

# Fish Tax Overview

Presented by

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# Agenda

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1. Fisheries Business Tax History
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3. Fisheries Tax Types and Rates
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5. Tax Credits
6. Revenue History – Past Five Years
7. Tax Returns

# Fisheries Business Tax History

- Territorial “salmon pack tax” dates to 1913.
  - Tax base expanded to include other fish between 1913 and 1949.
- Annual Department of Revenue fisheries business license.
  - Requirement since 1951.
- Municipal sharing of the Fisheries Business tax began in 1962.
  - Increased from 10% to 50% over time.

# Fisheries Business License

## Who needs to have a fisheries business license?

- A person or business engaging or attempting to engage in a fisheries business or in an activity under AS 43.75 shall apply for a license.
- There are seven license endorsement types, related to fishing and processing activities.
- Depending on the activities and estimated tax, tax security (bond or cash) may be required at the time the license is issued.

# Fish Tax Types

## General Fisheries Taxes

1. Fisheries Business Tax AS 43.75
2. Fishery Resource Landing Tax AS 43.77

## Self-Imposed Taxes and Assessments

3. Common Property Fishery AS 16.10.455
4. Dive Fishery Management AS 43.76.150
5. Regional Seafood Development AS 43.76.350
6. Salmon Enhancement 43.76.001
7. Seafood Marketing AS 16.51.120

# Fisheries Business Tax

- **Fisheries Business Tax** is paid by the person or business that processes fish in Alaska or exports fish from Alaska.
- The tax is calculated by applying the applicable tax rate to the value of the unprocessed resources, where the value is determined by the price paid for the raw resource, or fair market value in the case of direct marketing by fishermen.
- Total Revenue was \$46.2 million in FY 2018.



# Fisheries Business Tax Rates

The current tax structure began in 2004.

- Shore-based Facility:
  - 1% for developing species
  - 3% for established species
  - 4.5% shore-based cannery rate
- Floating Facility:
  - 3% for developing
  - 5% for established
- Direct marketing license holders pay shore-based rates.

# Fishery Landing Tax

- The law imposes a **Fishery Landing Tax** on a person or business who engages in a floating fisheries business in Alaska and is not subject to the Fishery Business Tax. The tax is assessed on the value of the fishery resource that is first landed in Alaska.
- The tax is calculated by multiplying the tax rate by the value of the fishery resource. The value is the Alaska Department of Fish and Game's annual statewide average price for each species multiplied by the number of pounds of the fishery resource.
- Total Revenue was \$9.7 million in FY 2018.



# Fishery Landing Tax Rates



- Fishery Landing tax rates:
  - 1% for developing
  - 3% for established

# Common Property Fishery Assessment

- The **Common Property Fishery Assessment** allows hatcheries to establish an annual cost recovery rate.
- The rate is set based on individual hatchery data in accordance with regulation. The program was first used in 2012 for the Hidden Falls Hatchery and the program has only been used for that hatchery. The rate was set at zero in 2017 due to a poor projected chum salmon return.
- Total collections in FY 2018 were \$0 due to a the rate being zero for that tax year.

# Dive Fish Management Assessment

- The **Dive Fishery Management Assessment** is a self-imposed assessment on fisheries resources taken using dive gear in designated management areas.
- The assessment applies to three species when harvested in applicable management areas.
- Assessed at a rate elected by a vote of permit holders. Current rates for applicable species are: 7% of value for geoduck and sea urchins, and 5% for sea cucumber.
- Total collections in FY 2018 were \$535 thousand.

# Regional Seafood Development Tax

- The **Regional Seafood Development Tax** is a self-imposed tax elected through the vote of direct entry permit holders.
- The tax applies to three areas using specific gear types: Bristol Bay salmon drift gillnet, Prince William Sound salmon drift gillnet, and Prince William Sound salmon set gillnet. The 1% rate is applied to the value of the applicable salmon resource.
- The tax is paid by fishermen based on their direct entry permit for fishing the resource and area. Shore-based processors collect the tax when they purchase fish, and file and remit payment to the department. For direct marketer fishermen, the fishermen file and pay the tax directly to the department.
- Total collections in FY 2018 were \$2.8 million.

# Salmon Enhancement Tax

- The **Salmon Enhancement Tax** is a self-imposed tax elected through a vote of the fishermen.
- The tax is applicable for salmon harvested in one of seven established aquaculture regions. The regions are: Southern Southeast and Northern Southeast at 3%, and Prince William Sound, Cook Inlet, Kodiak, Chignik, and Yakutat at 2%.
- The tax is paid by fishermen. Shore-based processors collect the tax when they purchase fish, and file and remit payment to the department. For direct marketer fishermen, the fishermen file and pay the tax directly to the department.
- Total collections in FY 2018 were \$9.1 million.

# Seafood Marketing Assessment

- The **Seafood Marketing Assessment** is a 0.5% levy on resources processed, landed, or exported from Alaska when the taxpayer has \$50,000 or more value in a calendar year.
- Taxpayers with reportable value under \$50,000 are not subject to the tax.
- Total collections in FY 2018 were \$9.9 million.

# Shared Tax with Municipalities

- Fisheries business tax and fishery landing tax are currently shared 50% with the municipality where the fish is processed or landed.
- Where there is an incorporated city in an organized borough, 25% is shared to the city and 25% is shared to the borough.
- When the processing and landings are outside of a municipality, 50% of the tax is shared through a Department of Commerce and Economic Development (DCCED) program to those municipalities receiving a fish tax share.

# Tax Credits for Fisheries Business Tax

Tax credits currently available for fisheries business tax include:

- Education Tax Credit at AS 43.75.018
- Salmon and Herring Product Development Credit at AS 43.75.035



# Tax Credits for Fishery Landing Tax

Tax credits currently available for fishery landing tax include:

- Education Tax Credit at AS 43.77.045
- Credit for approved contributions at AS 43.77.040
- Credit for other taxes paid at AS 43.77.030

# Fisheries Tax and Assessments History

## A Five-Year Comparison of Revenue

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
<b>Fisheries Business Tax</b>	<b>\$46,228,406</b>	<b>\$38,330,171</b>	<b>\$39,901,484</b>	<b>\$44,407,109</b>	<b>\$53,029,538</b>
General Fund	21,223,058	15,462,926	22,251,627	21,316,683	26,535,912
Shared with Municipalities and DCCED Municipal Allocation	24,995,348	22,867,245	17,649,857	23,090,426	26,493,626
<b>Fishery Landing Tax</b>	<b>9,736,239</b>	<b>9,968,676</b>	<b>9,765,515</b>	<b>8,376,628</b>	<b>12,583,645</b>
General Fund	3,464,070	4,858,918	336,863	5,141,814	7,132,819
Shared with Municipalities and DCEED Municipal Allocation	6,272,169	5,109,758	9,428,652	3,234,814	5,450,826
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# Fisheries Tax and Assessments History

## A Five-Year Comparison of Revenue

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Common Property Fish Assessment	0	13,262	36,062	320,656	1,055,835
Dive Fishery Management Assessment	534,771	551,492	460,822	472,791	539,638
Regional Seafood Development Tax	2,824,728	1,999,249	1,409,426	2,361,561	1,886,066
Salmon Enhancement Tax	9,123,337	5,382,662	6,805,741	7,742,177	12,779,417
Seafood Marketing Assessment	9,860,220	9,566,525	9,681,785	9,474,112	10,233,058
TOTAL	\$78,307,701	\$65,798,775	\$68,024,773	\$72,834,378	\$91,051,362

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# Filing Tax Returns

- Tax returns are filed at various frequencies and due dates as mandated in statute.
- The charts on the following two slides provides a snapshot of the number of returns filed and shows the allocation between electronic filing through the Tax Revenue Management System versus paper submittals.

# Tax Returns – Electronic vs Paper

FY 2018

Tax Type	Electronic	Paper
Alcoholic Beverages Tax	1,040	0
Charitable Gaming	3,300	0
Commercial Passenger Vessel Excise Tax	174	0
<b>Common Property Fishery Assessment</b>	<b>7</b>	<b>0</b>
Corporate Income Tax	13,866	3,669
<b>Dive Fishery</b>	<b>51</b>	<b>7</b>
Electric Cooperative	16	4
<b>Fisheries Business Tax</b>	<b>1,030</b>	<b>98</b>
<b>Fisheries Landing Tax</b>	<b>52</b>	<b>5</b>
Large Passenger Vessel Gambling Tax	9	0
Marijuana	1,196	0

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# Tax Returns – Electronic vs Paper

FY 2018

Tax Type	Electronic	Paper
Mining License Tax	285	194
Motor Fuel Tax	2,890	39
Oil and Gas Production Tax	107	0
Oil and Gas Property Tax	180	0
<b>Regional Seafood Development Tax</b>	<b>510</b>	<b>31</b>
<b>Salmon Enhancement Tax</b>	<b>1,222</b>	<b>103</b>
<b>Seafood Marketing Assessment</b>	<b>631</b>	<b>22</b>
Telephone Cooperative	9	2
Tire Fees	244	13
Tobacco Tax	470	13
Vehicle Rental Tax	473	41
<b>Total</b>	<b>27,762</b>	<b>4,241</b>

# Thank You



## Contact Information

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