



Fiscal Year 2006 Net Return* to the State of Alaska from:



Timber

Tourism

Minerals

Seafood

Department of Commerce, Community, and Economic Development

Division of Community Advocacy

Office of Economic Development

May 2007

*Net Return is defined for this report to be the total taxes, fees, federal funds, and royalties received by the State minus expenditures by the state treasury in direct support of the specified industry.

Fiscal Year 2006 Net Return to the State of Alaska



Contributions

The Office of Economic Development and the Division of Community Advocacy would like to thank all the State and Agency personnel that helped compile the data and provided expert assessments of the industry dynamics, specifically staff from the following entities:

- Alaska Department of Fish & Game, R&A Section
- Alaska Department of Labor and Workforce Development
- Community Development Quota (CDQ)
- DCCED, Department of Administration
- Department of Transportation, R&A Section
- Department of Natural Resources, Division of Forestry
- Department of Revenue
- Division of Community Advocacy
- Office of Economic Development
- Office of the State Assessor

For additional information contact:

Bill Allen, Director
Office of Economic Development
Bill_Allen@commerce.state.ak.us
(907) 269-8100

Indra Arriaga, Research Analyst
Division of Community Advocacy
Indra_arriaga@commerce.state.ak.us

Kevin O'Sullivan, Research Analyst
Division of Community Advocacy
kevin_osullivan@commerce.state.ak.us

Fiscal Year 2006 Net Return to the State of Alaska



Introduction

Reader,

The *Fiscal Year 2006 Net Return to the State of Alaska* report examines, on a broad scale, the dynamics between some of Alaska's key industries and their contribution to the State's treasury. Originally, the question about Net Return was posted through the legislative process. The Office of Economic Development and the Division of Community Advocacy responded to the inquiry for FY 2005 and have proactively continued to examine the question through the available 2006 data. It is important to note that the report was undertaken to address a legislative request and is not intended to be used as an economic cost – benefit analysis of the four industry sectors reviewed. In addition, the report presented here does not compare the taxes and fees received from the aforementioned industries with the gross value of production of those industries.

The Office of Economic Development and the Division of Community Advocacy hope this report is useful to the Legislature, State officials, Industry members and the public at large in understanding the dynamics presented and making decisions regarding responsible resource development in the great state of Alaska.

Best Regards,

Division of Community Advocacy

Office of Economic Development

Fiscal Year 2006 Net Return to the State of Alaska



Scope of Project

The Division of Community Advocacy (DCA) Research and Analysis (R&A) staff, in conjunction with Office of Economic Development (OED) staff compiled necessary data and information to provide information showing the 'net return' to the State of Alaska from Timber, Mining, Commercial Fishing and Tourism industries. The formula used in determining 'Net Return' is the following:

$$\begin{aligned} & \textit{Net Return} = \\ & \textit{[Total taxes, fees, federal funds + royalties received by State from respective industry]} \\ & \quad - \\ & \textit{[State treasury expenditures in direct support of respective industry]} \end{aligned}$$

Fiscal Year 2006 Net Return to the State of Alaska



Overview

Total Gross Revenue (Dollars in Thousands)					
Resource Category	General Funds and Other Funds	Federal Funds	Total Funds	Total Operating Expenditures	Difference Between Revenues and Expenditures
Timber	\$ 851.30	\$ 3.80	\$ 855.10	\$ 2,547.80	\$ (1,692.70)
Tourism	\$ 53,271.84	\$ 200.00	\$ 53,471.84	\$ 45,046.79	\$ 8,425.04
Minerals	\$ 44,757.33	\$ 906.70	\$ 45,664.03	\$ 13,825.68	\$ 31,838.35
Seafood	\$ 88,892.15	\$ 20,874.31	\$ 109,766.46	\$ 86,031.87	\$ 23,734.59
Total	\$ 187,772.62	\$ 21,984.81	\$ 209,757.43	\$ 147,452.14	\$ 62,305.28

Sources: Departments of Revenue, Fish & Game, Natural Resources, Labor & Workforce Development, Environmental Conservation, Transportation & Public Facilities, and Commerce Community & Economic Development

Fiscal Year 2006 Net Return to the State of Alaska



Timber

Timber FY06 (Dollars In Thousands)

Agency - Program	SOURCES (Revenue)			USES (Expenditures)			Difference
	State Funds	Federal Funds	Sub-Total	State Funds	Federal Funds	Sub-Total	Sources - Expenditures
Dept. of Revenue Tax Division	Conf.		Conf.	Conf.		Conf.	
Dept. of Natural Resources Division of Forestry	\$ 770.90	\$ 3.80	\$ 774.70	\$ 2,217.10	\$ 3.80	\$ 2,220.90	\$ (1,446.20)
Dept. of Environmental Conservation Division of Water	\$ 28.70	\$ -	\$ 28.70	\$ 176.90	\$ -	\$ 176.90	\$ (148.20)
Dept. of Commerce, Community & Economic Development Office of Economic Development	\$ 51.70	\$ -	\$ 51.70	\$ 150.00	\$ -	\$ 150.00	\$ (98.30)
Total by Category	\$ 851.30	\$ 3.80	\$ 855.10	\$ 2,544.00	\$ 3.80	\$ 2,547.80	\$ (1,692.70)

Fiscal Year 2006 Net Return to the State of Alaska



Timber

Department of Revenue

Tax Division

Corporate Income Tax is collected from logging and timber companies. However, there are too few filers for Revenue to report the tax collected.

Department of Natural Resources

Division of Forestry

- Timber Sales Receipts: Timber sales receipts on the value of timber sold in fiscal year 2006 was \$731,000.
- Other State, Non-GF Funds: The Division of Forestry received interagency, CIP receipts, and other funds: \$39,900.
- Unknown Federal Receipts: The Division of Forestry received \$3,800 in federal receipts in FY06.
- Division of Forestry expended \$2.2 million of General Fund Program and General Fund Matching (includes fire suppression money).

Continued...

Fiscal Year 2006 Net Return to the State of Alaska



Timber

Department of Environmental Conservation

Division of Water

The Division of Water maintains a timber water pollution control office.

Department of Commerce, Community & Economic Development

Office of Economic Development

Office of Economic Development forestry personnel and associated costs.

Net Return from Timber
(Dollars in Thousands):
\$ (1,692.70)

Department of Natural Resources		
Item	Fed/State	Amount
Source (Dollars in Thousands)		
Timber Sales Receipts	State	\$731.0
Other Funds	State	\$39.9
Federal Funds to DNR	Federal	\$3.8
DEC	State	\$28.7
DCCED	State	\$51.7
Uses (Dollars in Thousands)		
DNR	State	\$2,217.10
DNR	Federal	\$3.80
DEC	State	\$176.90
DCCED	State	\$150.00

Fiscal Year 2006 Net Return to the State of Alaska



Tourism

Tourism FY06 (In Thousands of Dollars)

Agency - Program	SOURCES (Revenue)			USES (Expenditures)			Difference
	State Funds	Federal Funds	SubTotal	State Funds	Federal Funds	SubTotal	Sources - Expenditures
Dept. of Revenue Tax Division	\$ 9,986.45	\$ -	\$ 9,986.45	\$ 239.77	\$ -	\$ 239.77	\$ 9,746.68
Dept. of Fish & Game Sportfish Division	\$ 11,310.07	\$ -	\$ 11,310.07	\$ 1,134.32	\$ -	\$ 1,134.32	\$ 10,175.75
Division of Wildlife Conservation	\$ 6,196.65	\$ -	\$ 6,196.65	\$ 428.72	\$ -	\$ 428.72	\$ 5,767.93
Dept. of Transportation & Public Facilities							
Alaska Marine Highway System	\$ 22,359.12	\$ -	\$ 22,359.12	\$ 37,538.28	\$ -	\$ 37,538.28	\$ (15,179.17)
Dept. of Environmental Conservation							
Division of Water	\$ 919.55	\$ -	\$ 919.55	\$ 505.70	\$ -	\$ 505.70	\$ 413.85
Dept. of Commerce, Community & Economic Development							
Tourism Development	\$ -	\$ 200.00	\$ 200.00	\$ -	\$ 200.00	\$ 200.00	\$ -
Tourism Marketing	\$ 2,500.00	\$ -	\$ 2,500.00	\$ 5,000.00	\$ -	\$ 5,000.00	\$ (2,500.00)
Total by Category	\$ 53,271.84	\$ 200.00	\$ 53,471.84	\$ 44,846.79	\$ 200.00	\$ 45,046.79	\$ 8,425.04

Fiscal Year 2006 Net Return to the State of Alaska



Tourism

Department of Revenue

Tax Division

- Corporate Income Tax collected from tour companies.
- Vehicle Rental Tax is an excise tax on the charge for the lease or rental of a passenger or recreational vehicle in Alaska. Department of Revenue reports total vehicle rental tax collected at \$7,657,116. The Department of Commerce estimates that 85% (or \$6,508,548) of vehicle rental tax is attributable to non-resident, tour traffic.

Department of Fish & Game

Sportfish Division

- Non-resident sportfish licenses: FY06 revenues from the sale of non-resident fishing licenses and associated administrative costs.

Division of Wildlife Conservation

- Non-resident hunting and trapping licenses: All non-resident hunting and trapping license sold in FY2006 and costs associated with administering the non-resident portion of the hunting and trapping license program.

Continued...

**Cruise ship passenger head tax through the voters
Ballot Measure 2 will be effective by FY08 and is
estimated to bring in \$50 million.**

Fiscal Year 2006 Net Return to the State of Alaska



Tourism

Department of Transportation & Public Facilities

Alaska Marine Highway System

- Non-resident passenger fees – Revenues and expenses covering the months of May through September 2006, including passenger, car deck, staterooms and on-board sales adjusted to reflect Commerce's 2005 AVSP Summer Visitor arrival report showing 67% of ferry travelers as non-resident.
- Total fees were \$33.3 million adjusted to \$22.4 million. Total expenses were \$56 million adjusted to \$37.5 million.

Department of Environmental Conservation

Division of Water

- Commercial Passenger Vessel Environmental Compliance Program covers the cost of program administration.

Department of Commerce, Community & Economic Development

Office of Economic Development

- Federal funds from Economic Development Administration to administer a rural development tourism program.
- Office of Economic Development tourism personnel and associated costs.
- Product Development Program (Federal Funds).
- In FY 2006, \$2.5 million from business license receipts were appropriated for tourism marketing.

Continued...

Fiscal Year 2006 Net Return to the State of Alaska



Tourism

Department of Commerce, Community, and Economic Development

Alaska Travel Industry Association

- Matching grant with Alaska Travel Industry Association for generic tourism marketing. The Alaska Tourism Industry matches these funds \$1 for \$1. For a combined marketing program totaling \$10 million.

Net Return from Tourism
(Dollars in Thousands):
\$8,425.04

Item	Fed/State	Amount
Source (Dollars in Thousands)		
Tax Division	State	\$9,986.45
Dept. Fish & Game	State	\$17,506.72
DOT	State	\$22,359.12
DEC	State	\$919.55
DCCED	State	2,500.00
Federal Funds to DCCED	Federal	200.00
Uses (Dollars in Thousands)		
Tax Division	State	\$239.77
Dept. Fish & Game	State	\$1,563.04
DOT	State	\$37,538.28
DEC	State	\$505.70
DCCED	State	\$5,000.00
Federal Funds to DCCED	Federal	\$200.00

Fiscal Year 2006 Net Return to the State of Alaska



Minerals

Minerals FY06 (In Thousands of Dollars)

Agency - Program	SOURCES (Revenue)			USES (Expenditures)			Difference
	State Funds	Federal Funds	SubTotal	State Funds	Federal Funds	SubTotal	Sources - Expenditures
Dept. of Revenue							
Tax Division	\$ 19,648.53	\$ -	\$ 19,648.53	\$ 162.58	\$ -	\$ 162.58	\$ 19,485.95
			\$ -				
Dept. of Natural Resources							
Division of Mining, Land & Water	\$ 7,439.80	\$ 906.70	\$ 8,346.50	\$ 3,078.80	\$ 906.70	\$ 3,985.50	\$ 4,361.00
Office of Habitat Management & Permitting	\$ -	\$ -	\$ -				\$ -
Office of Project Management and Permitting	\$ -	\$ -	\$ -				\$ -
Dept. of Education & Early Development				\$ 100.00	\$ -	\$ 100.00	\$ (100.00)
Dept. of Commerce, Community & Economic Development							
AIDEA	\$ 17,669.00		\$ 17,669.00	\$ 9,469.00	\$ -	\$ 9,469.00	\$ 8,200.00
Office of Economic Development				\$ 108.60	\$ -	\$ 108.60	\$ (108.60)
Total by Category	\$ 44,757.33	\$ 906.70	\$ 45,664.03	\$ 12,918.98	\$ 906.70	\$ 13,825.68	\$ 31,838.35

Fiscal Year 2006 Net Return to the State of Alaska



Minerals

Department of Revenue

Tax Division

- Corporate Income Tax is collected from minerals companies. The Tax Division estimates costs associated with administering the corporate income tax program for mining companies.
- Mining License Tax is a levy on mining net income and royalties received in connection with mining properties and activities in Alaska. The Tax Division collects mining license taxes primarily from businesses engaged in coal and hard rock mining.
- Through the Alaska education credit program, there is \$121,880 in tax credits off the minerals tax program.

Department of Natural Resources

Division of Mining, Land & Water

- The Division of Mining, Land & Water receives revenues from royalties, material, fees and permitting from the mining industry. Federal Royalties, from coal and hard rock programs total \$906,700.

Department of Commerce, Community and Economic Development

Alaska Industrial Development & Export Authority

- Under the Development Finance Program, the Alaska Industrial Development & Export Administration took in \$17,699 million in fees for use of the terminal by Teck Cominco's Red Dog operation; expenses to operate the terminal were \$9,369 million. AIDEA also spent \$108,600 studying the Skagway ore terminal upgrade.

Fiscal Year 2006 Net Return to the State of Alaska



Minerals

Department of Commerce, Community and Economic Development

Alaska Industrial Development & Export Authority

■ Under the Development Finance Program, the Alaska Industrial Development & Export Administration took in \$17,699 million in fees for use of the terminal by Teck Cominco's Red Dog operation; expenses to operate the terminal were \$9,369 million. AIDEA also spent \$108,600 studying the Skagway ore terminal upgrade.

Office of Economic Development

■ The Minerals section of this office is strictly charged to the minerals industry; one full-time employee and one part-time intern are assigned to this section. Expenditures are for wages, travel and the Minerals Commission. Travel is to minerals related conventions in Canada and the United States. The Minerals Commission administration is handled through this office and expenses incurred by the commission, mostly travel, are charged to this office.

Office of Habitat Management & Permitting

■ The Office of Habitat Management and Permitting requires mining permit review.

Office of Project Management and Permitting

■ LPP has a mining component under its single review and approval process.

Fiscal Year 2006 Net Return to the State of Alaska



Minerals

Department of Education & Early Development

The Alaska Minerals & Energy Resource Education Fund is intended to educate elementary level students about the minerals industry. Half of the \$100,000 comes from the capital budget.

Department of Environmental Conservation

Division of Water

- The Industrial/Non-domestic Wastewater Section maintains a minerals section that regulates industrial/non-domestic wastewater discharges in Alaska.

Net Return from Minerals
(Dollars in Thousands):
\$31,838.35

Item	Fed/State	Amount
Source (Dollars in Thousands)		
Tax Division	State	\$19,648.53
DNR (State & Fed)	State/Fed	\$8,346.50
DCCED	State	\$17,669.0
Uses (Dollars in Thousands)		
Tax Division	State	\$162.58
DNR (State & Fed)	State	\$3,985.5
DEED	State	\$(100.00)
DCCED	State	9,577.60

Fiscal Year 2006 Net Return to the State of Alaska



Seafood

Seafood FY06 (In Thousands of Dollars)

Agency - Program	SOURCES (Revenue)			USES (Expenditures)			Difference
	State Funds	Federal Funds	SubTotal	State Funds	Federal Funds	SubTotal	Sources - Expenditures
Dept. of Revenue							
Tax Division	\$ 63,277.92	\$ -	\$ 63,277.92	\$ 5,812.01	\$ -	\$ 5,812.01	\$ 57,465.91
Dept. of Fish & Game							
Division of Administrative Services	\$ 1,878	\$ -	\$ 1,878.04	\$ 84.40		\$ 84.40	\$ 1,793.64
Division of Commercial Fish	\$ 3,753.50	\$ 17,795.50	\$ 21,549.00	\$ 33,096.80	\$ 17,795.50	\$ 50,892.30	\$ (29,343.30)
Commercial Fishery Entry Commission	\$ 4,640		\$ 4,639.50	\$ 3,072.70		\$ 3,072.70	\$ 1,566.80
Board of Fish	\$ 186	\$ 5.35	\$ 190.85	\$ 505.25	\$ 5.35	\$ 510.60	\$ (319.75)
Dept. of Labor & Workforce Development							
Division of Employment Security		\$ 2,369.36	\$ 2,369.36		\$ 2,369.36	\$ 2,369.36	\$ -
Division of Workers Compensation	\$ 244.29	\$ -	\$ 244.29	\$ 1,226.03		\$ 1,226.03	\$ (981.74)
Dept. of Natural Resources							
Division of Mining, Land & Water	\$ 51.30	\$ -	\$ 51.30	\$ 100.00		\$ 100.00	\$ (48.70)
Dept. of Environmental Conservation							
Division of Environmental Health	\$ 564.70	\$ 704.10	\$ 1,268.80	\$ 1,189.80	\$ 704.10	\$ 1,893.90	\$ (625.10)
Division of Water			\$ -			\$ -	\$ -
Dept. of Commerce, Community & Economic Development							
ASMI			\$ -	\$ 6,406.37		\$ 6,406.37	\$ (6,406.37)
Office of Economic Development			\$ -	\$ 150.00		\$ 150.00	\$ (150.00)
Division of Banking and Securities/CDQ Management	\$ 306.20	\$ -	\$ 306.20	\$ 306.20		\$ 306.20	\$ -
Division of Investments	\$ 13,161.00	\$ -	\$ 13,161.00	\$ 13,208.00		\$ 13,208.00	\$ (47.00)
Various agencies through reimbursable service agreements (matches F&G)	\$ 830.20	\$ -	\$ 830.20				
Total by Category	\$88,892.15	\$20,874.31	\$ 109,766.46	\$65,157.56	\$ 20,874.31	\$ 86,031.87	\$ 23,734.59



Seafood

Department of Revenue

Tax Division

- Corporate Income Tax is collected from seafood companies.
- Fishery Business Tax is collected on all shoreside processing activity.
- Salmon Enhancement Tax is collected for salmon hatchery cost recovery purposes and is distributed through the Department of Commerce, Community & Economic Development's Division of Investments.
 - Seafood Marketing Assessment is collected on all seafood sales and is appropriated to the Alaska Seafood Marketing Institute (see cross reference in Department of Commerce).
 - Salmon Marketing Tax is a program in its final stage. FY06 figures are final collection amounts.
 - Seafood Development Association tax is assessed by regional seafood development associations. There was just one region assessed a tax in FY06 – Prince William Sound (payment will be made of the Department of Commerce following approval of the FY07 supplemental).
- Fishery Resource Landing Tax is tax collected on offshore processing activity.
- Dive Fishery Management Assessment tax is collected on Southeast Dive fisheries and is generally returned for management and resource survey work through the Department of Fish & Game Institute.
- The Department of Revenue offers a number of fisheries tax credit programs. In total, seafood processors claimed \$4.86 million through the Alaska Education Program, CDQ Contributions, and the Salmon Product Development and Utilization Program.

Fiscal Year 2006 Net Return to the State of Alaska



Seafood

Department of Revenue Tax Division, *continued*

Item	Fed/State	Amount
Source (In Thousands of Dollars)		
Corporate Income Tax	State	\$4,222.89
Fishery Business Tax	State	\$35,978.60
Salmon Enhancement Tax State		\$4,379.25
Seafood Marketing Assessment	State	\$6,357.58
Salmon Marketing Tax	State	\$48.80
Seafood Development Association	State	\$152.47
Fishery Resource Landing Tax	State	\$11,864.81
Dive Fishery Management Assessment	State	\$237.52
Subtotal Sources		\$63,277.92
Uses (In Thousands of Dollars)		
Corporation Income Tax Collection Costs	State	\$144.37
Fisheries Tax Administration	State	\$790.30
Fisheries Tax Credits	State	\$4,877.34
Subtotal Uses		\$5,812.01

Fiscal Year 2006 Net Return to the State of Alaska



Seafood

Department of Fish & Game

Division of Administrative Services

- The Division of Administrative Services manages the Fish & Game Fund. The fund is built by crewmember license receipts and other receipts. Administrative Services collected \$1,878,043 in crewmember license in FY06. \$1,083,100 was used in the Division of Commercial Fisheries and \$586,543 went to the Fishermen's Fund with the Department of Labor. \$84,400 remained with the Fund.

Fiscal Year 2006 Net Return to the State of Alaska



Seafood

Division of Commercial Fisheries

- The Division of Commercial Fisheries received \$201,000 in revenues from the Exxon Valdez Oil Spill Trustees Fund for research, habitat and restoration work.
- The Dive Fishery Management Assessment received by Department of Revenue of \$361,500 was transferred to Department of Fish & Game for management and resource survey work.
- The Division conducts test fisheries to determine stock abundance and collects proceeds from sale of fisheries resource harvested in the assessments. The FY06 amount was \$1,968,200.
- The Division used \$1,083,100 in funds collected by the Division of Administrative Services/F&G for commercial fishing crewmembers license fees under the Fish and Game Fund.
- The Division received funds from the Department of Commerce's Division of Investments, Commercial Fisheries Revolving Loan Fund (see reference under Dept. of Commerce, Division of Investments) in the amount of \$1,865,900.
- The Department received funds from the Commercial Fishing Entry Commission of \$230,000.
- The Division receives funds from local, non-profit and other non-State or federal organizations through Program Receipts. The FY06 amount was \$1,584,200.
- The Division received \$830,200 from several other agencies for services.
- The Division receives federal funding from the US Departments of Interior, Commerce and Agriculture. The funds from the Department of Commerce (\$16,133.81) include \$2,580.60 that went to Division of Commercial Fisheries program work. A considerable portion of US Department of Commerce funds listed in the *Uses* category were in other agency programs.

Fiscal Year 2006 Net Return to the State of Alaska



Seafood

Division of Commercial Fisheries, *Continued*

Item	Fed/State	Amount
Source (In Thousands of Dollars)		
Exxon Valdez Oil Spill	State	\$201.10
Test Fishery Receipts	State	\$1,968.20
Fish & Game Fund	State	\$1,878.04
Program Receipts	State	\$1,584.20
U.S. Department of Commerce	Federal	\$16,133.81
U.S. Department of Interior	Federal	\$1,442.63
U.S. Department of Agriculture	Federal	\$219.06
Subtotal Sources		\$23,427.04
Uses (In Thousands of Dollars)		
Exxon Valdez Oil Spill	State	\$201.10
Dive Fishery Management Assessment	State	\$361.50
Test Fishery Receipts	State	\$1,968.20
Fish & Game Fund for Division Use	State	\$1,083.10
Commercial Fisheries Revolving Loan Fund	State	\$1,865.90
CFEC Receipts	State	\$230.00
Program Receipts	State	\$1,584.20
Reimbursable Service Agreements	State	\$830.20
General Fund	State	\$24,972.60
U.S. Department of Commerce	Federal	\$16,133.81
U.S. Department of Interior	Federal	\$1,442.63
U.S. Department of Agriculture	Federal	\$219.06
Subtotal Uses		\$50,892.30

Fiscal Year 2006 Net Return to the State of Alaska



Seafood

Commercial Fishing Entry Commission

- The Commission collects fees for permits, vessel registration and other. The Commission allocated \$395,200 to Department of Labor's Fishermen's Fund.

Board of Fisheries

- Board of Fisheries costs are budgeted with the Board of Game. Revenues and costs listed are 50% of all receipts except general fund.

Department of Labor & Workforce Development

Division of Employment Security

- Employment Security made \$2,157,400 in National Emergency Grants for fisheries and \$211,958 in fisheries related employment & training services.

Division of Workers Compensation

- Workers Compensation manages the Fishermen's Fund. In FY06 it paid out \$1,226,000 in benefits to injured fishermen. The Fund received \$981,740 from the Commercial Fisheries Entry Commission (\$395,200 referenced under CFEC Sources) and the Department of Fish & Game (\$586,540 referenced under Division of Commercial Fisheries).

Department of Natural Resources

Division of Mining, Land & Water

- The Division of Mining, Land & Water operates the aquatic farming program which oversees the permitting for shellfish farms throughout Alaska.

Fiscal Year 2006 Net Return to the State of Alaska



Seafood

Department of Environmental Conservation

Division of Environmental Health

- Environmental Health collected \$23,400 in fees for shellfish flesh composition testing.
- The seafood section collected \$541,300 in permitting fees for seafood processors.
- The Division received \$336,800 in from the Food & Drug Administration for seafood inspection services.
- The Division received \$8,000 in from the US Dept. of Commerce for seafood inspection services.
- The Division received \$359,300 in from the Environmental Protection Agency for fish flesh testing services.

Item	Fed/State	Amount
Source (In Thousands of Dollars)		
Shellfish Testing	State	\$23.40
Processing Permits	State	\$541.30
Food & Drug Administration	State	\$336.80
U.S. Department of Commerce	Federal	\$8.00
Environmental Protection Agency	Federal	\$359.30
Subtotal Sources		\$1,268.80
Uses (In Thousands of Dollars)		
Shellfish Testing	State	\$23.40
Processing Permits	State	\$541.30
Food & Drug Administration	State	\$336.80
U.S. Department of Commerce	Federal	\$8.00
Environmental Protection Agency	Federal	\$359.30
General Fund	State	\$625.10
Subtotal Uses		\$1,893.90

Fiscal Year 2006 Net Return to the State of Alaska



Seafood

Division of Water

- The Industrial/Non-domestic Wastewater Section oversees seafood processing discharge activities.

Department of Commerce, Community and Economic Development

Alaska Seafood Marketing Institute

- The Alaska Seafood Marketing Institute received federal funds from the Alaska Fisheries Marketing Board (\$3,504,800), the U.S. Department of Agriculture (\$4,141,700), and State funds are from the seafood marketing assessment reference under the Department of Revenue.

Office of Economic Development

- In FY06, the Office employed two development specialists.

Division of Banking & Securities

- State oversight for the Community Development Quota Program is within the Division of Banking & Securities. In FY06, the program received fees from the CDQ corporations for oversight.

Fiscal Year 2006 Net Return to the State of Alaska



Seafood

Division of Investments

- The Division of Investments uses the Commercial Fishing Revolving Loan Fund (CFRLF) to loan on commercial fishing activities. In FY06, the Fund had earnings of - \$5,357,000. This includes loan interest and fee income (\$4,318,000) and earnings to the General Fund from the cash portion of the CFRLF (\$1,039,000).
- The Division of Investments uses the Fisheries Enhancement Revolving Loan Fund (FERLF) to loan on salmon enhancement development projects. In FY06, the Fund had earnings of 2,195,000. This includes loan interest and fee income (\$1,850,000) and earnings to the General Fund from the cash portion of the FERLF (\$345,000).
- In FY06, funds were withdrawn from the CFRLF for Division of Investments (\$3,280,000) operating costs, and Dept. Fish & Game (\$1,976,000).
- In FY06, \$450,000 was withdrawn from FERLF to support the Division of Investment's operating costs.
- The Division of Investments handles the appropriation of salmon enhancement tax back to Alaska's salmon hatcheries. This is reflected as a Use of funds. The Source is listed in the Department of Revenue's Tax Division above.
- The Division returned \$4,318,000 in interest and fee income to CFRLF.
- The Division returned \$1,850,000 in interest and fee income to RFRLF.

Fiscal Year 2006 Net Return to the State of Alaska



Seafood

Division of Investments, *Continued*

Net Return from Seafood
(Dollars in Thousands):
\$23,734.59

Item	Fed/State	Amount
Source (In Thousands of Dollars)		
Commercial Fishing Revolving Loan Fund	State	\$5,357.00
Fisheries Enhancement Revolving Loan Fund (FERLF)	State	\$2,195.00
CFRFL Withdraws - Investments	State	\$3,288.00
CFRFL Withdraws - Fish & Game	State	\$1,976.00
FERLF Withdraws – Investments	State	\$345.00
Subtotal Sources		\$13,161.00
Uses (In Thousands of Dollars)		
Division of Investments	State	\$3,738.00
Salmon Enhancement Appropriation	State	\$3,302.00
CFRFL Returns	State	\$4,318.00
CFRFL Returns	State	\$1,850.00
Subtotal Uses		\$13,208.00

Fiscal Year 2006 Net Return to the State of Alaska



Community Taxes, Fees and Royalty Revenues: A Local Government Perspective

Department of Commerce, Community, and Economic Development
Division of Community Advocacy,
Office of Economic Development

April 2007

Fiscal Year 2006 Net Return to the State of Alaska



Mining

2006 Alaska Mineral Industry Payments to Local Governments

Tax or Payment	Description
Property Tax	Direct payment by the mine operations to local government.
Payment in lieu of Taxes (PILT)	Payments treated as tax dollars and converted back to a true total of all taxable property within a borough. In FY 2006, Teck Cominco's PILT payment to the NW Arctic Borough exceeded \$6 million.
Severance Tax	A tax on "the privilege of severing natural resources from the earth." Boroughs in Alaska have the legal authority to levy severance taxes. Presently, two boroughs, Denali and Kodiak Island levy severance taxes against the activity of harvesting or extracting natural resources within their jurisdictions.
Sales Tax	A common source of municipal revenue, this tax is more easily focused on specific activities than a property tax. An example is a tax on local services. In 2003 Juneau's Greens Creek mine paid approximately \$350,000 in sales tax on services.

Source: DCCED Alaska Taxable 2006

Property Taxes Paid by Selected Mine Operators, 2005 Value in Actual Dollars

Borough	Mining Operation	Tax Revenue Paid
City and Borough of Juneau	Greens Creek-Juneau	\$754,189
Fairbanks North Star	Ft Knox-Fairbanks	\$2,977,126
Northwest Arctic	Red Dog Mine PILT - Negotiated	\$6,328,000
Total		\$10,059,315

Source: Alaska Taxable 2006. 1. Actual runs \$ 5 - 6 million and changes year to year.

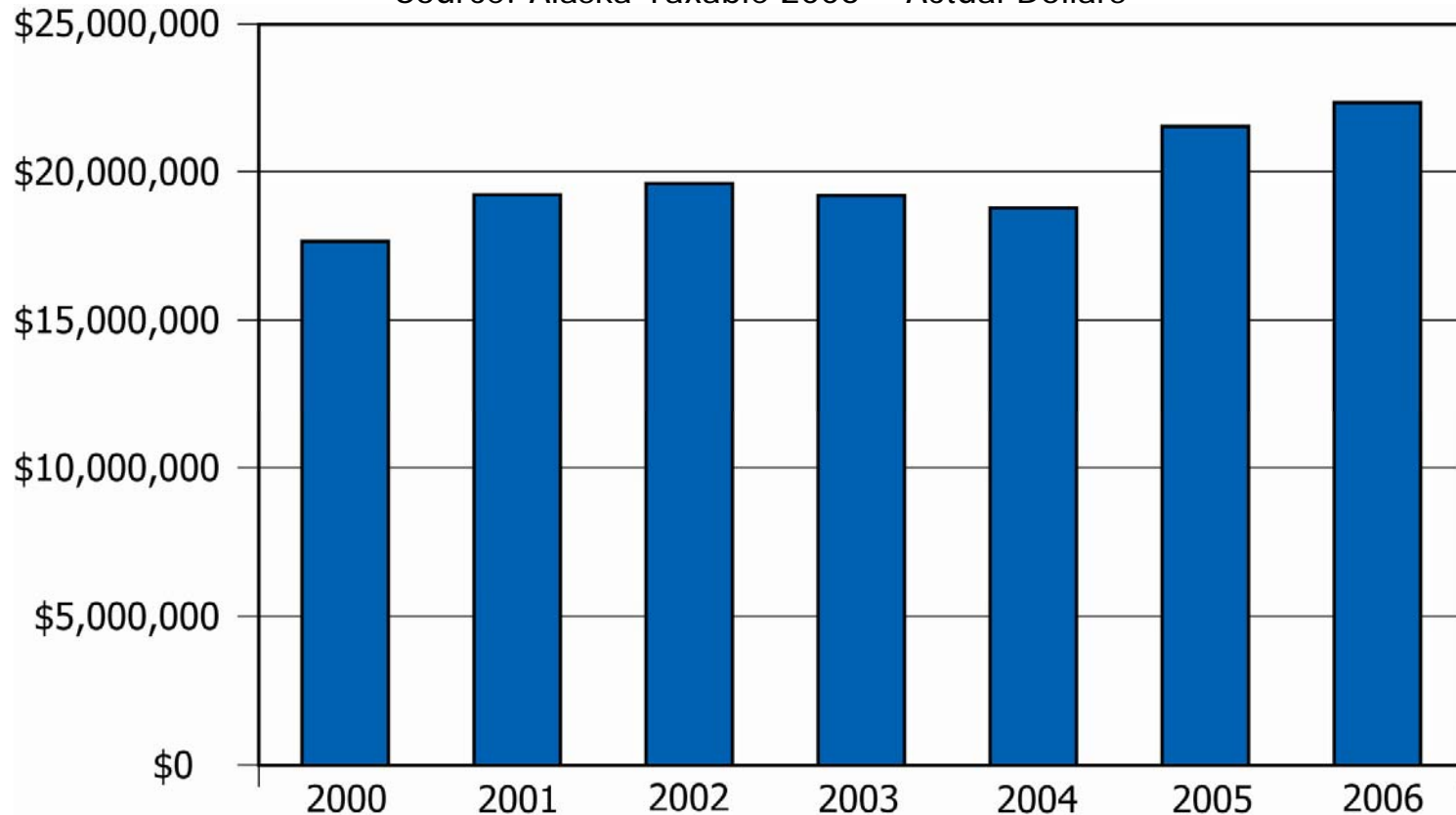
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Tourism

Alaska Lodging Taxes, 2000 – 2006

Source: Alaska Taxable 2006 Actual Dollars



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Seafood

2006 Municipal Special Tax and Revenues and Community Development Quota Royalties In Actual Dollars

Municipality	Special Tax	Revenues
Akutan	1% Raw Fish Tax	\$895,000
Aleutians East Borough	2% Raw Fish Tax	\$3,618,569
Atka	2% Raw Fish Tax	\$22,350
Bristol Bay Borough	3% Raw Fish Tax	\$784,465
Chefornak	2% Raw Fish Tax	Not Reported
Egegik	2% Raw Fish Tax	\$792,763
Lake & Peninsula Borough	2% Raw Fish Tax	\$943,747
Sand Point	2% Raw Fish Tax	\$605,291
Togiak	2% Raw Fish Tax	\$35,396
Unalaska	2% Raw Fish Tax	\$4,193,082
Yakutat, City & Borough of	1% Raw Fish Tax	\$20,540
Subtotal Special Tax		\$11,911,203
Estimated Commercial Seafood Property Taxes Paid to Local Communities		\$4,185,467
Total Special and Property Taxes		\$16,096,670
Shared Fish Tax¹		\$22,879,552
Community Development Quota royalties 2006		\$60,485,023
Combined Commercial Fisheries Revenues		\$99,461,245

Source: 2006 Alaska Taxable, and CDQ Program DCCED

(1). The shared fish tax is collected at the state level and then shared among Alaska's communities. They include business tax and landing tax paid to organized and unorganized governments.

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Summary Table

Supplemental Report Summary Table Actual Dollars	
Estimated Taxes Collected by the State and Distributed to Local Communities or Paid in 2006 by Selected Industries to Local Governments and Private Entities ¹	
Industry	Total Revenues
Minerals ²	\$64,900,000
Tourism ³	\$48,300,000
Timber ⁴	\$7,864,462
Commercial Fisheries ⁵	\$76,581,693
Shared Fish Tax ⁶	\$22,879,552
Subtotal Commercial Fisheries	\$99,461,245
Total	\$220,525,707

Footnotes: (1). Includes all taxes described in the supplemental including property taxes paid by businesses. (2). Includes Teck Cominco's payments to AIDEA and royalties to NANA, payments to local governments, and AK Railroad in 2005/06. (3). Includes bed tax revenues and estimated cruise ship fees and passenger head tax fees where they apply. (4). This data compares locally assessed property values for five principle timber communities and finds a 15% increase in total assessed value between 2005 - 2006. This percentage is then applied to last year's timber property tax of \$6,841,271 to arrive at the FY 2006 figure. (5). Includes CDQ royalties, estimated property taxes paid at local level, and local raw fish taxes. (6). The shared fish tax is collected at the state level and then shared among Alaska's communities. They include business tax and landing tax paid to unorganized and

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Methodology

Research & Analysis staff focused only on the specific question concerning “net return” or the revenues to the State treasury from taxes, royalties, fees and federal funds tied to the Timber, Mining, Commercial Fishing and Tourism industries. **The report presented here does not compare the taxes and fees received from the aforementioned industries with the gross value of production of those industries.** It is particularly important to note this in the case of Tourism, not a true industry sector in classic economic terms. Generally, economic benefit to the state economy from tourism is derived after modeling areas of employment, private and public sector income and other economic conditions involving the tourism industry. **Additionally, it is important to note that the report was undertaken to address a legislative request and is not intended to be used as an economic cost – benefit analysis of the four industry sectors reviewed.**

R&A staff contacted principal Alaska State agencies with management responsibilities for timber, mining, commercial fisheries and tourism, and requested that they provide expenditures and revenues for their sector specialty. Please note that government expenditures are not tracked by type of resource served, the expenditure data were compiled based on the estimates of agency budget specialists.

Staff included federal revenues the state receives specifically for purposes of assisting with management of a state resource. For example, federal funds assist Alaska with the management of its commercial fisheries. Funds such as these are counted as revenue.

Continued...

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Methodology

Collecting revenues for Timber, Mining and Commercial Fisheries was straight forward because these three sectors have taxes, fees or leases directed to them. It is important to note that timber revenue streams have peaks and troughs and looking at one fiscal year does not provide the most accurate picture, as in each of the past five fiscal years, revenues have increased on a year-to-year basis for timber sales.

While every effort was made under the timeframe of this project to gather the requested information, identifying expenditures is challenging since, as prior Legislative Research reports have shown, the State's accounting system is designed to pay bills, not to implicitly capture the type of data this requests seeks. In identifying associated administrative costs with a particular sector, R&A staff used the best estimates of finance personnel in those departments, and carefully consulted with the agency experts to locate and reduce, where possible, all overlapping revenues and expenditures that might occur as a result of reimbursable service agreements. R&A staff followed the same approach used in former Legislative Research (Affairs) Agency reports on this subject by assigning any overlaps to the expenditure category of the department actually spending the money.

The report was compiled by contacting the agencies with the greatest likelihood of involvement with the four sectors requested. R&A staff is confident that the agency people responding to the inquiry are the top personnel on this topic in their respective departments. Each agency staff assisted the report process with the best available information at hand.