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Governor Bill Walker
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May 26, 2016

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 218
Juneau, AK 99801-1182

Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to a tax on fisheries business and fishery resource landing and the annual fee for the issuance and renewal of entry permits or interim-use permits.

First, the bill would amend AS 16.43.160 related to fees for commercial fishing entry permits or interim-use permits. The Alaska Commercial Fisheries Entry Commission (Commission) sets the annual fee for permits. Current law limits the annual base fee to not less than \$30 or not more than \$3,000; the bill would remove the minimum and maximum limits. This part of the bill would take effect January 1, 2017, to conform to the Commission's regulatory schedule and to better meet the needs of the commercial fishing community.

The bill would increase the tax rates of the fisheries business tax (AS 43.75.015) and the fishery resource landing tax (AS 43.77.010). Some developing fisheries are exempted from the increase. The tax rates covered by these statutes vary from three percent to five percent, depending on the type of fishery. The bill would increase those tax rates by one percentage point. As to specific fisheries, the fisheries business tax on shore based canned salmon would be five percent (the current rate is four percent), the other fisheries resources would be four percent (up from three percent) while the tax levied on a person who processes a fishery resource would pay a tax of four percent (the current rate is three percent) of the value of a commercial fish species.

In addition, the bill would change the revenue sharing tax refund to local governments. Currently, the revenue generated by these taxes is split evenly between the State and the municipalities where the fisheries are located. The bill would exempt one percent of the tax revenue collected from the revenue sharing arrangement, but the remaining percentage of the tax revenue would still be paid to the local governments where the fisheries resource is landed.

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Thank you for your consideration of this measure.

Sincerely,

A handwritten signature in blue ink that reads "Bill Walker". The signature is fluid and cursive, with the first name "Bill" and last name "Walker" clearly distinguishable.

Bill Walker
Governor

Enclosure