

CITY OF DILLINGHAM, ALASKA

RESOLUTION NO. 2014-01

A RESOLUTION OF THE DILLINGHAM CITY COUNCIL ADOPTING AN ALTERNATIVE ALLOCATION METHOD FOR THE FY14 SHARED FISHERIES BUSINESS TAX PROGRAM AND CERTIFYING THAT THIS ALLOCATION FAIRLY REPRESENTS THE DISTRIBUTION OF SIGNIFICANT EFFECTS OF FISHERIES BUSINESS ACTIVITY IN FMA 5: BRISTOL BAY

WHEREAS, AS 29.60.450 requires that for a municipality to participate in the FY14 Shared Fisheries Business Tax Program, the municipality must demonstrate to the Alaska Department of Commerce, Community, and Economic Development that the municipality suffered significant effects during calendar year 2012 from fisheries business activities; and

WHEREAS, 3 AAC 134.060 provides for the allocation of available program funding to eligible municipalities located within fisheries management areas specified by the Department of Commerce, Community, and Economic Development; and

WHEREAS, 3 AAC 134.070 provides for the use, at the discretion of the Department of Commerce, Community, and Economic Development, of alternative allocation methods which may be used within fisheries management areas if all eligible municipalities within the area agree to use the method, and the method incorporates some measure of the relative significant effect of fisheries business activity on the respective municipalities in the area; and

WHEREAS, the Dillingham City Council proposes to use an alternative allocation method for allocation of FY14 funding available within the FMA 5: Bristol Bay in agreement with all other municipalities in this area participating in the FY2014 Shared Fisheries Business Tax Program;

NOW, THEREFORE, BE IT RESOLVED that the Dillingham City Council by this resolution certifies that the alternative allocation method fairly represents the distribution of significant effects during 2012 of fisheries business activity in the Bristol Bay Fisheries Management Area FMA Bristol Bay:

All municipalities share equally 40% of allocation; all share remaining 60% on a per capital basis.

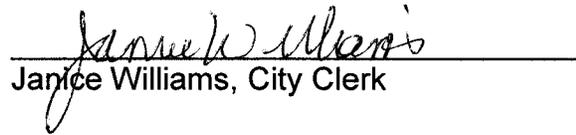
Lake & Peninsula Borough population is reduced by the population of the Cities of Newhalen, Nondalton, Pilot Point & Egegik.

PASSED and ADOPTED by a duly constituted quorum of the Dillingham City Council on January 9, 2014.


Alice Ruby, Mayor

ATTEST:

[SEAL]


Janice Williams, City Clerk



City of Dillingham Information Memorandum R2014-01

Subject: A Resolution of the Dillingham City Council adopting an Alternative Allocation Method for the FY14 Shared Fisheries Business Tax Program and certifying that this allocation fairly represents the distribution of significant effects of fisheries business activity in FMA 5: Bristol Bay

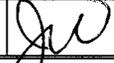
Agenda of: January 9, 2014

City Council Action:

Manager: Recommend approval.

City Manager:


Rose Loera

Route To:	Department / Individual	Initials	Remarks
X	Finance Director / Carol Shade		
X	City Clerk / Janice Williams		

Fiscal Note: Yes _____ No X Funds Available: Yes _____ No _____

Other Attachment(s):

- Program documents

Summary Statement.

This is a routine annual resolution. The purpose of the Shared Fisheries Business Tax Program is to provide for an annual sharing of fish tax collected outside municipal boundaries that can demonstrate they suffered significant effects from fisheries business activities.

Under provisions of the Shared Fisheries Business Tax Program, Dept. of Revenue collects the money from fisheries business license fees and taxes. The tax is levied against fishery resources processed or landed two years before. Dillingham falls under the Bristol Bay Area FMA 5, which calculates the funding under the Alternative Allocation Method in which all municipalities share equally 40% of the calculated allocation and the remaining 60% is shared on a per capital basis.

FY 14 Shared Fisheries Business Tax Program

FMA 5: Bristol Bay Area

Alternative Method*

Community	Population	40% Divided \$45,077.43	60% per capita \$67,616.14	Calculated Allocation
Aleknagik	204	\$3,467.49	\$1,896.30	\$5,363.80
Clark's Point	59	\$3,467.49	\$548.44	\$4,015.93
Bristol Bay Borough	987	\$3,467.49	\$9,174.75	\$12,642.24
Dillingham	2,406	\$3,467.49	\$22,365.19	\$25,832.69
Egegik	106	\$3,467.49	\$985.33	\$4,452.83
Ekwok	118	\$3,467.49	\$1,096.88	\$4,564.37
Lake & Peninsula Boro**	1,152	\$3,467.49	\$10,708.52	\$14,176.02
Manokotak	449	\$3,467.49	\$4,173.72	\$7,641.22
New Stuyahok	507	\$3,467.49	\$4,712.87	\$8,180.36
Newhalen	178	\$3,467.49	\$1,654.62	\$5,122.11
Nondalton	169	\$3,467.49	\$1,570.96	\$5,038.45
Pilot Point	68	\$3,467.49	\$632.10	\$4,099.59
Togiak	871	\$3,467.49	\$8,096.46	\$11,563.96
Totals	7,274	\$45,077.43	\$67,616.14	\$112,693.56
Community Count	13			

FY 14 Landing Tax Allocation	Calculated Allocation
	\$228.68
	\$171.22
	\$539.00
	\$1,101.37
	\$189.84
	\$194.60
	\$604.39
	\$325.78
	\$348.77
	\$218.38
	\$214.81
	\$174.78
	\$493.03
	\$4,804.65

* All municipalities share equally 40% of allocation; all share remaining 60% on a per capita basis.
 ** L & P Boro population = boro pop (1,710) less pop. of cities in FMA in Boro (Newhalen, Nondalton, Pilot Point & Egegik)

FY 14 SHARED FISHERIES BUSINESS TAX PROGRAM

PROGRAM DESCRIPTION

The purpose of the Shared Fisheries Business Tax Program is to provide for an annual sharing of fish tax collected outside municipal boundaries to municipalities that can demonstrate they suffered significant effects from fisheries business activities. This program is administered separately from the state fish tax sharing program administered by the Department of Revenue which shares fish tax revenues collected inside municipal boundaries.

Program Eligibility

To be eligible for an allocation under this program, applicants must:

1. Be a municipality (city or borough); and
2. Demonstrate the municipality suffered significant effects as a result of fisheries business activity that occurred within its respective fisheries management area(s).

Program Funding

The funding available for the program this year is equal to half the amount of state fisheries business tax revenues collected outside of municipal boundaries during calendar year 2012.

Program funding is allocated in two stages:

1st Stage: Nineteen Fisheries Management Areas (FMAs) were established using existing commercial fishing area boundaries. The available funding is allocated among these 19 FMAs based on the pounds of fish and shellfish processed in the whole state during the 2012 calendar year. For example, if an area processed 10% of all the fish and shellfish processed in the whole state during 2012, then that area would receive 10% of the funding available for the program this year. These allocations are calculated based on Fisheries Business Tax Return information for calendar year 2012.

2nd Stage: The funding available within each FMA will be allocated among the municipalities in that area based on the level of fishing industry significant effects suffered by each municipality compared to the level of effects experienced by the other municipalities in that FMA.

Some boroughs, because of their extensive area, are included in more than one fisheries management area. In these cases, the borough must submit a separate program application for each area.

FY 14 SHARED FISHERIES BUSINESS TAX PROGRAM

PROGRAM DESCRIPTION

There are Two Application Methods Possible: Standard and Alternative

Standard Method: In the Standard Method, established by the department, each municipality in the FMA must determine and document the cost of fisheries business impacts experienced by the community in 2012. These impacts are submitted by each municipality in their applications. The department will review the applications and determine if the impacts submitted are valid. Once the impacts have been established for each of the municipalities in the FMA, the department will calculate the 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.

Alternative Method: Alternative allocation methods may be proposed by the municipalities within the FMA. The department will consider approving the use of a proposed alternative method only if all the municipalities in the area agree to use the method, and if the method includes some measure of the relative effects of the fishing industry on the respective municipalities in the area.

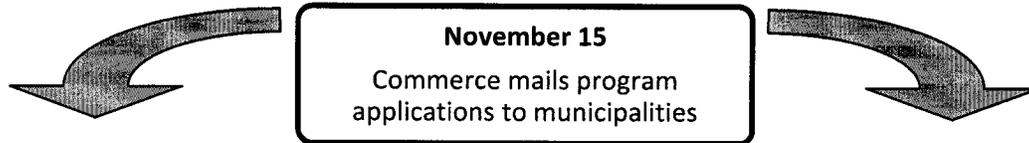
This application packet contains the instructions and forms for applying under either of these methods.

- The **yellow pages** are for applications using the standard method.
- The **pink pages** are to be used for alternative method applications.

The chart on the following page summarizes the process for these two methods.

FY 14 SHARED FISHERIES BUSINESS TAX PROGRAM

PROGRAM DESCRIPTION



STANDARD METHOD

By no later than February 15

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



By no later than April 15

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

By no later than January 15

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



By 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, the department 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.



By no later than February 15

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

FY 14 Shared Fisheries Business Tax Program Application Instructions

ALTERNATE METHOD The Process

- In the alternate 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 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.

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.

Specific Instructions for an 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.

**Submit your completed application
by no later than February 15, 2014 to:**

**Department of Commerce, Community,
and Economic Development
Division of Community and Regional Affairs
Shared Fisheries Business Tax Program
P.O. Box 110809
Juneau, AK 99811-0809**

**If you require assistance in completing this application,
please call Lawrence Blood at 465-4751.**