

1 IN THE HOUSE BY HERRMANN AND CATO

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 314

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the allocation of fisheries  
7 business taxes to municipalities by the Department of  
8 Community and Regional Affairs; and providing for an  
9 effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. FINDINGS. The legislature finds that

12 (1) it has been a longstanding state policy to share fisheries  
13 business taxes with municipal governments in the areas in which the fishery  
14 resources are harvested;

15 (2) these shared taxes constitute an important source of revenue  
16 to municipal governments to mitigate the effects of fish harvesting and  
17 processing activities;

18 (3) there is an impact in communities that experience an in-  
19 crease in population or influx of people;

20 (4) fishing activities such as harvesting and processing create  
21 an influx of population throughout the year in many coastal communities;

22 (5) the state has a vested interest in encouraging communities  
23 to provide adequate services;

24 (6) revenue generated through the sharing of fisheries business  
25 taxes will help many fishing communities to provide adequate services and  
26 to prepare for future damage attributable to fisheries activities.

27 \* Sec. 2. AS 29.60 is amended by adding a new section to read:

28 ARTICLE 6. SHARED FISHERIES BUSINESS TAXES.

29 Sec. 29.60.450. FISHERIES BUSINESS TAX ALLOCATION. (a) A

1 municipality is eligible for a fisheries business tax allocation if  
2 the municipality demonstrates to the department that the municipality  
3 suffered significant effects from fisheries business activities during  
4 the base year.

5 (b) Before making a tax allocation under (c) of this section, a  
6 portion of the tax revenue available under AS 43.75.130(g) for allo-  
7 cation under this section shall be apportioned by the department to  
8 each management region based on the ratio of the region's fish and  
9 shellfish production value to the total fish and shellfish production  
10 value for all of the management regions.

11 (c) The tax allocation to an eligible municipality is the sum of

12 (1) the result of dividing the number of the management  
13 region's eligible municipalities for the tax allocation year into  
14 one-half of the tax revenue apportioned to the management region under  
15 (b) of this section for the tax allocation year; and

16 (2) the result of multiplying the municipality's population  
17 ratio by the other one-half of the tax revenue apportioned to the  
18 management region under (b) of this section for the tax allocation  
19 year.

20 (d) If a borough and a city that is located within the borough  
21 both qualify as eligible municipalities under (a) of this section for  
22 a tax allocation year, the department shall exclude the population of  
23 the city from the borough's population when calculating the borough's  
24 population ratio under (c) of this section.

25 (e) A municipality that receives a tax allocation under this  
26 section shall use the tax allocation to help reduce the effect of  
27 fisheries business activities on the municipality, and may thereafter  
28 use the tax allocation for the expenses of any municipal service.

29 (f) At the request of the department, an applicant or a

1 recipient of a tax allocation shall provide the department with the  
2 assistance and information available to the municipality that is  
3 necessary for the department to carry out the department's duties  
4 under this section relating to the municipality.

5 (g) The department may adopt regulations necessary to carry out  
6 the provisions of this section.

7 (h) In this section,

8 (1) "base year" means the calendar year that precedes the  
9 application deadline for the tax allocation year;

10 (2) "effect" means the change attributable to fisheries  
11 business activities on the municipality's

12 (A) population;

13 (B) employment;

14 (C) finances;

15 (D) air and water quality;

16 (E) fish and wildlife habitats; and

17 (F) ability to provide essential public services,  
18 including health care, public safety, education, transportation,  
19 utilities, and government administration;

20 (3) "fisheries business activity" means activity related to  
21 processing fisheries resources for sale by freezing, cooking, salting,  
22 or other method and includes but is not limited to canneries, cold  
23 storages, freezer ships, and processing plants;

24 (4) "management region" means one of the geographical  
25 regions established by the Department of Fish and Game for the manage-  
26 ment of the commercial fisheries of the state;

27 (5) "population" means the population determined under  
28 AS 29.60.020;

29 (6) "population ratio" means the base year population of

1 the municipality divided by the population of the management region;

2 (7) "production value" means the weight of the fish and  
3 shellfish processed by floating fisheries businesses;

4 (8) "tax allocation year" means the fiscal year for which  
5 the department makes the tax allocation.

6 \* Sec. 3. AS 43.75.130 is amended by adding a new subsection to read:

7 (g) To the extent that appropriations are available for the  
8 purpose, and notwithstanding the requirement of AS 37.07.080(e) that  
9 approval of the office of management and budget is required, an amount  
10 equal to 50 percent of the tax revenue that is collected under this  
11 chapter from floating fisheries businesses and is not subject to  
12 division with a municipality under (a), (c), and (d) of this section  
13 shall be transmitted each fiscal year by the department to the Depart-  
14 ment of Community and Regional Affairs for disbursal, without the  
15 approval of the office of management and budget, to eligible munic-  
16 ipalities under AS 29.60.450.

17 \* Sec. 4. This Act takes effect July 1, 1988.