

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON FISHERIES**

April 4, 2019  
10:01 a.m.

**MEMBERS PRESENT**

Representative Louise Stutes, Chair  
Representative Bryce Edgmon  
Representative Chuck Kopp  
Representative Jonathan Kreiss-Tomkins  
Representative Geran Tarr  
Representative Sarah Vance  
Representative Mark Neuman

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 105

"An Act relating to claims against protection and indemnity insurance policies of vessel owners."

- MOVED HB 105 OUT OF COMMITTEE

HOUSE BILL NO. 65

"An Act repealing the fisheries business tax allocation to municipalities; repealing the refunds to local governments of fisheries business taxes; repealing revenue sharing for the fishery resource landing tax; providing for an effective date by amending the effective date of sec. 36, ch. 61, SLA 2014; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 105

SHORT TITLE: COMM FISHERMEN'S FUND:VESSEL OWNER CLAIMS

SPONSOR(S): REPRESENTATIVE(S) ORTIZ

03/25/19	(H)	READ THE FIRST TIME - REFERRALS
03/25/19	(H)	FSH, FIN
04/02/19	(H)	FSH AT 10:00 AM GRUENBERG 120

04/02/19 (H) Heard & Held  
04/02/19 (H) MINUTE (FSH)  
04/04/19 (H) FSH AT 10:00 AM GRUENBERG 120

BILL: HB 65

SHORT TITLE: FISH TAX: REPEAL MUNI REFUNDS/REV. SHARE  
SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/20/19 (H) READ THE FIRST TIME - REFERRALS  
02/20/19 (H) FSH, CRA, FIN  
04/04/19 (H) FSH AT 10:00 AM GRUENBERG 120

**WITNESS REGISTER**

LIZ HARPOLD, Staff  
Representative Dan Ortiz  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Spoke on behalf of Representative Ortiz,  
sponsor of HB 105.

BRUCE TANGEMAN, Commissioner Designee  
Department of Revenue (DOR)  
Juneau, Alaska

**POSITION STATEMENT:** On behalf of the governor, provided a brief  
overview of HB 65.

BRANDON SPANOS, Deputy Director  
Tax Division  
Department of Revenue (DOR)  
Anchorage, Alaska

**POSITION STATEMENT:** Provided a sectional analysis of HB 65.

**ACTION NARRATIVE**

[10:01:47 AM](#)

**CHAIR LOUISE STUTES** called the House Special Committee on Fisheries meeting to order at 10:01 a.m. Representatives Vance, Kreiss-Tomkins, Edgmon, and Stutes were present at the call to order. Representatives Kopp, Neuman, and Tarr arrived as the meeting was in progress.

**HB 105-COMM FISHERMEN'S FUND:VESSEL OWNER CLAIMS**

[10:02:31 AM](#)

CHAIR STUTES announced that the first order of business would be HOUSE BILL NO. 105, "An Act relating to claims against protection and indemnity insurance policies of vessel owners."

CHAIR STUTES stated that no amendments were received for HB 105 and that the committee's intent is to move the bill today.

[10:02:57 AM](#)

LIZ HARPOLD, Staff, Representative Dan Ortiz, Alaska State Legislature, spoke on behalf of Representative Ortiz, sponsor of HB 105. She thanked the committee for hearing the bill and noted there is much industry support for the bill.

[10:04:04 AM](#)

REPRESENTATIVE KOPP moved to report HB 105 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 105 was reported from the House Special Committee on Fisheries.

[10:04:27 AM](#)

The committee took an at-ease from 10:04 a.m. to 10:07 a.m.

**HB 65-FISH TAX: REPEAL MUNI REFUNDS/REV. SHARE**

[10:07:09 AM](#)

CHAIR STUTES announced that the final order of business would be HOUSE BILL NO. 65, "An Act repealing the fisheries business tax allocation to municipalities; repealing the refunds to local governments of fisheries business taxes; repealing revenue sharing for the fishery resource landing tax; providing for an effective date by amending the effective date of sec. 36, ch. 61, SLA 2014; and providing for an effective date."

[10:07:42 AM](#)

BRUCE TANGEMAN, Commissioner Designee, Department of Revenue (DOR), testified on behalf of the governor. He paraphrased from the governor's letter of February 15, 2019, [included in the committee packet], which read in part:

Currently, the state shares revenues from state fisheries business taxes with municipalities. For the fisheries business taxes, 50 percent of Fisheries

Business Taxes are shared with the municipalities where the fishery resources were processed. Similarly, the state shares 50 percent of the Fishery Resource Landing Tax with the municipality where the fishery resources were landed. The revenues that form the basis of the disbursement each October are from taxes collected for the previous calendar year of processing and landing of fisheries resources. In fiscal year 2018, the state shared approximately \$29 million in revenues. This bill would repeal the statutes that provide for this revenue sharing.

10:09:15 AM

COMMISSIONER TANGEMAN said the policy rationale behind HB 65 was to identify statewide revenues currently being shared or diverted to help balance the budget. He stated that the Fisheries Business Tax, or the raw fish tax, is collected from processors and people that export unprocessed fishery resources from Alaska and the Fishery Resource Landing Tax is levied on fishery resources processed outside of and first landed in Alaska. He said these taxes relate to processing activities within and outside of an incorporated city or organization borough. He explained HB 65 would make repeal of the revenue sharing portions of these two taxes retroactive to January 1, 2019. Consequently, he continued, these taxes would not be shared with the municipalities in October 2019 even though the taxable event occurred in calendar year 2018.

COMMISSIONER TANGEMAN noted the Fisheries Business Tax dates back to 1899, pre-territorial Alaska. He said the tax was first shared with municipalities at 10 percent of the total revenue in 1962; the share was raised to 20 percent in 1979; and raised to the current 50 percent in 1981. Sharing with an unorganized borough was authorized in 1990, he stated. The Fishery Resource Landing Tax dates back to 1994, he related, and the legislature restructured the tax in 1996 to mirror the Fisheries Business Tax program. Sharing was part of the program from the beginning, he noted. He said the implementation cost would be about \$50,000 to update the tax revenue management system, and no additional staff would be required.

10:11:10 AM

REPRESENTATIVE EDGMON asked, "Why decimate local coastal communities...?" He pointed out, for example, that this revenue sharing represents one-third of Unalaska's revenue, and as an

industrial center the community must provide important water; wastewater; life, safety, and fire protection; law enforcement, and a host of other services. He stated Unalaska would struggle at best to recover that one-third of revenue to its tax base. He further pointed out that Unalaska is just one community of many that would find itself with a huge hole in its budget in one fell swoop. He said there must be some rationale other than needing the money at the state level.

COMMISSIONER TANGEMAN offered his belief that during public testimony the committee will be hearing from all the communities that this would affect. He said the rationale from the state's perspective is that it has limited resources now and is in uncharted territory simply by actions over the last several years that have never been seen before: a portion of the earnings reserve is being used to fund government and portions of the [permanent fund] dividend are not being distributed. The administration's perspective, he related, is that all available revenue to the state needs to be brought to the table and then the executive branch and the legislature need to decide the best and most efficient way to redistribute the entire revenue stream back to Alaska. He said it is not a matter of all of it is coming from the communities never to be seen again.

REPRESENTATIVE EDGMON opined that the [administration's] thinking is absolutely flawed and absolutely counter to the governor's mantra that the state is open for business. He maintained that the multiplier effect of the coastal Alaska economies from the maritime and transportation businesses enhances the entire gross domestic product (GDP) of the state. He said taking away the ability of these local communities to provide a whole host of services cripples their ability to contribute to keeping Alaska open for business. He pointed out that for the last 20 years Unalaska has by volume been the largest seafood community in the state. He further opined that the commissioner's response doesn't have any authenticity with the premise behind the whole thing, knowing that if these local communities are crippled in their ability to provide these services, who will come in and provide the services or where will this money come from? That question remains a black cloud, he continued, and therefore he will be opposing this measure with everything he's got.

[10:15:11 AM](#)

CHAIR STUTES inquired whether, prior to making this decision, the administration had discussions with any of the communities that would be greatly affected by the proposal.

COMMISSIONER TANGEMAN replied that he doesn't know the answer to that question. The fisheries tax resides in the Department of Revenue, he said, but this was a part of the budget process that he was not a part of.

CHAIR STUTES requested that, when the commissioner is next before the committee, a response is provided as to whether there was any kind of dialogue regarding the effect. She concurred with Representative Edgmon that this proposal would preclude Alaska being open for business. Transferring those dollars would shift the burden to local municipalities, she continued, which would prevent them from providing the amenities that are required to maintain a viable, strong, and healthy community for their citizens. She pointed out that a person can live anywhere in the United States and fish in Alaska, and the objective is to keep those people in Alaska with their families and argued that HB 65 is absolutely opposite of that direction.

[10:16:39 AM](#)

REPRESENTATIVE NEUMAN recalled that the landing tax would be retroactive to cover the cost of this operating budget. He asked when those funds are let to the communities.

COMMISSIONER TANGEMAN responded the taxes are distributed back to the communities in October each year and the revenues that are distributed are the actual revenues collected during the previous calendar year. So, he explained, in October [2019] the amount would be distributed based on the actual revenues collected in calendar year 2018.

REPRESENTATIVE NEUMAN offered his understanding that the money that was let this year was collected from the prior year, so the money collected this year is still sitting in the Department of Revenue.

COMMISSIONER TANGEMAN answered yes; the revenues are collected throughout the year and then distributed the following year.

[10:18:14 AM](#)

CHAIR STUTES offered her understanding that the administration's proposal under HB 65 is to collect the 2019 revenue as well as going back to the 2018 revenue from these municipalities.

COMMISSIONER TANGEMAN replied it would be more accurate to say not "distribute" the revenues that the municipalities would be expecting to receive in 2019. The bill wouldn't take revenues that were already distributed, he explained, it would just not distribute revenues that would be expected in October 2019.

CHAIR STUTES rephrased her understanding that it would be to not distribute revenues that the municipalities are currently banking on.

COMMISSIONER TANGEMAN responded yes.

[10:18:58 AM](#)

REPRESENTATIVE KREISS-TOMKINS posed a hypothetical scenario in which HB 65 doesn't pass the legislature and there is a line item in the budget, pursuant to the law, that these revenues get disbursed back to municipalities. He asked whether the commissioner is willing to make any comment to municipalities on the degree to which the governor or administration would abide by the will of the legislature if HB 65 fails to pass and disburse those revenues back to communities and to not line item veto that disbursement.

COMMISSIONER TANGEMAN answered that he cannot speak to what actions the governor may or may not take regarding line item vetoes.

REPRESENTATIVE KREISS-TOMKINS inquired how the commissioner would suggest municipalities plan around that uncertainty.

COMMISSIONER TANGEMAN replied that he couldn't speak to how communities would need to prepare for this action.

REPRESENTATIVE KREISS-TOMKINS commented that that is unfortunate because there is a lot of revenue that is a major share of many municipalities' budgets. He said "black cloud" is appropriate because there is not the wherewithal to respond to that kind of uncertainty. He asked why the administration is not proposing a revenue increase on the fish tax or a different revenue measure, rather than preventing the disbursement of revenues back to the municipalities.

COMMISSIONER TANGEMAN answered that HB 65 is the governor's attempt in this budget process to address a portion of the revenue section. He said the administration is willing to listen to bills that are introduced and recognizes that this will be an ongoing discussion this year and next year.

[10:21:53 AM](#)

REPRESENTATIVE TARR stated that HB 65 doesn't impact Anchorage residents in the same way it does coastal communities, but she sees her role as having a statewide perspective. She expressed her disappointment with the lack of follow-through on some of these proposals. She said she would be willing to work on doing things differently if there was leadership from the third floor on workable proposals. But for this proposal, she continued, there has been no communication with communities and no plan, and it would absolutely devastate small communities. She opined that it is a failure of leadership on the part of the third floor to put forth proposals like this without any backup as to what the impacts would be and to create divisiveness by doing things that disproportionately impact some parts of the state. She offered her hope that the message of needing to do this differently will be heard by the third floor. She said changes must to be done in a way that doesn't devastate a local community and that engages people in how it will be done and how it will work.

[10:23:45 AM](#)

REPRESENTATIVE VANCE allowed that this is a hard and unpleasant conversation, but recalled the governor saying that everything is on the table. Just because everything is on the table doesn't mean it is going to pass, she continued; there needs to be discussion for and against the proposal's merits. She said she agrees with her colleagues that HB 65 goes against the idea of localized government, of Alaska being open for business, and of sharing in the responsibilities of state government.

REPRESENTATIVE VANCE opined that if this fish tax had been 100 percent to the municipalities then she would say that isn't equitable. But, she continued, being at 50 percent it's sharing the load because now her district isn't affected to the degree as some of the other coastal communities. She pointed out that Homer invests the funds directly back into the public access fish dock to support the fishing industry infrastructure. Homer is putting that money directly back to that purpose, she said, and she thinks that is what most of these communities are doing.

She further pointed out that the state relies upon the dock and fishery infrastructure to maintain that resource. To have it swept and then distributed across the state, she added, creates an undue burden on these communities that are expected to maintain this infrastructure.

REPRESENTATIVE VANCE said the responsibility of legislators is to look at the state as a whole. She noted that Alaska's fish belong to everyone but said she can't ignore that these communities are expected to provide that infrastructure and need the support to do so. She observed that HB 65 talks about an established harbor facility grant and grant applications. She further observed that Section 4 deletes the previous language and inserts, "The tax collected under this chapter shall be paid into a separate account in the general fund." She requested the commissioner to speak to the bill itself to provide a full understanding of what is being proposed versus what is currently on the books.

CHAIR STUTES noted that Mr. Brandon Spanos would review the bill once committee members are finished asking questions.

[10:27:07 AM](#)

REPRESENTATIVE KOPP remarked that HB 65 seems broadly consistent with the budget being worked as a math problem behind closed doors versus working with affected constituencies. He said he understands how this can happen, especially if key personalities aren't really tied in with the state. He suggested the administration send someone to Naknek in the summer to see what happens to a little town that goes from 1,100 to about 15,000. He shared his experience of having worked in Naknek year around. He related that the police, fire, and emergency medical calls explode, the landfill load becomes massive from the canneries, and sewer and water loads become massive. He said these little communities need help. He pointed out that currently Naknek is desperately looking for a couple million dollars to build out its sewage infrastructure so it can handle this fishery that is one of the top four largest landings in the U.S. for tonnage going across the dock.

REPRESENTATIVE KOPP further shared his experience of managing the personal use dipnet fishery in the City of Kenai for about seven years. There were no resources, he related, and half of Anchorage and the Matanuska-Susitna Valley were fishing there. He said it was like getting run over by a truck from the sheer force of managing that much parking and that much fish waste and

human waste all along the beaches. These little communities, he continued, feel the same way - when the fishery is over, they take a deep sigh and recover, but it is a tremendous strain on resources and that is why there is this emotion. He advised that being out in these places during the peak will show they aren't sleepy little areas - they are tied into the whole world as a point of origination for landing and catch and they need help to do that better.

[10:30:29 AM](#)

REPRESENTATIVE EDGMON related that the Bristol Bay Borough is a small industrial center and with about 100,000 people coming and going in the summer a lot of services are expanded. He pointed out that the Bristol Bay Borough is looking at over \$10 million just to fix a sewer infrastructure issue that has been lingering for some time and is critical to the overall performance of the local industry. He agreed with Representative Kopp's suggestion to visit communities during the [summer] season. He offered credit to the administration for trying to balance the budget and to bring significant cost drivers under control. He stated everyone needs to be cognizant of the long-term projections and factor them into long-range thinking but opined that the short-term impacts of HB 65 don't pass muster. He asked whether the Dunleavy Administration would be open to new revenues.

COMMISSIONER TANGEMAN replied that Governor Dunleavy is not promoting revenues right now and believes the spending side must be addressed first. He offered his own belief that introducing revenue bills waters down the spending discussion and said he believes the governor would agree on this. He said he believes the spending side needs to be looked at first. He concurred with Representative Kopp that the administration did approach this budget process differently. Commissioner Tangeman related that the governor came to him first and said it needs to be known how much revenue there is. That is why these types of bills are put on the table, he said; it is available revenue, not getting into the impact side of it, which is obviously extreme. The governor wanted to know what the available revenue was first, he continued, and then go to the expenditure side and start prioritizing, almost a zero-based budget approach. That is why there is the budget that was presented and the deficit that was presented, he added. He said the administration doesn't have revenue bills this year, but the administration knows that revenue bills will be discussed as part of the process and will be prepared to sit at these microphones to discuss those when it is appropriate.

REPRESENTATIVE EDGMON recalled the governor's announcement of plans to continue his community visits on the budget. On behalf of the communities in House District 37, Representative Edgmon invited the governor, Commissioner Tangeman, and others to come to the communities, meet with local leaders, and see what it is like in the winter as well as the summer. He said having a local conversation on the budget and the fiscal future is very much warranted and is something he does regularly with his communities.

[10:34:43 AM](#)

CHAIR STUTES asked whether Commissioner Tangeman believes that revenue is a part of the resolution of Alaska's fiscal problem.

COMMISSIONER TANGEMAN responded it is obviously one side of the story - it is available revenue and prioritizing expenditures for that revenue. He said the state is in a position it has never been in before, since building the state's budget has generally started with the previous year's budget and adjusting it as needed. For revenues, he continued, Alaska has lived and died by the price of oil, with boom years and bust years. Living in a state that has stable revenues makes budgeting a completely different exercise, he noted. He added that Alaska is incredibly fortunate to have not had any personal, sales, or other taxes and is the envy of 49 other states because of that. He predicted there would be a new Alaska in the coming decades. He explained that his perspective is to budget the way individuals do their monthly budgets - how much revenue there is to spend, rather than to spend first and then look at the revenue. He offered his belief that revenues are not at the level needed for a sustainable period and that it is a problem everyone must tackle. He said he therefore appreciates the approach that this governor is taking.

CHAIR STUTES said she equates it to the State of Alaska trying to build a new puzzle and all the pieces are needed to complete that puzzle and one of those pieces is revenue.

[10:37:21 AM](#)

REPRESENTATIVE TARR expressed her surprise at the comment about not having a conversation about revenue. This bill, she opined, is recognition that the state needs more revenue, but instead of being a new form the bill just takes the money from local communities. It doesn't seem entirely honest to say that this

isn't a conversation about revenue when really it is, but it's just in a more subverted form, she further opined. It's not a new tax, she continued, it's a shifting of the responsibility, so the conversation is happening but just not in a way that is moving forward.

REPRESENTATIVE KREISS-TOMKINS commented that this is very disagreeable in a policy sense but in an odd way it is an intellectually honest budget. He said this is what a cuts-only approach to balancing the budget looks like, and in a certain sense it moves the conversation forward and brings into focus the stakes, even though the stakes might not be liked.

CHAIR STUTES thanked Commissioner Tangeman for coming before the committee. She recognized that it is not a pleasant subject and offered appreciation for the commissioner's straightforwardness. She invited Mr. Spanos to provide a sectional analysis of HB 65.

[10:39:51 AM](#)

BRANDON SPANOS, Deputy Director, Tax Division, Department of Revenue (DOR), provided a sectional analysis of HB 65. Regarding Section 1 and Section 2 he paraphrased from the analysis included in the committee packet, which read:

Section 1 would amend AS 29.60.800(a), relating to the harbor facility grant fund, to conform to the repeal later in the bill of the statute providing for refunds to municipalities from the fisheries business taxes.

Section 2 would amend AS 29.60.810, relating to grant applications for harbor facilities, to conform to the repeals later in the bill of the statutes providing for the allocations and the refunds to municipalities of fisheries business taxes.

[10:41:05 AM](#)

REPRESENTATIVE NEUMAN requested Mr. Spanos to describe the sections in addition to reading them from the analysis so that the public could better understand them.

MR. SPANOS responded he would do his best but noted that HB 65 is a fairly technical bill with repealers and technicalities. He explained HB 65 would stop the sharing of 50 percent of the tax with local communities and would allow that money to stay in the general fund to be appropriated as the legislature sees fit.

COMMISSIONER TANGEMAN recalled a previous question about the harbor facility grant fund and what that fund has to do with this. He requested Mr. Spanos to explain how that interacts with HB 65 and why it is in the statute in the first place.

MR. SPANOS explained the Department of Commerce, Community, and Economic Development (DCCED) administers the harbor facilities grant fund. He said DOR's function is simply to collect the revenue from the payers of the Fisheries Business Tax and the Fishery Resource Landing Tax and then transfer the revenue to DCCED and the local municipalities. He stated he is unable to speak to how the fund itself functions.

CHAIR STUTES requested Commissioner Tangeman to provide the committee with a response regarding how that would be affected.

COMMISSIONER TANGEMAN replied that DOR would work with DCCED and get back with a response.

[10:43:30 AM](#)

REPRESENTATIVE VANCE brought attention to [page 2, lines 1-4, of HB 65, which state: "A municipality or regional housing authority that owns a harbor facility may submit to the department of Transportation and Public Facilities an application for a harbor facility grant to be used for construction, expansion, major repair, or major maintenance of a harbor facility."] She asked whether that is a different conversation than with DCCED.

COMMISSIONER TANGEMAN responded that DOR administers the tax, collects it, and then distributes the 50 percent back out, which is the gist of the bill. He said DOR would look at the details of the interplay between the Department of Transportation and Public Facilities (DOT&PF), DCCED, and DOR and include that in DOR's responses to the committee.

CHAIR STUTES requested that the response address what effects [the bill] would have on the grants.

REPRESENTATIVE VANCE stated that that is the main issue behind her question. She said the municipalities need support for the fisheries infrastructure and services. She noted that [under Section 4 of the bill] the [tax] money would go into a separate account in the general fund. While the bill says a separate account, she continued, it would nonetheless go into the bigger

Alaskan pot to be redistributed to the communities. She said these coastal communities would have a large deal of uncertainty as to whether that money would be channeled back to them in an equitable manner, yet they bear the larger burden of the infrastructure that supports the fisheries and all the commerce that is generated through them. She related that the communities want to know where the assurance is from the administration that they will still get that money back from the state for the infrastructure and services if the 50 percent mechanism is taken away. If the coastal communities dry up, she opined, so does the commerce and that is the opposite of strengthening the state's economy.

COMMISSIONER TANGEMAN replied that walking through the sectional analysis is not going to address that question. He requested that Mr. Spanos be able to provide the rest of the sectional analysis and offered his appreciation for the question.

[10:46:58 AM](#)

MR. SPANOS resumed the sectional analysis. He explained that Section 4 would amend a title within the tax statute that relates to separate accounting of the Fishery Resource Landing Tax, which is needed to conform to the overall repeal.

MR. SPANOS related that Section 5 would repeal five [statutes], one within DCCED's statutes and the rest within the Tax Division's statutes or the statutes that DOR administers. These repeals, he continued, basically stop the sharing with the municipalities and with any other special funds.

MR. SPANOS said Sections 6 - 9 are simply conforming amendments for delayed provisions that are in existing law.

MR. SPANOS noted Section 10 clarifies the applicability of the first five sections of the bill, so it is transition language.

MR. SPANOS stated Sections 11 - 12 provide DOR with timing for repeal of various regulations that are currently in place relating to the sharing of the taxes.

MR. SPANOS said Section 13 provides for retroactive application. He explained that collection of the 2018 taxes has already happened and those monies are now sitting in the general fund to be shared in October, and this section would have those monies remain in the general fund.

MR. SPANOS related that Sections 14 - 18 provide effective dates for various sections of the bill.

10:49:32 AM

REPRESENTATIVE KREISS-TOMKINS spoke to the point of being open for business. He noted he represents coastal communities and that he has basically heard "no" from many people in his district, which is to be expected given the bill would take revenue away from those communities. A broader point here, he said, is that when talking about revenues from resource extraction or resource industries there is an interest for everybody involved, including the State of Alaska, to have alignment in those revenues. For example, he continued, if the North Slope Borough and the three major oil and gas companies in Alaska were consulted about the oil and gas property tax revenues being taken away from the borough, concern would be found that it is going to have a chilling effect on resource development up there. There would certainly be a similar effect in fisheries, he added. He further related that when reallocation of the cruise ship passenger head tax revenues was looked at, it was found that the cruise industry would be somewhat jeopardized because communities would be unable to manage the effects. There is incentive alignment that is important with these revenues beyond just representing his communities in coastal Alaska that is at play here, he said.

10:51:19 AM

CHAIR STUTES offered appreciation for the commissioner's courage in coming before the committee with such an unpopular bill. Obviously, HB 65 is a very controversial bill, she continued, particularly in coastal communities. She said she is very concerned with how this proposal would affect the communities she represents as well as coastal communities throughout Alaska. She stated that these fishing communities provide the infrastructure and raw services for the industry and that these communities depend on their portion of the raw fish tax to fund their local budgets. She said she has heard no justifications for why the state should be entitled to the municipal share. Aside from there being little justification for such action, she opined, there is no benefit to the residents of the state and would hurt residents. She pointed out that while residents don't pay any state taxes, they do pay local taxes, and the state would be forcing local governments to either raise taxes on residents to make up the shortfall or drastically reduce essential services. She said the aforementioned is simply her

opinion and she welcomes further discussion and explanation from the administration on why this is a good idea and she will try to keep an open mind. She noted there would be invited and public testimony at the bill's next hearing.

[HB 65 was held over.]

[10:53:11 AM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 10:53 a.m.