

# Fiscal Effects of Commercial Fishing, Mining & Tourism

*What does Alaska receive in revenue?*

*What does it spend?*

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Senate Resources Committee

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# Acknowledgments



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University of Alaska  
Institute of Social and Economic Research



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Conclusions represent those of the author's not UAA,  
ISER, DCCED, or the Council of Alaska producers



# *Economist-speak*

Fiscal effects =

- State Revenue
- State Expenditures to manage or promote the industry

Does not include economic effects

- Jobs & income
- Revenue to businesses

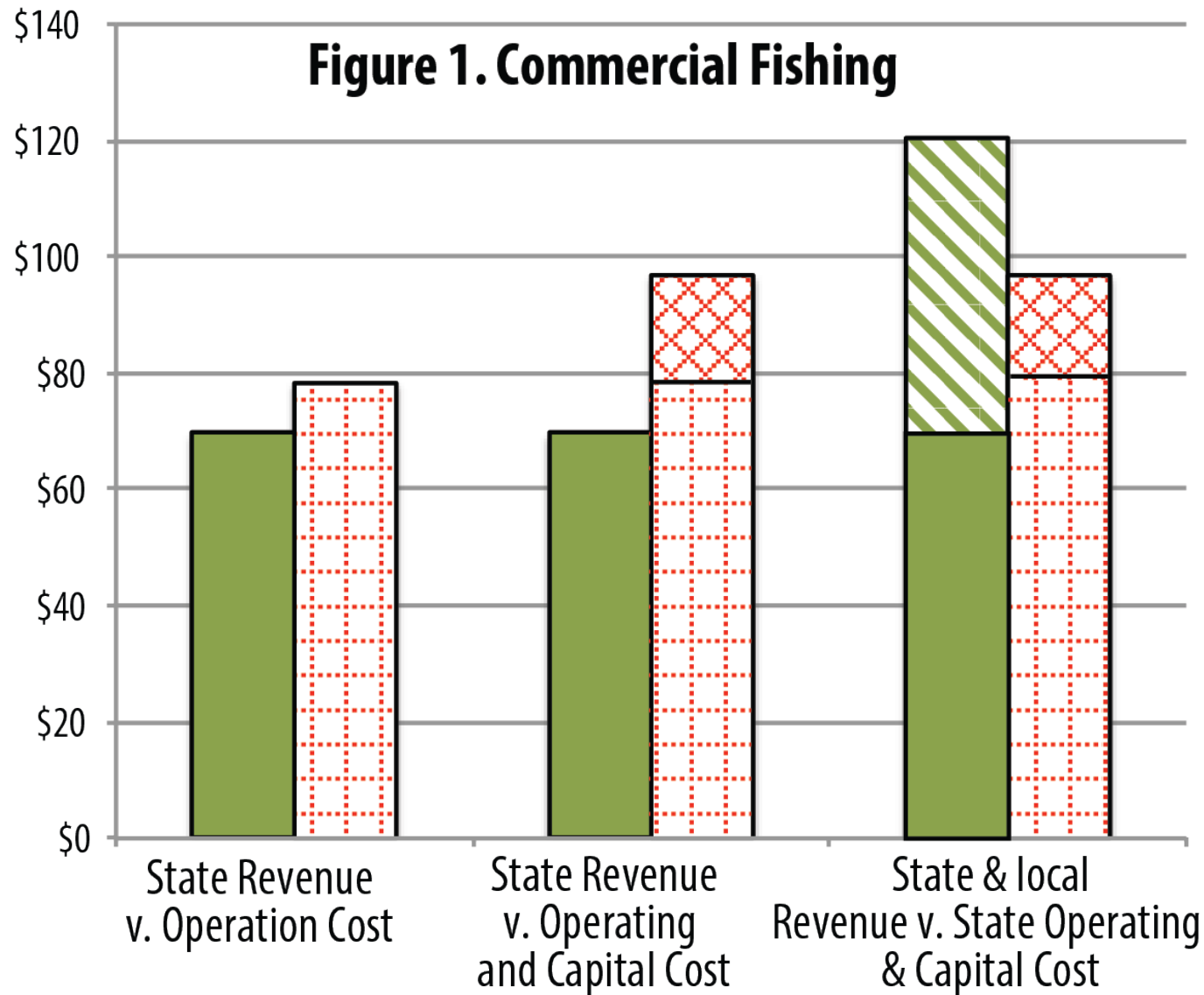




# Commercial Fishing



**Figure 1. Commercial Fishing**



**Revenue**

- Local
- State

**Expense**

- Capital
- Operating

# Details...

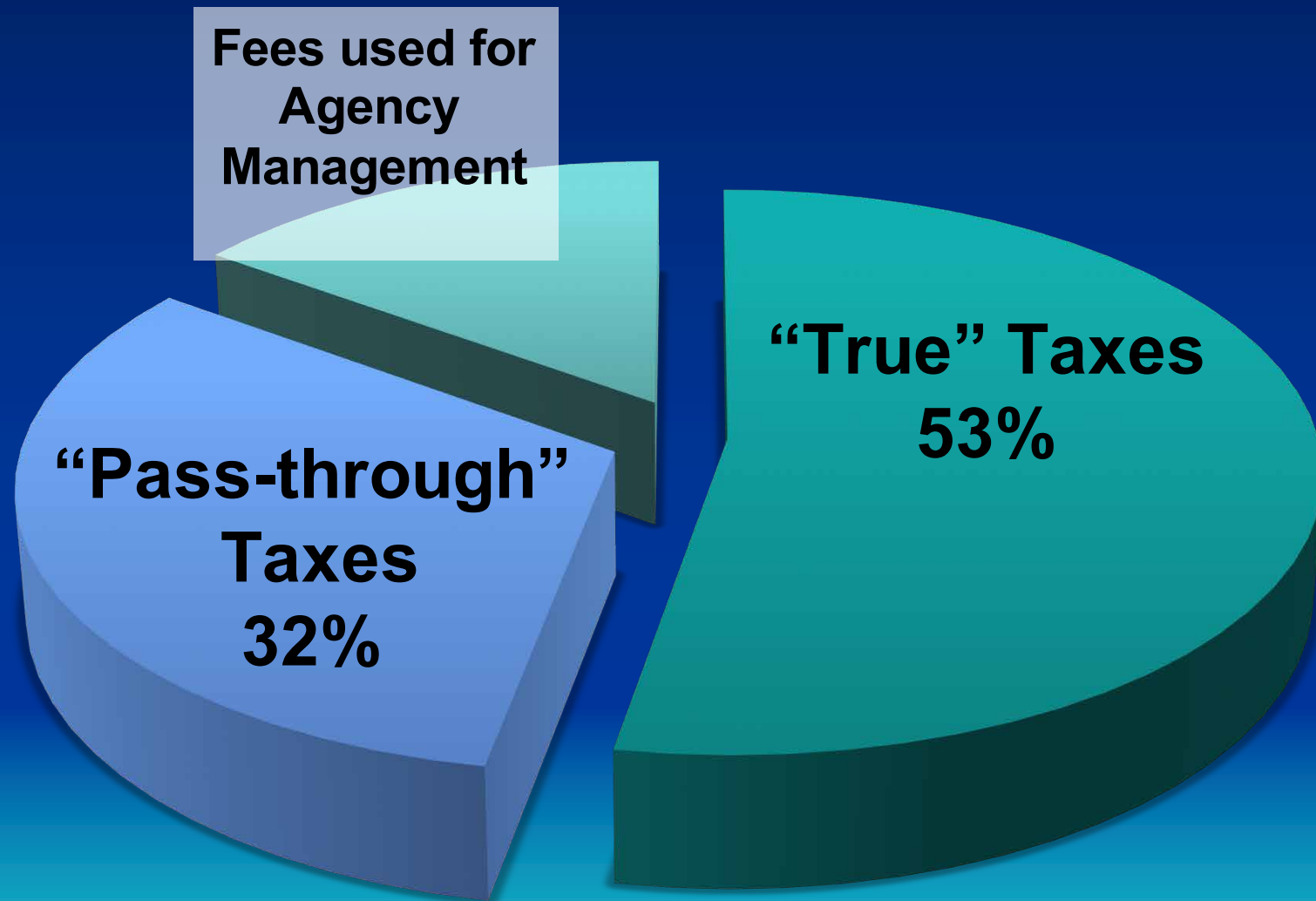
Fishing Mining Tourism

**70.2 96.4 54.3**

0.00		Fisheries Business Tax, total
1.00		Fisheries Business Tax, state share
1.00		Salmon Enhancement Tax (aquaculture)
0.00		Fishery Resource Landing Tax, total
		Fishery Resource Landing Tax, state share
1.00		
1.00		Seafood Marketing Assessment
1.00		Common Property Fishery Assessment
1.00		Test Fishery Receipts
		CFEC revenues from permit fees & vessel licenses
1.00		
1.00		Commercial Fishing Crewmember Licenses, total
1.00		Corporate Income Tax, fisheries sector

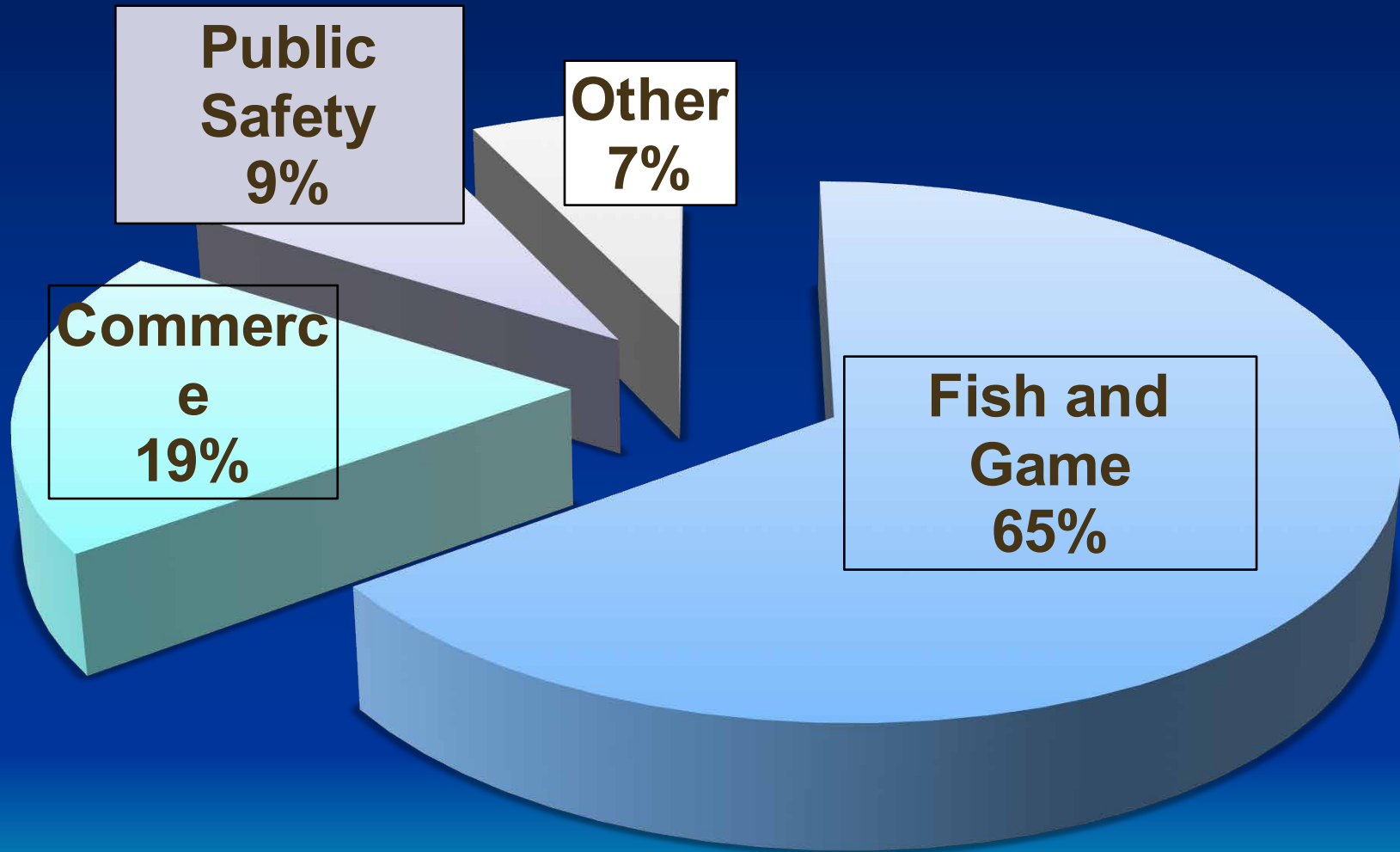
Real 2014 dollars (millions)				Nominal dollars (millions)		
Average	2012	2013	2014	2012	2013	2014
avg_cap_2014\$	2012_ca p	2013_ca p	2014_ca p	2012_ca p_nom	2013_ca p_nom	2014_ca p_nom
0.0000	0.0000			0.0000		11
0.1397	0.4192			0.4000		11
0.2445	0.7336			0.7000		11
0.7773	2.3319			2.2250		11
0.0129	0.0388			0.0370		11
0.0000	0.0000			0.0000		11
0.0000	0.0000			0.0000		11
0.2620	0.7860			0.7500		11
0.0629	0.1886			0.1800		11
0.0367	0.1100			0.1050		11
0.2271	0.6812			0.6500		11
0.2620	0.7860			0.7500		11
0.0339		0.1016			0.1000	11
0.2202		0.6605			0.6500	11
0.0677		0.2032			0.2000	11
0.1694		0.5081			0.5000	11
0.3387		1.0161			1.0000	11
0.2371		0.7113			0.7000	11
0.6141		1.8422			1.8130	11
0.1524		0.4573			0.4500	11
6.3	9.1	2.8		6.6	5.6	7.1
9.6	8.6	9.2		10.2	9.7	10.2
1.2					1.3	1.1
2.3	2.8	1.7		2.0	2.0	2.8
7.5	7.2	7.2		7.9	7.7	7.6
2.9	2.7	2.9		2.9	2.7	3.2
2.0	0.7	1.5		3.0	2.9	

# State Commercial Fishing Revenue: \$70.2 million



# State Commercial Fishing

## Operating Budget: \$78.3 million





# Capital Budget: \$18.5 million

- FY 2012-2014
- Portions of 51 projects (over 3 years)
- Average = \$18.5 million/year



# Municipal Revenues: \$50.8 million

Average Revenue 2010-2014	
Fisheries Business Tax, municipal share	25.2
Fishery Resource Landing Tax, municipal share	5.8
Municipally imposed fisheries taxes	19.9
<b>Local government revenue total:</b>	<b>\$50.80</b>

- Revenue not comprehensive
- Costs not included (but much smaller than state)

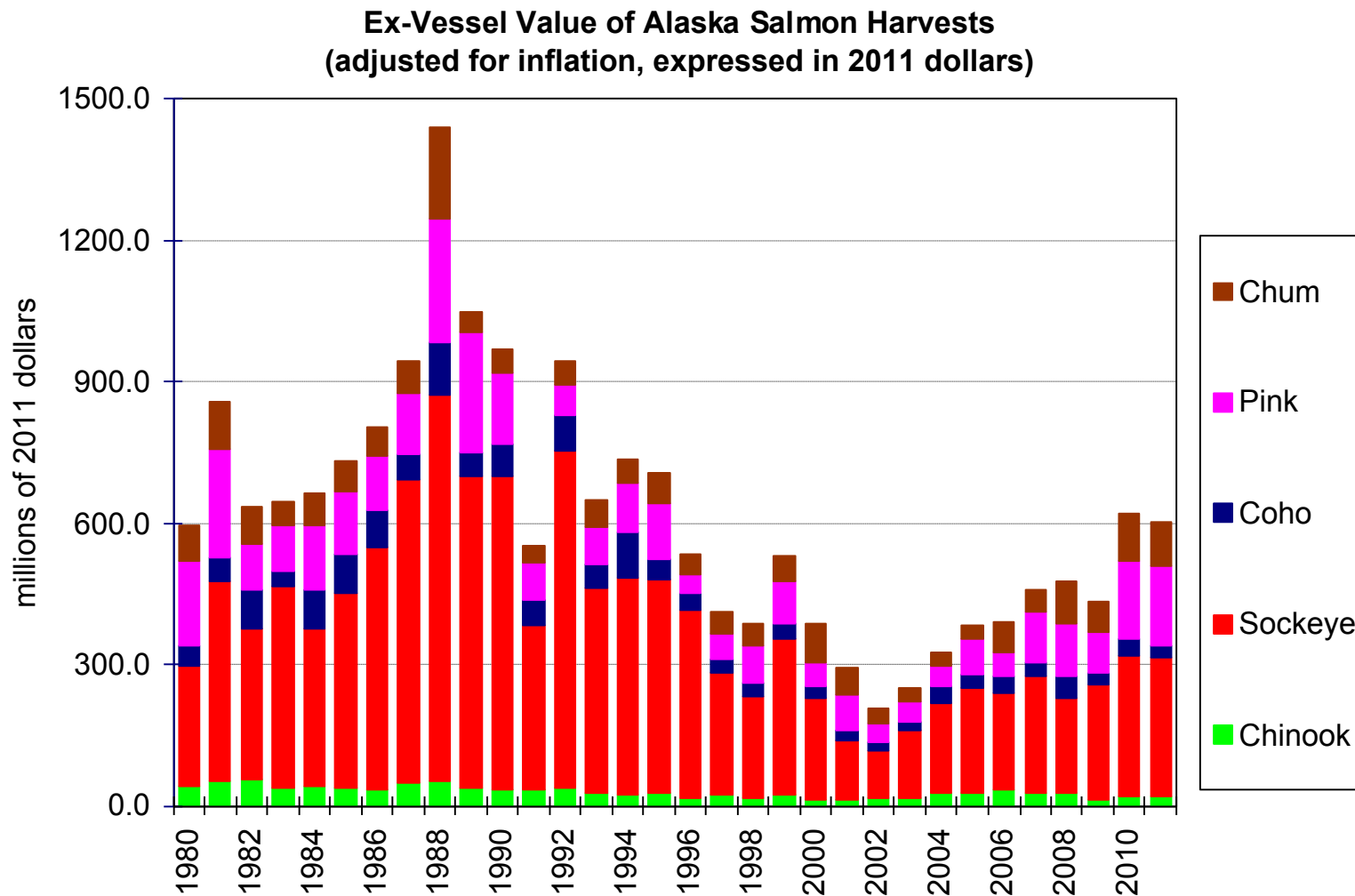


# Now the Caveats

- Values are estimates
- Conclusions not necessarily accurate for any segment (e.g., state does not manage federal fisheries, but receives taxes)
- Revenues change with changing prices
- Management goal for fishing not to maximize revenue



# Harvests, prices, value, and therefore revenue fluctuate widely by year



Courtesy of  
Gunnar Knapp

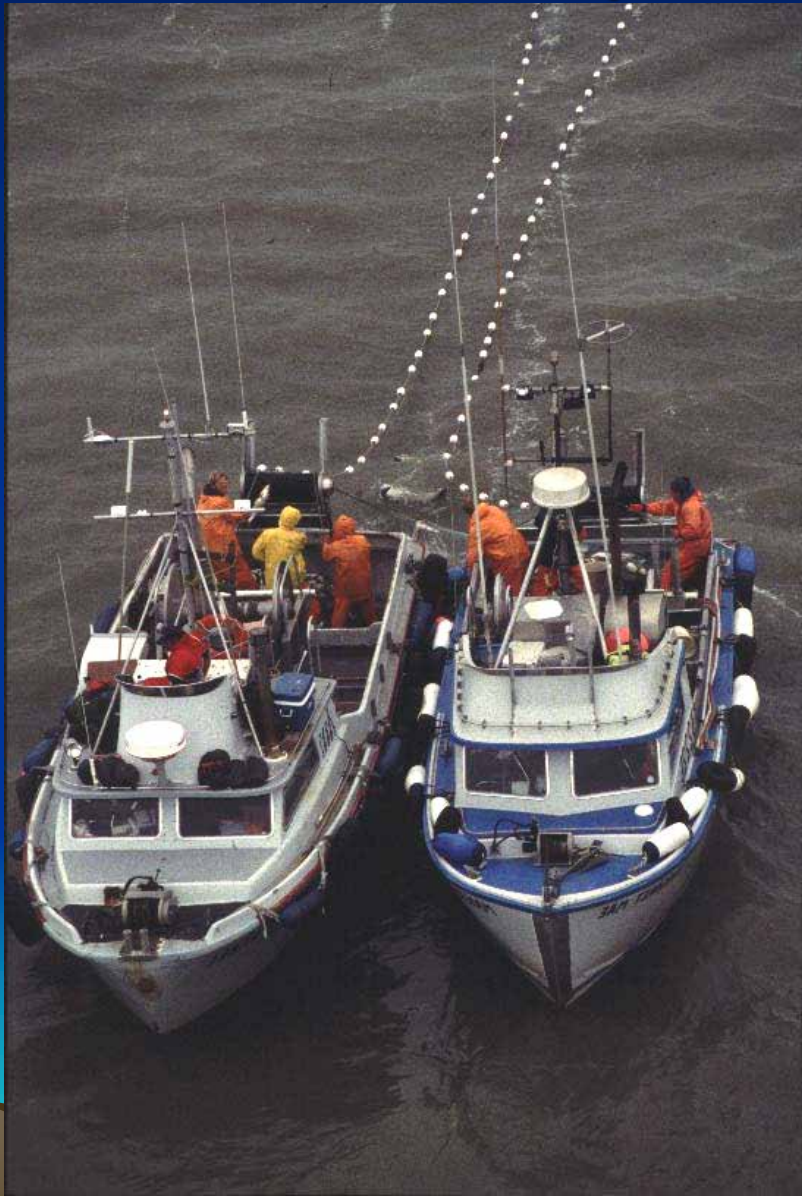
# Alaska mandates unitization of oil fields to prevent this.



Courtesy of  
Gunnar Knapp



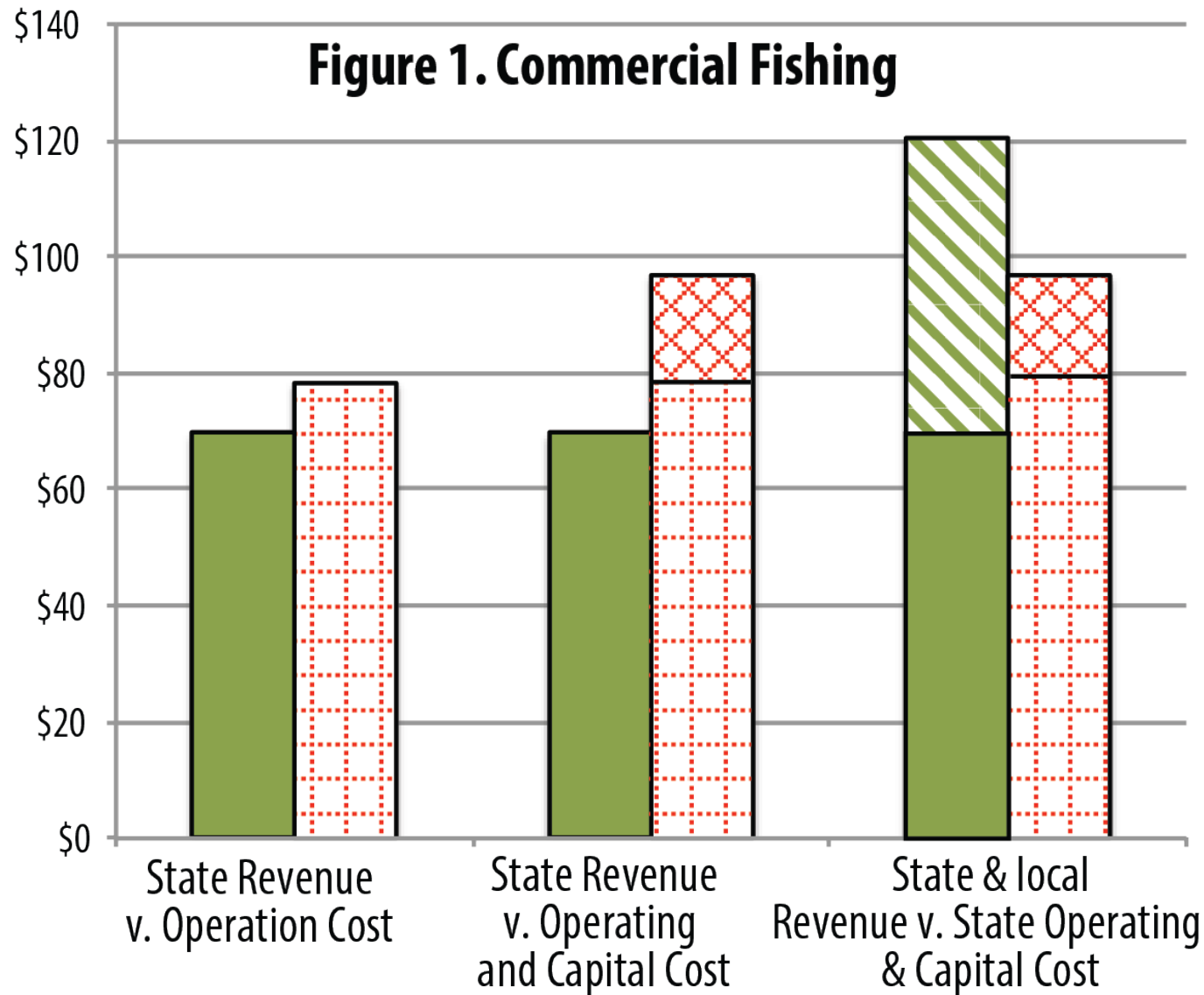
We do not mandate unitization of fisheries to prevent this.



Photographs by Bart Eaton

Slide courtesy of Gunnar Knapp

**Figure 1. Commercial Fishing**



**Revenue**

- Local
- State

**Expense**

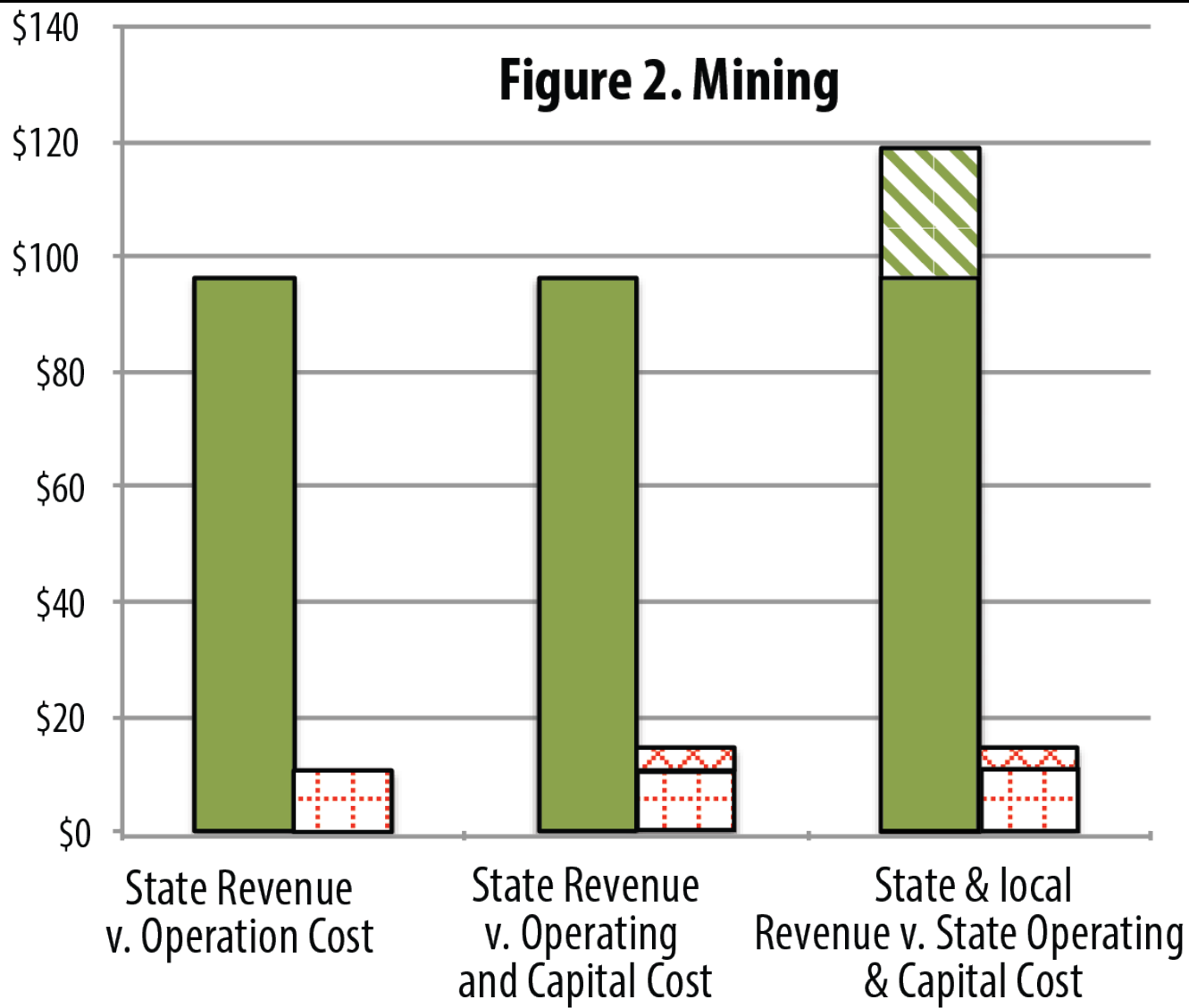
- Capital
- Operating



# Mining



**Figure 2. Mining**



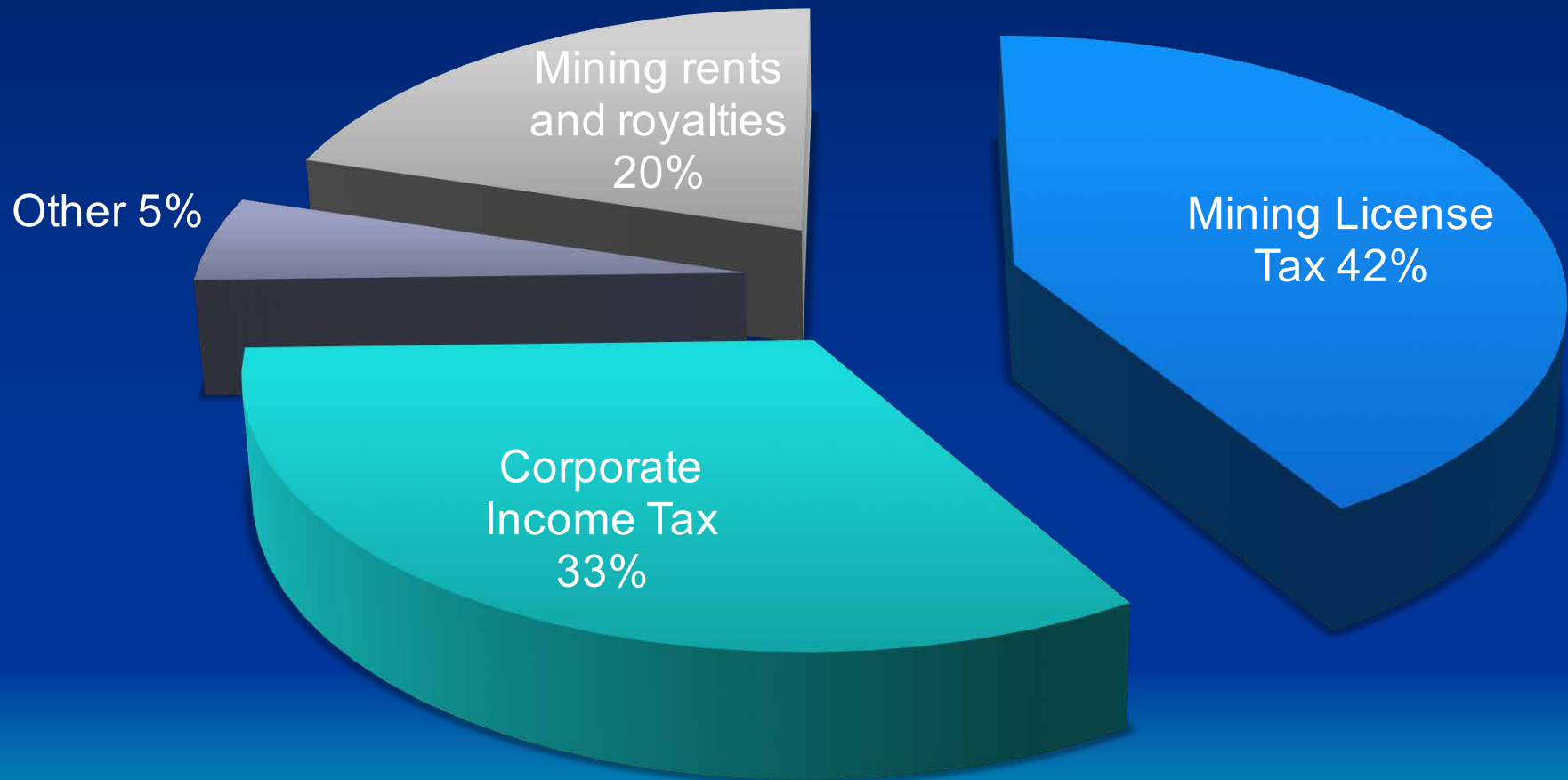
**Revenue**



**Expense**

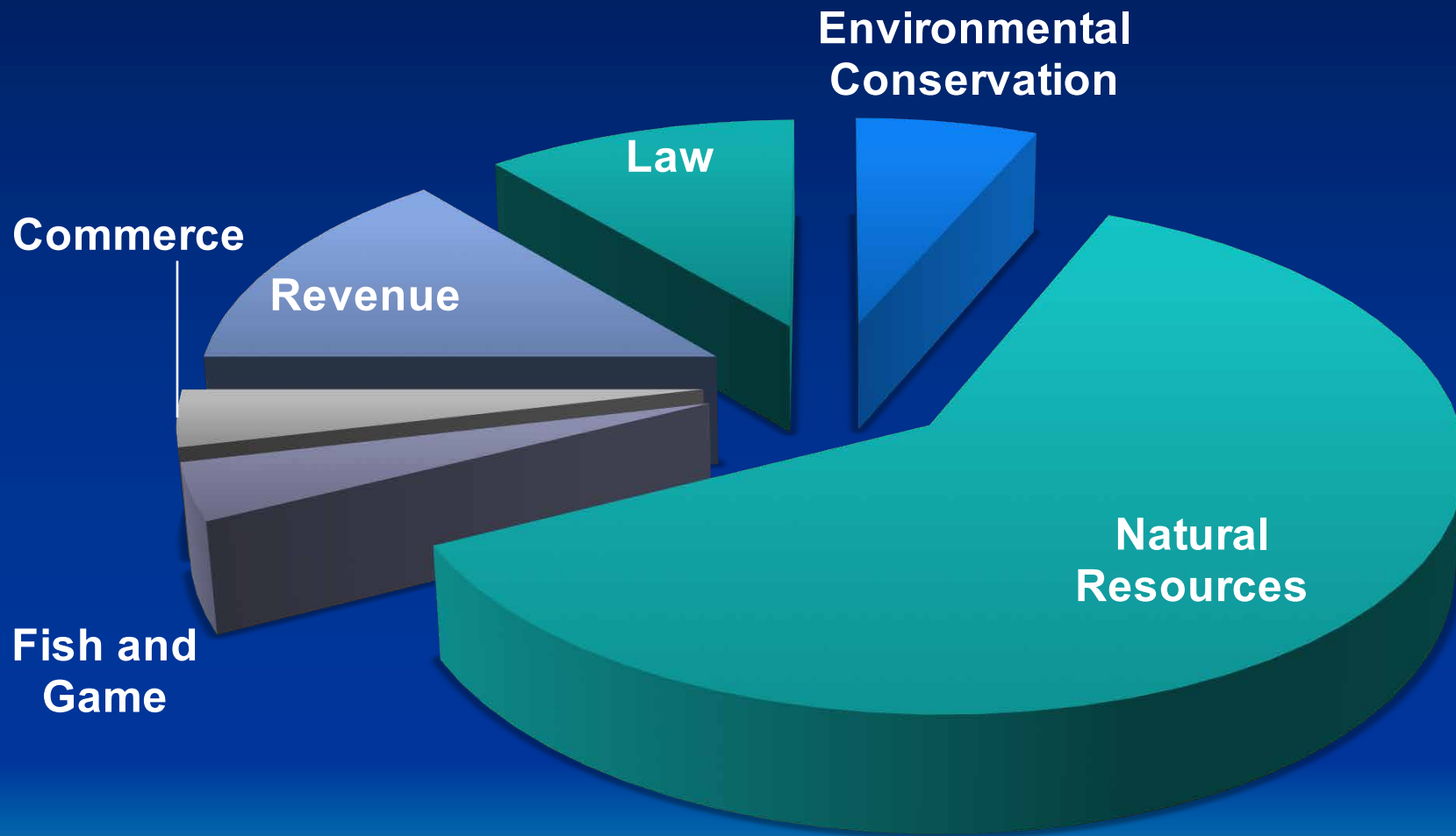


# State Mining Revenue: \$96.4 million





# State Mining Operating Budget: \$10.7 million



Fish and  
Game

# Capital Budget: \$4.0 million

- 5 projects (2 projects spread over 5 years)
  - Ambler Mining District Road Study
  - Strategic and Critical Minerals Assessment
- Average = \$4.0 million/year

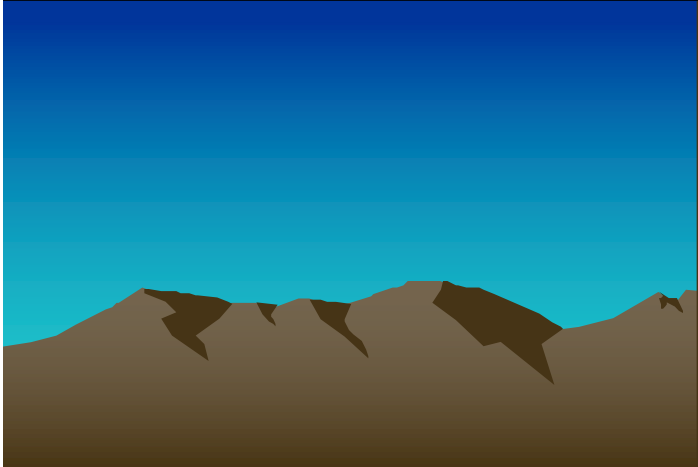


# Municipal Revenue: \$22.5 million

- Red Dog - largest taxpayer in Northwest Arctic Boro
- Fort Knox – payment to Fairbanks Boro
- Greens Creek & Kensington – 1<sup>st</sup> & 2<sup>nd</sup> largest taxpayer in Juneau
- Usibelli Coal Mine - payment to Denali Boro



# Mining Caveats: averages don't represent all segments





# Revenue dependent on prices

Figure 14. Gold Price (\$/oz)

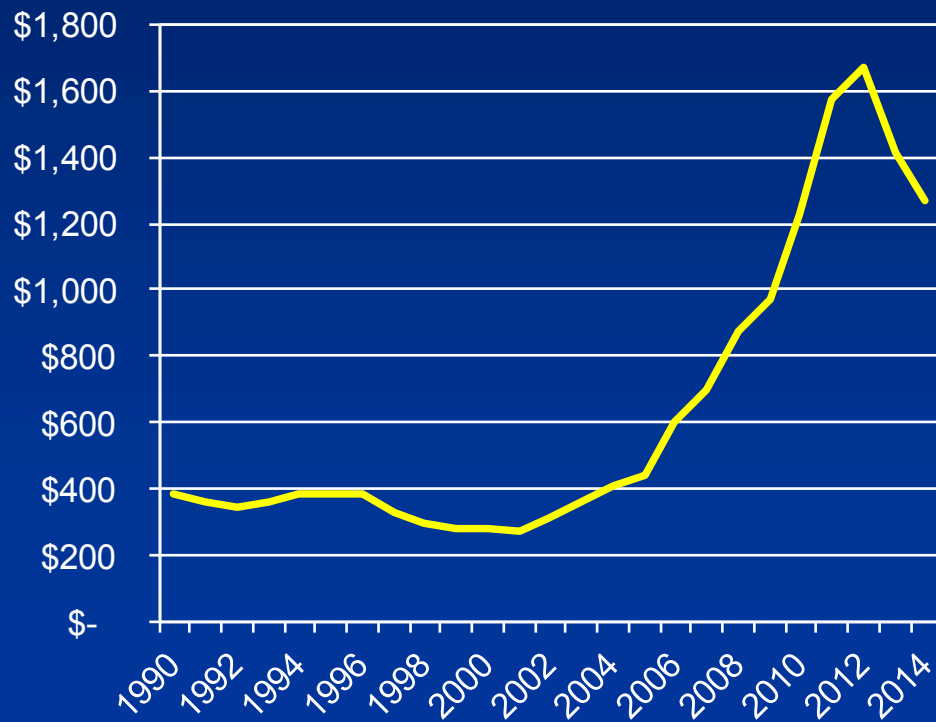
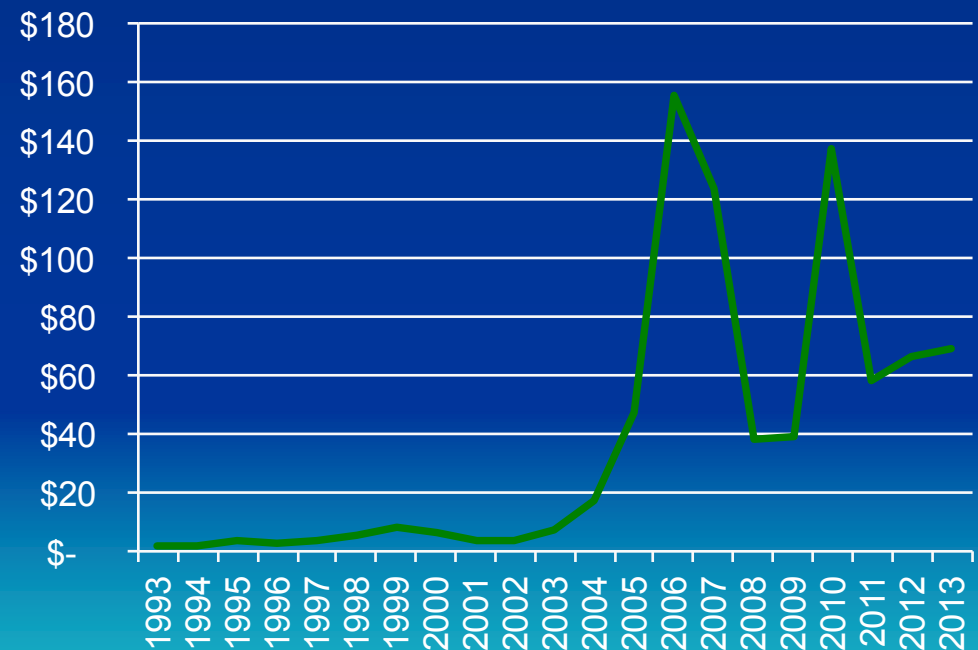


Figure 15. Historical Mining Revenue (Million \$)





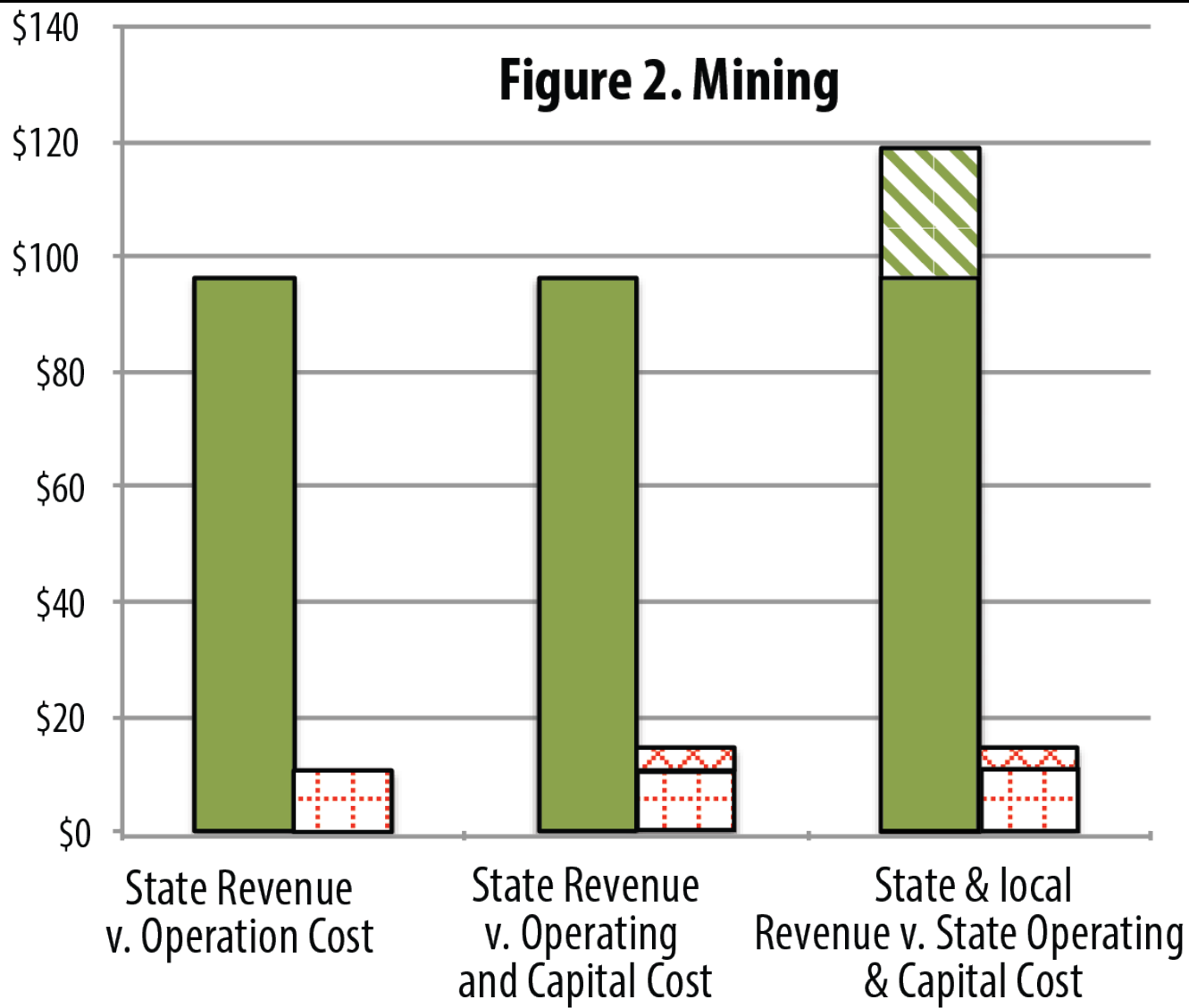
# Revenue *not* Included

Alaska Railroad:  
\$18.9 million in 2013



Payments to AIDEA:  
\$12 million in 2013

**Figure 2. Mining**



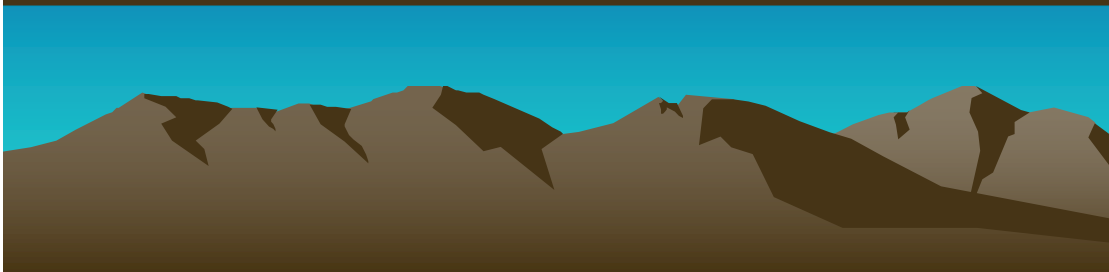
**Revenue**



**Expense**

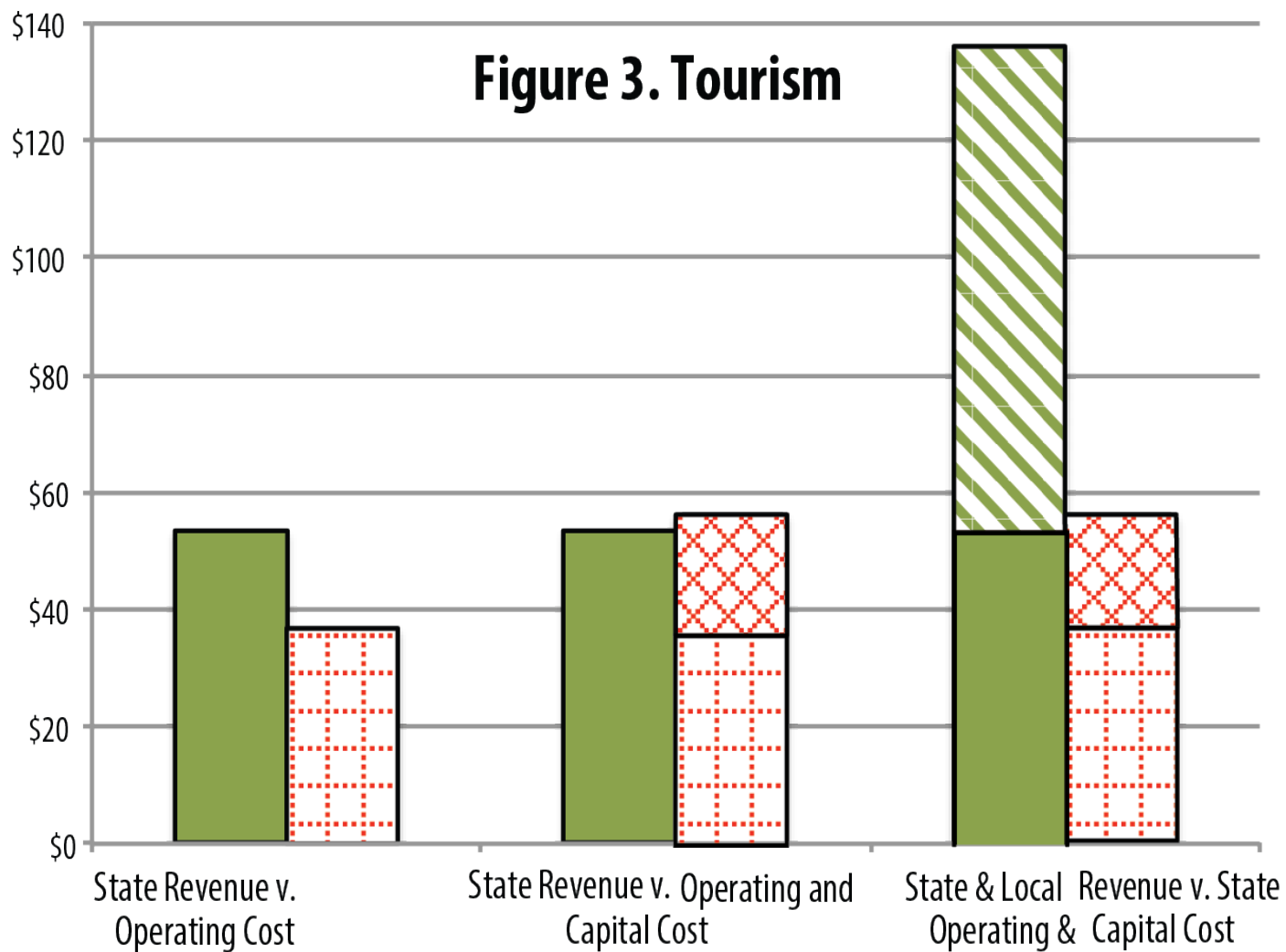


# Tourism





**Figure 3. Tourism**



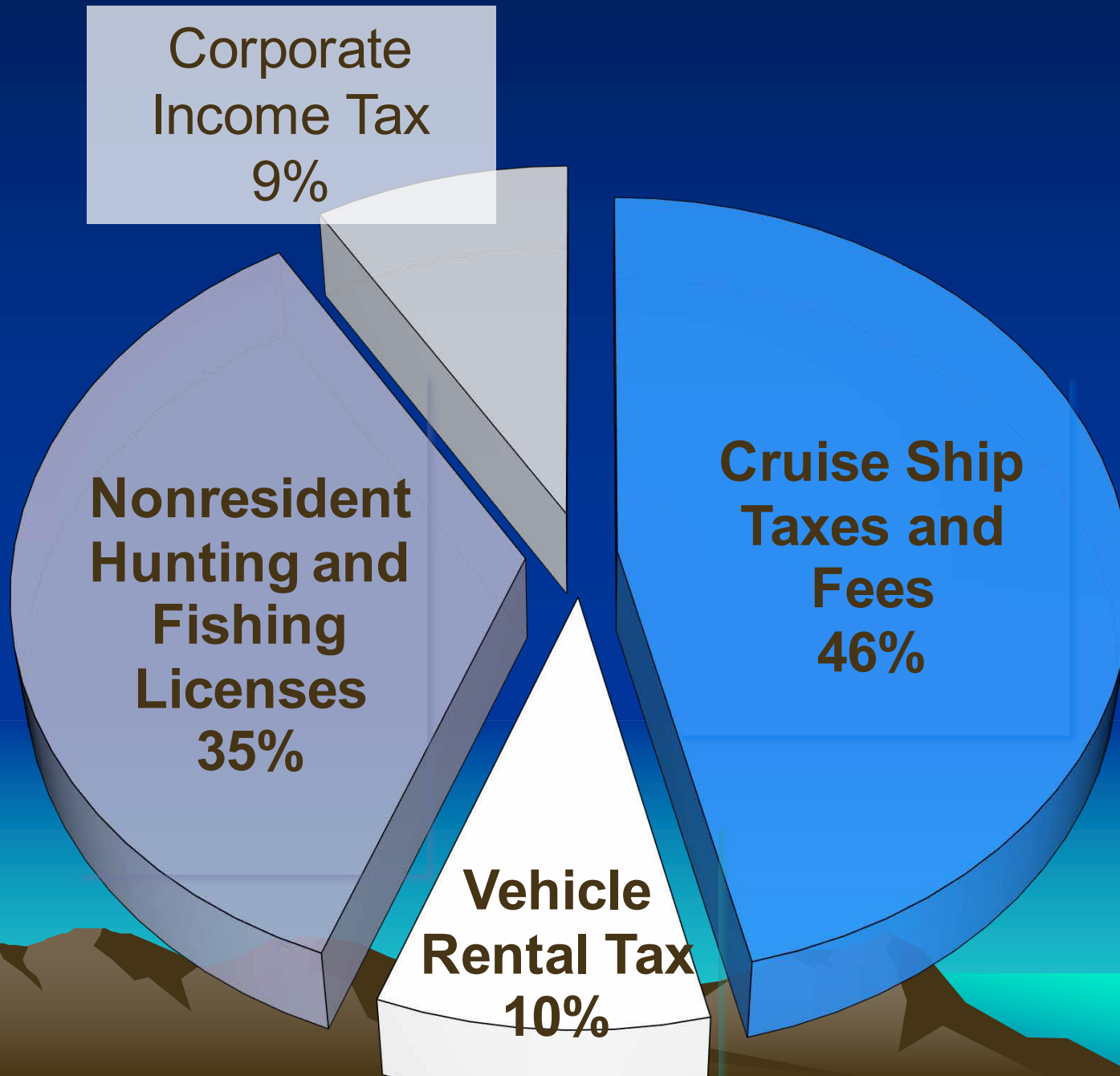
**Revenue**



**Expense**

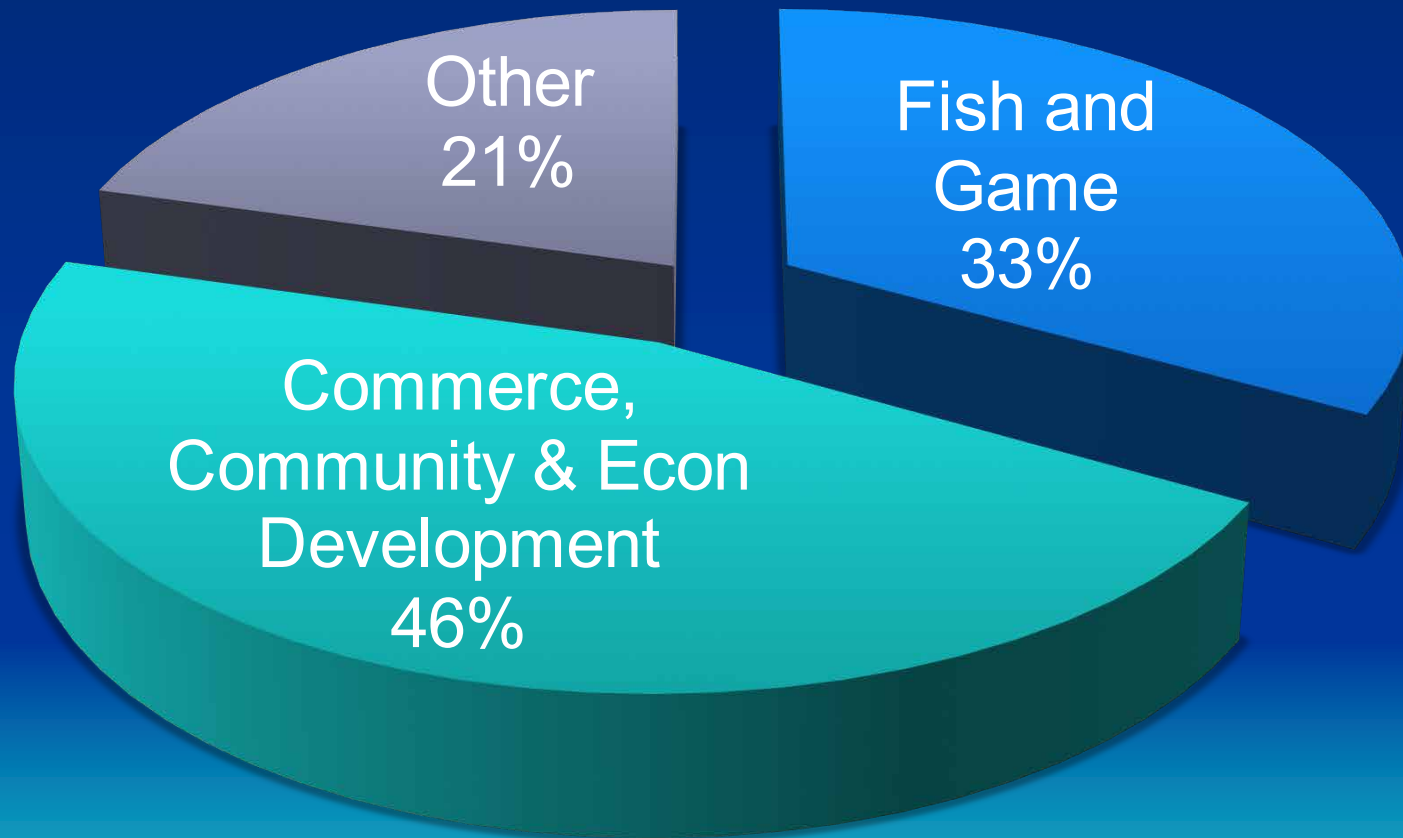


# State Tourism Revenue: \$54.3 Million





# Operating Budget Cost: \$35.9 Million



# Operating Cost Assumptions

- 20% of DNR State Parks Budget
- 43% of DF&G Sport Fishing Budget
- 14% of DF&G Wildlife Conservation Bdgt
- 12% of DF&G Board Support Section



# Tourism Capital Budget: \$19.4 million

- Same assumptions as for operating budget plus...
- 50% of CIPs to museums
- 110 Projects (partially tourism)
- Average: \$19.4/year



# Municipal Revenue: \$82.6 million

Average Revenue 2010-2014	
Commercial Pass Vessel Tax, muni share	\$13.3
Visitor-related sales tax revenue	27.2
Lodging tax revenue	25.7
Dockage/moorage revenue	16.5
<b>Local government funds total: \$82.60</b>	



# Tourism Caveats

- Tourism expenditures especially difficult to estimate
  - expenses overlap those for Alaskans
  - requires economic assumptions





# Caveats continued

Averages may not represent any segment of Alaska's complex tourism industry.



# Revenue *not* Included

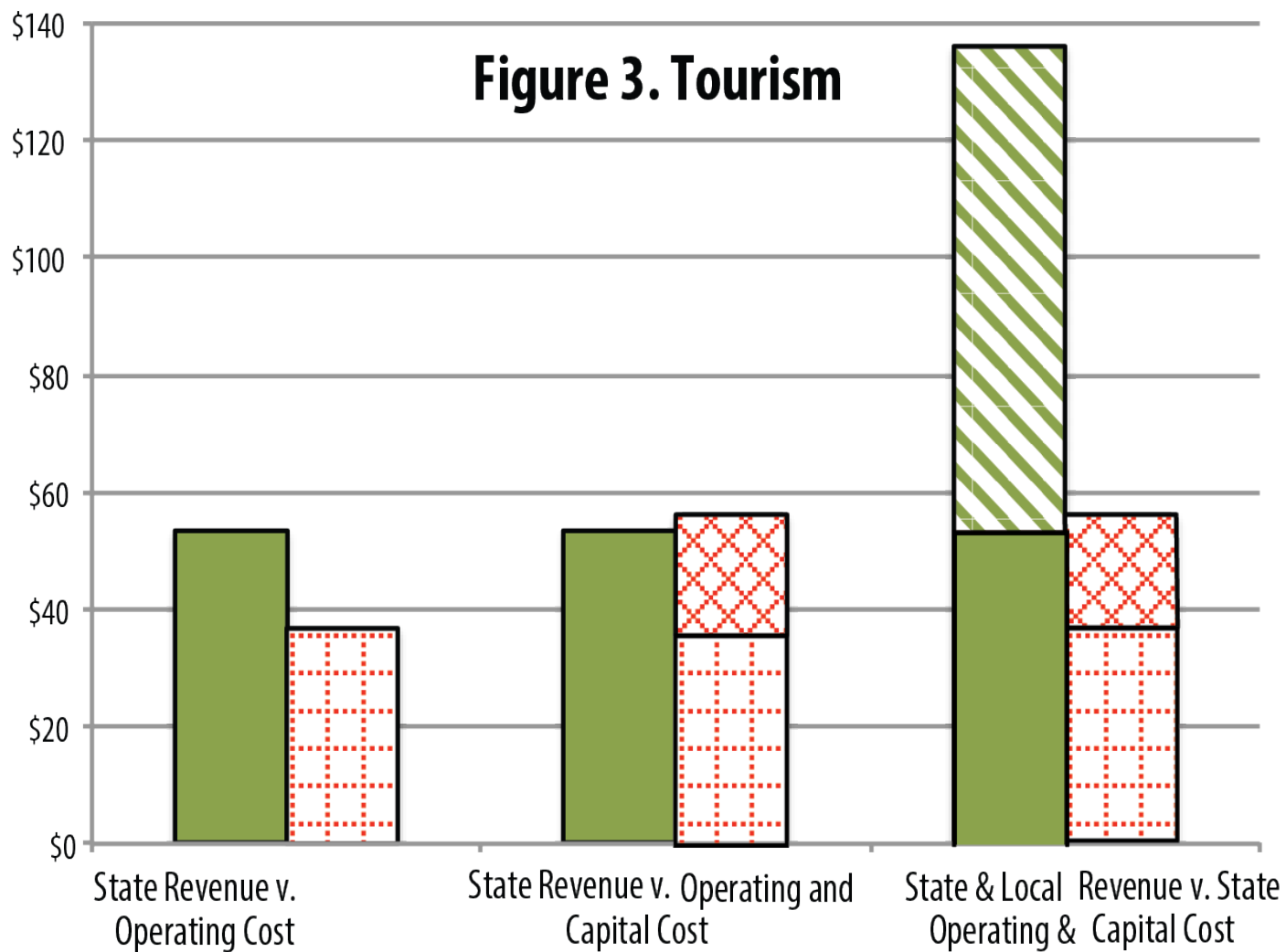
Alaska Railroad:  
\$21.5 million



Non-resident fares on the  
Alaska Marine Highway:  
\$19.6 million



**Figure 3. Tourism**



**Revenue**

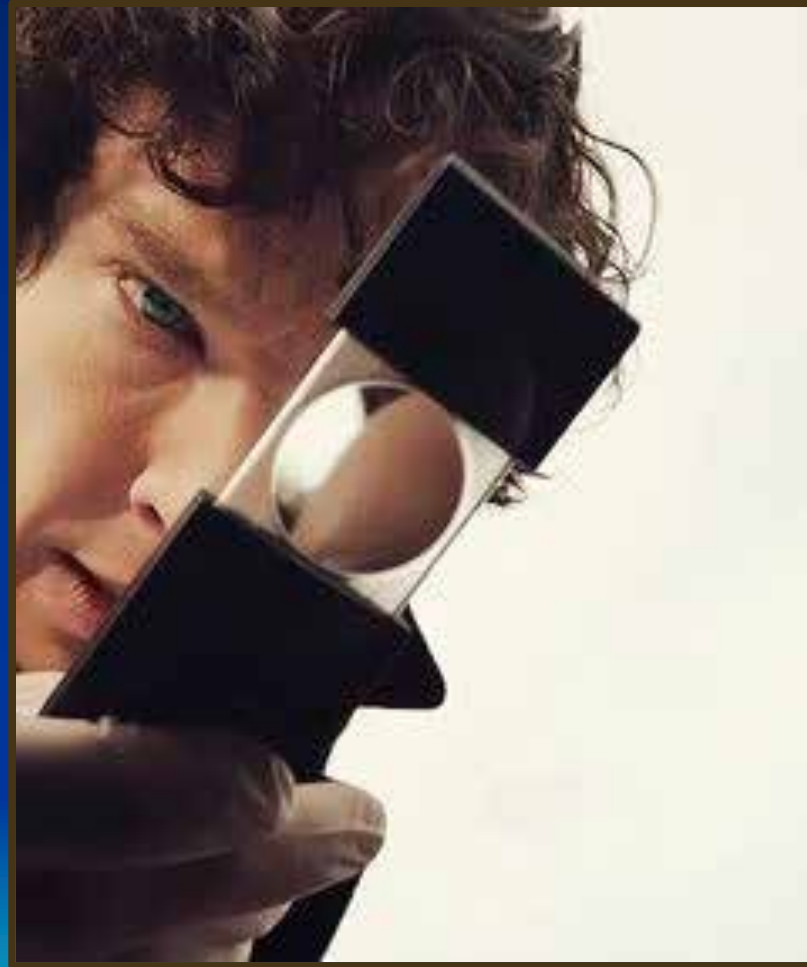


**Expense**

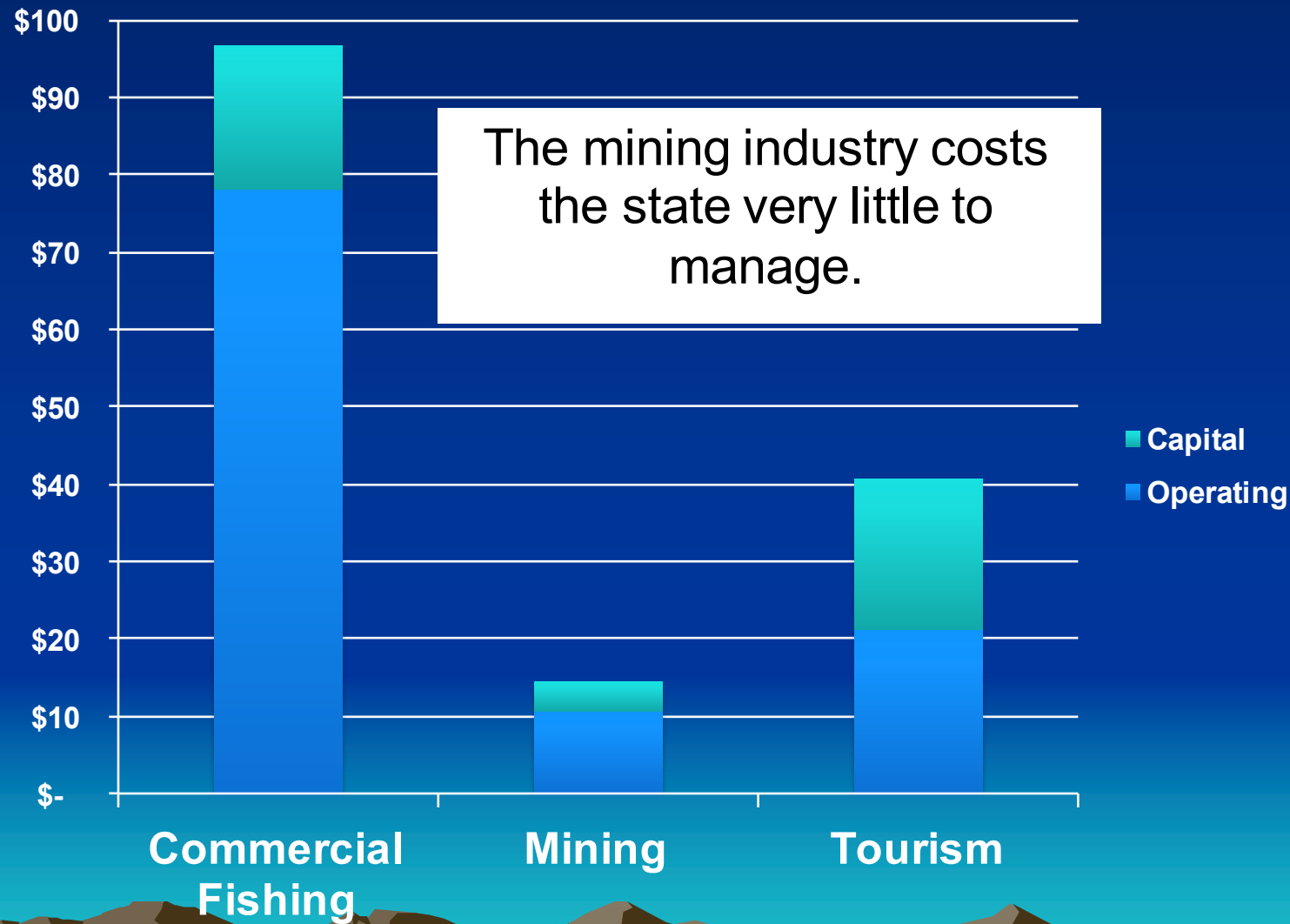




# Some Observations

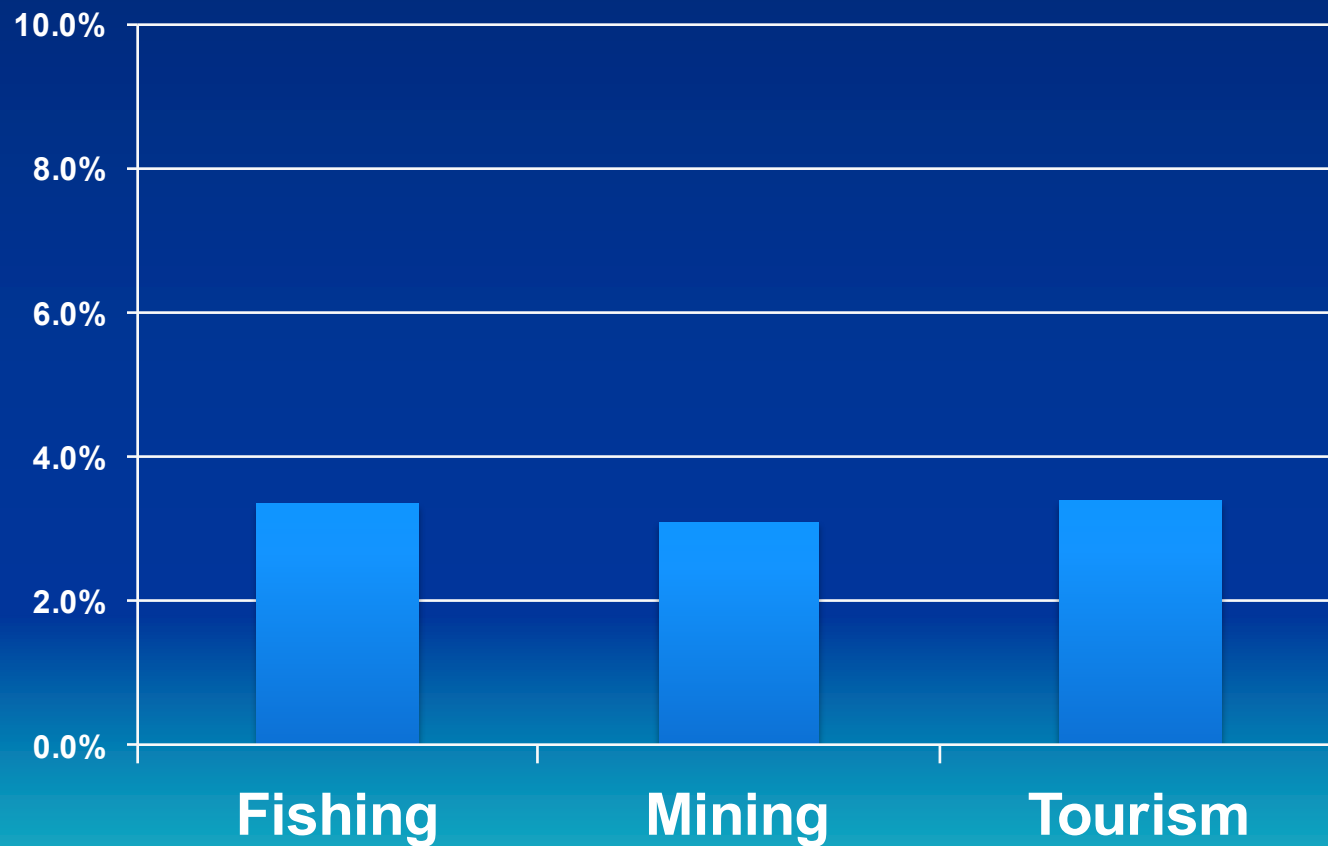


# Some Observations: Management Cost



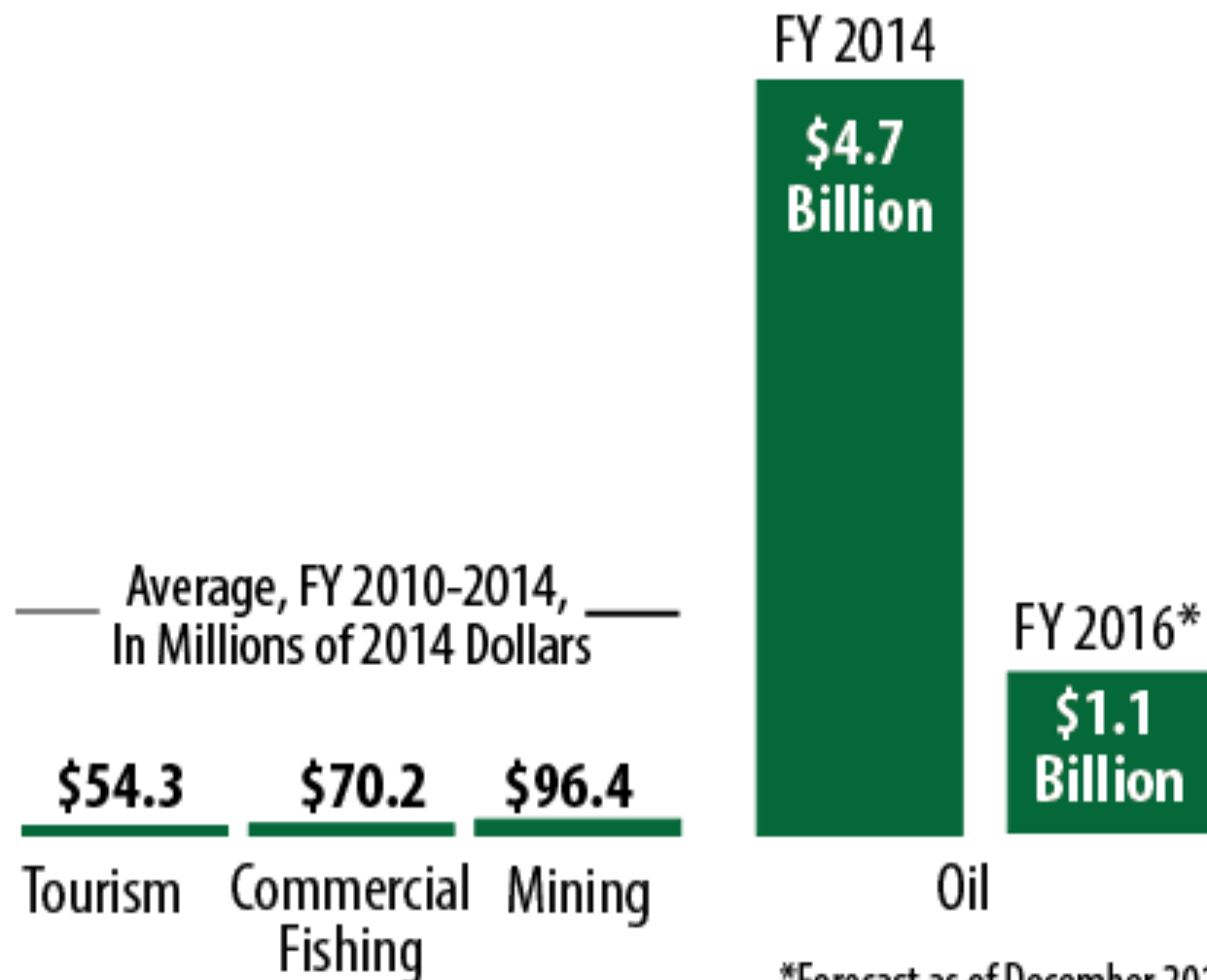


# Revenue as % of First Market Value: Similar among the industries



# These industry revenues do not compare to oil

## Comparing Alaska State Resource Revenues



# A Final Caveat...

To many people (me), these industries are most important for their economic contributions to people's well-being and communities.



