

Fishery Resource Landing Tax

AS 43.77

Description

Alaska levies a fishery resource landing tax on fishery resources processed outside of and first landed in Alaska, based on the unprocessed value of the resource. The unprocessed value is determined by multiplying a statewide average price per pound (derived from Alaska Department of Fish and Game data) by the unprocessed weight.

The Division collects the fishery resource landing tax primarily from factory trawlers and floating processors that process fishery resources outside of the state's 3-mile limit and bring their products into Alaska for transshipment.

Rate

Tax rates are based on whether the resource is classified as "established" or "developing" by the Alaska Department of Fish and Game. Tax rates are:

Classification	Rate
Established	3%
Developing	1%

Returns

Taxpayers file returns and pay tax on a calendar year basis with a due date of March 31 of the following year. Taxpayers are required to make quarterly estimated tax payments that are due on the last day of each calendar quarter.

The Division grants an automatic extension to file the landing return if it does not provide statewide average prices to taxpayers at least 30 days prior to the due date. If the extension applies, the due date is the last day of the month following the month in which the Division issues statewide average prices.

Exemptions

Unprocessed fishery resources landed in the state are exempt from the fishery resource landing tax, but may be subject to the fisheries business tax.

Credits

Education - Taxpayers are allowed a credit for contributions to Alaska universities and accredited nonprofit Alaska two-year or four-year colleges for facilities, direct instruction, research, and educational support purposes. The tax credit can also be taken for donations to a school district or state-operated vocational technical education and training school for vocational education courses, programs, and facilities. Donations for an annual intercollegiate sport tournament, Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership also qualify. The credit is 50% of the first \$100,000, 100% of the contribution over \$100,000 and up to \$300,000 and 50% of the remaining amount over \$300,000. The total allowable credit may not exceed \$5 million.

Scholarship Contributions - Taxpayers that contribute to the A.W. "Winn" Brindle memorial scholarship account may claim a tax credit for the amount of contributions not to exceed 5% of their tax liability.

CDQ - Taxpayers that harvest a fishery resource under a community development quota (CDQ) may claim a credit of up to 45.45 percent of fishery resource landing taxes for contributions to Alaska nonprofit corporations that are dedicated to fisheries industry-related expenditures.

Other Taxes - Taxpayers that paid taxes on fishery resources to another jurisdiction may claim a credit against

The majority of fishery resource landing tax revenues are derived from fish processed in the Bering Sea and landed in Unalaska

the fishery resource landing tax. The credit, equal to the amount of taxes paid in the other jurisdiction, may not exceed the fishery resource landing tax.

Disposition of Revenue

The Division deposits all revenue from the fishery resource landing tax into the General Fund. The legislature may appropriate revenue from the tax for revenue sharing as described below:

Landings Inside Municipality

The Division shares 50% of taxes from landings within a municipality with the respective municipalities in which landings occurred. If a municipality is within a borough, the Division divides the 50% shareable amount between the municipality and borough.

Landings Outside Municipality

The Division shares 50% of the taxes from landings outside a municipality (unorganized borough) through an allocation program administered by the Alaska Department of Commerce, Community and Economic Development.

History

1993 - The legislature enacted the fishery resource landing tax effective January 1994. The rate was 3.3% of the unprocessed value of the resource. The Department of Revenue adopted regulations regarding administration of the tax, effective April 1994.

1994 - The American Factory Trawler Association (AFTA) filed litigation challenging the constitutionality of the landing tax.

1995 - The Alaska Supreme Court rejected AFTA's request based on AFTA's failure to exhaust administrative remedies with the Department of Revenue.

1996 - The landing tax was restructured to mirror the fisheries business tax program. The legislature revised the tax rate to 3% for established species and 1% for developing species. The 0.3% portion of the previous 3.3% tax rate was incorporated into seafood marketing assessment statutes (AS 16.51). The legislature also amended the landing tax statutes to provide for tax credits for education and A.W. "Winn" Brindle scholarship contributions. All changes were retroactive to January 1994, the inception date of the landing tax.

1997 - AFTA dismissed its challenge to the landing tax and in June, the state issued a formal hearing decision upholding the constitutionality of the tax. Shared tax amounts from calendar year 1994 and 1995 returns, previously held in escrow, were released to municipalities.

1999 - The American Fisheries Act (P.L. 105-277) required a fishery cooperative to execute a contract with each cooperative member that obligated the member to make a payment to the state for pollock harvested in the Alaska pollock fishery that is not landed in Alaska. AS 43.77.015 required that those payments be treated as if they were landing taxes.

2001 - The legislature amended landing tax statutes to require quarterly payment of estimated fishery resource landing taxes, effective calendar year 2002.

2002 - The legislature authorized credits of up to 50% for contributions of not more than \$100,000 and 75% of the next \$100,000 in contributions made to the Alaska Veterans' Memorial Endowment Fund. The tax credit expired July 1, 2003.

2008 - The legislature amended education credit provisions to include

50% of the fishery resource landing tax collected is shared with incorporated cities and/or organized boroughs

Pollock and pacific cod are the two highest value fisheries reported by landing taxpayers

cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

2010 - The legislature amended the education credit by increasing the maximum credit allowed from \$150,000 to \$5 million effective January 1, 2011. In addition, the legislature expanded contributions eligible for the credit to include contributions made for construction and maintenance of facilities by state operated vocational education schools and two or four-year colleges. The increase in the credit from \$150,000 to \$5 million expires December 31, 2013. On January 1, 2014, the maximum credit allowed will revert to \$150,000.

2011 - The legislature enacted legislation extending the date that the \$5 million annual education credit limit expires from January 1, 2014 to January 1, 2021. It is then scheduled to return to \$150,000. In addition, the legislature expanded contributions eligible for the credit to include

contributions made after June 30, 2011 to annual intercollegiate sports tournaments, Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

FY 2012 Statistics

Tax Collections	\$12,013,308
<i>Including penalties, interest and credits.</i>	
Number of Returns	78
Number of Taxpayers	67
Program Cost	\$204,011
Staffing (full-time equivalent)	1.9