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# HOUSE COMMITTEE REPORT

(5)

Date Referred: February 16, 1990

FURTHER REFERRALS:

Date of Committee Action: 2/27

RESOURCES  
FINANCE

The COMMUNITY & REGIONAL AFFAIRS Committee considered:

HB 456

SS HOUSE BILL NO. 456

FISHERIES BUSINESS TAX REFUNDS

"An Act relating to the fisheries business tax and to the allocation of fisheries business tax receipts to certain municipalities by the Department of Community and Regional Affairs; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with CSSS 456 (C&RA)  the same title  
 a new title
- have attached amendment(s)
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact (C&RA) Revenue  fiscal note(s) \_\_\_\_\_
- zero fiscal note \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_
- zero with analysis \_\_\_\_\_  zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not  
Pass  
No Rec  
Amend

Cheri Davis  
Eugene Kurlin  
Richard Spore

	Do Not Pass	No Rec	Amend

Richard Spore  
Chairman's Signature

Original sponsor(s): REP. TOLL

1 IN THE HOUSE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 456 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

12 \* Section 1. AS 29.60 is amended by adding a new section to read:

13 ARTICLE 6. SHARED FISHERIES BUSINESS TAXES.

14 Sec. 29.60.450. FISHERIES BUSINESS TAX ALLOCATION. (a) A  
15 municipality may receive a fisheries business tax allocation under  
16 this section if the municipality demonstrates to the department that  
17 the municipality suffered significant effects from fisheries business  
18 activities during the base year.

19 (b) The tax allocation to an eligible municipality is the sum of

20 (1) the result of dividing the number of commercial fishing  
21 vessel days in the municipality by a figure that is one percent of the  
22 population of the municipality; and

23 (2) the result of dividing the number of commercial fishing  
24 vessel days in the municipality by the greater of:

25 (A) the municipality's per capita distribution of the  
26 fisheries business tax transmitted to the municipality under  
27 AS 43.75.130 during the preceding tax allocation year; or

28 (B) the average statewide per capita distribution of  
29 the fisheries business tax transmitted under AS 43.75.130

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computed for the population of all municipalities that received a payment under AS 43.75.130 during the preceding tax allocation year.

(c) If, during the tax allocation year, the amount available under AS 43.75.137 is not sufficient to provide full payment to each municipality that qualifies for a payment under this section, the department shall distribute the balance of the money available pro rata.

(d) A municipality that receives a tax allocation under this section shall use the tax allocation to help reduce the effect of fisheries business activities on the municipality, which may include the expenses of any municipal service.

(e) The department shall make the calculation of the factors applied under (b) of this section. At the request of the department, an applicant or a recipient of a tax allocation shall provide the department with the assistance and information available to the municipality that is necessary for the department to carry out the department's duties under this section relating to the municipality.

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

(g) In this section

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

(2) "commercial fishing vessel day" means a day for which a fishing vessel licensed under AS 16.05.490 pays the municipality a moorage, harbor, or docking fee;

(3) "effect" means the result of fisheries business activities on the municipality's

(A) population;

1 (B) employment;  
2 (C) finances;  
3 (D) air and water quality;  
4 (E) fish and wildlife habitats; and  
5 (F) ability to provide essential public services,  
6 including health care, public safety, education, transportation,  
7 utilities, and government administration;

8 (4) "fisheries business activity" means activity related to

9 (A) fishing, including but not limited to the catching  
10 and sale of fisheries resources;

11 (B) vessel moorage and vessel and gear maintenance;  
12 and

13 (C) processing fisheries resources for sale by freez-  
14 ing, cooking, salting, or other method and includes but is not  
15 limited to canneries, cold storages, freezer ships, and process-  
16 ing plants;

17 (5) "population" means the population determined under  
18 AS 29.60.020;

19 (6) "tax allocation year" means the fiscal year for which  
20 the department makes the tax allocation.

21 \* Sec. 2. AS 43.75 is amended by adding a new section to read:

22 Sec. 43.75.137. ADDITIONAL REFUND. To the extent that appro-  
23 priations are available for the purpose, and notwithstanding the  
24 requirement of AS 37.07.080(e) that approval of the office of manage-  
25 ment and budget is required, an amount equal to 50 percent of the tax  
26 revenue that is collected under this chapter from floating fisheries  
27 businesses and is not subject to division with a municipality under  
28 AS 43.75.130 shall be transmitted each fiscal year, without the ap-  
29 proval of the office of management and budget, by the department to

1 the Department of Community and Regional Affairs for disbursal to  
2 eligible municipalities under AS 29.60.450.

3 \* Sec. 3. This Act takes effect July 1, 1990.  
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STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION: CSSSHB 456

PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Fisheries Business Tax Refunds to Municipalities  
Sponsor: Goll  
Requestor: C & R A

Agency Affected: Revenue  
BRU: Income & Excise Audit

Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	0	0	0	0	0	0
<b>CAPITAL</b>	0	0	0	0		0
<b>REVENUE</b>	<\$4000.>	<\$4000.>	<\$4000.>	<\$4000.>	<\$4000.>	<\$4000.>

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel Phone: (907) 465-2320  
Division: Income and Excise Audit Date: February 27, 1990

Approved by Commissioner: Hugh Malone Date: February 27, 1990  
Agency: Department of Revenue

Distribution (by preparer):

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

## FISCAL NOTE

**REQUEST:** \_\_\_\_\_

Revision Date: \_\_\_\_\_  
 Title: "An act relating to fisheries  
 business tax refunds."  
 Sponsor: Goll  
 Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
 BRU: Local Government Assistance  
 Components: Statewide Assistance

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	22.4	22.4	23.1	23.1	24.0	24.0
TRAVEL	2.0	2.0	2.0	2.0	2.0	2.0
CONTRACTUAL	3.0	3.0	3.0	3.0	3.0	3.0
SUPPLIES						
EQUIPMENT	1.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>28.4</b>	<b>27.4</b>	<b>28.1</b>	<b>28.1</b>	<b>29.0</b>	<b>29.0</b>

CAPITAL						
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REVENUE						
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**FUNDING:** (Thousands of Dollars)

GENERAL FUND	28.4	27.4	28.1	28.1	29.0	29.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>28.4</b>	<b>27.4</b>	<b>28.1</b>	<b>28.1</b>	<b>29.0</b>	<b>29.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME	1	1	1	1	1	1
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

No fiscal impact in FY 90.

Prepared by: J. M. Plasman, Deputy Director  
 Division: Municipal & Regional Assistance

Phone: 465-4750  
 Date: 02-27-90

Approved by Commissioner: David G. Hoff  
 Agency: Community & Regional Affairs

Date: 2-27-90

**Distribution (by preparer):**

Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

Position Title <b>Grants Administrator</b>		No. of Positions <b>1</b>	Range/Step <b>17 A</b>	Barg. Unit <b>GGU</b>
Time Status <b>Part-time</b>	Staff Months <b>6 months</b>	Location <b>Juneau</b>		Election District
		Justification		
Type of Expenditure		Amount		
1	2	3		
Salary	17.4			
Benefits	5.0			
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>22.4</b>		
Travel		2.0		
Contractual		3.0		
Commodities				
Equipment		1.0		
Other				
<b>Total Cost</b>		<b>28.4</b>		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	28.4		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

This position will administer the tax sharing program. The amount of work associated with the program does not justify a full-time position.

**Request For  
New Position**

Agency Community & Regional Affairs  
 BRU Local Government Assistance  
 Component Statewide Assistance

Page 1 of 1  
 Revised Date

**FY 91**

BY REP. COLL

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 456  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the fisheries business tax and to  
7 the allocation of fisheries business tax receipts to  
8 certain municipalities by the Department of Community  
9 and Regional Affairs; and providing for an effective  
10 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 long-standing 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) communities are affected by an increase in population;

20 (4) fishing activities such as harvesting and processing create  
21 an influx of people 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 that is not eligible for a refund under AS 43.75.130 may  
2 receive a fisheries business tax allocation under this section if the  
3 municipality demonstrates to the department that the municipality  
4 suffered significant effects from fisheries business activities during  
5 the base year. ]

6 (b) Before making a tax allocation under (c) of this section, a  
7 portion of the tax revenue available under AS 43.75.137 for allocation  
8 under this section shall be apportioned by the department to each  
9 management area. The apportionment must be based on the ratio of the  
10 weight of the fish and shellfish processed by floating fisheries  
11 businesses within the management area to the total weight of the fish  
12 and shellfish processed by floating fisheries businesses in all man-  
13 agement areas.

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

26 (e) At the request of the department, an applicant or a re-  
27 cipient of a tax allocation shall provide the department with the  
28 assistance and information available to the municipality that is  
29 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 19.60.020;

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 is amended by adding a new section to read:

6 Sec. 43.75.137. ADDITIONAL REFUND. To the extent that appro-  
7 priations are available for the purpose, and notwithstanding the  
8 requirement of AS 37.07.080(e) that approval of the office of manage-  
9 ment and budget is required, an amount equal to 50 percent of the tax  
10 revenue that is collected under this chapter from floating fisheries  
11 businesses and is not subject to division with a municipality under  
12 AS 43.75.130 shall be transmitted each fiscal year, without the  
13 approval of the office of management and budget, by the department to  
14 the Department of Community and Regional Affairs for disbursement to  
15 eligible municipalities 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 Iruya 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 Iruya  
4 Bay near Kilokak Rocks and a line extending southeast from Eupremaf 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 Eupremaf  
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 Mensehikof;

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 Mensehikof;

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

23 (12) Area X (Fetzebue - 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 2 (Norton Sound - Fort 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 man-  
5 agement area.

6           \* Sec. 5. This Act takes effect July 1, 1990.  
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