

SENATE FINANCE COMMITTEE REPORT

DATE: 5/5/90

FURTHER:

DATE TURNED INTO OFFICE: 5/7/90

The Finance Committee considered

CS SSB 456 (Finance)

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

and recommended:

- replace with _____ CS _____
 or adopt _____ CS _____
 attached amendment(s)
 _____ letter of intent adopted

- same title
 new title
 technical title change (HB only)

- do pass
 do not pass
 no recommendation
 individual recommendations
 further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

- fiscal note(s) _____

 zero fiscal note(s) _____

APPROVES PREVIOUS:

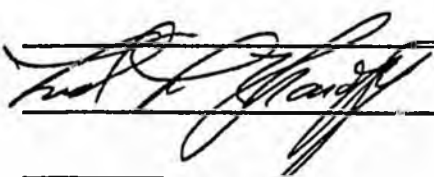
Dept/Date:

- fiscal note(s) DCARA 4/30/90
DCR 4/30/90

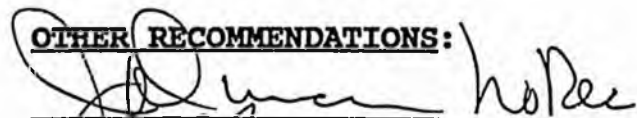
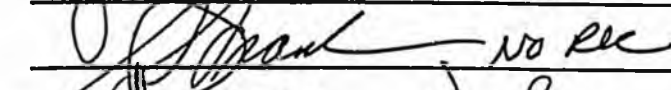
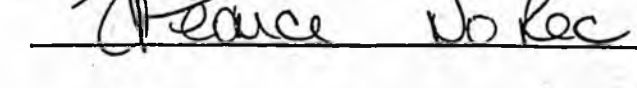
 zero fiscal note(s) _____

appropriation-no fiscal note

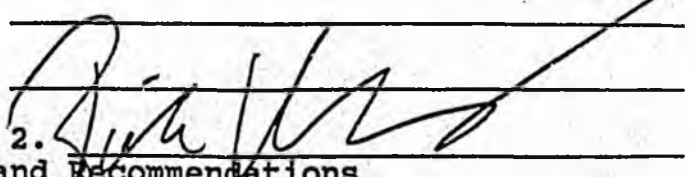
SIGNING DO PASS:



OTHER RECOMMENDATIONS:

 no Rec
 no Rec
 no Rec

1.  No Rec
Co-Chair(s)

2. 

Co-Chair(s) Signatures and Recommendations

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CSSSHB 456(FIN) No. 4

PUBLISH DATE: HOUSE 5/1/90

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Fisheries Business Tax Refunds
to Municipalities
Sponsor: Goll
Requestor: Finance

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
OPERATING						
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
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	<\$4000.>	<\$4000.>	<\$4000.>	<\$4000.>

Adopted

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
TOTAL	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. Ketter Phone: (907) 465-2320
Division: Income and Excise Audit Date: April 30, 1990

Approved by Commissioner: Hugh Malone Date: April 30, 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 the fisheries
business tax....."
Sponsor: Representative 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			23.1	23.1	24.0	24.0
TRAVEL			2.0	2.0	2.0	2.0
CONTRACTUAL			3.0	3.0	3.0	3.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	28.1	28.1	29.0	29.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	28.1	28.1	29.0	29.0
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	28.1	28.1	29.0	29.0

POSITIONS:

FULL-TIME						
PART-TIME	-0-	-0-	1	1	1	1
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

There is no fiscal effect for FY 90.

Prepared by: Jim Plasman, Deputy Director
Division: Municipal & Regional Assistance

Phone: 465-4750
Date: 4/30/90

Approved by Commissioner: Harold Hoffmann
Agency: Community & Regional Affairs

Date: 4-30-90

Distribution (by preparer):

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

Adopted

Position Title Grants Administrator			No. of Positions 1	Range/Step 17 A	Barg. Unit GGU	
Time Status Part-time	Start Months 6 months		Location Juneau		Election District	
Type of Expenditure			Justification			
			<p>This position will administer the tax sharing program. The amount of work associated with the program does not justify a full-time position.</p>			
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 2 of 2
 Revised Date

FY 91

Original sponsor(s): REP. GOLL

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 456 (Finance)
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 amount transmitted each fiscal year under AS 43.75.137
20 shall be apportioned by the department to each management area based
21 on the ratio of the management area's production value to the total
22 production value for all of the management areas. The department
23 shall allocate the amount available for each management area to each
24 municipality in that management area based on the demonstrated effects
25 on the municipality of fisheries business activities, the commercial
26 fishing vessel days in that municipality, or both.

27 (c) 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, which may include

1 the expenses of any municipal service.

2 (d) 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 that municipality.

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

9 (f) In this section

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

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

15 (3) "effect" means the result of fisheries business activ-
16 ities on the municipality's

17 (A) population;

18 (B) employment;

19 (C) finances;

20 (D) air and water quality;

21 (E) fish and wildlife habitats; and

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

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

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

29 (B) vessel moorage and vessel and gear maintenance;

1 (C) preparing fisheries resources for transportation;

2 and

3 (D) processing fisheries resources for sale by
4 freezing, icing, cooking, salting, or other method and includes
5 but is not limited to canneries, cold storages, freezer ships,
6 and processing plants;

7 (5) "management area" means one of the geographical units
8 designated by the Board of Fisheries by regulation adopted under
9 AS 16.05.251(a)(2) for the management of commercial fisheries of the
10 state;

11 (6) "production value" means the weight of the fish and
12 shellfish produced by floating fisheries businesses.

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

14 Sec. 43.75.137. ADDITIONAL REFUND. To the extent that appro-
15 priations are available for the purpose, and notwithstanding the
16 requirement of AS 37.07.080(e) that approval of the office of manage-
17 ment and budget is required, an amount equal to 50 percent of the tax
18 revenue that is collected under this chapter from floating fisheries
19 businesses and is not subject to division with a municipality under
20 AS 43.75.130 shall be transmitted each fiscal year, without the ap-
21 proval of the office of management and budget, by the department to
22 the Department of Community and Regional Affairs for disbursal to
23 eligible municipalities under AS 29.60.450.

24 * Sec. 3. This Act takes effect July 1, 1992.

HB 456



Alaska State Legislature

HOUSE OF REPRESENTATIVES

REPRESENTATIVE KAY WALLIS

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Senator John Binkley
Co-chairman, Senate Finance Committee

Senator Rick Uehling
Co-chairman, Senate Finance Committee

FROM: Representative Kay Wallis *KW*

DATE: May 6, 1990

SUBJ: HB 456 Fisheries Business Tax Refunds

Today HB 456 was forwarded to Senate Finance. This bill is extremely important to rural Alaska and I am asking your assistance to get the bill scheduled as quickly as possible. The bill's prime sponsor is Representative Goll, but I and several other House members have worked hard to get this bill moving.

Key Provisions of HB 456

Put simply, the bill allows the Department of Community and Regional Affairs to distribute to local governments up to 50% of the raw fish taxes collected from floating processors; these funds are not now shared with local governments. To be eligible for funds under this program, a community would be required to show negative impacts that are created by the fishery and floating processors operating in waters near a municipality.

This bill will benefit every district which has floating processors operating in the district's waters. It is my understanding that several communities in your district would benefit from the passage of this legislation.

To avoid any impact on FY 91 operating budget, we have moved the effective date of the bill to July 1, 1992.

History of the Sharing of Raw Fish Taxes

Perhaps some brief background information on this issue would be helpful in framing the public policy issues surrounding this

matter. Since statehood it has been the policy of the State of Alaska to share raw fish taxes with incorporated communities in or near the area in which the fishery resource is harvested and processed.

When the original tax sharing statute was originally implemented, the vast majority of fish processing facilities were located onshore. However, with the passage of time, advent of new technology, and changing economics of fishery resource processing, and ever-increasing amount of processing is taking place offshore--outside of the municipal boundaries. The net effect of this trend is that onshore communities--which serve as staging areas for the offshore processing activities--bear the brunt of the impacts created by the processing activities. However, the impacted communities do not receive any of the taxes paid to the State by the offshore processors. I believe this an inequitable situation which must be addressed.

I also wish to stress that HB 456 would accomplish the following public policy objectives:

1. It would correct a long-standing inequity in current law which adversely affect local governments which absorb the impacts created by offshore processors, but receive no financial assistance to cope with those impacts.

2. It holds the promise of giving local governments access to a long-term, stable source of income which will exist long after Prudhoe Bay revenues have dried up.

3. It discourages the recent trend by local governments to implement "creative alternatives" to capture tax revenues from floating processors, such as annexing bay with boundaries drawn to include areas where floating processors now operate.

Senator, I hope you will assist to get a hearing on this bill. If you have any questions, please do not hesitate to contact me.