

Original sponsors: Herrmann and Cato

1 IN THE HOUSE BY THE RESOURCES COMMITTEE
2 CS FOR 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 314 (Resources)
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 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. The department may com-
11 bine management areas if requested and if the department determines
12 that there is a significant cross-boundary effect between management
13 areas within a management region.

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

15 (1) the result of dividing the number of the management
16 area's eligible municipalities for the tax allocation year into one-
17 half of the tax revenue apportioned to the management area under (b)
18 of this section for the tax allocation year; and

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

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

27 (e) A municipality that receives a tax allocation under this
28 section shall use the tax allocation to help reduce the effect of
29 fisheries business activities on the municipality, and may thereafter

1 use the tax allocation for the expenses of any municipal service.

2 (f) At the request of the department, an applicant or a re-
3 cipient of a tax allocation shall provide the department with the
4 assistance and information available to the municipality that is
5 necessary for the department to carry out the department's duties
6 under this section relating to the municipality.

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

9 (h) In this section,

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

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

14 (A) population;

15 (B) employment;

16 (C) finances;

17 (D) air and water quality;

18 (E) fish and wildlife habitats; and

19 (F) ability to provide essential public services,
20 including health care, public safety, education, transportation,
21 marine garbage collection and disposal, solid waste disposal,
22 utilities, and government administration;

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

27 (4) "management area" means one of the geographical units
28 designated by the Board of Fisheries by regulation adopted under
29 AS 16.05.251(a)(2) for the management of the commercial fisheries of

1 the state;

2 (5) "population" means the population determined under
3 AS 29.60.020;

4 (6) "population ratio" means the base year population of
5 the municipality divided by the population of the management area;

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

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

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

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

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

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