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Bristol Bay Borough

Alaska State House Special Committee on Fisheries
Legislative Hearing, Thursday, April 25, 2019

Testimony from Mary Swain, President
Bristol Bay Borough Assembly on

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

Good Afternoon Chairwoman Stutes, members of the House Fisheries Special Committee and a Special Good morning to Representative Edgmon, our House District 37 Representative.

Thank you for this opportunity to speak on proposed legislation that will **greatly and negatively** impact the Bristol Bay Borough. On behalf of the Assembly, the Borough **does not support** repealing the shared fisheries business tax as proposed in HB65.

The Borough was formed in October 1962. We are Alaska's first borough formed but 3 short years after statehood. We are accessible only by air, commercial boat or barge. We provide a full array of services to our residents, the fish processing industry and the thousands of commercial fishers that base operations in the Borough. Indeed, the Borough is the heart of the largest red salmon fishing industry in the world, estimated to be valued at approximately \$1 billion per year. In that regard, or Naknek port is the number three commercial fishing port in the

US, based on commercial fishery landings ranked by dollar value. (NOAA 2017 – most recent year for which data is available).

In support of the fishing industry, we provide police and fire services, water & sewer and landfill operations as well as contributing for Emergency Services and clinic operations.

This all comes at a cost greater than the residents of the Borough can absorb. The Borough population spikes from a winter population of 900 to an astounding 13,000+ during the five-month fishing season. Loss of the shared fisheries tax would place an unbearable burden on our local residents that could force the Assembly to eliminate vital services to, or raise taxes on, the fishing industry.

The Borough assesses a number of local taxes and shares benefits from State-revenue sharing. By far, the largest component of shared state taxes is the fisheries business tax at issue here.

The value to the Borough of the state shared fisheries tax is a function of the size of the salmon run and the price of salmon. In FY18 it was \$3.8 million, about 26% of our annual operating budget.

Options the Borough would be forced to consider if deprived of the shared fisheries tax, would certainly include raising taxes on the processing industry. Alternatively, the Borough could consider reducing operations of some of the systems we currently operate, including but not limited to sewer and landfill, again, handing that cost back to the processing industry.

Nevertheless, as we speak, the Borough is strenuously working on a significant sewer capacity-expansion project to favorably accommodate the growing fish processing industry. Eliminating the shared fishery tax could directly harm this capacity-building effort.

In closing, over the past 57 –years, the Borough and the State have been long-standing partners in supporting the Bristol Bay \$1 billion per year fishing industry. We pray the State works closely with us as a durable, not disposable, partner. Thank you.