Fiscal Note

State of Alaska
2025 Legislative Session

Bill Version: SB 135
Fiscal Note Number:
() Publish Date:

Identifier: SB135-DOR-TAX-3-28-25
Title: REFUND OF FISH BUSINESS TAX TO MUNIS
Sponsor: RLS BY REQUEST OF TASK FORCE EVAL ALASKA SEAFOOD INDUSTRY
Requester: (S)RES

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2026 Appropriation Requested	Included in Governor's FY2026 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2026**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Fund Source (Operating Only)

None							
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1004 Gen Fund (UGF)	(12.3)		(13.3)	(14.3)	(15.4)	(16.4)	(16.8)
1261 Shared Tax (DGF)	12.3		13.3	14.3	15.4	16.4	16.8
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimated SUPPLEMENTAL (FY2025) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2026) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No

(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division: Tax Division Date: 03/28/2025
Approved By: Janelle Earls, Administrative Services Director Date: 03/28/25
Agency: Department of Revenue

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Analysis

Background Tax Division
This bill seeks to revise how fisheries tax revenue from the fisheries business tax and the fishery resource landing tax is distributed to or "shared" with municipalities in Alaska. Its stated legislative intent is to ensure that additional revenue provided under this act is used by municipalities specifically for the maintenance and improvement of harbor facilities.

Under current law, fisheries tax revenue is shared 50 percent with the incorporated city or organized borough where the processing or landing of the fish took place. If an incorporated city is within an organized borough, the shared amount is divided equally between the incorporated city and the organized borough—25 percent share to each. If the processing or landing of the fish took place outside a municipality, the distribution is 50 percent of the revenue to the Alaska Department of Commerce, Community and Economic Development (DCCED) which administers a program to distribute the revenue to eligible fishing communities. In all cases, the share is 50 percent of the tax revenue, but the allocation of that 50 percent share depends on where the processing or landing of the fish took place.

This bill changes the distribution of revenue in several ways. The total share amount would no longer be static, it would change depending on the tax type and where the fish are processed or landed. The total revenue share with communities could be 60, 70, or 75 percent, depending on the tax and community types. Further, the total share with DCCED would be the difference between whatever the community share was and 75 percent. This amount would be a constant in the new bill—the total share, including with DCCED, would equal 75 percent.

This bill also increases the graduated share rates for newly incorporated cities and boroughs depending on how long they have been incorporated.

The bill would require any municipality receiving shared revenue to submit a report to the legislature within 30 days after each regular legislative session. The report would describe how the funds were used in the previous fiscal year and specifically detail any harbor-related maintenance or improvement projects.

This bill would revert the changes made to all sharing percentages back to what they are today on July 1, 2035.

The additional reporting requirements would be effective February 1, 2026.

The revisions to how the revenue is shared would be effective January 1, 2026, and apply to the 2025 tax year.

Revenue Impact
Even though the distributive shares to communities would no longer be constant, the total share—including what is shared with DCCED to be distributed to communities through a program they administer—would be a constant 75 percent. Therefore, the change in revenue reflected on page one of this note reflects the change from the current 50 percent share to the new 75 percent share of the fisheries business tax and the fishery resource landing tax being distributed to municipalities. This analysis assumes that community development quota (CDQ) tax credits – which apply against the municipal share of landing tax – would not change from the levels projected in the Spring 2025 Revenue Forecast. The shared amount is distributed in the fiscal year following the fiscal year in which the revenue is collected. This fiscal note shows estimated revenue impacts based on the fiscal year in which revenues are collected, not the fiscal year in which those shares are appropriated. So, tax returns for the 2025 calendar year—the first year for which this bill would apply—will be filed and paid primarily in FY2026, but the distribution of that revenue to municipalities and DCCED will not happen until FY2027.

Below is a breakdown of the estimated change in revenues by tax type:

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Analysis

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
FBT, Unrestricted General Fund	$ (9.0)	$ (10.0)	$ (11.0)	$ (12.1)	$ (13.1)	$ (13.4)
FLT, Unrestricted General Fund	$ (3.3)	$ (3.3)	$ (3.3)	$ (3.3)	$ (3.3)	$ (3.4)
Total Change to UGF	$ (12.3)	$ (13.3)	$ (14.3)	$ (15.4)	$ (16.4)	$ (16.8)
FBT, Designated General Fund (Municipal Share)	$ 9.0	$ 10.0	$ 11.0	$ 12.1	$ 13.1	$ 13.4
FLT, Designated General Fund (Municipal Share)	$ 3.3	$ 3.3	$ 3.3	$ 3.3	$ 3.3	$ 3.4
Total Change to DGF	$ 12.3	$ 13.3	$ 14.3	$ 15.4	$ 16.4	$ 16.8

Implementation Cost
This bill would require the Department to make changes to update its Tax Revenue Management System (TRMS). Resources required to implement the changes would include staff and contractor time to reprogram the system for the new share amounts as well as other miscellaneous costs. These costs would be absorbed by the Tax Division using existing resources.