



# UNITED FISHERMEN OF ALASKA

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June 23, 2016

Honorable Bill Walker, Governor  
State of Alaska  
PO Box 110001  
Juneau, AK 99811

## **Re: Fishery taxes and permit fees**

Dear Governor Walker,

United Fishermen of Alaska (UFA) has closely followed legislation this session regarding fishery taxes beginning with your HB 251. We have consistently held our position that any new or increased taxes on the fishing industry must be part of a comprehensive fiscal solution, as included in our 2015 resolution.

As we look toward the fifth special session, we bring to your attention our positions that have been developed as fishery taxes and fees have been addressed in the legislature. UFA has the following comments on concepts that are in HB 4006 or have been considered in previous versions of the legislation:

### **UFA opposes the removal of CFEC permit fee maximum caps.**

This increase was not included in your original fishery tax legislation, and was brought up as a conceptual amendment then withdrawn in the House Special Committee on Fisheries, yet continued to appear in subsequent fishery tax legislation. While most often characterized as primarily affecting non-residents, we note testimony from Alaska fishing families that will be severely affected. Alaska should be looking to attract multi-generational operations that include larger vessels and multiple rotating skippers. In testimony in House Finance committee we heard from sons looking to rise to skipper with permits currently at the cap – who would be prevented from their goal by a drastic rise in the permit price. We caution against unduly hurting Alaskans in the zeal to target non-resident fleets.

### **UFA opposes any increases in the Fisheries Business or Resource Landing tax that disproportionately distribute the tax burden across fishery sectors.**

We appreciate the intent of your original legislation HB 251, generally raising taxes by one percentage point with the exception of developing fisheries. This is in line with your intent and our Resolution, that tax increases affect the broad range of constituents, not single out particular sectors. We opposed amendments that sought to favor one fishery sector over another in House Finance.

**UFA opposes an increase on canned salmon tax** - we support keeping this tax at the current 4.5%. Canned salmon is often produced in extreme excess simply to keep fishermen fishing in

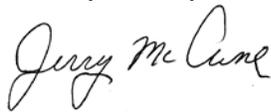
times of very large runs. This particular tax could actually cause less fish to be processed during these years of large runs, reducing revenue to the state.

**UFA opposes increasing fishery Business and Landing tax on developing fisheries.** UFA supports keeping developing fisheries at the current 1% tax rate, as in HB 4006 as introduced. We are amenable to an increase to 2% at most in developing fisheries - as included in the original HB 251 legislation.

Also included in your call for the fifth special session is consideration of a personal income tax. We appreciate the intent to remove unworkable provisions included in the original HB 249 that would have classified fishermen and crew as employers / employees, subject to withholding of estimated tax payments. Fishing crew are generally independent contractors and are subject to IRS provisions specific to fishing, and many operations are ill-equipped to withhold estimated tax payments. We appreciate the response from the Department of Revenue to our input on this point.

UFA is the statewide commercial fishing trade association, representing 34 commercial fishing organizations participating in fisheries throughout the state and its offshore federal waters.

Thank you for your consideration,



Jerry McCune  
President



Mark Vinsel  
Executive Administrator

CC:

Lieutenant Governor Byron Mallott  
Darwin Peterson, Office of the Governor  
Barbara Blake, Office of the Lieutenant Governor