

**SB**

**311**



February 4, 1994

Senator Mike Miller  
Alaska State Senate  
Room 423, State Capitol (MS 3100)  
Juneau, Alaska 99801-1182

Dear Senator Miller:

The fishing communities of Western Alaska continue to experience declines in economic revenues, reductions in various salmon runs and problems associated with other fisheries stocks. The impact of these problems surfaces as loss of jobs and loss of self-esteem, but manifests itself through alcohol and drug abuse, domestic violence, teen pregnancies, and the ultimate disaster -- suicide. We cannot overlook the social welfare significance of the desperate situation that is facing Western Alaska fishing communities.

The Bering Sea Commercial Fisheries Development Foundation (Foundation) has recognized this relationship because it is made up of Alaskan people who are experiencing these social and economic realities in their communities and industry representatives who are committed to the betterment of the affected communities.

We are aware of the provisions of the Fishery Resource Landing Tax Bill passed in 1993 and are dismayed by the lack of opportunity for taxpayers to elect a tax credit option for contributions directly to non-profit fisheries development organizations such as the Foundation. Surely, taxes on the fishing industry should be accrued for the benefit of all coastal communities who are experiencing social and economic hardships. In fact, the Bill excludes financial assistance to many of the smaller communities who are the most adversely impacted by this situation. These are the communities and people who stand to benefit from the fisheries development education, training, and employment activities of groups such as the Foundation.


We realize that under the current fiscal situation in Alaska, dollars are scarce and must be used effectively where the need may be. This presents you, as a legislator, with the responsibility to appropriate these tax revenues to where it can provide the maximum benefit. I submit that providing tax credits to companies who will contribute through Alaska non-profit corporations such as the Foundation provides the best way for these dollars to be matched by private sector industry, public charitable philanthropic organizations, and community-based funding institutions. For every state dollar that becomes available through this tax credit, we should be able to match three dollars to the community from other sources.

Without an adequate tax credit, the incentives to the private sector, community, and philanthropic organizations does not exist. Philosophically, at the very least, the government responsibilities to its constituents should lead legislators to form working partnerships with private sector to maximize funding and to meet the social well being needs of the communities and members who need it the most.

Please consider supporting the enclosed Amendment to the Fishery Resource Landing Tax Bill to allow organizations such as the Foundation to continue to exist and support rural Alaskan communities. To assist you in your deliberations, I have included the enclosed information which more specifically explains the projects that the Foundation has undertaken during the past two years and the benefits received by people in Western Alaska. I have also included a copy of the draft amendment that Senator George Jacko is planning to introduce in the Senate to accomplish these stated objectives. We have asked Representative Carl Moses to consider introducing a similar bill in the House.

Thank you for your consideration of this most important initiative.

Sincerely,

  
Dewey Schwalenberg  
Executive Director

enc. 3



March 17, 1994

MAR 17 1994

Jerry Ivanoff  
NSEDC EET Coordinator  
Box 193  
Unalakleet, Alaska 99684

Senator George Jacko  
Room 125, State Capitol (MS 3100)  
Juneau, Alaska 99801-1182

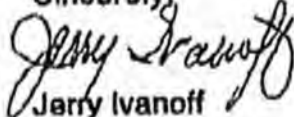
Re: Support of Senate Bill 311

Dear Honorable Jacko,

With this letter, please feel a lot of support from the Norton Sound Economic Development Corporation Education, Employment, and Training office for Senate Bill No. 311 in the Legislature of the State of Alaska Eighteenth Legislature-Second Session. A bill for an act entitled "An Act authorizing a credit against the fishery resource landing tax for certain contributions made by taxpayers not harvesting fisheries resources not harvested under a quota and for contributions based on fishery resources under a community development quota, amending the manner of calculating the amount available for revenue sharing by operation of this credit, and expediting agency review of the credit applications under that tax; and providing for an effective date."

It is my understanding that an amendment to the Fishery Resource Landing Tax of 1993 provides for 13.65 % of the taxes collected from off-shore seafood processors to be available to non-profit entities for support of fisheries related education/training, employment, and economic development projects. If this monies would be available for these particular reasons, the Norton Sound region would be happy for some assistance to train our local (newly-forming) crabbing and halibut fleet in marine crew safety, electronic navigation, and new fishing technology for the harvesting of the crab and halibut in Area 4d North and the whole Norton Sound. As the opportunities continue to expand our fishing and harvesting capabilities for the residents of our region, we have encountered more stringent safety requirements for our vessels and fishermen, which are quite expensive for compliance. To crab and halibut fish, we will be required to have EPIRB's, fire extinguishers, survival suits for each person on board, flares, vhf radio, and GPS or loran capabilities for finding our gear. At our low and depressed salmon prices today, our fishermen are having some difficulty gearing up to harvest a resource right in our back door, so to speak. Thank you for your time and effort to push for this bill this session!!

Sincerely,

  
Jerry Ivanoff

**Bristol Bay Economic Development Corporation**

P.O. Box 1464 • Dillingham, Alaska 99576 • (907) 842 4370 • Fax (907) 842-4336 • 1-800-478-4370



March 17, 1994

Senator George Jacko  
Alaska State Senate  
State Capitol, Room 125  
Juneau, Alaska 99801-1182

Dear Senator Jacko:

Thank you for introducing SB 311. The amendment to the Fishery Resource Landing Tax Bill of 1993 makes good sense in these times of declining oil prices and reduced budgets that affect our communities in Western Alaska. The bill is timely and appropriate.

Allowing off-shore processors to gain a tax credit to provide communities with education/training, employment and economic development projects is important to our long-term economic development. I understand that your bill is in Senate Resources at this time. I intend to send a copy of this letter of support to Senator Miller.

As you know, our program is working very well at this time but there is a long way to go. Although the funds from the CDQ program are meeting some of our needs, the dollars needed to bring our area up to parity with the rest of the state are not there. SB 311 will provide the incentive for off-shore processors to increase their financial assistance to help us get more of our people into the work force and off of the welfare rolls. The bill will also assist in providing more funds for vocational and technical training which again will get more Western Alaskans into the work force.

Again, thank you for introducing this bill that will allow our people to become a part of the equitable distribution of fisheries generated revenue to support locally determined fisheries initiatives. This is a creative piece of legislation that is needed.

Sincerely yours,

*Nels A. Anderson, Jr.*  
Nels A. Anderson, Jr.

cc: Senator Miller



**EMMONAK TRIBAL COUNCIL**

P.O. Box 126  
Emmonak, Alaska 99581  
(907) 949-1720  
FAX (907) 949-1926

MAR 21 1994

March 18, 1994

Honorable Senator George Jacko  
Room 125, State Capitol (MS 3100)  
Juneau, Alaska 99801-1182

RE: IN SUPPORT OF SENATE BILL 311.

Dear Senator Jacko,

The Emmonak Tribal Council would like to express its full support of the Senate Bill 311.

Emmonak has been directly impacted as a result of the Western Alaska fisheries situation.

We support programs that will help our people with jobs and alternative means to meet our daily needs.

Please feel free call our office for any questions or comments, reference to our support for Senate Bill #311.

WITH REGARDS,

*Billy A. Charles (Pres)*  
Billy A. Charles, President  
EMMONAK TRIBAL COUNCIL

ETC/lda  
cc Bering Sea Commercial Fisheries  
Development Foundation

file

Post-It™ brand fax transmittal memo 7671 # of pages 1	
To	Office of Sen. George Jacko
Co.	Emmonak Tribal Council
D. pt.	
Fax #	(907) 465-2997
Phone #	(907) 949-1720
Fax #	(907) 949-1926



MAR 21 1994

**AKUTAN FISHERIES  
ASSOCIATION, Inc.  
P.O. BOX 89  
AKUTAN, AK. 99553  
PH.(907)698-2300  
FAX(907)698-2301**

**JACOB STEPETIN, PRES.  
JOE HERESKIN, V.PRES.  
TERRY COOK, SEC/TREAS  
THOMAS STEPETIN, BOARDMEMBERS  
DEMETRI TCHERIPANOFF  
JENNIE ROBINSON**

Senator George Jacko  
State Capitol (MS 3100)  
Juneau, AK. 99801-1182

BY Fax # 465-2997

March 21, 1994

Dear Senator,

The Akutan Fisheries Association is incorporated under the Non-Profit Laws of the State of Alaska, and as such and representing Akutan's Fishermen, we support and urge the passage of SB 311 amending AS 43.77.040(b).

We are pursuing an economic development project that would involve the processing of our fishermen's catch by adding value such as direct selling and smoking of our products.

We would benefit if this SB 311 is passed by enabling the contributions to help cover some overhead expenses incurred in the development and operations of economic projects that in the end enhance the quality of life for all Akutan residents.

Thank you for your support and please relay this message to Senator Mike Miller.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Terry A. Cook".

Terry A. Cook, Sec/Treas.  
Akutan Fisheries Association, Inc.

# FOUNDATION

## S U P P L E M E N T

### *Dear Legislator...*

*During the last legislative session, the Alaska Legislature passed the Fisheries Landing Tax bill of 1993. The intent was to recover revenues from the off-shore fishing industry for landing fish products near Western Alaska coastal communities. Fifty percent of the tax revenue will accrue to the state General Fund, and approximately 50 percent to the communities where landings will be made, with .3 percent being provided to the Alaska Seafood Marketing Institute for Alaska seafood promotion. A very limited amount will support Community Development Quota (CDQ) programs.*

We believe that an important aspect of the relationship between the resources of the Bering Sea, the fisheries industry and the Western Alaska coastal communities has been overlooked.

The American Factory Trawler Association (AFTA) has for the past two years, voluntarily contributed more than \$850,000 through the Foundation to projects in the most economically depressed Western Alaska communities. Projects that provided job training and employment have placed more than 240 persons in seafood processing contracts. These

contracts have led to more than \$3 million in wages to community members and their families. The results of these jobs and the wages have had an immeasurable effect on the social well-being of these community members.

The Foundation also has provided grants and zero-percent interest loans to remote communities in Western Alaska to support economic development. Through our loan program, Nunivak Island Seafoods now has the equipment to transport its processed halibut to market and provide fishing opportunities to the community fishermen. In Kotzebue, the fishermen have formed the Chukchi Sea Fishermen's Cooperative. With a grant from the Foundation, they have operated their own salmon buying station. This project raised the price to the fishermen by \$.20 a pound in one year. More than 200,000 pounds were purchased by the cooperative, which also provided employment to five workers during the season.

In addition, the Foundation was the first institution to provide support funding to communities that were eligible for the Community Development Quota (CDQ) program. Our initial \$30,000 allowed the 53 community representatives to meet to form the

# FOUNDATION

S U P P L E M E N T

CDQ community organizations that went on to establish economic development joint ventures with the fishing industry.



The Foundation has supported other projects that allowed fishermen to increase their opportunities to participate in fisheries. The Atka Fishermen's Association members now participate in a pink salmon fishery as a result of an equipment loan made by the Foundation. Savoonga and Gambell fishermen now participate in a halibut fishery as a result of a training grant that the Foundation made.



Finally, the Foundation has worked with numerous communities to strengthen the cooperative relationship between the fishermen who ultimately must work together for their common good. Inuit Fish Marketing, Ltd., was established to bring fishermen from Kotzebue, Unalakleet, Emmonak and Bethel to a common marketing effort of 1 million pounds of chum salmon. Although the group formed and worked cooperatively toward this common sales goal, the disastrous chum salmon runs of this past season allowed a limited success for this project. This effort underscores the continued need for the Foundation, its projects and the financial support of the off-shore fishing industry such as the AFTA members.



We must find ways to support more partnerships between industry, Alaska and the Western Alaskan communities. To do this, we believe that the Fish Landing Tax Bill of 1993 must be amended to include a provision that will provide a tax credit to companies

that contribute to the Bering Sea Commercial Fisheries Development Foundation. These contributions will allow the Foundation to form matching challenge grant partnerships with federal, state, industry, communities and private philanthropic organizations. The projects that the Foundation then is able to sponsor in Western Alaska will be used to benefit the most economically depressed communities.



The disastrous fishing season this year for the Bering Sea communities should serve to focus our attention. The Foundation believes that industry is willing to assist and has shown this willingness for the past two years. The Governor's proclamation of an economic disaster in the Yukon-Kuskokwim region indicates only the beginning of the problems for these communities. If the Landing Tax Bill is allowed to divert all the fisheries revenues from the economically disadvantaged communities to the state General Fund and the economically sound communities, the off-shore fishing industry with its current economic difficulties, will have no ability to assist the communities that need it the most. We suggest setting aside a portion of the revenues (perhaps 15 percent) for reinvestment into economically depressed Western Alaskan communities through the Foundation.



Please consider supporting an amendment to the Fisheries Landing Tax Bill of 1993 in the 1994 legislative session. I have included additional information about the Foundation and the community projects that we have supported. If you have any questions, please feel free to contact us.

SENATOR GEORGE JACKO III  
ALASKA STATE SENATE  
STATE CAPITOL, ROOM 125  
JUNEAU AK 99801

FEB 28 1994

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# THE DUTCH HARBOR FISHERMAN

Serving the Aleutians and Pribilofs

Unalaska, Alaska

Volume 2 Number 10

Friday, February 25, 1994

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## Offshore processors to pay taxes

By Ann Touza

For the Fisherman

How much — and in what ways — does the Seattle-based factory trawler fleet contribute to Alaska's economy?

In recent years, the question has been often raised and sometimes argued vehemently in the state Legislature and at North Pacific Fisheries Management Council meetings. Industry representatives and coastal residents have also joined the debate.

Every year offshore processors profit from hundreds of thousands of metric tons of fish harvested in the Bering Sea.

Part of the profits end up in Alaskan coastal

communities through fuel sales, wages, grocery and supply sales, dock fees and ship repair, but opponents of the factory trawlers say most of the profits end up in Seattle.

"They use our facilities and don't pay any tax," said Rep. Carl Moses, author of the bill. The shore-based processors were already paying a similar tax, and this gave the offshore fleet an unfair economic advantage over the shore-based processors, Moses said.

Last year the Alaska Legislature passed a bill, which Hickel signed into law, that assesses a 3.3 percent tax on the offshore fleet based on the value of product landed at Alaskan ports.

Assessments began this year, and the offshore fleet is expected to begin paying the esti-

mated \$7 million to \$9 million next year.

How the money will be spent has not been finalized, but legislators have proposed that about half of it be placed in the state's general fund. Most of the remainder would go to the communities where the product is landed, while 0.3 percent would go the Alaska Seafood Marketing Institute.

The American Factory Trawler Association recently filed a lawsuit against this tax, which AFTA says is unfair based on the amount of time factory trawlers spend in Alaskan ports. The shore-based processors make use of community water, roads and landfills all year, while

See Foundation, page 2

## Food costs eat away pocketbo

By Debby Ross

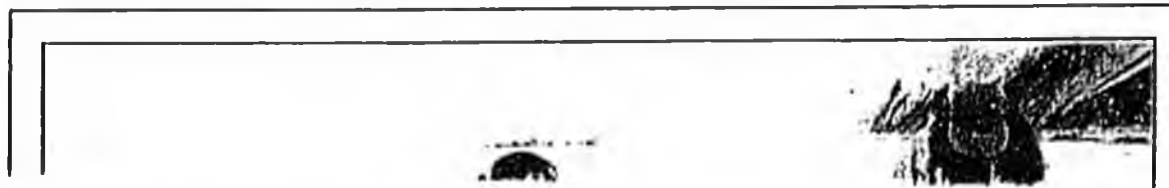
Fisherman Staff

Food costs in Unalaska Harbor are nearly double Anchorage but are less than other rural communities, according to a recent survey by the Alaska Cooperative Extension at the University of Alaska, Fairbanks.

Unalaska resident Pam Brantley researched the food and utility cost figures for the quarterly survey completed in December. Past surveys have not included costs from Unalaska/Dutch Harbor.

According to the survey a family of four with elementary school children pays \$166.92 a week for food and utility costs in Dutch Harbor.

## Pollock haul a mixed bag



THE DUTCH HARBOR FISHERMAN 2/25/94

## Foundation

From page 1

factory trawlers come in to offload maybe five or six times a year. Blum said.

AFTA members currently include 14 factory trawler companies with 38 vessels.

AFTA Executive Director Joe Blum emphasizes the amount of money factory trawlers spend yearly in Alaskan ports, such as the \$62 million spent in Dutch Harbor/Unalaska last year.

AFTA also provides economic benefits to Western Alaska communities through the Bering Sea Commercial Fisheries Development Foundation. Blum said.

This Anchorage-based foundation formed in 1991 as debate over the inshore-offshore pollock allocation raged at the NPFMC meetings.

The board of directors includes John Binkley, Harold Samuelsen, Edward Crane, T. Edward Luttrell, Stanley Simonson, Agralon Krukoff, Timothy Towarak and John White. AFTA members agreed to voluntarily assess themselves 75 cents per metric ton of groundfish caught in the Bering Sea and to use this money for development projects in Western Alaska.

Dewey Schwalenberg, executive director for the foundation, says the 3.3 percent tax could jeopardize the foundation's work.

Factory trawlers companies, already facing financial hard times, may find it hard to contribute to the foundation and pay the 3.3 percent tax, Schwalenberg said.

"When we see 3.3 percent taxes thrown onto the industry it makes it very hard for me to do my job," he said. He said he went to the Legislature last year and told them that this tax may be good for state but will be hard on communities in Western Alaska.

"What it amounts to is the poor get poorer and the rich get richer," he said.

Schwalenberg believes the problem with the tax is that fish-

eries money is used to offset declining revenues and to build up the infrastructure in communities rather than going back into fisheries development.

At the same time, fisheries are "on the verge of collapse," he said.

The way to improve the social welfare of coastal communities is to improve their fisheries, Schwalenberg said.

The focus of the foundation is on education, training and employment, Schwalenberg said. Loans and grants are also made available to fishing groups in small Western Alaska coastal communities.

"We honestly believe the lifeblood of those small communities is their fisheries..." Schwalenberg said. By helping these communities develop their fisheries and by providing employment on factory trawlers, the foundation is "getting very involved in the social welfare of the communities without getting involved in social programs."

Roughly \$1 million has been collected by the foundation so far. About \$246,000 has gone to train people for entry-level positions, usually as processors, on factory trawlers. The training program is held at the Alaska Vocational Technical Center in Seward. Twenty percent of the funding comes from the state Department of Community and Regional Affairs, 80 percent comes from the foundation.

Schwalenberg said 176 people have gone through the program and that 240 people, mostly Natives from 60 Western Alaska communities, have been employed through the foundation.

Contracts are usually for 60 to 90 days at sea, allowing people to also participate in subsistence fishing in their villages, Schwalenberg said.

"The return from salaries alone came in over \$3 million to the communities," he said.

None of the foundation money has been spent in Unalaska/Dutch Harbor, however. Schwalenberg said that is because the foundation "works predominantly in areas

with very limited economic opportunity."

The foundation did provide \$29,000 in start-up grants for the six Community Development Quota groups, including the Central Bering Sea Fisherman's Association based in St. Paul and the Aleutian Pribilof Island Community Development Association based in St. George.

Most of the CDQ groups have factory trawler companies as partners.

A two-year zero-interest loan for \$24,000 was also given to the Atka Fishermen's Association to buy netting equipment to help them participate in the pink salmon fishery.

Most of the loans, around \$40,000, have gone to communities from Bethel to Kotzebue.

About one-third of the money collected is spent on administrative costs.

If the offshore landing tax can't be overturned, Schwalenberg would like to see the factory trawlers be able to get tax credits for contributions to non-profits like the foundation.

The Senate Finance Committee has introduced legislation what would amend the offshore landing tax bill to include a 13.65 percent tax credit option. Sen. George Jacko was the primary sponsor of this amendment.

Moses said this amendment was introduced last year in an effort "to keep the offshore fleet from fighting the offshore landing tax." But with the tight money situation in the state this year, Moses said he is not sure if the amendment will pass.

Schwalenberg said the amendment would allow some of the tax money to continue to go to underdeveloped communities. Otherwise, "the vast majority of the money would go to Dutch Harbor," where most of the fisheries product is landed, Schwalenberg said.

But how much — and in what ways — the offshore fleet will be required to contribute to Alaska's economy remains to be resolved.

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