

**S B**

**461**



## SENATOR FRED F. ZHAROFF

### ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

12 March, 1990

#### MEMORANDUM:

TO: Senator Mike Szymanski, Chairman  
Senate C&RA

FROM: Senator Fred Zharoff *M.T.*

RE: SB 461: "An act making an appropriation to the Department of Revenue for the fisheries tax refund program for payments based on the harvest of fish; and providing for an effective date."

I would like to thank you for scheduling SB 461 before the Senate C&RA Committee and I am forwarding the attached backup for inclusion in the committee members files.

Although we have requested a position paper and analysis from the Department of Revenue, the only backup we have received thus far are a series of resolutions provided by the Kodiak Island Borough, the City of Kodiak, the Alaska Conference of Mayors, and the City of Chignik. We hope to be in receipt of position papers from the Alaska Municipal League and the Department of Revenue prior to the meeting.

Thank you.

By: Mayor Selby  
Lonnie White  
Introduced: 01/04/90  
Adopted: 01/04/90

KODIAK ISLAND BOROUGH  
RESOLUTION NO. 90-06

A RESOLUTION URGING THE LEGISLATURE TO FUND AN  
OIL SPILL IMPACTED RAW FISH TAX PROGRAM

WHEREAS, under the provision of AS 43.75.130, the Kodiak Island Borough and several of the cities within the borough annually receive a significant return of raw fish tax revenues; and

WHEREAS, the amount of these revenues, as provided in the statute, is based on the actual raw fish taxes collected from local processors; and

WHEREAS, the Exxon Valdez oil spill prevented most of the Kodiak Island Borough salmon season from opening; and

WHEREAS, the Alaska Department of Fish and Game has confirmed that the return of salmon and herring would have provided a Kodiak Island catch in excess of \$100 million if there had been no oil spill; and

WHEREAS, this catch would have provided in excess of \$1,500,000 of fish tax to Kodiak Island communities; and

WHEREAS, communities throughout the spill area were affected in a similar manner; and

WHEREAS, the resulting shortfall of raw fish tax funds to the cities and boroughs in the oil spill impact area will be devastating to the operating revenue of these communities; and

WHEREAS, the amount of shortfall is in the range of 2.5

to 3 full mills of property tax assessment to the people of the Kodiak Island Borough; and

WHEREAS, funds should be recoverable by the State of Alaska from Exxon through claims or legal action to cover the cost of this program; and

WHEREAS, the State of Alaska can relieve these financially and economically hard-hit communities of the burden of possibly waiting several years to receive these funds;

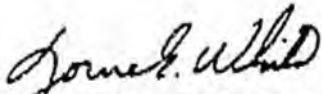
NOW, THEREFORE, BE IT RESOLVED that the Kodiak Island Borough Assembly urges the Alaska Legislature to fund an oil spill impacted raw fish tax program which would provide funds to each community equal to the raw fish tax which would have been received if the oil spill had not occurred and that the state then recover these funds from Exxon through claims or legal action; and

BE IT FURTHER RESOLVED that should Exxon decide to fund these shortfalls to each community after the Legislature has acted, these funds would be returned to the State of Alaska.

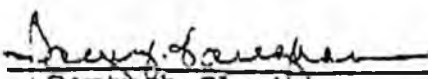
PASSED AND APPROVED THIS 4th DAY OF JANUARY, 1990.

KODIAK ISLAND BOROUGH

  
Borough Mayor

  
Presiding Officer

ATTEST:

  
Borough Clerk

ALASKA CONFERENCE OF MAYORS  
RESOLUTION NUMBER 00-90

A RESOLUTION OF THE ALASKA CONFERENCE OF MAYORS URGING THE ALASKA STATE LEGISLATURE TO FUND AN OIL SPILL IMPACTED RAW FISH TAX PROGRAM

WHEREAS, under the provision of AS 43.75.130, cities and boroughs all over the state annually receive a significant return of raw fish tax revenues; and

WHEREAS, the amount of these revenues, as provided in the statute, is based on the actual raw fish taxes collected from local processors; and

WHEREAS, the Exxon Valdez oil spill prevented many of the regions salmon seasons from opening normally; and

WHEREAS, the Alaska Department Of Fish and Game has confirmed that the disrupted return of salmon and herring would have provided a catch in excess of \$100 million if there had been no oil spill; and

WHEREAS, this catch would have provided in excess of \$3,000,000 of fish tax to effected communities; and

WHEREAS, the resulting shortfall of raw fish tax funds to the cities and boroughs in the oil spill impact area will be devastating to the operating revenue of these communities; and

WHEREAS, the amount of shortfall is in the range of 2.5 to 3 full mills of property tax assessment to the people of the effected communities; and

WHEREAS, funds should be recoverable by the State of Alaska from Exxon through claims or legal action to cover the cost of this program; and

WHEREAS, the State of Alaska can relieve these financially and economically hard-hit communities of the burden of possibly waiting several years to receive these fund,

NOW, THEREFORE, BE IT RESOLVED that the Alaska Conference of Mayors, urges the Alaska Legislature to fund an oil spill impacted raw fish tax program which would provide funds to each community equal to the raw fish tax which would have been received if the oil spill had not occurred and that the state then recover these funds from Exxon through claims or legal action.

PASSED AND APPROVED THIS \_\_\_ DAY OF \_\_\_\_\_, 1990

ATTEST:

ALASKA CONFERENCE OF MAYORS

\_\_\_\_\_  
PRESIDENT

\_\_\_\_\_  
SECRETARY

CITY OF KODIAK  
RESOLUTION NUMBER 04-90

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK URGING THE  
LEGISLATURE TO FUND AN OIL SPILL IMPACTED RAW FISH TAX PROGRAM

WHEREAS, under the provision of AS 43.75.130, the Kodiak Island Borough, including the City of Kodiak and several other cities within the Borough, annually receive a significant return of raw fish tax revenues; and

WHEREAS, the amount of these revenues, as provided in the statute, is based on the actual raw fish taxes collected from local processors; and

WHEREAS, the Exxon Valdez oil spill prevented most of the Kodiak Island salmon season from opening; and

WHEREAS, the Alaska Department of Fish and Game has confirmed that the return of salmon and herring would have provided a Kodiak Island catch in excess of \$100 million if there had been no oil spill; and

WHEREAS, this catch would have provided in excess of \$1,500,000 of fish tax to Kodiak Island communities including approximately \$600,000 to the City of Kodiak; and

WHEREAS, communities throughout the spill area were affected in a similar manner; and

WHEREAS, the resulting shortfall of raw fish tax funds to the cities and boroughs in the oil spill impact area will be devastating to the operating revenue of these communities; and

WHEREAS, the amount of shortfall is in the range of 2.5 to 3 full mills of property tax assessment to the people of the Kodiak Island Borough; and

WHEREAS, funds should be recoverable by the State of Alaska from Exxon through claims or legal action to cover the cost of this program; and

WHEREAS, the State of Alaska can relieve these financially and economically hard-hit communities of the burden of possibly waiting several years to receive these funds,

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Kodiak, Alaska, urges the Alaska Legislature to fund an oil spill impacted raw fish tax program which would provide funds to each community equal to the raw fish tax which would have been received if the oil spill had not occurred and that the state then recover these funds from Exxon through claims or legal action.

BE IT FURTHER RESOLVED that should Exxon decide to fund these shortfalls to each community after the Legislature has acted, these funds would be returned to the State of Alaska.

PASSED AND APPROVED this 25th day of January, 1990.

CITY OF KODIAK

  
MAYOR

ATTEST:

  
CITY CLERK

MEMORANDUM

TO : MATT/JEROME  
FROM : DUNCAN  
DATE : JANUARY 4, 1990  
RE : Estimated 1989 Season Values for Raw Fish Tax

These estimates are based on ADF&G's post season calculations and reasonable estimates of uncounted fish. Price information is the average 1988 exvessel price.

	post season harvest	avg. forecast	wt.	total wt.	market price	1989 value
Kings	(4,851)	x	13.6 =	(65,974)	x \$ 1.45 = \$	95,662
Sockeye Natural						
Run	(2,523,685)	x	6.0 =	(15,142,110)	x \$ 2.70 = \$	40,883,697
Igvak	(4,880)	x	6.0 =	(29,280)	x \$ 2.70 = \$	79,056
N. Afognak <sup>k</sup> Intercept*	(209,590)	x	6.0 =	(1,257,540)	x \$ 2.70 = \$	3,395,358
Coho	(141,433)	x	8.5 =	(1,202,181)	x \$ 1.28 = \$	1,538,792
Pink Natural						
Run	(16,210,845)	x	3.7 =	(60,000,827)	x \$ .81 = \$	48,600,670
Kitoi <sup>+</sup>	(6,502,014)	x	2.99 =	(19,441,021)	x \$ .81 = \$	15,747,227
Uncounted Kitoi <sup>^</sup>	(1,000,000)	x	2.99 =	(2,990,000)	x \$ .81 = \$	2,421,900
Chum	(835,734)	x	8.3 =	(6,936,592)	x \$ 1.13 = \$	7,838,349
Area value \$						120,600,711

\* The N. Afognak intercept number is obtained by multiplying the 1989 Cook Inlet run (6,933,223) by the average of the 1987 and 1988 intercept percentages (.0302298). This percentage is based on the data published by Bruce Barrett in December 1988, North Shelikof Strait 1988 Sockeye Catch-distribution, Timing, and Stock Composition. See also, 5 year intercept percentages.

+ Kitoi data is obtained by taking the total pounds of fish harvested (20,026,213) and reducing this by the initial cost recovery of 585,191 pounds. This sum was divided by the average weight of Kitoi fish (2.99) to obtain the commercial harvest.

<sup>^</sup>Fish observed after Kitoi cost recovery program was finished.

RECEIVED 1/10/90

BY: MAYOR BOWERS  
INTRODUCED : 02/10/90  
ADOPTED : 2/10/90

CITY OF CHIGNIK  
RESOLUTION 90-03

A RESOLUTION URGING THE LEGISLATURE TO FUND AN OIL SPILL  
IMPACTED RAW FISH TAX PROGRAM

WHEREAS, under the provision of AS 43.75.130, the City of Chignik and several other Cities and Boroughs annually receive a significant return of raw fish tax revenues; and

WHEREAS, the amount of these revenues, as provided in the statute, is based on the actual raw fish taxes collected from local processors; and

WHEREAS, the Exxon Valdez oil spill prevented most of the Chignik area salmon season from opening, and

WHEREAS, the Alaska Department of Fish and Game has confirmed that the return of salmon and herring would have provided a Chignik area catch in excess of \$18 million if there had been no oil spill; and

WHEREAS, communities throughout the spill area were affected in a similar manner; and

WHEREAS, the resulting shortfall of raw fish tax funds to the cities and boroughs in the oil spill impact area will be devastating to the operating revenue of these communities; and

WHEREAS, funds should be recoverable by the State of Alaska from Exxon through claims or legal action to cover the cost of this program; and

WHEREAS, the State of Alaska can relieve these financially and economically hard-hit communities of the burden of possibly waiting several years to receive these funds;

NOW WHEREFORE, BE IT RESOLVED that the City Council of the City of Chignik urges the Alaska Legislature to fund an oil spill impacted raw fish tax program which would provide funds to each community equal to the raw fish tax which would have been received if the oil spill had not occurred and that the state then recover these funds from Exxon through claims or legal action; and

BE IT FURTHER RESOLVED that should Exxon decide to fund these shortfalls to each community after the Legislature has acted, these funds would be returned to the State of Alaska.

PAPER NO. 11 APPROVED THIS 10th day of February, 1990.

CITY OF CHIGNIK

Ronald L. Bowers  
MAYOR

ATTEST:

Chris Stephens  
CITY CLERK

# Fishermen feel sting of lower prices

## Local boroughs lose millions of dollars in raw fish taxes

by Steve Pilkington  
Tundra Times reporter

Despite state reports of record salmon harvests in several Alaskan fisheries, commercial fishermen — even those unaffected by last March's oil spill — say there is little to

celebrate this year.

But problems facing fishermen statewide are more a result of the depressed salmon markets than the devastating *Exxon Valdez* oil spill.

"There are a lot of places that are feeling a sting this year," said Henry Mitchell, a member of the North

Pacific Fishery Management Council.

According to Mitchell, the bountiful harvests from areas such as Bristol Bay Cook Inlet and Southeast fisheries have not offset the drastic drop in prices which salmon are fetching in Japanese markets.

And as a result, local boroughs are

losing millions of dollars in raw fish tax revenues compared to last year, he said.

In Kotzebue, one of the areas hardest hit by deflated prices, chum salmon are selling for about 25 cents per pound compared to last year's

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# • Fishermen face 'ridiculously low' price

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price of about \$1 per pound.

But harvests this year have been lucrative.

Chuck Meacham, a department biologist, said the statewide harvest could break the record.

"I'd give it better than 50-50 odds," Meacham said.

On the Kuskokwim River, the department reported that fishermen saw the second largest chum catch on record and the highest coho catch ever for this time of year.

In Prince William Sound, fishermen are now being allowed to fish in once-oiled waters. Managers scheduled

more frequent openings at the end of the season to make up for fishing time lost to the spill.

But Mitchell said that extending the seasons probably will not help the fishermen or boroughs much.

"They may catch a few more fish, but at that ridiculously low price, it won't make much difference," he said.

Mitchell blames the rock-bottom salmon prices on what he calls an "international conspiracy" by Japanese fish buyers.

"Japanese companies own 60 to 65 percent of the U.S. domestic salmon industry," he said, adding that he

believes these companies have secretly agreed to pay one set of prices.

"That's illegal," Mitchell said. "It's the sort of thing the U.S. government should investigate."

What the Japanese are doing, he said, is buying the fish for 75 cents less and selling to Japanese consumers for only 20 cents less than last year.

What does this mean for rural Alaskan economies?

"There is about \$400 million lost for local boroughs in raw fish tax revenues," he said.

Because of the adverse conditions some fishermen face this year and possibly next year, the state has

responded by trying to ease commercial fishing loan payments.

According to Bob Richardson, a fisheries loan manager for the state, people who want extensions on their loans can apply for them with the state.

"This year, because of the oil spill, there is an automatic extension of two months in case any of the fishermen were connected with the Exxon oil spill," Richardson said.

So annual payments, usually due in September or November, could wait until January, he said.

This is the first time the state has ever made automatic extensions on loan payments for Alaskan fishermen, he said.

Don W. Collinsworth, Commissioner



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# Alaska Department of Fish & Game

## NEWS

FOR IMMEDIATE RELEASE

September 15, 1989

### Commercial Salmon Harvest Reaches New Record

JUNEAU. . . Commissioner Don W. Collinsworth has announced that the 1989 commercial salmon harvest has reached a new record high, with preliminary catch estimates exceeding 150 million salmon weighing over 660 million pounds. This harvest exceeds the previous record of 146.7 million fish taken during the 1985 season. Preliminary value to fishermen is estimated at over \$491 million. This figure is second only to the 1988 value of \$742 million, when fishermen statewide received record prices.

"The state has come a long way in development of resources that support our fisheries. We're seeing very different harvest levels from those of the early 1970s," Commissioner Collinsworth stated. "The department has worked to achieve a program that identifies desirable escapement levels and maintains them by proper management."

In the early 1970s state salmon harvests declined sharply

-MORE-

partly because of adverse weather conditions. It was during that time that the department entered into an expanded enhancement and and rehabilitation program.

The 1989 season was severely impacted by the March 24 Exxon Valdez oil spill in Prince William Sound, with commercial salmon fisheries in Prince William Sound, Cook Inlet, Kodiak, and Chignik all curtailed. In Kodiak, only the setnet fishery in the Moser-Olga Bay section opened.

Alaska's hatchery programs again played a big part in the salmon returns. Hatchery harvests in Prince William Sound, Lower Cook Inlet, and Kodiak greatly contributed to harvests severely impacted by the oil spill. Kodiak's Kitoi Bay hatchery accounted for over 80 percent of the area harvest, and in Prince William Sound, over 40 percent of the harvest resulted from hatchery cost recovery efforts. As in the past, Lower Cook Inlet's enhanced pink salmon returns again played a major role in seine harvests for area fishermen.

While the department had forecast a possible harvest of 127 million salmon, unanticipated near-record catches of pink salmon in southeast Alaska and sockeye salmon in Bristol Bay pushed the total much higher. The Southeast pink salmon harvest almost topped a record reached in 1941. Bristol Bay's second largest harvest ever resulted from the fourth largest run return in the history of the Bay. For the third year in a row, Cook Inlet sockeye salmon returns were also far above anticipated levels.

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September 15, 1989

Collinsworth remarked, "The 1989 catch would certainly have exceeded 155 million salmon if the oil spill had not occurred, severely limiting catches in the affected areas, especially the Kodiak and Chignik fisheries."

According to Collinsworth, another factor must be considered: the effect of high seas fisheries intercepting Alaskan salmon. Limits on this interception would give the state even greater opportunities for continuing record harvest levels.

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Don W. Collinsworth, Commissioner

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# Alaska Department of Fish & Game

NEWS

FOR IMMEDIATE RELEASE

September 15, 1989

## Alaska Supreme Court Adds Eight Offenses to Bail Schedule

JUNEAU. . . The Alaska Supreme Court has announced eight additions to the Fish and Game Bail Forfeiture Schedule. The revised schedule becomes effective October 1, 1989.

The new offenses, which are appropriate for disposition without court appearance upon payment and forfeiture of the bail amounts listed, include:

AS 16. 05. 420--False statement on license application--  
\$200.00

5 AAC 61.035 (c)--Using other than unbaited, single-hook,  
artificial lures in specified waters--\$100.00

5 AAC 61.035 (d)--Using other than unbaited, artificial lures  
in specified waters--\$100.00

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September 15, 1989

5 AAC 61.010 (f) (1-4)--Taking king salmon over 16" in closed season--\$150.00 per fish

5 AAC 75.021--More than two lines, hooks, or lures while ice fishing--\$50.00

5 AAC 75.023 (a) & (b)--Illegal gear in single-hook waters--\$50.00

5 AAC 75.050 (a) & (b)--Sport fishing in closed waters--\$100 plus \$20.00 per fish

5 AAC 92.080 (1)--Unlawfully taking game by shooting from, on or across highway--\$200.00

If a person charged with one of these offenses appears in court and is found guilty, the penalty imposed for the offense may not exceed the bail amount for that offense.

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