

24-LS0169C
Utermohle
3/28/05

CS FOR HOUSE BILL NO. 25()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES SEATON, Wilson

A BILL

FOR AN ACT ENTITLED

**"An Act relating to the sharing of fisheries business tax revenue with municipalities;
and providing for an effective date."**

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

*** Section 1.** AS 29.60.450 is amended by adding a new subsection to read:

(g) In addition to the amounts apportioned under (b)(1) of this section, each fiscal year, a city with a population of 500 or less and a borough with a population of 3,000 or less shall also receive a hold harmless payment that is equal to the difference between the amount that the city or borough received under (b)(1) of this section and the amount that the city or borough would have received under (b)(1) of this section if tax revenue collected under AS 43.75 on the value of fishery resources first landed in a municipality and exported from the state without being processed in the state had not been available for payment to municipalities under AS 43.75.130(a) and (d). The department shall pay the hold harmless payments authorized by this subsection from the amount of fisheries business tax revenue transferred to the department by the

1 Department of Revenue under AS 43.75.130(h).

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

3 (a) **Subject to appropriation by the legislature and to** [EXCEPT AS
4 PROVIDED IN] (d) of this section, the commissioner shall pay

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

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

10 (3) to each borough

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

13 (B) 25 percent of the amount of tax revenue collected in cities
14 located within the borough from taxes levied under this chapter.

15 * **Sec. 3.** AS 43.75.130(d) is amended to read:

16 (d) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, the
17 commissioner shall pay

18 (1) to each city that is located in a borough incorporated after June 16,
19 1987, the following percentages of the tax revenue collected in the city from taxes
20 levied under this chapter:

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

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

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

29 (D) 30 percent of the **tax revenue** [TAXES] collected during
30 the third calendar year after the calendar year in which the borough is
31 incorporated; and

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

4 (A) 5 percent of the tax revenue [TAXES] collected during the
5 calendar year in which the borough is incorporated;

6 (B) 10 percent of the tax revenue [TAXES] collected during
7 the first calendar year after the calendar year in which the borough is
8 incorporated;

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

12 (D) 20 percent of the tax revenue [TAXES] collected during
13 the third calendar year after the calendar year in which the borough is
14 incorporated.

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

16 (g) In this section, "tax revenue collected" means the revenue collected by
17 the department from taxes levied under this chapter on the value of fishery
18 resources that are either (1) processed in a municipality; or (2) first landed in a
19 municipality and exported from the state without being processed in the state;
20 "tax revenue collected" includes the amount credited against taxes under
21 AS 43.75.018.

22 * Sec. 5. AS 43.75.130 is amended by adding a new subsection to read:

23 (h) Notwithstanding (a) and (d) of this section, the amount available for
24 payment to municipalities under this section from the amount of tax revenue collected
25 by the Department of Revenue on the value of fishery resources that are first landed in
26 a municipality but not processed in the state shall be transferred by the Department of
27 Revenue to the Department of Commerce, Community, and Economic Development.
28 The amount required to hold harmless cities and boroughs under AS 29.60.450(g)
29 shall be paid, subject to appropriation, from the tax revenue transferred to the
30 Department of Commerce, Community, and Economic Development under this
31 subsection. The Department of Commerce, Community, and Economic Development

1 shall determine the amount that each municipality is entitled to receive under this
2 section from the amount of tax revenue collected on the value of fishery resources that
3 are first landed in the municipality but not processed in the state after the amount of
4 tax revenue payable to each municipality is reduced proportionately by the amount
5 necessary to make the hold harmless payments under AS 29.60.450(g). The
6 Department of Commerce, Community, and Economic Development shall pay the
7 balance of the tax revenue that remains after making the hold harmless payments
8 under AS 29.60.450(g) to the municipalities eligible to receive the tax revenue under
9 this section.

10 * Sec. 6. AS 43.75.137 is amended to read:

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

22 * Sec. 7. AS 29.60.450(g) and AS 43.75.130(h), added by secs. 1 and 5 of this Act,
23 respectively, are repealed on June 30 of the fiscal year in which each municipality in the state
24 receives at least \$20,000 in state aid as state revenue sharing, safe communities revenue
25 sharing, community dividends, or a similar state grant program to be used for one or more of
26 police and related protection services, fire and emergency protection services, water and
27 sewer services, solid waste management, or other priority government services. State aid to
28 municipalities for public schools may not be considered in determining whether each
29 municipality in the state receives at least \$20,000 in state aid as described in this section. The
30 commissioner of revenue and the commissioner of commerce, community, and economic
31 development shall inform in writing the lieutenant governor and the revisor of statutes when

1 the conditions prerequisite for the repeal of AS 29.60.450(g) and AS 43.75.130(h) under this
2 section have occurred.

3 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 **APPLICABILITY.** AS 29.60.450(g), added by sec. 1 of this Act, AS 43.75.130(g), as
6 amended by sec. 4 of this Act, and AS 43.75.130(h), added by sec. 5 of this Act, apply to tax
7 revenue collected by the Department of Revenue under AS 43.75 for the 2005 tax year and
8 subsequent tax years.

9 * **Sec. 9.** This Act takes effect January 1, 2006.