

# **Southeast Conference**

## **Resolution 16-08**

### **A RESOLUTION BY SOUTHEAST CONFERENCE OPPOSING SENATE BILL 198, "AN ACT ESTABLISHING A 12.5 PERCENT ALASKA FISHERIES ROYALTY ON SEAFOOD CAUGHT COMMERCIALY IN THE STATE" AND URGING THE ALASKA LEGISLATURE AND WALKER ADMINISTRATION TO ANALYZE CUMULATIVE IMPACTS PRIOR TO IMPOSING NEW TAXES ON THE SEAFOOD INDUSTRY.**

**WHEREAS**, the seafood industry is the largest private sector employer in Alaska and provides approximately 60,000 jobs each year and directly employed 26,700 Alaskans in 2013-2014; and

**WHEREAS**, the seafood industry averaged \$5.9 billion in economic activity statewide in those years, with an associated labor income of \$2.1 billion; and

**WHEREAS**, over 31,500 commercial fishermen operating 8,600 vessel delivered 5.7 billion pounds of seafood in 2014 with an first wholesale value of \$4.2 billion, and the processing sector employed more than 25,000 workers who were paid \$460 million; and

**WHEREAS**, the seafood industry paid \$138.6 million in fishing related taxes and fees that was distributed to Alaska's general fund (55%), local governments (38%), and federal agencies (7%), and over \$100 million in royalties to Community Development Quota (CDQ) groups in western Alaska, salmon hatchery cost recovery programs, and Regional Seafood Development Associations (RSDAs) assessments, in addition to various local taxes and fees; and

**WHEREAS**, 65 Alaskan cities, boroughs, and municipalities receive half of the fisheries business and landing taxes paid by the seafood industry each year, which greatly reduces reliance on the capitol budget and provides infrastructure they could not otherwise afford; and

**WHEREAS**, the seafood industry is managed under a Constitutional mandate to ensure sustainability and has provided a consistent source of jobs and revenue to the state of Alaska and Southeast region for over 100 years and will continue to contribute indefinitely ; and

**WHEREAS**, 291 million pounds of seafood, valued at \$260 million, was harvested in 2014 by fishermen in Southeast Alaska, where nine communities typically rank among the nation's Top 100 fishing ports for volume and/or value; and

**WHEREAS**, 54 shore based operations in Southeast Alaska processed 235 million pounds of seafood in 2014, with a first wholesale value of \$520 million; and

**WHEREAS**, seafood is responsible for 20% of the average annual monthly employment in Southeast Alaska and provided nearly 10,000 full time equivalent jobs to the region in 2013 and 2014; and

**WHEREAS**, more than 12,000 people were directly employed harvesting, processing, or working at hatchery facilities in Southeast Alaska during 2013 and 2014; and

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**WHEREAS**, the seafood industry has expressed concern about the cumulative effects of a wide range of proposed taxes and fees on small businesses that already carry a heavy tax burden, which could cause a decline in growth or recession within the industry; and

**WHEREAS**, the Alaska Legislature and Walker Administration are considering options to impose new and increased taxes and fees on such things as: seafood landings, motor fuel, permit and vessel licenses, statewide and corporate income; the combined effect of which could have far reaching ramifications to the health of the seafood industry in the State and Southeast Alaska; and

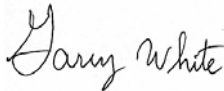
**WHEREAS**, the seafood industry is currently facing significant challenges, due to the worldwide economic downturn, fluctuating currency rates, and a Russian embargo; and

**THEREFORE BE IT RESOLVED**; that the Southeast Conference specifically opposes the 12.5% royalty proposed through Senate Bill 198, and views the measure as an unreasonable tax burden on an industry composed of small businesses that provide more jobs than any other and currently pays the second highest combined tax rate in the State; and

**THEREFORE BE IT RESOLVED**; that the Southeast Conference urges the Alaska Legislature and Walker Administration to carefully analyze the cumulative impact of any additional taxes and fees levied on the seafood industry, so as not to create an unfair tax burden and disincentive for investment, or otherwise lead to destabilization and job loss in the seafood industry and our communities.

**ADOPTED BY THE SOUTHEAST CONFERENCE BOARD OF DIRECTORS ON March 29, 2016 AND IS DUE TO SUNSET ON March 30, 2017.**

Witness:



Garry White  
President

Attest:



Shelly Wright  
Executive Director

## Southeast Conference

### Sources

[The Economic Value of Alaska's Seafood Industry, McDowell Group, December 2015.](http://ebooks.alaskaseafood.org/ASMI_Seafood_Impacts_Dec2015/pubData/source/ASMI%20Alaska%20Seafood%20Impacts%20Final%20Dec2015%20-%20low%20res.pdf)

[http://ebooks.alaskaseafood.org/ASMI\\_Seafood\\_Impacts\\_Dec2015/pubData/source/ASMI%20Alaska%20Seafood%20Impacts%20Final%20Dec2015%20-%20low%20res.pdf](http://ebooks.alaskaseafood.org/ASMI_Seafood_Impacts_Dec2015/pubData/source/ASMI%20Alaska%20Seafood%20Impacts%20Final%20Dec2015%20-%20low%20res.pdf)

[2015 ARDOR Annual Report](http://www.tax.alaska.gov/programs/documentviewer/viewer.aspx?1107r)

<http://www.tax.alaska.gov/programs/documentviewer/viewer.aspx?1107r>

[Top Major Ports by Pounds ; Top Major Ports by Value](http://www.st.nmfs.noaa.gov/commercial-fisheries/commercial-landings/other-specialized-programs/total-commercial-fishery-landings-at-major-u-s-ports-summarized-by-year-and-ranked-by-poundage/index)

<http://www.st.nmfs.noaa.gov/commercial-fisheries/commercial-landings/other-specialized-programs/total-commercial-fishery-landings-at-major-u-s-ports-summarized-by-year-and-ranked-by-poundage/index>

<http://www.st.nmfs.noaa.gov/commercial-fisheries/commercial-landings/other-specialized-programs/total-commercial-fishery-landings-at-major-u-s-ports-summarized-by-year-and-ranked-by-dollar-value/index>

## **Groups in Support of Resolution on SB 198 & Fisheries Related Taxation**

### **Fishing Organizations**

Linda Behnken  
Alaska Longline Fishermen's Association

Dale Kelley  
Alaska Trollers Association

Megan O'Neil  
Petersburg Vessel Owner's Association

Kathy Hansen  
Southeast Alaska Fishermen's Association

Cynthia Wallesz  
United Southeast Alaska Gillnetters

Robert Thorstenson  
Southeast Alaska Seiners

Phil Doherty  
Southeast Alaska Dive Fishermen's Association

### **Processors**

Tom McLaughlin  
Seafood Producers Cooperative

Mike Erickson  
Alaska Glacier Seafood's

Greg Indreland  
Yakutat Seafood's

Terry Barry  
Hoonah Cold Storage

John Garner  
North Pacific Seafood's

Vern Phillips  
Pacific Seafood

Eric Norman  
Taku Fisheries

Sandy Souter  
Alaska General Seafood's

### **Aquaculture Associations**

Dave Landis  
Southern Southeast Regional Aquaculture Assn

Steve Reifenstuhl  
Northern Southeast Regional Aquaculture Assn

Eric Prestegard  
Douglas Island Pink and Chum

Jeff Lundberg  
Prince of Wales Hatchery Association

Ian Fisk  
Armstrong-Keta, Inc.

### **Individual Seafood Businesses**

Mark Tupper  
Triad Fisheries

George Eliason, Owner  
Tammy Lin Fisheries

# SOUTHEAST Alaska



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[www.ufa-fish.org](http://www.ufa-fish.org)

## Commercial Fishing and Seafood Processing Facts

### JOBS - FISHING

#### Permit holders, Crew and Vessels (2013) in Southeast Alaska:

CFEC commercial fishing permit holders: **2,461<sup>1</sup>**

Total permits owned: **4572<sup>1</sup>**

Permit holders who fished: **1875<sup>1</sup>**

Commercial Crew (full year adult) license holders: **2208<sup>2</sup>**

Total Skippers who fished plus Crew in 2011: **4,083<sup>1,2</sup>**

Percentage of local population who fished: **6.4%<sup>1,2,4</sup>**

Vessels Home Ported: **2,935<sup>3</sup>** Vessels Owned: **2,468<sup>3</sup>**

Estimated 2013 ex-vessel income by Southeast Alaska-based fishermen: **\$193 million<sup>1</sup>**

Earnings generated from commercial fishing circulated in the local economy through property and sales taxes; purchases of homes, rentals, hotels, electricity, entertainment, fuel, vehicles, food, repair and maintenance parts, transportation, travel, medical, and other services. **Virtually every business in Southeast Alaska benefits from commercial fishing dollars.**

### JOBS - PROCESSING

Alaska Resident processing wages in Southeast Alaska (2013) **\$22.5 million<sup>5</sup>**

Total processing wages: **\$62.5 million<sup>5</sup>**

### ...AND MORE JOBS

In addition to direct harvester and processor workers, fisheries related jobs include ship and boat building, fuel, accountants, consultants, air and water travel, hardware and marine repair and supply businesses, advocacy and marketing organizations, air cargo crew, freight agents, and scientists. **Government related jobs include** Alaska Department of Fish and Game • Fish and Wildlife Protection/Alaska Department of Public Safety • Docks and Harbors • Alaska State Troopers • United States Coast Guard • University of Alaska School of Fisheries • Alaska Sea Grant Marine Advisory program, and more.

### REVENUE to the State and Communities through Fishery Taxes ...

FY 2013 Shared taxes – Southeast Alaska cities and boroughs collectively received **\$3.9 Million<sup>7</sup>** in 2013 and **over \$15.7 Million** from 2009-2013 in fisheries business and landing taxes through the municipal tax-sharing program from Southeast Alaska fisheries landings and businesses. The State of Alaska received a like amount.

### Southeast Alaska includes the following top U.S. fishing ports (ranked by 2013 volume and value)<sup>6</sup>

SITKA – 16<sup>th</sup> in volume, 9<sup>th</sup> in value

PETERSBURG – 17<sup>th</sup> in volume, 12<sup>th</sup> in value

KETCHIKAN – 12<sup>th</sup> in volume, 11<sup>th</sup> in value

JUNEAU – 41<sup>th</sup> in volume, 43<sup>rd</sup> in value

YAKUTAT – 80<sup>th</sup> in volume, 69<sup>th</sup> in value

WRANGELL – 84<sup>th</sup> in volume, 80<sup>rd</sup> in value

CRAIG – 86<sup>th</sup> in volume, 102<sup>th</sup> in value

HAINES – 124<sup>rd</sup> in volume, 126<sup>th</sup> in value

SE AK (other) - 53<sup>th</sup> in volume, 72<sup>rd</sup> in value

#### Sources

1. [Commercial Fishery Entry Commission](#)
2. Game 2013 Annual Crew License List, ADFG
3. [2013 Vessel CSV File, CFEC](#)
4. [Community Information Database, DDCED](#)
5. [Alaska Department of Labor](#)
6. U.S. Ports Ranked by [value](#) and [poundage](#)
7. [2013 Shared Taxes report, pp. 17-20, ADOL](#)

# Alaska Seafood Industry Taxes & Fees



United Fishermen of Alaska  
PO Box 20229  
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Phone 907.586.2820  
Fax 907.463.2545  
www.ufafish.org

**Fishing industry taxes and fees are paid to a wide spectrum of state, federal and local government agencies**

## Department of Revenue:

Annual reporting highlights these revenues, assessed as a percentage of the harvest – taken off the top – rather than on the net profit after expenses:

- Fisheries Business Tax\* = \$44.2M  
*\*half is shared with communities and boroughs*
- Fisheries Resource Landing Tax\* = \$13.4M  
*\*half is shared with communities and boroughs*
- Seafood Marketing Assessment = \$9.6M
- Salmon Enhancement Tax = \$8.5M
- Seafood Development Tax = \$1.8M
- Dive Fishery Management Tax = \$.8M

**Department of Revenue seafood industry tax total = \$78.3 million**

## In addition to the above revenue:

Alaska's fisheries also contribute many other fees and costs to state, local, and federal governments:

- Local fisheries taxes collected in certain boroughs and communities = \$25.37M
- CDQ royalties to community development = \$73.1M
- Commercial fishery permit fees FY14 = \$6.88M
- Commercial fishing vessel registrations fees FY14 = \$678,400
- Fishermen's Fund fees FY14 = \$362,300
- Commercial crew license fees = \$2.6M
- State marine fuel taxes = estimated \$2.8M
- Loan program revenue = \$6.0M (Commercial Fishing, Enhancement, CQE & Mariculture total)
- DNR shore fishery lease fees (FY 2014) = \$344,256
- Corporate income tax = \$2.8M (Department of Revenue estimate)

**Additional seafood taxes and fees total to state and communities = \$121.0M**

## Additional federal fisheries taxes and fees and UI taxes are also collected:

- Federal IFQ Cost Recovery fees – halibut & sablefish, rockfish, and crab = \$6.7M
- Federal Observer Program fees = \$4.2M
- Unemployment Insurance (UI) taxes paid by seafood processors: \$14.7M

## There are many other fees that are more difficult to quantify, such as:

- Port and harbor fees – and launch ramp fees, boat storage, etc.
- DNR lease fees for:
  - Moorage buoys
  - Land use tidelands permits and leases for processors, hatcheries
  - Water rights permits for processors, hatcheries
- Business license fees
- Processors DEC permit fees
- Local property tax on facilities and equipment – fishermen, processors, and hatcheries
- Business income tax for processor, harvester, and support businesses
- Dive and aquaculture shellfish water quality, PSP and arsenic testing fees
- Federal vessel documentation fees and fishery endorsements
- Federal fuel taxes

## *Did you know?*

*Alaska's seafood industry pays nearly \$250 million per year in taxes & fees.*

*\$54.2 million in Fishery Business and Landing taxes were collected by or distributed to 65 municipalities in FY13. Commercial fishing reduces community reliance on State funds.*