

## Sponsor Statement for HB 154

# Collection of Fishery Business Taxes

**“An Act relating to security for the payment of fishery business taxes and to payment of estimated fisheries resource landing taxes and penalties.”**

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In recent years the fishing industry has seen the development of fish “brokers” who much like e-commerce businesses, facilitate or broker interstate commerce between parties without actually handling the product. Because these brokers export the product, they are subject to the fisheries business tax. However, some businesses may have a small working capital and may not possess “real” property of lienable value against which a tax may be collected should the business default.

Presently, absent a lienable value of property equal to three times the amount of the estimated tax, a surety bond must be paid equal to twice the estimated amount of the tax. The cost of the bond is a burden to a company operating on a small margin.

This bill amends the statutes by offering an additional option so that applicants may avoid posting a bond for twice the amount of the estimated taxes if the business:

- Remits all tax obligations on a monthly basis by paying the taxes due on or before the 15<sup>th</sup> day of the month following the month in which the tax liability is incurred; and
- files a bond in the amount of \$50,000; or
- provides the department with proof that the applicant is the owner of lienable real property in the state of a value of at least \$100,000

Should the broker file a \$50,000 bond, it must be conditioned upon payment to the fisherman of the full purchase price for the product and the payment of taxes, interest and penalties in full. If the applicant posts other security acceptable to the department, or prepays the entire estimated tax, the bond may be waived.

The language change in Section 2. was requested by the Department of Revenue to correct and clarify the landing tax statutes that require taxpayers to make estimated landing tax payments.

This bill reduces the operating costs of fish broker businesses and facilitates competition and increased markets for fishermen, while ensuring a measure of security for fisheries business taxes.