

CITY AND BOROUGH OF WRANGELL

RESOLUTION No. 03-16-1340

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, OPPOSING SENATE BILL 198 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 a 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 number among the nation's top ranked fishing ports for volume and/or value – three (Sitka, Ketchikan, Petersburg) consistently in the Top 20; and

WHEREAS, 54 shorebased 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 in were directly employed harvesting, processing, or working at hatchery facilities Southeast Alaska during 2013 and 2014; and

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, and individual income tax; 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.

NOW THEREFORE, BE IT RESOLVED THAT THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA 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

BE IT RESOLVED THAT THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA also 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; and

BE IT RESOLVED THAT THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA also urges the Alaska Legislature and Walker Administration that any additional seafood industry taxes must be considered in the context of a comprehensive plan to generate revenue in order to close the fiscal gap.

ADOPTED: March 22, 2016

ATTEST:


Kim Lane, MMC, Borough Clerk


David L. Jack, Mayor

