

# FY 21 SHARED FISHERIES BUSINESS TAX PROGRAM

## ALTERNATE METHOD APPLICATION

For

## FMA 19: SOUTHERN SOUTHEAST AREA

Name of Municipality: ☐ City of Saxman

Mailing Address: ☐ Rt 2 Box 1

☐ Ketchikan, AK 99901

☐ \_\_\_\_\_

Contact Person: ☐ Kayleigh Slagle

Title: ☐ Finance Officer

Email Address: ☐ cityadmin@kpanet.net

Phone Number: ☐ 907.225.4146

Return with resolution

**E-mail**

**[caa@alaska.gov](mailto:caa@alaska.gov)**

**Subject Line**

**"Municipality Name, FY21, SFBT"**

**Or**

**Mail**

**State of Alaska DCCED**

**Shared Fisheries Business Tax Program**

**455 3rd Avenue, Suite 140**

**Fairbanks, Alaska 99701-4737**



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community,  
and Economic Development  
Division of Community and Regional Affairs

455 3rd Avenue, Suite 140  
Fairbanks, AK 99701  
Main: 907.451.2718  
Fax: 907.451.2742

November 16, 2020

City of Saxman  
Route 2, Box 1 - Saxman  
Ketchikan AK, 99901

RECEIVED NOV 20 2020

Dear Municipal Official:

The Department of Commerce, Community, and Economic Development is pleased to announce availability of the **FY 2021 Shared Fisheries Business Tax Program**. The purpose of the program is to allocate a share of state fish tax collected outside municipal boundaries with municipalities affected by fishing industry activities. Municipalities around the state will share approximately \$1.1 million based on 2019 fisheries activity as reported by fish processors on their fish tax returns. Details of how the program works are included in the application under *Program Description*.

**Historically, your municipality along with the other communities in your fisheries management area (FMA 19: Southern Southeast) has filed using the Alternative Method found on the last four pages of this application.** A breakdown is included that details the communities in your FMA, in addition to the anticipated payment based on the agreed upon allocation method for your FMA. If this agreement is still in place with your FMA, you will only need to have your Council/Assembly pass the enclosed alternative method sample resolution in order to participate in the program.

If your FMA intends to change the alternative method of allocation, the new proposal must be submitted to our office no later than **January 15, 2020**. If an agreement cannot be made with all communities in your FMA, you will need to file using the standard method and claim your significant effects. Instructions on both of these methods are detailed in the application packet.

**DEADLINE FOR SUBMISSION OF COMPLETED APPLICATION IS  
FEBRUARY 16, 2021.**

Applications can be scanned and emailed to [caa@alaska.gov](mailto:caa@alaska.gov) with the subject line **"Municipality Name, FY21, SFBT"** If you have any questions about the program or require assistance in completing the application, please contact me at [kimberly.phillips@alaska.gov](mailto:kimberly.phillips@alaska.gov) or call (907) 451-2718.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kimberly Phillips".

Kimberly Phillips  
Grants Administrator II

Enclosure

**FMA 19: Southern Southeast**

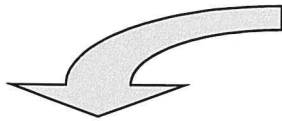
Total allocation:		50% Divided	50% per capita	LONG
\$8,074.45		\$4,037.22	\$4,037.22	
Community	Population	50% divided share	50% per capita share	Calculated Allocation
City of Craig	1,074	\$448.58	\$260.18	\$708.77
City of Edna Bay	47	\$448.58	\$11.39	\$459.97
City of Hydaburg	397	\$448.58	\$96.18	\$544.76
City of Kasaan	85	\$448.58	\$20.59	\$469.17
Ketchikan Gateway Borough	5,202	\$448.58	\$1,260.22	\$1,708.81
City of Ketchikan	8,103	\$448.58	\$1,963.01	\$2,411.59
City of Klawock	761	\$448.58	\$184.36	\$632.94
City of Saxman	434	\$448.58	\$105.14	\$553.72
City of Thorne Bay	562	\$448.58	\$136.15	\$584.73
<b>Totals</b>	<b>16,665</b>	<b>\$4,037.22</b>	<b>\$4,037.22</b>	<b>\$8,074.45</b>
Community Count	9			

\* All municipalities share 50% of allocation equally; share remaining 50% on a per capita basis.

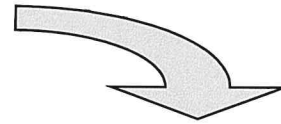
\*\*Ketchikan Borough Population = Borough (13,739) - Cities of Saxman and Ketchikan

# FY 21 SHARED FISHERIES BUSINESS TAX PROGRAM DESCRIPTION

## PROCESS FOR METHODS



**November 16**  
Commerce mails program  
applications to municipalities



### STANDARD METHOD

**No later than February 16**

Each municipality determines and documents the cost of fisheries impacts on the community and submits this information with their application.



**No later than April 15**

Department of Commerce reviews applications, makes a determination as to the validity of the submitted impacts, and notifies the municipalities of this determination.



**Within 30 days**

Municipalities have 30 days in which to appeal Commerce's determinations regarding submitted impacts.



**Within 20 days**

Commerce will respond to appeals within 20 days after receiving them.



**After all appeals are resolved**

Commerce will perform the formula calculations for each FMA based on the relative impacts approved for each municipality in the FMA, and distribute the funding allocations.

### ALTERNATE METHOD

**No later than January 15**

All municipalities in an FMA work together to develop an alternate allocation formula and submit their proposal to the Department of Commerce. Municipalities are encouraged to consult with Commerce during this effort regarding the acceptability of alternative methods.



**No later than February 1**

Commerce reviews alternate proposals, determines if proposals are acceptable, and notifies the municipalities of this determination. If the proposal is accepted, municipalities may then use the Alternative Method application. If the proposal is not acceptable to Commerce, they will work with municipalities in an area to resolve problems. If the problems cannot be resolved, the municipalities in that FMA must apply using the Standard Method application.



**No later than February 16**

Each municipality must submit an Alternative Method application. Commerce will distribute allocations after all applications within that FMA have been received and verified.

# FY 21 Shared Fisheries Business Tax Program Application Instructions

## STANDARD METHOD

- In the standard method application process each municipality determines and documents the cost to the municipality of fisheries industry significant effects suffered by the community in 2019.
- Details for each of these effects are submitted by municipalities using the Declaration of Significant Effects application forms provided on the following pages.
- The municipality must also submit an approved resolution by the governing body certifying that the information submitted in the application is correct and complete. A sample resolution is included in this packet.
- The department will review the applications and determine if the significant effects submitted are valid.
- Once the effects have been established for each of the municipalities in a Fisheries Management Area, the department will calculate the funding allocation for each municipality using the following formula:

**One half** of the funding available within a FMA is divided up among participating municipalities on the basis of the relative **dollar amount of impact** in each municipality. The **other half** of the funding available to that area is divided equally among all eligible municipalities.

### Guidelines for Completing the Declaration of Significant Effects Forms

**Some important definitions:** The Shared Fisheries Business Tax Program provides for a sharing of State Fisheries Business Tax with municipalities that can demonstrate they suffered *significant effects* during the *program base year* from *fisheries business activity* in their respective fisheries management area.

For the purposes of this program, "fisheries business activity" means:

- activity related to fishing, including but not limited to the catching and sale of fisheries resources;
- activity related to commercial vessel, moorage and gear maintenance;
- activity related to preparing fisheries resources for transportation; and,
- activity related to processing fisheries resources for sale by freezing, icing, cooking, salting, or other method and includes but is not limited to canneries, cold storages, freezer ships, and processing plants.



And, "significant effects" means:

- municipal expenditures during the program base year demonstrated by the municipality to the department to be reasonable and necessary that are the result of fisheries business activities on the municipality's:
  - population;
  - employment;
  - finances;
  - air and water quality;
  - fish and wildlife habitats; and,
  - ability to provide essential public services, including health care, public safety, education, transportation, marine garbage collection and disposal, solid waste disposal, utilities, and government administration.

And, "program base year" means:

- calendar year 2019.

**A municipality does not need to have actual expenditures in 2019 in order to include them as significant effects in the application.** If a fishing business activity impacts a municipality in a manner that will result in a cost to the municipality, then the municipality can claim that impact as a significant effect. For example, a municipality's pier might have been damaged by an improperly docked fish processing vessel. The municipality might not have the funds to repair the pier during 2019, but the municipality has obtained final engineering estimates for the cost of repairs. In this case, the municipality could declare the repair cost estimates as significant effects on their application. However, **these costs may not be claimed again** if the municipality subsequently expended the monies to repair the pier at a later date (this would result in a double counting of significant effects).

If a significant effect claimed in the application reflects expenditures that were determined by the municipality to be necessary, but for which the municipality was unable to make an expenditure during the program base year, the application must include a finding by the municipal governing body which documents and clearly describes the procedures and methods by which the need and the estimated cost of such expenditures were determined.

**Only that part of overall community impacts which are directly attributable to fishing business activity should be included as significant effects in the application.** For example, a municipality water supply system may be impacted by the fresh water needs of the local fishing fleet and fish processing facilities. However, a municipality in this situation should not claim the entire cost of operating or maintaining the water system as a "significant effect" for the purposes of this program. In this case, the municipality must determine and document its estimate of the share of the use, and "wear and tear," of the water system that can reasonably be attributed to fisheries business activity. A place is provided on the *Declaration of Significant Effects* forms for municipalities to explain how they arrived at such estimates.

**Examples of eligible significant effects.** The kinds of negative effects which a municipality might possibly claim to have suffered are many. It is the responsibility of each municipality to describe, document and justify its particular claims of negative impacts during 2019 resulting from fisheries

business activities. For the purposes of this program, all significant effects must be presented in terms of expenditures of municipal funds, either actual or determined necessary. For example, a sudden population increase of 1,000 people is not in itself a negative effect. It is the demonstrable impacts on the municipality budget of dealing with these extra people that may be considered as significant effects for this program. The following examples represent the kinds of community impacts which are clearly eligible for inclusion in a municipality's *Declaration of Significant Effects* forms.

- a municipality's expenses during 2019 in repairing a dock damaged by a fishing vessel;
- a municipality's costs of hiring extra police, teachers or medical staff to cover periods during 2019 when fish processing workers or fishing crew and their families expanded the municipality's population;
- a municipality's 2019 loan which was used to improve the municipality's water system to meet increased demands for fresh water by local fish processors. Only that part of the debt service which can be directly attributable to supporting the fishing industry may be counted as a significant effect.
- special expenditures made by a municipality during 2019 to assist or help re-train workers who lost their jobs in the fishing industry because of a downturn in fishing activity;
- a municipality's expenditures for operating and maintaining harbor facilities during 2019;
- operating and maintaining a municipality's water and sewer system or landfill during 2019 that is directly attributable to the fishing industry.

**Examples of events which are not eligible to be significant effects**

The following are examples of municipal expenditures or events which are **not eligible** for inclusion in a municipality's *Declaration of Significant Effects* forms:

- Municipal expenditures that occurred before or after 2019 which are the result of fishing business activities;
- Revenues which a municipality did not receive during 2019 because of a downturn in local fishing business activity.

**If you're not sure whether an event is a valid "significant effect" or not, contact DCCED.**

## Instructions for Completing the Standard Method Application

The completed standard method application submitted by each municipality will contain three elements:

- a set of *Declaration of Significant Effects* forms (one separate form for each significant effect claimed by the municipality). **Three copies of this form are included in the application- please make as many additional copies of this form as you need.**
- a *Cover Page* that provides the total number and cost of the significant effects claimed by the municipality.
- an *approved resolution* by the governing body adopting the application as true and correct. A sample resolution is included in the application.

### Instructions for the Cover Page/Summary

The *Cover Page* must be completed and submitted as part of the application. This form summarizes the information found in the application. The number of significant effects claimed should be equal to the number of *Declarations of Significant Effects* forms submitted with the application and the total dollar amount should equal the sum of all the dollar amounts stated in Part 2 on the *Declarations of Significant Effects* forms.

### Instruction for the *Resolution* form

Municipalities may use this form, or a similar form, to comply with the requirement that the submitted application be certified by the municipality's governing body.

**Submit completed application  
no later than February 16, 2021, to:**

**E-mail**  
**[caa@alaska.gov](mailto:caa@alaska.gov)**

**Subject Line**  
**“Municipality Name, FY21, SFBT”**

**Or**

**Mail**  
**State of Alaska DCCED**  
**Shared Fisheries Business Tax Program**  
**455 3rd Avenue, Suite 140**  
**Fairbanks, Alaska 99701-4737**

**If you have any questions regarding this program, contact  
Kimberly Phillips at 451-2718**



**FY 21 SHARED FISHERIES BUSINESS TAX PROGRAM**  
**STANDARD METHOD APPLICATION**  
**for**  
**FMA 19: SOUTHERN SOUTHEAST AREA**

Name of Municipality: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Contact Person: \_\_\_\_\_

Title: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Total # of Significant Effects Claimed: \_\_\_\_\_

Total \$ of Significant Effects Claimed: \$ \_\_\_\_\_

Return with, Declaration of Significant Effects forms, and resolution

**E-mail**  
**[caa@alaska.gov](mailto:caa@alaska.gov)**

**Subject Line**  
**“Municipality Name, FY21, SFBT”**

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**Mail**  
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**Shared Fisheries Business Tax Program**  
**455 3rd Avenue, Suite 140**  
**Fairbanks, Alaska 99701-4737**

**FY 21 Shared Fisheries Business Tax Program  
DECLARATION OF  
SIGNIFICANT EFFECTS FORM**

(One Separate Form for Each Significant Effect Claimed)

1. Provide a description of the fisheries business activity which resulted in the significant effect:

2. Total significant effect (municipal expenditure) made necessary during 2019 by the fisheries business activity listed in #1: \$ \_\_\_\_\_

3. Municipal expenditure is:    ☐ actual            ☐ determined necessary  
(Every municipal expenditure marked "determined necessary" must be supported by a resolution)

4. Describe how the municipal expenditure figure listed under Part 2 was determined:

5. Is the fisheries business activity part of a larger fiscal impact on the municipality?  
☐ yes            ☐ no

If yes, describe how the fisheries business-related part of the overall fiscal impact was determined.

6. Describe the documentation that supports the municipality's claim of this significant effect  
(this documentation must be readily available to the department upon request):

**FY 21 Shared Fisheries Business Tax Program  
DECLARATION OF  
SIGNIFICANT EFFECTS FORM**

(One Separate Form for Each Significant Effect Claimed)

1. Provide a description of the fisheries business activity which resulted in the significant effect:

2. Total significant effect (municipal expenditure) made necessary during 2019 by the fisheries business activity listed in #1: \$ \_\_\_\_\_

3. Municipal expenditure is:    ☐ actual            ☐ determined necessary  
(Every municipal expenditure marked "determined necessary" must be supported by a resolution)

4. Describe how the municipal expenditure figure listed under Part 2 was determined:

5. Is the fisheries business activity part of a larger fiscal impact on the municipality?  
☐ yes                      ☐ no

If yes, describe how the fisheries business-related part of the overall fiscal impact was determined.

6. Describe the documentation that supports the municipality's claim of this significant effect (this documentation must be readily available to the department upon request):

**FY 21 Shared Fisheries Business Tax Program  
DECLARATION OF  
SIGNIFICANT EFFECTS FORM**

(One Separate Form for Each Significant Effect Claimed)

1. Provide a description of the fisheries business activity which resulted in the significant effect:

2. Total significant effect (municipal expenditure) made necessary during 2019 by the fisheries business activity listed in #1: \$ \_\_\_\_\_

3. Municipal expenditure is:    ☐ actual            ☐ determined necessary  
(Every municipal expenditure marked "determined necessary" must be supported by a resolution)

4. Describe how the municipal expenditure figure listed under Part 2 was determined:

5. Is the fisheries business activity part of a larger fiscal impact on the municipality?  
☐ yes                      ☐ no

If yes, describe how the fisheries business-related part of the overall fiscal impact was determined.

6. Describe the documentation that supports the municipality's claim of this significant effect (this documentation must be readily available to the department upon request):

FY 21 Shared Fisheries Business Tax Program  
Standard Method Resolution

\_\_\_\_\_  
(City or Borough)

RESOLUTION NO.

A RESOLUTION CERTIFYING THE FY 21 SHARED FISHERIES BUSINESS TAX PROGRAM  
APPLICATION TO BE TRUE AND CORRECT

WHEREAS, AS 29.60.450 requires that for a municipality to participate in the FY 21 Shared Fisheries Business Tax Program, the municipality must demonstrate to the Department of Commerce, Community, and Economic Development that the municipality suffered significant effects during calendar year 2019 from fisheries business activities; and

WHEREAS, the Department of Commerce, Community, and Economic Development has prepared specific application forms for the purpose of presenting the municipality's claims as to the significant effects suffered by the municipality during calendar year 2019; and

WHEREAS, 3 AAC 134.100 requires the governing body of the municipality to include with the municipality's FY 21 program application an approved resolution certifying the information contained in the application to be true and correct;

NOW THEREFORE BE IT RESOLVED THAT:

The \_\_\_\_\_ by this resolution certifies the information contained in  
the \_\_\_\_\_  
(Governing Body)  
(City or Borough)

FY21 Shared Fisheries Business Tax Program Application to be true and correct to the best of our knowledge.

PASSED AND APPROVED by a duly constituted quorum of the \_\_\_\_\_ this \_\_\_\_\_  
day of \_\_\_\_\_, 20 \_\_\_\_\_.  
(Governing Body)

SIGNED \_\_\_\_\_  
Mayor

ATTEST \_\_\_\_\_  
Clerk



## **FY 21 Shared Fisheries Business Tax Program Application Instructions**

### **ALTERNATIVE METHOD**

- In the alternative method application process all municipalities in a fisheries management area may work together to develop an alternative allocation formula for distributing the available program funding among municipalities in the area. It is advised that the Department of Commerce be consulted during this process if the municipalities have questions or concerns about what constitutes an acceptable alternative to the standard allocation method.
- All the municipalities in an area must reach an agreement in writing on an alternative allocation formula.
- By January 15, the department must receive the proposed alternative method. If the alternative method is not acceptable, the department will work with the municipalities to resolve the problems.
- If the municipalities in an area fail to satisfy the department regarding the acceptability of the alternative allocation method proposed, then each municipality in the region must return to the standard application process and submit separate applications as required by that process.
- If the department finds the alternative allocation method satisfactory, each municipality must then complete an alternative method application consisting of a cover page and resolution. The resolution must be adopted by the governing body and it must clearly describe the approved alternative allocation method within that area. After all alternative method applications within an area have been received and approved; the department will perform the allocations and distribute program funds.

## **Instructions for Alternative Method Application**

In the alternative method application, an approved resolution constitutes the application. No other forms need to be submitted. A sample resolution has been attached for your use.

### **General Guidelines for Developing an Alternative Allocation Method**

**All municipalities in a fisheries management area must agree on the alternative method:** There must be unanimous agreement among all eligible municipalities in a fisheries management area with regard to alternative allocation methods. It is the responsibility of community leaders in the area to work together to negotiate an alternative which is acceptable to all municipalities. The department may be consulted at any time regarding what kinds of formula approaches are considered acceptable by the department.

**Alternative methods must incorporate some measure of the relative significant effects experienced by the respective municipalities in the area.** The measure of significant effects may take many forms. One area might agree to use the number of commercial fishing boat visits-per-year per community as a measure of significant effects. Another area might use the linear foot-length of public docks as a measure. Another area might use community population figures as an indication of the significant effects of fisheries business activity. Another area might share one half of the funding equally between the respective municipalities and share the other half based upon community population figures. Areas may decide to use one measure, or may use a combination of measures.

**Submit your completed application  
no later than  
February 16, 2021 to:**

**E-mail**  
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**Subject Line**  
**“Municipality Name, FY21, SFBT”**

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