

**ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE**

March 31, 2025

3:30 p.m.

DRAFT

MEMBERS PRESENT

Senator Cathy Giessel, Chair
Senator Matt Claman
Senator Forrest Dunbar
Senator Scott Kawasaki
Senator Shelley Hughes
Senator Robert Myers

MEMBERS ABSENT

Senator Bill Wielechowski, Vice Chair

COMMITTEE CALENDAR

PRESENTATION: FISHERIES TASK FORCE REPORT

- HEARD

SENATE BILL NO. 130 "An Act relating to the fisheries product development tax credit; providing for an effective date by amending the effective date of sec. 2, ch. 31, SLA 2022; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 135 "An Act relating to the sharing of tax revenue from the fisheries business tax and fishery resource landing tax with municipalities; relating to municipal reports on the shared tax revenue; and providing for an effective date."

- HEARD & HELD

CS FOR HOUSE JOINT RESOLUTION NO. 11(RES) AM Recognizing and honoring the relationship between Canada and Alaska.

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 130

SHORT TITLE: FISHERIES PROD DEVELOPMENT TAX CREDIT SPONSOR(s):
RULES BY REQUEST OF TASK FORCE EVAL ALASKA SEAFOOD INDUSTRY

03/12/25 (S) READ THE FIRST TIME - REFERRALS
03/12/25 (S) RES, FIN
03/31/25 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 135

SHORT TITLE: REFUND OF FISH BUSINESS TAX TO MUNIS SPONSOR(s):
RULES BY REQUEST OF TASK FORCE EVAL ALASKA SEAFOOD INDUSTRY

03/18/25 (S) READ THE FIRST TIME - REFERRALS
03/18/25 (S) RES, FIN
03/31/25 (S) RES AT 3:30 PM BUTROVICH 205

BILL: HJR 11

SHORT TITLE: RECOGNIZING ALASKA/CANADA RELATIONSHIP SPONSOR(s):
KOPP

02/26/25 (H) READ THE FIRST TIME - REFERRALS
02/26/25 (H) RES
03/10/25 (H) RES AT 1:00 PM BARNES 124
03/10/25 (H) -- MEETING CANCELED --
03/14/25 (H) RES AT 1:00 PM BARNES 124
03/14/25 (H) Moved CSHJR 11(RES) Out of Committee
03/14/25 (H) MINUTE(RES)
03/17/25 (H) RES RPT CS(RES) 7DP 1NR
03/17/25 (H) DP: FIELDS, HALL, ELAM, RAUSCHER,
MEARS, DIBERT, BURKE
03/17/25 (H) NR: COULOMBE
03/24/25 (H) TRANSMITTED TO (S)
03/24/25 (H) VERSION: CSHJR 11(RES) AM
03/26/25 (S) READ THE FIRST TIME - REFERRALS
03/26/25 (S) RES
03/31/25 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

TIM LAMKIN, Staff
Senator Gary Stevens
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Gave the presentation Fisheries Task Force Report.

SENATOR GARY STEVENS, District C

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced the presentation Fisheries Task Force Report.

TIM LAMKIN, Staff
Senator Gary Stevens
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced SB 130 on behalf of the Senate Rules Committee by request of the Task Force Evaluating Alaska Seafood Industry.

JULIE DECKER, President
Pacific Seafood Processors Association (PSPA)
Wrangell, Alaska

POSITION STATEMENT: Testified by invitation in support of SB 130.

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

POSITION STATEMENT: Answered questions on SB 130.

CHRIS BECKER, Lead Auditor
Tax Division, Department of Revenue (DOR)
Anchorage, Alaska

POSITION STATEMENT: Answered questions on SB 130.

TIM LAMKIN, Staff
Senator Gary Stevens
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced SB 135 on behalf of the sponsor.

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

POSITION STATEMENT: Answered questions on SB 135.

CHRIS BECKER, Lead Auditor
Tax Division
Department of Revenue (DOR)
Anchorage, Alaska

POSITION STATEMENT: Answered questions on SB 135.

NILS ANDREASSEN, Executive Director
Alaska Municipal League
Juneau, Alaska

POSITION STATEMENT: Testified by invitation in support of SB 135.

REPRESENTATIVE CHUCK KOPP, District 10
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HJR 11.

RANJ PILLAI, Premier of Yukon
Whitehorse, Yukon Territory, Canada

POSITION STATEMENT: Testified by invitation in support of HJR 11.

MATT MORRISON, Executive Director
Pacific NorthWest Economic Region (PNWER)
Seattle, Washington

POSITION STATEMENT: Testified by invitation in support of HJR 11.

JOHN RODDA, Vice President
Arctic Winter Games International Committee
Anchorage, Alaska

POSITION STATEMENT: Testified by invitation in support of HJR 11.

SARAH FRAMPTON, Executive Director
Arctic Winter Games Team Alaska (AWGTA)
Fairbanks, Alaska

POSITION STATEMENT: Testified by invitation in support of HJR 11.

MIKE COONS, representing self
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to HJR 11.

ACTION NARRATIVE

3:30:30 PM

CHAIR GIESSEL called the Senate Resources Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Myers, Claman, Dunbar, Kawasaki, Hughes and Chair Giessel.

PRESENTATION: FISHERIES TASK FORCE REPORT

[3:31:43 PM](#)

CHAIR GIESSEL announced the presentation Fisheries Task Force Report.

[3:32:01 PM](#)

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, Juneau, Alaska, introduced himself and said that Senator Gary Stevens would arrive shortly to introduce the Fisheries Task Force Report. He explained that Senate Concurrent Resolution 10 (2024) created the Joint Legislative Task Force Evaluating Alaska's Seafood Industry. The task force consisted of four senators and four representatives and met 12 times. He said the impetus for the task force was the economic crisis faced during the previous fishing season along with a salmon task force formed in the early 2000s.

[3:33:10 PM](#)

SENATOR GARY STEVENS, District C, Alaska State Legislature, Juneau, Alaska, said Senate Concurrent Resolution 10 created the Joint Legislative Task Force Evaluating Alaska's Seafood Industry (also known as the Alaska Seafood Industry Task Force (ASTF)) to explore how the State of Alaska can help the seafood industry recover from the recent economic crisis. He said the seafood industry is the largest manufacturing sector in Alaska and employs roughly 38,000 workers and impacts more than 142 communities. In 2001-2002, the seafood industry was the largest source of income for 11 communities. He said the industry has a financial impact of close to \$6 million. He stated that a variety of headwinds, market, and economic conditions - including depressed consumer demand, weakened US currency, deflated prices, and international overharvesting - have made Alaska's seafood products less competitive in the market.

SENATOR STEVENS said the task force met monthly and heard from a wide variety of industry stakeholders, including fishermen, scientists, and businessmen, among others. The task force produced its final report at the end of January 2025. Some recommendations are long-term, while others are short-term and more swiftly attainable. He said the task force made a concerted effort and focused its time on finding both short- and long-term solutions and sought ways to improve the status of the seafood industry.

[3:35:38 PM](#)

MR. LAMKIN explained that the Alaska Fisheries Industry Task Force (ASTF) was inspired by work done by a 20-member fisheries task force formed in 2002, of which Senator Stevens was a member. He briefly discussed the work done by the 2002 fisheries task force and highlighted the complexity and size of that project, which focused solely on the salmon fishery. He noted that the 2002 fisheries task force's findings are available online. In contrast, ASTF is an eight-member task force that evaluated all fisheries in the state of Alaska. The task force had a six-month timeframe in which to complete its work. He said that, in addition to the task force recommendations, there is a substantial portfolio of legislation.

[3:37:09 PM](#)

MR. LAMKIN directed attention to a spreadsheet in members' packets, titled "Joint Legislative Task Force Evaluating Alaska's Seafood Industry, Summary of Action Points," which summarizes the task force's final report. He indicated that the items are not listed in order of priority; however, the list indicates those items that are immediately actionable. He directed attention to items 7a, 7b, and 8 and explained that these relate to product development tax credits and "fish tax" revenue sharing, including how those revenues are allocated. He said he would present the remaining action items and explain their status and categorization.

[3:38:12 PM](#)

MR. LAMKIN identified several report components. He highlighted the finance and tax component. Additional areas of focus include:

- Infrastructure
- Workforce Development
- Federal Recommendations (Including recommendations for resolutions)
- Marketing (Alaska Seafood Marketing Institute (ASMI))
- General

MR. LAMKIN indicated that page one contains near-term recommendations, while page two includes larger, long-term projects. He noted that the report also includes mid-term items (driven primarily through budget appropriations) and proposed setting those items aside and focusing on the policy components on page one.

MR. LAMKIN continued to discuss the summary of action points. He directed attention to item 10, which relates to insurance pooling and risk management within the seafood sector. Legislation that would help the fishing fleet mitigate insurance risk is currently under consideration. Action point 18 includes budget components and encourages Alaska Industrial Development and Export Authority (AIDEA) and the Alaska Energy Authority (AEA) to prioritize energy generation and grid development in coastal (rural) Alaska.

[3:40:15 PM](#)

MR. LAMKIN continued to discuss the summary of action points. He said item 9 relates to the AIDEA Emergency Loan Program and addresses contingencies for negative market or harvest events. He moved to the next segment of the summary, which includes items 6a-6c and 9. This segment touches on the Alaska Commercial Fishing and Agriculture Bank (CFAB) and the Commercial Fisheries Revolving Loan Fund. He briefly explained the reasons for the recommended changes, which seek parity between CFAB and CRFL and said the loans referenced target smaller, independent Alaska-based processors. Item 22 is underway and primarily impacts the University of Alaska (UA) and the Department of Labor and Workforce Development (DOLWD). This would improve data sharing between organizations and would provide that information to the legislature.

[3:42:05 PM](#)

MR. LAMKIN continued to discuss the summary of action points. He explained that items 3-4 address the Commercial Fisheries Entry Commission (CFEC) and relate to permit optimization, buyback programs, and studying fiscally challenged fisheries. He noted that proposed changes to CFEC are often sensitive and involve constitutional considerations. Item 15 seeks nexus for the Village Safe Water program and community owned cold storage. He indicated that making cold storage available for small producers was a recurring topic during task force discussions.

[3:43:21 PM](#)

MR. LAMKIN continued to discuss the summary of action points. He noted that item 2, which proposes including a Division of Seafood and Marine Resources within the proposed Department of Agriculture, has been partially addressed [by SB 128]. He noted particular interest in including seafood in the proposed department. He said that items 30, 29, 28, 27, 19, and 1 include federal recommendations. Each would take the form of a joint resolution. He indicated that many of these have been drafted and are awaiting introduction.

[3:44:24 PM](#)

MR. LAMKIN continued to discuss the summary of action points. He directed attention to items 12 and 13, which recognize the need for supplemental and ongoing support for the Alaska Seafood Marketing Institute's (ASMI) efforts to promote Alaskan seafood.

[3:44:52 PM](#)

CHAIR GIESSEL emphasized the depth and breadth of the summary of action points and expressed appreciation for the detailed organization of each action point.

SB 130-FISHERIES PROD DEVELOPMENT TAX CREDIT

[3:45:24 PM](#)

CHAIR GIESSEL announced the consideration of SENATE BILL NO. 130 "An Act relating to the fisheries product development tax credit; providing for an effective date by amending the effective date of sec. 2, ch. 31, SLA 2022; and providing for an effective date."

[3:45:40 PM](#)

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, Juneau, Alaska, said SB 130 closely models legislation Senator Stevens introduced several years ago that expanded the value-added tax credits for salmon and herring. SB 130 further expands the value-added tax credits to include all species. He said this is the product of continuing discussions with the processing sector and is an attempt to acknowledge the complexities of that sector. He said the change would create greater flexibility for those who would qualify for the tax credits.

[3:47:15 PM](#)

SENATOR DUNBAR asked if the Department of Revenue (DOR) was available for questions.

[3:47:31 PM](#)

CHAIR GIESSEL replied yes.

[3:47:43 PM](#)

SENATOR DUNBAR said he would hold his question until after invited testimony.

[3:48:01 PM](#)

MR. LAMKIN said there are two invited testifiers, one from DOR and one from the Pacific Seafood Processors Association.

3:48:20 PM

CHAIR GIESSEL [announced invited testimony on SB 130].

3:48:49 PM

JULIE DECKER, President, Pacific Seafood Processors Association (PSPA), Wrangell, Alaska, provided a brief overview of PSPA. She said PSPA strongly supports SB 130. She said this legislation would provide an incentive to Alaska seafood processors to invest in new equipment to produce higher quality value-added products in Alaska. She argued that this would provide long-term economic benefits to the State of Alaska, coastal communities, fishermen, and processors. She pointed out that SB 130 does not change the current maximum value of the tax credit, which remains capped at 50 percent of a processing company's Alaska fisheries business tax. SB 130 would expand the types of equipment and the species eligible for the tax credit. In addition, it would facilitate a one-time private investment in equipment that would continue to increase the quality and utilization of each fish (and of associated value-added products) year after year. This would increase the long-term value of the fishery resource to all users (i.e. the State of Alaska, communities, fishermen, and processors).

MS. DECKER said fish taxes are based on fish value; therefore, SB 130 would provide increased returns to the State of Alaska and communities. She pointed out that this legislation is supported by a previous analysis by the McKinley Research Group, which showed a return on investment of over 200 percent to the state's general fund. She stated that the health of the seafood industry is critical to Alaska, generating \$6 billion in economic activity each year. The seafood industry is the state's largest manufacturing and export sector. She said that the seafood industry lowers transportation costs for all Alaskans. She stated that the seafood industry is facing historically challenging economic conditions and offered data to illustrate this. She said United States Department of Agriculture (USDA) purchases of Alaska salmon and pollock and the ban on Russian seafood have resulted in inventory stabilization. However, other economic conditions have not significantly improved. She emphasized the unknown risks related to trade and tariffs, which may be significant. SB 130 would implement one of the near-term recommendations of the Joint Legislative Task Force Evaluating Alaska's Seafood Industry (ASTF). She stated that the task force final report focuses on several near-term items within Alaska's purview that would positively impact the fishing industry. She said the primary understanding [of the report] is that lower

operating costs and increased product value are necessary for change to occur. She reiterated that SB 130 would encourage a one-time investment that would then increase the long-term value of fishery resources.

[3:52:51 PM](#)

SENATOR DUNBAR asked how often processors reach the 50 percent cap.

[3:53:20 PM](#)

MS. DECKER shared her understanding that the total tax credit is \$1 million to \$3 million per year on average. She said that this indicates that processors are either not taking advantage of the tax credit or are not reaching the cap.

[3:53:44 PM](#)

SENATOR KAWASAKI noted that SB 130 would expand the tax credit to any species and asked if there is a reason any fishery should be excluded.

[3:54:10 PM](#)

MS. DECKER opined that, if the State of Alaska is interested in increasing value through quality improvements and increasing value-added processing (which generally leads to more jobs and activity in the state), there is no reason to exclude any fisheries. She further opined that extending the tax credit to all fisheries would further those goals. She noted that the tax credit already extends to the major state fisheries.

[3:54:51 PM](#)

SENATOR KAWASAKI asked whether all fisheries are equally stressed.

[3:55:15 PM](#)

MS. DECKER rephrased the question. She asked if the question is whether all fisheries are facing the same economic challenges.

[3:55:29 PM](#)

SENATOR KAWASAKI replied yes.

[3:55:35 PM](#)

MS. DECKER replied that not all fisheries are experiencing the same economic challenges; however, in 2023, the economic downturn impacted nearly all fisheries.

[3:56:02 PM](#)

MR. LAMKIN said the task force discussed various species at length. He agreed that the tax credit was initially for salmon only, and over time the legislature extended the credit to cod, pollock, herring, and sable fish. He said some processors operate in multiple fisheries and this can create difficulties in determining where the tax credit would apply. Extending the tax credit to all fisheries would avoid this issue. Additionally, any new fisheries would be included, which would encourage future investment and activity in those fisheries. He indicated that expanding the tax credit to all fisheries would create greater ease when new fisheries open.

[3:57:51 PM](#)

BRANDON SPANOS, Deputy Director, Tax Division, Department of Revenue (DOR), Anchorage, Alaska, introduced himself and said he is available for questions or to review the fiscal note from the Department of Revenue, OMB Component Number 2476, dated March 28, 2025.

[3:58:08 PM](#)

SENATOR DUNBAR observed that committee members did not receive a copy of the SB 130 Department of Revenue (DOR) fiscal note.

CHAIR GIESSEL asked Mr. Spanos to provide an overview of the DOR fiscal note.

[3:58:38 PM](#)

MR. SPANOS apologized for the delay in releasing the fiscal note. He directed attention to the fiscal note from the Department of Revenue, OMB Component Number 2476, dated March 28, 2025. He said the fiscal note is indeterminate but has average high and low scenarios on page 2. He explained that the revenue impact is indeterminate because the changes in utilization - and the impact of the economic downturn on future investments - are unknown. He said DOR developed the average high and low scenarios by scaling up existing fisheries product development tax credit forecast. This accounts for the expansion to all species and new equipment, beginning on January 1, 2025. He explained that this also accounts for a three-year carry-forward extension. He said the credit will be sunset in 2030 and the fiscal note includes a 2031 date, as DOR anticipates 75 percent of the 2030 credit will be utilized in 2031 as a carry-forward. He referred to page 2 of the fiscal note from the Department of Revenue, OMB Component Number 2476, dated March 28, 2025, and noted the following impacts by fiscal year (FY):

2 Year Average Credit Utilization Rate Scenario (in millions):

FY2026 - (1,010.0)

FY2027 - (1,040.0)

FY2028 - (2,060.0)

FY2029 - (3,090.0)

FY2030 - (4,120.0)

FY2031 - (3,770.0)

High Rate Adoption Scenario (in millions):

FY2027 - (1,120.0)

Low Rate Credit Scenario (in millions):

FY2027 - (950.0)

[4:00:44 PM](#)

SENATOR DUNBAR asked what types of taxes processors are currently paying that would be impacted by SB 130. He shared his understanding that this is 50 percent of total tax liability and surmised that this would apply only to state taxes. He wondered if SB 130 applies to corporate income taxes. In addition, he asked about the total tax liability that those processors are currently paying.

[4:01:21 PM](#)

MR. SPANOS replied that SB 130 applies to fisheries taxes and does not apply to the corporate income tax. He said this would apply to the fisheries business tax. He said it might also apply to the fisheries resource landing tax and deferred to the Tax Division for further clarification. He said he would follow up with information on annual tax liability.

[4:01:59 PM](#)

CHRIS BECKER, Lead Auditor, Tax Division, Department of Revenue (DOR), Anchorage, Alaska, clarified that the credit only applies to the fisheries business tax. He said that, in FY2024, the total tax before credits was \$35 million. He contrasted this with the \$51 million in FY2023.

[4:02:22 PM](#)

SENATOR DUNBAR commented that this is a remarkably low utilization of tax credits relative to other industries. He noted FY2023 totals of \$51 million and recalled that tax credit claims average \$1 million to \$3 million per year. He acknowledged that businesses can only take half; however, there would still be \$25 million in available tax credits. He surmised that the low utilization is related to the limited application of the credit.

[4:03:20 PM](#)

CHAIR GIESSEL held SB 130 in committee.

SB 135-REFUND OF FISH BUSINESS TAX TO MUNIS

[4:03:30 PM](#)

CHAIR GIESSEL announced the consideration of SENATE BILL NO. 135 "An Act relating to the sharing of tax revenue from the fisheries business tax and fishery resource landing tax with municipalities; relating to municipal reports on the shared tax revenue; and providing for an effective date."

[4:03:52 PM](#)

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, Juneau, Alaska, said SB 135 is inspired by and modeled after legislation that was introduced in 2012 and relates to fisheries tax revenue sharing. He briefly discussed the history of fisheries tax revenue sharing and explained that the revenue split was originally 10/90 (with ten percent going to local municipalities). He said the revenue sharing is intended to support fisheries-related activities in coastal communities (e.g. canneries). He stated the revenue share for municipalities has increased twice, in 1979 (an increase to 20 percent) and in 1981 (an increase to the current share of 50 percent). He shared his understanding that municipalities typically receive 50 percent in the form of a refund. He said the fisheries business tax and the fisheries landing resource tax are shared between municipalities and the State of Alaska. In general, SB 135 would shift the split from 50/50 to 60/40 (with 60 percent going to municipalities). He emphasized that SB 135 does not change the tax level or the fisheries policies. He said the intention of SB 135 is to begin discussions and there is room for change. He pointed out that Joint Legislative Task Force Evaluating Alaska's Seafood Industry (ASTF) considered shifting the revenue so that municipalities received 100 percent. He surmised that the Senate Finance Committee would discuss the fiscal impact at length. He noted that

representatives from the Department of Revenue and the Alaska Municipal League (AML) would provide additional testimony.

[4:06:54 PM](#)

SENATOR HUGHES referred to page 2, paragraph 3 of the fiscal note from the Department of Revenue (DOR), OMB Component Number 2476, dated March 28, 2025. She pointed out that, according to the fiscal note, the revenue split between municipalities and the state would range from 60-75 percent, depending on tax type and processing location. She acknowledged that coastal communities are struggling and indicated concern about potentially decreasing the State of Alaska's revenue amounts. She asked for additional information about range in the revenue split.

[4:07:28 PM](#)

MR. LAMKIN replied that reading SB 135 and the sectional analysis would be the most helpful way to understand those changes. He explained that the split changes depending on whether the local government falls within a qualified municipality, is an unorganized borough, etc. He said that he did not do in-depth historical research on the origin of the policies; however, he surmised that the politics of that time impacted the structure of the current statute.

[4:08:18 PM](#)

CHAIR GIESSEL said that Department of Revenue (DOR) and Department of Commerce, Community and Economic Development (DCCED) representatives were available to answer questions.

[4:08:37 PM](#)

SENATOR HUGHES noted that it is a complicated issue and asked whether DOR could speak to the potential revenue impact this change would have on the State of Alaska.

[4:08:49 PM](#)

CHAIR GIESSEL pointed out that there was a fiscal note and invited Mr. Spanos to provide additional information.

[4:08:58 PM](#)

BRANDON SPANOS, Deputy Director, Tax Division, Department of Revenue (DOR), Anchorage, Alaska, said that the current structure of the revenue share is simpler than the language in SB 135. He expressed uncertainty regarding whether this was intentional. He said the changes to the fisheries business tax - including the 60-75 percent split - are different than the fisheries development tax. He suggested that this may have been

an oversight. He explained that, currently, the statute includes a 50/50 split for revenue sharing and said that, if the intention is to create a 60/40 split, DOR could suggest amended language options to achieve that goal. He explained that, generally, this would give 30 percent each to the city and the borough (if the city is in an organized borough), and the state would receive 40 percent.

MR. SPANOS shared his understanding that, as currently written, every case results in a 75/25 percent split. He explained that 75 percent would either go directly to local communities or to the Department of Commerce, Community and Economic Development (DCCED) to be shared out with local communities. He expressed uncertainty with the allocation program of DCCED and surmised that it is different from the way DOR would distribute the revenue share. He referred to the fiscal note from the Department of Revenue (DOR), OMB Component Number 2476, dated March 28, 2025, and explained that the fiscal note assumes a 75/25 percent split. He said that in fiscal year (FY) 2026, this would result in a negative budget impact of \$12.3 million. He said that amount would be appropriated in the current budget year but would not be paid out until the following budget year. In FY2031, there would be a negative budget impact of \$16.8 million.

[4:11:10 PM](#)

SENATOR MYERS observed that SB 135 includes a stair step method for new cities created within a borough but does not address new boroughs created to encompass a city. He offered a hypothetical example and asked if this also needs to be addressed.

[4:11:49 PM](#)

MR. LAMKIN deferred the question.

[4:12:03 PM](#)

MR. SPANOS expressed uncertainty. He said the stair step method is in current statute and SB 135 would change the amount communities receive, depending on how long each has been incorporated. He deferred the question.

[4:12:30 PM](#)

CHRIS BECKER, Lead Auditor, Tax Division, Department of Revenue (DOR), Anchorage, Alaska, said current statute does not address new boroughs formed around cities.

[4:12:51 PM](#)

SENATOR MYERS observed that the impetus for the fisheries tax revenue sharing is related to harbor maintenance. He noted that those facilities were previously owned by the State of Alaska. He pointed out that, according to the sponsor statement for SB 135, if municipalities are unable to maintain harbor facilities, the harbor facility titles revert to the State of Alaska. He asked whether any municipalities have requested to return harbor ownership to the State of Alaska rather than making changes to the revenue sharing structure.

[4:13:43 PM](#)

SENATOR STEVENS replied that he is not aware of any municipalities making that request.

SENATOR MYERS wondered if this should be considered in the place of changing the fisheries tax revenue sharing.

[4:13:55 PM](#)

SENATOR STEVENS replied that ASTF heard from many communities that were highly impacted by the industry downturn. He noted that some communities have lost their processors and there is no way for the State of Alaska to help them. However, for other small communities where processors remain, a small amount of assistance would be highly impactful. He opined that some communities have not yet realized the impact the industry downturn will have. He said SB 135 is an attempt to help fishing communities during a difficult time and added that the funds are not limited to harbor maintenance.

[4:14:55 PM](#)

SENATOR KAWASAKI shared his understanding that the intention was for municipalities to use the funds from revenue sharing on related infrastructure improvements. He asked if this is how municipalities ultimately used the revenues.

[4:15:46 PM](#)

MR. SPANOS asked to hear the question again.

[4:15:51 PM](#)

SENATOR KAWASAKI said the intent is for the money collected from the landing tax to be distributed to communities that have related ports, and for those communities to use the funds for port maintenance and related infrastructure. He asked if DOR is aware of how the money is spent or whether it is rolled into the municipality's general fund.

[4:16:27 PM](#)

MR. SPANOS shared his understanding that current statute does not specify that communities must spend the funds from revenue sharing on fisheries infrastructure. He surmised that the revenue is deposited into the municipality's general fund.

[4:16:52 PM](#)

MR. LAMKIN directed attention to SB 135, Section 8, page 4, and said this would require municipalities to begin reporting how they are spending monies from the fisheries business tax. He then directed attention to SB 135, Section 15, page 8, which contains a similar reporting requirement for the landing tax fisheries monies.

[4:17:27 PM](#)

CHAIR GIESSEL noted that Alaska Municipal League (AML) would also provide testimony on SB 135.

[4:17:40 PM](#)

SENATOR DUNBAR expressed interest in seeing what the reporting requirement reveals and whether municipalities are spending the funds on harbor maintenance. He argued that the State of Alaska should not strictly regulate how the money is spent, as there are many ways to make communities livable that would directly benefit those in the fishing industry. He asked whether the State of Alaska has always followed the revenue sharing formula - or whether there have been times when the State of Alaska has not paid out the full amount due to fiscal restrictions. He wondered if the State is bound by the language - or whether the money could be deposited into the State of Alaska's general fund if needed.

[4:18:58 PM](#)

MR. SPANOS said that to his knowledge, the money has always been appropriated to the designated fund, which has been shared with the communities. He said that according to the [Shared Taxes and Fees Annual Report], the State of Alaska distributed \$16.17 million of fisheries business taxes to local communities. He added that during the Covid-19 pandemic, the distribution matched the previous year's share. He explained that during one of those years, the legislature appropriated additional funds to match the prior year's distribution.

[4:20:03 PM](#)

CHAIR GIESSEL announced invited testimony on SB 135.

[4:20:24 PM](#)

NILS ANDREASSEN, Executive Director, Alaska Municipal League, Juneau, Alaska, read the following written testimony on SB 135:

[Original punctuation provided.]

Chair and members of the Senate Resources Committee,

Thank you for the opportunity to testify today. My name is Nils Andreassen, and I am the Executive Director of the Alaska Municipal League, representing local governments across Alaska. We appreciate the work of the Alaska Seafood Industry Task Force and the thoughtful consideration of this bill, SB 135, which reflects recommendations aimed at enhancing support for coastal communities.

We are supportive of the intent of SB 135 to increase the share of fisheries tax revenue distributed to municipalities. This recognition of the important role that local governments play in supporting the seafood industry and providing services that benefit fisheries-dependent communities is welcomed and appreciated.

Alaska's coastal cities and boroughs are essential to the operation and success of the state's seafood industry. Local governments own and maintain the majority of ports and harbors across the state, managing critical infrastructure that enables the safe and efficient movement of significant volumes of seafood. Many of these facilities are aging and require ongoing investment to ensure their continued functionality and safety. The revenue provided through fisheries taxes is essential for maintaining these assets and supporting the broader network of services and infrastructure that enable this industry to thrive.

Further, the benefits of this revenue extend beyond infrastructure maintenance. It supports emergency services, transportation systems, housing, and other community needs that directly and indirectly benefit the seafood industry. For many of Alaska's municipalities, fisheries-related revenue provides essential funding that contributes to overall community well-being and economic resilience. As you work to move this bill forward, we would like to

respectfully raise a few points for consideration that we believe would strengthen this legislation:

Not all recipients of fisheries tax revenue maintain or operate harbor facilities. While we recognize the importance of maintaining and improving these facilities for the benefit of the seafood industry, a requirement to allocate additional funds specifically for this purpose may not be applicable or practical for all local governments.

For instance, the business tax includes the communities of Houston and Anderson, which aren't coastal but where businesses are located that contribute to the seafood industry. Another wrinkle to consider is that while a borough like Kodiak Island receives a share, it is the City of Kodiak that has the port and harbor powers.

Flexibility in the use of these funds should be considered to ensure all recipients can utilize them in ways that best support their communities.

It is critical that this increase in revenue sharing be seen as additive, rather than a replacement for other forms of state investment. Local governments depend on a predictable and reliable revenue stream to meet their obligations and to provide services that benefit the industry and community members alike. This legislation should make clear that other forms of state support are not to be diminished as a result.

[4:23:51 PM](#)

MR. ANDREASSEN continued to read from the following written testimony on SB 135:

[Original punctuation provided.]

AML last surveyed port and harbor infrastructure improvement needs in 2019 and identified \$600 million in needs. We will recreate that survey this year, but the scale of need is important to evaluate and ensure that together we are appropriately meeting the needs of these communities relative to the industries dependent on improvements.

Finally, we are concerned about the potential administrative burden associated with the requirement for annual reports. For many local governments, particularly those that receive only a minimal amount of revenue from this program, the cost of compliance may exceed the benefit of the increased share. We recommend the Committee consider ways to streamline reporting requirements to ensure they are not unnecessarily burdensome.

I noted payments of the fisheries business tax in FY 23 to two communities of \$244 and \$214 each. We have to think about the increase involved and whether it actually increases the ability for these communities to improve facilities, or complete the annual report to the Legislature that will now be necessary. Perhaps there are alternatives to achieve this same goal.

The Alaska Municipal League and its members are supportive of finding additional ways in which the State may contribute to investments in coastal communities, and we commend the Task Force and this Committee for its consideration. We appreciate your willingness to consider these suggested improvements and look forward to continuing to work with you to enhance this legislation for the benefit of not just local governments, but the seafood industry that is interdependent.

Thank you for your time and consideration. I am happy to answer any questions you may have.

4:25:40 PM

SENATOR DUNBAR agreed that the reporting requirement is excessive for communities that receive minimal amounts. He asked about the maximum amount communities receive and wondered what a reasonable cutoff would be. He wondered whether "\$10 thousand or more," or "\$50 thousand or more" would be reasonable. He acknowledged that keeping track of the funds is important; however, he suggested that a report may be unnecessary for \$240.

4:26:26 PM

MR. ANDREASSEN replied that he does not have those numbers; however, he surmised that DOR would have that information. He opined that each community should be allowed to determine the appropriate cutoff. He emphasized that any increase in revenue is positive for local governments. He noted that the funds are

used for a variety of community needs. He pointed out that communities may have complicated harbor improvement and capital improvement plans, along with other community needs. He indicated that determining the distribution amount and the reporting requirement cutoff could be complex and stated that this should be based on the circumstances of each community. He noted that SB 135 would increase the revenue share for use on port and harbor maintenance and other infrastructure needs, and all communities would receive an increase. However, he pointed out that needs differ greatly by community. He stated that the increased revenue share should be structured and disseminated in a way that is responsive to the needs and resources of each community.

[4:28:12 PM](#)

SENATOR DUNBAR acknowledged that communities have unique needs and would prefer a more wholistic approach; however, he indicated that choosing a specific cutoff may be necessary for administrative simplicity. He pointed out that SB 135 is not structured in a way that is responsive to each community's needs. He commented that a more responsive approach to funding could be found in the capital grant process, whereas SB 135 offers blanket community revenue-sharing. He argued that this type of revenue sharing maintains more flexibility.

[4:29:18 PM](#)

MR. ANDREASSEN commented that a blanket increase is the fairest way to distribute the funds. He pointed out that the ASTF report recommends that 100 percent of the funds be distributed to the local communities and suggested that this amount would create a high bar. He clarified that AML is willing to work with the committee and the legislature to ensure SB 135 is a right fit for everyone involved. He said that many of the task force recommendations are interdependent, and local governments have a role in most of those recommendations. He emphasized the importance of thinking about the recommendations wholistically. He reiterated that AML appreciates SB 135 and is willing to be a part of those conversations as the legislation moves forward.

[4:31:09 PM](#)

SENATOR STEVENS expressed appreciation for Mr. Andreassen's comments. He reiterated that two communities have lost their local processors and receiving a larger share of the tax would not provide an advantage to those communities. He opined that it makes sense for the communities to use those funds as they see fit. He acknowledged the challenges that coastal communities will face in the coming years. He indicated that it would be

reasonable to deposit the funds into each community's general fund and allow communities to decide where those funds are most needed.

[4:32:07 PM](#)

CHAIR GIESSEL held SB 135 in committee.

HJR 11-RECOGNIZING ALASKA/CANADA RELATIONSHIP

[4:32:37 PM](#)

CHAIR GIESSEL announced the consideration of CS FOR HOUSE JOINT RESOLUTION NO. 11(RES) am Recognizing and honoring the relationship between Canada and Alaska.

[4:32:55 PM](#)

REPRESENTATIVE CHUCK KOPP, District 10, Alaska State Legislature, Juneau, Alaska, said HJR 11 presents a unified voice of restoration and reconciliation among allies, at a time when trade restrictions have challenged that relationship. He emphasized that this is not related to partisan and/or ideological questions. Rather, HJR 11 addresses the historical and present-day ties between Alaska and Canada. He briefly discussed the historical Alaska-Canada relationship and emphasized the importance of that relationship for Alaska's access to the Lower 48. He acknowledged the important relationship indigenous communities have with the land in both Alaska and Canada. He recalled that Alaska and Canada worked together during World War II to build the Alaska-Canada Highway. He emphasized the importance of the highway for both Alaska and Canada. He discussed the important connection between Alaskan and Canadian communities and highlighted shared sporting events. He listed the many industries that utilize the Alaska-Canada Highway as well as industries that rely on ports in both countries.

[4:35:00 PM](#)

REPRESENTATIVE KOPP said HJR 11 highlights the importance of the trade partnership between Alaska and Canada. He noted that Alaska exports \$596 million to Canada and imports \$753 million annually from Canada. He emphasized that Alaska depends on its connection to Canada for connection to critical supply chains and offered examples, including food and fisheries. He said Alaska's oil and mining industries are tied to Canadian investments. He pointed out that more than 23,000 Alaskan jobs are connected to Canadian trade and over 47 Canadian-owned businesses operate within Alaska.

[4:36:55 PM](#)

REPRESENTATIVE KOPP highlighted the historic role the Alaska-Canada relationship plays in defense and security. He pointed out that Alaska is home to North American Aerospace Defense Command (NORAD) and highlighted Canada's role in protecting North America's airspace after the terrorist attacks on September 11, 2001. He said Alaska and Canada depend on border access during wildfire season. He emphasized that both countries are sensitive to the impact of weather shutdowns, and pointed out that shared roads ensure that fuel and other critical supplies reach communities in need. He stated that Alaska and Canada are mutual guardians of the Arctic, ensuring responsible development and maintaining community resilience. He opined that both Alaskans and Canadians understand the importance of strong communities for both the arctic region and the nation. He concluded by highlighting the importance of relationships, neighbors, and partnerships during times of global uncertainty. He opined that maintaining a positive relationship with Canada reaches beyond simple policy and reflects the Alaskan spirit.

[4:38:38 PM](#)

CHAIR GIESSEL noted that the committee would consider the explanation of changes at an upcoming hearing to allow time for invited and public testimony.

[4:38:54 PM](#)

CHAIR GIESSEL announced invited testimony on HJR 11.

[4:39:14 PM](#)

RANJ PILLAI, Premier of Yukon Territory, Canada, Whitehorse, Yukon Territory, Canada, introduced himself and briefly discussed the impact of upcoming tariffs imposed by the United States on Canada, and recent constructive conversations between President Trump and Prime Minister Carney. Those conversations included an agreement to begin negotiations related to a new economic and security relationship between the US and Canada. He shared that the prime minister has held meetings with premiers to discuss the impacts of the upcoming tariffs and a potential response.

PREMIER PILLAI said the Yukon has also been considering its economic and security relationship with the US. He stated that Alaskans and Yukoners share similar challenges and common goals. Those goals include improving the lives of citizens and promoting responsible economic development. However, he stated that Canadians feel their economy and national sovereignty are now at risk. He referenced the length of the Alaska-Canada

border. He highlighted the long history of cross-border trade in the Northern region, from indigenous trade routes to the construction of the Alaska-Canada Highway. He emphasized the important role the Alaska-Canada Highway plays in the economies of both Alaska and Yukon.

4:41:38 PM

PREMIER PILLAI posited that impeding the cross-border movement of people and goods is a detriment to both Alaskans and Yukoners. He said Alaskans and Yukoners support each other through difficult times and shared examples. He highlighted the Northwest Wildland Fire Protection Agreement (Northwest Compact) and the Agreement on Cooperation on Aeronautical and Maritime Search and Rescue in the Arctic (Arctic Search and Rescue Agreement). He pointed out that the Yukon International Airport is an important transit point for the United States Airforce, as well as an emergency refueling and landing location. In addition, many sporting events rely on participants from both Alaska and Yukon.

4:42:55 PM

PREMIER PILLAI pointed out that many businesses in both Alaska and Yukon depend on cross-border tourism. He emphasized the negative impact of tariffs. He argued that tariffs, along with threats to Canada's economic and national sovereignty, have created chaos, challenges, and disruptions for people and businesses in both Canada and the US. He stated that tariffs are ultimately passed on to citizens in both countries. He highlighted the importance of the North American Free Trade Agreement (NAFTA) and the United States-Canada-Mexico Agreement (USMCA).

4:43:35

PREMIER PILLAI referenced HJR 11 and affirmed that a continued alliance between Alaska and Canada would positively impact the lives of citizens in both countries well into the future. He urged members to stand up for Alaskan jobs, workers, and businesses that rely on Canadian trade. He stated that both Alaska and Yukon must continue to stand up for their citizens and economies. He stated that Canada would continue to protect its citizens and communities, standing up for its sovereignty and building up its defense capacity as an arctic nation. He asserted that Canada will never be the 51st state. He concluded by emphasizing that Canada's response to tariffs, and its efforts to protect its economy and sovereignty, are not a reflection of Canada's feelings toward Americans. He expressed

positive feelings and support for Americans and a desire to continue working together.

[4:44:53 PM](#)

CHAIR GIESSEL concurred with Premier Pillai's testimony and expressed her support for Canada.

[4:45:18 PM](#)

SENATOR HUGHES noted Premier Pillai's testimony that President Trump and Prime Minister Carney have begun negotiations and asked when the next meeting would occur.

[4:45:36 PM](#)

PREMIER PILLAI clarified that negotiations have not begun. He explained that federal elections are underway in Canada and negotiations would likely begin once elections have concluded on April 28, 2025. He surmised that Canada would issue a significant response to the tariffs in the coming days.

[4:46:49 PM](#)

MATT MORRISON, Executive Director, Pacific NorthWest Economic Region (PNWER), Seattle, Washington, said Alaska has been a founding member of PNWER since 1991. He gave a brief overview of PNWER. He opined that the relationship between Canada and Alaska is significant and urged support for HJR 11. He briefly discussed the formation of the PNWER Arctic Caucus, which meets annually in Washington D.C. to discuss the importance of the arctic. He noted that HJR 11 includes mention of the Shakwak Road and opined that this is important. He said it is important to ensure passage along the Alaska-Canada highway is not reduced or restricted. He stated that PNWER supported securing the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant for Shakwak Road. PNWER does not want Shakwak Road to lose that funding. He emphasized the importance of maintaining the security of all shared transportation routes (land, sea, and air).

[4:49:22](#)

MR. MORRISO shared a quote from President Kennedy to illustrate the importance of cross-border alliances. He said all past presidents of PNWER have issued a joint statement supporting the Alaska-Canada relationship, which he will provide to the committee. He reiterated that Alaska is an important member of PNWER and expressed appreciation for HJR 11. He emphasized the importance of the Alaska-Canada alliance and opined that it extends beyond culture to encompass friendship, family, and relationships that tie communities together.

[4:51:12 PM](#)

SENATOR HUGHES referred to an article from the Yukon News dated March 27, 2025, which stated the RAISE funding for Shakwak Road has been paused. She asked if this is correct.

[4:51:31 PM](#)

MR. MORRISON expressed uncertainty. He suggested that a pause does not indicate the funding will be withdrawn.

[4:52:08 PM](#)

JOHN RODDA, Vice President, Arctic Winter Games International Committee, Anchorage, Alaska, emphasized the value of sports and cultural exchange between Alaska and Canada. He highlighted the Arctic Winter Games as a foundation for cross-border youth engagement, cooperation, and cultural celebration. He offered a brief historical overview of the Arctic Winter Games. He posited that the 50-year duration of the games is evidence of the enduring partnership between Alaska, Yukon, and Northwest Territories. He gave a brief overview of the Arctic Winter Games competition, which has evolved to include 7 permanent partners and is now the premier circumpolar event for northern youth. He emphasized that, through the games, participants forge lasting relationships and foster understanding that extends across borders. He noted that Alaska has hosted the Arctic Winter games several times and the next event will be held in Whitehorse, Yukon in 2026. He emphasized the importance of sports in Alaska's long-standing relationship with Canada.

[4:55:45 PM](#)

SARAH FRAMPTON, Executive Director, Arctic Winter Games Team Alaska (AWGTA), Fairbanks, Alaska, expressed support for HJR 11 and stated that Alaska's relationship with Canada extends beyond geography to neighborly support and friendship. She briefly discussed the ways in which Alaskan and Canadian history, values, and daily lives are interconnected. She pointed out that Alaskans and Canadians face similar challenges and offered examples to illustrate instances of cross-border cooperation.

MS. FRAMPTON emphasized that the Alaska-Canada relationship supports a variety of youth sporting events, such as the Arctic Winter Games. She stated that the next Arctic Winter Games event will be held in Whitehorse, Yukon. She explained that Team Alaska will send 355 youth athletes, coaches, and staff to represent Alaska during that event. She briefly discussed the Arctic Winter Games, which celebrate shared culture, northern identity, and the unifying power of sports. She stated that the

positive impact on youth is lifelong and offered examples. She briefly discussed the benefits of the games, which honor indigenous traditions and highlight cultural diversity while instilling values of sportsmanship, leadership, and pride.

4:57:40

MS. FRAMPTON emphasized that the strength of the Arctic Winter Games - and the positive impact the event has on those who participate - is dependent on the strong relationship Alaska has with its northern neighbors. She highlighted Alaska's relationship with Canada and expressed confidence that Yukon will welcome Team Alaska's athletes as both competitors and friends. She opined that the sense of belonging, shared heritage, and mutual respect deserves to be honored and protected. She noted that the Arctic Winter Games unite regions across the circumpolar north. She stated that, while the athletes come from different cultures, they meet on the playing field as equals, friends, and future leaders. She briefly discussed how HJR 11 recognizes that friendship and acknowledges that Alaska and Canada are partners, collaborators, and northern citizens working toward a common future. She opined that HJR shows that Alaska is dedicated to investing in future generations by supporting these life-changing, cross-cultural opportunities.

4:59:11 PM

CHAIR GIESSEL concluded invited testimony on HJR 11.

4:59:15 PM

CHAIR GIESSEL opened public testimony on HJR 11.

4:59:31 PM

MIKE COONS, representing self, Wasilla, Alaska, testified in opposition to HJR 11. He expressed support for HJR 11, page 2, lines 5-8. He said that President Trump would impose reciprocal tariffs on Canada. He briefly discussed a previous version of HJR 11. He said the president has the authority to impose tariffs. He briefly discussed the various ways the United States (US) has addressed Canadian tariffs and the relationship between Canada and the US. He said he would welcome a resolution in support of President Trump and his negotiations with Canada.

5:01:25 PM

CHAIR GIESSEL closed public testimony on HJR 11.

5:01:58 PM

CHAIR GIESSEL held HJR 11 in committee.

5:02:46 PM

There being no further business to come before the committee, Chair Giessel adjourned the Senate Resources Standing Committee meeting at 5:02 p.m.