

1 IN THE HOUSE

BY HERRMANN AND CATO

2

2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 314

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

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

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

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* Section 1. FINDINGS. The legislature finds that

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

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

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

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

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

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

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

ARTICLE 6. SHARED FISHERIES BUSINESS TAXES.

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,³ 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 area based on the ratio of the management area's fish
9 and shellfish production value to the total fish and shellfish produc-
10 tion value for all of the management areas.

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 area's eligible municipalities for the tax allocation year into one-
14 half of the tax revenue apportioned to the management area under (b)
15 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 area under (b) of this section for the tax allocation year.

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

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

28 (f) At the request of the department, an applicant or a re-
29 cipient of a tax allocation shall provide the department with the

1 assistance and information available to the municipality that is
2 necessary for the department to carry out the department's duties
3 under this section relating to the municipality.

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

6 (h) In this section,

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

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

11 (A) population;

12 (B) employment;

13 (C) finances;

14 (D) air and water quality;

15 (E) fish and wildlife habitats; and

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

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

23 (4) "management area" means one of the geographical units
24 designated by the Board of Fisheries by regulation adopted under
25 AS 16.05.251(a)(2) for the management of the commercial fisheries of
26 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 area;

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 disbursement, without the
15 approval of the office of management and budget, to eligible munic-
16 ipalities under AS 29.60.450.

17 * Sec. 4. INITIAL MANAGEMENT AREAS. Notwithstanding AS 29.60.-
18 450(h)(4), as added by sec. 2 of this Act, until revised by the Board of
19 Fisheries under AS 16.05.251(a)(2), in AS 29.60.450 "management area" means
20 a management area designated by the Department of Community and Regional
21 Affairs to administer the offshore fisheries business tax revenue sharing
22 pilot project (19 AAC 33) during the fiscal year ending June 30, 1988.

23 * Sec. 5. This Act takes effect July 1, 1988.