

P.O. BOX 189
NAKNEK, ALASKA, 99633

www.bristolbayborough.ak.us



TELEPHONE
(907) 246-4224
FAX
(907) 246-6633

Bristol Bay Borough

The Honorable Louise Stutes, Chair

March 31, 2019

House Special Committee on Fisheries
Alaska State Capitol
Room 406
Juneau, AK 99801

RE: HB65 – An Act Repealing the Fisheries Business Tax Allocation to Municipalities

Greetings Representative Stutes & Members of the Fisheries Committee:

On behalf of the Bristol Bay Borough Assembly and the residents of the borough, the borough *does not support* repealing the shared fisheries business tax as proposed in HB65.

Bristol Bay Borough was formed in October 1962. We are Alaska's first borough located in Southwest Alaska, encompassing approximately 1,000 square mile borough and includes the confluence of the Naknek and Kvichak Rivers, two of the most prolific salmon producing systems in the world. The first commercial cannery was established on the Naknek River in 1890.

The borough operates under an Assembly-Manager form of government and provides a full array of services to our residents, the fish processing industry and the thousands of commercial fishers that base operations in the borough.

The borough provides police and fire services, water & sewer and landfill operations as well as contributing for Emergency Services and clinic operations.

The borough assesses property, sales, transient, aircraft and motor vehicle taxes. The borough shares benefits from the state shared fisheries business, revenue sharing, liquor license, electric/telephone taxes as well as through jail contracts, library grants and miscellaneous small grants that might become available. *By far, the largest component of shared state taxes is the fisheries business tax.*

Accommodating the growing salmon fishing industry comes at a cost; a cost greater than the residents of the borough can absorb. The population of the borough will spike from the over winter population of 1,100 to an astounding 12,000 during the five-month combined fishing season.

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Re: Bristol Bay Borough Opposition to HB65 – An Act Repealing the Fisheries Business Tax Allocation to Municipalities

Loss of the shared fisheries business tax would place an unbearable burden on our local residents.

Between FY2014 and FY2018, the annual amount shared by the state with the borough has ranged from \$1.0 million to \$3.8 million, averaging \$2.46 million. Using FY2017 audited numbers; the loss of \$2.46 million would ***represent a loss of greater than 27%!***

Without shared fisheries taxes, the borough would be forced to make the hard choices of eliminating services or raising taxes on industry. In effect, loss of state shared fisheries taxes would result in increased costs to the industry, it's that simple.

HB65 would most certainly ***not*** advance nor achieve Governor Dunleavy's desire "to make Alaska open for business" as expressed in his 2019 State of the State Speech.

The borough is actively working to accomplish a significant sewer expansion project to accommodate the growing fish processing industry. Absent certainty on future revenue streams, specifically eliminating the shared fishery business tax could have a direct impact on this planning effort, despite the pressing need.

Bristol Bay Borough has proven over the past 57-years that it is a vital and committed partner in fishery and economic development. We value our *partner* relationship with the state, with the fishing industry and with the fishing community. This rich and collaborative history has resulted in tremendous revenues for governments, the fishing industry and all Alaskans. Upsetting this balance will send negative ripple impacts throughout the industry which adds risk and uncertainty at a time when the relationship is healthy and growing.

The borough held a town hall meeting March 21, 2019 to discuss the proposed FY2020 operating budget. 36 residents turned out to the meeting and 25 residents took the microphone to speak freely about their position on the budget. 96% of those that spoke were against repeal of the shared fisheries taxes.

Please do not advance HB65 from the Fisheries Committee. Thank you.

Sincerely,



Dan O'Hara
Mayor

cc: Representative Bryce Edgmon, District 37