

ALASKA LEGISLATURE COMMITTEE FILES 1987-88 8672

4472 HCRA HB 297 - HB 314

44

7 HB 297

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN - SPENARD

PO. BOX V, JUNEAU 99811
(907) 465-3892



CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE
INTERNATIONAL TRADE
SUB-COMMITTEE

May 8, 1987

TO: All members of the Community and Regional Affairs
Committee

FROM: Representative Dave Donley DJ

RE: HB 297: "An Act relating to the notification to
community councils of certain state actions."

House Bill 297 requires that state agencies notify community councils about pending state actions that may affect their districts.

Community Councils have long desired to be adequately informed of pending state decisions in order to assure local participation in decisions affecting communities.

Under HB 297, the Alcohol Beverage Control Board will be required to send community councils a copy of their board meeting agenda, as well as notify them of receipt of application of issuance, renewal or transfer of liquor licenses for premises or proposed premises within their council area.

The Department of Corrections will be required to notify community councils of plans for correctional or residential prison facilities or a rehabilitation program within their council area.

The Department of Transportation and Public Facilities will be required to notify community councils of proposed projects in their council area.

The Department of Natural Resources will be required to notify community councils of proposed action to classify, reclassify, zone, sale, lease or dispose of state land, if the proposed action is within their council area.

The "council area" includes any community council whose boundary is within one-half mile of a proposed project.

This legislation also provides for notification to be provided to communities located outside a municipality and establishes notification procedures through the postmaster, regional corporation or village corporation.

Under this proposed legislation communities will receive the information they need to become viable partners in decision-making processes which involve their neighborhoods.

STATE OF ALASKA

DEPARTMENT OF REVENUE

ALCOHOLIC BEVERAGE CONTROL BOARD

CR *HB 297*
STEVE COWPER, GOVERNOR

560 W. 7TH AVE
ANCHORAGE, ALASKA 99501-8098

May 8, 1987

MAY 9 1987

The Honorable Henrich Springer, Chairman
Community & Regional Affairs Committee
Alaska State House of Representatives
P.O. Box V
Juneau, AK 99811

Dear Representative Springer:

Terry Hoefflerle from your office called me yesterday for some comments concerning HB 297 regarding notice of liquor license applications to "community councils." He suggested that my remarks be in writing for your committee's review.

Generally, those sections of the bill which address liquor laws appear to initiate a significant intent to change policy under current law. Present policy under AS 04.11.480 and a supreme court opinion (enclosed) provides that a "local governing body" defined at AS 04.21.080 has prominent standing in review and comment about applications for issuance, renewal, transfer, and relocation of liquor licenses. Under AS 04.11.520, specific notice of all applications must be provided to a local governing body and under AS 04.11.510 the board cannot act on an application until the time for local government consideration has passed. Additionally, under AS 04.11.310 and AS 04.21.010, community councils are given three notices (two by the board and one by local government). A copy of our notice form is also enclosed. Additionally, public notice is given by an applicant (except for renewal) prior to filing an application (a copy of the notice format is enclosed).

With the above notices required under present law, I believe additional notice proposed in HB 297 is unnecessary and redundant.

On several occasions in an attempt to assess objections from community councils under AS 04.11.470 the board has held public hearings in municipalities. These hearings have been called at the board's initiative even tho a local governing body may have approved an application or made no comment. Questions that have been asked by the board since notice to community councils became law in June 1985 under CSHB 34 (Fin) am 8 are:

1. Is another level of "local governing body" intended?
2. To what degree do community councils represent a community area before their city councils and/or assemblies and the state?

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

STATE OF ALASKA

DEPARTMENT OF REVENUE

ALCOHOLIC BEVERAGE CONTROL BOARD

Steve Cowper, GOVERNOR

550 W. 7TH AVE
ANCHORAGE, ALASKA 99501-8898

May 8, 1987

MAY 9 1987

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1. Is another level of "local governing body" intended?
2. To what degree do community councils represent a community area before their city councils and/or assemblies and the state?

Representative Springer
May 8, 1987
Page 2

In summary, the board has and does give every consideration to public comment about license applications no matter how minor or insignificant concerns might appear. Most public objections received by the board are a result of persons having seen or heard the required public notice or seen the required posting of an application.

Section 1 of the bill will require the staff to provide a copy of each of the board's agendas to all community councils. According to my information there are 36 councils in the Municipality of Anchorage and 14 within the Matanuska-Susitna Borough. Board member agendas with attachments are usually in the neighborhood of 100 pages. There are usually 15-18 pages of agenda items without attachments and these are available for public review at all board meetings. A copy of the board's last agenda is also enclosed.

One person, the licensing supervisor, spends almost full time with preparation of the agenda. Her primary duties are to assure accuracy of information and that an application is not prematurely taken to the board prior to proper notice to local governments and community councils unless those bodies waive the notice requirements in writing.

Preparation of the agenda is time-consuming and costly. Copying, mailing, filing, and documenting additional notice requirements imposes an additional burden on an already overburdened licensing staff. Three licensing positions have processed applications which have grown from 1,300 to over 2,000 during the last ten years. Therefore, the fiscal note for this bill proposes an additional licensing document processor position.

The section also proposes that agendas be provided to councils no later than 10 days prior to a board meeting. This strongly suggests that an item could not be added to the agenda 10 days before a board meeting. This restriction could produce severe hardship on new license, relocation, and transfer applicants whose applications might become ready for board consideration during the ten-day period. This occurs at almost every board meeting. Additionally, this becomes important, because time between board meetings is anywhere from five to seven weeks and board meetings are not always held in the same city where an applicant resides.

Section 2 of the bill requires notice to a council when an application is for a premises within one-half mile from the boundary of the council area. This requirement could predictably require notice to three councils (two notices would probably be frequent). I suspect that applicants would have to provide maps of council boundaries to show locations of their premises within an adjacent council area. Board staff would be responsible to confirm the accuracy of a premises location. This responsibility could be placed on the licensing or investigator staff.

Representative Springer
May 8, 1987
Page 3

Section 3 of the bill requires notice to a council of any public hearing held by the board concerning an application for premises in a council area. This has always been the practice of the board and all public hearings have been held in community council meeting rooms.

Section 4 establishes a new section which is unclear to me.

Finally, an addition should be inserted which requires local governing bodies to annually provide the board with names and addresses of community councils, names and addresses of current council officers, and detailed maps which clearly show community council boundaries.

This letter has become more lengthy than I had expected. However, the issue at hand is quite significant and of great concern to the board. Alternatively, the board had proposed in legislation last year that applicants provide all required notices prior to filing their applications with the board. Until there are clarifications of the matters noted, the board respectfully opposes the legislation.

If I can provide you any additional information, please do not hesitate to call.

Sincerely,



Patrick L. Sharrock
Director
(907) 277-8638

PLS:cr
Enclosures

cc w/encl: Representative Dave Donley

87-97

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: HB 297
Publish Date: _____

Revision Date: _____
Title: Notification to Community Councils

Agency Affected: Department of Revenue
BRU: Alcoholic Beverage Control Board

Sponsor: Representative Donley et al
Requestor: House Community & Regional Affairs Committee

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		26.6				
TRAVEL						
CONTRACTUAL		.6				
SUPPLIES		.4				
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	27.2	27.2	27.2	27.2	27.2

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	27.2	27.2	27.2	27.2	27.2
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Personal Services - Document Processor II -	26,616
Contractual - Postage -	601
Supplies - Envelopes/Paper	400
	<u>27,217</u>

Prepared by: Patrick L. Sharrock, Director Phone: 277-8638
Division: Alcoholic Beverage Control Board Date: 5/8/87

Approved by Commissioner: Hugh Malone Date: _____
Agency: Department of Revenue

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

STATE OF ALASKA

Steve Cowper, Governor

DEPARTMENT OF REVENUE

ALCOHOLIC BEVERAGE CONTROL BOARD

550 W. 7th Avenue
Anchorage, Alaska 99501

First - Date _____

Second - Date _____

Community Council of:

Re: Application for transfer, issuance, renewal of a
_____ liquor license, d/b/a

Dear _____:

Legislation enacted into law on June 6, 1985 requires that the Alcoholic Beverage Control Board provide notice to a "community council" about pending applications for liquor licenses. At AS 04.11.310(b) the law requires the following two notices:

First - Notice of the application (copy of the application enclosed) XX

Second - Consideration by the board will take place at its meeting to be held in _____ on _____

Note: Board meetings and action on applications are governed by AS 04.06.050 and AS 04.11.510, respectively.

This letter serves to provide both notices. The first notice will include a copy of the application. The second final notice will be a copy of the first notice; the second box will be completed but will not include a copy of the application.

Additionally, under the law at AS 04.21.010 the governing body (municipal council or assembly) shall provide notice to you "at least 10 days before the date set for municipal action on an application...." You may contact your municipal clerk for information about scheduling the application on the council or assembly agenda for purposes of "protest" under AS 04.11.480. Any comments you may have about the application should first be presented to your local governing body.

If you have any questions, please do not hesitate to contact your municipal clerk or this office.

Sincerely,
Betty J. Calhoun
Betty J. Calhoun
Licensing Supervisor

FORMAT FOR ADVERTISING

Applicants must advertise once each week for three (3) weeks, seven (7) days apart by newspaper of general circulation in the area of the license, or if by radio, two (2) times each week for three (3) consecutive weeks. See instruction sheet. This public notice must be given within the sixty (60) days immediately preceding the filing of the application.

** Statement to be included in all advertising.

FORMAT FOR NEW APPLICATIONS

(Licensee/Individual(s) or Corporation Applying for Liquor License)

is making application for a new _____
(Type of License & Statute Reference Number)

liquor license, d/b/a _____
(Name of Establishment)

located at _____
(Premises Address & City)

** Interested persons should submit written comment to their local governing body, the applicant and to the Alcoholic Beverage Control Board at 550 West Seventh Avenue, Anchorage, Alaska, 99501.

FORMAT FOR TRANSFER APPLICATIONS

(Ownership, Location or Both)

_____, d/b/a _____
(Present licensee(s)) (Name of Establishment)

located at _____
(Premises Address and City)

is applying for transfer of a _____
(Type of License and Statute Reference Number)

liquor license to _____
(New Licensee(s))

d/b/a _____
(Only if Different)

located at _____
(Only if Different)

** Interested persons should submit written comment to their local governing body, the applicant and to the Alcoholic Beverage Control Board at 550 West Seventh Avenue, Anchorage, Alaska, 99501.

Sherrill
Court Decision

NOTICE: This opinion is subject to formal correction before publication in the Pacific Reporter. Readers are requested to bring typographical or other formal errors to the attention of the Clerk of the Appellate Courts, 303 K Street, Anchorage, Alaska 99501, in order that corrections may be made prior to permanent publication.

THE SUPREME COURT OF THE STATE OF ALASKA

VERA STOLTZ d/b/a FAIRBANKS)
BAR,)

Appellant,)

v.)

CITY OF FAIRBANKS,)

Appellee.)

File No. S-581

O P I N I O N

[No. 2957 - August 2, 1985]

NOTICE TO COUNSEL: This opinion will be re-
leased to the press and public at 12:30
p.m. each time the Alaska Appellate
Clerk of the Appellate Courts
This copy is provided to you for your
in advance. Prior to the release time,
please do not inform persons other than your
clients in this case of the outcome.

Appeal from the Superior Court of the State
of Alaska, Fourth Judicial District, Fairbanks,
Gerald J. Van Hoomissen, Judge.

Appearances: C.R. Kennelly, Kennelly, Azar &
Donohue, P.C., Anchorage, for Appellant. Wm.
Ronald Smith, Deputy City Attorney, Herbert
P. Kuss, City Attorney, Fairbanks, for
Appellee.

Before: Rabinowitz, Chief Justice, Burke,
Matthews, Compton, and Moore, Justices.

MATTHEWS, Justice.

This case involves Vera Stoltz's attempt to move her
bar, known as the "Fairbanks Bar," from 542 Second Avenue to 409
Second Avenue in Fairbanks. The Fairbanks City Council protested
the move, but the Alcohol Beverage Control Board ("the Board")
found that the City's protest was arbitrary, capricious, and

unreasonable. Thus, it approved the move. The City appealed to the superior court, and the superior court reversed the Board's decision, thus disallowing the move. Mrs. Stoltz appeals the superior court's decision. We affirm.

I.

Mrs. Stoltz leased the premises on which the Fairbanks Bar is located. Sometime before October 28, 1982, Mrs. Stoltz received notice from her landlord that the premises had been sold and that she would have to move. As such, on October 28, 1982, Mrs. Stoltz applied to the Board for a transfer of her alcohol license from 542 Second Avenue to 402 Second Avenue, where she had agreed to lease new premises.

Prior to this, in August of 1982, the Fairbanks City Council passed Resolution 2245 which provided that the Council would protest any renewal or transfer of liquor licenses within a specified area in Fairbanks (the "bar block"). The new location proposed by Mrs. Stoltz was approximately 300 feet outside the boundaries of this "bar block."

In late January of 1983, Mrs. Stoltz contacted Fairbanks City Manager W.C. Droz. She asked Droz if there was any way to get assurances from the City Council that her application would not be protested before she invested considerable sums in remodeling the premises. Droz prepared a memorandum to

the City Council outlining these concerns on January 25, 1983. This memorandum was considered by the Council at its January 31, 1983 meeting. The Council decided unanimously at that meeting to issue a "policy statement" to Mrs. Stoltz, informing her that if the matter formally came before the Council, the Council would protest the move. The main reason given by members of the Council was that the proposed location was vigorously opposed by residents of the Golden Towers, a senior citizens housing complex, and by owners of other businesses in the area. The Golden Towers is located less than one-half block from the proposed location of Mrs. Stoltz's bar.

Mrs. Stoltz nonetheless continued to formally pursue her transfer application before the Board, and the matter again came before the City Council on February 28, 1983, when the Council held a public hearing on the matter. Once again, the Council voted unanimously to protest the move.

On March 8, 1983, the Fairbanks City Attorney sent the Board a letter objecting to Mrs. Stoltz's proposed license transfer.¹ The reasons stated for the objection were that the

1. The letter stated in pertinent part:

The Fairbanks city council at its regular meeting on February 28, 1983, voted unanimously to object to the transfer of the beverage dispensary liquor license of the Fairbanks Bar from 542 Second Avenue to 409

(Footnote Continued)

location would be near a concentration of other bars, and that many residents of the Golden Towers had objected to the move.

In early May of 1983, the Board informed the City that the Board had found the City's protest arbitrary, capricious, and unreasonable. Thus, the Board approved the application.

The City then requested a hearing before the Board, and one was granted. A hearing officer was appointed, and a hearing was held de novo on September 15, 1983. The hearing officer upheld the Board's determination on October 12, 1983, finding that the reasons given by the City for its protest were arbitrary, capricious, and unreasonable. This decision was adopted as the final decision of the Board.

The City appealed the Board's decision to the superior court. Judge Van Hoomissen reversed the Board's decision, finding it to be contrary to the clear mandate of the controlling statute, and therefore unreasonable and unsupported. Mrs. Stoltz appeals this ruling.

(Footnote Continued)

Second Avenue. The council members stated the reason they voted against it was because of the location near a concentration of other liquor establishments, even though not within the core area of Fairbanks, and its proximity to the Golden Towers, an Alaska State Housing Authority apartment house for senior citizens. Numerous residents there had protested the transfer to council members.

II.

There is only one issue in this case: whether the City's protest was arbitrary, capricious, and unreasonable. If not, then the Board was not permitted to approve the transfer under AS 04.11.480(a). That statute provides:

Protest. (a) If a local governing body wishes to protest the issuance, renewal, transfer of location or transfer to another person of a license, it shall furnish the board and the applicant with a protest and the reasons for the protest within 30 days of receipt from the board of notice of filing of the application. The board shall consider a protest and testimony received at a hearing conducted under AS 04.11.510(b)(2) or (b)(4) when it considers the application, and the protest and the record of the hearing conducted under AS 04.11.510(b)(2) or (b)(4) shall be retained as part of the board's permanent record of its review of the application. If an application is protested, the board may not approve the application unless the board finds that the protest is arbitrary, capricious, and unreasonable.

(Emphasis added).

The statute makes it clear that the Board may not substitute its judgment for that of the local governing body. The limit of the Board's inquiry is therefore analogous to our inquiry of Administrative action: the action will be upheld unless arbitrary, capricious, or unreasonable.

We think that the City's protest was not arbitrary, capricious, and unreasonable. The City advanced two reasons for its protest: first, that the proposed location was too close to

the Golden Towers, and second, that the proposed location was in an area which already contained a high concentration of bars. The evidence adduced at the hearing before the Board supported these reasons. These reasons represent logical and traditional grounds for opposing liquor licenses. Williams v. Liquor Control Comm'n, 399 A.2d 834 (Conn. 1978); Polman v. City of Royalton, 249 N.W.2d 466 (Minn. 1977); Arizona State Liquor Bd. v. Jacobs, 511 P.2d 179 (Ariz. App. 1973). Therefore, the superior court correctly determined that the Board's decision was contrary to AS 04.11.480(a).²

AFFIRMED.

*Pursuant to Appellate Rule 508 (a), Atty Geny of \$750.00 are awarded to the Appellee
Entered at the direction of Justice Thayer*

Pursuant to Appellate Rule 508
(f) (1), the (appellant) (appellee)
shall serve and file with this

court by 8-12-85 an itemized
and verified bill of costs.

2. Mrs. Stoltz also contends and the Board held that since the proposed location is outside the "bar block" created by Resolution 2245, the City Council impliedly approved of a bar at the proposed location. This is an absurd inference, which if taken to its extreme would mean that the city council issued a blanket approval of all transfers to locations outside the bar block, without regard to the merits of such transfers. We find this point to be without merit.

COMMUNITY COUNCIL NOTIFICATION BILL

Sectional
ANALYSIS FROM REVENUE

ABC BOARD

Amends Sec. 04.06.050.

At least 10 days prior to the meeting of the board, the board is required to send to all community councils within a municipality a copy of the board's agenda.

Requires the board to send a copy of the agenda to each nonprofit community organization which has requested a copy of the agenda.

Amends Sec. 04.11.310(b)

Upon receipt of an application for issuance, renewal, relocation or transfer of ownership of a liquor license, the board is required to notify all community councils whose boundaries are within one-half mile of the premises or proposed premises.

Amends Sec. 04.11.510(b)(2)

At least 20 days prior to a hearing held within the jurisdiction of a municipality, the board is required to send to all community councils located within that municipality notification of the hearing.

Requires the board to send a notification of the hearing to each nonprofit community organization which has requested to be notified.

Adds new Sec. 04.11.525 NOTIFICATION OF COMMUNITY COUNCIL

Requires the board to provide notification of the proposed action and the time and the place of the hearing to community councils entitled to receive notification under AS 04.11.310(b) at least 10 days prior to the board's action.

CORRECTIONS

Adds new Sec. 33.30.025 SITING OF PRISON FACILITIES

Requires the commissioner of the department of corrections to provide notification to each community council of plans to locate or operate a correctional or residential facility or a rehabilitation program if the facility is located within one-half mile of a community council boundary.

Establishes notification procedures for communities located outside a municipality.

DOT/PF

Amends Sec. 35.30.010

Requires the Department of Transportation and Public Facilities to provide notification to each community council whose boundary is within one-half mile of a proposed project.

Establishes notification procedures for communities located outside a municipality.

DNR

Amends Sec. 38.05.945(c)

Requires the Department of Natural Resources to provide notification to each community council whose boundary is within one-half mile of a proposed action to classify, reclassify, zone, sale, lease or dispose of state land.

Establishes notification procedures for communities located outside a municipality.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

(3) HB 297

ERA file.

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

May 8, 1987

MAY 8 1987

The Honorable Heinrich Springer
Chair, House Community and
Regional Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Springer:

Subject: House Bill 297, which would require that official notice be provided to community councils of certain state actions.

Position: The Department of Natural Resources cannot support this bill because of the potential liability it would create for failure to give notice, and the difficulties the department will face in determining the names, locations and boundaries of the various community councils.

Background: The department undertakes hundreds of actions each year that require public notice. Municipalities are currently provided notice of activities that will occur within municipal boundaries. This bill would place an additional burden on the department that could more appropriately be borne by local governments.

Community councils are created under municipal charter or ordinance. There is no statewide federation of councils that can supply information about council locations. To date, the only councils we have identified are the 36 within the Municipality of Anchorage and the 13 within the Matanuska-Susitna Borough. We do not know whether other community councils exist. Obtaining reliable data concerning the boundaries of identified councils will take additional time and the opportunities for error will be great.

Recommendations: We suggest this bill be amended to require local governments that receive notice under 38.05.945(c) to notify their respective community councils about the proposed

Representative Springer

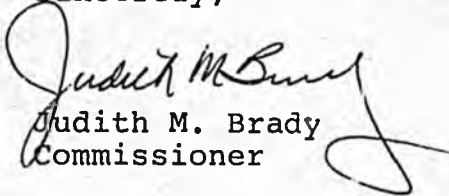
-2-

May 8, 1987

action. We also suggest that a provision be added which states that a failure to provide notice does not invalidate the proposed action (see AS 44.62.190(c)).

Please let me know if you have questions about our current public notice procedures or our suggested amendments to this bill.

Sincerely,


Judith M. Brady
Commissioner

cc: Sponsors
Committee Members
George Sullivan
Rod Swope

H B

3 1 4

2/17

D R F P R N

2d

BILL PREPARATION/ACTION*

Bill # SSHB 314 Date Referred: 2/15/88 Out:

Title: Allocating the Fisheries Business Tax

Sponsor: Herrmann, Cato Referrals: CRA RES FIN

CONTACTS:*****

Name

Roland 2/17
SHAHLS-FDG SSHB 314 to version 1.1; 2/24 amend. 2/29;

Rev - Royce Weller 2/17 ck on FN for SSHB 314; 2/22 [2/24]; 2/24 they sitting on FN
3/15 may now add; 3/15 Royce called, ing, chg; Heaven reg hold, off for Man;

DCRA Pleasant 3/15 now add;

REMARKS:

MEETINGS:*****

Date

Action

+ 3/21/8 1st sub hmg - 4 DP out.

*See other side for additional information.

CONTAC.TXT

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

Sp. / CRA

STEVE COWPER, GOVERNOR

P.O. BOX 5
JUNEAU, ALASKA 99811-0400
PHONE: (907) 465-2300

March 24, 1988

MAR 24 1988

The Honorable Adelheid Herrmann
Co-Chairman
House Resources Committee
Alaska State Legislature
Capitol, Room 106
Juneau, AK 99811

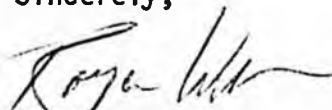
Dear Representative Herrmann:

With the establishment of the 1986 fisheries investment tax credit, the State will be foregoing substantial fisheries business tax revenues. Enactment of HB 314 (An Act relating to the allocation of fisheries business taxes to municipalities...) will reduce the State's take even further. Together, these measures are estimated to reduce the fish tax's general fund portion by as much as 76%. Below are the estimated numbers:

	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
Shorebased Tax	17.5	6.0*	7.0
Floating Tax	9.0	9.8	9.8
	<u>26.5</u>	<u>15.8</u>	<u>16.8</u>
Shared Revenues	-7.9	-8.0	-7.8 (requested)
Net to Gen. Fund	<u>18.6</u>	<u>7.8</u>	<u>9.0</u>
HB 314/SB 454			<u>-4.9</u>
			4.1 (G.F.)

* potential tax credit impact

Sincerely,


Royce B. Weller
Special Assistant

RBW:smc
66-82

cc: Representative Sam Cotten
Representative Lyman Hoffman
Representative Cliff Davidson
Representative Henry Springer

Representative Mike Navarre
Representative Dick Shultz
Representative Drue Pearce
Representative John Sund

(5)

HOUSE COMMITTEE REPORT

⑧ 2d SSHB 314

Date referred: 3/15/88

FURTHER REFERRALS:

Resources
Finance

DATE: MAR 21 1988

The Community and Regional Affairs Committee has considered 2d SSHB 314

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

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- 2 fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

[Signature]
[Signature]
[Signature]
[Signature]

Zawocki
 Cato
 Springer
 Herrmann

SIGNING OTHER RECOMMENDATIONS:

Springer *[Signature]*
 Chairman's signature

File Contents

2d SSHB 314 - Allocating the Fisheries Business Tax

<u>No.</u>	<u>Description</u>
1.	Bill - 2d SSHB 314
1.1	Fiscal Note - Dept. of Revenue
2.	Pilot Project - sponsor materials
3.	Management Regions - map
4.	Bill Review - Harrison
5.	
6.	
7.	

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SSHB 314
PUBLISH DATE: 3/15/88

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: An Act relating to the allocation of fisheries business taxes to municipal
Sponsor: Community & Regional Affairs
Requestor: Herrmann

Agency Affected: Revenue
BRU: Income and Excise Audit Division
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	17.0	17.0	17.0	17.0	17.0
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	10.2	3.2	3.2	3.2	3.2
SUPPLIES	-	.5	.5	.5	.5	.5
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	27.7	20.7	20.7	20.7	20.7
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	27.7	20.7	20.7	20.7	20.7
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	27.7	20.7	20.7	20.7	20.7

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel
Division: Income and Excise Audit Division

Phone: 465-2320
Date: March 15, 1988

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: 3/10/88

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

HB 314 Analysis

Prepared By: Steven E. Kettel
Income and Excise Audit
March 15, 1988

Personal Services

<u>Position</u>	<u>Location</u>	<u>Annual Salary/Benefits</u>
Accounting Clerk II	Juneau	\$17.0

This creates one seasonal half time position to copy and file returns.

Contractual

Design and Printing of Forms	\$7.0	
File Cabinet	\$.7	
Copying Charges	<u>\$2.5</u>	
TOTAL		\$10.2

Supplies

Office Supplies	<u>\$.5</u>	
TOTAL		<u>\$.5</u>

OPERATING TOTAL		<u>\$38.4</u>
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FISCAL NOTE

REQUEST:

Revision Date: 03/15/88
Title: "An Act relating to the allocation of fisheries business taxes"
Sponsor: Herrmann and Cato
Requestor: C&A/Resources/Finance

Agency Affected: Revenue
BkU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING								
PERSONAL SERVICES	-	-	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-	-	-
REVENUE	-	(4,500)	(8,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-	-	-
OTHER	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-	-	-

ANALYSIS: (Attach a separate page if necessary)

The estimated loss of general fund unrestricted revenues would result in additional revenue sharing to municipalities under SSB 314. Estimates are based on FY 87 actuals and reflect current price/catch assumptions in future years.

Prepared By: Bob Elliott *BE* Phone: 465-2173
Division: Revenue - Research Section Date: 03/15/88

Approved by Commissioner: Hugh Malone *H Malone* Date: 03/15/88
Agency: Department of Revenue

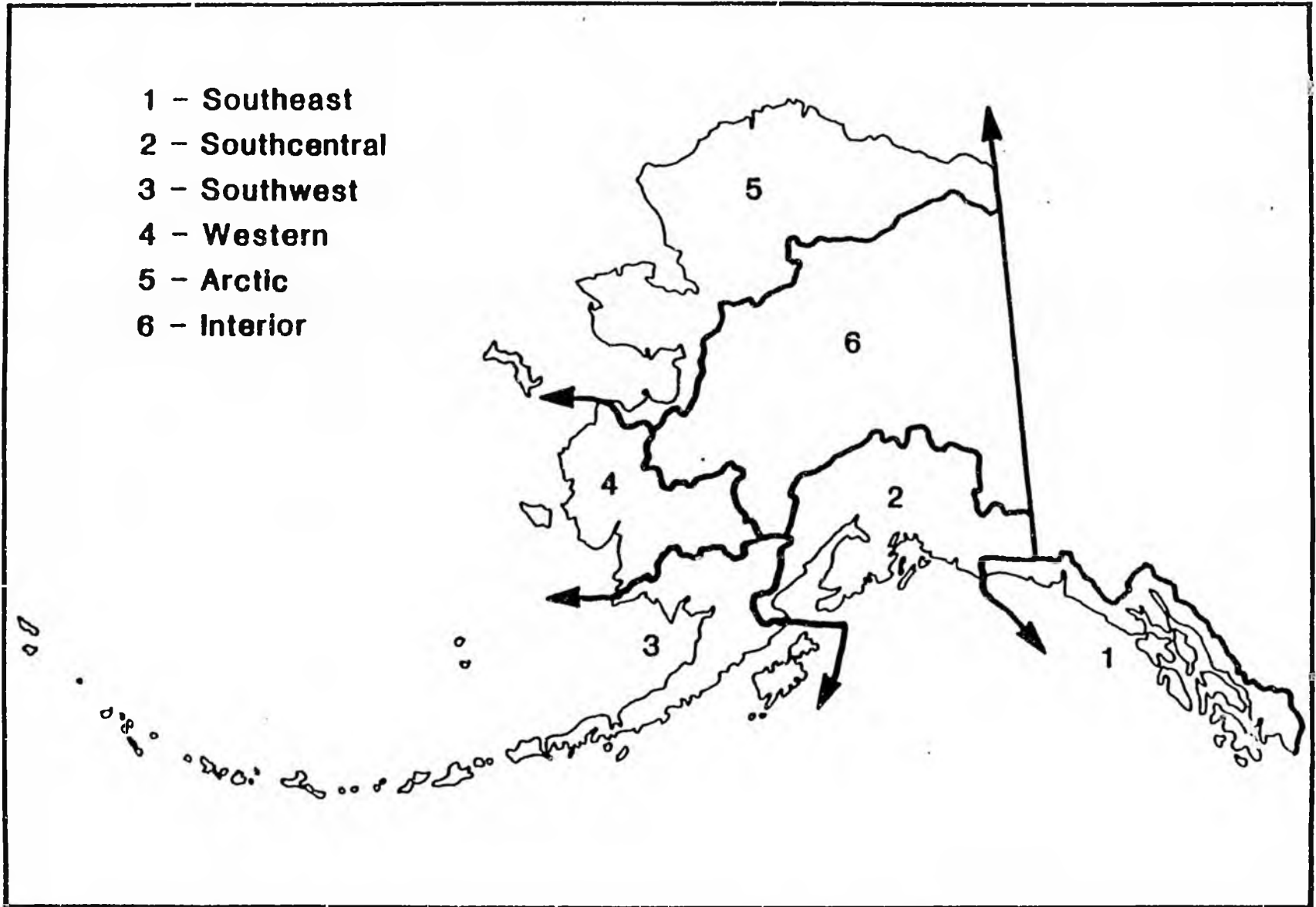
Distribution (by preparer):

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

Fish + Game Resource Management Regions

③^{SS} HB 314

- 1 - Southeast
- 2 - Southcentral
- 3 - Southwest
- 4 - Western
- 5 - Arctic
- 6 - Interior



Alaska State Legislature

Rep. Springer

for CRA

REPRESENTATIVE
ADELHEID HERRMANN

P.O. BOX 63
NAKNEK, ALASKA 99833
(907) 248-4495

While in Juneau
BOX V
JUNEAU, ALASKA 99811
(907) 485-4942, 485-4943



CO-CHAIRMAN
RESOURCES COMMITTEE

MEMBER
COMMUNITY & REGIONAL
AFFAIRS COMMITTEE

House of Representatives

FEB 15 1988

MEMORANDUM

DISTRICT 26

ADAK
AKUTAN
ALEKNAGIK
ATKA
BELKOFSKI
CLARK'S POINT
COLD BAY
DILLINGHAM
DUTCH HARBOR
EGEGIK
EKUK
EKWOK
FALSE PASS
IGIUGIG
ILIAMNA
KING COVE
KING SALMON
KOKHANOK
KOLIGANEK
LEVELOCK
MANOKOTAK
NAKNEK
NELSON LAGOON
NEWHALEN
NEW STUYAHOK
NIKOLSKI
NONDALTON
PEDRO BAY
PILOT POINT
PORT ALSWORTH
PORT HEIDEN
PORT MOLLER
PORTAGE CREEK
SAND POINT
SOUTH NAKNEK
SQUAW HARBOR
ST. GEORGE
ST. PAUL
TOGIK
TWIN HILLS
UGASHIK
UNALASKA

TO: Coastal Legislators

FROM: Representative Adelheid Herrmann *Ad*

DATE: February 12, 1988

SUBJECT: Sponsor Substitute for House Bill 314

I will be introducing a Sponsor Substitute for HB 314 on Monday to put into statute the Fish Tax Pilot Project enacted in 1986.

The purpose of the pilot project was to share fish tax revenues collected from off-shore processors with communities that demonstrated they had an impact from offshore processing.

The effect of HB 314 will be to take previously unshared fish tax and distribute it to coastal communities which are impacted by fisheries business activities. This will not change the current tax rates, it will not increase the taxes collected and will not change any current jurisdictions or boundaries. HB 314 will take 50% of taxes collected from floating fisheries businesses and give it to the Department of Community and Regional Affairs to distribute it to communities based on the allocation formula in section 2 of the bill. This bill will share 50% of tax revenue that has previously gone directly to the state general fund.

I would appreciate your consideration and support of SSHB 314. If you would like to be a co-sponsor of this legislation please contact my office as soon as possible.

1 IN THE HOUSE

BY HERRMANN

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 314

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the allocation of fisheries
7 business taxes to municipalities by the Department of
8 Community and Regional Affairs; and providing for an
9 effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. FINDINGS. The legislature finds that

12 (1) it has been a longstanding state policy to share fisheries
13 business taxes with municipal governments in the areas in which the fishery
14 resources are harvested;

15 (2) these shared taxes constitute an important source of revenue
16 to municipal governments to mitigate the effects of fish harvesting and
17 processing activities;

18 (3) there is an impact in communities that experience an in-
19 crease in population or influx of people;

20 (4) fishing activities such as harvesting and processing create
21 an influx of population throughout the year in many coastal communities;

22 (5) the state has a vested interest in encouraging communities
23 to provide adequate services;

24 (6) revenue generated through the sharing of fisheries business
25 taxes will help many fishing communities to provide adequate services and
26 to prepare for future damage attributable to fisheries activities.

27 * Sec. 2. AS 29.60 is amended by adding a new section to read:

28 ARTICLE 6. SHARED FISHERIES BUSINESS TAXES.

29 Sec. 29.60.450. FISHERIES BUSINESS TAX ALLOCATION. (a) A

1 municipality is eligible for a fisheries business tax allocation if
2 the municipality demonstrates to the department that the municipality
3 suffered significant effects from fisheries business activities during
4 the base year.

5 (b) Before making a tax allocation under (c) of this section, a
6 portion of the tax revenue available under AS 43.75.130(g) for allo-
7 cation under this section shall be apportioned by the department to
8 each management region based on the ratio of the region's fish and
9 shellfish production value to the total fish and shellfish production
10 value for all of the management regions.

11 (c) The tax allocation to an eligible municipality is the sum of

12 (1) the result of dividing the number of the management
13 region's eligible municipalities for the tax allocation year into
14 one-half of the tax revenue apportioned to the management region under
15 (b) of this section for the tax allocation year; and

16 (2) the result of multiplying the municipality's population
17 ratio by the other one-half of the tax revenue apportioned to the
18 management region under (b) of this section for the tax allocation
19 year.

20 (d) If a borough and a city that is located within the borough
21 both qualify as eligible municipalities under (a) of this section for
22 a tax allocation year, the department shall exclude the population of
23 the city from the borough's population when calculating the borough's
24 population ratio under (c) of this section.

25 (e) A municipality that receives a tax allocation under this
26 section shall use the tax allocation to help reduce the effect of
27 fisheries business activities on the municipality, and may thereafter
28 use the tax allocation for the expenses of any municipal service.

29 (f) At the request of the department, an applicant or a

1 recipient of a tax allocation shall provide the department with the
2 assistance and information available to the municipality that is
3 necessary for the department to carry out the department's duties
4 under this section relating to the municipality.

5 (g) The department may adopt regulations necessary to carry out
6 the provisions of this section.

7 (h) In this section,

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

10 (2) "effect" means the change attributable to fisheries
11 business activities on the municipality's

12 (A) population;

13 (B) employment;

14 (C) finances;

15 (D) air and water quality;

16 (E) fish and wildlife habitats; and

17 (F) ability to provide essential public services,
18 including health care, public safety, education, transportation,
19 utilities, and government administration;

20 (3) "fisheries business activity" means activity related to
21 processing fisheries resources for sale by freezing, cooking, salting,
22 or other method and includes but is not limited to canneries, cold
23 storages, freezer ships, and processing plants;

24 (4) "management region" means one of the geographical
25 regions established by the Department of Fish and Game for the manage-
26 ment of the commercial fisheries of the state;

27 (5) "population" means the population determined under
28 AS 29.60.020;

29 (6) "population ratio" means the base year population of

1 the municipality divided by the population of the management region;

2 (7) "production value" means the weight of the fish and
3 shellfish processed by floating fisheries businesses;

4 (8) "tax allocation year" means the fiscal year for which
5 the department makes the tax allocation.

6 * Sec. 3. AS 43.75.130 is amended by adding a new subsection to read:

7 (g) To the extent that appropriations are available for the
8 purpose, and notwithstanding the requirement of AS 37.07.080(e) that
9 approval of the office of management and budget is required, an amount
10 equal to 50 percent of the tax revenue that is collected under this
11 chapter from floating fisheries businesses and is not subject to
12 division with a municipality under (a), (c), and (d) of this section
13 shall be transmitted each fiscal year by the department to the Depart-
14 ment of Community and Regional Affairs for disbursement, without the
15 approval of the office of management and budget, to eligible munic-
16 ipalities under AS 29.60.450.

17 * Sec. 4. This Act takes effect July 1, 1988.
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OFFSHORE FISHERIES MITIGATION

A PILOT PROJECT TO MITIGATE IMPACTS FROM THE OFFSHORE FISH PROCESSING INDUSTRY

2

SSH 314

The Offshore Fisheries Business Tax Revenue Sharing Program is a pilot project funded by the Alaska State Legislature pursuant to special legislative intent in chapter 98, SLA 1985 at page 22, line 25 and administered by the Department of Community and Regional Affairs. The purpose of the project is to develop an equitable means of distributing funds to municipalities to mitigate impacts from the offshore fish processing industry.

Municipalities currently receive a share of state revenues generated by fish processors operating within municipal boundaries. However, there is no direct sharing of revenues from offshore floating processors outside of municipal boundaries even though such processors may still have impacts of a transient but substantial nature on the municipality. This project grew out of a desire to devise a program to equitably share a portion of those currently unshared fish tax revenues with communities impacted by offshore processors.

The project has been developed over the past year by the Department of Community and Regional Affairs with input from municipalities through questionnaires and workshops, from legislators and from other interested state agencies. The amount to be distributed has recently been determined by the Department of Revenue to be \$451,000. Proposed regulations are in draft form and will soon be subjected to formal public hearing before promulgation. Comments and criticisms are sought at this time to be incorporated in the formal final draft of the proposed regulations.

The general approach taken is that of a formula type of distribution to impacted municipalities, with allocations based upon the location of the municipality within a commercial fisheries management area and the population increase of the municipality during fishing season.

Once regulations have been adopted, applications will be sent out and processed and grants will be awarded. Based upon the results of this pilot project, a report will be submitted to the legislature, with the possibility of legislation being recommended for introduction.

Questions and comments on this project should be directed to Jim Plasman at 465-4707 or:

Jim Plasman
Department of Community and Regional Affairs
P.O. Box BH
Juneau, AK 99811

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
MUNICIPAL AND REGIONAL ASSISTANCE DIVISION
JUNEAU, ALASKA

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

STEVE COWPER, GOVERNOR

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- 949 E. 36TH AVENUE, SUITE 400
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PHONE: (907) 442-3875
- 1514 CUSHMAN STREET, ROOM 210
FAIRBANKS, ALASKA 99701-6286
PHONE: (907) 452-7128
- P.O. BOX 10041
DILLINGHAM, ALASKA 99576-0041
PHONE: (907) 842-2245

March 10, 1987

Dear Municipal Official:

The Offshore Fisheries Business Tax Revenue Sharing Pilot Project was funded by the Alaska State Legislature pursuant to special legislative intent in chapter 98, SLA 1985. The purpose of the project is to develop an equitable means of distributing funds to municipalities to mitigate impacts from the offshore fish processing industry.

Municipalities currently receive a share of state revenues generated by fish processors operating within municipal boundaries. However, there is no direct sharing of revenues from offshore floating processors outside of municipal boundaries even though such processors may still have impacts of a transient but substantial nature on the municipality. This project grew out of a desire to devise a program to equitably share a portion of those unshared revenues with communities impacted by offshore processors.

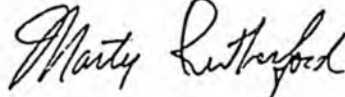
The project has been developed over the past year by the Department of Community and Regional Affairs with input from municipalities through questionnaires and workshops, from legislators, state agencies and other interested persons. The amount to be distributed under the pilot project is \$451,000, based on the unobligated and unexpended portion appropriation to the current fish tax revenue sharing program. The general approach taken is that of a formula distribution to impacted municipalities, with allocations based upon the location of the municipality within a specific commercial fisheries management area, the amount of fisheries production within that area compared to statewide production, and the population increase of the municipality compared to that of other municipalities within the area during fishing season. The regulations governing this program are enclosed.

Municipal Official
March 10, 1987
Page Two

If you wish to participate in the project, please fill out the enclosed application completely and submit it to our Juneau office postmarked by April 15, 1987.

Please note that this is a pilot project. Based upon the information gained through this pilot project, there may be legislation introduced to continue the program. However, your cooperation is needed. If you have any additional comments on this project, please let us know.

Sincerely,

A handwritten signature in cursive script that reads "Marty Rutherford".

Marty Rutherford
Director

COMM. FISH REGIONS & AREA COMMUNITIES * - SEE NOTES (COLUMN L)	DATE APPLCTN RECVD	IMPACT (YES=1) (NO=0)	POP. GROWTH IMPACT	ALLOCATION BY % AREA- WIDE CATCH	ALLOCATION BY POP. CHANGE	TOTAL \$\$ ALLOCATION	CATCH IN POUNDS
REGION I: SOUTHEASTERN							
AREA A - JUNEAU & YAKUTAT							
ANGOOK	4/10/87	1	0	\$1,457.82	\$0.00	\$1,457.82	
HAINES		0	0	\$0.00	\$0.00	\$0.00	
HAINES, BOROUGH OF		0	0	\$0.00	\$0.00	\$0.00	
JUNEAU, CITY AND BOROUGH		0	0	\$0.00	\$0.00	\$0.00	
SKAGWAY	4/16/87	1	100	\$1,457.82	\$2,915.64	\$4,373.46	
YAKUTAT		0	0	\$0.00	\$0.00	\$0.00	
AREA A - TOTAL.....		2	100	\$2,915.64	\$2,915.64	\$5,831.28	3,384,559
AREA B - KETCHIKAN							
CRAIG	4/13/87	1	500	\$2,185.44	\$2,122.62	\$4,308.06	
HYDASIEG		0	0	\$0.00	\$0.00	\$0.00	
KASAHN		0	0	\$0.00	\$0.00	\$0.00	
KETCHIKAN	4/16/87	1	1,994	\$2,185.44	\$8,464.99	\$10,650.43	
KETCHIKAN, BOROUGH OF	4/10/87	1	0	\$2,185.44	\$0.00	\$2,185.44	
KLAWOCK	4/19/87	1	80	\$2,185.44	\$333.62	\$2,525.06	
METLAKATLA		0	0	\$0.00	\$0.00	\$0.00	
SAXMAN	4/20/87	1	0	\$2,185.44	\$0.00	\$2,185.44	
THORNE BAY		0	0	\$0.00	\$0.00	\$0.00	
AREA B - TOTAL.....		5	2,574	\$10,927.22	\$10,927.22	\$21,854.44	12,584,641
AREA C - PETERSBURG/WRANGELL							
KAKE		0	0	\$0.00	\$0.00	\$0.00	
KUPREANOF		0	0	\$0.00	\$0.00	\$0.00	
PETERSBURG		0	0	\$0.00	\$0.00	\$0.00	
WRANGELL		0	0	\$0.00	\$0.00	\$0.00	
AREA C - TOTAL.....		0	0	\$129.64	\$0.00	\$0.00	150,488
AREA D - SITKA							
HODGKIN		0	0	\$0.00	\$0.00	\$0.00	
PELICAN	4/20/87*	1	38	\$988.96	\$70.91	\$1,059.87	
PORT ALEXANDER		0	0	\$0.00	\$0.00	\$0.00	
SITKA, BOROUGH OF	4/15/87	1	1,200	\$988.96	\$2,239.16	\$3,228.13	
TENAKEE SPRINGS	4/16/87	1	352	\$988.96	\$656.82	\$1,645.79	
AREA D - TOTAL.....		3	1,590	\$2,966.89	\$2,966.89	\$5,933.78	3,444,055

COMM. FISH REGIONS & AREA COMMUNITIES * - SEE NOTES (COLUMN L)	DATE APPLCTN RECVD	IMPACT (YES=1) (NO=0)	POP. GROWTH IMPACT	ALLOCATION BY % AREA- WIDE CATCH	ALLOCATION BY POP. CHANGE	TOTAL \$\$ ALLOCATION	CATCH IN POUNDS
REGION II: CENTRAL							
AREA E - PRINCE WILLIAM SOUND							
CORDOVA	4/17/87	1	500	\$7,282.36	\$9,102.95	\$16,385.31	
VALDEZ	4/20/87	1	300	\$7,282.36	\$5,461.77	\$12,744.13	
WHITTIER		0	0	\$0.00	\$0.00	\$0.00	
AREA E - TOTAL.....		2	800	\$14,564.72	\$14,564.72	\$29,129.44	16,907,153
AREA H - COOK INLET							
ANCHORAGE, MUNICIPALITY OF		0	0	\$0.00	\$0.00	\$0.00	
ANDERSON		0	0	\$0.00	\$0.00	\$0.00	
HOMER		0	0	\$0.00	\$0.00	\$0.00	
HOUSTON		0	0	\$0.00	\$0.00	\$0.00	
KACHEMAK		0	0	\$0.00	\$0.00	\$0.00	
KENAI PENINSULA BOROUGH	4/14/87*	1	7,643	\$1,096.34	\$1,096.34	\$2,192.68	
KENAI		0	0	\$0.00	\$0.00	\$0.00	
MATANUSKA-SUSITNA BOROUGH		0	0	\$0.00	\$0.00	\$0.00	
PALMER		0	0	\$0.00	\$0.00	\$0.00	
SELDOVIA		0	0	\$0.00	\$0.00	\$0.00	
SEWARD		0	0	\$0.00	\$0.00	\$0.00	
SOLDATNA		0	0	\$0.00	\$0.00	\$0.00	
WASILLA		0	0	\$0.00	\$0.00	\$0.00	
AREA H - TOTAL.....		1	7,643	\$1,096.34	\$1,096.34	\$2,192.68	1,272,663
AREA T - BRISTOL BAY							
ALEKNAGIK		0	0	\$0.00	\$0.00	\$0.00	
BRISTOL BAY BOROUGH	4/16/87	1	345	\$20,149.60	\$4,165.76	\$24,315.36	
CLARK'S POINT	4/21/87*	1	407	\$20,149.60	\$4,914.39	\$25,063.99	
DILLINGHAM	4/16/87	1	1,423	\$20,149.60	\$17,182.25	\$37,331.85	
EKWOK		0	0	\$0.00	\$0.00	\$0.00	
MANOKOTAK		0	0	\$0.00	\$0.00	\$0.00	
NEW STUYAHOK		0	0	\$0.00	\$0.00	\$0.00	
NEWHALEN		0	0	\$0.00	\$0.00	\$0.00	
NONDALTON		0	0	\$0.00	\$0.00	\$0.00	
TOSIAK	4/13/87	1	1,500	\$20,149.60	\$54,336.00	\$74,485.60	
AREA T - TOTAL.....		4	6,675	\$80,598.40	\$80,598.40	\$161,196.81	93,560,997

COMM. FISH REGIONS & AREA COMMUNITIES	DATE APPLCTN RECVD	IMPACT (YES=1) (NO =0)	POP. GROWTH IMPACT	ALLOCATION BY % AREA- WIDE CATCH	ALLOCATION BY POP. CHANGE	TOTAL \$\$ ALLOCATION	CATCH IN POUNDS
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REGION III: A-Y-K
AREA W - KUSKOKWIM

AKIACHUK		0	0	\$0.00	\$0.00	\$0.00	
AKIAK		0	0	\$0.00	\$0.00	\$0.00	
ANIAK		0	0	\$0.00	\$0.00	\$0.00	
ATHAUTLUAK		0	0	\$0.00	\$0.00	\$0.00	
BETHEL		0	0	\$0.00	\$0.00	\$0.00	
CHEFORNAK	*	0	0	\$0.00	\$0.00	\$0.00	
CHUATHBALLIK		0	0	\$0.00	\$0.00	\$0.00	
EEK		0	0	\$0.00	\$0.00	\$0.00	
GOODNEWS BAY		0	0	\$0.00	\$0.00	\$0.00	
KASIGLUK		0	0	\$0.00	\$0.00	\$0.00	
KMETHLUK		0	0	\$0.00	\$0.00	\$0.00	
LOWER KALSKAG		0	0	\$0.00	\$0.00	\$0.00	
MEKORYUK		0	0	\$0.00	\$0.00	\$0.00	
NAPAKIAK		0	0	\$0.00	\$0.00	\$0.00	
NAPASKIAK		0	0	\$0.00	\$0.00	\$0.00	
NEWTOK		0	0	\$0.00	\$0.00	\$0.00	
NIGHTMUTE		0	0	\$0.00	\$0.00	\$0.00	
NIKOLAI		0	0	\$0.00	\$0.00	\$0.00	
NUNAPITCHUK (AKOLMIUT)		0	0	\$0.00	\$0.00	\$0.00	
PLATINUM		0	0	\$0.00	\$0.00	\$0.00	
QUINHAGAK	4/20/87	1	50	\$1,564.23	\$1,049.82	\$2,614.04	
TOKSOCK BAY	4/20/87	1	99	\$1,564.23	\$2,078.64	\$3,642.86	
TULUKSAK		0	0	\$0.00	\$0.00	\$0.00	
TUNUKAK		0	0	\$0.00	\$0.00	\$0.00	
UPPER KALSKAG		0	0	\$0.00	\$0.00	\$0.00	

AREA W - TOTAL..... 2 149 \$3,128.45 \$3,128.45 \$6,256.90 3,631,598

AREA X - KOTZEBUE

AMBLER		0	0	\$0.00	\$0.00	\$0.00	
ANAKTUVUK PASS		0	0	\$0.00	\$0.00	\$0.00	
ATQASUK		0	0	\$0.00	\$0.00	\$0.00	
BARROW		0	0	\$0.00	\$0.00	\$0.00	
BUCKLAND		0	0	\$0.00	\$0.00	\$0.00	
DEERING		0	0	\$0.00	\$0.00	\$0.00	
KAKTOVIK		0	0	\$0.00	\$0.00	\$0.00	
KIANA		0	0	\$0.00	\$0.00	\$0.00	
KIVALINA		0	0	\$0.00	\$0.00	\$0.00	
KOTZEBUE		0	0	\$0.00	\$0.00	\$0.00	
NOORVIK		0	0	\$0.00	\$0.00	\$0.00	
NORTH SLOPE BOROUGH		0	0	\$0.00	\$0.00	\$0.00	
NORTHWEST ARCTIC BOROUGH		0	0	\$0.00	\$0.00	\$0.00	
NUIQSUT		0	0	\$0.00	\$0.00	\$0.00	
POINT HOPE		0	0	\$0.00	\$0.00	\$0.00	

COMM. FISH REGIONS & AREA COMMUNITIES * - SEE NOTES (COLUMN L)	DATE APPLCTN RECVD	IMPACT (YES=1) (NO=0)	POP. GROWTH IMPACT	ALLOCATION BY % AREA- WIDE CATCH	ALLOCATION BY POP. CHANGE	TOTAL \$\$ ALLOCATION	CATCH IN POUNDS
SELAWIK		0	0	\$0.00	\$0.00	\$0.00	
SHISHAREF		0	0	\$0.00	\$0.00	\$0.00	
SHUNGAK		0	0	\$0.00	\$0.00	\$0.00	
WAINWRIGHT		0	0	\$0.00	\$0.00	\$0.00	
AREA X - TOTAL.....		0	0	\$0.00	\$0.00	\$0.00	0
AREA Y - YUKON							
ALAKAYUK		0	0	\$0.00	\$0.00	\$0.00	
CHEVAK		0	0	\$0.00	\$0.00	\$0.00	
EMODNAK	4/8/87	1	112	\$4,474.55	\$4,474.55	\$8,949.09	
FORTUNA LEDGE (MARSHALL)		0	0	\$0.00	\$0.00	\$0.00	
HOLY CROSS		0	0	\$0.00	\$0.00	\$0.00	
HOOPER BAY		0	0	\$0.00	\$0.00	\$0.00	
KOTLIK		0	0	\$0.00	\$0.00	\$0.00	
MOUNTAIN VILLAGE		0	0	\$0.00	\$0.00	\$0.00	
PILOT STATION		0	0	\$0.00	\$0.00	\$0.00	
RUSSIAN MISSION		0	0	\$0.00	\$0.00	\$0.00	
SAINT MARY'S		0	0	\$0.00	\$0.00	\$0.00	
SCAMMON BAY		0	0	\$0.00	\$0.00	\$0.00	
SHELDON POINT		0	0	\$0.00	\$0.00	\$0.00	
AREA Y - TOTAL.....		1	112	\$4,474.55	\$4,474.55	\$8,949.09	5,194,186
AREA Z - NORTON SOUND							
BREVIS MISSION		0	0	\$0.00	\$0.00	\$0.00	
ELIM		0	0	\$0.00	\$0.00	\$0.00	
GOLDVIN	5/28/87	1	70	\$2,079.68	\$762.19	\$2,841.87	
KOYUK	4/13/87	1	3	\$2,079.68	\$32.67	\$2,112.35	
NOYE		0	0	\$0.00	\$0.00	\$0.00	
SAINT MICHAEL		0	0	\$0.00	\$0.00	\$0.00	
SHAKTOOLIK		0	0	\$0.00	\$0.00	\$0.00	
STEBBINS		0	0	\$0.00	\$0.00	\$0.00	
TELLER		0	0	\$0.00	\$0.00	\$0.00	
UNALAKLEET	5/28/87	1	500	\$2,079.68	\$5,444.20	\$7,523.88	
WALES		0	0	\$0.00	\$0.00	\$0.00	
WHITE MOUNTAIN		0	0	\$0.00	\$0.00	\$0.00	
AREA Z - TOTAL.....		3	573	\$6,239.05	\$6,239.05	\$12,478.10	7,242,471

COMPL. FISH REGIONS & AREA COMMUNITIES * - SEE NOTES (COLUMN L)	DATE APPLCTN RECVD	IMPACT (YES=1) (NO =0)	POP. GROWTH IMPACT	ALLOCATION BY % AREA- WIDE CATCH	ALLOCATION BY POP. CHANGE	TOTAL \$\$ ALLOCATION	CATCH IN POUNDS
REGION IV: WESTERN							
AREA K - KODIAK							
AKHIOK		0	0	\$0.00	\$0.00	\$0.00	
KODIAK	5/7/87	1	133	\$1,744.20	\$2,180.25	\$3,924.45	
KODIAK ISLAND BOROUGH	4/20/87	1	359	\$1,744.20	\$5,885.04	\$7,629.24	
LARSEN BAY	5/11/87	1	0	\$1,744.20	\$0.00	\$1,744.20	
OLD HARBOR		0	0	\$0.00	\$0.00	\$0.00	
DUZINKIE	3/23/87	1	0	\$1,744.20	\$0.00	\$1,744.20	
PORT LIONS	4/20/87	1	40	\$1,744.20	\$655.71	\$2,399.91	
AREA K - TOTAL.....		5	532	\$8,721.00	\$8,721.00	\$17,442.00	10,123,593
AREA L - CHIGNIK							
CHIGNIK	4/20/87	1	240	\$1,138.34	\$1,138.34	\$2,276.67	
AREA L - TOTAL.....		1	240	\$1,138.34	\$1,138.34	\$2,276.67	1,321,415
AREA M - ALASKA PENINSULA							
COLD BAY		0	0	\$0.00	\$0.00	\$0.00	
KING COVE	4/23/87	1	314	\$4,345.60	\$5,373.18	\$9,724.78	
PORT HEIDEN	5/14/87	1	72	\$4,345.60	\$1,233.44	\$5,579.04	
SAND POINT	4/21/87	1	375	\$4,345.60	\$6,424.18	\$10,769.78	
AREA M - TOTAL.....		3	761	\$13,036.81	\$13,036.81	\$26,073.61	15,133,507
AREA R&O - ALEUTIANS							
AKUTAN		0	0	\$0.00	\$0.00	\$0.00	
UNALASKA/DUTCH HARBOR	4/5/87*	1	1000	\$25,068.88	\$25,068.88	\$50,137.76	
AREA R&O - TOTAL.....		1	1,000	\$25,068.88	\$25,068.88	\$50,137.76	29,100,695
AREA Q - BERING SEA							
SAINT PAUL	4/20/87	1	0	\$25,297.04	\$0.00	\$25,297.04	
SAINT GEORGE	5/31/87	1	14	\$25,297.04	\$50,594.08	\$75,891.12	
AREA Q - TOTAL.....		2	14	\$50,594.08	\$50,594.08	\$101,188.15	58,731,092

STATEWIDE CATCH TOTAL (LBS.)..							261,883,113
TOTAL FUNDING.. (\$\$).....				\$225,600.00	\$225,600.00	\$451,200.00	
CHECK SUMS TOTAL.....		35	22,763	\$225,470.36	\$225,470.36	\$450,940.72	261,883,113
BALANCE OUTSTANDING.....				\$129.64	\$129.64	\$259.28	

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 20, 1988

SUBJECT: SSHB 314 (Allocation of a portion of fisheries business taxes to municipalities by the Department of Community and Regional Affairs)

TO: Representative Heinrich Springer, Chairman House Community & Regional Affairs Committee
ATTN: David C. Harrison

FROM: Jack Chenoweth
Legislative Counsel

Through Division Director Tam Cook you have requested a sectional analysis of SSHB 314.

*

CURRENT LAW:

Levy of the fisheries business tax: Under AS 43.75, the state imposes a fisheries business tax. The tax is payable to the Department of Revenue. As specified in AS 43.75.015(a), the tax is levied on the following activities at the rates set out after each:

- (1) Salmon canned at a shore-based fisheries business -- 4½ percent;
- (2) Salmon processed by a shore-based fisheries business other than that which is canned -- 3 percent;
- (3) All other fisheries resources processed by a shore-based fisheries business -- 3 percent;
- (4) Fisheries resources processed by a floating fisheries business -- 5 percent.

However, if the resource is a developing commercial fish species (as that term has been defined and as those species are designated by the commissioner of fish and game), the tax is payable at a reduced rate. See AS 43.75.015(b).

In AS 43.75.017, the legislature has enumerated several exclusions from the tax, while in AS 43.75.100, the legislature has acted to try to recover taxes from fisheries resources recovered in the state but that are transported and sold outside the state.

The legislature has provided several tax credits. See AS 43.75.018 and 43.75.032.

Existing refund program: For many years there has been a program under which refunds of a portion of the taxes collected are returned to local governments. The principal formula for the distribution of the refund to local governments is set out in AS 43.75.130(a). This formula is based on the revenue generated from fisheries business operations occurring within municipalities.

The fisheries business tax refund program has been amended in each of the last two years. The 1987 amendments, probably more important in determining what is actually shared, restructured the formula for fisheries business tax refunds with respect to taxes collected in cities located in a borough that is incorporated after June 16, 1987, the date the law took effect, by gradually reducing the city's share from 50% to 25% over the first five years after incorporation, and by gradually increasing the borough's share from 25% to 50% over the same period. The statutory provisions making adjustments to the shares of cities within newly-incorporated boroughs are set out in AS 43.75.130(d).

The current refund program is managed by the Department of Revenue.

*

None of what I have described above is directly changed, altered, or amended by SSHB 314.

*

WHAT THIS BILL DOES:

SSHB 314 essentially does three things:

- (1) In addition to the current refund program, SSHB 314 directs that, "to the extent that appropriations are available for the purpose . . . , " 50 percent of

the tax revenue collected under AS 43.75 from floating fisheries businesses that is not subject to refund to a municipality under AS 43.75.130(a) and 43.75.130(d) is to be shared with municipalities under this new program.

(2) SSHB 314 lays out in detail how municipalities may qualify for a portion of the shared revenue and how the program is to be administered.

(3) SSHB 314 assigns responsibility for this new program is assigned to the Department of Community and Regional Affairs.

Bill section 3, the provision adding a new AS 43.75.130(g), lays out the basis of what revenue is to be shared, item #(1) above. In essence, bill section 3 says that the source of the revenue to be shared under SSHB 314 is 50 percent of the tax revenues collected from floating fisheries businesses that is not now being shared with municipalities under the existing program. A "floating fisheries business" is defined in AS 43.75.140(6); essentially a floating fisheries business means the fisheries business activities that are subject to tax under AS 43.75 occur offshore. Floating fisheries businesses are, by and large, located outside of the boundaries of any municipality. Since, under the current law, the state shares with municipalities only on the basis of tax revenues collected in the municipality (that is, inside the municipal boundaries), then a very high percentage of revenue obtained from the levy of AS 43.75 on floating fisheries businesses is not shared with the municipalities under the current formulas. Because so little of the revenue derived from levy of the tax on floating fisheries businesses is shared with municipalities, that money stays in the state's general fund as an addition to the treasury.

In AS 43.75.130(g), added by bill section 3, 50 percent of the money that would not be shared under the existing program with local governments is to be paid over by the Department of Revenue to the Department of Community and Regional Affairs to support this new programs.

Bill section 2 addresses items #2 and #3 above. You should understand that, because this bill adds material to AS 29.60, this new program will be administered by the Department of Community and Regional Affairs. The definition of "department" for purposes of AS 29 is to be found in AS 29.71.700(8).

The revenue from the fisheries business tax that is paid over by the Department of Revenue to the Department of Community and Regional Affairs is, first, to be apportioned on the basis of "management regions" (proposed AS 29.60.450(b)). These management regions are tied to the management regions used by the Department of Fish and Game for the regulation of the state's commercial fisheries. The manner of making the allocation of the revenues to each management region is based on the proportion of the fish and shellfish production within each region to the total production for the state. That production is defined with reference to the total weight, not with reference to total value (see the definition of "production value" in proposed AS 29.60.450(h)(7)).

Within each management region's allocation, half of the revenue is distributed equally among all eligible municipalities within the management region (proposed AS 29.60.450(c)(1)), while the other half is distributable to eligible municipalities based on each municipality's population ratio (proposed AS 29.60.450(c)(2)). There is a provision (proposed AS 29.60.450(d)) making an accommodation for excluding the count of the population of a city within a borough when calculating the borough's population ratio.

Not all municipalities within a management region may qualify. A municipality "is eligible for a fisheries business tax allocation if the municipality demonstrates to the [Department of Community and Regional Affairs] that the municipality suffered significant effects from fisheries business activities" during the previous year (proposed AS 29.60.450(a)). The test of significant effect is with reference to the specific items listed in proposed AS 29.60.450(h)(2). Some municipalities within a regional may not be able to demonstrate how the municipality was affected by fisheries business activities, and therefore would not qualify as an eligible municipality. In turn, a municipality that is eligible to receive a portion of the allocation is expected, first, to use the revenue "to help reduce the effect of fisheries business activities on the municipality," and thereafter may use the money for any municipal service (proposed AS 29.60.450(e)).

The Department of Community and Regional Affairs is authorized to adopt regulations to carry out the program (proposed AS 29.60.450(g)). Municipalities are directed to provide information and assistance to the department in order for the department to administer the program (proposed AS 29.60.450(f)).

Representative Springer

Page 5

February 20, 1988

The definitions provided in this bill (proposed AS 29.60.450(h)) are particularly critical to an understanding of the bill, and should be reviewed.

Bill section 4 directs that the Act is to take effect at the start of FY 89, the next state fiscal year.

*

If the bill or this memorandum prompts questions, please contact me.

JBC:mkr
b3/013

STATE OF ALASKA
1986 LEGISLATIVE SESSION

BILL VERSION: HB 314
PUBLISH DATE: 5/14/87

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to the allocation of fisheries business taxes to municipal
Sponsor: Community & Regional Affairs
Requestor: Herrmann

Agency Affected: Revenue
BRU: Income and Excise Audit Division
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	17.0	17.0	17.0	17.0	17.0
TRAVEL	-	1.5	-	-	-	-
CONTRACTUAL	-	19.4	14.0	14.0	14.0	14.0
SUPPLIES	-	.5	.5	.5	.5	.5
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING		38.4	31.5	31.5	31.5	31.5
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		38.4	31.5	31.5	31.5	31.5
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel
Division: Income and Excise Audit Division

Phone: (907) 465-2320
Date: January 26, 1988

Approved by Commissioner: _____
Agency: _____

Date: 1/26/88

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Personal Services

<u>Position</u>	<u>Location</u>	<u>Annual Salary/Benefits</u>
Accounting Clerk II	Juneau	\$17.00

This increases one current half time position to a full time position.

Travel

<u>Regulation Hearings</u>		
Travel to Anchorage	\$.4	
Travel to Kodiak	\$.6	
Six days of per diem	<u>\$.5</u>	
TOTAL		\$1.5

Contractual

One Wang terminal with Winchester	\$3.5	
Design and Printing of Forms	\$7.0	
Postage and Warrant Stock	\$2.0	
Calculator	\$.2	
File Cabinet	\$.7	
Advertising	\$5.0	
Regulation Hearing Costs	<u>\$1.0</u>	
TOTAL		\$19.4

Supplies

Office Supplies	<u>\$.5</u>	
TOTAL		<u>\$.5</u>

OPERATING TOTAL		\$38.4
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(4) SSHB 314



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

TO: Rep. Henry Springer, Chairman of HCRA
FROM: David C. Harrison, P. A. to HCRA *DCRA*
RE: Bill Review - SSHB 314
"An Act relating to the allocation of fisheries business taxes to municipalities by the Department of Community and Regional Affairs; and providing for an effective date." [Herrmann/Cato]

* Section 1. Lines 12 through 26 provide a background for needs, policies, and reasons for desired changes in shared tax revenues from fish processors doing processing business outside a municipality's taxing authority but within a specific commercial fisheries management area. Other considerations taken into account are the amount of fisheries production, the population increase of the municipality compared to that of other municipalities within the area during the fishing season.

File Item #2 provides a look at the Pilot Project pursuant to special legislative intent in Chapter 98, SLA 1985.

Municipalities currently receive a share of state revenues generated by fish processors operating within municipal boundaries. The state receives 100% of the revenues generated by floating processors doing business outside municipal boundaries but within specific fisheries management areas.

It is noted that areas and regions are used by the Fish Board and that at times the Fish Board will change a management area. To allocate by population within regions rather than areas may make a difference in the amount of allocation shared based upon population. I am not sure how this will shake out the allocations.

Also, the allocation under this section shall be apportioned by the department to each management region based on the ratio of the region's fish and shellfish production value for all of the management regions.

* Sec. 2. On page 3, line 27 (5) population determined under AS 29.60.020 is made or determined annually by the latest figures of the United States Bureau of the Census or other population data that in the judgment of the department is reliable. DCRA Register 1987 19 AAC 33.030 The population estimate as related to the bill's purpose - the estimate

must be certified by the mayor and adopted by the governing body of the municipality by resolution. The estimate must include an explanation of how it was determined and must be supported by relevant indices of population. Unverifiable, unsupported estimates will not be accepted -- effective date of the register attached is not shown or given.

* Sec. 2. (Page 1, Line 27) AS 29.060 is amended to add a new section called ARTICLE 6. SHARED FISHERIES BUSINESS TAXES.

Sec. 29.60.450 FISHERIES BUSINESS TAX ALLOCATION. (a) A municipality is eligible for a fisheries business tax allocation if the municipality demonstrates to the department that the municipality suffered significant effects from fisheries business activities during the base year.

The bill's intent is to provide revenue from the State's 100 tax receipt in the specific commercial fisheries management areas where floater processors anchor outside a municipality's taxing authority. For example in 1987 the state received approximately \$9 million dollars in tax revenues collected from fish floating processors that process fish in specific commercial fisheries management areas outside any municipality's taxing authority. If this bill becomes law the revenues from such operations as located, as adjusted by population, would amount to about \$4.5 million for the year 1987. In 1987 the tax received by the State was about \$9,000,000. The law would change that whereby municipalities would receive approximately \$4,500,000. This amount is based upon the intent of this law to return to municipalities 1/2 of generated tax revenue from floater processors outside the taxing authority of municipalities that are located within fish management regions (areas) as listed in the bill.

File Item #2, the Offshore Fisheries Business Tax Revenue Sharing Pilot Project regarding tax allocation provides a list of cities that have applied for fish business tax revenue. Some of the cities that could have applied did not apply. For what reason, the Reviewer does not know.

Timeliness of shared information between communities, the Revenue Department and the Department of Community and Regional Affairs may cause various kinds of delays in reporting and in funding revenue to the municipalities that are eligible to receive tax revenue.

Note: A memo from Legislative Affairs Agency, Legal Services, of 2/20/88 provides additional insight into SSHB 314. See File Item #3.

③ 2d SSHB 314

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 15, 1988

SUBJECT: 2d SSHB 314 (Allocation of fisheries business taxes to municipalities by the Department of Community and Regional Affairs)

TO: Representative Adelheid Herrmann

FROM: Jack Chenoweth
Legislative Counsel

This sectional analysis addresses the 2d Sponsor Substitute for House Bill 314 provided to you on March 14.

*

CURRENT LAW:

Levy of the fisheries business tax: Under AS 43.75, the state imposes a fisheries business tax. The tax is payable to the Department of Revenue. As specified in AS 43.75.-015(a), the tax is levied on the following activities at the rates set out after each:

- (1) Salmon canned at a shore-based fisheries business -- 4½ percent;
- (2) Salmon processed by a shore-based fisheries business other than that which is canned -- 3 percent;
- (3) All other fisheries resources processed by a shore-based fisheries business -- 3 percent;
- (4) Fisheries resources processed by a floating fisheries business -- 5 percent.

However, if the resource is a developing commercial fish species (as that term has been defined and as those species

Representative Adelheid Herrmann
Page 2
March 15, 1988

are designated by the commissioner of fish and game), the tax is payable at a reduced rate. See AS 43.75.015(b).

In AS 43.75.017, the legislature has enumerated several exclusions from the tax, while in AS 43.75.100, the legislature has acted to try to recover taxes from fisheries resources recovered in the state but that are transported and sold outside the state.

The legislature has provided several tax credits. See AS 43.75.018 and 43.75.032.

Existing refund program: For many years there has been a program under which refunds of a portion of the taxes collected are returned to local governments. The principal formula for the distribution of the refund to local governments is set out in AS 43.75.130(a). This formula is based on the revenue generated from fisheries business operations occurring within municipalities.

The fisheries business tax refund program has been amended in each of the last two years. The 1987 amendments, probably more important in determining what is actually shared, restructured the formula for fisheries business tax refunds with respect to taxes collected in cities located in a borough that is incorporated after June 16, 1987, the date the law took effect, by gradually reducing the city's share from 50% to 25% over the first five years after incorporation, and by gradually increasing the borough's share from 25% to 50% over the same period. The statutory provisions making adjustments to the shares of cities within newly-incorporated boroughs are set out in AS 43.75.130(d).

The current refund program is managed by the Department of Revenue.

*

None of what I have described above is directly changed, altered, or amended by 2d SSHB 314.

*

WHAT THIS BILL DOES:

2d SSHB 314 essentially does three things:

(1) In addition to the current refund program, 2d SSHB 314 directs that, "to the extent that appropriations are available for the purpose . . . , " 50 percent of the tax revenue collected under AS 43.75 from floating fisheries businesses that is not subject to refund to a municipality under AS 43.75.130(a) and 43.75.130(d) is to be shared with municipalities under this new program.

(2) 2d SSHB 314 lays out in detail how municipalities may qualify for a portion of the shared revenue and how the program is to be administered.

(3) 2d SSHB 314 assigns responsibility for this new program is assigned to the Department of Community and Regional Affairs.

Bill section 3, the provision adding a new AS 43.75.130(g), lays out the basis of what revenue is to be shared, item #1) above. In essence, bill section 3 says that the source of the revenue to be shared under 2d SSHB 314 is 50 percent of the tax revenues collected from floating fisheries businesses that is not now being shared with municipalities under the existing program. A "floating fisheries business" is defined in AS 43.75.140(6); essentially a floating fisheries business means the fisheries business activities that are subject to tax under AS 43.75 occur offshore. Floating fisheries businesses are, by and large, located outside of the boundaries of any municipality. Since, under the current law, the state shares with municipalities only on the basis of tax revenues collected in the municipality (that is, inside the municipal boundaries), then a very high percentage of revenue obtained from the levy of AS 43.75 on floating fisheries businesses is not shared with the municipalities under the current formulas. Because so little of the revenue derived from levy of the tax on floating fisheries businesses is shared with municipalities, that money stays in the state's general fund as an addition to the treasury.

In AS 43.75.130(g), added by bill section 3, 50 percent of the money that would not be shared under the existing program with local governments is to be paid over by the Department of Revenue to the Department of Community and Regional Affairs to support this new programs.

Representative Adelheid Herrmann
Page 4
March 15, 1988

Bill section 2 addresses items #2 and #3 above. You should understand that, because this bill adds material to AS 29.60, this new program will be administered by the Department of Community and Regional Affairs. The definition of "department" for purposes of AS 29 is to be found in AS 29.71.700(8).

The revenue from the fisheries business tax that is paid over by the Department of Revenue to the Department of Community and Regional Affairs is, first, to be apportioned on the basis of "management areas" (proposed AS 29.60.450(b)) [not "management regions" as in previous versions of this bill]. These management areas are tied to the management areas used by the Department of Fish and Game for the regulation of the state's commercial fisheries. The manner of making the allocation of the revenues to each management area is based on the proportion of the fish and shellfish production within each area to the total production for the state. That production is defined with reference to the total weight, not with reference to total value (see the definition of "production value" in proposed AS 29.60.-450(h)(7)).

Within each management area's allocation, half of the revenue is distributed equally among all eligible municipalities within the management area (proposed AS 29.60.-450(c)(1)), while the other half is distributable to eligible municipalities based on each municipality's population ratio (proposed AS 29.60.450(c)(2)). There is a provision (proposed AS 29.60.450(d)) making an accommodation for excluding the count of the population of a city within a borough when calculating the borough's population ratio.

Not all municipalities within a management area may qualify. A municipality "is eligible for a fisheries business tax allocation if the municipality demonstrates to the [Department of Community and Regional Affairs] that the municipality suffered significant effects from fisheries business activities" during the previous year (proposed AS 29.60.-450(a)). The test of significant effect is with reference to the specific items listed in proposed AS 29.60.450(h)(2). Some municipalities within an area may not be able to demonstrate how the municipality was affected by fisheries business activities, and therefore would not qualify as an eligible municipality. In turn, a municipality that is eligible to receive a portion of the allocation is expected, first, to use the revenue "to help reduce the effect of

Representative Adelheid Herrmann

Page 5

March 15, 1988

fisheries business activities on the municipality," and thereafter may use the money for any municipal service (proposed AS 29.60.450(e)).

The Department of Community and Regional Affairs is authorized to adopt regulations to carry out the program (proposed AS 29.60.450(g)). Municipalities are directed to provide information and assistance to the department in order for the department to administer the program (proposed AS 29.60.450(f)).

The definitions provided in this bill (proposed AS 29.60.450(h)) are particularly critical to an understanding of the bill, and should be reviewed.

Bill section 4 is an uncodified, interim provision. It is included for the purpose of providing direction to the Department of Community and Regional Affairs as this legislation takes effect. Bill section 4 directs the department to use the "management areas" that it had been using for administration of the Offshore Fisheries Business Tax Revenue Sharing Pilot Program during FY 88, to carry forward those areas as the basis for making allocations under this legislation until those management areas are changed by the Department of Fish and Game.

Bill section 5 directs that the Act is to take effect at the start of FY 89, the next state fiscal year.

*

If the bill or this memorandum prompts questions, please contact me.

JBC:gc
WKG2:55

ALEUTIANS EAST BOROUGH

SERVING THE COMMUNITIES OF

■ KING COVE ■ SAND POINT ■ AKUTAN ■ COLD BAY ■ FALSE PASS ■ NELSON LAGOON

March 14, 1988

The Honorable Adelheid Herrmann
Alaska State Representative
P.O. Box V
Juneau, Alaska 99811

RE: SS HB 314

Dear Representative Adelheid:

The City of King Cove supports the adoption of SS HB 314, an act relating to the allocation of fisheries business taxes to municipalities. The bill establishes a concrete program which the State can use to share taxes collected from the offshore processing industry with affected municipalities. King Cove directly benefited from the State's FY 87 pilot program on these taxes, and would like to continue receiving revenues from this source. The City uses the revenues to help pay the increased costs the City incurred to provide additional public services needed to mitigate the negative impacts from offshore fishing industry activities.

The City also advocates adopting a suggested change to use fish management regions, rather than areas, to determine the amount of monies each affected municipality receives. Implementation of the pilot program unearthed gross inequities in impact monies respective communities received when fish management areas were used to determine each municipality's share. The use of management regions should mostly correct this problem and provide a better and fairer system for determining the amount of monies a community will receive for the amount of impact experienced.

The City supports the institutionalization of the fish tax pilot project that will occur through SS HB 314. We hope the bill is adopted and that the legislature also allocates the revenues needed to implement the program for FY 89.

Sincerely,

Wayne Marshall

Wayne Marshall
City Manager
King Cove
1007 W. 3rd, Suite 201
Anchorage, Alaska 99501
274-7555

Robert S. Juettner

Robert S. Juettner
City Administrator
Sand Point

Lamar Corcen

Lamar Corcen
Borough Administrator
Aleutians East Borough



**SOUTHWEST ALASKA
MUNICIPAL CONFERENCE**

Box 89 • Unalaska • Alaska 99685

RESOLUTION 87-15

A RESOLUTION OF THE SOUTHWEST ALASKA MUNICIPAL CONFERENCE
REGARDING THE STATE OF RAW FISH TAX PILOT PROGRAM.

WHEREAS, the sharing of state raw fish taxes with municipalities where the revenues were generated is important to the economic well being of those municipalities, and

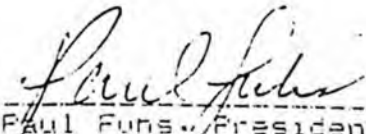
WHEREAS, the state legislature changed the distribution schedule for these monies with the understanding that there would be no loss of income to affected municipalities, and

WHEREAS, the state has instituted a "pilot program" to distribute a portion of the revenues collected outside the municipalities to respective municipalities, and

WHEREAS, the coastal communities are rightful recipients of a percentage of these funds because of impacts caused by the offshore processors, now

THEREFORE, BE IT RESOLVED that the Southwest Alaska Municipal Conference supports the establishment of an on-going program and the allocation of State fish tax funds collected from offshore processors to coastal communities.

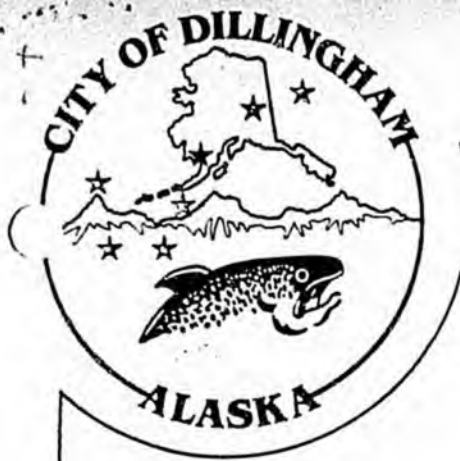
APPROVED AND ADOPTED this 1st day of March, 1987.


Paul Funsy, President

CITY OF DILLINGHAM

P.O. Box 889
Dillingham, Alaska 99576

CITY HALL	(907) 842-5211
FIRE RESCUE	(907) 842-2288
PLANNING	(907) 842-5203
PUBLIC WORKS	(907) 842-5148



December 8, 1987

The Honorable Fred Zharoff
Alaska State Senate
P.O. Box 405
Kodiak, Ak 99615

Dear Senator Zharoff:

The City of Dillingham greatly appreciates your past efforts to secure passage of legislation which would share raw fish taxes collected from floating processors with municipal governments. In particular, your past efforts to secure funding for the pilot project are especially appreciated.

The city is again requesting your assistance on the raw fish tax issue for the upcoming legislative session. We request that you introduce a Senate version of H.B. 314. Your sponsorship of a Senate companion bill to H.B. 314 would give the city, and other coastal communities throughout Alaska, an opportunity to correct what we believe to be a policy inequity in the present law. We believe it is sound public policy to share all raw fish taxes with local governments, not just some of the taxes.

As you will recall, during last session's discussions of the Dillingham annexation question, there was considerable support expressed by members of the Senate Committees which held hearings on the issue to "fix" the raw fish tax issue. Therefore, we believe it is logical to introduce a Senate version of H.B. 314 in light of the sentiments expressed by those Committee Members.

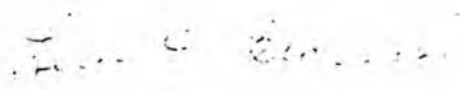
We hope that you will use your influence as a member of the Senate Finance Committee, and as a member of the Senate leadership, to move a bill through the Senate during the 1988 legislative session. As it appears that local governments will be facing larger and larger cut-backs in state funding for such programs as municipal assistance, revenue sharing and local school debt reimbursement, it is imperative that logical, new sources of revenue--such as raw fish taxes from the float-

Senator Fred Zharoff
October 30, 1987
Page two

ers--be found to share with local government. Without this assistance, many local governments may face the equivalent of bankruptcy. That is why passage of raw fish tax legislation is so critically important.

If there is anything which the city can do to assist you in your efforts to secure passage of this legislation, please do not hesitate to contact us. Passage of raw fish tax legislation is the city's top legislative priority. Therefore, we are willing to follow any suggestions which you may have that would enhance the legislation's chances of passage.

Sincerely,


Leon C. Braswell
Mayor

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

STEVE COWPER, GOVERNOR

- P.O. BOX 8H
JUNEAU, ALASKA 99811-2110
PHONE: (907) 465-4750
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 561-8586
- P.O. BOX 348
BETHEL, ALASKA 99559-0348
PHONE: (907) 543-3475
- P.O. BOX 41
NOME, ALASKA 99752-0041
PHONE: (907) 443-5457
- P.O. BOX 280
KOTZESUE, ALASKA 99752-0280
PHONE: (907) 442-3675
- 1514 CUSHMAN STREET, ROOM 210
FAIRBANKS, ALASKA 99701-6286
PHONE: (907) 452-7126
- P.O. BOX 12041
JILLINGHAM, ALASKA 99576-0641
PHONE: (907) 842-2245

March 10, 1987

Dear Municipal Official:

The Offshore Fisheries Business Tax Revenue Sharing Pilot Project was funded by the Alaska State Legislature pursuant to special legislative intent in chapter 98, SLA 1985. The purpose of the project is to develop an equitable means of distributing funds to municipalities to mitigate impacts from the offshore fish processing industry.

Municipalities currently receive a share of state revenues generated by fish processors operating within municipal boundaries. However, there is no direct sharing of revenues from offshore floating processors outside of municipal boundaries even though such processors may still have impacts of a transient but substantial nature on the municipality. This project grew out of a desire to devise a program to equitably share a portion of those unshared revenues with communities impacted by offshore processors.

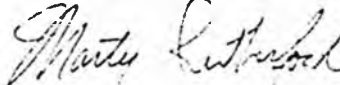
The project has been developed over the past year by the Department of Community and Regional Affairs with input from municipalities through questionnaires and workshops, from legislators, state agencies and other interested persons. The amount to be distributed under the pilot project is \$451,000, based on the unobligated and unexpended portion appropriation to the current fish tax revenue sharing program. The general approach taken is that of a formula distribution to impacted municipalities, with allocations based upon the location of the municipality within a specific commercial fisheries management area, the amount of fisheries production within that area compared to statewide production, and the population increase of the municipality compared to that of other municipalities within the area during fishing season. The regulations governing this program are enclosed.

Municipal Official
March 10, 1987
Page Two

If you wish to participate in the project, please fill out the enclosed application completely and submit it to our Juneau office postmarked by April 15, 1987.

Please note that this is a pilot project. Based upon the information gained through this pilot project, there may be legislation introduced to continue the program. However, your cooperation is needed. If you have any additional comments on this project, please let us know.

Sincerely,



Marty Rutherford
Director

APPLICATION FOR
THE OFFSHORE FISHERIES BUSINESS TAX REVENUE SHARING
PILOT PROJECT

State of Alaska
Steve Cowper, Governor

Department of Community and
Regional Affairs
David G. Hoffman, Commissioner

Municipal and Regional Assistance Division
Marty Rutherford, Director

APPLICATION INSTRUCTIONS

In order to participate in the Offshore Fisheries Business Tax Revenue Sharing Pilot Project, you must fill out this application and return it post marked by April 15, 1987 to:

Pilot Project
Department of Community and Regional Affairs
P.O. Box BH
Juneau, AK 99801

Although the regulations provide for a March 15 application deadline, they also provide that the Commissioner may extend the deadline for "good cause." Because of the short length of time that would be available to complete and submit the application based upon a March 15, the Commissioner has extended the deadline to April 15. Consequently, the entire process will be set back about a month so that determination letters will not be sent out until some time after mid-April, rather than on April 15 as set out in regulation. It is anticipated that payments will be sent out in June, after review of determinations by applicants, resolution of any appeals, and calculation of entitlements.

Please note that the year in which impacts must be experienced and from which population increase is to be measured is calendar year 1985. That is the most recent year for which required catch data is available.

An effort has been made to keep the application form and requirements simple. Apart from "significant impacts" and "population increase," the required items on the facing SUMMARY SHEET are self explanatory. Greater detail on those two questions is set out in the instructions facing page 2 and page 3.

Please note that a resolution certifying the "population increase" is required. A sample resolution form is enclosed for your convenience.

Funds received under this program are subject to single audit requirements contained at 2 AAC 45.010.

A copy of the pilot project regulations sent to the Attorney General for review and filing by the Lieutenant Governor is attached. Although the regulations will not become effective until 30 days after filing, in an effort to expedite the administrative process, applications have been distributed and will be processed to make payments as soon as possible after the effective date of the regulations.

If you have any questions, please call Paul Cunningham at 465-4750.

OFFSHORE FISHERIES BUSINESS TAX
REVENUE SHARING PILOT PROJECT

SUMMARY SHEET

1. Name of Municipality _____

2. Mailing Address _____

3. Telephone Number _____

4. Contact Person _____

5. Did your municipality experience "significant impacts" from the offshore commercial fishing industry in 1985? _____
(If yes, please complete page 2.) You must answer "yes" to be eligible to participate in the distribution of funds under this project.

6. What, if any, was the "population increase" reasonably related to the offshore fish processing industry of your municipality during a fishing season during 1985? _____
(Please complete page 3 documenting and describing the method used to determine population increase.)

7. ANSWER AFTER COMPLETING YOUR APPLICATION: Do you feel that the approach taken in this pilot project adequately addresses your concerns regarding the impact of the offshore fish processing industry on your community? _____ Why or why not?

8. CERTIFICATION AND ASSURANCES: To the best of my knowledge and belief, the information in this application is true and correct. The applicant agrees to comply with the laws and regulations under which this program and program funds are administered.

Signature of Mayor _____

DATE _____

INSTRUCTIONS FOR PAGE 2

In order to qualify to receive funds under this program, you must demonstrate that your community experienced significant impacts from the offshore fish processing industry in 1985. Your explanation should show 1) what the impact or impacts were, 2) that the impact(s) were "significant", and 3) that the impact(s) were related to the offshore fish processing industry. You may include photographic evidence, but it must be supported by an explanation of how the demonstrated impact is related to the offshore fish processing industry. You may attach additional information if needed. "Impacts" and "significant impacts" are defined at 19 AAC 33.070 of the enclosed regulations.

INSTRUCTIONS FOR PAGE 3

Your municipal population increase reasonably related to the offshore fish processing industry in 1985 is an element used to calculate your entitlement (see 19 AAC 33.030 and 19 AAC 33.040 of the enclosed regulations). It is intended to indicate the level of impact on your municipality during calendar year 1985 from the offshore fish processing industry. The persons included in this population increase may include transient people connected in any way with the offshore fish processing industry. The population increase is not an indicator of permanent residents, but rather an indicator of impact, representing a peak level of service demand, resulting from the offshore fish processing industry. It may be calculated by taking the highest level of persons within municipal boundaries at any time during a fishing season in 1985, less any non-fish processing related population increase, less the DCRA certified population for July 1, 1985 (used to calculate your FY 1986 State Revenue Sharing entitlement).

You may use any relevant statistics of population that can be documented. Some examples are: labor statistics, retail sales activity, water hook-ups, bulk fuel sales, electric consumption, motel/hotel rate of occupancy, employment data from the offshore fish processing industry, criminal or other public safety statistics, and so on. However, population increase due to tourism, construction activity not related to the offshore fish processing industry, onshore processing, and so on, must not be included in the population increase used to calculate your entitlement. As provided by regulation; "Unverifiable, unsupported estimates will not be accepted" (19 AAC 33.030.)

Population increase is defined in regulation at 19 AAC 33.070(h) (see enclosed regulations).

Paul Cunningham, our department demographic specialist in Juneau at 465-4750, is available to give you assistance in developing a method of estimation.

NOTE THAT YOU MAY STILL RECEIVE AN ENTITLEMENT IF YOU HAD NO POPULATION INCREASE OR ARE UNABLE TO REASONABLY CALCULATE THE SIZE OF THAT INCREASE. However, you will not receive funding under the per capita portion of the formula.

INSTRUCTIONS FOR RESOLUTION

A resolution certifying the population increase, which will be used for the formula calculation of the per capita share of each municipal payment, is required. The facing resolution form is included for your convenience. The numbered blanks should include the following information:

1. Name of the municipality,
2. Amount of population increase,
3. Governing body of municipality,
4. Signature of the mayor or presiding officer of the governing body,
5. Signature of the clerk.

RESOLUTION

A RESOLUTION OF THE _____ (1)
authorizing participation in the Offshore Fisheries Business
Tax Revenue Sharing Pilot Project and adopting a determination
of the population increase reasonably related to the offshore
fish processing industry.

WHEREAS, the _____ (1) experiences
significant impacts from the offshore fish processing industry;
and

WHEREAS, this municipality is an applicant to participate in
the Offshore Fisheries Business Tax Revenue Sharing Pilot
Project authorized by chapter 98, SLA 1985; and

WHEREAS, the governing body of the municipality must pass a
resolution adopting a population increase reasonably related to
the offshore fish processing industry;

NOW THEREFORE BE IT RESOLVED THAT the governing body finds that
in 1985 the population increase reasonably related to the
offshore fish processing industry as defined in regulation
was _____ (2) .

PASSED AND APPROVED BY THE _____ (3)
on the _____ day of _____, 1987.

BY: _____ (4)

ATTEST: _____ (5)

19 AAC is amended by adding a new chapter to read:

CHAPTER 33. OFFSHORE FISHERIES BUSINESS TAX
REVENUE SHARING PILOT PROJECT

19 AAC 33.010 ELIGIBILITY. To be eligible for payment under this chapter, an applicant must:

(a) be a municipality incorporated under the laws of the State of Alaska;

(b) be located in the coastal area; and

(c) demonstrate significant impacts from the offshore fish processing industry during the reference year. (Eff. / / , Register)

Authority: AS 44.47.050,
Sec. 26, Chapter 93,
SLA 1985

19 AAC 33.020. APPLICATION PROCEDURE. (a) The department will distribute applications to all potential applicants that the department believes may be eligible for assistance. Additional applications may be obtained from the department.

(b) In order to participate in the program, an applicant must submit a completed application to the department postmarked by March 15 of the application year on an application form prescribed by the department.

(c) For good cause, the commissioner will, in his or her discretion, extend the application deadline. (Eff. / / , Register)

Authority: AS 44.47.050,
Sec. 26, Chapter 93,
SLA 1985

19 AAC 33.030. DETERMINATION OF POPULATION INCREASE. A municipality must include with its application an estimate of its population increase during fishing season which is reasonably related to the offshore fish processing industry. The estimate must be certified by the mayor and adopted by the governing body of the municipality by resolution. The estimate must include an explanation of how it was determined and must be supported by relevant indices of population. Unverifiable, unsupported estimates will not be accepted. (Eff. / / , Register)

Authority: AS 44.47.050,
Sec. 26, Chapter 98,
SLA 1985

19 AAC 33.040. ALLOCATION. (a) The department will allocate available funds to each commercial fisheries management area in the proportion of the weight of commercial species processed offshore within each area divided by the total weight of commercial species processed offshore statewide. For the purposes of this section, management areas R and O will be combined.

(b) One-half of each commercial fisheries management area allocation will be distributed equally among all participating municipalities within the area. The other half of the area allocation will be distributed to participating municipalities within the area proportionate to the population increase within each municipality divided by the total population increase of participating municipalities within the area. (Eff. / / , Register)

Authority: AS 44.47.050,
Sec. 26, Chapter 98,
SLA 1985

19 AAC 33.050. APPEAL PROCEDURE. The department will make a determination of eligibility and population of each applicant and mail the determination to the applicant by April 15 of the application year. An applicant may appeal a determination of eligibility or population to the commissioner. The appeal must be in writing to the commissioner and must be postmarked within 30 days after receipt of notice of determination. The appeal must include the relevant evidence in support of the applicant's claim. The commissioner will review the appeal and notify the applicant of the decision on the appeal within 30 days of receipt of the appeal. (Eff. / / , Register)

Authority: AS 44.47.050,
Sec. 26, Chapter 98
SLA 1985

Register , 1987 COMMUNITY AND 19 AAC 33.060
REGIONAL AFFAIRS 19 AAC 33.070

19 AAC 33.060. AGREEMENTS. A municipality and its officers and employees shall, upon request of the department, furnish available information and assistance required by the department in securing accurate information upon which to base the department's determinations. (Eff. / / , Register)

Authority: AS 44.47.050,
Sec. 26, Chapter 98
SLA 1985

19 AAC 33.070. DEFINITIONS. For the purposes of this chapter:

(a) "application year" means the state fiscal year for which a municipality submits an application for funding under 19 AAC 33;

(b) "coastal area" means the nine regions defined in AS 44.19.891(a)(1) from which members of the Alaska Coastal Policy Council are chosen, as set out in the annexed map (Attachment A).

(c) "commercial fisheries management area" means an area established by the Alaska Department of Fish and Game for management and statistical reporting purposes pursuant to AS 16.05.251(a)(2) and as shown on the annexed map (Attachment B).

(d) "commissioner" means the Commissioner of the Department of Community and Regional Affairs.

(e) "department" means the Department of Community and Regional Affairs.

(f) "fishing season" means that period in the reference year during which any species of fish, including snellfish, may be commercially taken under the regulations of the Alaska Department of Fish and Game, which is occurring in the commercial fisheries management area in which the municipality is located.

(g) "impacts" include ecological (such as the impacts on natural resources and the components, structures, and functioning of affected ecosystems), aesthetic, historic, cultural, economic, social, or health effects; and may be of the following types:

(1) direct impacts that are caused by, or are reasonably attributable to an activity or action and occur at the same time and place;

(2) indirect impacts that are caused by an action and are later in time or farther removed in distance; these may include growth inducing effects and other effects related to induced changes in the pattern of land use, population density, or growth rate, and related effects on air and water and other natural systems, including ecosystems; or

(3) cumulative impacts or the impacts on the human/physical environment that result from the incremental impact of an action when added to other past, present, and reasonably foreseeable future actions regardless of what agency, industry, or person undertakes such other actions; these can result from individually minor but collectively significant actions taking place over a period of time;

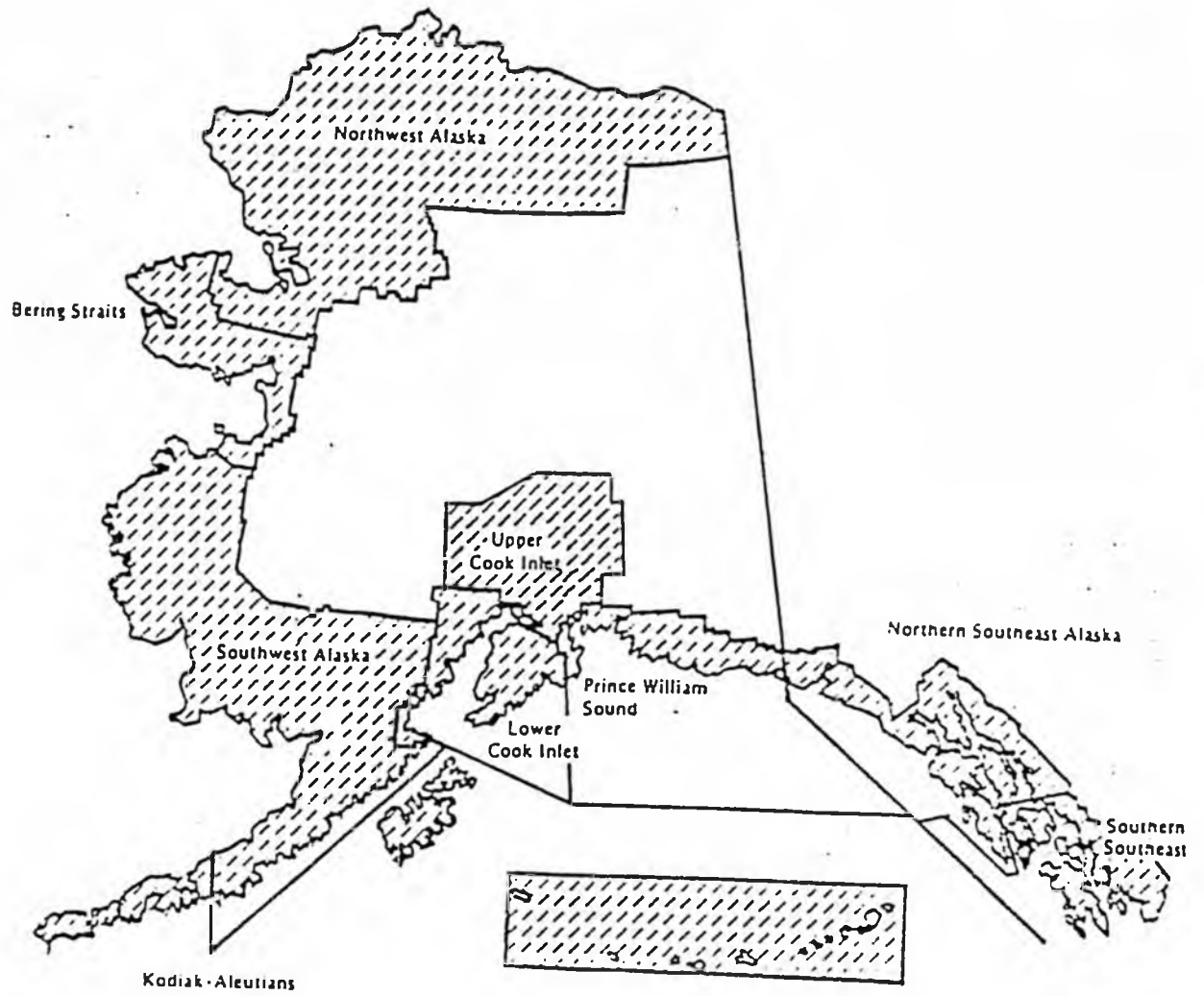
(h) "population increase" means the increase in population which is reasonably related to the offshore fish processing industry within municipal boundaries during the reference year above the municipal population determined by the Department of Community and Regional Affairs for the State Revenue Sharing Program pursuant to AS 29.60.020 for July 1 of the reference year; persons included in the population increase may be transient and need not have permanent ties with the community, but rather represent a peak level of demand on city services;

(i) "reference year" means that year from which population and fish weight data are drawn and in which the claimed significant impacts must have occurred; it is the calendar year immediately preceding the application year;

(j) "significant impact" means an impact of which the overall cumulative primary and secondary consequences significantly alter the quality of the human environment, curtail the choices of beneficial uses of the human environment, or interfere with the attainment of long-range human environmental goals; the word "significant" is intended to imply a threshold of importance and impact that must be met;

(k) "weight of commercial species" means the total pounds of ex-vessel commercial production of fish and shellfish within state waters as determined by the Alaska Department of Fish and Game for the reference year. (Eff. / / , Register)

Authority: AS 44.47.050,
Sec. 26, Chapter 98,
SLA 1985



NINE REGIONS FROM WHICH ELECTED OFFICIALS ARE
SELECTED TO SERVE ON THE COASTAL POLICY COUNCIL

SOURCE: Alaska Department of Community and Regional Affairs. 1979. District Program Guidebook Series. Vol. 1. Coastal Management: What It Is And How It Works. Anchorage: DCRA.



ALASKA COMMERCIAL FISHERIES REGIONS AND AREAS

REGION I: SOUTHEASTERN: Dixon Entrance to Cape Suckling

- Areas: A. Juneau & Yakutat
 B. Ketchikan
 C. Petersburg
 D. Sitka

REGION II: CENTRAL: State Third Judicial Division Northern Boundary to Cape Suckling to Cape Douglas to Cape Newenham

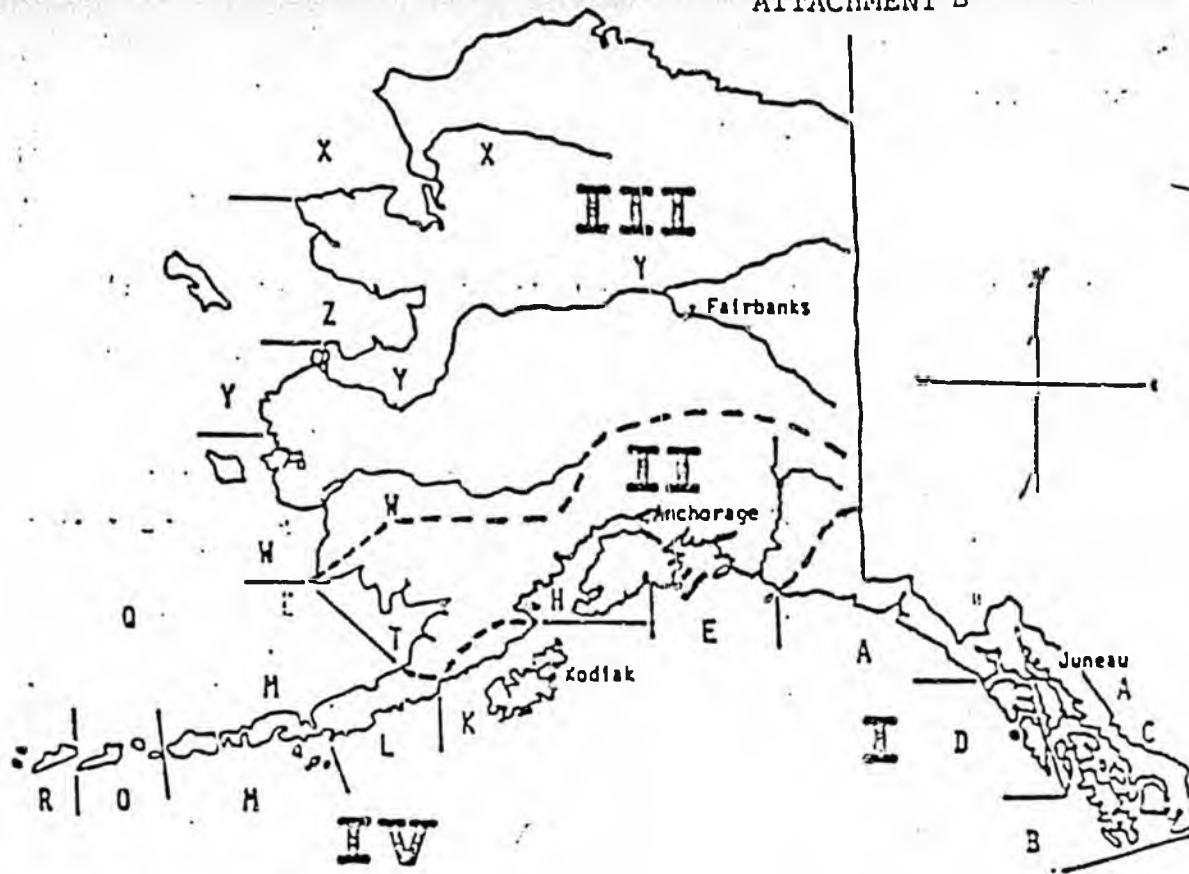
- Areas: E. Prince William Sound
 H. Cook Inlet
 T. Bristol Bay (salmon and herring catch; all fish and shellfish production)

REGION III: ARCTIC-YUKON-KUSKOKWIM (AYK): North of State Third Judicial Division Northern Boundary which ends at the west at Cape Newenham including Nunivak, St. Matthew, and St. Lawrence Islands

- Areas: W. Kuskokwim
 X. Kotzebue
 Y. Yukon
 Z. Norton Sound

REGION IV: WESTERN: Cape Douglas to Unimak Pass to Cape Newenham including Kodiak and Aleutian Islands

- Areas: K. Kodiak
 L. Chignik
 M. Alaska Peninsula
 O. Dutch Harbor
 Q. Bering Sea
 R. Adak & W. Aleutians
 T. Bristol Bay (fish other than salmon and herring catch; and shellfish catch)



ALASKA COMMERCIAL FISHERIES REGIONS AND AREAS

REGION I: SOUTHEASTERN: Dixon Entrance to Cape Suckling

- Areas: A. Juneau & Yakutat
 B. Ketchikan
 C. Petersburg
 D. Sitka

REGION II: CENTRAL: State Third Judicial Division Northern Boundary to Cape Suckling to Cape Douglas to Cape Mensehikof to Cape Newenham

- Areas: E. Prince William Sound
 H. Cook Inlet
 T. Bristol Bay (salmon and herring catch; all fish and shellfish production)

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 L. Chignik
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 O. Dutch Harbor
 Q. Bering Sea
 R. Adak & W. Aleutians
 T. Bristol Bay (fish other than salmon and herring catch; and shellfish catch)

MEMORANDUM

State of Alaska Community and Regional Affairs

TO: Rena Bukovich
Legislative Aide to
Adelheide Herrmann


DATE: March 18, 1988

FILE NO: 0194Q/JP/jp

TELEPHONE NO: 465-4750

THRU:

SUBJECT: Comparative Fish
Tax Distributions

FROM: Jim Plasman 
Deputy Director
Municipal and Regional
Assistance Division

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

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

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

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

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

Attachment

cc: Marty Rutherford, MRAD
Dan Backhorst, MRAD

file code: HB 314

- (A) - OFFSHORE FISHERIES TAX REFUND AS ADMINISTERED, 1987. (AREA POP. GROWTH)
 (B) - OFFSHORE FISHERIES TAX REFUND BASED UPON (NET) AREA POPULATION,
 (FUNDING @ \$4,500,000)
 (C) - OFFSHORE FISHERIES TAX REFUND BASED UPON (NET) REGIONAL POPULATION,
 W/ BRISTOL BAY INCLUDED IN WESTWARD REGION IV. (FUNDING @ \$4,300,000)

COMM. FISH REGIONS & AREA COMMUNITIES	PILOT PROJECT	BY AREA	BY REGION
	(A) TOTAL \$\$ ALLOCATION	(B) TOTAL \$\$ ALLOCATION	(C) TOTAL \$\$ ALLOCATION
REGION I: SOUTHEASTERN			
AREA A - JUNEAU & YAKUTAT			
ANGOON	\$1,458.66	\$27,558.32	\$20,871.86
HAINES	\$0.00	\$0.00	\$0.00
HAINES, BOROUGH OF	\$0.00	\$0.00	\$0.00
JUNEAU, CITY AND BOROUGH	\$0.00	\$0.00	\$0.00
SKAGWAY	\$4,375.97	\$30,632.80	\$21,840.05
YAKUTAT	\$0.00	\$0.00	\$0.00
AREA A - TOTAL.....	\$5,834.63	\$58,191.12	\$42,711.91
AREA B - KETCHIKAN			
CRAIG	\$4,310.54	\$33,088.29	\$24,257.32
HYDABURG	\$0.00	\$0.00	\$0.00
KASAAN	\$0.00	\$0.00	\$0.00
KETCHIKAN	\$10,656.56	\$103,132.95	\$70,724.00
KETCHIKAN, BOROUGH OF	\$2,186.70	\$28,236.30	\$52,405.34
KLAWOCK	\$2,526.51	\$28,506.93	\$21,218.10
METLAKATLA	\$0.00	\$0.00	\$0.00
SAXMAN	\$2,186.70	\$25,124.06	\$18,973.95
THORNE BAY	\$0.00	\$0.00	\$0.00
AREA B - TOTAL.....	\$21,867.01	\$218,088.53	\$187,578.71
AREA C - PETERSBURG/WRANGELL			
KAKE	\$0.00	\$0.00	\$0.00
KUPREANOF	\$0.00	\$0.00	\$0.00
PETERSBURG	\$0.00	\$0.00	\$0.00
WRANGELL	\$0.00	\$0.00	\$0.00
AREA C - TOTAL.....	\$0.00	\$0.00	\$0.00
AREA D - SITKA			
HOONAH	\$0.00	\$0.00	\$0.00
PELICAN	\$1,060.48	\$10,605.81	\$18,140.41
PORT ALEXANDER	\$0.00	\$0.00	\$0.00
SITKA, BOROUGH OF	\$3,229.98	\$38,306.83	\$69,486.51
TENAKEE SPRINGS	\$1,646.73	\$10,301.40	\$17,576.17
AREA D - TOTAL.....	\$5,937.19	\$59,214.05	\$105,203.09
REGION I - TOTAL.....	\$33,638.84	\$335,493.70	\$335,493.70