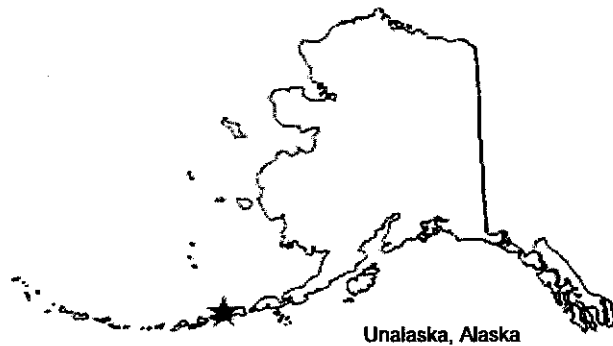


CITY OF UNALASKA
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April 1, 2019

Representative Stutes, Chair
House Fisheries Committee

RE: House Bill 65

Dear Representative Stutes,

The Administrations proposal to repeal the fisheries business tax allocation to municipalities will have extreme negative impacts to the coastal communities. The shared fisheries business tax, and the shared fisheries resource landing tax are collected by the State and shared with municipalities in order to assure that those local governments are able to provide critical services, strengthen infrastructure and build capacity so that the seafood industry can operate effectively and efficiently in these communities.

The seafood industry directly employs more workers than any other industry in Alaska and is the third largest overall job creator in the state – it is the economic foundation of many rural communities, representing about 8% of the total statewide employment.

These two taxes make up significant portions of the operating budgets for each community that receives them. For the community of Unalaska, the nation's largest fish port, the fish tax equals 26% of the budget. The loss of revenue will have dire ripple effects on the seafood industry, jobs and the local economy. Almost all coastal communities will be impacted to some degree with the hardest hit being those with thriving seafood industries.

The funds are used to operate and maintain the ports and harbors that the State transferred to communities decades ago, the majority of which needed major improvements and maintenance that the local governments assumed in order to support economic development in their region. They fund education, and to support services – public safety, hospitals, water, sewer, solid waste, roads, power and other infrastructure that the industry and community depend on.

The options are limited as many coastal local governments have little room to increase taxes or fees to compensate for the magnitude of lost revenue without increasing taxes and fees on the seafood industry who are already experiencing low fish prices, declining fish populations and global warming. Basically, this bill is designed to put the Alaska fishermen out of business.

This proposal lacks local awareness, does not support our fishermen and women or the industries that they represent and clearly does not show that Alaska is open for business.

We encourage the legislature not to pass House Bill 65, it will devastate coastal communities, and the legendary fisheries only enjoyed in our great State.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Kelty", with a long horizontal flourish extending to the right.

**Frank Kelty
Mayor**