

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86/2

370 SCOMM10: LOCAL GOVERNMENT STUDY 1979

SUMMARY

- In general there is compatibility between the fisherman's minimum price per pound required to achieve acceptable earnings and the onshore processor's maximum raw product cost constraints, indicating that the industry is commercially feasible and attractive.

PRICE COMPATIBILITY: FISHERMAN'S REQUIREMENTS VERSUS ONSHORE PROCESSOR'S CONSTRAINTS

Fisherman			Onshore Processor			
			Maximum a Processor Can Pay, per Pound*			
			New Plant		Existing, Expanded Plant	
Minimum Price per Pound Required*			Single Shift	Double Shift	Single Shift	Double Shift
Existing Fleet -- Converted for Bottomfish			\$0.127	\$0.170	\$0.184	\$0.203
			with 6% tax - 0.121	0.162	0.1748	0.194
86-foot Shrimper:	Historically Low Average Earnings	\$0.083	X	X	X	X
	Historically High Average Earnings	0.124	(X)	X	X	X
122-foot Crabber:	Historically Low Average Earnings	0.092	X	X	X	X
	Historically High Average Earnings	0.467				
160-foot Crabber:	Historically Low Average Earnings	0.071	X	X	X	X
	Historically High Average Earnings	0.290				
New -- Combination Vessel						
86 foot		\$0.145		X	X	X
122 foot		0.175			(X)	X
160 foot		0.250				

*Weighted average of species.

X = Indicates that a fisherman's minimum required price per pound is below the maximum price per pound a processor can pay.

- Floating offshore processing plants and both Alaska-based and Seattle-based catcher/processors are financially unattractive due to:
 - High investment
 - Low returns on capital employed

TO: The Honorable Charlie Parr

FROM: Gregg K. Erickson
Director of Research

Please indicate your directions concerning future handling of the attached information, which you requested under WO# 6495 (Subject: Fish Processing Establishments in the Unorganized Borough).

- ☒ I approve the release of this information to any requesting party.
- ☐ I do not approve the release of this information; maintain confidentiality
- ☐ I approve the release of this information under the following conditions:

2/17/79
Date

Charlie Parr

Signature

LA-R2



STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

MEMORANDUM

February 15, 1979

SUBJECT: Fish Processing Establishments in the Unorganized Borough
(W.O. #6495)

TO: The Honorable Charlie Parr

FROM: O. Alexander Hoke
Policy Analyst

O. Alexander Hoke

Regarding your request for an estimate of the number of fish processing establishments in the unorganized borough, please note the attached listing of frozen fish processors and canners operating in Alaska. This listing, supplied by the Department of Fish and Game, is derived from a filing of the 1977 and 1978 annual reports and Intent to Operate reports filed by processors and canners. Accompanying the list of fish processors and canners is an alphabetical index of villages and communities within the unorganized borough, which should assist you in identifying those processors operating within the unorganized borough.

Please notify us if we can be of further help.

OAH:jm
Attachment

FROZEN FISH PROCESSORS BY REGION (From 1977 Annual Reports)

OPERATION AREA	COMPANY NAME	PLANT LOCATION
Southeast	Cordova Bay Fisheries	Hydaburg
	Dry Bay Fish Company	Alsek
	Engstrom Brothers	Douglas
	Juneau Cold Storage	Juneau
	New England Fish Company	Ketchikan
	Pelican Cold Storage Company	Pelican
	E.C. Phillips & Son, Inc.	Ketchikan
	Reliance Shrimp Company	Wrangell
	Sitka Sound Seafoods	Sitka
	Thompson Fish Company	Hoonah
Cook Inlet	Alaska Gourmet Inc.	Anchorage
	Alaska Sea Products	Seward
	Dan's Cold Storage	Ninilchik
	Ed's Kasilof Seafoods	Kasilof
	Keener Packing Company	Soldotna
	Pacific Pearl Seafoods	Seldovia
	R-Lee Seafoods Inc.	Kenai
	S A Packers	Seldovia
	Sagaya Alaska Seafoods Ltd.	Homer
	Salamatof Seafoods	Kenai
	Saratoga Fish	Anchorage
	Seward Fisheries	Homer
	Seward Fisheries	Ninilchik
	Whitney Fidalgo Seafoods Inc.	Anchorage
	Whitney Fidalgo Seafoods Inc.	Homer
Prince William Sound	Bayside Cold Storage	Cordova
Kodiak	Alaska Packers Association	Kodiak
	EAC/Americo Ltd.	Kodiak
	Pan Alaska Fisheries (2 plants)	Kodiak
	Swiftsure Alaska Inc.	Kodiak
	Ursin Seafoods Inc.	Kodiak
Chignik	Alaska Packers Association	Chignik

1978

FRESH/FROZEN FISH PROCESSORS BY REGION (FROM ANNUAL REPORTS). (Cont.)

OPERATION AREA	COMPANY NAME	PLANT LOCATION
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Aleutians

Pan-Alaska Fisheries	Unalaska
Pacific Pearl Seafoods	Unalaska
Eastpoint Seafood Company	Dutch Harbor
Sea-Alaska Products Inc.	Dutch Harbor
Universal Seafoods Ltd.	Dutch Harbor
Whitney-Fidalgo Seafoods, Inc.	Dutch Harbor

Arctic-Yukon-Kuskokwim

Golovin Fish Processing Co-op	Golovin
Salmon Products Inc.	St. Mary's
Yukon Delta Fish Market Co-op	Emmonak

FRESH/FROZEN PROCESSORS, BY REGION (FROM 1978 INTENTS TO OPERATE)

OPERATION AREA	COMPANY NAME	PLANT LOCATION
Southeast	Underwater Fisheries Yakutat Fisherman's Co-op Inc.	Lodge Island Yakutat
Cook Inlet	Alaska Big Three Fishery Alaska Seafood & Meat Brokers *C Foods Drednet Fisheries Icy Seas Fisheries Indian Valley Fish Processors J.L.S. Services Martin's Seafoods Inc. Midgulf Seafoods Inc. Osmar's Ocean Specialities Sparky's Seafoods Terrell Schenck & Assoc. Inc.	Anchorage Anchorage Homer Kenai Kasilof Indian Kenai Anchorage Anchorage Clam Gulch Seldovia Kasilof
Bristol Bay	Monte Handy Enterprises New England Fish Company	Pilot Point Pederson Point
Alaskan Peninsula	Peter Pan Seafoods	Port Moller
Aleutians	Pacific Pearl Seafoods Pacific Shrimp Company Trident Seafoods Corp. Wakefield Seafoods Inc.	Dutch Harbor Unalaska Akutan Unalaska
Arctic-Yukon-Kuskokwim	Alaska Research Company Interior Fisheries St. Mary's Native Corp.	Sleetmute Hanley Hot Springs St. Mary's
Kodiak	C & C Fisheries The Happy Clam Seafood	Pleasant Harbor Kodiak

*These processors operated in 1977, but have not filed Annual Reports as of they have been entered here for the sake of accuracy.

CARRIERS, BY REGION FROM 1977 ANNUAL REPORTS

OPERATION AREA	COMPANY NAME	PLANT LOCATION
Southeast	Nesco-Fidalgo Packing Co. Southeast Seafood Processors Ward Cove Packing Co.	Ketchikan Klawock Ketchikan
Prince William Sound	Blakes Canning Glacier Packing Co. Odiak Smokeries	Cordova Cordova Cordova
Cook Inlet	Whitney-Fidalgo Seafoods, Inc. Whitney-Fidalgo Seafoods, Inc.	Ship Creek Port Graham
Kodiak	East Point Seafood Co. Whitney-Fidalgo Seafoods, Inc.	Kodiak Uyak Bay
Arctic-Yukon-Kuskokwim	Azachorak Corp.	Mountain Village
Alaskan Peninsula-South	Peter Pan Seafoods	Squaw Harbor
Bristol Bay	Diamond E Fisheries Nelbro Packing Co. Peter Pan Seafoods Queen Fisheries Inc. Red Salmon Co. Whitney-Fidalgo Seafoods, Inc.	Egegik Naknek Dillingham Nushagak Naknek Naknek

CANNERS BY REGION FROM 1978 INTENTS TO OPERATE

OPERATION AREA	COMPANY NAME	PLANT LOCATION
Southeast	Keku Canning Co. Whitney-Fidalgo Seafoods, Inc.	Kake Ketchikan
Cook Inlet	Tidewater Packing Co.	Anchorage
Bristol Bay	AK Packers Assoc., Inc. New England Fish Co.	South Naknek Egegik

1977

Total Statewide= 30

CANNED & FROZEN PROCESSORS, BY REGION (from 1977 ANNUAL REPORTS)

OPERATION AREA	COMPANY NAME	PLANT LOCATION
Southeast	Alaska Glacier Seafood CO.	Petersburg
	Annette Island Packing Co.	Metlakatla
	Excursion Inlet Packing Co.	Excursion Inlet
	Harbor Seafoods, Inc.	Wrangell
	Icicle Seafoods, Inc.	Petersburg
	Petersburg Processors	Petersburg
	Whitney-Fidalgo Seafoods, Inc.	Petersburg
Cook Inlet	Columbia Wards	Kenai
	Kenai Packers	Kenai
	Seward Fisheries	Seward
Bristol Bay	Bumble Bee Seafoods	South Naknek
	Columbia Wards Fisheries	Eruk
	Surflife Seafoods	South Naknek
	Togiak Fisheries	Togiak
Prince William Sound	Morpac, Inc.	Cordova
	N. Coast Seafood Processors	Cordova
	N. Pacific Processors	Cordova
	St. Elias Ocean Products	Cordova
Kodiak	B&B Fisheries	Kodiak
	Columbia Wards	Kodiak
	Columbia Wards	Alitak
	Columbia Wards	Port Baliey
	Kodiak King Crab, Inc.	Kodiak
	Pacific Pearl Seafoods	Kodiak (2 Plants)
	Whitney-Fidalgo Seafoods, Inc.	Kodiak
Alaska Peninsula	Pacific Pearl Seafoods	Sand Point
	Peter Pan Seafoods	False Pass
	Peter Pan Seafoods	King Cove
Y K	Bering Sea Fisheries	Sunshine

1978

Total Statewide = 7

CANNED & FROZEN PROCESSORS FROM 1978 INTENTS TO OPERATE

OPERATION AREA	COMPANY NAME	PLANT LOCATION
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Kodiak	Alaska Pacific Seafoods	Kodiak
	East Point Seafood Co.	Kodiak
	New England Fish Co.	Kodiak
	North Pacific Processors	Kodiak

Cook Inlet	Fairmount Island Seafoods	Fairmount Island
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Chignik	Alaska Packers Assoc., Inc.	Chignik
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Prince William Sound	Farm-n- Sea of Alaska, Inc.	Valdez
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W.O. 6495

Attachment

Computer printout listing

313 Alaska Villages &
Communities

TO: The Honorable Terry Gardiner

FROM: Gregg K. Erickson
Director of Research

Please indicate your directions concerning future handling of the attached information, which you requested under WO# 6839 (Subject: Social Security Contributions - HB 373).

- ☒ I approve the release of this information to any requesting party.
- ☐ I do not approve the release of this information; maintain confidentiality
- ☐ I approve the release of this information under the following conditions:

March 16, 1979
Date

Terry Gardiner
Signature

LA-R2

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

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

Release requested

MEMORANDUM

March 13, 1979

SUBJECT: Social Security Contributions - HB 373 (W.O. #6839)

TO: The Honorable Terry Gardiner

FROM: Ken Humphreys *J.K.H.*
Senior Policy Analyst

You have requested information on social security contributions for Alaska versus the United States as a whole.

We have estimated that the average full-year state employee earned \$22,265 in 1978. Since employee contributions to social security in 1978 were set at 6.05 percent of wages and the taxable wage base was \$17,700, the average full-year state employee would contribute the maximum of \$1,070.85. For the U.S. as a whole, the average covered salary in 1977 was \$9,779.44. If we adjust this figure upward by 10 percent to get an estimate of the 1978 average covered wage and multiply by 6.05 percent, we arrive at an average social security contribution of \$648.39.

These are rough figures, but it is clear that, as you suspected, the average state employee in Alaska pays considerably more in dollar terms in social security contributions than an average wage earner in the U. S. as a whole. This is true despite the fact that, as a percentage of total payroll, full-year state employees in Alaska in 1978 paid a little over 4 percent while wage earners in the U. S. as a whole paid on the order of 5.5 percent of their total earnings.

The discrepancy between contributions made by the average full-year state employee in Alaska and the average worker in the Lower 48 can be expected to increase in future years. An average covered worker in the U. S. in 1979 is projected to earn \$11,655 and would contribute 6.13 percent or \$714.45. Assuming that the average full-year state employee earns \$22,900 (the 1979 taxable wage base) or more in 1979, his contribution would be \$1,403.77.

The fact that the social security benefit structure is highly skewed in favor of low income workers may be of greater significance than the difference in contributions. The following table shows benefits that would be paid to a hypothetical 65 year-old male worker retiring in

PH 3/13/79

March 13, 1979

January of 1979 with three levels of covered earnings for 1956-1978. Benefits as a percentage of covered earnings are much higher under the lower wage assumptions.

<u>Average Monthly Wage</u>	<u>Monthly Benefit</u>	<u>Benefit as a Percentage of Average Monthly Wage</u>
\$632.61 (Maximum \$174,600 total covered earnings)	\$503.40	80%
\$474.46 (\$130,950 total covered earnings)	\$412.80	87%
\$316.30 (\$87,300 total covered earnings)	\$314.90	100%

I hope this information is useful in your consideration of HB 373. Please let us know if you have further questions.

KH:jm

TO: The Honorable Ed Dankworth

FROM: Gregg K. Erickson
Director of Research

Please indicate your directions concerning future handling of the attached information, which you requested under WO# 5803 (Subject: Foreign Ownership of Alaska Lands).

- ☒ I approve the release of this information to any requesting party.
- ☐ I do not approve the release of this information; maintain confidentiality
- ☐ I approve the release of this information under the following conditions:

4/9/79
Date

5*/Ed Dankworth
Signature

LA-R2

* Consent for release to any requesting party received 4/9/79 by phone from Cindy in Sen. Dankworth's office.

TO: The Honorable TERRY MARTIN

FROM: Gregg K. Erickson
Director of Research

Please indicate your directions concerning future handling of the attached information, which you requested under WO# 5906 (Subject: Foreign Ownership of Alaska Lands)

- ☒ I approve the release of this information to any requesting party.
- ☐ I approve the release of this information to any requesting party, but please remove my name.
- ☐ I do not approve the release of this information; maintain confidentiality.
- ☐ I approve the release of this information under the following conditions:

4-6-79
Date

Terry Martin
Signature

STATE OF ALASKA THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 20, 1979

SUBJECT: Foreign Ownership of Alaska Lands (W.O. 5803)

TO: The Honorable Ed Dankworth*

FROM: Elke Kallab
Policy Analyst

Some time ago you requested that we look into foreign land ownership in Alaska. You mentioned a television program (60 Minutes), which apparently stimulated your inquiry and concern. This program dealt exclusively with recent foreign farm land acquisitions in California. It did not touch on other foreign real estate investments by non-resident aliens in this country, nor the conversion of agricultural land to other uses. Since very little land is in farm production in Alaska, I assumed that you were interested in foreign ownership of real estate in general. Unfortunately, data on foreign ownership of land--farm or otherwise/within the state or nationally--is almost totally lacking, and such information as exists is more often than not hearsay or conjectural. Nevertheless, I will summarize below the material to which I had access and which was available so you may gain an overview of the subject matter, skimpy as it may be, and also to provide you with information which would allow you to define the subject more explicitly, should you wish to pursue the matter further.

Foreign Ownership of Land in Alaska

There are no records in the state which would disclose the amount of land which is held by non-resident aliens. However, it is thought to be miniscule given the fact that so very little land is in "private" ownership as compared to state, federal, and Native ownership.

The legislature did enact a law in 1975 which requires that

"(I)f the estate or interest in real property is created, transferred or declared to a non-resident alien or for the benefit of a non-resident alien, the instrument shall so state and shall contain the name and address of the alien." (AS 09.25.010(b))

*This memo is being separately addressed to another legislator in response to an essentially identical inquiry.

The above information is then supposed to be filed with the commissioner of the Department of Commerce and Economic Development (AS 22.15.110(4)).

If this law were enforced, it should tell us the amount of land in Alaska which is owned by non-resident aliens, or for the benefit of non-resident aliens, at least since 1975. However, the law has not been enforced. We believe several reasons are responsible for this.

- (1) No one in the Department of Commerce and Economic Development was aware that the law was on the books. The state recorder, who is now responsible for forwarding the information required under AS 09.25.010(b), similarly was unaware of the existence of her responsibility, but assured me that she had never seen such a disclosure. As a result of our conversation, she did write a letter to all recording offices in the state to inform them of the existence of the law. However, she also told them that it was not "...the duty of the Recorder to enforce [sic] this...."
- (2) Alaska does not legally require the registration or recordation of land conveyances.
- (3) Non-resident aliens have tools at their disposal, if they wish to use them, which would make it very difficult to track down their land ownership in Alaska. They could, for instance, employ local agents to buy the real estate for them; they could create a "dummy" corporation to front for them; or they could incorporate in such tax havens as Lichtenstein and the Netherlands Antilles, which do not require disclosure of shareholders. Technically, non-resident aliens would be in violation of Alaska law by employing the former two methods if they did not disclose non-resident alien ownership or participation, but it would be extraordinary for the state to expose such practices. (AS 10.05.250, AS 10.05.255(a)(13), AS 10.05.615(12), AS 10.05.675(5), AS 10.05.702(8)) Even if the state could get on top of the situation, the penalties and liabilities do not appear to be sufficiently severe to provide an incentive to comply with the law if a non-resident alien is determined to avoid compliance.

The difficulty and expense to track down non-resident alien landowners in the state, or the nation for that matter, would be enormous, and it is doubtful that the results would warrant it, considering the small amount of land in foreign ownership. The best estimates indicate that foreigners own less than one-quarter of one percent of America's land. A recent report by the U.S. Agriculture Department mentions that at current rates of investment "...it would take about 19 years for foreigners to acquire ownership of an additional one percent of U.S. farmland."

Essentially we must rely on the cooperation of non-resident aliens to provide us with the information we seek. It is in the interest of the landowner, domestic or foreign, to record his land transactions in order to protect his title to the property, and it is hoped that the recent passage of PL 95-460, and having made district recorders aware of the existing law in Alaska, would improve reporting of land owned by non-resident aliens.

PL 95-460

Last year Congress passed the Agricultural Foreign Investment Disclosure Act (PL 95-460) which requires that "(A)ny foreign person who acquires or transfers (or holds) any interest...in agricultural land shall submit a report to the Secretary of Agriculture...." The reporting requirements are quite extensive as regards to address and citizenship of the foreign person, place of business and the nature of the business if not an individual, the type of interest in the agricultural land that a foreigner acquires, the agricultural purposes for which the agricultural land is being used, the purchase price, acreage and legal description of the property, as well as any other information the secretary of Agriculture requires by regulation. Penalties for failure to submit a report, or submit one that is incomplete or misleading, are recoverable in a civil action for up to 25 percent of the fair market value of the interest in the agricultural land. The secretary of Agriculture is required to transmit to the President and to Congress an annual report regarding the effectiveness of the law as well as information obtained. The secretary is also required to submit to individual states the information he has received which involves agricultural land located in a particular state. The bill's definition of agricultural land includes land used for forestry or timber production purposes.

It is too early to assess the success of this program, but it has been stated that it would be most difficult to enforce if foreign owners of farm land in the United States decided not to cooperate.

The California Experience

Over the last several years, large tracts of California farm land have been acquired by foreigners. The buyers are usually Western Europeans, particularly Italians, Dutchmen, Frenchmen, and Germans, with a sprinkling of Japanese and Latin Americans. (Arabs, Iranians, Japanese and Chinese tend to invest in improved land, such as shopping centers, office buildings, co-op apartments, condominiums, petrochemical complexes, hotels, factories, etc.)

Among the motives cited as inducements for investing in California farm lands (and other lands in California and elsewhere, too) by foreigners are

- the weakening of the American dollar, which makes the investment attractive compared to their own farm land prices, which in Western Europe are roughly double the price of the same quality land in the United States;
- the anticipated world-wide food shortage, which makes investment in American farm land safe and desirable;
- political instability at home, which makes investments in real estate in the United States desirable, since it is assumed that this country will recognize private property rights for the foreseeable future, as well as the fact that America is seen as the last bastion of free enterprise.

In addition, foreign land owners often enjoy tax breaks not shared by American land owners. Such tax breaks are achieved by maintaining subsidiaries, or creating corporate entities, in countries which have reciprocal tax treaties with the United States, such as Lichtenstein and the Netherlands Antilles. Taxes which might not be paid by foreigners as result of such tax treaties are the 30 percent investment income tax, capital gains taxes, withholding taxes on dividends paid to the firm's stockholders, and withholding taxes on the interest paid by the firm. Additionally, foreigners would not have to pay income, gift, estate, or inheritance taxes in the Netherlands Antilles.

Even those countries which do not have tax treaties with the United States often provide their residents with tax credits on U.S. income, just as we do with Americans having investments abroad.

The fears and concerns expressed by Californians where that

- Acquisition of farm land by foreigners was raising prices to levels where it was beyond the reach of those people who would like to farm their own land. This is seen as a threat to the tradition of family farming. (However, there is evidence which suggests that most of the farm land transactions are between resident farmers, and it is claimed that it is they who bid up the price of farm land, just as much as foreign investors who pay premium prices for quality farm land, in attempts to add to their holdings necessary to meet the growing costs of farm operations.)
- Large holdings of real estate by foreigners would provide them with undue influence in economic and political affairs of the state and on the county level;
- The identities of the foreign investors were often unknown which is being resented, and there appears to be an aversion to absentee farm owners, particularly foreigners.

As a result, legislation was introduced in California which would have halted the sale of California farm land to non-resident aliens had it passed. (AB 3627) Certain large publicly held but alien controlled corporations would have been exempt from the proposed law if their corporate stock had been listed on a national security exchange or otherwise qualified for issuance under the federal securities laws, and the agricultural land did not exceed five percent of the fair market value of the corporation's net tangible assets. It is expected that similar legislation will again be introduced this year. AB 3627 was opposed by lawyers, the California Association of Realtors, and the California Land Title Association, among others. Here are some reasons which were cited why the bill should not become law.

- The bill was unconstitutional--non-citizens have the same property rights as citizens under California law;
- It was argued that foreign land ownership was too small to pose a threat to prices or to non-resident aliens assuming undue political and economic power by virtue of such ownership;
- It was felt that if the law were enacted it would complicate the selling of land in California;
- Opponents to the proposed law argued that California agriculture requires additional sources of capital in order to expand;
- Secretiveness of foreign investors in California agricultural land would make enforcement of the law difficult, if not impossible. (An attorney for some of the non-resident aliens who have bought farm land in California said that the buyers want to remain anonymous, because if it became known who they were it would subject them to kidnappings and blackmail. It has also been pointed out that it is illegal in some of the countries whose citizens are investing in California farm land, to remove currency from the country. Therefore, some foreign investors are particularly keen on keeping the acquisition secret.) The California Assembly Office of Research, commenting on the bill, pointed out that many large corporations do not know the identity of all their shareholders because a not insignificant amount of their stock is held in "street name" through various nominees and trustees. Since real ownership can often be completely disguised by using multiple levels of ownership, and because of legal and practical difficulties in identifying the true owners, it would not be too difficult to disguise a transaction in order to avoid the provisions of the bill;
- It was feared that the law would induce retaliation against California investors in foreign countries. (Much of California's capital is invested in foreign countries, and in foreign agriculture.);

- Title insurance companies indicated that it would be very difficult to determine whether a prospective buyer of land was a non-resident alien or not;
- It was argued that the definition of what constituted agricultural land was much too limited. (Any tract containing more than five acres);
- Opponents to the bill claimed that farm land acquisition by foreigners provided for stability in farm land use in California;
- It was argued that acquisition of farm land by non-resident aliens was not speculative; that new owners intended to hold on to the land and keep it in farm use for many years;
- It was also pointed out that the acquisition of farm land by foreigners provided cash to farmers;
- It was pointed out that foreign land owners in California tend to arrange for lease backs of the land to the former owner of the land, allowing the seller and his descendants to continue to farm the land, and thus keeping agriculture in the state.

It is not known how California will finally resolve the perceived problems of farm land acquisition and ownership by foreigners in their state, but it seems clear that the approach taken in AB 3627 is not going to prevail. It might be that as more information becomes available about the true extent of foreign ownership of agricultural land in California the issue may become less volatile. (I was amazed how frequently the same transactions were recited over and over again, giving the casual reader the impression that vast amounts of land had been purchased by foreigners. I suspect, however, that as more accurate information becomes available, obtained by more reliable techniques than hearsay and suspicion, the percentage of foreign agricultural land ownership in California will be much smaller than now suspected.)

Foreign Ownership of U.S. Farm Land Elsewhere in the United States

At the request of the Senate Committee on Agriculture, Nutrition, and Forestry, and the Senate Subcommittee on Agriculture, Rural Development and Related Agencies, The General Accounting Office (GAO) prepared a report this summer which attempted to obtain information on

- State laws pertaining to foreign investments in U.S. farm land;
- The availability of data on the subject matter at state and county levels; and

- The alternatives for a nationwide data collection system on foreign farm land ownership.

Their conclusions were that reliable data is difficult to obtain and that whatever data existed was fragmentary and inconclusive. GAO found that state laws did not significantly inhibit foreign ownership of land. Restrictions on ownership of farm land by foreigners are of varying severity and degrees. There are

- Restrictions on ownership of farm land by non-resident aliens;
- Restrictions on size of land holdings;
- Restrictions on duration of land holdings;
- Restrictions on inherited land; and
- Restrictions on corporate ownership of real estate.

It is conceded generally that in those states which bar non-resident aliens from owning land the law could be easily circumvented, and more importantly, it is felt that if the laws were to be tested, such laws might very likely be held unconstitutional, because they deny equal protection under the law to foreign buyers.

Twenty-five states have laws that place some form of restraints on foreign ownership of agricultural land. The degree of restraints mirrors the diversity of state perceptions as to whether foreign ownership of land constitutes a present or potential problem within the state. A majority of the states either did not perceive foreign ownership of farm land to be a significant problem, or they felt that they did not have enough information to give an opinion or response. Alaska's response to GAO's inquiry was that

"...more foreign investment in its farm land could be desirable. It said that possible future expansion of agriculture in the State could benefit from the investment of foreign capital--such investment could be as valuable an asset to farmland development as it has been to the development of the timber and fisheries industries, assuming that the investment is politically acceptable." (Foreign Ownership of Farm Land--Much Concern, Little Data, General Accounting Office, June 12, 1978, Appendix II, Page 19.)

States which have accumulated data on foreign land ownership (Iowa, Minnesota, Nebraska, and Vermont) indicate that foreign farm land ownership is minimal. According to GAO information obtained by visiting twenty-five counties in five states .03 percent of the farm land is foreign owned. Whether this percentage is representative is an open question. There simply are presently no means to gather accurate data. Hopefully, passage of the Agricultural Foreign Investment Disclosure Act of 1978 will be a beginning to collect the necessary information base.

Another report, which we had hoped would shed additional light on foreign ownership of land, entitled "Foreign Ownership Of U.S. Real Estate in Perspective" (June, 1978) has been ordered since December 12, 1978, but to date we have been unable to get a copy. (It is apparently out of print.) When we receive this document we will extract any useful information and send it to you.

General

While foreign ownership of farm land is of concern to a number of individuals and states, foreign investments in general are not unwelcome in this country.

Foreign investments fall into four basic categories.

- Corporate direct investments (foreign owned companies in the United States, such as Volkswagen, Sony, Rossignol skis, etc.);
- Corporate acquisitions (foreign corporations buying control in American companies);
- Stocks, bonds and government securities held by foreigners as portfolio investments;
- Real estate, including farm land.

While the first three forms of investments are eagerly sought by most Americans, the purchase of farm land by non-resident aliens is opposed, irrespective of the benefits that might accrue from such foreign ownership. Foreign investments provide jobs in this country, balance our trade deficits, ease our balance of payments deficit, and help the stock market. It is estimated that for every \$26,000 of foreign capital invested, one new job is created. (That would have amounted to roughly 60,000 new jobs in 1977.) It is also noteworthy to mention that American investments overseas vastly outnumber foreign investments in this country (for every \$1.00 invested in U.S. property by foreigners, American interests own almost \$5.00 worth of property abroad), and there is some fear that if we restrict foreign investments too severely, reciprocal action might be taken in foreign nations where U.S. companies invest heavily, preventing them to do so in the future.

Conclusions

It appears from the available information that very little additional can or necessarily should be done at this time to tighten up on foreign ownership of Alaska lands. The state does have laws which require the disclosure of the non-resident alien land owner at the time of conveyance with that information being filed with the commissioner of commerce.

February 20, 1979

Adding more stringent requirements, such as mandatory annual reporting of land holdings by non-resident aliens, or requirements that all parties customarily involved in real estate transfers report on any land acquisition involving foreign interests, or attaching more severe penalties for noncompliance of the law may not only be unconstitutional and expensive to enforce, but may fail to increase registration of foreign owned land for reasons outlined earlier.

If you feel that foreign land ownership in Alaska is or may become a potential threat, maybe an interim committee should study the matter more fully in an attempt to obtain more reliable data than is now available on which to base Alaska's policy regarding foreign land ownership.

If I can be of further assistance, please let me know.

EK:lmk

TO: The Honorable Nels A. Anderson

FROM: Gregg K. Erickson
Director of Research

Please indicate your directions concerning future handling of the attached information, which you requested under WO# 6403 & 6405 (Subject: Freight Transportation to Western Alaska (Partial Response))

- ☒ I approve the release of this information to any requesting party.
- ☐ I approve the release of this information to any requesting party, but please remove my name.
- ☐ I do not approve the release of this information; maintain confidentiality.
- ☐ I approve the release of this information under the following conditions:

4/3/79
Date

Nels Anderson
Signature

STATE OF ALASKA THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 17, 1979

SUBJECT: Freight Transportation to Western Alaska
(W.O.'s 6403 and 6405) (Partial Response)

TO: The Honorable Nels A. Anderson

FROM: Alexander Hoke
Policy Analyst

The questions you asked in Work Orders 6403 and 6405 are complex and of very broad scope. Consequently, I intend to segment my response, dividing each work order into its component parts so that each part may be addressed in a separate memorandum. This memorandum shall serve as a comparative analysis of freight rates for both air and marine shipment of freight in Western Alaska (those points north and west of Egegik).

Freight Carriers in Western Alaska

The principal marine freight forwarders operating in Western Alaska are Foss Alaska Lines (FAL) - a subsidiary of Dillingham Maritime Corporation, Pacific Alaska Lines (PAL) - a subsidiary of Crowley Maritime Corporation in Seattle, and Alaska Cargo Lines (ACL) - a maverick freight carrier which only recently began operations in this region. These three carriers operate primarily from Seattle and Anchorage to the principal West Coast distribution points of Bethel, Nome, Kotzebue and St. Michael. Lighterage service from these distribution centers to smaller points along the western coast of Alaska is offered by Arctic Lighterage Company. In addition to Arctic Lighterage, other much smaller freight haulers are operating in this region, serving mainly river communities: Yutana Barge Lines operating on the Yukon River and Black Navigation operating on the Kuskokwim River.

With respect to air freight shipments, Wien Air carries nearly all freight (and passenger) traffic into this region. However, Great Northern Airline was certificated by the Alaska Transportation Commission last spring for operations in Western Alaska.

Freight Traffic Volumes

Table 1 offers a comparison of the gross tonnage of freight transported by the principal carriers and the revenue generated by these operations. Although no data is available for the volumes of freight shipped by the

Alaska Cargo Line, Tom Bergstrom, Tariff Analyst for the Department of Law, estimates that Alaska Cargo Line carries about half the volume of freight that Foss Alaska Line carries to this region. It is evident from Table 1 that the total volumes of freight shipped to Western Alaska is fairly evenly distributed among the three principal carriers. Figures for gross revenue per ton and gross revenue per pound were given merely to provide a rough idea of the cost per unit of shipping freight from Seattle. The higher cost per pound shown for Pacific Alaska Line relative to that shown for Foss Alaska Line is due partially to the fact that PAL gross revenue includes revenue generated from lighterage operations.

Marine Freight Rates

Actual freight rates from Seattle to Bethel, Kotzebue, Nome, and St. Michael published by Foss Alaska Line on July 10, 1977, are shown in Table 2. Two columns of shipping rates are given for both Kotzebue and Nome since ocean going tugs and barges arriving at these communities must be lightered to shore due to shallow waters. Ships commonly anchor about 13 miles from the City of Kotzebue and about one mile from the City of Nome. Table 2 exhibits a broad range of commodity rates from a low of about \$9 per hundred pounds for groceries and petroleum products to a high of about \$33 per hundred pounds for snow and ice vehicles. This variance, we assume, is due to an array of factors including the difficulty in handling a given type of cargo, the variability of the weight to volume ratio, and the extent to which a given commodity is conducive to containerization.

Beyond the standard commodity rate a complex of special fees is assessed for extra services. According to FAL's published tariff for example, refrigerated cargo is charged at 150% of the normal commodity rate; storage fees beyond the 24-hour free time for removal of goods at the destination by consignee is assessed at 15 cents per hundred pounds per day; container load storage fees are charged at \$7 per day while refrigerated container loads are charged at \$12 per day; since containers owned by the carrier must be returned within 48 hours, late returns are assessed at \$15 per day; minimum container load rates are shown below in Table 3:

TABLE 3

DESCRIPTION	CUBIC CAPACITY	MINIMUM CHARGE IN DOLLARS PER CONTAINER*			
		BETHEL	KOTZEBUE	NOME	ST. MICHAEL
12 foot Non-insulated Container	529	656	765 @1034	722 @976	758
20 foot Shipping Platform	1172	1456	1699 @2147	1637 @2123	1689
20 foot Non-insulated Container	1185	1456	1699 @2147	1637 @2128	1680
24 foot Shipping Platform	1536	1903	2225 @3007	2147 @2901	2201
24 foot Non-insulated Container	1327	1801	2102 @2841	2027 @2739	2081
24 foot Insulated Container	1100	1404	1637 @2212	1579 @2134	1622
40 foot Non-insulated Container	2381	2957	3449 @4483	3322 @4318	3415

* Figures for Kotzebue and Nome preceded by @ include lighterage service.

Tables 4 and 5 provide a sampling of commodity lighterage fees according to the December 15, 1978 freight tariff published by Arctic Lighterage Company. Table 4 shows lighterage rates per hundred pounds between Kotzebue as a distribution center and the destination points of Nome, Kotzebue, Noorvik, Kobuk, Deering, and Barrow. The figures in column 1 under each community name indicates the lighterage rate from the ship's anchorage at Kotzebue, while the figures under column 2 represent the lighterage rate from the City of Kotzebue. The same commodity category appearing in Tables 4 and 5 were listed earlier in Table 2 under the Foss Alaska Line commodity rates from Seattle. Table 5 exhibits commodity lighterage rates per hundred pounds between Nome as a distribution center and the following communities: Nome, Kotzebue, Elim, St. Michael, Hooper Bay and Gambell. It can be seen from Tables 4 and 5 that the lighterage costs on goods shipped between the two major distribution centers, Nome and Kotzebue, is \$18.59 per hundred pounds for all commodity categories except building materials, which is charged at a rate of \$26.11 per hundred pounds.

Generally, lighterage rates for groceries and petroleum products are significantly lower than the freight rates for appliances, building materials, and snow machines. Lighterage rates from the distribution centers to outlying communities depend primarily on the distance to these communities and the accessibility of a good landing site. While lighterage fees into Kotzebue and Nome average about 19% of the total shipping charge from Seattle, the lighterage fee to outlying communities constitutes a much larger proportion of the total freight bill from Seattle. For example, shipping costs out of Kotzebue to Noorvik for appliances, building materials, and snow machines, make up about one-third of the total cost of shipping from Seattle, while the lighterage fee to Noorvik for groceries and petroleum products constitutes about one-half of the total bill for shipping from Seattle. For goods shipped to Barrow, the proportion of the total shipping costs out of Seattle which are due to lighterage fees out of Kotzebue run approximately 45% for building materials and snow machines and around 63% for appliances, groceries and petroleum products.

Marine Lighterage Rates

As with Foss Alaska Line rates, Alaska Lighterage Company assesses additional fees for special services rendered. See Table 6 below for added charges made when handling items in excess of 10,000 pounds. Long length items are assessed at 20 cents per hundred pounds for each 10 foot length in excess of 25 feet in addition to the normal commodity rate. When the consignee is responsible for delays in departure of the carrier's tug or barge, a range of detention fees are assessed depending upon the size and type of vessel involved. Barge detention fees run between \$5 an hour and \$33 an hour while tug detention fees range from \$75 an hour to \$125 an hour. When the vessel from which lighterage operations are made is anchored beyond the normal anchorage point from Kotzebue and Nome, an additional charge of \$25 per round trip mile is

added to the normal commodity rate. When goods must be stored by the carrier, storage fees are charged ranging from 28 cents per ton per day for lumber to \$5.25 per ton per day for automobiles.

TABLE 6

PIECES OR PACKAGES WEIGHING IN POUNDS		CHARGE IN CENTS PER 100 LBS.
OVER	BUT NOT OVER	
10,000	20,000	40
20,000	30,000	60
30,000	40,000	80
40,000	50,000	100
50,000	-	A penalty equal to 100% of published tariff rates will be charged.

Air Freight Service in Western Alaska

As shown earlier in Table 1, freight services to Western Alaska are made predominantly through marine transportation modes. However, a significant component of the total volume of freight shipped to this region goes by air. Wien Air Alaska, by far the leading air carrier in this region, carries roughly one-third of the total volume of freight destined for points in Western Alaska. Table 7 shows Wien's traffic volumes from 1976 through 1979. This data comes from exhibits provided by Wien Air Alaska in the Northwest Alaska Service Investigation conducted by the Civil Aeronautics Board in May of 1978. Wien's rebuttal exhibits in the Northwest Alaska Service Investigation were intended to quash Great Northern Airline's attempt to expand its operations in the Western part of the state. Wien's estimates for 1978 and 1979 cargo volumes were predicated on a 10% annual growth rate in cargo shipments. It is important to note that mail cargo makes up about 42% of the total tonnage.

For purposes of comparison to Wien's traffic volumes, figures for Great Northern Airlines 1977 passenger and cargo traffic is shown on Table 7. Of the total volume of air freight transported in Northwest Alaska, Great Northern Airline's share is about 18%. Table 7 also shows the distribution of traffic in Wien's Northwest Alaska service area with the Anchorage-Nome route capturing about 62% of the total volume of traffic, while the Anchorage-Kotzebue route supports only 22% of the total Northwest air traffic.

Wien's 1977 Annual Report provides a breakdown of revenue by source for its Northwest operations as shown in Table 8. It is interesting to note that although the total revenue generated by passenger fares, freight and excess baggage dropped between 1976 and 1977, the revenue generated by mail deliveries increased. This is due in part to Wien's introduction of the Containerized Bypass Program for bulk parcel post deliveries which are prepared so that no handling is required by the post office. As evidenced by the large proportion (42%) of total air cargo which is mail, it is apparent that parcel post rates are sufficiently attractive, relative to air freight rates, that residents of Northwest Alaska ship

freight by parcel post whenever possible.

Wien's 1979 air cargo rates for shipments from Anchorage to Dillingham, Bethel, Nome, and Kotzebue are shown on Table 9. Wien's rate structure is such that each community has a unique standard freight rate per hundred pounds with a 12% discount for shipments over 3,000 pounds and additional discounts of between 10 and 20 per cent for containerized freight. For priority shipments, a 30% premium is charged in addition to the standard freight rate. By comparing the Foss Alaska Line rates on Table 2 with the Wien Air Alaska rates on Table 9, it can be seen that air freight rates compare favorably to marine freight rates for all commodities except groceries and petroleum products. However, Tariff Analyst Bergstrom estimates that about 80% of all marine freight cargo is petroleum. Since petroleum products constitute the major proportion of all freight shipments, marine freight shipping dominates over air shipments in Western Alaska in terms of total tonnage.

Another way of looking at Wien's freight tariff is the cost per ton-mile, that is, the average cost of shipping one ton of cargo a distance of one mile. Approximate freight yields on the Anchorage-Bethel route are listed for three years in the following table:

WIEN CARGO RATE ANCHORAGE-BETHEL

1977 --	\$.7623/ton-mile
1978 --	\$.8386/ton-mile
1979 --	\$.9224/ton-mile

Conclusions

This brief examination of the marine and air freight tariff structure for the Western region of the state only hints at the complexity of the freight shipping problems in this area. Due to the seasonality and infrequency of marine freight shipments, costs must be balanced against the immediacy with which goods are desired and the extent to which certain goods are perishable. Furthermore, much speculation of long-term material needs, and forecasting of navigable weather patterns is required to plan for timely arrival of goods at their respective destinations. Residents of smaller communities must act collectively in making freight shipments in order to capitalize on volume and containerized freight discounts. Since parcel post rates are generally lower than air freight rates, many freight shipments must be broken down into small units in order to meet postal requirements on the size and weight of mail items.

Although little information on freight volumes and tariffs in the Bethel/Dillingham area is readily available, we anticipate a rate structure for

March 17, 1979

both marine and air cargo shipments which essentially parallels the tariff structure for the Nome/Kotzebue area.

Obviously, the freight transportation cost issue deserves an in-depth analysis. As will be demonstrated in subsequent memoranda on the transportation problem of Western Alaska, other aspects of this problem should be studied comprehensively as well, so that any legislative action taken to improve the freight transportation situation in Western Alaska will be founded on a thorough understanding of the full scope of the implications of such action.

AH:lmk
Attachments

PRINCIPAL FREIGHT CARRIERS IN WESTERN ALASKA

CARRIER	FREIGHT (gross tons)	GROSS REVENUE		GROSS REVENUE Per Ton +	GROSS REVENUE Per Pound +
Foss Alaska Line	13,738	\$ 1,720,791	(1978)	\$125.26	6.26 ¢
Pacific Alaska Line	17,432	\$ 3,583,545 *	(1978)	\$205.57	10.28 ¢
Alaska Cargo Line @	-	-		-	-
Wien Air	21,000	\$20,000,000 **	(1977)	\$952.38	47.62 ¢

* Includes Arctic Lighterage operations into Nome and Kotzebue and many villages in the region.

@ Freight volume and revenue data is not immediately available for Alaska Cargo Line operations. Volumes estimated at about half those for Foss Alaska Line.

** Wien operations include both way traffic between Nome, Kotzebue, Unalakleet and McGrath (McGrath operations revenue comprises about six per cent or seven per cent of total Wien revenue in the region.) Backhaul traffic from these points constitutes less than 10 per cent of total Wien traffic.

+ These calculations included merely to show the average cost per unit for freight shipments over the carriers' respective routes.

(Data in this table provided by Tom Bergstrom, Tariff Analyst, Department of Law)

FOSS ALASKA LINE

COMMODITY RATES PER 100 POUNDS
BETWEEN SEATTLE, WASHINGTON AND:

Commodity	Bethel	Kotzebue		Nome		St. Michael
		at ship's anchorage	includes lighterage	at ship's anchorage	includes lighterage	
Appliances	\$21.45	\$24.78	\$32.21	\$23.60	\$30.68	\$24.78
Building Materials	18.88	23.79	27.69	20.73	24.23	22.42
Groceries	8.18	9.44	11.80	9.00	11.25	9.44
Petroleum Products	7.23	8.34	10.41	7.95	9.92	9.34
Snow/Ice Vehicles	30.75	35.52	43.49	33.83	41.42	35.52

Prepared by:
Legislative Affairs Agency
Research Division
March 17, 1979

ARCTIC LIGHTERAGE COMPANY
COMMODITY LIGHTERAGE RATES PER 100 POUNDS BETWEEN
KOTZEBUE AS DISTRIBUTION CENTER AND:

COMMODITY :	NOME		KOTZEBUE		NOORVIK		KOBUK		DEERING		BARROW	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Appliances	(	-	\$ 5.00	-	\$11.40	-	\$15.15	-	\$15.35	-	\$18.55	-
	)	\$18.59	-	-	-	\$6.40	-	\$10.15	-	\$10.35	-	\$13.55
Building Materials	(	-	\$ 3.90	-	\$12.06	-	\$17.64	-	\$18.01	-	\$22.65	-
	)	\$26.11	-	-	-	\$8.16	-	\$13.74	-	\$14.11	-	\$18.75
Groceries	(	-	\$ 2.50	-	\$8.90	-	\$12.65	-	\$12.85	-	\$16.05	-
	)	\$18.59	-	-	-	\$6.40	-	\$10.15	-	\$10.35	-	\$13.55
Petroleum Products	(	-	\$ 2.30	-	\$ 8.70	-	\$12.45	-	\$12.65	-	\$15.85	-
	)	\$18.59	-	-	-	\$6.40	-	\$10.15	-	\$10.35	-	\$13.55
Snow/Ice Vehicles	(	-	\$11.10	-	\$17.50	-	\$21.25	-	\$21.45	-	\$24.65	-
	)	\$18.59	-	-	-	\$6.40	-	\$10.15	-	\$10.35	-	\$13.55

(1) Column (1) gives lighterage rate from ship's anchorage at Kotzebue

(2) Column (2) gives lighterage rate from city of Kotzebue

Prepared by:
Legislative Affairs Agency
Research Division
March 17, 1979

ARCTIC LIGHTERAGE COMPANY
COMMODITY LIGHTERAGE RATES PER 100 POUNDS BETWEEN
NOME AS DISTRIBUTION CENTER AND:

COMMODITY	NOME		KOTZEBUE		ELIM		ST. MICHAEL		HOOPER BAY		GAMBELL	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Appliances	(	\$ 4.80	-	-	\$15.05	-	\$16.10	-	\$18.05	-	\$18.35	-
	)	-	-	\$18.59	-	\$10.25	-	\$11.30	-	\$13.25	-	\$13.55
Building Materials	(	\$ 3.50	-	-	\$17.51	-	\$18.97	-	\$21.83	-	\$22.25	-
	)	-	-	\$26.11	-	\$14.01	-	\$15.47	-	\$18.33	-	\$18.75
Groceries	(	\$ 2.40	-	-	\$12.65	-	\$13.70	-	\$15.65	-	\$15.95	-
	)	-	-	\$18.59	-	\$10.25	-	\$11.30	-	\$13.25	-	\$13.55
Petroleum Products	(	\$ 2.20	-	-	\$12.45	-	\$13.50	-	\$15.45	-	\$15.75	-
	)	-	-	\$18.59	-	\$10.25	-	\$11.30	-	\$13.25	-	\$13.55
Snow/Ice Vehicles	(	\$10.80	-	-	\$21.05	-	\$22.10	-	\$24.05	-	\$24.35	-
	)	-	-	\$18.59	-	\$10.25	-	\$11.30	-	\$13.25	-	\$13.55

(1) Column (1) gives lighterage rate from ship's anchorage at Nome
(2) Column (2) gives lighterage rate from City of Nome

Prepared by:
Legislative Affairs Agency
Research Division
March 17, 1979

WIEN AIR ALASKA TRAFFIC VOLUME

Anchorage-Nome, Kotzebue, Unalakleet, McGrath

	<u>Passengers</u>	<u>Cargo in Tons</u>
1976	43,921	8,123.6
1977	42,963	8,315.5
1978 *	49,136	11,190.3
1979 *	51,971	12,309.4

* Forecast - Wien Air Alaska - Northwest Alaska Service Investigation - May 19, 1978

Cargo Classification: Freight 58.4%
Mail 41.6%

Great Northern Airlines, 1977 passenger traffic = 3,493
Cargo = 1,857.5 tons

1977 Traffic Distribution in Wien Northwest Alaska Service:

Anchorage-Nome	62.11%
Anchorage-Kotzebue	22.13%
Anchorage-Unalakleet	6.99%
Anchorage-McGrath	8.77%

Prepared by:
Legislative Affairs Agency
Research Division
March 17, 1979

WIEN AIR ALASKA REVENUE

(by Traffic Category)

	<u>Passengers</u>	<u>Mail</u>	<u>Freight and Express Baggage</u>
1976	\$37,593,000	\$ 9,594,000	\$13,462,000
1977	\$29,900,000	\$10,469,000	\$10,641,000

Prepared by:
 Legislative Affairs Agency
 Research Division
 March 17, 1979

WIEN AIR ALASKA
1979 Cargo Rates

	<u>Standard Freight Rate *</u> <u>per 100 lbs</u>	<u>Priority Shipments *</u> <u>per 100 lbs</u>
Anchorage-Dillingham	\$13.25	\$17.25
Anchorage-Bethel	\$16.35	\$21.25
Anchorage-Nome/Kotzebue	\$23.20	\$30.15

* Discount rates apply for both standard and priority shipments if cargo volume is in excess of 3,000 lbs. Discount is approximately 12 per cent. Additional discounts of 10 per cent to 20 per cent apply to containerized freight.

Prepared by:
Legislative Affairs Agency
Research Division
March 17, 1979

TO: The Honorable Terry Gardiner

FROM: Gregg K. Erickson
Director of Research

Please indicate your directions concerning future handling of the attached information, which you requested under WO# A-6 (Subject: Fisheries Information)

- (☒) I approve the release of this information ~~to any requesting party~~. *To Rev only*
- () I approve the release of this information to any requesting party, but please remove my name.
- () I do not approve the release of this information; maintain confidentiality.
- () I approve the release of this information under the following conditions:

3/19/79
Date

Terry Gardiner
Signature

TO: The Honorable Randy Phillips

FROM: Gregg K. Erickson
Director of Research

Please indicate your directions concerning future handling of the attached information, which you requested under WO# R-46 (Subject: Johnson, William)

- ☒ I approve the release of this information to any requesting party.
- ☐ I approve the release of this information to any requesting party, but please remove my name.
- ☐ I do not approve the release of this information; maintain confidentiality.
- ☐ I approve the release of this information under the following conditions:

March 19, 1979
Date

R. G. E. Bell
Signature

TO: The Honorable Nela AndersonFROM: Gregg K. Erickson
Director of ResearchPlease indicate your directions concerning future handling of the attached information, which you requested under WO# 6849 (Subject: Fisheries Section)

- ☒ I approve the release of this information to any requesting party.
- ☐ I approve the release of this information to any requesting party, but please remove my name.
- ☐ I do not approve the release of this information; maintain confidentiality.
- ☐ I approve the release of this information under the following conditions:

3/20/79
DateNela A. Anderson Jr.
Signature

March 16, 1979

MEMORANDUM

SUBJECT: Work Order #R-6

TO: The Honorable Terry Gardiner

FROM: John Williams, Policy Analyst
(with Gregg Erickson, Director of Research
and Jack Kreinheder, Policy Analyst)

You have asked for an analysis of HB 306, an Act relating to fisheries taxes. Because this request is similar to others that have been received by Legislative Affairs, we are sending this memo to you and to other legislators.

The information that follows contains discussions of several components of Alaska's fisheries taxation policy, including: (1) the history and structure of present tax law, (2) fiscal trends relating to both the industry and state spending, (3) an analysis of HB 306, (4) Alaskan tax policy as it relates to the 200-mile limit, and (5) the question of the "infant industry"--bottomfishing.

SUMMARY

Alaskan fishery taxation law has not significantly changed since 1946. At that time, the only major fishery was the canned salmon industry. Except for the imposition of a 4% taxing rate on floating processors, products other than canned salmon are generally taxed at 1% of ex-vessel value (2% for razor clams and canned crab).

State policy, especially since 1969, has been to encourage the development of renewable resource industries, using revenues generated from non-renewable resource activities. Consequently, state expenditures for fisheries have risen dramatically. As compared to wholesale values, tax revenues from the fishing industry have dramatically fallen during the same time period.

HB 306 proposes to raise all fishery taxes to a rate of 6% of the ex-vessel value. This represents approximately a 35% increase for canned salmon, 300% for canned crab, and 600% for most fishery products processed at "shore-based" facilities.

According to the Department of Law, Alaska's raw fish tax cannot be applied to high seas fisheries processing activities (beyond three miles). A case now before the Alaska Supreme Court tests the ability of the state to apply Alaska's income tax law to high seas operations on a formula basis (using port calls as the nexus of Alaska jurisdiction).

Some concern has been expressed that a 6% raw fish tax on bottomfish may impact the rate of development of that "infant industry". Without knowing more about the costs of doing business in bottomfishing and relating that information to the opportunities available in other fisheries, one can only speculate on the effect of the proposed taxing rate on the rate of development of the bottomfishery. However, a substantial body of evidence clearly demonstrates that tax incentives offered by states to industry are usually an inefficient method of dealing with the "infant industry" problem.

PRESENT TAX LAW

Alaska's fishery tax law is generally little changed from territorial days. At that time, the only major Alaskan fishery was canned salmon, which was a major source of territorial tax revenue (along with mining). Consequently, the fisheries tax structure pivoted on canned salmon and incidentally taxed other fishery resources.

A 1959 amendment imposed a raw fish tax liability on fishermen who caught fish within the territorial sea but removed the catch beyond three miles before selling to a processor. A 1966 amendment imposed a 4% of ex-vessel value tax on resources processed on "floating" cold storages. Floating is defined to mean a facility which moves more frequently than once per calendar year. Following is a sectional presentation of present fisheries taxation law.

AS 43.75.010 and .060 require persons engaged in the business of processing fishery resources to pay a license fee according to the following schedule:

- (1) Salmon canneries--3% of previous five year average wholesale value in the five (generally) weakest market months (August-December).
- (2) Herring plants engaged in canning, curing, salting, freezing, or meal production--1% of the ex-vessel value.
- (3) Crab canneries--2% of the ex-vessel value.
- (4) Clam canneries--2% of the ex-vessel value of razor clams and 1% for butter clams (one small butter clam cannery sporadically operates at Kasitsna Bay).

- (5) Shore-based cold storages--1% of the ex-vessel value for halibut, halibut viscera and livers, salmon, bottomfish, shellfish, or other fishery resources bought or obtained for processing through freezing, salting, or other method.
- (6) Floating cold storages--4% of the ex-vessel value for those products listed in (5) above.

AS 43.75.060 defines shore-based to mean "permanently attached to the land or...remained in the same location for a period of not less than one calendar year. Any cold storage or processing plant removed from the state is a floating cold storage..."

AS 43.75.020 and .070 establish a \$25 initial license fee for each facility covered by AS 43.75.010 and .060.

AS 43.75.100 establishes a 1% tax on fish removed beyond three miles for sale to a floating cold storage. The tax liability resides with the person reducing the fish to possession.

AS 43.20.031(a)(3) exempts from state income tax that income earned from halibut fishing beyond the territorial sea.

FISCAL TRENDS

State Expenditures

Because of the availability of revenues received from the development of Prudhoe Bay, the state as a matter of policy has been attempting to develop renewable resource industries. The justification has been that they will provide the backbone of a sustained Alaskan economy. Consequently, there have been significant increases in the state budget for fisheries. The attached charts demonstrate the rate of spending, both for operating and capital budgets.

Industry Trends

The last several years have been a period of great growth for the Alaska fishing industry as a whole. Fish prices in general are rising at rates faster than inflation, and the fishing fleet is rapidly expanding its exploitation of resources previously utilized only by foreign fleets.

Direct taxes paid by the fishing industry have, over time, become a decreasing portion of the product value. To a large degree, this trend is due to the diminishing role of canned salmon and the fact that the tax structure is designed around that product form.

*Sections 5-10

The sections provide for technical amendments to present law.

*Section 11

The section repeals portions of present law which would be superceded by this bill.

*Sections 12-14

The sections provide for a transition period with regard to the shared revenues provisions of the bill, a retroactive effective date to January 1, 1979, and for an immediate effective date for the bill itself.

In 1977 raw fish tax revenues were \$8.1 million. The Dept. of Revenue estimates that \$19.5 million would have been received in that year had a 6% tax been in effect.

We have estimated tax liabilities under present law and under the provisions of this bill to be \$11.8 million and \$30.2 million respectively. We used projected 1979 harvest levels and 1978 year-end prices obtained from the Dept. of Fish & Game.

APPLICATION TO THE FISHERIES CONSERVATION ZONE

It is the opinion of the Department of Law that the state cannot extend this form of taxation beyond the territorial sea, especially where the entire operation from catch to processing occurs beyond three miles. The state is presently involved in a Supreme Court case which will determine the ability of the state to collect income tax from high seas fisheries operations.

The effect of this deficiency could play an important role with regard to the industrial structure which will be developed to exploit the resources of the 200-mile zone. The basis of the potential conflict is whether the industry will utilize on-shore operations and thus be subjected to Alaska's taxation jurisdiction, or for reasons of industrial efficiency design the operations to be both high seas catchers and processors, thus avoiding taxation and negating many of the potential benefits of the development of the new resources (resident and year-round employment, higher incomes, expanded local tax bases, etc.). If the raw fish tax is only applied to product processed within three miles, there is inherently a 6% of raw value advantage to process on the high seas. Whether this 6% differential will be significant is unknown, since the costs of doing business on-shore and off-shore are not known at this time. Hence, the effect of this tax on investment decisions is not determinable.

EFFECT ON THE INFANT BOTTOMFISH INDUSTRY

There have been several suggestions advanced that newly developing Alaskan fisheries should be exempted from the 6% tax liability. The argument for the exemption is generally made on the basis that uncertain profitability of the newly developing bottomfishery impedes investment in the industry, and that the imposition of a 6% of raw value tax could additionally impede or stop investment. The concern is exacerbated by the present lucrative nature of the shellfish fisheries, and the fact that crab and shrimp fisherman are seen as the likely pioneers of the bottomfishery. A factual determination of this concern would require knowledge of the costs of doing business in the bottomfishery, the return on investment that could be realized, and the opportunities available in other Alaskan fisheries.

The particular structure of the tax complicates the analysis of the issue. The tax is imposed on the raw product value in a manner not unlike a gross receipts tax imposed on retail businesses. It thus has little relation to profitability. A tax designed similar to the income tax imposed on oil companies doing business in Alaska would look only at profits, and thus would not enter into considerations of investment in new fisheries in the same fashion as the proposed raw fish tax.

A great amount of literature exists which suggests that of all subsidies states may offer to industries, tax subsidies are among the least efficient. The reason for this is threefold: (1) for every dollar the state gives up in foregone tax revenue, theoretically 49¢ is claimed by the federal government as federal income tax. Hence, the effect of the subsidy is diluted by almost half. (2) The benefits of a tax forgiveness flow to all companies engaged in the exempted activity, regardless of their need for the subsidy. (3) Tax subsidies may encourage the continuation of inefficient operations which otherwise would reinvest their capital in more efficient manners.

We hope that our comments are helpful. Please do not hesitate to ask us if we may be of further assistance.

JW:dh
Attachments A

Graphs and tables in word order files

No response from
Lahman - 6837
Muleby 6816

Same Subject -

WORK ORDER REQUEST FORM

119 6837

KEYWORDS: Taxes, fisheries
Fish/Game
HB 306

ASSIGNED TO Williams

REQUEST FOR: BILL ☐ RESOLUTION ☐ RESEARCH ☐ OTHER ☒

SUBJECT HB 306 Fisheries Tax

REQUESTED FOR Senator Hohman BY Paddock EXT. _____

* DELIVER TO Paddock TAKEN BY Williams

INSTRUCTIONS, EXPLANATIONS _____

Analysis of HB 306 relating to fisheries taxes.

OBTAIN

SPECIAL DRAFTING INSTRUCTIONS ATTACHED ☐

AUTHORIZED TO CONFER WITH _____

RETURN _____

_____ TO REQUESTER

APPROVED: _____ Director, Legal Services

CSS Director, Research

REVIEWED _____

IN 3/8 DUE _____

TYPED - Draft _____ DATE _____

Final Ellen DATE 3/12/77

PROOFED _____ DELIVERED _____

SPECIAL INSTRUCTIONS TO TYPIST/PROOFREADER

DRAFT ☐

FINAL ☐

119 6816

WORK ORDER REQUEST FORM

KEYWORDS: Taxes, fisheries
Fish/Game
HB 306

ASSIGNED TO Williams

REQUEST FOR: BILL ☐ RESOLUTION ☐ RESEARCH ☐ OTHER ☒ Analysis
SUBJECT HB 306 Fisheries Tax

REQUESTED FOR Senator Mulcahy BY Alison Richey EXT. _____* DELIVER TO Senator Mulcahy TAKEN BY Noah

INSTRUCTIONS, EXPLANATIONS

Analysis of HB 306 relating to fisheries taxes. (Governor's Bill)

OBTAIN

SPECIAL DRAFTING INSTRUCTIONS ATTACHED ☐

AUTHORIZED TO CONFER WITH _____

RETURN _____

_____ TO REQUESTER

APPROVED: _____ Director, Legal Services

_____ Director, Research

REVIEWED _____

IN 3/3 DUE _____

TYPED - Draft _____ DATE _____

Final 3/16/79 DATE 3/16/79

PROOFED _____ DELIVERED _____

SPECIAL INSTRUCTIONS TO TYPIST/PROOFREADER

DRAFT ☐FINAL ☐

TO: The Honorable Terry GardinerFROM: Gregg K. Erickson
Director of Research

Please indicate your directions concerning future handling of the attached information, which you requested under WO# R-50 (Subject: Tax Yield
From 6% Raw Fish Tax)

- (X) I approve the release of this information to any requesting party.
- () I approve the release of this information to any requesting party, but please remove my name.
- () I do not approve the release of this information; maintain confidentiality.
- () I approve the release of this information under the following conditions:

4/19/79

Date

Terry Gardiner
Signature

MEMORANDUM

April 9, 1979

SUBJECT: Estimation of Tax Yield From 6% Raw Fish Tax (W.O. #R-50).

TO: The Honorable Terry Gardiner

FROM: Jack Kreinheder JK
Policy Analyst

Gregg Erickson, Director of Research, has requested that the computer printouts on fisheries tax yields which Janet Fries and I produced be revised to include a notation that the data for the printouts was compiled by Environmental Services, Limited. The revised printouts are enclosed herewith. Please dispose of the earlier versions of the printouts. Let us know if you need additional copies or further assistance.

JK:jm
Enclosure

W.O. R-50

Computer Printout
1978-79 Salmon Catch
Estimates

REPORT OF THE INTERIM COMMITTEE
ON TAXATION IN THE UNORGANIZED BOROUGH

The purpose and scope of the interim committee was to organize public hearings to receive comments from citizens in Delta, Tok, and Fort Yukon as representative of unorganized areas of the state that would be effected by taxation in the unorganized borough.

The interim committee was composed of standing members of the House Community and Regional Affairs Committee for the Tenth Session of the Alaska State Legislature. The members are:

Representative Lisa Rudd, Chair
Representatives Merle Snider, Bill Miles, Sally Smith,
Randy Phillips, Nels Anderson, Pete Lovseth, Al Ose and
Tim Kelly.

Staff accompanying the committee were:

Bob Dozier, State Assessor, Jim McKenzie, Legislative
Affairs Legal Division and Judity Pinero, Administrative
Assistant to the committee.

There was no action taken on the bill nor was there any work sessions or mark-up during the scheduled public hearings.

Public Hearings

Delta	October 17
Tok	October 18
Fort Yukon	October 20

(with stops in Beaver and Stevens village)

Notification-Publication

August, 1977	Letters to Delta, Tok and Fort Yukon School Board to arrange meeting space in the local schools.
August, 1977	Letters to Dot Lake, Beaver, and Stevens Village advising community of the committee's informal visit to talk to residents.
September, 1977	Public hearing announcements provided to interested persons and newspapers in the community and surrounding area.

In fact, I believe the oil industry raised this question as a constitutional "equal protection" issue in litigation, but the suit was settled before the issue was decided. Later efforts to focus on the question of taxation in the unorganized borough came in 1975 with the rural education attendance areas in the unorganized borough. Some legislators felt at that time that local control and policy making power should not be given to the REAA's without requiring them to make local tax contributions to help support the REAA's.

The fact that the REAA's are entirely supported by the state whereas school districts in incorporated areas must support much of their education services through local tax levies, seems to be the reason for the introduction of HB 202. Urban legislators find it hard to justify this apparent inequity to their constituents, who are paying both local and state taxes to support education in the state.

That the legislature has the power to levy a property tax, or any tax, in the unorganized borough is without doubt. Under the state constitution (Art. X, Sec. 6) the legislature is the assembly, or governing body, of the unorganized borough.

PUBLIC HEARING COMMENTS - SYNOPSIS

The majority of those testifying in Delta, Tok and Fort Yukon were opposed to the levy and collection of a tax on developed land in the unorganized borough for the following reasons:

- imposed taxation forces the formation of local government.
- cost of levy and collection versus revenue
- no assurance that revenues generated would benefit their area.
- taxation without representation
- assessed valuation is too high in the present bill
- opposition to property tax in principle.
- amount of taxation would not equal the services to the area.
- punitive legislation

February 21, 1977

RE: Basic Tax Information / Purpose and Authority

State Tax System

Personal Income Tax: Should stand-out as the single most important revenue instrument in the state tax system and should produce close to 25% of total state-local tax revenues.

General Sales Tax: As the other major state tax it should produce 20 to 25% of the total state-local tax revenue without imposing an extraordinary burden on low income families. Retail sales tax rests on the belief that consumption is an appropriate basis on which to distribute a substantial part of the state tax load.

Local Tax System

Property Tax: Provides 5 out of 6 local tax dollars.

In many states there are existing constitutional and statutory restrictions on the taxing powers of local governments in terms of specific rates or allowed rates of increase, coupled with requirements for specific referendum approval of proposed property tax levies.

The State Role

The state has a useful and significant coordinative role to play in the administration of local income taxes as well as in other non-property taxes. Income taxes are preferable to sales and many other types of taxes because they can be structured to distribute their burden in conformity with ability to pay and with necessary regard to the taxpayer's family obligations.

Income tax limitations for use at the local level:

- frequently people live in one jurisdiction and work in another.
- people often supplement their wages and salaries from local sources with investment and other unearned income from other parts of the state; however, local jurisdictions that now use these taxes generally limit them to income from wages and salaries, the type of income most easily taxed.

FORT YUKON INCOME SOURCES

FY 76

3% SALES TAX	\$ 43,630
MUNICIPAL LIQUOR STORE SALES	379,815
COMMUNITY CENTER VENDING MACHINES	545
BUILDING RENT	5,925
SNOW MACHINE FEES	1,905
FINES	35
MISCELLANEOUS REVENUE	<u>325</u>
	\$ 432,180

STATE REVENUE SHARING (GRANT)	
POLICE, FIRE, PARKS AND REC. AND LAND USE PLANNING	51,065
BUSINESS LICENSE (REFUND) -	4,200
LIQUOR LICENSE REFUND.	500
LAW ENFORCEMENT (LEAA) (REFUND OR REIMBURSEMENT)	17,335
STATE SERVICES (REIMBURSEMENT)	<u>16,030</u>
	89,130
FEDERAL REVENUE SHARING (GRANT)	1,025
FEDERAL REIMBURSEMENT FOR SERVICES (REIMBURSEMENT)	<u>5,025</u>
	<u>6,050</u>
TOTAL -	<u>\$ 527,360</u>

The purpose of this bill is to remedy at least in part, an existing inequity in taxation across the state. At present, in all the organized borough and first class cities, property owners must pay real property taxes, part of which go for the support of the educational system. Still carrying over from earlier days, however, is a lack of any taxation of a sort on real property in the unorganized borough.

*seems to
do it*

Once upon a time this exemption may have been justified. There was little in the Bush except one or two-room cabins, sod houses, and fish camps. The cost of collecting taxes would have far exceeded the amount of revenue derived.

Now, however, the situation has changed. Lodges and service stations, stores, restaurants and other business have sprung up along the major highways of the state. The owners of these properties pay only state income tax toward the cost of the state and a portion of this income tax goes to support schools. They are obviously getting a free ride at the expense of property owners in the boroughs and cities.

Under the bill real property in the unorganized borough would be assessed at its fair market value (what a willing buyer would pay to a willing seller with both of them knowing property values) as is now the case required by law for organized municipalities. All of the exemptions presently authorized for municipalities are included in the bill (Senior citizens have a basic \$10,000 exemption authorized under the pipeline act).

prop. tax - equiv. health

optional for munic.

SCHOOL TAX REVENUES
IN THE UNORGANIZED BOROUGH

Department of Revenue is unable to give us a breakdown of the \$10 school tax revenues by district.

However, some sort of relationship may be developed through figures for school membership.

$$\frac{\text{Total District Membership}}{\text{Total State Membership}} \quad \text{to} \quad \frac{\text{Total REAA Membership}}{\text{Total State Membership}}$$

71,885 = Total District (City-Borough) School Membership*

11,417 = Total REAA School Membership*

83,302 = TOTAL

86% = District

14% = REAAs

\$2,588,600 = Total Revenues from \$10 School Tax

86% = \$2,226,196 = Amt from District Taxpayers at \$10/yr

14% = \$ 362,404 = Amt from REAA Taxpayers at \$10/yr

\$ 906,010 = Amt from REAA Taxpayers at \$25/yr

\$2,536,828 = Amt from REAA Taxpayers at \$70/yr

* Includes 1/2 of Centralized Correspondence Membership

Unimproved land which is held by native corporations under the Alaska Native Claim Settlement Act is exempted by that Act and in order to avoid discrimination this exemption has been extended to the whole unorganized borough.

The millage rate would be the average millage rate presently levied for educational purposes in the organized municipalities. It is my guess that this will be about a 5 mill rate.

I have no desire to tax nor do I believe it would be feasible to tax the small low value cabins in many of the villages. People who live in such cabins to frequently do not have the wherewithal to support themselves much less to pay a property tax. The committee may decide that an exemption ceiling greater than \$10,000 is desirable if taxation of this kind of property is to be avoided. The \$10,000 figure was picked because it is presently the ceiling authorized by law for the boroughs and cities. There is, however, in my mind no justification for failing to tax the significant properties in the unorganized borough and requiring the property owners in the organized areas to bear an unfair share of the burden.

ADVANTAGES OF HB 202

1. Source of Revenue;
2. Important machinery for determining and keeping current a record of property ownerships;
3. Cadastral mapping allows for accurate planning and value estimating during important negotiations such as D-2, Alaska Gas Pipeline and other future issues;
4. Is a step toward remedying an existing inequity in taxation across the state in that citizens in the organized boroughs pay not only toward support of their own schools, but also toward those in the unorganized areas --- this is a matter of discrimination;
5. The Legislature will begin to exercise its responsibilities as Assembly of the Unorganized Borough.

Annette

STATE OF ALASKA DEPARTMENT OF EDUCATION
PUBLIC SCHOOL FOUNDATION PROGRAM COMPUTATIONS
REVISED REPORT RECAPITULATION
1977-78 FISCAL YEAR

12-13-77

Regional Education Attendance Areas	Final ADM 1976-77	Revised ADM 1st qtr.	Instr. Units	Instr. Unit Allot.	Basic Need	Equiv. of Local Support Estimate \$650.00	Revised Computation of Entitlement	per ADM
Adak	588	615	44	\$38,500	\$1,694,000	\$399,750	\$2,093,750	\$3,404
AK Central Railbelt	356	357	42	36,781*	1,544,802	232,050	1,776,852	4,977
Alaska Gateway	423	415	47	33,000	1,551,000	269,750	1,820,750	4,387
Aleutian	220	231	33	41,250	1,361,250	150,150	1,511,400	4,387
Annette Metlakatla	398	325	33/29**	28,875*	952,875	211,250	1,164,125	3,582
Bering Straits	306	472	65	42,625	2,770,625	306,800	3,077,425	6,520
Chatham	157	189	23	29,958*	689,034	122,850	811,884	4,296
Chugach	64	48	9/8**	33,206*	298,854	31,200	330,054	6,876
Copper River	699	751	70	31,625	2,213,750	488,150	2,701,900	3,598
Delta/Greely	786	765	62	33,000	2,046,000	497,250	2,543,250	3,325
Iditarod	277	271	40	42,625	1,705,000	176,150	1,881,150	6,941
Kuspuk	360	356	48	42,625	2,046,000	231,400	2,277,400	6,397
Lake & Peninsula	362	384	56	42,625	2,387,000	249,600	2,636,600	6,866
Lower Kuskokwim	1418	1469	125	42,625	5,328,125	954,850	6,282,975	4,277
Lower Yukon	704	902	87	42,625	3,708,375	586,300	4,294,675	4,761
Northwest	1318	1514	148	42,625	6,308,500	984,100	7,292,600	4,817
rribilof	181	187	22	41,250	907,500	121,550	1,029,050	5,503
Southeast	397	437	56	28,875*	1,617,000	284,050	1,901,050	4,350
Southwest	530	518	65	42,625	2,770,625	336,700	3,107,325	5,998
Yukon Flats	293	285	37	42,625	1,577,125	185,250	1,762,375	6,184
Yukon-Koyukuk	682	657	78	42,625	3,324,750	427,050	3,751,800	5,702
TOTALS	10,519	11,148	1,190/1,185		46,802,190	7,246,200	54,048,390	

* SLA 1977, Chapter 90, Sec.9

** AS Sec.14.17.031(d)

SUPPLEMENT TO REVISED FOUNDATION REPORT DATED 1-9-78

STATE OF ALASKA
DEPARTMENT OF EDUCATION

	Revised ADM 1st Qtr.	Elem.	Second.	Sp.Ed. (non-add)	Corres.	Voc.Ed. (non-add)	Elem.	Sec.	Spec.Ed.	Voc. Corres.	Ed.	Total Units
Anchorage	35,125	17,212	17,913	2,107	-	1,806	801	977	198	--	102	2078*
Bristol Bay	237	103	134	12	-	38	9	11	2	--	3	25
Cordova	497	253	244	53	-	64	16	16	6	--	5	43
Craig	190	82	108	11	-	11	7	8	2	--	2	19
Dillingham	405	175	230	57	-	35	12	17	26	--	3	38
Fairbanks	9,003	4,640	4,214	517	149	574	241	237	48	10	38	574
Galena	164	72	92	9	-	24	6	7	2	--	2	17
Haines	423	207	216	40	-	27	14	16	5	--	3	38
Hoonah	276	132	144	48	-	33	9	10	5	--	3	27
Hydaburg	99	64	35	12	-	21	6	4	2	--	2	14
Juneau	4,305	2,129	2,167	366	9	348	114	123	35	1	21	294
Kake	200	107	93	18	-	32	8	7	3	--	3	21
Kenai	5,634	3,053	2,442	330	139	265	193	148	31	10	26	408
Ketchikan	2,563	1,176	1,336	206	51	180	66	78	20	5	11	180
King Cove	121	55	66	13	-	13	5	6	2	--	2	15
Klawock	77	77	-	9	-	-	6	-	2	--	--	8
Kodiak	2,040	1,139	878	216	23	150	77	58	21	3	12	171
Mat-Su	3,823	1,749	1,869	182	205	314	105	110	18	13	21	267
Nenana	198	127	71	17	-	26	9	6	3	--	4	22
Nome	799	438	361	101	-	55	26	24	10	--	4	64
North Slope	1,095	593	495	132	7	107	45	39	13	1	15	113
Pelican	35	21	14	-	-	2	3	2	-	--	-	5
Petersburg	581	406	175	43	-	45	25	12	5	--	4	46
Sitka	1,765	798	959	123	8	137	48	55	12	1	8	124
Skagway	232	124	108	12	-	17	9	8	2	--	2	21
St. Mary's	108	82	26	40	-	35	7	3	5	--	3	18
Unalaska	129	65	64	11	-	10	6	6	2	--	2	16
Valdez	826	368	458	134	-	63	22	32	13	--	6	73
Wrangell	499	267	232	47	-	42	17	15	6	--	4	42
Yakutat	168	94	74	21	-	16	7	6	3	--	2	18
TOTALS	71,617	35,808	35,218	4,887	591	4,490	1,919	2,041	482	44	313	4,799

* Based on a preliminary report from the district. The first quarter entitlement has not been determined at this date.

SUPPLEMENT TO REVISED FOUNDATION REPORT DATED 1-9-78

STATE OF ALASKA
DEPARTMENT OF EDUCATION

School District	Revised ADM 1st Qtr. 1977-78	1-1-76 Property Value	Value per ADM	Index	Level of State Support (95% Min.)	Matching Ratio: 1 Local Support
Anchorage	35,125	\$3,739,897,143	\$106,474	.77783	96.1108	22.2248
Bristol Bay	237	26,122,279	110,221	.80521	95.9740	23.8386
Cordova	497	31,145,500	62,667	.45781	97.7110	42.6866
Craig	190	4,788,275	25,201	.18411	99.0795	107.6446
Dillingham	405	12,169,965	30,049	.21952	98.9024	90.1098
Fairbanks	9,003	1,237,213,035	137,422	1.00393	95.0000	19.0000
Galena	164	1,589,500	9,692	.07080	99.6460	281.5049
Haines	423	35,901,910	84,874	.62004	96.8998	31.2557
Hoonah	276	3,318,375	12,023	.08783	99.5608	226.7108
Hydaburg	99	1,269,775	12,826	.09370	99.5315	212.4497
Juneau	4,305	326,964,635	75,950	.55485	97.2258	35.0464
Kake	200	2,126,165	10,631	.07766	99.6117	256.5145
Kenai	5,634	908,583,275	161,268	1.17813	95.0000	19.0000
Ketchikan	2,563	245,439,315	95,763	.69958	96.5021	27.5886
King Cove	121	2,290,785	18,932	.13831	99.3085	143.6015
Klawock	77	906,400	11,771	.08600	99.5700	231.4853
Kodiak	2,040	145,763,615	71,453	.52199	97.3900	37.3143
Mat-Su	3,823	453,284,865	118,568	.86619	95.6691	22.0899
Nenana	198	3,563,695	17,998	.13149	99.3426	151.1019
Nome	799	19,273,555	24,122	.17622	99.1189	112.4944
North Slope	1,095	1,794,223,660	1,638,560	11.97034	95.0000	19.0000
Pelican	35	2,646,250	75,607	.55234	97.2383	35.2109
Petersburg	581	33,067,805	56,915	.41579	97.9211	47.1024
Sitka	1,765	150,585,865	85,318	.62328	96.8936	31.0883
Skagway	232	23,421,050	100,953	.73750	96.3125	26.1186
St. Mary's	108	660,000	6,111	.04464	99.7708	446.8984
Unalaska	129	13,903,863	107,782	.78739	96.0630	24.4002
Valdez	826	544,885,760	659,668	4.81914	95.0000	19.0000
Wrangell	499	35,755,600	71,655	.52347	97.3827	37.2073
Yakutat	168	2,562,435	15,253	.11143	99.4429	178.5104

TOTALS 71,617 \$9,803,324,350
136,885 average

STATE OF ALASKA
DEPARTMENT OF EDUCATION
PUBLIC SCHOOL FOUNDATION PROGRAM COMPUTATIONS
REVISED REPORT RECAPITULATIONS
1977-78 FISCAL YEAR

1-9-78

	Final ADM (1976-77)	Revised ADM 1st Qtr.	Instr. Units	Instr. Unit Allotment	Basic Need	Level of State Support (93% Min.)	Final Computation of Entitlement	Per ADM
Anchorage	35,332	35,125	2,078*	\$27,500	\$57,145,000	96.1108	\$54,922,517	\$156
Bristol Bay	264	237	25	42,625	1,065,625	95.9740	1,022,723	431
Cordova	533	497	43	31,625	1,359,875	97.7110	1,328,747	267
Craig	182	190	19	29,700	564,300	99.0795	559,106	294
Dillingham 40/39	411	405	38	42,625	1,619,750	98.9024	1,601,972	395
Fairbanks	9,071	9,003	574	30,800	17,679,200	95.0000	16,795,240	292
Galena	136	164	17	42,625	724,625	99.6460	722,060	440
Haines	454	423	38	31,625	1,201,750	96.8998	1,164,493	275
Hoonah	280	276	27	30,800	831,600	99.5608	827,948	300
Hydaburg	100	99	14	29,700	415,800	99.5315	413,852	418
Juneau	4,253	4,305	294	27,500	8,085,000	97.2258	7,860,706	182
Kake	202	200	21	29,700	623,700	99.6117	621,278	310
Kenai	5,162	5,634	408	29,700	12,117,600	95.0000	11,511,720	204
Ketchikan	2,583	2,563	180	27,500	4,950,000	96.5021	4,776,854	186
King Cove	126	121	15	41,250	618,750	99.3085	614,471	507
Klawock	79	77	8	29,700	237,600	99.5700	236,578	307
Kodiak	2,102	2,040	171	30,800	5,266,800	97.3900	5,129,377	251
Mat-Su	3,501	3,823	267	28,600	7,636,200	95.6691	7,305,484	191
Nenana	189	198	22	36,781**	809,182	99.3426	803,862	406
Nome	829	799	64	42,625	2,728,000	99.1189	2,703,964	338
North Slope	1,069	1,095	113	42,625	4,816,625	95.0000	4,575,794	417
Pelican	33	35	5	31,040**	155,200	97.2383	150,914	431
Petersburg	597	581	46	28,600	1,315,600	97.9211	1,288,250	221
Sitka	1,656	1,765	124	28,600	3,546,400	96.8836	3,435,880	194
Skagway	208	232	21	29,700	623,700	96.3125	600,701	258
St. Mary's	101	108	18	42,625	767,250	99.7768	765,537	708
Unalaska	119	129	16	41,250	660,000	96.0630	634,016	491
Valdez	953	826	73	31,625	2,308,625	95.0000	2,193,194	265
Wrangell	516	499	42	28,600	1,201,200	97.3827	1,169,761	234
Yakutat	152	168	18	33,000	594,000	99.4429	590,691	351
TOTALS	71,457	71,617	4,799		141,668,957		136,327,690	
Centralized Corres.	434	537	32	27,500	880,000	100.00	380,000	163

**SLA 1977, Chapt 90, Sec. 9

* Based on a preliminary report from the district. The first quarter entitlement has not been determined at this date.

Supplement to REAA Revised Foundation Report dated 12-13-77

STATE OF ALASKA
DEPARTMENT OF EDUCATION

1977-78 Revised ADM

Instructional Units

REAA	1st Qtr. ADM 1977-78	Elem.	Sec.	Spec.Ed. (Non-Add)	Corres.	Voc. Ed (Non-add)	Elem.	Sec.	Spec. Ed.	Corres.	Voc. Ed.	Total
Adak	615	411	204	6	-	29	25	15	1	-	3	44
AK Central Railbelt	357	198	159	14	-	24	19	17	2	-	4	42
Alaska Gateway	415	225	138	30	52	15	20	16	4	5	2	47
Aleutian	231	156	64	24	11	8	18	9	3	2	1	33
Annette Metlakatla	325	167	158	32	-	29	11	11	4	-	3	29
Bering Straits	472	119	344	28	9	93	15	35	4	1	10	65
Chatham	189	95	94	13	-	11	11	8	2	-	2	23
Chugach	48	39	9	5	-	-	5	2	1	-	-	8
Copper River	751	422	247	55	82	44	35	18	6	7	4	70
Delta/Greely	765	412	317	54	36	65	25	22	6	4	5	62
Iditarod	271	156	103	11	12	27	18	14	2	2	4	40
Kuspuk	356	212	130	11	14	11	25	17	2	2	2	48
Lake & Peninsula	384	281	91	37	12	23	33	13	5	2	3	56
Lower Kuskokwim	1469	622	847	137	-	98	41	61	14	-	9	125
Lower Yukon	902	608	294	72	-	71	45	26	8	-	8	87
Northwest	1514	769	735	106	10	106	64	59	11	2	12	148
Pribilof	187	114	73	16	-	12	10	7	3	-	2	22
Southeast	437	272	65	27	100	13	35	7	4	8	2	56
Southwest	518	345	160	48	13	34	35	17	6	2	5	65
Yukon Flats	285	204	66	19	15	13	19	11	3	2	2	37
Yukon-Koyukuk	657	349	226	34	82	44	38	24	4	7	5	78
TOTALS	11,148	6,176	4,524	779	448	770	547	409	95	46	88	1,185

STATE OF ALASKA
DEPARTMENT OF EDUCATION

REGIONAL EDUCATION ATTENDANCE AREAS	1976-77 Final ADM						Instructional Units					
	Total ADM	Elem.	Sec.	Sp. Ed. (Non-Add)	Corres.	Voc. Ed. (Non-Add)	Elem.	Sec.	Sp. Ed.	Corres.	Voc. Ed.	Total Units
Adak	588	383	205	6	--	15	23	15	1	-	2	41
Alaska Gateway	423	275	106	25	42	12	24	12	4	4	2	46
Aleutian	220	183	37	16	--	11	19	6	3	-	2	30
Annette	398	228	170	26	--	24	16	11	4	-	2	33
Bering Straits	306	160	146	19	--	18	18	16	3	-	2	39
Chatham	157	85	72	13	--	8	10	9	2	-	2	23
Chugach	64	45	19	5	--	--	5	2	1	-	-	8
Copper River	699	392	243	63	64	32	33	18	6	6	3	66
Delta Greely	786	420	340	54	26	48	25	22	6	3	4	60
Iditarod	277	180	97	12	--	13	20	13	2	-	2	37
Kuspuk	360	240	104	11	16	12	26	13	2	2	2	45
Lake & Peninsula	362	269	77	38	16	23	33	10	5	2	3	53
Lower Kuskokwim	1418	670	748	107	--	109	43	49	11	-	9	112
Lower Yukon	704	446	258	68	--	55	34	22	7	-	7	70
Northwest Arctic	1313	742	571	57	5	57	58	49	6	1	6	120
Pribilof	181	117	64	16	--	13	10	6	3	-	2	21
Southeast Island	397	234	57	26	106	5	29	5	4	8	1	47
Southwest	530	363	152	49	15	37	37	16	6	2	5	66
Upper Railbelt	356	203	153	15	--	35	18	16	3	-	4	41
Yukon Flats	293	219	74	16	--	11	21	11	3	-	2	37
Yukon Koyukuk	682	429	206	38	47	44	44	25	5	5	6	85
Totals	10519	6283	3899	680	337	582	546	346	87	33	68	1080
Anchorage On-Base	2866	2866	--	243	--	--	153	--	23	-	-	176
Fairbanks On-Base	2427	1710	712	162	5	63	95	44	11	-	3	153
Grand Totals	15812	10859	4611	1085	342	645	794	390	121	33	71	1409

STATE OF ALASKA DEPARTMENT OF EDUCATION
PUBLIC SCHOOL FOUNDATION PROGRAM COMPUTATIONS
FINAL REPORT RECAPITULATION: 1976-77 FISCAL YEAR

REGIONAL EDUCATION ATTENDANCE AREAS	Revised ADM End 1st Qtr.	Final ADM 1976-77	Instr. Units	Instr. Unit Allotment	Basic Need	Equiv. of Local Support \$611.00/ADM	Final Computation of Entitlement	Per ADM
1. Adak	623	588	* 44/ 41	\$33,141	\$1,458,204	\$359,268	\$1,817,472	\$3,091
2. Alaska Gateway	440	423	* 48/ 46	27,813	1,335,024	258,453	1,593,477	3,767
3. Aleutian	235	220	* 31/ 30	33,141	1,027,371	134,420	1,161,791	5,281
4. Annette	400	398	* 34/ 33	26,250	892,500	243,178	1,135,673	2,853
5. Bering Straits	322	306	* 42/ 39	33,141	1,391,922	186,966	1,578,888	5,160
6. Chatham	155	157		23	27,235	626,405	95,927	722,332
7. Chugach	72	64	* 10/ 8	30,188	301,880	39,104	340,984	5,329
8. Copper River	740	699	* 68/ 66	28,750	1,955,000	427,089	2,382,089	3,408
9. Delta/Greely	835	786	* 64/ 60	27,813	1,780,032	480,246	2,260,278	2,876
10. Iditarod	305	277	* 40/ 37	35,110	1,404,400	169,247	1,573,647	5,681
11. Kuspuk	366	360		45	35,110	1,579,950	219,960	1,799,910
12. Lake & Peninsula	346	362		53	33,141	1,756,473	221,182	1,977,655
13. Lower Kuskokwim	1457	1418	* 113/ 112	34,125	3,856,125	866,398	4,722,523	3,330
14. Lower Yukon	729	704	* 72/ 70	34,125	2,457,000	430,144	2,887,144	4,101
15. Northwest Arctic	1310	1318		120	35,110	4,213,200	805,298	5,018,498
16. Pribilof	185	181	* 22/ 21	33,141	729,102	110,591	839,693	4,639
17. Southeast Island	396	397		47	26,250	1,233,750	242,567	1,476,317
18. Southwest	520	530		66	33,141	2,187,306	323,830	2,511,136
19. Upper Railbelt	358	356	* 42/ 41	33,438	1,404,396	217,516	1,621,912	4,556
20. Yukon Flats	292	293		37	35,110	1,299,070	179,023	1,478,093
21. Yukon Koyukuk	699	682	* 86/ 85	35,110	3,019,460	416,702	3,436,162	5,038
Totals	10,785	10,519	1107/1080		\$35,908,570	\$6,427,109	\$42,335,679	
Anchorage On-Base	2,876	2,866	176	25,000	4,400,000	--	4,400,000	
Fairbanks On-Base	2,475	2,427	153	27,813	4,255,389	--	4,255,389	
Grand Totals	16,136	15,812	1,436		\$44,563,959	\$6,427,109	\$50,991,068	

*Entitlement based on first quarter reporting. AS Sec. 14.17.180

STATE OF ALASKA
DEPARTMENT OF EDUCATION
PUBLIC SCHOOL FOUNDATION PROGRAM COMPUTATIONS
FINAL REPORTS RECAPITULATION
1976-77 FISCAL YEAR

AGNES
SINICK
(2865)

7/7/77

ADM = average
daily
membership

School District	Revised ADM End of 1st. Qtr.	Final ADM 1976-77	Instr. Units	Instr. Unit Allotment	Basic Need	Level of State Support (95% Min.)	Final Computation of Entitlement	(Per Pupil) Per ADM
Anchorage	35,622	35,332	2,060	25,000	51,500,000	95.4038	49,132,957	\$1,391
*Contact Schools, other	244	264	45	25,000	1,125,000	100.0000	1,125,000	4,261
Bristol Bay	258	264	*27/26	33,141	894,807	95.4993	854,534	3,237
Cordova	527	533	*48/47	28,750	1,380,000	97.3176	1,342,983	2,520
Craig	160	182	19	26,875	510,625	98.9177	505,099	2,775
Dillingham	426	411	*40/39	33,141	1,325,640	98.6323	1,307,509	3,181
Fairbanks	9,387	9,071	*607/591	27,813	16,882,491	95.1513	16,063,910	1,771
Galena	135	136	15	35,110	526,650	99.4123	523,555	3,850
Haines	444	454	42	26,875	1,128,750	96.3233	1,087,249	2,395
Hoonah	280	280	29	26,875	779,375	99.4278	774,915	2,768
Hydaburg	105	100	*14/13	26,875	376,250	99.3584	373,836	3,738
Juneau	4,325	4,253	*296/295	25,000	7,400,000	96.4447	7,136,908	1,678
Kake	208	202	*22/21	26,875	591,250	99.4979	588,281	2,912
Kenai	5,248	5,162	382	26,875	10,266,250	95.0000	9,752,937	1,889
Ketchikan	2,600	2,583	*181/179	25,000	4,525,000	95.2884	4,311,800	1,669
King Cove	124	126	15	33,141	497,115	99.2887	493,579	3,949
Klawock	78	79	8	26,875	215,000	99.4347	213,785	2,706
Kodiak	2,129	2,102	*173/172	28,219	4,881,887	97.0442	4,737,588	2,254
Mat-Su	3,474	3,501	246	25,938	6,380,748	95.6512	6,103,200	1,743
Nenana	189	189	22	33,438	735,636	98.9667	728,035	3,852
Nome	887	829	*71/67	33,141	2,353,011	99.0591	2,330,872	2,812
North Slope	1,136	1,069	*117/115	35,110	4,107,870	95.0000	3,902,476	3,651
Pelican	34	33	5	28,219	141,095	96.1117	135,609	4,109
Petersburg	613	597	46	25,938	1,193,148	97.0889	1,158,414	1,940
Selawik	197	193	*20/19	35,110	702,200	99.7249	700,268	3,628
Sitka	1,672	1,656	*123/120	25,938	3,190,374	95.9206	3,060,226	1,848
Skagway	215	208	*20/19	26,875	537,500	95.0133	510,696	2,455
St. Mary's	104	101	17	34,125	580,125	99.6919	578,338	5,726
Unalaska	129	119	*16/14	33,141	530,256	97.5325	517,172	4,346
Valdez	958	953	77	28,750	2,213,750	95.0000	2,103,062	2,207
Wrangell	538	516	*45/44	25,938	1,167,210	97.6175	1,139,401	2,208
Yakutat	162	152	18	28,219	507,942	99.3098	504,436	3,319
Totals	72,608	71,650	*4866/4827				123,798,692	
Correspondence (Centralized)	434	434	26		650,000		650,000	
							124,448,692	

*Entitlement based on first quarter reporting. AS Sec. 14.17.180

STATE OF ALASKA
DEPARTMENT OF EDUCATION

School District	Final ADM 1976-77	Property Value	Value per ADM	Index	Level of State Support (95% Min.)	Matching Ratio: 1 Local Support
Anchorage	35,332	2,935,044,735	83,094	.91924	95.4038	20.7571
Contact Schools	-	-	-	-	-	-
Bristol Bay	264	21,481,048	81,368	.90014	95.4993	21.2187
Cordova	533	25,847,685	48,495	.53648	97.3176	36.2799
Craig	182	3,561,060	19,566	.21646	98.9177	91.3978
Dillingham	411	10,162,467	24,726	.27354	98.6323	72.1159
Fairbanks	9,071	795,157,070	87,659	.96975	95.1513	19.6239
Galena	136	1,445,000	10,625	.11754	99.4123	169.1534
Haines	454	30,177,406	66,470	.73534	96.3233	26.1984
Hoonah	280	2,896,750	10,346	.11445	99.4278	173.7497
Ilydaburg	100	1,160,000	11,600	.12833	99.3584	154.8517
Juneau	4,253	273,362,585	64,275	.71106	96.4447	27.1271
Kake	202	1,833,500	9,077	.11041	99.4979	198.1774
Kenai	5,162	727,586,155	140,950	1.75929	95.0000	19.0000
Ketchikan	2,583	220,019,825	85,180	.94232	95.2884	20.2242
King Cove	126	1,607,325	12,859	.14225	99.2837	139.5969
Klawock	79	807,425	10,221	.11307	99.4347	175.8864
Kodiak	2,102	112,324,150	53,437	.59115	97.0442	32.8321
Mac-Su	3,501	275,250,605	78,621	.86975	95.6512	21.9950
Nenana	189	3,549,395	18,681	.20666	98.9667	95.7763
Nome	829	14,101,800	17,011	.18818	99.0591	105.2795
North Slope	1,069	560,968,180	524,760	5.80525	95.0000	19.0000
Pelican	33	2,319,785	70,297	.77767	96.1117	24.7179
Petersburg	597	31,420,066	52,630	.58223	97.0889	33.3508
Selawik	193	959,950	4,974	.05502	99.7249	362.4781
Sitka	1,656	122,573,565	73,751	.81588	95.9206	23.5134
Skagway	208	18,751,910	90,153	.99734	95.0133	19.0533
St. Mary's	101	562,500	5,569	.06161	99.6919	323.6149
Unalaska	119	5,308,500	44,609	.49350	97.5325	39.5270
Valdez	953	228,073,510	239,322	2.64754	95.0000	19.0000
Wrangell	516	22,225,110	43,072	.47649	97.6175	40.9735
Yakutat	152	1,884,050	12,477	.13803	99.3098	143.8952
Totals	71,386	6,452,423,112	90,394	Average		

STATE OF ALASKA
DEPARTMENT OF EDUCATION

-----1976-77 FINAL ADM-----

-----INSTRUCTIONAL UNITS-----

School District	Final ADM	Elem.	Second	Sp. Ed. (non-add)	Corres.	Voc. Ed. (non-add)	Elem.	Second	Spec. Educ.	Corres.	Voc. Ed.	Total
Anchorage	35,332	17,435	17,897	1,758	--	1,890	810	980	164	--	106	2,060
Contr. Schs.	264	95	169	264	--	--	7	13	25	--	--	45
Bristol Bay	264	106	158	17	--	35	9	11	3	--	3	26
Cordova	533	277	256	90	--	72	17	16	9	--	5	47
Craig	182	81	101	10	--	11	7	8	2	--	2	19
Dillingham	411	167	244	57	--	41	11	18	6	--	4	39
Fairbanks	9,071	4,657	4,289	722	125	467	242	243	67	9	30	591
Galena	136	61	75	10	--	12	5	6	2	--	2	15
Haines	454	226	228	36	--	28	15	17	5	--	5	42
Hoonah	280	144	136	48	--	30	10	10	6	--	3	29
Hydaburg	100	48	52	11	--	10	5	5	2	--	1	13
Juneau	4,253	2,172	2,070	400	11	305	117	119	38	2	19	295
Kake	202	114	88	16	--	37	8	7	3	--	3	21
Kenai	5,162	2,780	2,266	373	116	293	175	138	35	8	26	382
Ketchikan	2,583	1,201	1,356	218	26	166	65	79	21	3	11	179
King Cove	126	92	34	10	--	12	7	4	2	--	2	15
Klawock	79	79	--	12	--	--	6	--	2	--	--	8
Kodiak	2,102	1,175	906	192	21	157	78	60	19	3	12	172
Mat-Su	3,501	1,583	1,686	180	232	266	94	100	18	15	19	246
Nenana	189	120	69	19	--	14	9	6	3	--	4	22
Nome	829	403	426	105	--	75	24	27	11	--	5	67
North Slope	1,069	615	450	200	4	84	46	36	19	--	14	115
Pelican	33	22	11	--	--	--	3	2	--	--	--	5
Petersburg	597	406	191	43	--	35	25	13	5	--	3	46
Selawik	193	77	116	18	--	16	6	8	3	--	2	19
Sitka	1,656	742	909	130	5	136	45	52	13	1	9	120
Skagway	208	114	94	10	--	11	8	7	2	--	2	19
St. Mary's	101	72	29	41	--	26	6	3	5	--	3	17
Unalaska	119	61	58	9	--	13	5	5	2	--	2	14
Valdez	953	648	300	107	5	68	38	21	11	1	6	77
Wrangell	516	253	263	59	--	46	16	17	7	--	4	44
Yakutat	152	86	66	19	--	15	7	6	3	--	2	18
TOTALS	71,650	36,112	34,993	5,184	545	4,371	1,926	2,037	513	42	309	4,827

ORGANIZED BUDGETS 1975 Personal Income Tax Collections

CENSUS DIVISION	NUMBER OF RETURNS	TOTAL ADJUSTED GROSS INCOME	INCOME PER RETURN	EST. STATE INCOME TAX REVENUES	50% OF EST. STATE INCOME TAX REVENUES	40% OF EST. STATE INCOME TAX REVENUES	30% OF EST. STATE INCOME TAX REVENUES
ANCHORAGE	36,200	\$550,868,801	\$15,217	\$22,280,962	\$11,140,481	\$8,912,384	\$6,684,288
BARROW-NORTH SLOPE	769	\$10,722,809	\$13,943	\$433,704	\$216,852	\$173,481	\$130,111
BRISTOL BAY BOROUGH	247	\$3,062,136	\$12,398	\$123,854	\$61,927	\$49,541	\$37,156
FAIRBANKS	17,237	\$310,274,674	\$17,994	\$12,549,661	\$6,274,830	\$5,019,864	\$3,764,898
HAINES	336	\$6,602,453	\$19,727	\$270,677	\$135,338	\$108,270	\$81,203
JUNEAU	4,139	\$59,431,069	\$14,337	\$2,405,827	\$1,202,913	\$962,330	\$721,748
KENAI-COOK INLET	5,094	\$84,137,431	\$16,515	\$3,402,399	\$1,701,449	\$1,361,159	\$1,020,869
KETCHIKAN	3,953	\$56,418,151	\$14,322	\$2,290,031	\$1,145,015	\$916,012	\$687,009
KODIAK	2,532	\$30,271,667	\$11,955	\$1,224,397	\$612,198	\$489,758	\$367,319
NATANUSKA-SUSTITNA	3,169	\$53,175,715	\$16,773	\$2,149,986	\$1,074,993	\$859,994	\$644,995
SEWARD	1,037	\$14,138,478	\$13,634	\$571,258	\$285,929	\$228,743	\$171,557
SIKA	2,687	\$29,725,261	\$14,244	\$1,202,441	\$601,220	\$480,976	\$360,732
TOTALS	76,961	\$1,200,147,055	\$15,711	\$48,906,301	\$24,453,150	\$19,562,520	\$14,671,890
AVERAGES		\$100,762,254	\$15,711	\$635	\$317	\$254	\$190

UNINCORPORATED BUDGETS 1975

CENSUS DIVISION	NUMBER OF RETURNS	TOTAL ADJUSTED GROSS INCOME	INCOME PER RETURN	EST. STATE INCOME TAX REVENUES	50% OF EST. STATE INCOME TAX REVENUES	40% OF EST. STATE INCOME TAX REVENUES	30% OF EST. STATE INCOME TAX REVENUES
ALUTIAN ISLANDS	647	\$6,352,354	\$9,819	\$256,973	\$128,486	\$102,789	\$77,092
ANGON	175	\$2,074,627	\$11,855	\$70,679	\$35,339	\$28,270	\$21,202
JEFFREY	1,044	\$13,316,147	\$12,754	\$524,776	\$262,388	\$210,910	\$158,432
BRISTOL BAY	309	\$7,672,147	\$24,829	\$318,403	\$159,201	\$127,361	\$95,521
CORDOVA-MCCARTHY	624	\$8,254,000	\$13,227	\$332,436	\$166,218	\$133,054	\$99,791
KODIAK	1,006	\$11,255,381	\$11,187	\$458,117	\$229,058	\$183,246	\$137,435
KOTIKOWITZ	716	\$3,660,253	\$5,112	\$143,410	\$71,705	\$57,364	\$44,523
NOKE	1,044	\$14,452,155	\$13,843	\$533,540	\$266,770	\$213,416	\$159,065
OUTER KETCHIKAN	246	\$4,334,301	\$17,619	\$176,271	\$88,135	\$70,508	\$52,881
PRINCE OF WALES	735	\$3,066,443	\$4,172	\$127,426	\$63,713	\$51,370	\$38,527
SEAGRAY-VANUAT	211	\$2,057,353	\$9,750	\$82,377	\$41,188	\$32,951	\$24,713
SOUTH AST FAIRBANKS	1,033	\$13,367,033	\$12,939	\$515,604	\$257,802	\$206,241	\$154,708
UTER YUKON	371	\$3,475,753	\$9,371	\$147,025	\$73,512	\$58,809	\$44,106
VALDEZ-CHITNA-BERFELDER	2,014	\$45,134,157	\$22,410	\$1,545,842	\$772,921	\$618,337	\$463,752
WALDEZ-CHITNA	635	\$4,134,155	\$6,510	\$170,632	\$85,316	\$68,253	\$51,189
WAZEM-CHITNA	1,165	\$13,044,797	\$11,206	\$432,087	\$216,043	\$172,835	\$129,626
YUKON-KODIAK	1,014	\$10,101,148	\$9,961	\$335,370	\$167,685	\$134,148	\$100,611
TOTALS	15,112	\$1,000,125,459	\$66,145	\$3,111,953	\$1,555,926	\$1,244,741	\$933,556
AVERAGES		\$66,145	\$66,145	\$205	\$102	\$81	\$61

TOTAL ADJUSTED GROSS INCOME

EST. STATE INCOME TAX REVENUES

	NUMBER OF RETURNS	TOTAL ADJUSTED GROSS INCOME	PER RETURN	REVENUES
OUTSIDE ALASKA	70,348	\$1,364,662,247	\$19,399	\$55,196,357
UNCLASSIFIED IN ALASKA	17,545	\$320,867,984	\$18,288	\$12,978,115
STATE TOTALS	180,227	\$3,095,232,706	\$17,174	\$125,192,700

prepared by:
legislative affairs agency
january, 1978

1975 PERSONAL INCOME TAX COLLECTIONS

ORGANIZED BOROUGHES

CENSUS DIVISION	NUMBER OF RETURNS	TOTAL ADJUSTED GROSS INCOME	INCOME PER RETURN	EST. STATE INCOME TAX REVENUES	50% OF EST. STATE INCOME TAX REVENUES	40% OF EST. STATE INCOME TAX REVENUES	30% OF EST. STATE INCOME TAX REVENUES
ANCHORAGE	36,209	\$550,868,891	\$15,213	\$22,280,962	\$11,140,481	\$8,912,384	\$6,684,288
BARROW-NORTH SLOPE	769	\$10,722,809	\$13,943	\$433,704	\$216,852	\$173,481	\$130,111
BRISTOL BAY BOROUGH	232	\$3,062,136	\$13,198	\$123,854	\$61,927	\$49,541	\$37,156
FAIRBANKS	17,233	\$310,274,674	\$18,004	\$12,549,661	\$6,274,830	\$5,019,864	\$3,764,898
HAINES	525	\$6,692,153	\$12,750	\$270,677	\$135,338	\$108,270	\$81,203
JUNEAU	4,120	\$50,481,060	\$14,437	\$1,405,827	\$702,913	\$562,330	\$421,748
KENAI-COOK INLET	5,094	\$54,122,431	\$10,619	\$1,402,899	\$701,449	\$561,159	\$420,869
KETCHIKAN	3,953	\$55,612,151	\$14,077	\$2,200,031	\$1,100,015	\$880,012	\$660,009
KODIAK	2,532	\$30,271,657	\$11,915	\$1,224,307	\$612,153	\$489,758	\$367,319
NATANUKA-SUKUTNA	3,169	\$53,156,115	\$16,773	\$2,140,986	\$1,070,493	\$856,994	\$644,995
SEWARD	1,037	\$14,129,478	\$13,629	\$571,858	\$285,929	\$228,743	\$171,557
SIKA	2,987	\$29,725,861	\$14,244	\$1,202,451	\$601,225	\$480,976	\$360,732
TOTALS	76,961	\$1,200,147,055	\$15,711	\$48,906,301	\$24,453,150	\$19,562,520	\$14,671,890
AVERAGES		\$100,762,254	\$15,711	\$635	\$317	\$254	\$190

UNINCORPORATED CITY AND BOROUGH AREAS

CENSUS DIVISION	NUMBER OF RETURNS	TOTAL ADJUSTED GROSS INCOME	INCOME PER RETURN	EST. STATE INCOME TAX REVENUES	50% OF EST. STATE INCOME TAX REVENUES	40% OF EST. STATE INCOME TAX REVENUES	30% OF EST. STATE INCOME TAX REVENUES
ADULTIAN ISLANDS	647	\$6,351,364	\$9,815	\$256,973	\$128,486	\$102,789	\$77,092
ANCHORAGE	125	\$731,652	\$5,853	\$29,675	\$14,837	\$11,870	\$8,902
BEHLE	1,659	\$13,716,165	\$8,241	\$554,776	\$277,388	\$221,910	\$166,432
BRISTOL BAY	204	\$2,152,127	\$10,549	\$318,403	\$159,201	\$127,361	\$95,521
CUNYVA-BOROUGH	525	\$6,692,153	\$12,750	\$270,677	\$135,338	\$108,270	\$81,203
KODIAK	1,007	\$11,256,381	\$11,167	\$458,117	\$229,058	\$183,246	\$137,435
KUSKOKWIM	706	\$3,667,253	\$5,194	\$148,410	\$74,205	\$59,364	\$44,523

KATANOKA-SUITA SEWARD SITKA

1,087
2,087

\$14,138,403
\$29,768,851

\$13,534
\$14,244

\$1,132,401
\$1,132,401

\$24,453,150
\$24,453,150

\$13,562,529
\$13,562,529

\$14,671,890
\$14,671,890

TOTALS AVERAGES

76,961

\$1,403,147,005

\$100,392,754

115,711

\$48,906,301

\$635

\$24,453,150

\$317

\$13,562,529

\$214

\$14,671,890

\$190

UNORGANIZED BOROUGH

CENSUS DIVISION

NUMBER OF
RETURNS

TOTAL ADJUSTED
GROSS INCOME

INCOME
PER RETURN

EST. STATE
INCOME TAX
REVENUES

50% OF EST.
STATE INCOME
TAX REVENUES

40% OF EST.
STATE INCOME
TAX REVENUES

30% OF EST.
STATE INCOME
TAX REVENUES

ALEUTIAN ISLANDS

647

\$6,353,344

\$9,819

\$256,973

\$128,486

\$102,789

\$77,092

ANGON

125

\$733,682

\$5,869

\$29,675

\$14,837

\$11,870

\$8,902

BETHEL

1,623

\$13,716,145

\$8,451

\$554,776

\$277,388

\$221,910

\$166,432

BRISTOL BAY

809

\$7,872,127

\$9,730

\$318,403

\$159,201

\$127,361

\$95,521

CORDOVA-MCCARTHY

625

\$8,224,031

\$13,158

\$332,636

\$166,318

\$133,054

\$99,791

KOBUK

1,007

\$11,320,391

\$11,247

\$458,117

\$229,058

\$183,246

\$137,435

KUSKOKWIM

336

\$3,669,253

\$10,920

\$148,410

\$74,205

\$59,364

\$44,527

NOME

1,446

\$14,427,536

\$9,977

\$583,550

\$291,775

\$233,420

\$175,065

OUTER KETCHIKAN

306

\$4,359,163

\$11,005

\$176,271

\$88,135

\$70,508

\$52,881

PRINCE OF WALES

336

\$3,026,843

\$9,008

\$122,426

\$61,213

\$48,970

\$36,727

SKAGWAY-YAKUTAT

730

\$8,959,353

\$12,123

\$362,378

\$181,189

\$144,951

\$108,713

SOUTHEAST FAIRBANKS

1,033

\$20,167,033

\$19,532

\$815,694

\$407,847

\$326,277

\$244,708

UPPER YUKON

333

\$3,635,754

\$10,913

\$147,055

\$73,527

\$58,822

\$44,116

VALDEZ-CHITNA MIDDLE

2,083

\$45,645,157

\$21,908

\$1,845,842

\$922,921

\$738,337

\$513,752

WADE HAMPTON

676

\$4,713,158

\$7,589

\$100,632

\$95,316

\$76,253

\$57,189

WRANGELL-PETERSBURG

1,825

\$23,044,697

\$12,617

\$932,087

\$466,043

\$372,835

\$279,626

YUKON-KOYUKUK

1,344

\$20,691,805

\$14,950

\$836,920

\$418,460

\$334,768

\$251,076

TOTALS

15,373

\$200,355,420

\$13,065

\$8,111,853

\$4,055,926

\$3,244,741

\$2,433,556

AVERAGES

\$11,797,377

\$13,065

\$527

\$263

\$211

\$158

OUTSIDE OF ALASKA AND UNCLASSIFIED IN ALASKA

NUMBER OF
RETURNS

TOTAL ADJUSTED
GROSS INCOME

INCOME
PER RETURN

EST. STATE
INCOME TAX
REVENUES

OUTSIDE ALASKA

70,349

\$1,364,662,247

\$19,399

\$55,196,357

UNCLASSIFIED IN ALASKA

17,545

\$320,867,934

\$18,298

\$12,978,115

STATE TOTALS

180,677

\$1,685,530,181

\$17,174

\$125,192,700

prepared by:
legislative affairs agency
january, 1978



ALASKA HOUSE OF REPRESENTATIVES

Community and Regional Affairs Committee

LISA RUDD, Chair

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-3570

9 May 1978

Mr. John Shively
Vice President of Operations
Nana Development Corporation, Inc.
P.O. Box 4-U
Anchorage, Alaska 99509

Dear John,

Thanks so much for your thoughtful letter about HB 202 (taxation in the unorganized borough). I am enclosing a copy of my response to Ms. Johnston's letter. I would like also to address the concerns you raise.

It is not completely true that local governments have been formed when a local tax base develops. There is no local government in Tok, for instance, although there is certainly enough tax base there for at least a second class city. I understand that there is a move afoot to form a borough in the Yukon Flats area, using 150 miles of pipeline as its tax base. (In fact, I have been instrumental in getting \$90,000 put into the state budget for FY 79 to fund studies, surveys and public meetings to help the Yukon Flats people decide whether to form a borough.)

I am not at all sure that the state per capita limit on local government taxation of oil and gas production facilities works a hardship on local governments. Rather than being held under the level of other local governments the North Slope Borough and the Kenai Peninsula Borough collect more property taxes per capita than any other boroughs, and the North Slope Borough collects 3 1/2 times as much property tax per capita as the Kenai Borough. (I am referring here to 1976 figures, the only ones available to me as I write this on a Sunday afternoon).

You can argue if you wish that rural areas are supporting the state through oil production, but the fact is that the North Slope development is on state land which the state leased to the oil companies and the royalties which go into the state treasury were granted to the state in the Statehood Act. If you believe it is true even after all that that the rural areas are supporting the state, then you must at least recognize that it is not because of any effort put forth by

the rural populations of the state.

The thing that I think we need the most in this state is the formation of local governments. There is a very unhealthy love/hate relationship developing between the unincorporated areas of the state and the state government. Rural people are dependant on the state and powerless to influence it. I would be willing to have the state fund the entire cost of local governments in the rural areas to get things started, as we have done with the REAAs. But I would have to have some assurances that local governments would tax themselves as soon as their property valuation reached a certain per capita amount. In fact, I have tried to initiate discussions with my own committee and some rural legislators along these lines and have been firmly rebuffed. It is only natural, I suppose, that as long as people in the rural areas can get things free they will resist any proposals which may lead to their having to pay.

To summarize: the present situation is unhealthy. The best way to end it is to encourage the formation of local governments in the rural areas of the state. I have made a number of efforts this year to interest other legislators in various methods of encouraging the formation of local governments without putting financial burdens on those local governments. So far I am the only legislator I know who is interested in that approach.

I believe that unless something is done to form local governments soon we will see the enactment of a state property tax, for the reasons I outlined in my letter to Ms. Johnston.

Let's sit down and talk this over next time you're in Juneau.

Yours sincerely,



Lisa Rudd

LR/vb

cc: Elizabeth Johnston, General Counsel
Janie Leask, Exec. V.P., AFN

NANA DEVELOPMENT CORPORATION, INC.

P.O. BOX 4-U, ANCHORAGE, ALASKA 99509
TELEPHONE (907) 276-6030



April 24, 1978

Honorable Lisa Rudd
Alaska State House of Representatives
Pouch V
State Capital Building
Juneau, Alaska 99811

Dear Lisa:

Elizabeth Johnson of Bristol Bay Native Corporation, was kind enough to send me a copy of a letter relating to taxation in the unorganized borough. I would like to say that I personally concur with all of her comments. I think that the letter states fairly clearly the dilemma facing the State Legislature in attempting to levy a property tax on the unorganized borough.

I believe that there are a couple of further points to be made in regard to taxation in the unorganized borough. The first and most important is that whenever there has been industrial or other economic development in the rural areas, which have provided for a tax base, local government of some kind has been formed. Sometimes in rural areas, this government has been formed over the vigorous objection of people in the State Legislature and the State administration as in the case of the North Slope Borough. It is not that rural people do not want a tax system, it is just that presently there is not a base out there to support any kind of meaningful government.

You should realize that the State has reduced the possibility of potential rural governments by limiting the amount of taxation that can be received from oil development. It is quite possible that one or more boroughs could have been formed along the pipeline route, but with the State limitation on taxation, this will most likely not take place. It seems inconsistent to me that the State Legislature on one hand limits rural people's ability to tax major economic development such as pipeline yet wants to mandate a tax on small homes and businesses owned by individuals that can barely afford to eek out a living.

I think another point worthy of note is that presently State government is supported by the rural areas. Without the income received from oil development, fisheries, and to a limited extent timber, the State government could not exist in its present form. There seems to be a myth among many Anchorage legislators

Honorable Lisa Rudd

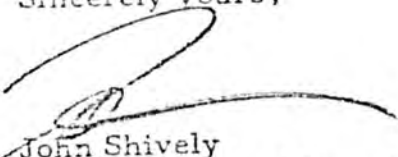
Page 2

April 24, 1978

that the rural parts of the State do not carry out their own weight. I am sure rural people would be more than pleased to retain those revenues that are produced from the rural areas and let Anchorage and Fairbanks try to subsist on the revenues produced from their contributions to the State.

I would be glad to talk to you further on this issue if you would like.

Sincerely yours,



John Shively
Vice President of Operations

JS/mt

cc Elizabeth Johnson
Janie Leask

ET. V.P.
AFN.



ALASKA HOUSE OF REPRESENTATIVES

Community and Regional Affairs Committee

LISA RUDD, Chair

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-3870

26 April 1978

Ms. Elizabeth Johnston
General Counsel - Bristol Bay
Native Corporation
445 E. 5th Avenue P.O. Box 220
Anchorage, Alaska 99510

Dear Ms. Johnston,

Thank you very much for your remarks concerning HB 202, taxation in the unorganized borough. HB 202 has passed out of the Community and Regional Affairs Committee and is now in the House Finance Committee.

My personal feeling is that HB 202 is a needed bill in that it will address an inequity which has existed since statehood. That is, that those residents in the organized municipalities are paying to support not only local government services in their own areas, but also for local government services provided by the state to residents in the unorganized borough.

You suggested that local autonomy cannot be fostered by HB 202. I would, of course, prefer local government incorporation to HB 202. This would allow for local autonomy. However, as long as the state is funding what are normally local government services in the unorganized areas of the state, I must support the levy of a state property tax there.

It may interest you to know that the territorial government instituted a property tax which was levied throughout Alaska. One of the benefits which accrued from that tax and which will accrue to the state again if HB 202 is implemented, is that we will have a current inventory of properties and ownership throughout the state. The cadastral mapping process will straighten out property descriptions and title claims. This is an important tool for planning and value estimating during important negotiations such as D-2, the natural gas pipeline, and other future issues, as well as aiding in the planning of future municipalities.

I do not believe that cadastral mapping and property valuation will be as difficult as you envision. Properties do change hands fairly frequently in the bush. The same mechanisms for property assessment which are used in the organized areas of the state are relevant in the unorganized borough. The sheer magnitude of the inventory task will undoubtedly make it expensive, but once the program is in operation, revenues can be expected to exceed expenses.

To address your points regarding low income in the bush, information presented to the committee did not indicate that Bristol Bay residents are below the state average per capita income level. Rather, they are above the state average. High employment is a normal condition throughout the state --urban and rural, organized and unorganized areas. This is not a desirable condition, but it remains with us and property taxes remain an effective mechanism for funding local services.

As the bill passed out of committee, unimproved land was exempted from taxation. With regard to Native Lands, it is clear in the Alaska Native Claims Settlement Act that the state can tax only lands which have been leased or developed. Among those, HB 202 proposes to tax only those which are "improved." I have enclosed a memorandum from Richard Bradley of Legislative Affairs Agency which discusses this issue.

Please rest assured that HB 202 is not in any way a retreat from the state's obligation to provide education for all its residents. As you have stated, the state pays twice as much for education in the unorganized borough as in the organized boroughs. To provide for a property tax in the unorganized borough is simply an effort to equalize the tax burden. And although education is the largest area of concern there is no dedication of funds to education contained in HB 202. The bill is concerned with all those services which are normally local government services provided by the State in the unorganized borough.

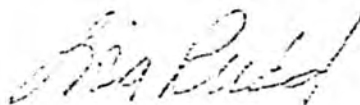
I will say in closing that the time for HB 202 has probably not yet arrived, but I believe such a program is not far away. The obvious alternative for people in the unincorporated areas of the state is to form local governments.

Last year the legislature (led by my Community and Regional Affairs Committee) changed the powers of third class boroughs so that the only mandatory responsibility they now have is providing education within their boundaries. Since the state pays most of the cost of education anyway and since many other local government services are supported by revenue sharing from the state, the cost to rural people of maintaining a minimal

local government structure should not be too great. I have proposed a minimum \$25,000 grant to small villages which receive revenue sharing money, which should ease the burden even further.

Again, thank you for your letter. I hope that my response has clarified some of the issues for your.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Lisa Rudd".

Lisa Rudd, Chair

LR/vb

cc: Rep. Nels Anderson
Bristol Bay Native Corporation
Bristol Bay Health Corporation
Enc: Copy of Bradley memo