

HOUSE CS FOR CS FOR SENATE BILL NO. 71(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/19/14

Referred: Today's Calendar

Sponsor(s): SENATOR MICCICHE

REPRESENTATIVES Tarr, Gara, Millett

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the fishery resource landing tax and cost recovery fisheries; and**
2 **providing for an effective date."**

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

4 *** Section 1.** AS 16.10.455(c) is amended to read:

5 (c) As a condition of participation in a common property salmon fishery in a
6 terminal harvest area under this section, a fisherman who participates in the fishery is
7 subject to the payment of the assessment levied under (d) of this section **on the**
8 **projected value of the salmon or on the pounds of salmon harvested.** The
9 assessment is levied on the [VALUE OF] salmon that the fisherman takes in the
10 terminal harvest area and sells to a licensed buyer. The buyer of the salmon must be
11 licensed under AS 43.75, and the buyer shall collect the assessment on salmon taken
12 in a terminal harvest area at the time of purchase and remit the assessment to the
13 Department of Revenue in accordance with regulations adopted by the Department of
14 Revenue.

1 * **Sec. 2.** AS 16.10.455(d) is amended to read:

2 (d) The Department of Revenue may, by regulation, annually, by March 1 of
 3 each year, set the [RATE OF THE] assessment levied on salmon taken in a terminal
 4 harvest area in consultation with the Department of Commerce, Community, and
 5 Economic Development, the hatchery permit holder, and representatives of affected
 6 commercial fishermen. The [RATE OF THE] assessment shall provide sufficient
 7 revenue to cover debt service to the state, reasonable operating expenses, reasonable
 8 maintenance expenses, and development or maintenance of a reserve fund up to 100
 9 percent of annual operating costs of the hatchery permit holder. In setting the [RATE
 10 OF THE] assessment, the department shall consider the estimated return and harvest
 11 of salmon in the terminal harvest area, the projected price to be paid for salmon in the
 12 region, the amount of the existing reserve held by the hatchery permit holder, and the
 13 amount by which the assessment collected in previous years exceeded or fell short of
 14 the amount anticipated to be collected. The [TOTAL RATE OF THE] assessment may
 15 not exceed 50 percent of the value of the salmon. The department may levy the
 16 assessment as a percentage of the projected value of the salmon returning to the
 17 terminal harvest area or as a flat rate on each pound of salmon harvested in the
 18 area, to the nearest whole cent.

19 * **Sec. 3.** AS 43.77.020(b) is amended to read:

20 (b) The return shall be made on the basis of the calendar year. The return
 21 [AND] is due on the last day of the month following the month that the
 22 department posts the statewide average fish price calculated by the Department
 23 of Fish and Game for [BEFORE APRIL 1 AFTER THE CLOSE OF] the calendar
 24 year for which the return is made, and any unpaid tax shall be paid with the return.

25 * **Sec. 4.** AS 43.77.020(d) is amended to read:

26 (d) A person subject to the tax under this chapter shall make quarterly
 27 payments of the tax estimated to be due for the year, as required under (e) of this
 28 section [REGULATIONS ADOPTED BY THE DEPARTMENT]. A taxpayer will be
 29 subject to an estimated tax penalty, determined by applying the interest rate specified
 30 in AS 43.05.225 to the underpayment for each quarter, unless the taxpayer makes
 31 estimated tax payments as required under (e) of this section [IN EQUAL

1 INSTALLMENTS THAT TOTAL EITHER

2 (1) AT LEAST 90 PERCENT OF THE TAXPAYER'S TAX
3 LIABILITY UNDER THIS CHAPTER FOR THE TAX YEAR; OR

4 (2) AT LEAST 100 PERCENT OF THE TAXPAYER'S TAX
5 LIABILITY UNDER THIS CHAPTER FOR THE PRIOR TAX YEAR].

6 * **Sec. 5.** AS 43.77.020 is amended by adding new subsections to read:

7 (e) A person subject to tax under this chapter shall make estimated quarterly
8 tax payments on or before March 31, June 30, September 30, and December 31 of
9 each year using one of the following methods:

10 (1) four equal installments the sum of which is at least equal to the
11 taxpayer's tax liability under this chapter for the immediately preceding calendar year;

12 (2) four equal installments the sum of which equals at least 90 percent
13 of the taxpayer's tax liability under this chapter for the current calendar year; or

14 (3) four installments, calculated in each quarter, equal to 90 percent of
15 the sum of the number of pounds of unprocessed fish of each species landed in the
16 state during the quarter that are subject to tax under this chapter, multiplied by the
17 respective statewide average price for each species posted by the department in the
18 immediately preceding calendar year, multiplied by the applicable tax rate under this
19 chapter.

20 (f) By March 31 of each year, a taxpayer electing to use the method under
21 (e)(3) of this section shall notify the department of the election. Once the election is
22 made, the taxpayer may not change the estimated payment method until the following
23 calendar year. If a taxpayer does not notify the department of an election to use the
24 method under (e)(3) of this section, the department shall calculate the taxpayer's
25 estimated liability under (e)(1) and (2) of this section, and apply the estimated
26 payment method that results in the lowest tax liability to determine the taxpayer's
27 underpayment and estimated tax penalty.

28 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 TRANSITION AND IMPLEMENTATION. For the 2014 calendar year, a taxpayer
31 may make estimated quarterly tax payments under AS 43.77.020, and the regulations adopted

1 to implement that section, as they read on December 31, 2013, or under AS 43.77.020, as
2 amended by secs. 3 - 5 of this Act. A taxpayer may not make estimated tax payments for the
3 2014 calendar year under AS 43.77.020(e)(3), added by sec. 5 of this Act, unless the taxpayer
4 notifies the department before January 1, 2015, of the taxpayer's intent to make payments
5 under that paragraph.

6 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 **RETROACTIVITY.** Sections 3 - 5 of this Act are retroactive to January 1, 2014.

9 * **Sec. 8.** This Act takes effect immediately under AS 01.10.070(c).