

Mayor
Alice Ruby

Manager
Robert J Mawson



Dillingham City Council
Kimberly Johnson
Michael Bennett
Aksel Buholm
Curt Armstrong
Kaleb Westfall
Perry Abrams

MEMORANDUM

Date: 5/17/2023
To: Finance and Budget Committee
From: Greta Hayden-Pless, Acting City Clerk
Subject: Seafood Processing Excise Tax

I attended a meeting with Peter Pan representatives with Mayor Alice Ruby and Acting Manager Lori Goodell. The meeting proved to be quite helpful, and they provided many insights. Some of the key take aways from the meeting include:

- Create an excise tax that roughly mirrors the Bristol Bay Borough Sales Tax.
- An excise tax would be more beneficial to both parties as it allows for flexibility in altering the rate dependent upon the season and fish prices without a public vote.
- Lower the rate, 0.025 is too high and would create push back from processors.
- Suggested 1 filing per year, as late in the year as possible, December would be a good choice.
- Major issue is the possibility of being double taxed on fish that are purchased in Bristol Bay Waters and transported to Dillingham. Since the Bristol Bay Sales Tax verbiage is "There is levied a sales tax of three percent on the sale of all raw fish harvested or **sold within the boundaries of the borough**, measured by their gross sale value in dollars paid by fish buyers, including indirect consideration and bonus amounts paid for fuel, supplies, gear, ice, handling, tender fees, or delivery, whether paid at the time of purchase of the raw fish or tendered as a deferred or delayed payment." Bristol Bay annexed their bay so the fish that are bought on tenders and brought to Dillingham are already taxed under Bristol Bay Borough. If there is a way to not create a double tax that is one of the key issues now.

For the double taxation I have researched some options that could be applied to avoid that issue. There include:

- Creating a Tax Credit in the amount paid to Bristol Bay Borough for Sales tax on fish bought within the waters of Bristol Bay Borough with proof of purchase and tax, including location, receipt, and payment of borough tax on fish.
- Creating an exemption for the specific poundage of fish determined by the City, using the average weight of the species provided by the Alaska Fish and Game, based on price of fish paid to Bristol Bay Borough with documentation of sale, location, price, species, and payment of taxation.

I have updated the draft resolution with some changes inspired by the meeting with Peter Pan. Please refer to the highlighted sections to review those changes.