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

- 1 "An Act relating to the sharing of tax revenue from the fisheries business tax and
- 2 fishery resource landing tax with municipalities; relating to municipal reports on the
- 3 shared tax revenue; and providing for an effective date."
- 4 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:
- 7 LEGISLATIVE INTENT. It is the intent of the legislature that a municipality use the
- 8 additional revenue distributed under this Act to help maintain and improve the municipality's
- 9 harbor facilities, if the municipality operates harbor facilities.
- * **Sec. 2.** AS 43.75.130(a) is amended to read:
- 11 (a) Subject to appropriation by the legislature, and except [EXCEPT] as
- provided in (d) of this section, the commissioner shall pay
- 13 (1) to each unified municipality and to each city located in the
- unorganized borough, $\underline{60}$ [50] percent of the amount of tax revenue collected in the

1	municipality from taxes levied under this chapter;
2	(2) to each city located within a borough, 35 [25] percent of the
3	amount of tax revenue collected in the city from taxes levied under this chapter; and
4	(3) to each borough
5	(A) <u>60</u> [50] percent of the amount of tax revenue collected in
6	the area of the borough outside cities from taxes levied under this chapter; and
7	(B) 35 [25] percent of the amount of tax revenue collected in
8	cities located within the borough from taxes levied under this chapter.
9	* Sec. 3. AS 43.75.130(a), as amended by sec. 2 of this Act, is amended to read:
10	(a) Subject to appropriation by the legislature, and except as provided in (d) of
11	this section, the commissioner shall pay
12	(1) to each unified municipality and to each city located in the
13	unorganized borough, 50 [60] percent of the amount of tax revenue collected in the
14	municipality from taxes levied under this chapter;
15	(2) to each city located within a borough, 25 [35] percent of the
16	amount of tax revenue collected in the city from taxes levied under this chapter; and
17	(3) to each borough
18	(A) $\underline{50}$ [60] percent of the amount of tax revenue collected in
19	the area of the borough outside cities from taxes levied under this chapter; and
20	(B) 25 [35] percent of the amount of tax revenue collected in
21	cities located within the borough from taxes levied under this chapter.
22	* Sec. 4. AS 43.75.130(d) is amended to read:
23	(d) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and
24	subject to appropriation by the legislature, the commissioner shall pay
25	(1) to each city that is located in a borough incorporated after June 16,
26	1987, the following percentages of the tax revenue collected in the city from taxes
27	levied under this chapter:
28	(A) <u>55</u> [45] percent of the taxes collected during the calendar
29	year in which the borough is incorporated;
30	(B) <u>50</u> [40] percent of the taxes collected during the first
31	calendar year after the calendar year in which the borough is incorporated;

1	(C) 45 [35] percent of the taxes collected during the second
2	calendar year after the calendar year in which the borough is incorporated; and
3	(D) $\underline{40}$ [30] percent of the taxes collected during the third
4	calendar year after the calendar year in which the borough is incorporated; and
5	(2) to each borough that is incorporated after June 16, 1987, the
6	following percentages of the tax revenue collected in the cities located within the
7	borough from taxes levied under this chapter:
8	(A) 7.5 [5] percent of the taxes collected during the calendar
9	year in which the borough is incorporated;
10	(B) <u>15</u> [10] percent of the taxes collected during the first
11	calendar year after the calendar year in which the borough is incorporated;
12	(C) 25 [15] percent of the taxes collected during the second
13	calendar year after the calendar year in which the borough is incorporated; and
14	(D) $\underline{30}$ [20] percent of the taxes collected during the third
15	calendar year after the calendar year in which the borough is incorporated.
16	* Sec. 5. AS 43.75.130(d), as amended by sec. 4 of this Act, is amended to read:
17	(d) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and
18	subject to appropriation by the legislature, the commissioner shall pay
19	(1) to each city that is located in a borough incorporated after June 16,
20	1987, the following percentages of the tax revenue collected in the city from taxes
21	levied under this chapter:
22	(A) 45 [55] percent of the taxes collected during the calendar
23	year in which the borough is incorporated;
24	(B) $\underline{40}$ [50] percent of the taxes collected during the first
25	calendar year after the calendar year in which the borough is incorporated;
26	(C) 35 [45] percent of the taxes collected during the second
27	calendar year after the calendar year in which the borough is incorporated; and
28	(D) $\underline{30}$ [40] percent of the taxes collected during the third
29	calendar year after the calendar year in which the borough is incorporated; and
30	(2) to each borough that is incorporated after June 16, 1987, the
31	following percentages of the tax revenue collected in the cities located within the

1	borough from taxes levied under this chapter:
2	(A) <u>five</u> [7.5] percent of the taxes collected during the calendar
3	year in which the borough is incorporated;
4	(B) $\underline{10}$ [15] percent of the taxes collected during the first
5	calendar year after the calendar year in which the borough is incorporated;
6	(C) 15 [25] percent of the taxes collected during the second
7	calendar year after the calendar year in which the borough is incorporated; and
8	(D) 20 [30] percent of the taxes collected during the third
9	calendar year after the calendar year in which the borough is incorporated.
10	* Sec. 6. AS 43.75.130 is amended by adding a new subsection to read:
11	(i) A municipality that receives a payment under this section shall use 10
12	percent of the funds received under this section to support or enhance commercial
13	fishing.
14	* Sec. 7. AS 43.75.137 is amended to read:
15	Sec. 43.75.137. Additional refund. Subject to appropriation by the
16	<u>legislature</u> [TO THE EXTENT THAT APPROPRIATIONS ARE AVAILABLE FOR
17	THE PURPOSE, AND NOTWITHSTANDING THE REQUIREMENT OF
18	AS 37.07.080(e) THAT APPROVAL OF THE OFFICE OF MANAGEMENT AND
19	BUDGET IS REQUIRED], an amount equal to 75 [50] percent of the tax revenue that
20	is collected under this chapter from fisheries businesses and that is not subject to
21	division with a municipality under AS 43.75.130 shall be paid by [TRANSMITTED
22	EACH FISCAL YEAR, WITHOUT THE APPROVAL OF THE OFFICE OF
23	MANAGEMENT AND BUDGET, BY THE DEPARTMENT TO] the Department of
24	Commerce, Community, and Economic Development [FOR DISBURSAL] to eligible
25	municipalities under AS 29.60.450.
26	* Sec. 8. AS 43.75.137, as amended by sec. 7 of this Act, is amended to read:
27	Sec. 43.75.137. Additional refund. Subject to appropriation by the legislature,
28	an amount equal to $\underline{50}$ [75] percent of the tax revenue that is collected under this
29	chapter from fisheries businesses and that is not subject to division with a municipality
30	under AS 43.75.130 shall be paid by the Department of Commerce, Community, and
31	Economic Development to eligible municipalities under AS 29 60 450

1	" Sec. 9. AS 45.75 is amended by adding a new section to article 5 to read.
2	Sec. 43.75.150. Municipal reports to the legislature. (a) Except as provided
3	in (c) of this section, not more than 30 days after the convening of each regular
4	legislative session, a municipality that receives tax revenue under AS 43.75.130 -
5	43.75.137 shall prepare and submit to the legislature a report that describes
6	(1) how those funds were used by the municipality in the previous
7	fiscal year; and
8	(2) any harbor maintenance or improvement projects that were funded
9	in whole or in part by the tax revenue collected under AS 43.75.130 - 43.75.137, if the
10	municipality operates a harbor.
11	(b) The report required under (a) of this section may be made jointly with the
12	report required under AS 43.77.060(f).
13	(c) A report is not required under this section if the total tax revenue a
14	municipality receives under AS 43.75.130 - 43.75.137 is less than \$10,000.
15	* Sec. 10. AS 43.77.060(a) is amended to read:
16	(a) Subject to appropriation by the legislature and except as provided in (b) of
17	this section, the commissioner shall pay to each
18	(1) unified municipality and to each city located in the unorganized
19	borough 75 [, 50] percent of the amount of tax revenue collected from taxes levied
20	under this chapter on the fishery resource landed in the municipality and accounted for
21	under AS 43.77.050(b);
22	(2) city located within a borough 35 [, 25] percent of the amount of the
23	tax revenue collected from taxes levied under this chapter on fishery resources landed
24	in the city and accounted for under AS 43.77.050(b); and
25	(3) borough
26	(A) <u>75</u> [50] percent of the amount of the tax revenue collected
27	from taxes levied under this chapter on fishery resources landed in the area of
28	the borough outside cities and accounted for under AS 43.77.050(b); and
29	(B) $\underline{35}$ [25] percent of the amount of the tax revenue collected
30	from taxes levied under this chapter on fishery resources landed in cities
31	located within the borough and accounted for under AS 43 77 050(b)

1	* Sec. 11. AS 43.77.060(a), as amended by sec. 10 of this Act, is amended to read:
2	(a) Subject to appropriation by the legislature and except as provided in (b) of
3	this section, the commissioner shall pay to each
4	(1) unified municipality and to each city located in the unorganized
5	borough 50 [75] percent of the amount of tax revenue collected from taxes levied
6	under this chapter on the fishery resource landed in the municipality and accounted for
7	under AS 43.77.050(b);
8	(2) city located within a borough 25 [35] percent of the amount of the
9	tax revenue collected from taxes levied under this chapter on fishery resources landed
10	in the city and accounted for under AS 43.77.050(b); and
11	(3) borough
12	(A) $\underline{50}$ [75] percent of the amount of the tax revenue collected
13	from taxes levied under this chapter on fishery resources landed in the area of
14	the borough outside cities and accounted for under AS 43.77.050(b); and
15	(B) 25 [35] percent of the amount of the tax revenue collected
16	from taxes levied under this chapter on fishery resources landed in cities
17	located within the borough and accounted for under AS 43.77.050(b).
18	* Sec. 12. AS 43.77.060(b) is amended to read:
19	(b) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and
20	subject to appropriation by the legislature, the commissioner shall pay to each
21	(1) city that is located in a borough incorporated after January 1, 1994,
22	the following percentages of the tax revenue collected from taxes levied under this
23	chapter on fishery resources landed in the city and accounted for under
24	AS 43.77.050(b):
25	(A) $\underline{50}$ [45] percent of the tax revenue collected during the
26	calendar year in which the borough is incorporated;
27	(B) $\underline{50}$ [40] percent of the tax revenue collected during the first
28	calendar year after the calendar year in which the borough is incorporated;
29	(C) $\underline{50}$ [35] percent of the tax revenue collected during the
30	second calendar year after the calendar year in which the borough is
31	incorporated; and

1	(D) $\underline{50}$ [30] percent of the tax revenue collected during the third
2	calendar year after the calendar year in which the borough is incorporated; and
3	(2) borough that is incorporated after January 1, 1994, the following
4	percentages of the tax revenue collected from taxes levied under this chapter on
5	fishery resources landed in the cities located within the borough and accounted for
6	under AS 43.77.050(b):
7	(A) 10 [FIVE] percent of the tax revenue collected during the
8	calendar year in which the borough is incorporated;
9	(B) 20 [10] percent of the tax revenue collected during the first
10	calendar year after the calendar year in which the borough is incorporated;
11	(C) 25 [15] percent of the tax revenue collected during the
12	second calendar year after the calendar year in which the borough is
13	incorporated; and
14	(D) $\underline{35}$ [20] percent of the tax revenue collected during the third
15	calendar year after the calendar year in which the borough is incorporated.
16	* Sec. 13. AS 43.77.060(b), as amended by sec. 12 of this Act, is amended to read:
17	(b) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and
18	subject to appropriation by the legislature, the commissioner shall pay to each
19	(1) city that is located in a borough incorporated after January 1, 1994,
20	the following percentages of the tax revenue collected from taxes levied under this
21	chapter on fishery resources landed in the city and accounted for under
22	AS 43.77.050(b):
23	(A) 45 [50] percent of the tax revenue collected during the
24	calendar year in which the borough is incorporated;
25	(B) $\underline{40}$ [50] percent of the tax revenue collected during the first
26	calendar year after the calendar year in which the borough is incorporated;
27	(C) <u>35</u> [50] percent of the tax revenue collected during the
28	second calendar year after the calendar year in which the borough is
29	incorporated; and
30	(D) $\underline{30}$ [50] percent of the tax revenue collected during the third
31	calendar year after the calendar year in which the borough is incorporated; and

1	(2) borough that is incorporated after January 1, 1994, the following
2	percentages of the tax revenue collected from taxes levied under this chapter on
3	fishery resources landed in the cities located within the borough and accounted for
4	under AS 43.77.050(b):
5	(A) <u>five</u> [10] percent of the tax revenue collected during the
6	calendar year in which the borough is incorporated;
7	(B) 10 [20] percent of the tax revenue collected during the first
8	calendar year after the calendar year in which the borough is incorporated;
9	(C) 15 [25] percent of the tax revenue collected during the
10	second calendar year after the calendar year in which the borough is
11	incorporated; and
12	(D) 20 [35] percent of the tax revenue collected during the third
13	calendar year after the calendar year in which the borough is incorporated.
14	* Sec. 14. AS 43.77.060(d) is amended to read:
15	(d) Subject to appropriation by the legislature [TO THE EXTENT THAT
16	APPROPRIATIONS ARE AVAILABLE FOR THE PURPOSE, AND
17	NOTWITHSTANDING THE REQUIREMENT OF AS 37.07.080(e) THAT
18	APPROVAL OF THE OFFICE OF MANAGEMENT AND BUDGET IS
19	REQUIRED], an amount equal to 75 [50] percent of the tax revenue that is collected
20	under this chapter and that is not subject to division with a municipality under (a) - (c)
21	of this section shall be paid by [TRANSMITTED EACH FISCAL YEAR,
22	WITHOUT THE APPROVAL OF THE OFFICE OF MANAGEMENT AND
23	BUDGET, BY THE DEPARTMENT TO] the Department of Commerce, Community,
24	and Economic Development [FOR DISBURSAL] to eligible municipalities under
25	AS 29.60.450.
26	* Sec. 15. AS 43.77.060(d), as amended by sec. 14 of this Act, is amended to read:
27	(d) Subject to appropriation by the legislature, an amount equal to $\underline{50}$ [75]
28	percent of the tax revenue that is collected under this chapter and that is not subject to
29	division with a municipality under (a) - (c) of this section shall be paid by the
30	Department of Commerce, Community, and Economic Development to eligible
31	municipalities under AS 29.60.450.

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

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- (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:
- 17 APPLICABILITY. This Act applies to tax revenue collected by the Department of 18 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.
- 20 * 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.