

**ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE**

February 11, 2003
9:50 a.m.

MEMBERS PRESENT

Representative Bruce Weyhrauch, Chair
Representative Jim Holm, Vice Chair
Representative Nancy Dahlstrom
Representative Bob Lynn
Representative Paul Seaton
Representative Ethan Berkowitz
Representative Max Gruenberg

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

OVERVIEW: POSSIBLE REVENUE SOURCES FROM THE DEPARTMENT OF NATURAL RESOURCES

TAPES

03-08 SIDE A

CHAIR BRUCE WEYHRAUCH convened the meeting of the House State Affairs Standing Committee at 9:50 a.m.

SUMMARY OF INFORMATION

CHAIR WEYHRAUCH informed the committee that today's overview was being held for the purpose of hearing information relative to possible revenue sources. Departments involved in today's hearing are the Department of Natural Resources (DNR) and the Department of Revenue. Chair Weyhrauch requested that a breakdown of the revenues the state receives from natural resource development. One of the proposals to close the fiscal gap is resource development. Streamlining the permitting process, opening up areas for development, and infrastructure development are just a few of the ideas to bring more revenue to Alaska.

LARRY PERSILY, Deputy Commissioner, Department of Revenue, brought copies of the Fall Revenue Forecast. Mr. Persily stated that it is hoped that oil as well as gas will become the main sources of revenue for the State of Alaska. Revenue is received

from the fishing industry through the fishery business tax, fishery resource landing tax, salmon enhancement tax, seafood marketing taxes, and licensing and permit fees. While permit and license fees are fairly stable, the fishery resource tax, business tax, and marketing assessments fluctuate with the price of salmon. In addition to royalties off of state lands, there is a mining license tax, which is based on the value of the ore. The mining license tax is a production tax similar to oil and gas production taxes and corporate income taxes paid by fishing corporations, mining corporations, and timber corporations [these taxes] go into the state coffers.

MR. PERSILY turned to timber revenues and mentioned that there are some state land sales and the Mental Health Trust Authority also has land that it sells. He informed the committee that half of the fishery business tax is shared with municipalities and boroughs and a portion of the money from timbers sales goes to the Mental Health Trust Authority. Revenue from fishery taxes, licenses, permits, mining, and timber totals almost \$100 million a year. These revenue sources play a different role in the state's economy than oil and gas. The oil and gas industry pays for most services but the fishing, mining, and timber industry in total provide a substantial number of jobs, perhaps their main purpose is to provide jobs not to provide 70-80 percent of the general fund budget as the oil and gas industry does.

CHAIR WEYHRAUCH referred to a handout from DNR and requested that Mr. Persily insert the fishing income as it was excluded from the handout.

REPRESENTATIVE GRUENBERG commented on the \$5 million figure from recording fees.

MR. PERSILY noted that the state has moved toward user fees to pay the cost.

There were no further questions of Mr. Persily.

CHAIR WEYHRAUCH asked if anyone from DNR was in the audience to testify. There was not.

BUCK LINDEKUGEL, Conservation Director, Southeast Alaska Conservation Council (SEACC), read from a prepared statement entitled, "Regarding Prospects for Revenue Sources from State Lands." Mr. Lindekugel offered to answer questions.

CHAIR WEYHRAUCH requested the committee be provided with Mr. Lindekugel's written statement and reminded the committee that if there was any further information the members required to understand the whole state picture, they just need to ask and it will be made available to them.

ANNOUNCEMENTS

There were no announcements.

COMMITTEE ACTION

No action was taken.

ADJOURNMENT

CHAIR WEYHRAUCH adjourned the House State Affairs Standing Committee at 10:02 a.m.

NOTE: The meeting was recorded. A copy of the tape(s) may be obtained by contacting the House Records Office at State Capitol, Room 3, Juneau, Alaska 99801 (mailing address), (907) 465-2214, and after adjournment of the second session of the Twenty-Third Alaska State Legislature this information may be obtained by contacting the Legislative Reference Library at (907) 465-3808.