorough overhaul of the raw fish tax statute. The bill:

- imposed a uniform six percent tax on all processors;
- increased revenue sharing with the local government unit to 33-1/3 percent;

- required that half of the local revenue sharing be spent on docks or other fishery enhancement projects;
- directed an additional 33-1/3 percent of the revenue to the Commercial Fishing and Agriculture Bank; and
- upgraded the bond requirements for salmon exporters.

Bills introduced by Senator Kerttula (SB 132) and Representative Branson (HB 83) also addressed local revenue sharing, raising it to 50 or 60 percent, respectively. The Governor's bill was modified by the Senate Community and Regional Affairs Committee, grafted on to Senator Kerttula's bill number, and enacted into law as Chapter 79 SLA 1979. The legislation deleted all references to "raw fisheries products," replacing the phrase with "fisheries resources." Hence "raw fish tax" is now something of a misnomer; the statutory name is Fisheries Business Tax.

The stated purposes of the act were 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 its programs;
- 2) make the imposition of the fisheries tax more uniform among fisheries businesses; and
- 3) provide funding for the development of new fisheries.

The tax rates established by Chapter 79 SLA 1979 are as shown in the table below:

	<u>Shore-based Processor</u>	<u>Floating Processor</u>
Canned Salmon	4.5%	5.0%
Developing Commercial Fish Species*	1.0%	3.0%
Other Fisheries Resources	3.0%	5.0%

*Developing commercial fish species are defined in AS 16.05.050(12) as species in a specific region for which the optimum yield harvest has not been reached, a substantial portion of the harvest has been allocated to foreign fishing, or commercial harvest of the species recently developed.

Representative Cato
November 15, 1984
Page Three

Under Chapter 79, a person who transports or sells a fisheries resource outside the jurisdiction of the State is liable for the tax which would otherwise be paid by the processor.

The legislation provided for 20 percent revenue sharing to local government, and 20 percent to the Commercial Fishing and Agriculture Bank. Second class cities were made eligible for revenue sharing as well as first class cities. The new revenue sharing formula was to begin with calendar year 1980 taxes. The legislation also increased the bonding requirements for salmon exporters to \$50,000. The bond covers not only payment of the tax to the State, but also payment to the fishermen for the salmon.

Three pieces of legislation passed in 1980 made corrective amendments to the 1979 enactment. House Bill 192 (enacted as Chapter 155 SLA 1980) corrected the starting date of the new revenue sharing formula to taxes collected for calendar year 1979. The House Judiciary Committee deleted the penalty provisions from the act so as not to duplicate the criminal code. These repealers were offered in CSHB 354, and later incorporated in SB 313 and enacted as Chapter 113 SLA 1980. The House Judiciary Committee also made a corrective amendment suggested by the code revisor deleting the definition of "year". This correction was incorporated into SB 277 and enacted as Chapter 94, SLA 1980.

A bill which was a forerunner of legislation creating the Alaska Seafood Marketing Institute was passed by the legislature in 1980 but vetoed by the governor. The original version of HB 962 provided processors with a tax credit of up to 15 percent of the fisheries business tax liability for donations to a nonprofit corporation organized to improve the quality of and to develop markets for Alaska seafood. The final version, SCSCSHB 962, established a fisheries business tax grant fund financed by appropriations from the legislature. The bill authorized grants to a nonprofit seafood marketing corporation of up to 15 percent of the fisheries business tax paid by members of the corporation in the preceding year. The governor vetoed the bill due to constitutional problems.

1981-1982

Several amendments to the fisheries business tax statutes were made by the Twelfth Legislature. Senator Eliason introduced SB 200, which would have relieved freezer boats from tax liability if the processors to which they sell were regulated by the statute. His proposal was incorporated into HB 460, which was introduced by the House Resources Committee. House Bill 460 also increased revenue sharing to local governments from 20 to 50 percent of tax revenues starting with tax year 1982. As a transitional measure, revenue sharing was pegged

Representative Cato
November 14, 1984
Page Four

at 30 percent of 1981 fisheries business taxes. After a complicated passage, SCSCSHB 460 (Fin)am S (efd am H) was enacted as Chapter 117 SLA 1981.

Other fisheries business tax legislation considered but not passed by the Twelfth Legislature included HB 422 by Representative Malone. The bill would have shifted the tax liability from fish processors to fish purchasers. Senator Mulcahy also introduced a bill, SB 523, to clarify the language defining "value" as used in calculating tax liability. Some of this clean-up was accomplished in HB 460.

Representatives Zharoff and Bettisworth proposed in HB 103 to repeal the fisheries business tax entirely. This bill saw no action.

1983-1984

Three pieces of legislation offered in the Thirteenth Legislature would have established a fisheries business tax credit program. None of these proposals were enacted. Senator Ferguson proposed (in SB 191) a rate reduction of one-half percent for businesses that also pay the seafood marketing assessment under AS 16.51.120. Senator Mulcahy proposed (in SB 379) to grant up to a 50 percent credit on tax liability for purchases of equipment used in processing a developing commercial fish species. The Senate Resources Committee Substitute for this bill restricted the credit to equipment for processing bottomfish.

Representative Zharoff also sponsored legislation granting a tax credit of up to 50 percent of the fish tax liability. Under his proposal, credits would have included expenditures for improvement of quality control and upgrading or modernization of processing facilities as well as expenditures for equipment used in processing developing commercial species. The House Special Committee on Fisheries' version of HB 518 generalized the credit to apply to any capital expenditure but restricted its application to shore-based canneries and limited the application of credits to no more than five consecutive years. The bill would have required the Department of Revenue to make an annual report to the legislature describing the expenditures for which the credit was granted and the attendant increases in employment or processing capacity. The bill was in House Rules Committee when the legislature adjourned.

* * * * *

I hope that this memorandum has provided you with the information you sought. If you would like more detailed information regarding any of the measures discussed above or if you have any further questions, please don't hesitate to call me.

SH



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

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

December 22, 1983

MEMORANDUM

TO: Representative Fred Zharoff

FROM: O. Alexander Hoke
Legislative Analyst

O. Alexander Hoke

RE: Raw Fish Tax Credit
Research Request 83-189

This memorandum addresses your questions regarding the design of a "raw fish tax" credit and the amount of tax credits that would be available to fish processors under such a system, especially for processors of developing fisheries. We also address alternatives to the tax credit suggested by officials in the Department of Revenue who reviewed your tax credit proposal.

ANALYSIS OF A RAW FISH TAX CREDIT

We understand that your proposal is to provide a tax credit of up to half of a processor's total Fisheries Business Tax liability for investments in plant and equipment which affect the quality of the fishery product or for investments in the processing of developing fisheries.

Models for a Raw Fish Tax Credit Program

There are numerous examples of investment tax credit programs in other states and in the Alaska and federal income tax systems. The tax credit programs tend to have a common approach and their implementing language is relatively straight forward. The credit is allowed against a tax liability (usually the state income tax), with the credit limited to a percentage of the investment made. In most cases, the percentage of the total investment allowed as a credit is 10 percent or less, but in a few instances, 100 percent of the investment is allowed as a credit. Presumably the more common smaller percentages are used in order to insure that the business seeking the credit is willing to place a substantial portion of their own resources into the investment, which effectively guarantees the soundness of the investments.

In most instances, the amount of the investment tax credit allowed in any tax year is limited to 50 percent of the business' total tax liability for that year. It may be assumed that this provision is designed to insure that the tax base is not severely eroded by the tax

Representative Zharoff
December 22, 1983
Page Two

credit program. Most states (and the federal government) permit the business claiming a tax credit to carry forward any unused portion of tax credit claimed for one year. Some programs allow the unused portion of the tax credit to be carried back to previous tax years in order to permit a business to take full advantage of the tax credit.

As an example of how the tax credit carry forward works, assume that a processor owes \$50,000 in raw fish tax to the State of Alaska. Since an investment tax credit of up to 50 percent of the total tax liability is permitted under your proposal, the tax credit limit for the first tax year is \$25,000. Suppose that this processor invests \$100,000 in new equipment eligible for the raw fish tax credit. If 100 percent of the investment is allowed as a credit against the raw fish tax liability, a credit of \$100,000 can be claimed. However, only \$25,000 can be used as a credit for the first year, leaving a total tax of \$25,000 to be paid, and a balance of \$75,000 in unused credit to be carried forward.

In the following year, assume that \$60,000 in fisheries business tax is owed. Although \$75,000 of raw fish investment tax credit was unused in the first year, only \$30,000 (half of the \$60,000 owed) may be claimed in the second year. Consequently, \$30,000 must be paid in raw fish tax while an equal amount is claimed as a credit. Also, \$45,000 in unused investment tax credit remains to be carried forward to the next tax year.

The carry back provisions allowed under the federal investment tax credit work in much the same manner as described above, except that in order to claim the credit, the business must file amended returns for prior years under which the credit is to be claimed. In this case, the federal government refunds any over paid taxes as a result of the amended returns.

The third major element common to most tax credit programs pertains to the type of investments for which a credit can be claimed. In most cases, the nature of investments eligible in the tax credit program reflects specific policy goals. For example, Colorado targets new and expanded mining and milling business investments; Florida credits investments in facilities situated within state-designated enterprise zones; Massachusetts limits credits to investments in manufacturing, agriculture, commercial fishing, and research and development businesses; Pennsylvania permits a tax credit for corporate investments in neighborhood revitalization and job training; and Virginia provides tax credit for business investment in impoverished areas of the state.

A more complete description of the form and content of various investment tax credit programs in the states can be found in the attached research bulletin, Tax Incentives and Financing Assistance for Industrial Location.

Fisheries Business Tax: AS 43.75.015

The fisheries business tax (raw fish tax) is defined by Alaska statutes as a percentage of the "market value" or actual sale price of the fishery resource. The sale price includes other valuable considerations offered in the transaction such as fuel, supplies, or gear. The tax percentage differs for shore-based businesses (processors), floating processors, and processors of developing fisheries as shown in the table below:

Table 1
 Fisheries Business Tax Assessment
 Based on the Value of Fish Processed

<u>Fisheries Business Type</u>	<u>Percentage of Value Assessed Under the Raw Fish Tax</u>
Shore-based canned salmon	4.5%
Other salmon processors and all other shore-based fish processors	3.0%
Floating fisheries processors	5.0%
Shore-based processor of developing fishery	1.0%
Floating processor of developing fishery	3.0%

The revenue generated under the fisheries business tax is shown in the table below as provided by the Department of Revenue:

Table 2

	----- Fisheries Business Tax Revenue ----- (millions of dollars)						
<u>Processor Type</u>	<u>FY77</u>	<u>FY78</u>	<u>FY79</u>	<u>FY80</u>	<u>FY81</u>	<u>FY82</u>	<u>FY83</u>
Canned Salmon	3.8	5.5	6.7	4.3	5.9	8.6	4.3
Shore-Based	1.9	2.3	3.3	7.6	11.0	8.7	11.5
<u>Floating</u>	<u>.5</u>	<u>.5</u>	<u>1.9</u>	<u>2.7</u>	<u>3.8</u>	<u>5.5</u>	<u>4.7</u>
Totals	6.2	8.3	11.9	14.6	20.7	22.8	20.5

Half of the fisheries business tax revenues are reserved for the local government under whose jurisdiction the fish processor is operating. Under your proposal, the revenues collected on behalf of the local government jurisdictions would continue to be transferred to that level. The remaining half of raw fish tax collected by the State could be subject to the investment tax credit for processors.

A total of 488 fisheries business licenses were issued in 1982, while only 410 fisheries business tax returns were filed for that year. This means that some businesses were conducting processing activities requiring more than one license. For example, some businesses operate both shore-based and floating processing facilities.

Because the Department of Revenue publishes tax revenues on a fiscal year basis, taxes owed for calendar 1982 (which are due by April 1, 1983) are recorded as FY83 revenues. In actual practice, tax revenue will not always be paid by the processors by the April deadline. Some processors in financial trouble are paying past due taxes on individually arranged payment schedules. As a rough approximation, however, average taxes paid by processors (shown in Table 3) can be computed by dividing total FY83 fisheries business tax revenues by total calendar 1982 business licenses issued.

Table 3
Average Raw Fish Tax Credit Allowed

<u>Processor Category</u>	<u>Total 1982 Licensed Processors</u>	<u>Fish Tax Revenues \$Millions</u>	<u>FY83 Est. Avg. Fish Taxed Owed Per Processor</u>
Shore-Based	218	\$11.5	\$52,752
Canneries	60	4.3	71,667
Floating	169	4.7	27,811

Average tax liabilities presented in Table 3 compare to Audit Division data which show that of the total of 410 raw fish tax returns for 1982, nearly one-fourth (108) of the returns reported more than \$50,000 in taxes owed.

An interesting fact about the 108 largest fish processors is that about 40 of these processors are owned by foreign companies while others are owned by Washington-based firms. Also, 15 of the fisheries businesses owing over \$50,000 in raw fish tax are making late payments according to a schedule arranged by the Department of Revenue. Presumably, the financial status of these businesses prohibits them from meeting their tax liability on time.

Processors of Developing Fisheries

There are approximately 60 shore-based processors and 60 floating processors which are taxed under the lower "developing fisheries" taxes shown in Table 1. In most cases, these businesses also process developed fisheries, which are taxed at the higher levels indicated in Table 1. A breakdown of the tax revenue raised under the developing rates of the fisheries business tax is presented below in Table 4.

Table 4

Raw Fish Tax Revenues on Developing Fisheries

<u>Processor Type</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Shore-based	\$137,090	\$192,389	\$280,002
Floating	<u>111,618</u>	<u>330,419</u>	<u>555,293</u>
Totals	\$248,708	\$522,808	\$835,295

A comparison of the calendar 1982 total raw fish taxes on developing fisheries (\$835,295) to the FY83 total of all raw fish tax revenue (\$20.5 million) shows that developing fisheries taxes constitute only about 4 percent of total revenues.

Average Tax Credit Estimation

A breakdown of fisheries business tax returns would have to be requested of the Audit Division of the Department of Revenue in order to gain a clear picture of how fish processors would be affected by a tax credit program. In lieu of such a breakdown, a rough approximation of average tax credits permitted under a 50 percent tax credit ceiling can be made by dividing total tax revenues by the total number of processors. Such approximations are made in Table 5 for two groupings of fish processors: an aggregate of all processors and a subgroup of developing fisheries processors.

Table 5

"Raw Fish Tax" Credit Estimation
 Maximum Credit Allowed Based on 1982 Data

<u>Processor Category</u>	<u>Total Licensed Processors</u>	<u>Fish Tax Revenues</u>	<u>Est. Average Fish Tax Owed Per Processor</u>	<u>Estimated Tax Credit Per Processor**</u>
Shore-Based (Total)	218	\$11,500,000	\$52,752	\$26,376
Canneries	60	4,300,000	71,667	35,933
Floating (Total)	169	4,700,000	27,811	13,905

Undeveloped Fisheries Shore-Based	60*	280,002	4,667	2,333
Undeveloped Fisheries Floating	60*	555,293	9,255	4,627

*The data shown for developing fishery processors represent a portion of the comprehensive Shore-Based and Floating categories shown immediately above in this table.

**These figures reflect the average of maximum credits allowed based on 50 percent of taxes owed.

Of course, the average credits estimated above may present a somewhat misleading picture of the spread of potential tax incentives under your proposed investment tax credit program. Large processors may claim larger credits than the averages shown above if their tax liability exceeds the average of taxes owed for all processors. Likewise, small processors may find that their allowed credits are substantially less than those indicated above, depending on their tax liability.

We have not attempted to determine whether or not tax credits in the range of \$14,000 to \$36,000 would induce fish processors to make investments in new plant and equipment. However, it seems likely that if the investment tax credit program is restricted to processors of developing fisheries only, the potential tax credits of \$2,000 to

\$4,600 would provide little incentive for upgrading processing facilities. At the very least, the impact on the processing industry for developing fisheries appears to be insignificant given the modest investments that could be made using tax credits shown in Table 5.

Revenue Leakage To Federal Government Under Tax Credit Program

A concern expressed by Maureen O'Brien, Audit Division Director for the Department of Revenue, is that a number of large processors may find that the effectiveness of a raw fish tax credit is attenuated to the extent that a portion of their tax burden is merely shifted to the federal income tax. Since taxes paid to the State of Alaska are deductible under the federal income tax, a credit against state taxes translates into higher taxable income at the federal level.

For example, assume that a major fish processor reports \$100,000 in taxable income on its federal income tax return after a deduction of \$60,000 in taxes due under the Alaska Fisheries Business Tax. If the raw fish tax credit were implemented, this processor would be eligible for a tax credit of \$30,000. This would boost the processor's federal taxable income to \$130,000, with all income over \$100,000 taxable at the maximum 46 percent rate. Consequently, the actual effect of the tax credit would be \$30,000 minus the federal income tax increase of \$13,800 (46 percent of \$30,000), leaving \$16,200 to offset the company's investment in new plant and equipment. In other words, for some large processors, every raw fish tax revenue dollar foregone by the State as a tax credit would buy 54 cents worth of new plant and equipment in the Alaska fish processing industry.

For smaller processors with taxable incomes in a lower tax bracket, this loss of State revenue to the federal income tax would not be as great. Furthermore, some investments in new equipment would qualify for the 10 percent investment tax credit and the accelerated cost recovery (depreciation) provisions of State and federal income tax law. These provisions would effectively increase the amount of raw fish tax credit that would actually be available for investment in fish processing industry improvements.

ALTERNATIVE INCENTIVES FOR FISH PROCESSING INVESTMENTS

Accelerated Cost Recovery System

Tax incentives for upgrading equipment and plant improvements are presently available to fish processors in the form of credits against a corporation's federal or State income tax liability. As a component

of the Economic Recovery Tax Act of 1981, the U.S. Congress passed legislation allowing businesses to recover (depreciate) investments in new plant and equipment at a more rapid rate than under previous tax law. Under the Accelerated Cost Recovery System, property is classed as 3-year, 5-year, 10-year and 15-year recovery property. Ten and fifteen-year property relates primarily to utility property, while three and five-year property is defined in Table 6. The State of Alaska adopts the provisions of federal tax law including the Accelerated Cost Recovery System in AS 43.20.021.

Table 6
Accelerated Cost Recovery System and Investment Tax Credit

<u>Cost Recovery Class</u>	<u>Property Description</u>	<u>Investment Tax Credit Allowed</u>
3-year	autos, light trucks, some research & devel- opment equipment	6% of investment cost
5-year	most machinery and equipment, furniture and fixtures	10% of investment cost

Investment Tax Credit

A second economic stimulus in the 1981 Recovery Tax Act is the investment tax credit. A credit is offered against federal income tax liability equal to a percentage of the total investment cost of new equipment as shown above. The credit on investments is limited to 80 percent of the first \$25,000 of federal tax liability and 90 percent of all tax owed above \$25,000. Credit in a given tax year is limited to the total income tax owed to the government, although investment tax credit can be carried back three tax years or carried forward between seven and ten tax years and applied against taxes owed. Consequently, virtually all of the credit can be used to offset past or future tax liability.

Alaska statute (AS 43.20.036 b) limits the investment tax credit by allowing credit against only the first \$20 million of qualified investment property (except pollution control equipment) for each tax year. The Alaska income tax credit allowed in any tax year is limited to 18 percent of the investment tax credit claimed for federal income tax purposes.

Energy and Rehabilitation Investment Credits

In addition to the standard tax credits allowed on investments of all new equipment, the Internal Revenue Code permits specific investment credits for energy property and rehabilitation of old facilities. These credits are listed in Table 7.

Table 7
Energy and Rehabilitation Investment Tax Credits

<u>Property Investment Class</u>	<u>Tax Credit As a Percentage of Investment</u>
Energy: Solar, wind, geothermal and ocean-thermal	15%
Energy: Small hydro-electric	11%
Energy: Biomass	10%
Rehab.: 30-year old structure	15%
Rehab.: 40-year old structure	20%
Rehab.: Certified historic structure	25%

Elective Expense Deduction

Federal tax law also permits a business to "expense" a limited portion of depreciation property each year as shown below.

<u>Tax Years</u>	<u>Expense Limit</u>
84 & 85	\$7,500
After 85	\$10,000

This provision means that property normally depreciated could be treated as a business expense and fully deducted from gross income up to the limits shown above.

Loan Programs

At present, there are five sources of loans and loan guarantees available to fish processors through State programs. Aside from conventional financing sources (banks) these sources include:

- Commercial Fishing and Agriculture Bank (CFAB)
- Alaska Resources Corporation (ARC)
- Fishery Product Revolving Loan Guarantee Fund
- Small Business Loan Program
- Alaska Industrial Development Authority

In the interest of transmitting this memorandum to you at the earliest possible date, we have not taken the time necessary to fully evaluate the loan program alternative suggested by the Department of Revenue. In a follow-up memorandum, we intend to review the provisions of existing loan programs to determine their suitability as a source of financing investments in fish processing industry. We will also examine the proposal of creating a new loan program as a source for financing improvements in the fish processing industry. We hope to be able to provide you with this additional information by the middle of January.

Inventory Control And Quality Fisheries Products

While discussing the implications of the proposed raw fish tax credit with John Mintken of the Revenue Department's Audit Division, an alternative relating to processors' inventories was suggested. Mr. Mintken proposed a State-supported inventory control system designed to stabilize the fisheries product market structure and provide additional warehousing and freezer storage capacity.

Mr. Mintken feels that a major problem for processors is uncertainty of the consumer demand for and market price of fisheries products. This uncertainty is closely tied to the volatility in total harvest of fish from one season to the next. Mr. Mintken believes that much of the reluctance to invest in new plant and equipment results from the considerable financial risk imposed by unknown fish prices, market demand, and harvest volumes. He suggests that the State could act as a warehousing/cold storage intermediary, available to purchase surplus fish products much as the federal government absorbs surplus grain production on a national level.

The State has, in fact, begun a program of this nature to support the developing grain producing business in Alaska. Last year, HB 156 created a State grain reserve program in which farmers can deposit their surplus grain in the State reserve as collateral for a loan from the

State. The loan amount is set at a level equal to the cost of producing the grain. The grain can be redeemed by the producer at any time by paying off the loan with interest. This means that the farmer is guaranteed that he can "sell" any grain that he produces, although the portion he turns over to the State reserve is essentially "sold" at the cost of producing it. If the market price for grain rises above the cost of production, the farmer can redeem his grain and sell it on the open market at a profit. If the farmer defaults on his loan, the State has "purchased" his grain at cost and is free to sell the grain at any time.

Obviously, a direct parallel can be devised for fish processors insuring them that they can "unload" any surplus fish products at a base price which guarantees no profit but at least protects them from loss.

According to Dave Bowhay, manager of Douglas Cold Storage, this practice may provide relief for processors deluged by incoming fish resources beyond their storage capacity. Mr. Bowhay feels that a serious factor limiting the quality of fisheries products results from the overloading of processing plant capacity caused by increasingly compressed fishing seasons. Additional storage capacity is uneconomical to build because the facilities are only used during a brief period of the year. As a solution to the problem, Mr. Bowhay suggests that either the fishing season be stretched out or State-operated storage facilities be built to accommodate surplus resources.

CONCLUSIONS

It appears that a raw fish tax credit program limited to half of the business' tax liability could result in an investment potential of between \$14,000 and \$36,000 per processor on the average. Of course, larger processors would be eligible for substantially more than the average. This credit coupled with investment tax credits against federal and state income tax liability may provide sufficient incentive for fish processors to upgrade their facilities.

A tax credit program restricted to developing fisheries would provide questionable investment incentives given estimated average credits of between \$2,000 and \$4,600.

Credit Eroded by Federal Income Tax. Department of Revenue auditors are concerned, however, that a significant portion of the Fisheries Business Tax revenues foregone in an investment tax credit program would be absorbed through higher federal and state income taxes.

Inability to Raise Investment Capital. A number of the processors, including about 15 of the larger processors (over \$50,000 in raw fish tax owed) are presently unable to meet their tax liability on time.

Representative Zharoff
December 22, 1983
Page Twelve

These businesses may have difficulty obtaining the upfront financing needed to make investments which qualify for investment tax credits.

Tax Credit Benefits Foreign Processors. Another consideration regarding large processors is that about 40 of the 108 processors declaring a raw fish tax liability over \$50,000 are foreign-owned. An additional number of these processors are owned by Washington-based companies (we have no data on the exact number). Consequently, a credit against the fisheries business tax will benefit these companies along with Alaskan-owned companies. Unlike State residency requirements in many of the Alaska loan programs, an attempt to target only Alaskan processors for a raw fish tax credit would probably not meet constitutional standards.

Federal and State Income Tax Incentives. Investment incentives are presently offered in the form of investment tax credits against both State and federal income tax liability. According to auditors in the Alaska Department of Revenue, however, many of the state's fish processors (especially the smaller processors) have little or no income tax liability. Consequently, the benefits from an income tax credit would exist only to the extent that a processor has an income tax liability that could be offset by the investment credit.

We hope that this information is useful in your preparation of a fisheries business tax credit program. If you have other questions regarding this memorandum, please call us.

OAH

Attachment

See page 43 for Alaska section

Processors Look to 1985

Down So Long It Looks Like Up

FROM THE TUNA COMPANIES in Southern California to the crab plants along the Aleutian Chain, the West Coast seafood processing industry remained mired in a deep slump as 1984 came to a close, and while 1985 held scattered promise, the objective in many players' minds was mere survival.

"My short-term outlook extends to lunch," says one Alaska operator struggling to utilize high fixed-cost plants that once processed large volumes of king crab. "My long-term outlook extends to the weekend. We're shrunk back as tight as we can get."

If the country at large was mildly anxious about a slowdown in what had been vigorous economic growth, the processors were still trying to cope with a decade — the 1980s — that had offered them unrelenting pain.

Said one operator grimly trying to keep his ship afloat, "There's no such thing as making profits anymore," and the comment seemed to typify the plight of the industry as a whole. Resource dislocations, a dollar that discouraged exports while it drew a flood of product into the United States, and a hotly competitive domestic market driven exclusively by price, all figured in the processors' malaise.

■ A small load of crab ready for processing. The shortage of every species of crab has hurt many processors and forced them either to cut back operations or to look at other species.



With traditional strongholds under pressure, says an observer, "everybody's looking for the new niche, but it never appears. That means you've got to do things better just to stay in business, but you reach a point where you can't get any better." Still, he says, if the overall climate has been negative, there are positives worth noting as well. "There is lots of doom and gloom but it's not entirely so, and you've got to paint both sides of the picture."

San Diego Depression

Certainly 1984 yielded no more poignant story than that which occurred in Southern California where the tuna era came perilously close to an end. San Diego may still rank as the world's tuna capital, speculates Bumble Bee's Mike McGowan, but it is a distinction that reflects the past rather than the future. With no more canneries in the border city, fewer boats are coming to call and the tuna trend is inevitably offshore. Where is the next tuna capital, McGowan muses, perhaps Samoa, perhaps Bangkok?

It has been the flood of imported product, primarily from Thailand, that has precipitated the tuna industry's latest crisis, the one that finally overwhelmed the California plants. While most of the domestic industry anxiously sought tariff relief to stem the tide of water-packed product, Bumble Bee took the opposite tack at the behest of parent Castle & Cooke, the international trading firm.

For Castle & Cooke, that the tuna woes came hard on the heels of the Alaska king crab collapse where it had also been a major player, and as the company had closed the doors on its crab subsidiary, it was actively seeking to divest itself of Bumble Bee. Bumble Bee's future remained in doubt, with an internal management group the likely takeover candidate. The company's Hawaii plant had joined the San Diego facility in mothballs, at least temporarily, and processing operations continued only in Puerto Rico.

The San Diego fleet was also riddled with casualties despite the reappearance of an abundant resource in the Eastern Pacific as the world's largest ocean returned to normal in the wake of El Nino.

"I don't know where the industry is going," says McGowan. "I've given up crystal ball gazing."

At Terminal Island, counterpart Ed Ryan, spokesman for Starkist, notes the obvious aftereffects of the tuna industry's failure to obtain tariff relief: the closure of Starkist's mainland facility and the substantial number of

boats going out of business.

"There will be an onslaught of imports after January 1," he predicts, and estimates a final 1984 import total of between 8 million and 8.25 million standard cases, with Thailand accounting for 4 million to 4.5 million. In 1985, he says, "I figure the total will reach 9 million easy."

Ryan sees more pitfalls ahead for the industry in 1985, although he anticipates that his own company will be "somewhat better off because we took the gulp on Terminal Island in '84 and got rid of the dead loss situation."

Right now, he says, the big concern is for the boats, and he cites the possibility of strikes and tie-ups in view of prices driven down by the imports. In the market, however, he predicts strong sales activity with an early lenten season, and with the values that exist.

"There's no question that people are buying a lot of tuna," he says. "Prices of \$.59 and \$.69 a can move a lot of fish."

Santa Barbara Bullishness

Up north in Santa Barbara, Seafood Specialties spokesman Mike Wagner cites a far different experience. "1984 was a good year, an excellent year," he says, and lists three causal factors.

First has been swordfish, with the gillnet fleet "racking them in" and sale prices holding well. And, according to Wagner, the fishermen are "really competitive now in terms of taking care of the fish. The product is gorgeous."

He describes angel shark as the second factor behind his bullishness. After working at it for many years, he says, he's now able to place angel shark all over the country, and this onetime incidental nuisance has become a moneymaker.

The third positive, he says, has been the combination of "lots of little things."

"During the winters of 1982 and 1983, we really got hit hard . . . we just survived," he says, "but during the winter of 1984, we're pulling out of debt." El Nino brought tropical species with it, he says, fish like yellowfin tuna, yellowtail, opa and luvar. "They've given us something to sell along with the standard snapper, sole and shark."

It's not like life is all roses, however. "My biggest complaint," says Wagner, "is that the industry is really changing fast now and you've got to stay up or you're out of business."

He cites the appearance of lots of little "peddler trucks" on the California scene, low overhead operations that outbid the traditional processors for fish, then undersell them in the marketplace. To fight the trend, he says, traditional processors have to get more competitive, but that's "hard to do when you're sitting on facilities that can handle big loads."

"I'm scaling down," he says. "I've had to turn down big loads from guys I want to buy from, but I have to compete with the peddlars."

Another change that has affected the industry is the growing importance of air freight, according to Wagner. The airlines want the business, he says, and they're cheaper than trucks.

"I can ship a container to Seattle [by air] for \$53," he says. "That's a real positive."

Monterey Malaise

The optimism fades to the north. Monterey Seafood's Phil Tringale says simply, "1984 stunk." El Nino devastated the bay's squid resource, and it hasn't come back.

What about the future? The biologists aren't optimistic about next year's squid prospects, says Tringale, and that promises to prolong the pain for Monterey processors and the bay's lampara fleet.

Fortunately, he says, there was a good run of mackerel which went into cans and helped pay the bills, but mackerel "isn't a moneymaker."

What to do when your bread and butter disappears? "We're diversifying," Tringale says.

Santa Rosa Regret

At Point St. George Fisheries in Santa Rosa, Les Amundsen shares the uncharitable view of 1984. "It has been a very poor year so far," he says. "Every fishery has been disappointing."

"In salmon, they wouldn't let us catch or buy when they were there. Shrimp — we got a little production at the end of the year, but the market is terrible because of the Norwegian imports. We don't know if we can move what we put up."

"Bottomfish is the same old story. It's never a moneymaker, it just helps cover overhead." Black cod came on late and turned out to be a good market, he continues, but it started out very poorly.

The Dungeness crab situation was muddled, according to Amundsen. The coast had just settled on a price, but production was spotty and the meat market was weak in view of all the available substitutes — artificial

product, Korean snow crab, Chilean product. The whole-crab market had been firm for both frozen and fresh product, he says, then the Alaskans started trying to move their brine frozen inventories and the market softened.

"It's quite a gamble," he says of the Dungeness season. "The processors are very cautious. There's so many boats and so much gear, it's going to hit us all at once."

Crescent City Survival

In Crescent City, Eureka Fisheries' Ken Butler looks for improved Dungeness production in 1985, but admits that not all fishermen share his view. Few companies are in a position to freeze much crab and gamble on the market, he says, although Eureka will put up frozen product.

"I'm optimistic," he says. "I'd like to think there will be more product although it's just a gut feeling."

He cites an improving picture for groundfish at year end, with an aggressive market "when we have fish." And, the company has maintained its interest in whiting, he says, and has discovered "a little bit more interest, a little bit more excitement" in the market with product moving to the East Coast and the Midwest for the first time.

The big surprise in 1984 was the appearance of more shrimp at the end of the season, according to Butler. "We got a real spurt, and it was nice size, too. We had only 55,000 pounds up to August 26, and we ended up with over 500,000. Of course, we still have the inventory. We can't compete with the Norwegians."

What has to happen for a successful 1985? "I'd like to see the companies make money so the fishermen can make money," Butler says. "We've been hammered for four years."

"I'm as gloomy as the weather right now," he continues, looking out at an inclement California day. That provokes a comment on the approach of Dungeness operations: "This place looks like a little Dutch Harbor now. There are probably over 200 boats here, and 40,000 or 50,000 pots."

Seattle Surprises

In Seattle, Icicle's Mark Sandvik says 1984 "brought some good things, although the overall climate has been negative. We're an export oriented industry, and the strong dollar presents real problems."

Nonetheless, he cites a surprisingly aggressive Japanese presence in 1984,

and a European market that was more active than anticipated. There was big Alaskan salmon production, without correspondingly high yields in British Columbia and along the Lower 48 coast, he says.

"From our standpoint, production went well and sales were better than anticipated volume-wise, although margins were squeezed for us and for the fishermen. There are two ways to go in a climate like this. You can raise prices or squeeze costs, but the strong dollar has taken away the upside, so we're squeezing."

As for 1985, Sandvik doesn't see major changes. "We keep looking for the dollar to weaken, for the king crab to come back and for canned salmon to pick up," he says.

If Sandvik represents the point of view of a big Alaska processor, Ted Otness of Alaska Fresh speaks for a smaller company that was once entirely dependent on crab. "Right now," he says, "my attitude is that the golden nugget won't materialize so we have to be very cautious. We don't have the luxury of being careless. We keep our eyes open for opportunities and try to capitalize when we see them."

"We've gone from a winter company to a summer company. We used to do king crab primarily, but now we're into salmon, halibut, Dungeness and black cod. The crab problems have made us a much broader company. Maybe it's a good thing, and we're in it for the long term.

"Of course, it's no fun. We much more enjoyed being crab processors."

At Seawest Industries of Edmonds, Washington, Darryl Pedersen is a processor for whom the crab collapse has produced an unwelcome degree of financial stress. "The industry hasn't been able to adjust to current economics, especially in shellfish," he says. "Costs are too high, without enough volume. The fishermen are desperate and they have to demand too high a price."

"The processor winds up taking the financial risk up front, which consistently hasn't worked. We speculate and the market continually dies on us. The export opportunities are nil, and not only can't we export but the strong dollar forces others to export from their countries into this one."

What hurts, he says, is having high fixed-cost facilities operating at 20 percent of capacity when "nobody has been able to cut operating costs by 80 percent." The market has become fractured and values have changed, according to Pedersen, who says, "Price is the only consideration now."

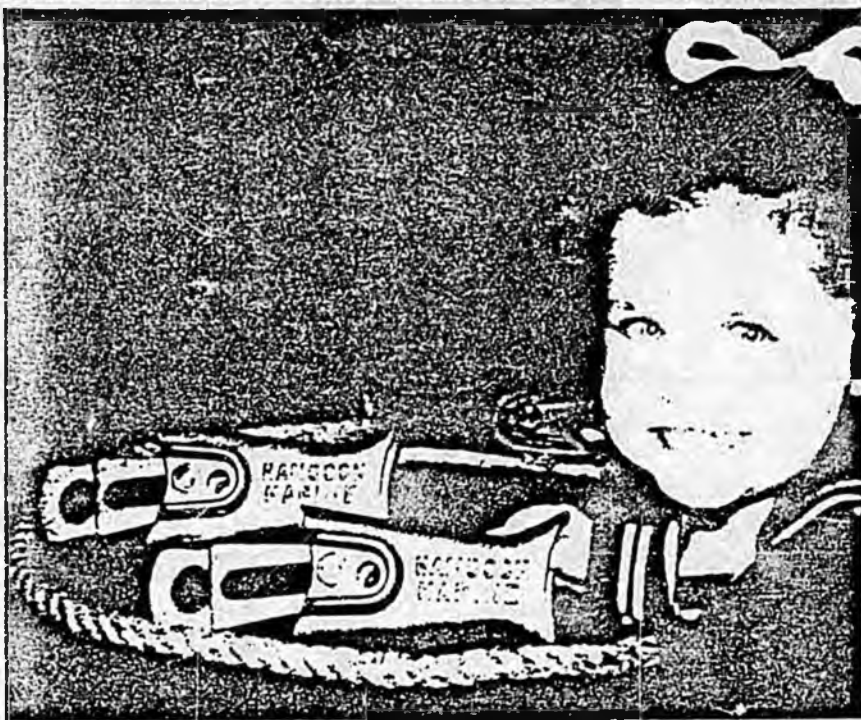
Fishermen and processors are losing money, and the consumer is convinced he's paying too much.

Alaska Alternative

For the operators of catcher-processors, 1984 has been a transition year, according to Trans-Pacific's Mike Nordby. In crab, this mode of operation has largely replaced the shorebased industry in Alaska, and while the production declines have been severe, he says, there is also less competition in the marketplace for the companies whose vessels can pursue the remain-

ing stocks.

And, according to Nordby, there are signs that the main production area of bygone years — Bristol Bay — will again yield a harvestable stock in 1985. In the marketplace he says, after two years of steady price increases that constricted sales opportunities, prices have fallen sharply as failing shore-based companies have sold off their inventories. That development has its downside, he says, but the upside is increased demand not only at the restaurant level but among supermarkets that turned their backs on



Modeled by Catherine E. Hancock

Hancock

Cod-End Tripper

Designed to be the best Tripper on the market. Made from high strength Manganese bronze with a 1/2" stainless bolt holding the spike. Heavy spike head for hitting with a soft hammer. Fairing guard over the head and nut of bolt. Eight (8) cam wedges on the inside of body. Finished smooth all over. For use with 5/8" or 3/4" braided or hard lay line. Weight 5 lbs. Postage paid anywhere in the USA.

\$30.

Hancock Marine

300 River St.
Fall River, Ma. 02720
Phone: 617-678-0301

Established in 1935

Circle No. 40 on Reader Service Card.

ASPI
CHAIRMAN

■ Crates of just-canned salmon. Tuna packers could only wish that their industry was as robust as the salmon industry in 1984.

king crab several years ago.

Throughout this transition period, he says, "catcher-processors have established themselves as the dominant force in production and the most stable force in the market. We've withstood the resource declines, and now we look forward to rebuilding stocks and a market that shows renewed interest in the product."

The growing fleet of catcher-processors also supports the growing production of North Pacific whitefish, and Nordby describes more transitions under way in this segment of the industry. The market has been hit with "tremendous oversupplies" of fillet products, he says, with surging Canadian imports and the strong dollar at work, along with weakness in the European fillet and saltfish markets that has provoked all North Atlantic producers to target upon the U.S. consumer.

On the local scene, he comments, there has been an increase in Alaskan whitefish production as more players have entered the game, along with a



FRED THOMAS

■ Cannery workers pack salmon. The Alaska salmon industry was one bright spot for processors in 1984, and should continue that way in 1985.

decline in Pacific cod abundance that has necessitated a shift in emphasis to Alaskan pollock, a resource that is vast but virtually unknown to the American consumer.

Canadian Calculation

Life is little simpler for Canadian processors today, says Peter Browne of Quality Fish in Vancouver. "Our biggest problem is the strength of the U.S. dollar," he says, with the Canadian dollar pegged to its U.S. counterpart and other currencies weak.

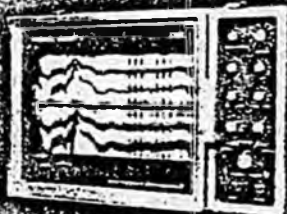
"Our problem is exactly the same as that of U.S. processors," he continues — the difficulty of exporting into Europe, Japan and other countries. "Of course," he says, "in salmon, the U.S. has an advantage because Alaska supplies 50 percent of the world's salmon while we supply 13 percent so their unit costs are lower. As for 1985, I can't speculate on currency values, although I hope the U.S. dollar weakens, and falling interest rates should help."

And so the bright spots are few and far between for processors along the entire coast. The name of the game is to cut costs, diversify and hope, and life can only get better for those who've been able to hang on.

by John Sabella

PF

DUAL FREQ./DUAL RECORDING ECHO SOUNDER MODEL 8001



- 8" (200mm) chart width
- Simultaneous recording of 28 & 200kHz switchable to single freq. recording
- Gain, TVG, White Line, Power independently adjustable for each freq.
- Built-in digital depth indicator shows depths in meters, fathoms, feet and braccia without adjustment
- Maximum depth: 1600m/800fm/4800ft in 12 ranges
- Operates on 12/24/32VDC
- Heavy duty cast aluminum cabinet

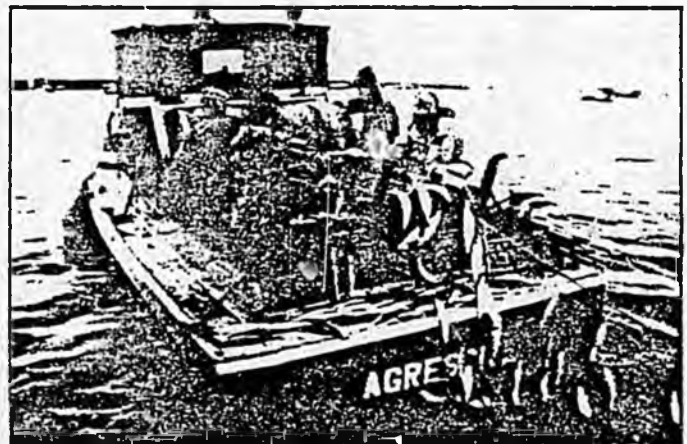
MARINE FACSIMILE RECORDER MODEL FX-240

- Built-in General Coverage Receiver, AM/SSB/CW
- Provides "continuous" coverage from 100kHz to 30MHz without any crystals. Synthesized, no-tune-up design allows direct access to any frequency.
- Dry Aluminized Paper
- Has no storage problem. Sixty meter (197') length eliminates frequent paper changing.
- Automatic Start-Stop & Framing
- Compact, Light Weight Cabinet
- Measures 385(W) x 330(H) x 150(D)mm & weighs 12kg approx.



Japan Marina Co., Ltd.

36-2-1001 Udagawa-cho, Shibuya-ku, Tokyo, 150 Japan
Phone: (03) 461-3608 / Cable: JAMARINECOL TOKYO / Telex: J23631 JMC



HIGHLINERS VS GREENHORNS

What team do you want to be on?

You can tell a lot about people by the clothes they wear. On a fishing vessel, it's easy to spot the HIGHLINERS. They're wearing Grundén of Sweden foul weather gear. GREENHORNS don't. Anyone who knows anything about being on the water wears Grundén of Sweden, made especially for the professional. It keeps you comfortable in the worst of weather. Freezer tested to -100°F. it won't get stiff in the cold. And the fullness of cut gives you complete body coverage and total mobility.

COFISH INTERNATIONAL, INC.

Specialist in protective clothing in the U.S.A. for: Grundén of Sweden foul weather clothing / Polar Flex insulated work gloves, flotation jackets and vests / More of Norway thermo pile garments. Available at quality retailers in all major fishing ports.

P. O. Box 13, East Haddam, CT 06423 USA
Tel. 203-873-9500/9266 Telex 710-420-0530

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465.3800

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

SENATE RESOURCES COMMITTEE, 2/27/85, 1:35
" " 3/22/85, 1:35

House Special Committee on Fisheries 1/29/85, 8:30am
" " " " 2/5/85, 8:30am
" " " " 2/7/85, 8:30am

SB 11



SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259
DURING SESSION:
POUCH V, JUNEAU, ALASKA 99811 • (907) 485-3473 • 485-3474 • 465-3844 (Labor and Commerce Comr...itee)

DISTRICT N

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

TO: Senator Arliss Sturgulewski
Chairman - Committee on Resources

FROM: Senator Fred F. Zharoff

DATE: March 27, 1985

RE: Senate Bill 11, "An Act relating to the fisheries business tax; and providing for an effective date."

A number of concerns were expressed at the March 22 (last Friday) Resources Committee meeting regarding Senate Bill 11. My staff has worked with your staff and other interested parties in writing a committee substitute that attempts to resolve the concerns expressed by the committee members.

- (1) The scope of the use of the tax credit has been narrowed. Page 1, Lines 26 and 27.
- (2) Approval must be granted by the Department of Revenue before a capital expenditure can be used to qualify for the credit. Page 1, Lines 28 and 29. Page 2, Line 1.
- (3) Incentive is given for processors to get into the program and to diversify their equipment for maximum fisheries production. Page 2, Lines 3-5.
- (4) Processors who are delinquent in their tax payments cannot receive the credit. Page 2, Lines 17-19.
- (5) Departmental regulations are minimized. The Department of Revenue's initial task is to prepare the credit application form. Page 2, Lines 20 and 21.
- (6) For the benefit of the department, clarifying definitions have been added. Page 3, 16-23.
- (7) Fiscal note applies to after January 1, 1986. Effective date clause, Page 3, Line 26.

Amendments to CSSB 11 (Resources)

1. p. 2, line 17: Change person to fisheries business
2. p. 3, line 24; Add:

(12) A "tax delinquency" under this chapter is defined as one where the fisheries business tax is past due except for assessments which are in administrative or judicial appeal arising from an administrative action.

45
COLUMN - WRITE @

Fisheries

1	MUA635 Anchorage Municipality <i>MUN. ASST. HAND WRITING BASE 8070</i>	6670736
2	CBJ496 Juneau	3916461
3	CIS599 Sitka	21823110
4	BBB699 Bristol Bay Borough	73600724
5	FNS462 North Star Borough	69844
6	HAB944 Haines Borough	5200357
7	KPB465 Kenai Peninsula Borough	53442803
8	KGB466 Ketchikan Gateway Borough	21041660
9	KIB128 Kodiak Island Borough	70969434
10	MAB586 Matanuska-Susitna Borough	9000
11	NSB460 North Slope Borough	
12		
13	CIA323 Akhiok	
14	CIA322 Akiachak	
15	CIA321 Akiak	
16	CIA072 Akutan	10275213
17	CIA693 Alakanuk	
18	CAL596 Aleknagik	
19	CAL597 Allakaket	
20	CIA143 Ambler	
21	CAP063 Anaktuvok Pass	
22	CIA275 Anderson	
23	CIA461 Angoon	
24	CIA062 Aniak	31250
25	CIA057 Anvik	
26	CIA565 Atmautluak	
27	COA027 Atkasuk	
28	CIB781 Barrow	
29	CIB819 Bethel	1862737
30	CRM320 Brevig Mission	
31	CBU595 Buckland	
32	CIC132 Chauthbaluk	
33	CIC319 Chefornak	
34	CIC202 Chevak	
35	COC272 Chignik	22530834
36	CCP269 Clarks Point	8740
37	CCB210 Cold Bay	276480
38	CIC801 Cordova	47591610
39		
40		360301593

For SRC
MEMBERS
SB 11

Fisheries

1 CPH306 Port Heiden

2 CPL107 Port Lions

3 CIQ193 Quinhagak 63150

4 CIR225 Ruby

5 CRM305 Russian Mission

6 Saint George 107079

7 CSM472 Saint Marvs 3450

8 CIS192 Saint Michael

9 CSP331 Saint Paul

10 CSP978 Sand Point 757162

11 CIS106 Savoonga

12 CIS583 Saxman

13 CIS191 Scammon Bay

14 CIS058 Selawik

15 CIS624 Seldovia 625

16 CIS366 Seward 9504044

17 CIS190 Shageluk

18 CIS189 Shaktoolik

19 CSP522 Sheldon Point

20 CIS105 Shishmaref

21 CIS188 Shungnak* Held Per. P.E.B.

22 CIS396 Skagway

23 CIS564 Soldotna 1250

24 CIS187 Stebbins

25 CIT855 Tanana

26 CIT473 Teller

27 CIS272 Tenakee Springs

28 CIB301 Thorne Bay 1250

29 CIT854 Toqiak 5770128

30 CTB223 Toksook Bay

31 CIT305 Tuluksak 1250

32 CIT186 Tununak 1250

33 CIU258 Unalakleet 3750

34 CIU215 Unalaska 30396621

35 CIU198 Upper Kalskag

36 CIV 401 Valdez 2329996

37 CIW222 Wainwright

38 CIW185 Wales

39 CIW159 Wasilla

40

11291355

COLUMN - WRITE

Fisheries

1 CWM304 White Mountain

2 CIW474 Whittier

3 CIW559 Wrangell

4 CIY479 Yakutat

162115

294888

3201608

Total Page 5

3658611

Total Page 4

55816211

Total Page 3

104481847

Total Page 2

95668935

Total Page 1

360301593

Grand Total

619927197

COLUMN - WRITE

RAW FISH SHARES
FY80 Thru FY84

COLUMN WRITE

1	2	3	4	5	6	7	8	9	10
Fiscal Yr.	Gross Receipts	Penalty/Interest Refunds	NSF checks	Posted to State #	Net	% Shared	Amount Shared	Retained by state	
1									
2									
3	FY84	9,181,148.29	141,578.85	6,641,025.50	12,398,543.94	50%	6,199,211.57	6,199,211.57	
4									
5									
6									
7									
8	FY83	20,109,021.70	125,322.55	6,859,016.29	13,124,682.81	50%	6,562,341.43	6,562,341.43	
9									
10									
11									
12									
13	FY82	23,014,131.52	51,446.17	4,026,922.01	18,935,493.34	30%	5,680,648.00	13,254,845.34	
14									
15									
16									
17									
18	FY81	21,032,183.83	174,521.31	4,460,222.52	16,397,280.00	20%	3,279,476.00	13,117,804.00	
19									
20									
21									
22									
23	FY80	14,716,893.39	37,989.75	2,995,418.44	11,683,485.00	20%	2,336,697.00	9,346,788.00	
24									
25									
26									
27	Tot.	98,653,278.73	331,058.63	21,482,724.96	73,139,585.14		21,358,421.40	48,781,150.74	
28									
29									
30									
31									
32	*								
33									
34									
35									
36									
37									
38									
39									
40									

* Posted State means those amounts the state refunded because processors indicated they were outside all cities and boroughs during processing.

Original sponsor: Zharoff

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 11 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

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

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

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

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

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

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

23 Sec. 43.75.018. FISHERIES BUSINESS TAX CREDIT. (a) A fisheries
24 business is entitled to a credit of not more than 50 percent of the
25 business tax liability under AS 43.75.015 for capital expenditures
26 made during the tax year to increase product diversity, promote pro-
27 duction efficiency and capacity, or improve product quality at a
28 shore-based fisheries business facility in the state if an application
29 for the credit is approved by the department in advance of the capital

1 expenditure.

2 (b) A fisheries business may claim a credit under (a) of this
3 section for a maximum period of three consecutive years. An applicant
4 for the credit may elect to begin the three-year period with any tax
5 year from 1986 through 1990.

6 (c) The portion of a capital expenditure that exceeds the amount
7 eligible for a credit under (a) of this section during a single tax
8 year may not be carried back to a prior taxable year, but may be
9 claimed as a credit under (a) of this section for a subsequent tax
10 year within the three-year period elected under (b) of this section.
11 Tax credits may not be approved for more than 100 percent of a capital
12 expenditure.

13 (d) The department may not approve a tax credit under (a) of
14 this section if (1) the property for which the capital expenditure was
15 made was the subject of a previous capital expenditure by another
16 taxpayer for whom a corresponding tax credit under (a) of this section
17 has been approved; or (2) a person who claims a tax credit under (a)
18 of this section is delinquent in the payment of a fisheries business
19 tax under AS 43.75.015.

20 (e) The department shall prepare an application form for a
21 credit under (a) of this section.

22 (f) The department shall approve or disapprove an application
23 for a credit under this section within 60 days after receiving the
24 application.

25 Sec. 43.75.019. TAX CREDIT REPORT. Not later than the 60th
26 legislative day of each regular legislative session the Department of
27 Revenue, in conjunction with the Department of Commerce and Economic
28 Development, shall submit to the legislature a report on the fisheries
29 business tax credit program under AS 43.75.018. The report shall

1 describe the expenditures for which a credit was claimed during the
2 previous tax year and, if possible, the increase in employment and
3 processing capacity by the fisheries businesses for whom the credit
4 was approved. Reporting under this section shall begin with the first
5 regular session of the Fifteenth Alaska Legislature.

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

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

11 * Sec. 4. AS 43.75.140 is amended by adding new paragraphs to read:

12 (9) "capital expenditures" includes the price paid for
13 equipment and the costs of improvements made to depreciable property,
14 but does not include expenditures that are deducted entirely for
15 federal income tax purposes in the year in which they accrued or were
16 paid; in this paragraph, "depreciable property" has the meaning that
17 shall be given to it by the commissioner of commerce and economic
18 development;

19 (10) "product diversity" means the processing of nonradi-
20 tional fish or other seafood species or products;

21 (11) "product quality" means the handling of fish or other
22 seafood species or products in order to increase product sales or
23 value.

24 * Sec. 5. AS 43.75.018, 43.75.019, 43.75.130(b), and 43.75.140(9) are
25 repealed June 30, 1994.

26 * Sec. 6. This Act takes effect January 1, 1986.
27
28
29

SENATE AMENDMENT

/

By Zharoff

To: _____ SENATE BILL No. _____

To: _____ HOUSE BILL No. SCS CSHB 58

PAGE: 2 LINE: 17

Delete "exceeds the amount" and insert "is"

PAGE: 2 LINE: 18

After ~~section~~ "section" insert "but is not claimed"

PAGE: 2 LINE: 19

Delete "may be claimed as" and insert "is available for the computation of"

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

*distributed
by Senator
Zharoff
SCS CSHB-58*

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99801
907 465 3800

MEMORANDUM

May 10, 1986

SUBJECT: Amendment to fisheries tax credit bill
(SCS CSHB 58(Fin))

TO: Senator Fred Zharoff

FROM: Edward H. Hein *EHA*
Legislative Counsel

Enclosed is an amendment to SCS CSHB 58 (Fin) that I discussed with your assistant, Karl Ohls. The amendment would clear up an ambiguity in the carry-over provision on page 2, lines 17 - 21. Both the Revisor of Statutes, in my office, and Steve Kettel of the audit division of the Department of Revenue, pointed out the ambiguity -- one which would invite a lawsuit later on.

Subsection (c), as it currently reads, is unclear about exactly what may be carried over to a subsequent tax year. The amendment makes clear that any portion of an expenditure that is eligible for credit, but which can't all be used in a single tax year, is available for use in subsequent tax years within the three-year period allowed. But the carry-over provision does not allow the taxpayer to increase the percentage of tax liability available for credit, nor does it permit the taxpayer to exceed the percentage of a capital expenditure that is eligible for credit. It simply allows the taxpayer to spread out the credit over a three-year period, rather than having to lose eligible credit because the taxpayer does not have enough tax liability to take the full amount in a single tax year.

EHH:mkr
m5/099