CS FOR SENATE BILL NO. 135(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered: 4/15/25
Referred: Finance

Sponsor(s): THE SENATE RULES COMMITTEE BY REQUEST OF THE JOINT LEGISLATIVE TASK FORCE EVALUATING ALASKA'S SEAFOOD INDUSTRY

A BILL

FOR AN ACT ENTITLED

"An Act relating to the sharing of tax revenue from the fisheries business tax and fishery resource landing tax with municipalities; relating to municipal reports on the shared tax revenue; and providing for an effective date."

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

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE INTENT. It is the intent of the legislature that a municipality use the additional revenue distributed under this Act to help maintain and improve the municipality's harbor facilities, if the municipality operates harbor facilities.

*** Sec. 2.** AS 43.75.130(a) is amended to read:

(a) **<u>Subject to appropriation by the legislature, and except</u>** [EXCEPT] as provided in (d) of this section, the commissioner shall pay

(1) to each unified municipality and to each city located in the unorganized borough, **<u>60</u>** [50] percent of the amount of tax revenue collected in the

municipality from taxes levied under this chapter;

(2) to each city located within a borough, **35** [25] percent of the amount of tax revenue collected in the city from taxes levied under this chapter; and

(3) to each borough

(A) **60** [50] percent of the amount of tax revenue collected in the area of the borough outside cities from taxes levied under this chapter; and

(B) **35** [25] percent of the amount of tax revenue collected in cities located within the borough from taxes levied under this chapter.

* **Sec. 3.** AS 43.75.130(a), as amended by sec. 2 of this Act, is amended to read:

(a) Subject to appropriation by the legislature, and except as provided in (d) of this section, the commissioner shall pay

(1) to each unified municipality and to each city located in the unorganized borough, **50** [60] percent of the amount of tax revenue collected in the municipality from taxes levied under this chapter;

(2) to each city located within a borough, **25** [35] percent of the amount of tax revenue collected in the city from taxes levied under this chapter; and

(3) to each borough

(A) **50** [60] percent of the amount of tax revenue collected in the area of the borough outside cities from taxes levied under this chapter; and

(B) **25** [35] percent of the amount of tax revenue collected in cities located within the borough from taxes levied under this chapter.

* **Sec. 4.** AS 43.75.130(d) is amended to read:

(d) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, **and subject to appropriation by the legislature,** the commissioner shall pay

(1) to each city that is located in a borough incorporated after June 16, 1987**,** the following percentages of the tax revenue collected in the city from taxes levied under this chapter:

(A) **55** [45] percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) **50** [40] percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) **45** [35] percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) **40** [30] percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) to each borough that is incorporated after June 16, 1987**,** the following percentages of the tax revenue collected in the cities located within the borough from taxes levied under this chapter:

(A) **7.5** [5] percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) **15** [10] percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) **25** [15] percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) **30** [20] percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated.

*** Sec. 5.** AS 43.75.130(d), as amended by sec. 4 of this Act, is amended to read:

(d) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and subject to appropriation by the legislature, the commissioner shall pay

(1) to each city that is located in a borough incorporated after June 16, 1987, the following percentages of the tax revenue collected in the city from taxes levied under this chapter:

(A) **45** [55] percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) **40** [50] percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) **35** [45] percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) **30** [40] percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) to each borough that is incorporated after June 16, 1987, the following percentages of the tax revenue collected in the cities located within the

borough from taxes levied under this chapter:

(A) **<u>five</u>** [7.5] percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) **<u>10</u>** [15] percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) **<u>15</u>** [25] percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) **<u>20</u>** [30] percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated.

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

(i) A municipality that receives a payment under this section shall use 10 percent of the funds received under this section to support or enhance commercial fishing.

* **Sec. 7.** AS 43.75.137 is amended to read:

Sec. 43.75.137. Additional refund. **<u>Subject to appropriation by the legislature</u>** [TO THE EXTENT THAT APPROPRIATIONS ARE AVAILABLE FOR THE PURPOSE, AND NOTWITHSTANDING THE REQUIREMENT OF AS 37.07.080(e) THAT APPROVAL OF THE OFFICE OF MANAGEMENT AND BUDGET IS REQUIRED], an amount equal to **<u>75</u>** [50] percent of the tax revenue that is collected under this chapter from fisheries businesses and **<u>that</u>** is not subject to division with a municipality under AS 43.75.130 shall be **<u>paid by</u>** [TRANSMITTED EACH FISCAL YEAR, WITHOUT THE APPROVAL OF THE OFFICE OF MANAGEMENT AND BUDGET, BY THE DEPARTMENT TO] the Department of Commerce, Community, and Economic Development [FOR DISBURSAL] to eligible municipalities under AS 29.60.450.

* **Sec. 8.** AS 43.75.137, as amended by sec. 7 of this Act, is amended to read:

Sec. 43.75.137. Additional refund. Subject to appropriation by the legislature, an amount equal to **<u>50</u>** [75] percent of the tax revenue that is collected under this chapter from fisheries businesses and that is not subject to division with a municipality under AS 43.75.130 shall be paid by the Department of Commerce, Community, and Economic Development to eligible municipalities under AS 29.60.450.

*** Sec. 9.** AS 43.75 is amended by adding a new section to article 3 to read:

Sec. 43.75.150. Municipal reports to the legislature. (a) Except as provided in (c) of this section, not more than 30 days after the convening of each regular legislative session, a municipality that receives tax revenue under AS 43.75.130 - 43.75.137 shall prepare and submit to the legislature a report that describes

(1) how those funds were used by the municipality in the previous fiscal year; and

(2) any harbor maintenance or improvement projects that were funded in whole or in part by the tax revenue collected under AS 43.75.130 - 43.75.137, if the municipality operates a harbor.

(b) The report required under (a) of this section may be made jointly with the report required under AS 43.77.060(f).

(c) A report is not required under this section if the total tax revenue a municipality receives under AS 43.75.130 - 43.75.137 is less than $10,000.

*** Sec. 10.** AS 43.77.060(a) is amended to read:

(a) Subject to appropriation by the legislature and except as provided in (b) of this section, the commissioner shall pay to each

(1) unified municipality and to each city located in the unorganized borough **<u>75</u>** [, 50] percent of the amount of tax revenue collected from taxes levied under this chapter on the fishery resource landed in the municipality and accounted for under AS 43.77.050(b);

(2) city located within a borough **<u>35</u>** [, 25] percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b); and

(3) borough

(A) **<u>75</u>** [50] percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the area of the borough outside cities and accounted for under AS 43.77.050(b); and

(B) **<u>35</u>** [25] percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in cities located within the borough and accounted for under AS 43.77.050(b).

*** Sec. 11.** AS 43.77.060(a), as amended by sec. 10 of this Act, is amended to read:

(a) Subject to appropriation by the legislature and except as provided in (b) of this section, the commissioner shall pay to each

(1) unified municipality and to each city located in the unorganized borough **50** [75] percent of the amount of tax revenue collected from taxes levied under this chapter on the fishery resource landed in the municipality and accounted for under AS 43.77.050(b);

(2) city located within a borough **25** [35] percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b); and

(3) borough

(A) **50** [75] percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the area of the borough outside cities and accounted for under AS 43.77.050(b); and

(B) **25** [35] percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in cities located within the borough and accounted for under AS 43.77.050(b).

*** Sec. 12.** AS 43.77.060(b) is amended to read:

(b) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and subject to appropriation by the legislature, the commissioner shall pay to each

(1) city that is located in a borough incorporated after January 1, 1994, the following percentages of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b):

(A) **50** [45] percent of the tax revenue collected during the calendar year in which the borough is incorporated;

(B) **50** [40] percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) **50** [35] percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) **<u>50</u>** [30] percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) borough that is incorporated after January 1, 1994, the following percentages of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the cities located within the borough and accounted for under AS 43.77.050(b):

(A) **<u>10</u>** [FIVE] percent of the tax revenue collected during the calendar year in which the borough is incorporated;

(B) **<u>20</u>** [10] percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) **<u>25</u>** [15] percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) **<u>35</u>** [20] percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated.

*** Sec. 13.** AS 43.77.060(b), as amended by sec. 12 of this Act, is amended to read:

(b) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and subject to appropriation by the legislature, the commissioner shall pay to each

(1) city that is located in a borough incorporated after January 1, 1994, the following percentages of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b):

(A) **<u>45</u>** [50] percent of the tax revenue collected during the calendar year in which the borough is incorporated;

(B) **<u>40</u>** [50] percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) **<u>35</u>** [50] percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) **<u>30</u>** [50] percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) borough that is incorporated after January 1, 1994, the following percentages of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the cities located within the borough and accounted for under AS 43.77.050(b):

(A) **five** [10] percent of the tax revenue collected during the calendar year in which the borough is incorporated;

(B) **10** [20] percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) **15** [25] percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) **20** [35] percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated.

* **Sec. 14.** AS 43.77.060(d) is amended to read:

(d) **Subject to appropriation by the legislature** [TO THE EXTENT THAT APPROPRIATIONS ARE AVAILABLE FOR THE PURPOSE, AND NOTWITHSTANDING THE REQUIREMENT OF AS 37.07.080(e) THAT APPROVAL OF THE OFFICE OF MANAGEMENT AND BUDGET IS REQUIRED], an amount equal to **75** [50] percent of the tax revenue that is collected under this chapter and **that** is not subject to division with a municipality under (a) - (c) of this section shall be **paid by** [TRANSMITTED EACH FISCAL YEAR, WITHOUT THE APPROVAL OF THE OFFICE OF MANAGEMENT AND BUDGET, BY THE DEPARTMENT TO] the Department of Commerce, Community, and Economic Development [FOR DISBURSAL] to eligible municipalities under AS 29.60.450.

* **Sec. 15.** AS 43.77.060(d), as amended by sec. 14 of this Act, is amended to read:

(d) Subject to appropriation by the legislature, an amount equal to **50** [75] percent of the tax revenue that is collected under this chapter and that is not subject to division with a municipality under (a) - (c) of this section shall be paid by the Department of Commerce, Community, and Economic Development to eligible municipalities under AS 29.60.450.

*** Sec. 16.** AS 43.77.060 is amended by adding new subsections to read:

(f) Except as provided in (c) of this section, not more than 30 days after the convening of each regular legislative session, a municipality that receives tax revenue under this section shall prepare and submit to the legislature a report that describes how those funds were used by the municipality in the previous fiscal year and that details any harbor maintenance or improvement projects that were funded in whole or in part by that tax revenue, if the municipality operates harbor facilities. The report may be made jointly with the report required under AS 43.75.150.

(g) A report is not required under this section if the total tax revenue a municipality receives under this section is less than $10,000.

(h) A municipality that receives a payment under this section shall use 10 percent of the funds received under this section to support or enhance commercial fishing.

*** Sec. 17.** AS 43.75.130(i) and AS 43.77.060(g) are repealed.

*** Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. This Act applies to tax revenue collected by the Department of Revenue under AS 43.75 and AS 43.77 for the 2025 tax year and later tax years.

*** Sec. 19.** Sections 9 and 16 of this Act take effect February 1, 2026.

*** Sec. 20.** Sections 3, 5, 8, 11, 13, 15, and 17 of this Act take effect July 1, 2035.

*** Sec. 21.** Except as provided in secs. 19 and 20 of this Act, this Act takes effect January 1, 2026.