

**H B**

**456**

# HOUSE COMMITTEE REPORT

(9)

Date Referred: February 28, 1990

FURTHER REFERRALS:

FINANCE

Date of Committee Action: 3/29/90

The RESOURCES Committee considered:

SSHB 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 \_\_\_\_\_ [ ] the same title
- [ ] have attached amendment(s) [ ] a new title
- [ ] do pass
- [ ] do not pass
- [X] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the \_\_\_\_\_ Committee

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

ATTACHES NEW FISCAL NOTE(s):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [ ] fiscal impact \_\_\_\_\_ [X] fiscal note(s) (CRA) + Revenue 2/28/90
- [ ] zero fiscal note \_\_\_\_\_ [ ] zero fiscal note(s) \_\_\_\_\_
- [ ] zero with analysis \_\_\_\_\_ [ ] zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

\_\_\_\_\_  
*Scott M...*  
 \_\_\_\_\_  
*Jeff Davidson*  
 \_\_\_\_\_  
*George Jackson*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

SIGNING:

(Check appropr. column)

	DO NOT PASS	No Pec	Amend
<i>Bill Hunt</i>		✓	
<i>Bob Sharp</i>		✓	
<i>W. ...</i>		✓	
<i>Mike ...</i>		✓	
<i>Richard ...</i>		⊗	

\_\_\_\_\_  
*Scott M...*  
 Chairman's Signature

## 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 Phone: 465-4750  
 Division: Municipal & Regional Assistance Date: 02-27-90

Approved by Commissioner: David C. Hoffman Date: 2-27-90  
 Agency: Community & Regional Affairs

**Distribution (by preparer):**

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

Position Title Grants Administrator			No. of Positions 1	Range/Step 17 A	Barg. Unit GGU
Time Status Part-time	Staff Months 6 months		Location Juneau		Election District
Type of Expenditure			Justification		
Amount			This position will administer the tax sharing program. The amount of work associated with the program does not justify a full-time position.		
1	2	3			
Salary	17.4				
Benefits	5.0				
Premium Pay					
Other					
Total Personal Services		22.4			
Travel		2.0			
Contractual		3.0			
Commodities					
Equipment		1.0			
Other					
Total Cost		28.4			
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					

**Request For  
 New Position**

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

Page 1 of 1  
 Revised Date

**FY 91**

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION: CSSSHB 456(C&RA) No. 2

PUBLISH DATE: HOUSE 2/28/90

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	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

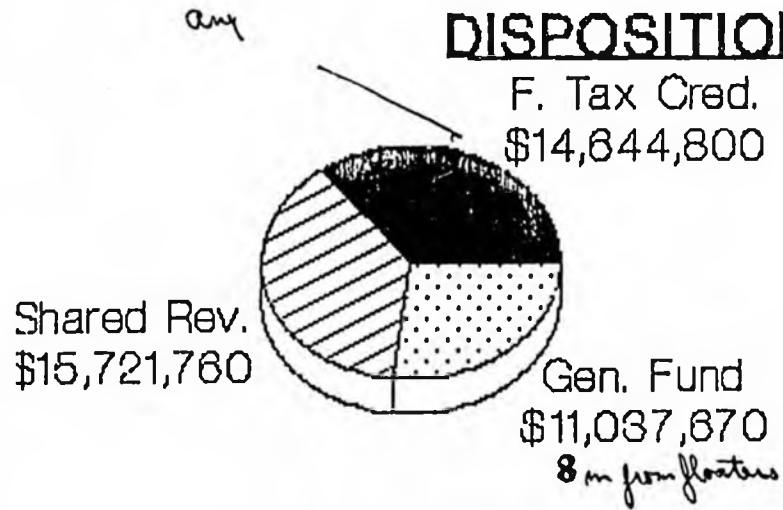
ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320  
Division: Income and Excise Audit Date: February 27, 1990  
Approved by Commissioner: Hugh Malone *Hugh Malone* Date: February 27, 1990  
Agency: Department of Revenue

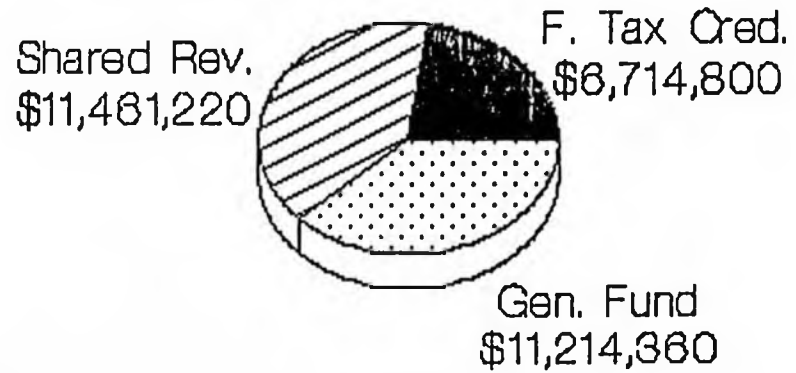
Distribution (by preparer):

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

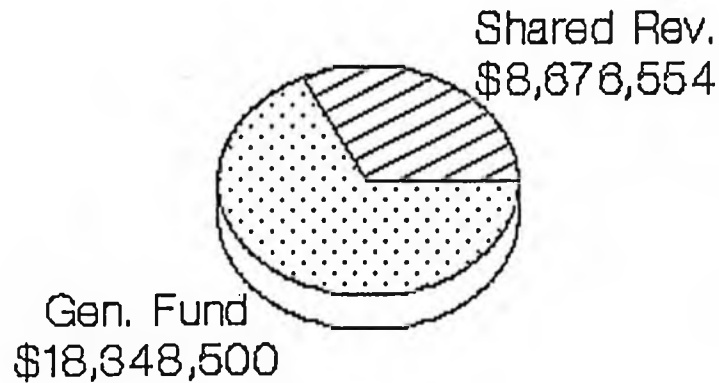
# DISPOSITION OF FISH TAXES



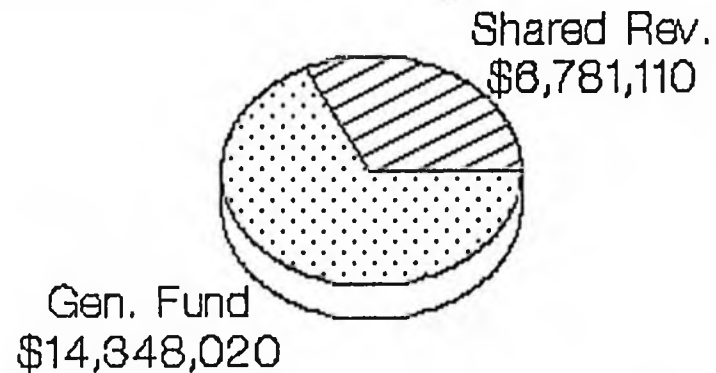
**Fish Taxes  
FY 1989**



**Fish Taxes  
FY 1988**



**Fish Taxes  
FY 1987**



**Fish Taxes  
FY 1986**

**CHART 3**

**DOR  
1-31-90**

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 26, 1990

SUBJECT: Draft Community & Regional Affairs Committee  
Substitute for House Bill 456 - sectional  
analysis

TO: Representative Eileen MacLean, Chair  
House Community & Regional Affairs Committee  
ATTN: Rena Bukovich

FROM: Jack Chenoweth  
Legislative Counsel 

The draft committee substitute substantially modifies the sponsor substitute offered ten days ago.

The legislation establishes a mechanism for sharing additional revenue derived from the fisheries business tax. Bill section 2, adds a new section, AS 43.75.137, to the chapter levying and collecting the fisheries business tax. It directs that 50% of the amounts received by the Department of Revenue from the current tax levy on floating fisheries businesses that is not already shared with municipalities under existing AS 43.75.130 is to be transferred to the Department of Community & Regional Affairs to support the new revenue sharing mechanism.

The specifics of the sharing mechanism are set out in bill section 1. AS 29.65.450, added by that bill section, directs the Department of Community & Regional Affairs as follows:

Subsection 450(a) establishes as a threshold requirement for receipt of a revenue sharing entitlement that the recipient shall be a municipality and the municipality shall have "suffered significant effects from fisheries business activities during the base year."

Subsection 450(b) sets out the formula for computation of entitlements:

$$\frac{\text{commercial fishing vessel days}}{.01 \times \text{municipal population in preceding year}} + \frac{\text{commercial fishing vessel days}}{\text{distribution factor}}$$

in which the distribution factor is the larger of:

(1) the receiving municipality's per capita distribution of the fisheries business tax under AS 43.75.130 during the preceding year; or

(2) the average statewide per capita distribution of the fisheries business tax (calculated for all receiving municipalities) under AS 43.75.130 during the preceding year.

Subsection 450(c) authorizes pro rata distribution of the distribution of the tax money available for distribution.

Subsection 450(d) directs a municipality receiving an entitlement to use the entitlement "to help reduce the effect of fisheries business activities on the municipality," but allows the local government to use the money to meet the expenses of any municipal service.

Subsection 450(e), a management provision, directs the Department of Community & Regional Affairs to calculate the factors applicable to determine the distribution, and requires the municipal applicants and recipients to cooperate with the department in carrying out the program responsibilities.

Subsection 450(f) authorizes the department to adopt necessary regulations.

Subsection 450(g) sets out definitions for terms used in the preceding subsections. Note, especially, the definitions of "commercial fishing vessel day" and "fisheries business activity."

Bill section 3 sets the effective date for this measure as July 1, 1990, the start of the next fiscal year.



P.O. Box 23, Craig, Alaska 99921

(907) 826-3275

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January 12, 1990

Rep. Peter Goll  
P.O. Box V  
Juneau, AK 99811

Dear Representative Goll:

The situation with the boat harbors in Craig is getting desperate. Every year the North Cove harbor sustains considerable damage from winter storms because it is not adequately protected. Because Craig receives no raw-fish tax, we are unable to adequately maintain the on-going maintenance required by the State contract let alone do the repairs necessary every year as a result of the winter storms. Moorage fees just do not generate enough revenues as we have spaces for only 129 vessels.

In order to solve the harbor problems, we have tried several approaches:

- First, in order to protect the North Cove harbor, we declared through a City Resolution (see attached) that an emergency existed that required funds to install a temporary log-boom breakwater to prevent further damage to the harbor. We then requested and received support from Emergency Services and DOT/PF to seek a declaration from the Governor for emergency funds (see attached). The Governor on 1/5/90, although agreeing that the need for the breakwater had been demonstrated, did not grant the request as other funding methods were available (see attached letter).
  
- Secondly, the City Council passed a Resolution authorizing the Administrator to seek legislative assistance in mitigating the problem caused by the City not receiving any raw-fish tax while at the same time providing services for one of the largest purse-seine and troll fleets in Alaska (see attached). This problem is further compounded by the fact that although the demand is there resulting in a 2 to 3 year waiting list for moorage, the City does not have enough moorage spaces to meet the demand and generate revenues to support the harbors. Every year other City revenues are used to cover the deficit created by harbor support. In working with both Southeast Conference and AML, we were able to get these organizations to support resolutions calling for a stronger commitment to collect raw-fish tax and to find ways to use raw-fish tax to support fishing harbors located in the unorganized borough (see attached resolutions). The problem remains, however, and Craig has received no raw-fish tax revenues for many years.

page 2.

Try though we have, we have to date been unsuccessful in both of these efforts. Hence the purpose of this correspondence.

(1)The immediate problem of annual damage to North Cove harbor must be addressed first in that the risk of loss of property and the endangerment of life and limb must be prevented or at least reduced significantly. The temporary log-boom breakwater will go a long way to reducing these risks. Although the log-boom will not protect against significant swells from the north, nevertheless it will eliminate damaging chop and the subsequent icing present whenever a northerly winter storm occurs. The City of Craig is therefore asking that you and your fellow legislators assist us in finding at least \$150,000 to construct a temporary log-boom breakwater in accordance to the requirements of DOT. As you will note from the emergency application, the City will contribute some in-kind services to complete the project. The permit application with the Corps of Engineers has already been submitted and they have indicated that the process can be expedited if necessary.

As you will note, I have indicated that this is a temporary breakwater, one that eventually will have to be replaced with a permanent rock breakwater. The Corps of Engineers is in the process of conducting a reconnaissance and feasibility study of the Craig harbor under the provisions of the Safe Harbor Act and a more permanent breakwater will have to wait until the completion and recommendation of this study.

(2)The long range solution to Craig's harbor problems is dependent upon whether or not adequate funds are available for harbor expansion and repair. As we all know, the primary source of these funds is in the distribution of the raw-fish tax back to the municipalities harboring the fishing fleet and providing support to the fishing and fish-processing effort.

In 1989, \$15,721,755 of raw-fish tax was collected and distributed back to the cities and organized boroughs throughout Alaska. Petersburg received \$807,316, Ketchikan City & Borough received \$690,163 and Craig received \$0. All of the fish caught and landed in Craig by the Craig based fleet was transported to and processed in either Petersburg or Ketchikan, hence these communities received the tax collected for these fish. All raw-fish tax revenues collected outside of the city limits of Craig by floating processors buying from the Craig based fleet was kept entirely by the State as the processors were located in the unorganized borough. These, I might add, are processors located within a very short distance from Craig, some within sight of the city limits.

page 3

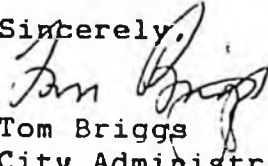
We realize that the obvious solution to this problem is to attract processors within the city limits of Craig. Every effort is being made to do this from upgrading our water supply (estimated completion of water treatment plant is Fall of 1990) to settling the land reconveyance issue with our local native corporation. In the meantime, however, the fact is that a large amount of tax collected in the unorganized boroughs throughout the State is not going to municipalities harboring the fishing fleet but is being collected and held by the State. I can't believe that this was the Legislature's intent when they passed Title 43.75, the statute establishing the fisheries business tax imposed upon shore-based and floating processors, commonly referred to as the "raw-fish tax".

In AS 43.75.130, Refund to local governments, it is very apparent that the Legislature intended that 50 percent of the tax was to go back to the municipalities supporting the fishing and processing activities. The only problem with the statute is that it fails to address the distribution back to the municipalities of the tax collected in the unorganized borough. Realizing that the method for allocation of tax revenues back to municipalities in the unorganized borough may be unclear, it nevertheless is something that can be worked out on a formula based on population, harbor space or other criteria.

May I request that the Legislature please address the inequities in the manner that the raw-fish tax is distributed to the municipalities that are involved in harboring and supporting the fishing fleets throughout Alaska. Without these tax revenues intended for the effected municipalities, adequate care and maintenance of our harbors will fall far short of that necessary to attract and provide for a professional fishing fleet, especially in light of the declining State revenues and the declining logging industry.

Thank you for attention to these problems and I look forward to hearing from you on these or other matters.

Sincerely,

  
Tom Briggs  
City Administrator

# City of Klawock Alaska

P.O. Box 113  
Klawock, Alaska 99925

Phone: (907) 755-2261  
or: (907) 755-2262

"Site of the First Cannery in Alaska"

March 15, 1990

Representative Peter Goll  
P.O.Box V  
Juneau, AK 99811

Dear Rep. Goll,

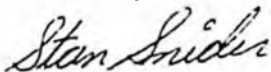
In response to your letter of 2-28-90, on S.S.H.B. 456:

I consider S.S.H.B. to be both workable and highly desirable.

The City of Klawock's moorage fee for small boats is based on the length of the vessel. The fee is currently \$3.00 per foot, per year. We have in excess of twenty commercially licensed vessels in our small boat harbor.

The City of Klawock will be happy to supply any further information you may require.

Sincerely,



Stan Snider  
Harbor Master

SS/lf

*Myra -  
Thank you will*

# MEMORANDUM

State of Alaska  
Community and Regional Affairs

TO: Rena Bukovich  
Legislative Aide to  
Adelheide Herrmann


DATE: March 18, 1988

FILE NO: 0194Q/JP/jp

TELEPHONE NO: 465-4750

THRU:

SUBJECT: Comparative Fish  
Tax Distributions

FROM: Jim Plasman   
Deputy Director  
Municipal and Regional  
Assistance Division

Attached please find a comparison of three different formulas for the proposed offshore fish tax sharing program.

Column A: The first reflects distributions under the formula used by the department as part of the pilot project conducted by the department pursuant to legislative intent in the FY 86 budget bill. This formula allocated funds to municipalities on the basis of their location within specific commercial fisheries management areas and the population increase in each municipality due to off shore fish processing. The distribution reflects the initial appropriation to the pilot project of about \$451,000.

Column B: This shows distributions under 2nd SSHB 314, a formula similar to the pilot project formula except that it utilizes municipal population rather than population increase. The distribution also reflects an appropriation to the program of \$4.5 million, which is the amount estimated for FY 89 under the funding provisions of both HB 314 and SB 454.

Column C: This shows distributions under the formula used for SB 454. It differs from 2nd SSHB 314 in that it uses management regions, rather than management areas. Regions consist of multiple areas. Like 2nd SSHB 314 it uses municipal population rather than the population increase uses in the pilot project. It also distributes \$4.5 million under the formula.

It should be noted that these distributions assume the findings under the pilot project. Actual distributions may be expected to differ because other municipalities may apply and be found eligible and some which applied may be found not to be eligible under the proposed legislation.

Attachment

cc: Marty Rutherford, MRAD  
Dan Backhorst, MRAD

file code: HB 314

- (A) - OFFSHORE FISHERIES TAX REFUND AS ADMINISTERED, 1987. (AREA POP. GROWTH)  
 (B) - OFFSHORE FISHERIES TAX REFUND BASED UPON (NET) AREA POPULATION,  
 (FUNDING @ \$4,500,000)  
 (C) - OFFSHORE FISHERIES TAX REFUND BASED UPON (NET) REGIONAL POPULATION,  
 W/ BRISTOL BAY INCLUDED IN WESTWARD REGION IV. (FUNDING @ \$4,500,000)

COMM. FISH REGIONS & AREA COMMUNITIES	PILOT PROJECT	BY AREA	BY REGION
	(A) TOTAL \$\$ ALLOCATION	(B) TOTAL \$\$ ALLOCATION	(C) TOTAL \$\$ ALLOCATION
REGION I: SOUTHEASTERN			
AREA A - JUNEAU & YAKUTAT			
ANGOON	\$1,458.66	\$27,558.32	\$20,871.96
HAINES	\$0.00	\$0.00	\$0.00
HAINES, BOROUGH OF	\$0.00	\$0.00	\$0.00
JUNEAU, CITY AND BOROUGH	\$0.00	\$0.00	\$0.00
SKAGWAY	\$4,375.97	\$30,632.80	\$21,840.05
YAKUTAT	\$0.00	\$0.00	\$0.00
AREA A - TOTAL.....	\$5,834.63	\$58,191.12	\$42,711.91
AREA B - KETCHIKAN			
CRAIG	\$4,310.54	\$33,088.29	\$24,257.32
JYDABURG	\$0.00	\$0.00	\$0.00
KASAAN	\$0.00	\$0.00	\$0.00
KETCHIKAN	\$10,656.56	\$103,132.95	\$70,724.00
KETCHIKAN, BOROUGH OF	\$2,186.70	\$28,236.30	\$52,405.34
KLAWOCK	\$2,526.51	\$28,506.93	\$21,218.10
METLAKATLA	\$0.00	\$0.00	\$0.00
SAXMAN	\$2,186.70	\$25,124.06	\$18,973.95
THORNE BAY	\$0.00	\$0.00	\$0.00
AREA B - TOTAL.....	\$21,867.01	\$218,088.53	\$187,578.71
AREA C - PETERSBURG/WRANGELL			
KAKE	\$0.00	\$0.00	\$0.00
KUPREANOF	\$0.00	\$0.00	\$0.00
PETERSBURG	\$0.00	\$0.00	\$0.00
WRANGELL	\$0.00	\$0.00	\$0.00
AREA C - TOTAL.....	\$0.00	\$0.00	\$0.00
AREA D - SITKA			
HOONAH	\$0.00	\$0.00	\$0.00
PELICAN	\$1,060.48	\$10,605.81	\$18,140.41
PORT ALEXANDER	\$0.00	\$0.00	\$0.00
SITKA, BOROUGH OF	\$3,229.98	\$38,306.83	\$69,486.51
TENAKEE SPRINGS	\$1,646.73	\$10,301.40	\$17,576.17
AREA D - TOTAL.....	\$5,937.19	\$59,214.05	\$105,203.09
REGION I - TOTAL.....	\$33,638.84	\$335,493.70	\$335,493.70

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REGION II: CENTRAL

AREA E - PRINCE WILLIAM SOUND

CORDOVA	\$16,394.73	\$131,680.08	\$64,097.77
VALDEZ	\$12,751.46	\$159,006.60	\$69,656.37
WHITTIER	\$0.00	\$0.00	\$0.00
AREA E - TOTAL.....	\$29,146.18	\$290,686.68	\$133,754.14

AREA H - COOK INLET

ANCHORAGE, MUNICIPALITY OF	\$0.00	\$0.00	\$0.00
ANDERSON	\$0.00	\$0.00	\$0.00
HOMER	\$0.00	\$0.00	\$0.00
HOUSTON	\$0.00	\$0.00	\$0.00
KACHEMAK	\$0.00	\$0.00	\$0.00
KENAI PENINSULA BOROUGH	\$2,193.94	\$21,881.05	\$178,813.59
KENAI	\$0.00	\$0.00	\$0.00
MATANUSKA-SUSITNA BOROUGH	\$0.00	\$0.00	\$0.00
PALMER	\$0.00	\$0.00	\$0.00
SELDOVIA	\$0.00	\$0.00	\$0.00
SEWARD	\$0.00	\$0.00	\$0.00
SOLDATNA	\$0.00	\$0.00	\$0.00
WASILLA	\$0.00	\$0.00	\$0.00
AREA H - TOTAL.....	\$2,193.94	\$21,881.05	\$178,813.59

AREA T - BRISTOL BAY

ALEKNAGIK	\$0.00	\$0.00	\$0.00
BRISTOL BAY BOROUGH	\$24,329.34	\$448,778.27	\$215,140.90
CLARK'S POINT	\$25,078.40	\$216,666.70	\$118,248.18
DILLINGHAM	\$37,353.32	\$620,669.46	\$286,895.21
EKWOK	\$0.00	\$0.00	\$0.00
MANOKOTAK	\$0.00	\$0.00	\$0.00
NEW STUYAHOK	\$0.00	\$0.00	\$0.00
NEWHALEN	\$0.00	\$0.00	\$0.00
NONDALTON	\$0.00	\$0.00	\$0.00
TOGIAK	\$74,528.43	\$322,490.87	\$162,423.45
AREA T - TOTAL.....	\$161,289.49	\$1,608,605.30	\$782,707.74
REGION II - TOTAL.....	\$192,629.62	\$1,921,173.02	\$312,567.73

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REGION III: A-Y-K

AREA W - KUSKOKWIM

AKIACHUK	\$0.00	\$0.00	\$0.00
AKIAK	\$0.00	\$0.00	\$0.00
ANIAK	\$0.00	\$0.00	\$0.00
ATMAUTLUAK	\$0.00	\$0.00	\$0.00
BETHEL	\$0.00	\$0.00	\$0.00
CHEFORNAK	\$0.00	\$0.00	\$0.00

CHUATHBALUK	\$0.00	\$0.00	\$0.00
EEK	\$0.00	\$0.00	\$0.00
GOODNEWS BAY	\$0.00	\$0.00	\$0.00
KASIGLUK	\$0.00	\$0.00	\$0.00
KWETHLUK	\$0.00	\$0.00	\$0.00
LOWER KALSKAG	\$0.00	\$0.00	\$0.00
MEKORYUK	\$0.00	\$0.00	\$0.00
NAPAKIAK	\$0.00	\$0.00	\$0.00
NAPASKIAK	\$0.00	\$0.00	\$0.00
NEWTOK	\$0.00	\$0.00	\$0.00
NIGHTMUTE	\$0.00	\$0.00	\$0.00
NIKOLAI	\$0.00	\$0.00	\$0.00
NUNAPITCHUK (AKOLMIUT)	\$0.00	\$0.00	\$0.00
PLATINUM	\$0.00	\$0.00	\$0.00
QUINHAGAK	\$2,615.54	\$32,453.50	\$47,438.37
TOKSOOK BAY	\$3,644.96	\$29,985.00	\$43,860.11
TULUKSAK	\$0.00	\$0.00	\$0.00
TUNUNAK	\$0.00	\$0.00	\$0.00
UPPER KALSKAG	\$0.00	\$0.00	\$0.00
AREA W - TOTAL.....	\$6,260.50	\$62,438.49	\$91,298.48

AREA X - KOTZEBUE

AMBLER	\$0.00	\$0.00	\$0.00
ANAKTUVUK PASS	\$0.00	\$0.00	\$0.00
ATQASUK	\$0.00	\$0.00	\$0.00
BARROW	\$0.00	\$0.00	\$0.00
BUCKLAND	\$0.00	\$0.00	\$0.00
DEERING	\$0.00	\$0.00	\$0.00
KAKTOVIK	\$0.00	\$0.00	\$0.00
KIANA	\$0.00	\$0.00	\$0.00
KIVALINA	\$0.00	\$0.00	\$0.00
KOTZEBUE	\$0.00	\$0.00	\$0.00
NOORVIK	\$0.00	\$0.00	\$0.00
NORTH SLOPE BOROUGH	\$0.00	\$0.00	\$0.00
NORTHWEST ARCTIC BOROUGH	\$0.00	\$0.00	\$0.00
NUIQSUT	\$0.00	\$0.00	\$0.00
POINT HOPE	\$0.00	\$0.00	\$0.00
SELAWIK	\$0.00	\$0.00	\$0.00
SHISHMAREF	\$0.00	\$0.00	\$0.00
SHUNGNAK	\$0.00	\$0.00	\$0.00
WAINWRIGHT	\$0.00	\$0.00	\$0.00
AREA X - TOTAL.....	\$0.00	\$0.00	\$0.00

AREA Y - YUKON

ALAKANUK	\$0.00	\$0.00	\$0.00
CHEVAK	\$0.00	\$0.00	\$0.00
EMMONAK	\$8,954.24	\$89,304.25	\$56,752.40
FORTUNA LEDGE (MARSHALL)	\$0.00	\$0.00	\$0.00
HOLY CROSS	\$0.00	\$0.00	\$0.00
KOOPER BAY	\$0.00	\$0.00	\$0.00

KOTLIK	\$0.00	\$0.00	\$0.00
MOUNTAIN VILLAGE	\$0.00	\$0.00	\$0.00
PILOT STATION	\$0.00	\$0.00	\$0.00
RUSSIAN MISSION	\$0.00	\$0.00	\$0.00
SAINT MARY'S	\$0.00	\$0.00	\$0.00
SCAMMON BAY	\$0.00	\$0.00	\$0.00
SHELDON POINT	\$0.00	\$0.00	\$0.00

AREA Y - TOTAL.....	\$8,954.24	\$89,304.25	\$56,752.40
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AREA Z - NORTON SOUND

BREVIG MISSION	\$0.00	\$0.00	\$0.00
ELIM	\$0.00	\$0.00	\$0.00
GOLOVIN	\$2,843.50	\$28,231.33	\$30,125.87
KOYUK	\$2,113.56	\$31,942.58	\$33,651.51
NOME	\$0.00	\$0.00	\$0.00
SAINT MICHAEL	\$0.00	\$0.00	\$0.00
SHAKTOOLIK	\$0.00	\$0.00	\$0.00
STEBBINS	\$0.00	\$0.00	\$0.00
TELLER	\$0.00	\$0.00	\$0.00
UNALAKLEET	\$7,528.20	\$64,346.75	\$64,435.15
WALES	\$0.00	\$0.00	\$0.00
WHITE MOUNTAIN	\$0.00	\$0.00	\$0.00

AREA Z - TOTAL.....	\$12,485.27	\$124,520.66	\$129,212.53
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REGION III - TOTAL.....	\$27,700.01	\$276,263.41	\$276,263.41
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REGION IV: WESTERN

AREA K - KODIAK

AKHIOK	\$0.00	\$0.00	\$0.00
KODIAK	\$3,926.71	\$60,489.97	\$654,208.95
KODIAK ISLAND BOROUGH	\$7,633.62	\$56,574.38	\$604,908.37
LARSEN BAY	\$1,745.20	\$18,794.81	\$129,230.98
OLD HARBOR	\$0.00	\$0.00	\$0.00
OUZINKIE	\$1,745.20	\$18,911.11	\$130,695.35
PORT LIONS	\$2,401.29	\$19,285.87	\$135,413.89

AREA K - TOTAL.....	\$17,452.03	\$174,056.13	\$1,654,457.54
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AREA L - CHIGNIK

CHIGNIK	\$2,277.98	\$22,719.24	\$122,478.59
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AREA L - TOTAL.....	\$2,277.98	\$22,719.24	\$122,478.59
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AREA M - ALASKA PENINSULA

COLD BAY	\$0.00	\$0.00	\$0.00
KING COVE	\$9,730.37	\$90,118.64	\$156,647.31
PORT HEIDEN	\$5,582.25	\$51,326.97	\$119,237.13
SAND POINT	\$10,775.98	\$118,746.56	\$184,144.99

AREA M - TOTAL.....	\$26,088.60	\$260,192.18	\$460,179.44
AREA R&O - ALEUTIANS			
AKUTAN	\$0.00	\$0.00	\$0.00
UNALASKA/DUTCH HARBOR	\$50,166.59	\$500,331.69	\$268,102.42
AREA R&O - TOTAL.....	\$50,166.59	\$500,331.69	\$268,102.42
AREA Q - BERING SEA			
SAINT PAUL	\$25,311.58	\$632,704.37	\$160,145.53
SAINT GEORGE	\$75,934.75	\$377,066.24	\$127,603.90
AREA Q - TOTAL.....	\$101,246.33	\$1,009,770.62	\$287,749.43
REGION IV - TOTAL.....	\$197,231.54	\$1,967,069.86	\$3,575,675.16
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TOTAL FUNDING.. (\$\$).....	\$451,200.00	\$4,500,000.00	\$4,500,000.00

The Alaska Municipal League supports establishment of a program to share fisheries business tax proceeds from offshore processors with affected municipalities to mitigate the impacts of the fisheries on the provision of local services.

Coastal municipalities must provide additional governmental services because of the impact of seafood processors, both within and outside municipal boundaries. It is important that tax receipts from all types of processors be shared with the municipalities affected by their operations.

Under the provisions of AS 43.75, Fisheries Taxes, all processors must pay a fisheries business tax to the State. Only the portion of the tax collected as a result of processing activity that takes place within municipal boundaries is shared with municipalities. This is intended to help offset the demands on local services resulting from the influx of people, demand for utilities, increased use of health facilities, additional call for law enforcement, and other impacts that result from the fish harvesting and processing activities. The formula for distribution of these tax revenues is based on the revenue generated from fisheries business operations occurring within municipal boundaries. The municipalities get 50 percent, and the State retains 50 percent. Shared fisheries tax revenues are a substantial source of revenue for many local governments: in FY 89, for example, 53 municipalities received over \$15.7 million, with shares ranging from as little as \$52.50 to over \$1.7 million (Bristol Bay Borough and Kodiak Island Borough).

Current statutes provide that the revenue generated from fish processing plants located outside municipal boundaries goes entirely to the State and is not shared with local governments, in spite of the fact that the activities of these processors do impact local governments. Many municipalities have to provide additional services as a result of offshore processing operations outside their borders, for instance health services, garbage hauling, and expanded law enforcement activities. These impacts can be significant to municipalities and their taxpayers, especially in proportion to the level of service provided to their permanent municipal population. However, the State, which does not provide services at the local level, receives the tax receipts from the processors operating outside municipal boundaries.

In FY 1989, the total tax liability of processors was \$41.3 million. Of this, \$31.4 million was attributable to processing activity that took place within municipal boundaries (resulting in a \$15.7 million distribution to municipalities). The balance, \$9.9 million, was attributable to processors operating outside municipalities and

was retained by the State. If this had been shared 50/50 with affected municipalities, local governments would have received up to \$4.95 million to help mitigate the additional costs of providing services to processors and their employees.

The League supports a program that would share the fisheries business tax revenues generated from processors located outside municipal boundaries with those communities that can demonstrate an effect on municipal operations resulting from the processors' activities. During FY 86, the Department of Community and Regional Affairs conducted a pilot project to allocate revenues from offshore processing activities to municipalities, and legislation (HB 314/SB 454) was introduced in 1988 that would have made such a program permanent. The impact of offshore processors on local government operation is, if anything, increasing, and municipalities, which must provide services to such processors, should be given a share of the revenue received by the State from them.

NOTE: Senator Zharoff is planning to introduce legislation (copy attached) that would establish a program to share fisheries business tax revenue collected from processors outside municipal boundaries with affected municipalities.