Fiscal Effects of Commercial Fishing, Mining & Tourism

What does Alaska receive in revenue?
What does it spend?

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Conclusions represent those of the author’s not UAA, ISER, UAF, or the Council of Alaska producers.
Economist-speak

Fiscal effects =

• State Revenue
• State Expenditures to manage or promote the industry
How not to think about Alaska’s Industries
Other, non-fiscal effects

*Report does not include:*

**Economic effects**
- Jobs & income
- Revenue to businesses

**Social effects**
- Social benefits of a healthy economy
- Quality of life
Commercial Fishing: FY 2016-2019
Commercial Fishing: Revenue

- State Revenue
- State-collected Fish Tax passed through to municipalities
Commercial Fishing: Revenue & Expense

- Revenue
- Expense
- State Revenue
- State Operating Expense
- State Capital Expense
- State-collected Fish Tax passed through to municipalities
Revenue               Expense               Muni Revenue

Commercial Fishing: Revenue & Expense & Muni Revenue

State Revenue
State Operating Expense
State Capital Expense
Municipal Raw Fish Tax Revenue
State-collected Fish Tax passed through to municipalities
# Details: State Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fisheries Business Tax, state share</td>
<td>$20.1</td>
<td></td>
</tr>
<tr>
<td>CFEC revenues in excess of operations</td>
<td>$4.1</td>
<td></td>
</tr>
<tr>
<td>Fishery Resource Landing Tax, state share</td>
<td>$3.8</td>
<td></td>
</tr>
<tr>
<td>Motor Fuel Tax, marine fuel</td>
<td>$2.8</td>
<td></td>
</tr>
<tr>
<td>Corporate Income Tax, fisheries sector</td>
<td>$2.3</td>
<td></td>
</tr>
<tr>
<td>Loan Fund Transfer to General Fund</td>
<td>$1.3</td>
<td></td>
</tr>
<tr>
<td>Seafood Marketing Assessment</td>
<td>$9.8</td>
<td></td>
</tr>
<tr>
<td>Salmon Enhancement Tax (aquaculture)</td>
<td>$7.0</td>
<td></td>
</tr>
<tr>
<td>Seafood Development Tax</td>
<td>$2.4</td>
<td></td>
</tr>
<tr>
<td>Dive Fishery Management</td>
<td>$0.6</td>
<td></td>
</tr>
<tr>
<td>Common Property Fishery Assessment</td>
<td>$0.01</td>
<td></td>
</tr>
<tr>
<td>CFEC revenue applied to operations</td>
<td>$3.6</td>
<td></td>
</tr>
<tr>
<td>Commercial Fishing Crewmember Licenses, total</td>
<td>$3.3</td>
<td></td>
</tr>
<tr>
<td>Test Fishery Receipts</td>
<td>$2.4</td>
<td></td>
</tr>
<tr>
<td>Seafood Processor and Similar Fees</td>
<td>$0.6</td>
<td></td>
</tr>
<tr>
<td>DNR Shore Fishery Lease Payments &amp; Mariculture Fee</td>
<td>$0.4</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$64.4</strong></td>
<td></td>
</tr>
</tbody>
</table>
State Commercial Fishing Revenue: $64.4 million

- True taxes: 53%
- Pass-through Taxes: 31%
- Fees used for agency management: 16%
State Commercial Fishing Operating Budget: $70.9 M

- Fish and Game: 69%
- Commerce: 17%
- Revenue: 2%
- DEC: 3%
- DNR: 1%
- Public Safety: 8%
Commercial Fishing Capital Budget Expense
2016-2019: $1.8 million/year

• Very small capital budget over this period (since the oil price crash)

• 3 commercial fishing related projects over these 4 years.
Municipal Revenues: $49 million

<table>
<thead>
<tr>
<th>Average Revenue 2016-2019</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fisheries Business Tax, municipal share</td>
<td>$22.4</td>
</tr>
<tr>
<td>Fishery Resource Landing Tax, municipal share</td>
<td>6.7</td>
</tr>
<tr>
<td>Municipally imposed fisheries taxes</td>
<td>19.9</td>
</tr>
<tr>
<td><strong>Local government revenue total:</strong></td>
<td><strong>$49.0</strong></td>
</tr>
</tbody>
</table>

- Revenue not comprehensive
- Costs not included (but much smaller than state)
Now the Caveats

• Values are estimates

• Conclusions not necessarily accurate for any segment (e.g., state does not manage federal fisheries, but receives taxes)

• Revenues change with changing prices

• Management goal for fishing not to maximize revenue
Harvests, prices, value, and therefore revenue fluctuate widely by year.
Alaska mandates unitization of oil fields to prevent this
We do not mandate unitization of fisheries to prevent this.
Commercial Fishing: Revenue & Expense & Muni Revenue

- Revenue
- Expense
- Muni Revenue

- State Revenue
- State Operating Expense
- State Capital Expense
- Municipal Raw Fish Tax Revenue
- State-collected Fish Tax passed through to municipalities
Mining
## State Mining Revenue: $66.6 million

<table>
<thead>
<tr>
<th>Average Annual State Mining Revenue FY 2016-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applies to all landowners</td>
</tr>
<tr>
<td>$37.0  Mining License Tax</td>
</tr>
<tr>
<td>$ 0.2  State mining misc fees, total</td>
</tr>
<tr>
<td>$ 1.5  Motor Fuel Tax, mining share</td>
</tr>
<tr>
<td>$10.6  Corporate Income Tax, mining sector</td>
</tr>
<tr>
<td>$ 1.1  Large Mine Projects Fees through DNR OPMP</td>
</tr>
<tr>
<td>State land only</td>
</tr>
<tr>
<td>$ 16.3 Mining rents and royalties, total</td>
</tr>
<tr>
<td>$66.6  Total</td>
</tr>
</tbody>
</table>
State Mining Revenue: $66.6 million

- Mining License Tax - 56%
- Mining Rents & Royalties – 24%
- Corporate Income Tax - 24%
- Other – 4%
State Mining Operating Budget: $6.5 million

- DNR – 87%
- DEC – 4%
- Commerce - 0.5%
- DF&G – 4%
Capital Budget: $150,000/year

• 3 projects over four years
• All involve geologic mapping for mining development
Municipal Revenue: $36.8 million

• Red Dog - largest taxpayer in Northwest Arctic Boro

• Fort Knox – 2nd largest taxpayer payment to Fairbanks Boro (after Trans-Alaska Pipeline)

• Greens Creek & Kensington – 1st & 2nd largest taxpayer in Juneau

• Usibelli Coal Mine - payment to Denali Boro
Mining Caveats: averages don’t represent all segments
Revenue dependent on prices

Monthly Gold Price
$/oz. (real price inflation adjusted to September 2021)

- 1980 peak = $2,384/oz in 1980
- 1980 peak = $678/oz
- 2011 peak = $2,205/oz in 2021 dollars
- September 1, 2021 price = $1,755/oz

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Revenue *not* Included (FY 2016-2019)

Alaska Railroad:
$18.0 million

Payments to AIDEA:
$9.5 million
Tourism
Tourism: Revenue & Expense & Muni Revenue

Revenue           Expense        Muni Revenue

State Revenue
State Operating Expense
State Capital Expense
Municipal Revenue

State Revenue

Revenue

$ million

$120
$110
$100
$90
$80
$70
$60
$50
$40
$30
$20
$10
$0
Tourism: Revenue & Expense & Muni Revenue

- State Revenue
- State Operating Exp
- State Capital Expense
- Municipal Revenue
# State Tourism Revenue: $66.0 million

| Cruise Ship Taxes & Fees |  |  |
|-------------------------|-------------------------------|
|                         | $ 8.6 Large Passenger Vessel Gambling |  |
|                         | $ 3.6 Commercial Passenger Vessel Excise Tax, state share |  |
|                         | $ 3.5 Ocean ranger fees |  |
|                         | $ 1.1 Commercial Passenger Vessel Environmental Compliance Fee |  |
| Other                   | $26.5 Non-resident Hunting and Fishing Licenses |  |
|                         | $15.4 Corporate Income Tax, tourism sector (per DOR) |  |
|                         | $ 7.2 Vehicle Rental Tax |  |
| **Total**               | **$66.0** |  |
Operating Cost Assumptions

• 20% of DNR State Parks Budget
• 46% of DF&G Sport Fishing Budget
• 14% of DF&G Wildlife Conservation Bdgt
• 12% of DF&G Board Support Section
State Tourism Revenue: $66.0 million

- Cruise Ship Taxes & Fees: 25%
- Corporate Income Tax: 23%
- Non-resident hunting and fishing licenses: 40%
- Vehicle Rental Tax: 11%
State Tourism Operating Budget: $19.9 million

- Fish and Game: 57%
- Natural Resources: 16%
- Commerce: 9%
- Public Safety: 6%
- Revenue: 6%
- Environmental Conservation: 6%
Tourism Capital Budget: $4.9 million/year

• 28 projects over the four years 2016-2019

• Examples:
  o Alaska Travel Industry Association – Visitors Statistics Research
  o Cruise Ship Dock Improvements
  o Improvements to State Parks (20% allocated to tourism)
  o Sport Fish Access (46% allocated to tourism)
Municipal Revenue: $101.8 million

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Average Revenue (2016-2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Pass Vessel Tax, muni share</td>
<td>$16.8</td>
</tr>
<tr>
<td>Visitor-related sales tax revenue</td>
<td>35.7</td>
</tr>
<tr>
<td>Lodging tax revenue</td>
<td>31.4</td>
</tr>
<tr>
<td>Dockage/moorage revenue</td>
<td>17.8</td>
</tr>
<tr>
<td><strong>Local government funds total:</strong></td>
<td><strong>$101.8</strong></td>
</tr>
</tbody>
</table>
Tourism Caveats

- Tourism expenditures especially difficult to estimate
  - expenses overlap those for Alaskans
  - requires economic assumptions
Caveats continued

Averages may not represent any segment of Alaska’s complex tourism industry.
Revenue *not* Included

Alaska Railroad: $31.9 million

Non-resident fares on the Alaska Marine Highway: $16.0 million in 2017
Some Observations
These industry revenues do not compare to oil

Average, annual oil and other industries’ revenue 2016-2019

<table>
<thead>
<tr>
<th>Industry</th>
<th>Revenue (Million $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil and gas</td>
<td>2,000</td>
</tr>
<tr>
<td>Commercial Fishing</td>
<td>100</td>
</tr>
<tr>
<td>Mining</td>
<td>50</td>
</tr>
<tr>
<td>Tourism</td>
<td>10</td>
</tr>
</tbody>
</table>
Other:

Management Cost:
• Mining industry costs incredibly little to manage: $6.5 million/year

So what:
• To many people (me), these industries are most important for their economic contributions to people’s well-being and communities.
Commercial Fishing

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Revenue</td>
<td>$60</td>
</tr>
<tr>
<td>State Operating Expense</td>
<td>$20</td>
</tr>
<tr>
<td>State Capital Expense</td>
<td>$20</td>
</tr>
<tr>
<td>Municipal Tax Revenue</td>
<td>$10</td>
</tr>
<tr>
<td>State-collected Fish Tax</td>
<td>$10</td>
</tr>
</tbody>
</table>

Mining

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Revenue</td>
<td>$70</td>
</tr>
<tr>
<td>Municipal Tax Revenue</td>
<td>$30</td>
</tr>
</tbody>
</table>

Tourism

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
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<td>Municipal Tax Revenue</td>
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