

Offered: 3/30/88  
Referred: Resources and Finance

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Original sponsor: Zharoff

1 IN THE SENATE  
2  
3 CS FOR SENATE BILL NO. 454 (C&RA)  
4 IN THE LEGISLATURE OF THE STATE OF ALASKA  
5 FIFTEENTH LEGISLATURE - SECOND SESSION  
6 A BILL  
7 For an Act entitled: "An Act relating to the allocation of fisheries  
8 business taxes to municipalities by the Department of  
9 Community and Regional Affairs; and providing for an  
10 effective date."  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
12 \* Section 1. FINDINGS. The legislature finds that  
13 (1) it has been a longstanding state policy to share fisheries  
14 business taxes with municipal governments in the areas in which the fishery  
15 resources are harvested;  
16 (2) these shared taxes constitute an important source of revenue  
17 to municipal governments to mitigate the effects of fish harvesting and  
18 processing activities;  
19 (3) there is an impact in communities that experience an in-  
20 crease in population or influx of people;  
21 (4) fishing activities such as harvesting and processing create  
22 an influx of population throughout the year in many coastal communities;  
23 (5) the state has a vested interest in encouraging communities  
24 to provide adequate services;  
25 (6) revenue generated through the sharing of fisheries business  
26 taxes will help many fishing communities to provide adequate services and  
27 to prepare for future damage attributable to fisheries activities.  
28 \* Sec. 2. AS 29.60 is amended by adding a new section to read:  
29 ARTICLE 6. SHARED FISHERIES BUSINESS TAXES.  
30 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 negative effects from fisheries business activ-  
4 ities during 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. The apportionment must be based on the ratio of  
9 the weight of the fish and shellfish processed by floating fisheries  
10 businesses within the management area to the total weight of the fish  
11 and shellfish processed by floating fisheries businesses in all  
12 management areas.

13 (c) The tax allocation to an eligible municipality is the sum of  
14 (1) the result of dividing the number of the management  
15 area's eligible municipalities for the tax allocation year into one-  
16 half of the tax revenue apportioned to the management area under (b)  
17 of this section for the tax allocation year; and

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

21 (d) A municipality that receives a tax allocation under this  
22 section shall use the tax allocation to help reduce the effect of  
23 fisheries business activities on the municipality and may thereafter  
24 use the tax allocation for the expenses of any municipal service.

25 (e) At the request of the department, an applicant or a re-  
26 cipient of a tax allocation shall provide the department with the  
27 assistance and information available to the municipality that is  
28 necessary for the department to carry out the department's duties

1 under this section relating to the municipality.

2 (f) The department

3 (1) may designate management areas by regulation; the  
4 management areas must be based on the management areas used by the  
5 Board of Fisheries by regulation adopted under AS 16.05.251(a)(2) for  
6 the management of the commercial fisheries of the state;

7 (2) may adopt other regulations necessary to carry out the  
8 provisions of this section.

9 (g) 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 utilities, and government administration;

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

26 (4) "management area" means one of the units designated by  
27 the department by regulation adopted under (f)(1) of this section;

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

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

3           (7) "tax allocation year" means the fiscal year for which  
4 the department makes the tax allocation.

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

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

16 \* Sec. 4. INTERIM FISHERY MANAGEMENT AREAS. Notwithstanding AS 29.-  
17 60.450(f)(1) and 29.60.450(g)(4) added by sec. 2 of this Act, until altered  
18 or amended by the Department of Community and Regional Affairs by regu-  
19 lation, each of the following constitutes a fishery management area for  
20 purposes of administration of AS 29.60.450:

21           (1) Area A (Southeast Alaska area): All water between the  
22 longitude of Cape Suckling and Dixon Entrance;

23           (2) Area E (Prince William Sound area): All water between the  
24 longitude of Cape Fairfield and the longitude of Cape Suckling;

25           (3) Area H (Cook Inlet area): All water enclosed by a line  
26 extending east from Cape Douglas and a line along the longitude of Cape  
27 Fairfield;

28           (4) Area K (Kodiak area): All water south of a line extending  
29 east from Cape Douglas and east of the longitude of the southern entrance

1 of Imuya Bay near Kilokak Rocks;

2 (5) Area L (Chignik area): All water on the south side of the  
3 Alaska Peninsula between the longitude of the southern entrance of Imuya  
4 Bay near Kilokak Rocks and a line extending southeast from Kupreanof Point;

5 (6) Area M (Alaska Peninsula area): All water on the south side  
6 of the Alaska Peninsula between a line extending southeast from Kupreanof  
7 Point to the longitude of Scotch Cap light on Unimak Island, and all water  
8 on the north side of the Alaska Peninsula between Cape Sarichef on Unimak  
9 Island and Cape Menshikof;

10 (7) Area O (Dutch Harbor area): All water south of the latitude  
11 of Cape Sarichef that is between the longitude of Scotch Cap light on  
12 Unimak Island and 172° West longitude;

13 (8) Area Q (Bering Sea area): All water of the Bering Sea not  
14 included within another management area;

15 (9) Area R (Adak and Western Aleutians area): All water west of  
16 172° West longitude;

17 (10) Area T (Bristol Bay area): All water in Bristol Bay east of  
18 a line from the latitude of Cape Newenham to Cape Menshikof;

19 (11) Area W (Kuskokwim area): All water between the westernmost  
20 point of the Naskonat Peninsula and the latitude of Cape Newenham, includ-  
21 ing the water surrounding Nunivak and St. Matthew Islands, together with  
22 water draining into the Bering Sea within this management area;

23 (12) Area X (Kotzebue - Northern area): All water north of the  
24 latitude of the westernmost tip of Cape Prince of Wales and west of the  
25 Alaska-Yukon boundary, together with water draining into the Chukchi and  
26 Beaufort Seas within this management area;

27 (13) Area Y (Yukon area): All water between the westernmost tip  
28 of the Naskonat Peninsula and the latitude of Canal Point light, together  
29 with water draining into the Bering Sea within this management area;

1           (14) Area Z (Norton Sound - Port Clarence area): All water  
2 between the latitude of the westernmost tip of Cape Prince of Wales and the  
3 latitude of Canal Point light, including the water surrounding St. Lawrence  
4 Island, together with water draining into the Bering Sea within this  
5 management area.

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