



TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, City Manager

DATE: January 12, 2021

RE: **Resolution No. 21-2801 - Adopting An Alternative Allocation Method For The FY21 Shared Fisheries Business Tax Program And Certifying That This Allocation Method Fairly Represents The Distribution Of Significant Effects Of Fisheries Business Activity In The Fisheries Management Area 19: Southern Southeast And Establishing an Effective Date**

The attached resolution was prepared by Financial Analyst Camille Nelson, who requested that it be placed before the City Council for consideration at its meeting of January 21, 2021. If adopted, Resolution No. 21-2801 stipulates the City's concurrence to the alternative allocation method for the FY21 Shared Fisheries Business Tax Program. Under this method, the City expects to receive \$2,411.59. Last year the City received \$3,596.88. The Financial Analyst's memorandum is self-explanatory and requires no elaboration on the part of my office.

Finance Director Michelle Johansen will be attending the City Council meeting of January 21, 2021, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended that the City Council adopt the motion approving Resolution No. 21-2801 adopting an alternative allocation method for the FY21 Shared Fisheries Business Tax Program; certifying that this allocation method fairly represents the distribution of significant effects of fisheries business activity in the Fisheries Management Area 19: Southern Southeast and establishing an effective date.

Recommended Motion: I move that the City Council approve Resolution No. 21-2801 adopting an alternative allocation method for the FY21 Shared Fisheries Business Tax Program; certifying that this allocation method fairly represents the distribution of significant effects of fisheries business activity in the Fisheries Management Area 19: Southern Southeast and establishing an effective date.

MEMORANDUM
CITY OF KETCHIKAN, ALASKA
Finance Department
Office of the Finance Director

Michelle Johansen, Finance Director
Camille Nelson, Financial Analyst
Phone: (907) 228-5621
Facsimile: (907) 228-5617

TO: Karl R. Amylon, City Manager

FROM: Camille Nelson, Financial Analyst

THRU: Michelle Johansen, Finance Director

DATE: January 12, 2021

SUBJECT: **Resolution No. 21-2801, Adopting An Alternative Allocation Method for the FY21 Shared Fisheries Business Tax Program and Certifying That This Allocation Method Fairly Represents The Distribution Of Significant Effects Of Fisheries Business Activity In The Fisheries Management Area 19: Southern Southeast And Establishing An Effective Date**

The Shared Fisheries Business Tax Program (the "SFBTP") is a program established by the State of Alaska to provide for an annual sharing of fish tax collected outside municipal boundaries to municipalities that can demonstrate that they suffered significant effects from fisheries business activity. This program should not be confused with the Raw Fish Tax Program which shares fish tax revenues collected inside municipal boundaries.

The Fisheries Management Area 19: Southern Southeast (the "SSFMA") is expected to receive \$8,074.45 based on 2019 fisheries activity as reported by fish processors on their fish tax returns. The City of Ketchikan is one of the eight communities located within the SSFMA. There are two methods for allocating the proceeds from the Shared Fisheries Business Tax Program-standard and alternative. The standard method requires municipalities to document the significant effects from fisheries activities in the community. The alternative method is based on a formula agreed upon by all of the communities with the SSFMA.

For the past nineteen years, all the municipalities within the SSFMA have agreed to an alternative allocation method developed by the Department of Commerce Community and Economic Development, Division of Community and Regional Affairs (the "DCRA"). This method allocates one-half of the amount awarded equally to all eight municipalities located within the fisheries management area. The other one-half is allocated proportionately on the basis of the population of each municipality. The DRCA has, contacted each municipality and reviewed the proposed alternative allocation method with them. Each municipality has given their tentative agreement, subject to approval by their respective governing board.

Under the alternative method, the City of Ketchikan will receive a payment of approximately \$2,411.59 or 30% of the total amount awarded to SSFMA. Last year, the City received \$3,596.88 or 31% of the total.

Resolution No. 21-2801 certifies that the City of Ketchikan did suffer significant effects from fisheries business activity that occurred within the SSFMA, states that the City Council desires to apply for funding under the SFBTP, and certifies that the City Council concurs with the alternative allocation method.

Karl R. Amylon
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Recommended Motion:

I move that the City Council approve Resolution No. 21-2801, adopting an alternative allocation method for the FY21 Shared Fisheries Business Tax Program, certifying that this allocation method fairly represents the distribution of the significant effects of fisheries business activity in the Fisheries Management Area 19: Southern Southeast, and establishing an effective date.

CITY OF KETCHIKAN, ALASKA

RESOLUTION NO. 21-2801

A RESOLUTION ADOPTING AN ALTERNATIVE ALLOCATION METHOD FOR THE FY21 SHARED FISHERIES BUSINESS TAX PROGRAM AND CERTIFYING THAT THIS ALLOCATION METHOD FAIRLY REPRESENTS THE DISTRIBUTION OF SIGNIFICANT EFFECTS OF FISHERIES BUSINESS ACTIVITY IN FISHERIES MANAGEMENT AREA 19: SOUTHERN SOUTHEAST AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, AS 29.60.450 requires that for a municipality to participate in the FY21 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, 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 City Council proposes to use an alternative allocation method of the FY21 funding available within Fisheries Management Area 19: Southern Southeast in agreement with all other municipalities in this area participating in the FY21 Shared Fisheries Business Tax Program;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ketchikan as follows:

Section 1. The Council of the City of Ketchikan, Alaska, by this resolution, hereby certifies that the City of Ketchikan did suffer significant effects during calendar year 2019 from fisheries business activities that occurred within the Fisheries Management Area 19: Southern Southeast.

Section 2. The Council of the City of Ketchikan, Alaska wishes to apply for funding under the FY21 Shared Fisheries Business Tax program.

Section 3. The Council of the City of Ketchikan, Alaska, by this resolution, hereby certifies that the following alternative allocation method fairly represents the distribution of significant effects during 2019 fisheries business activity in the Fisheries Management Area 19: Southern Southeast.

The alternative allocation method is as follows:

Fifty percent of the total allocation to the Fisheries Management Area 19: Southern Southeast is to be divided evenly among the eight eligible communities. The remaining fifty percent of the allocation is to be divided among the communities dependent upon a per capita basis.

Section 4. This resolution shall become effective immediately upon passage.

PASSED AND APPROVED THIS 21st day of January, 2021.

Robert Sivertsen, Mayor

ATTEST:

Kim Stanker
City Clerk