

Fiscal Effects of Commercial Fishing, Mining & Tourism

What does Alaska receive in revenue?

What does it spend?

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Council of
Alaska Producers

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

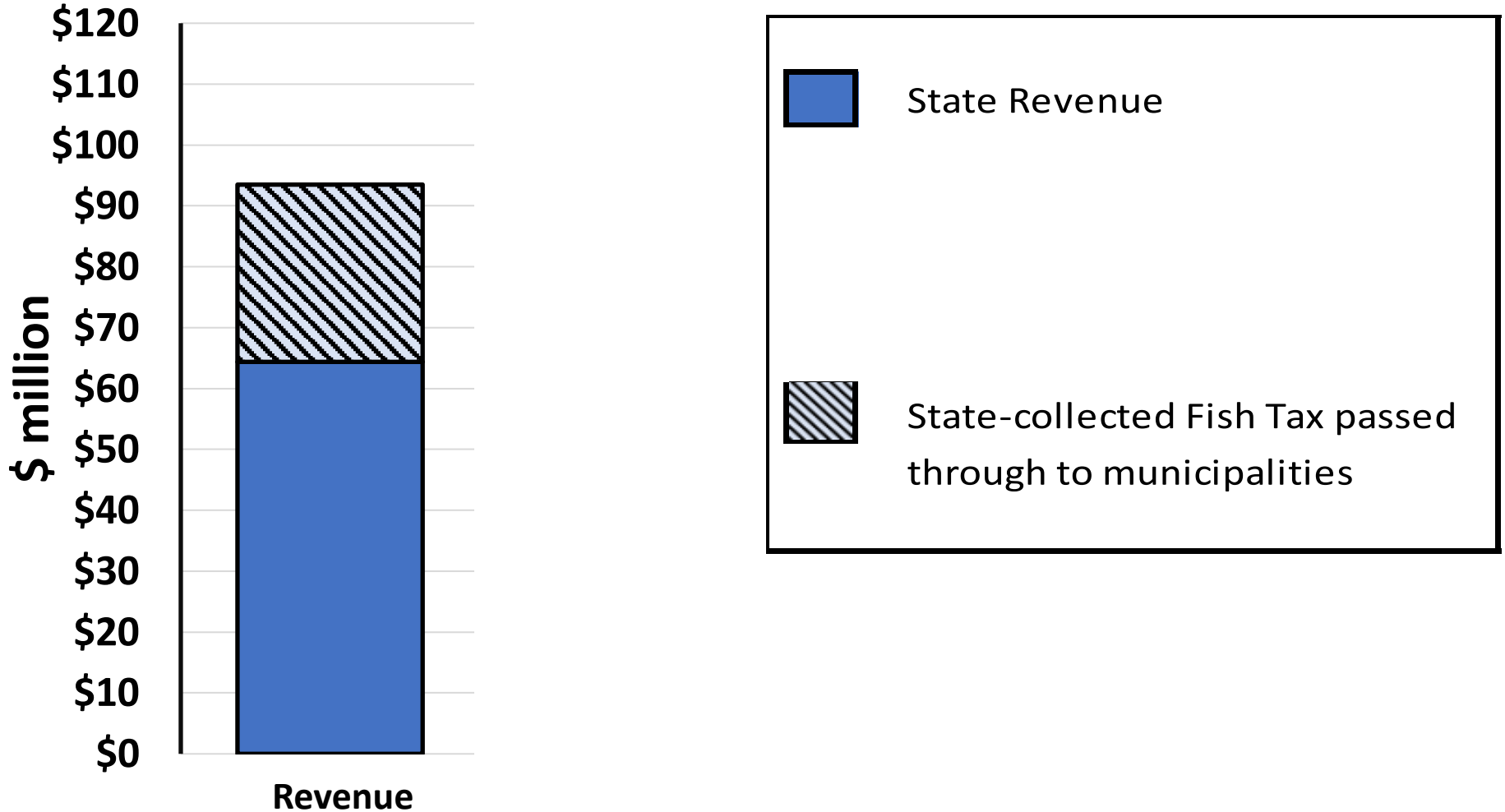
- Social benefits of a healthy economy
- Quality of life



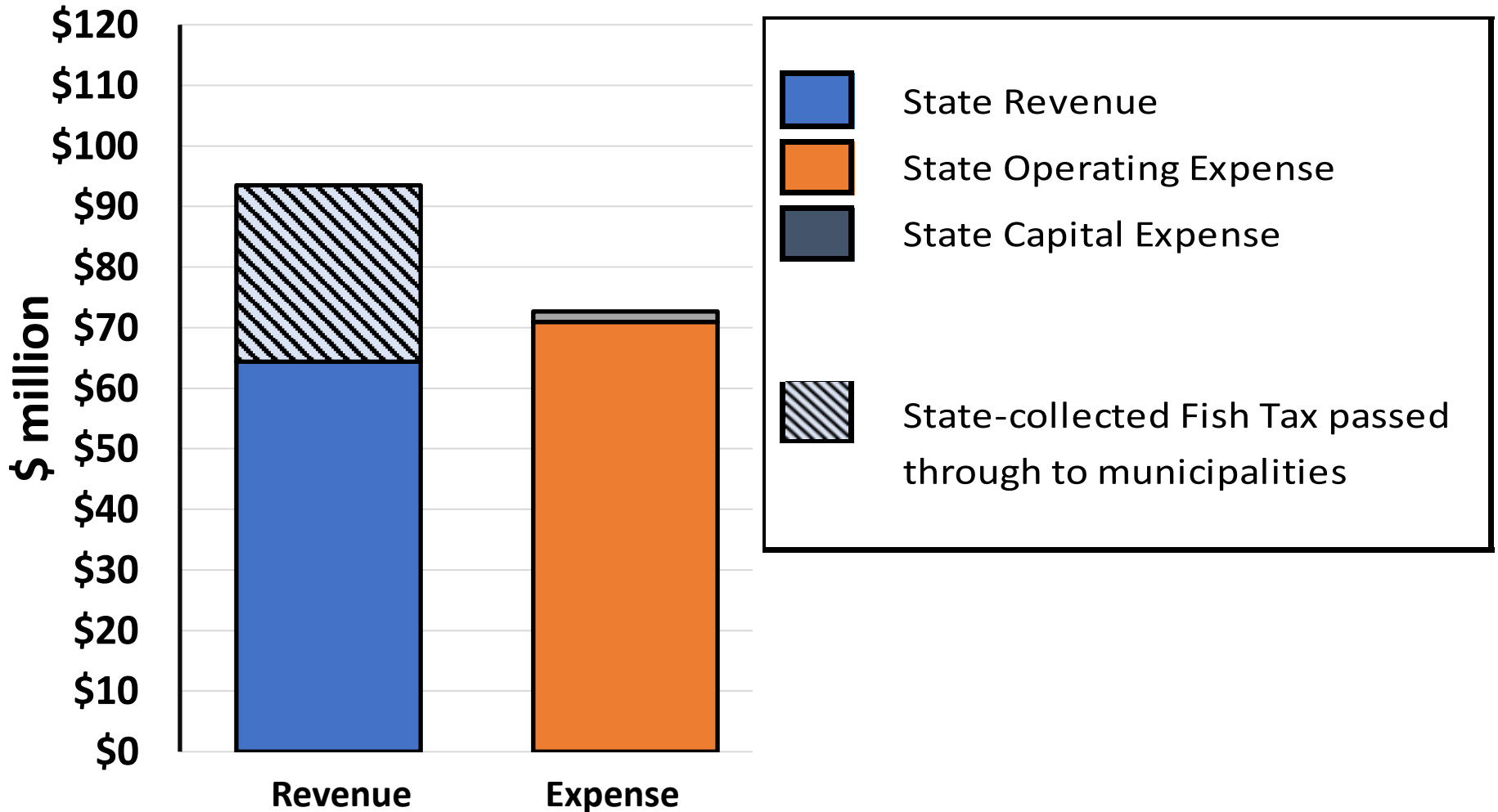
Commercial Fishing: FY 2016-2019



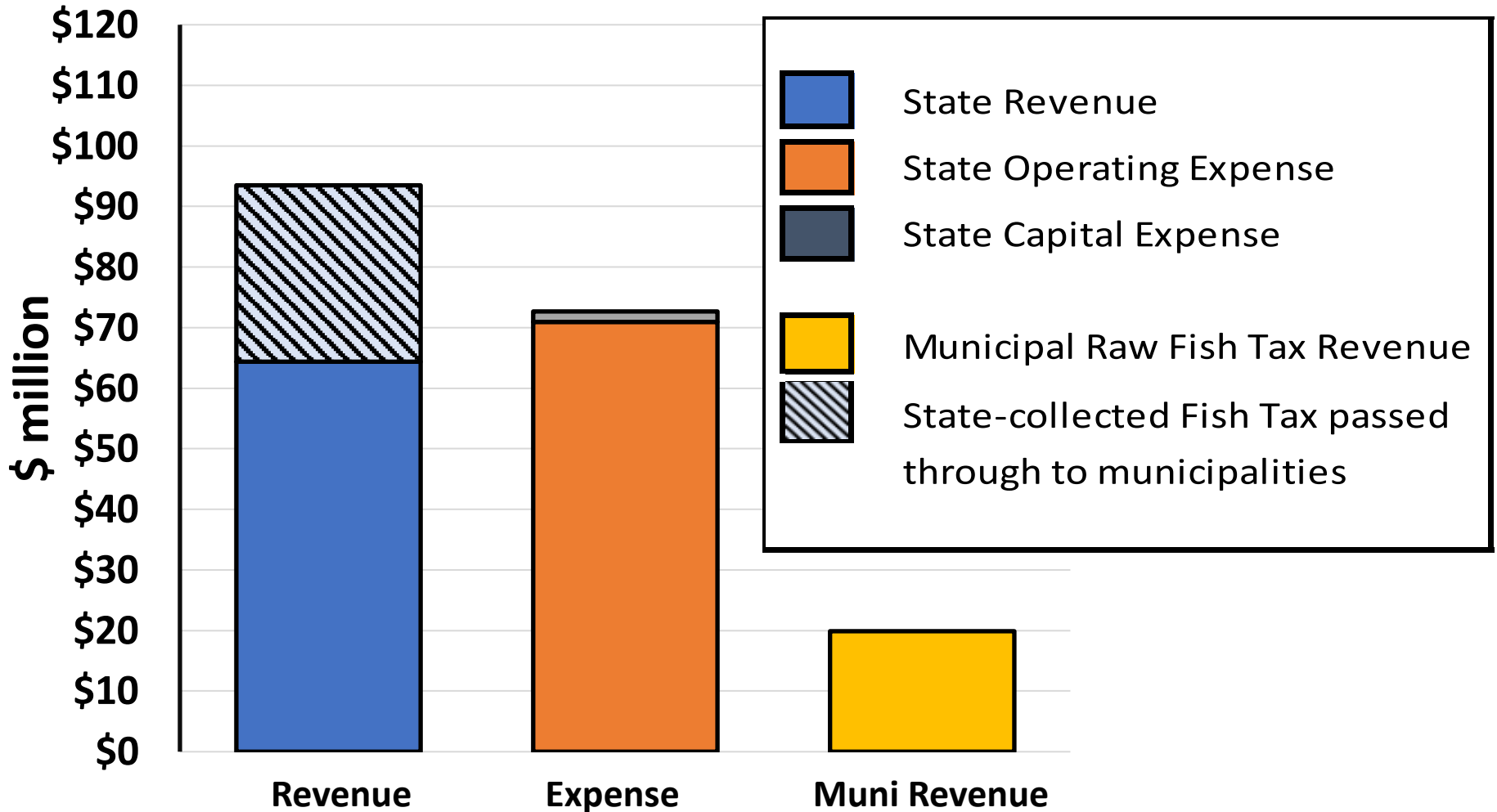
Commercial Fishing: Revenue



Commercial Fishing: Revenue & Expense



Commercial Fishing: Revenue & Expense & Muni Revenue

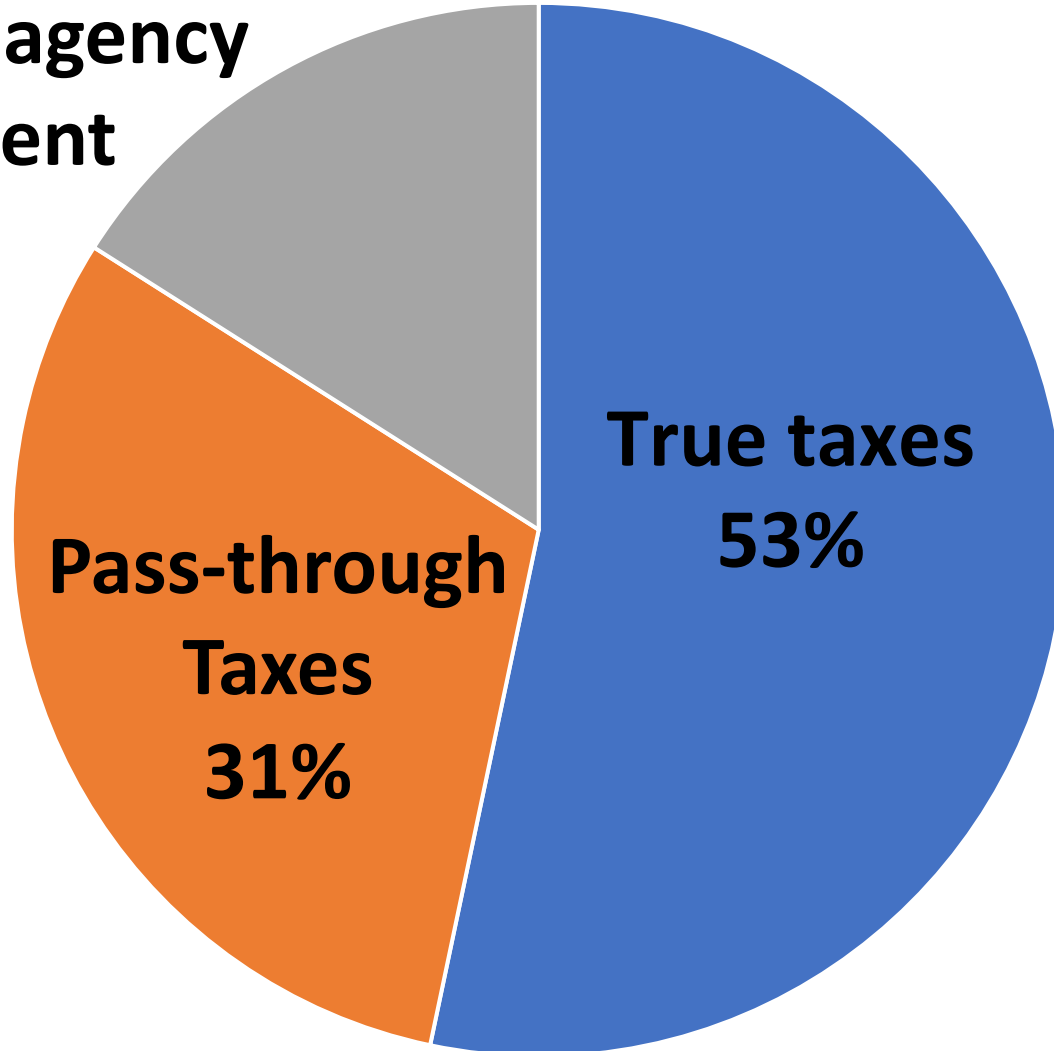


Details: State Revenue

Average Annual Fishing Revenue; Million \$; FY 2016-2019		
"True" Taxes	\$ 20.1	Fisheries Business Tax, state share
	\$ 4.1	CFEC revenues in excess of operations
	\$ 3.8	Fishery Resource Landing Tax, state share
	\$ 2.8	Motor Fuel Tax, marine fuel
	\$ 2.3	Corporate Income Tax, fisheries sector
	\$ 1.3	Loan Fund Transfer to General Fund
Pass-through Taxes	\$ 9.8	Seafood Marketing Assessment
	\$ 7.0	Salmon Enhancement Tax (aquaculture)
	\$ 2.4	Seafood Development Tax
	\$ 0.6	Dive Fishery Management
Fees used to pay for agency management	\$ 0.01	Common Property Fishery Assessment
	\$ 3.6	CFEC revenue applied to operations
	\$ 3.3	Commercial Fishing Crewmember Licenses, total
	\$ 2.4	Test Fishery Receipts
	\$ 0.6	Seafood Processor and Similar Fees
	\$ 0.4	DNR Shore Fishery Lease Payments & Mariculture Fee
	\$ 64.4	Total

State Commercial Fishing Revenue: \$64.4 million

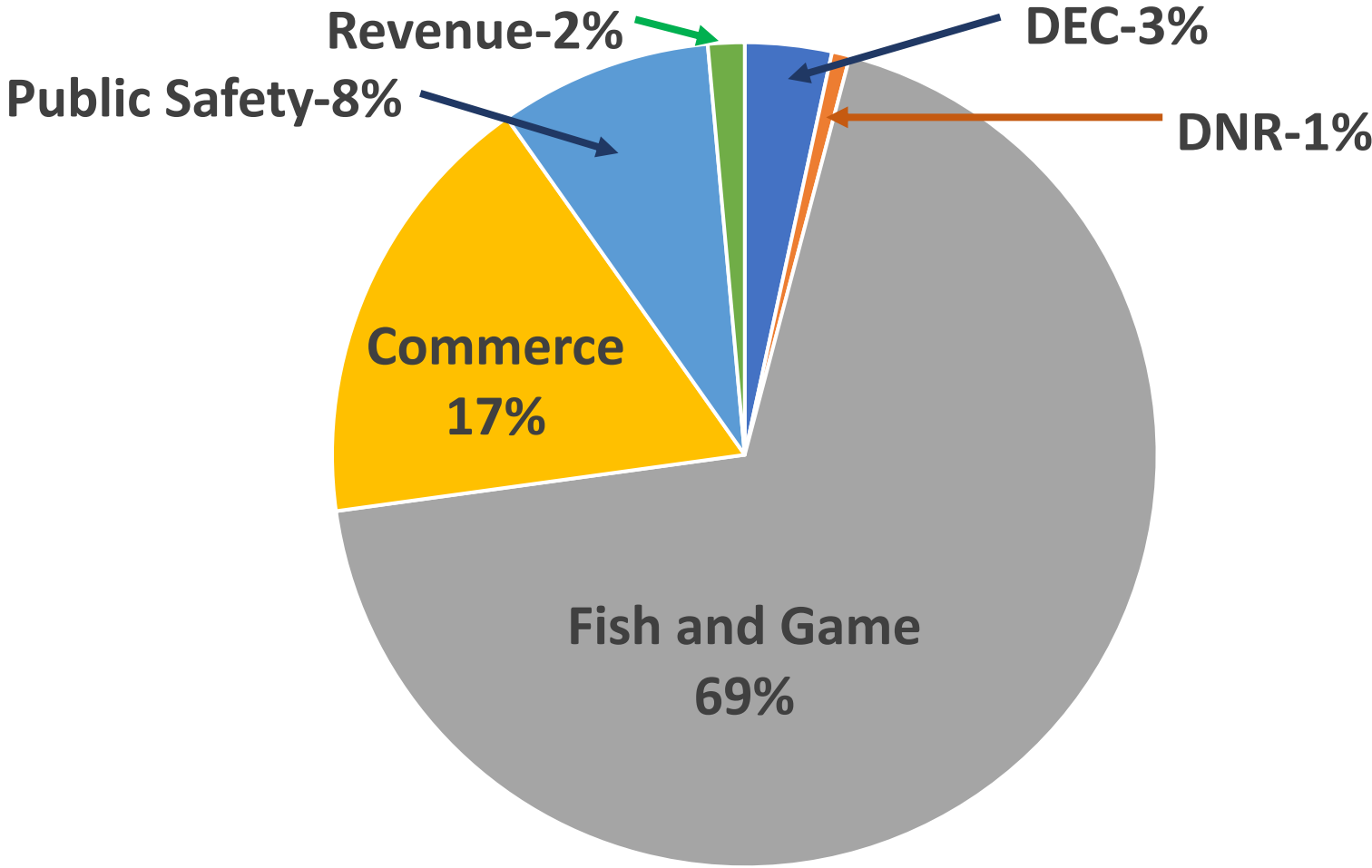
**Fees used for agency
management
16%**



**Pass-through
Taxes
31%**

**True taxes
53%**

State Commercial Fishing Operating Budget: \$70.9 M



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

Average Revenue 2016-2019

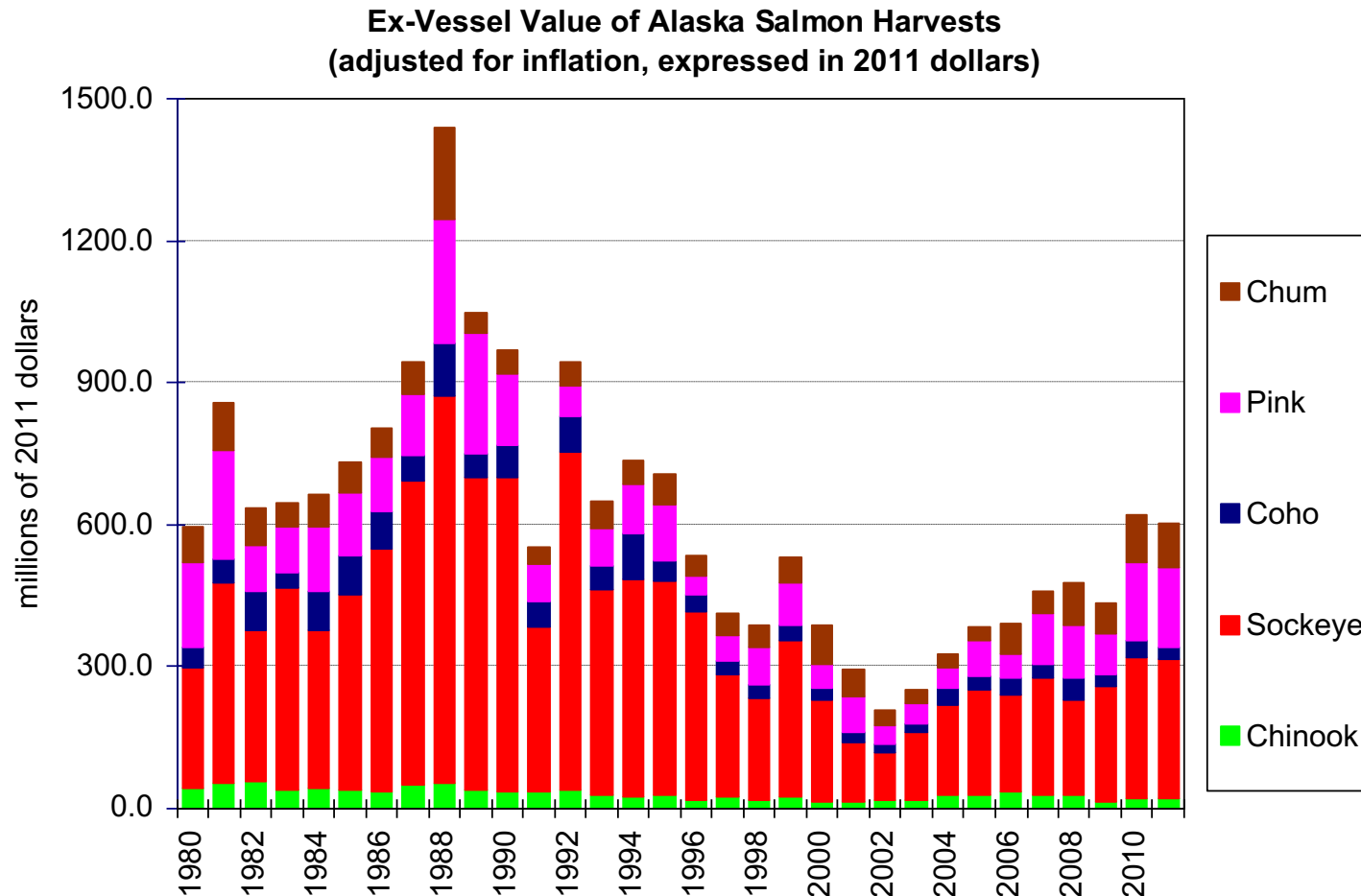
Fisheries Business Tax, municipal share	\$22.4
Fishery Resource Landing Tax, municipal share	6.7
Municipally imposed fisheries taxes	19.9
Local government revenue total:	\$49.0

- 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



Courtesy of
Gunnar Knapp

Alaska mandates unitization of oil fields to prevent this



Courtesy of
Gunnar Knapp

We do not mandate unitization of fisheries to prevent this.

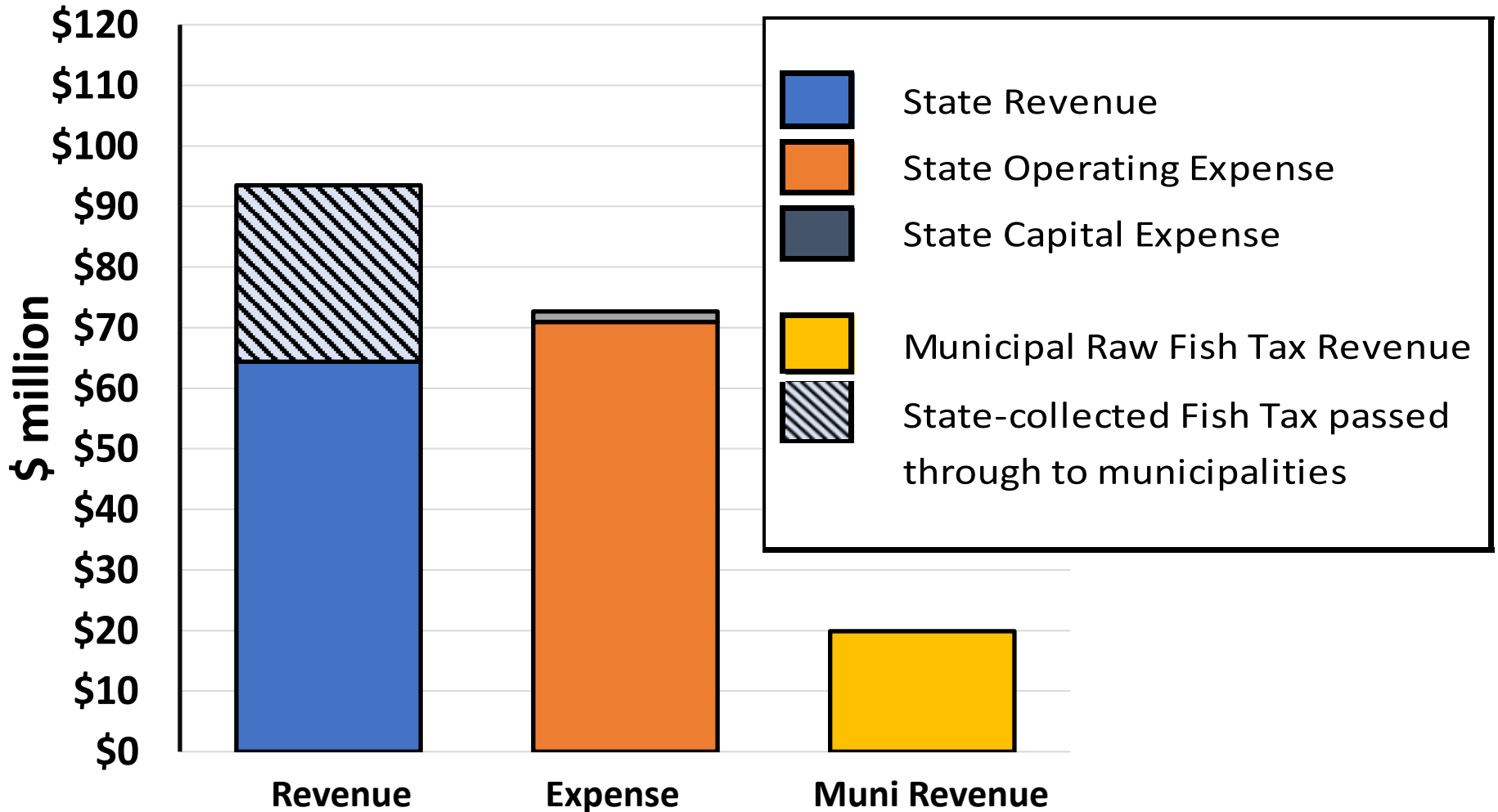


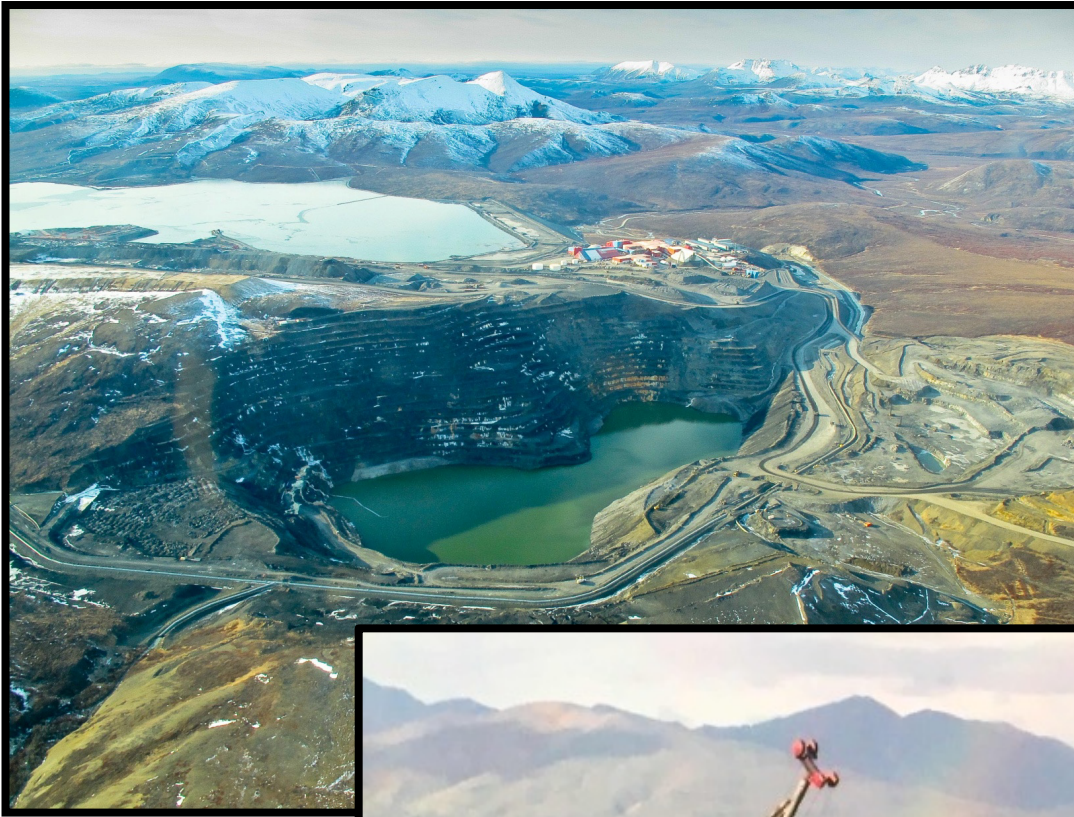
Photographs by Bart Eaton



Slide courtesy of Gunnar Knapp

Commercial Fishing: Revenue & Expense & Muni Revenue

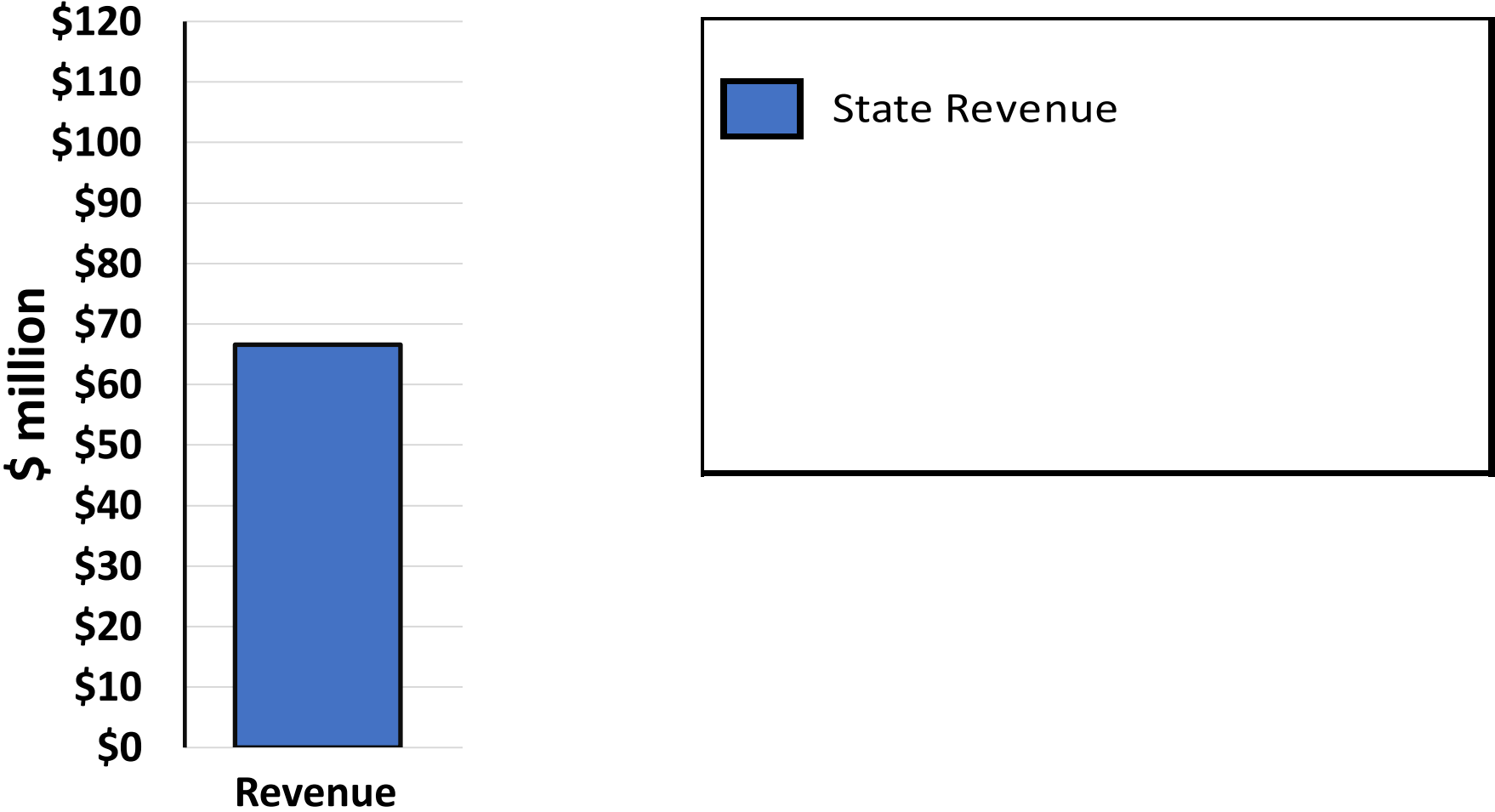




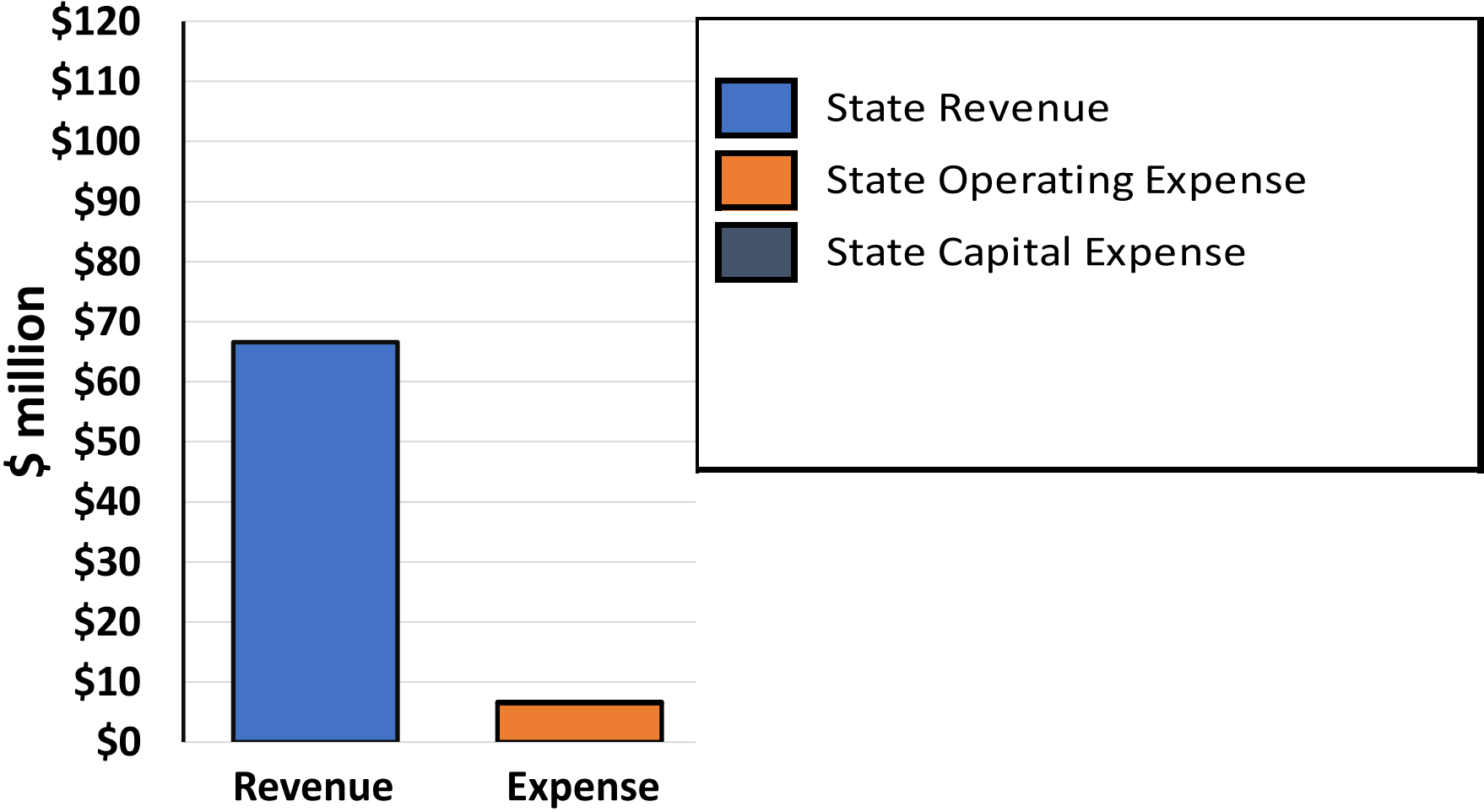
Mining



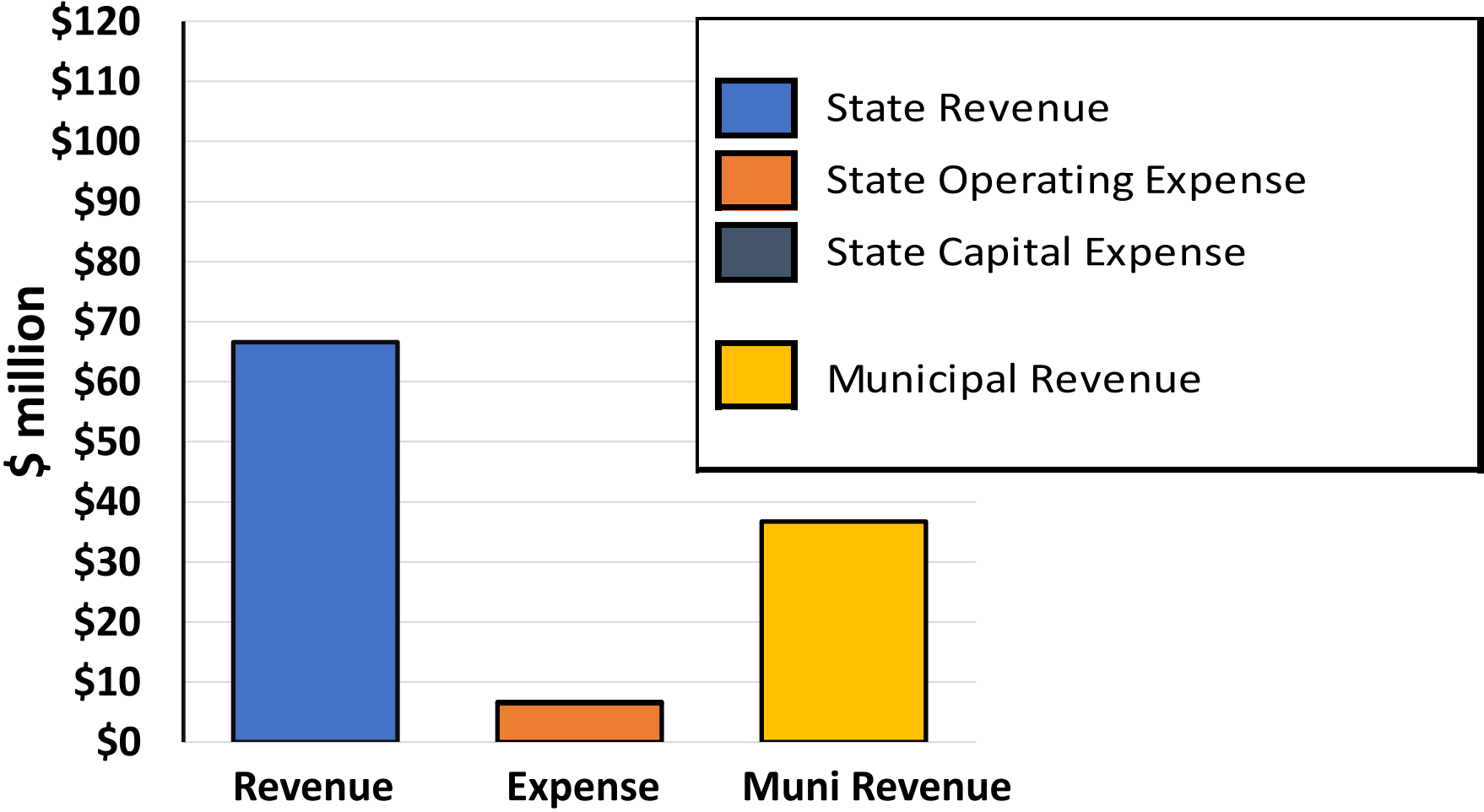
Mining: Revenue & Expense & Muni Revenue



Mining: Revenue & Expense & Muni Revenue



Mining: Revenue & Expense & Muni Revenue

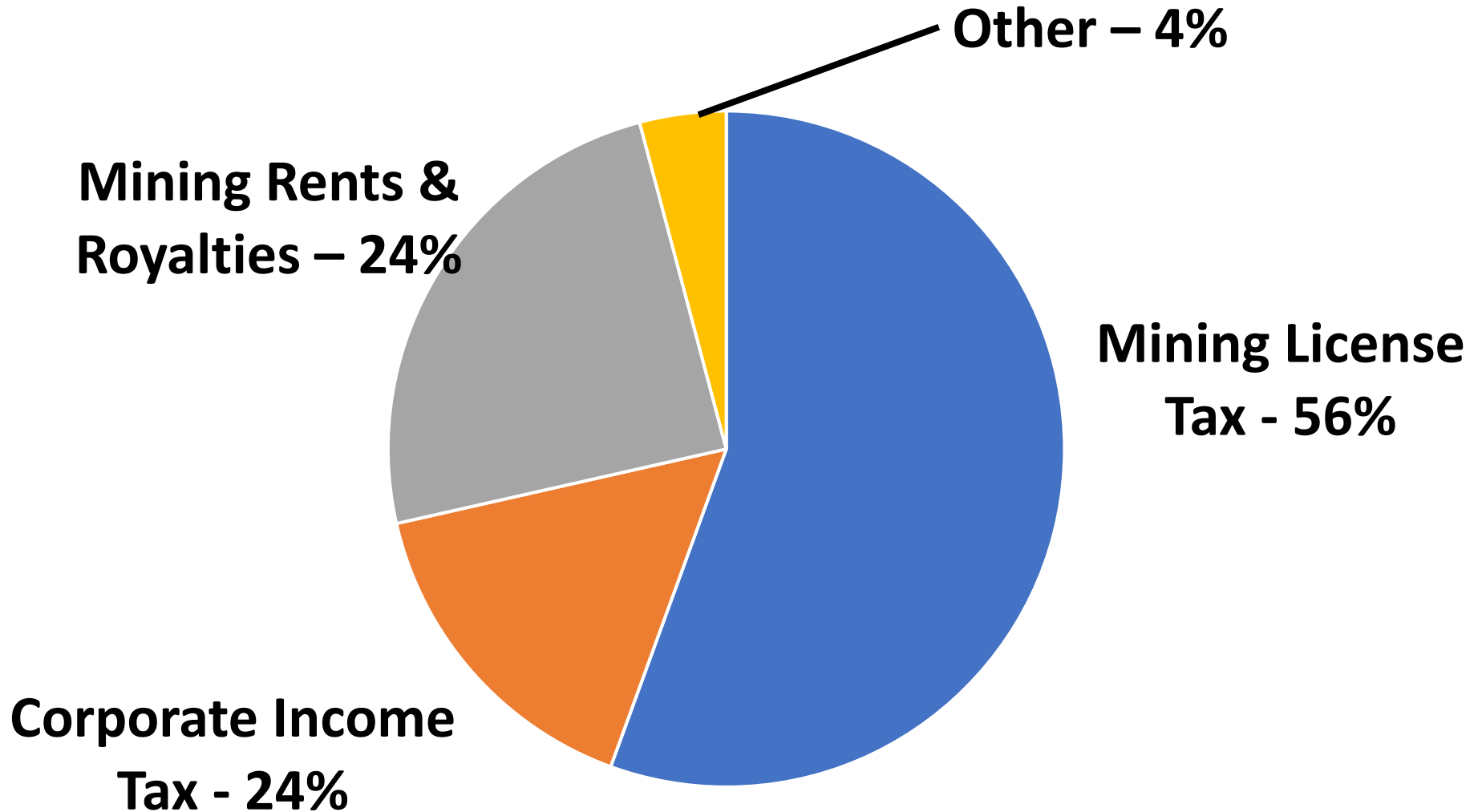


State Mining Revenue: \$66.6 million

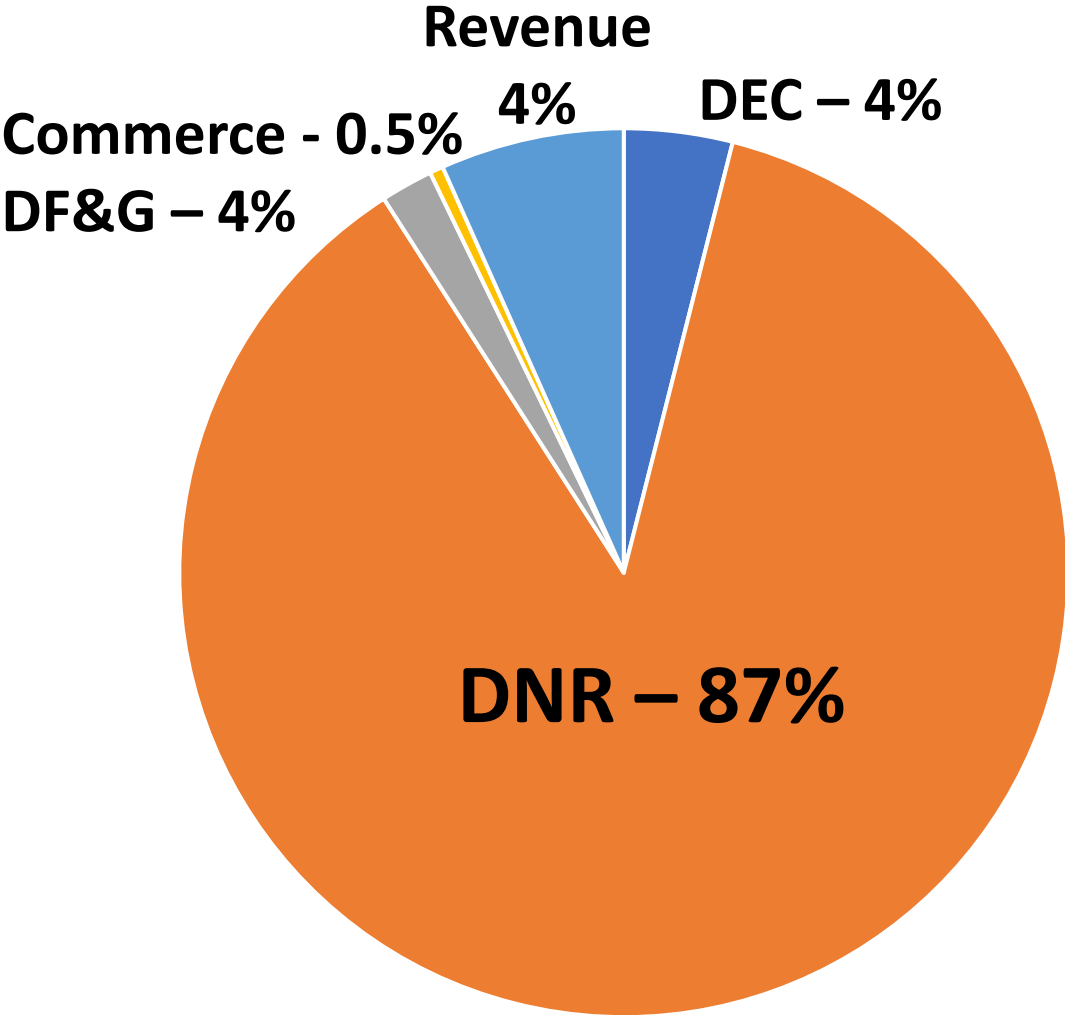
Average Annual State Mining Revenue FY 2016-2019

Applies to all landowners	\$37.0	Mining License Tax
	\$ 0.2	State mining misc fees, total
	\$ 1.5	Motor Fuel Tax, mining share
	\$10.6	Corporate Income Tax, mining sector
	\$ 1.1	Large Mine Projects Fees through DNR OPMP
State land only	\$ 16.3	Mining rents and royalties, total
	\$66.6	Total

State Mining Revenue: \$66.6 million



State Mining Operating Budget: \$6.5 million



Capital Budget: \$150,000/year

- 3 projects over four years
- All involve geologic mapping for mining development

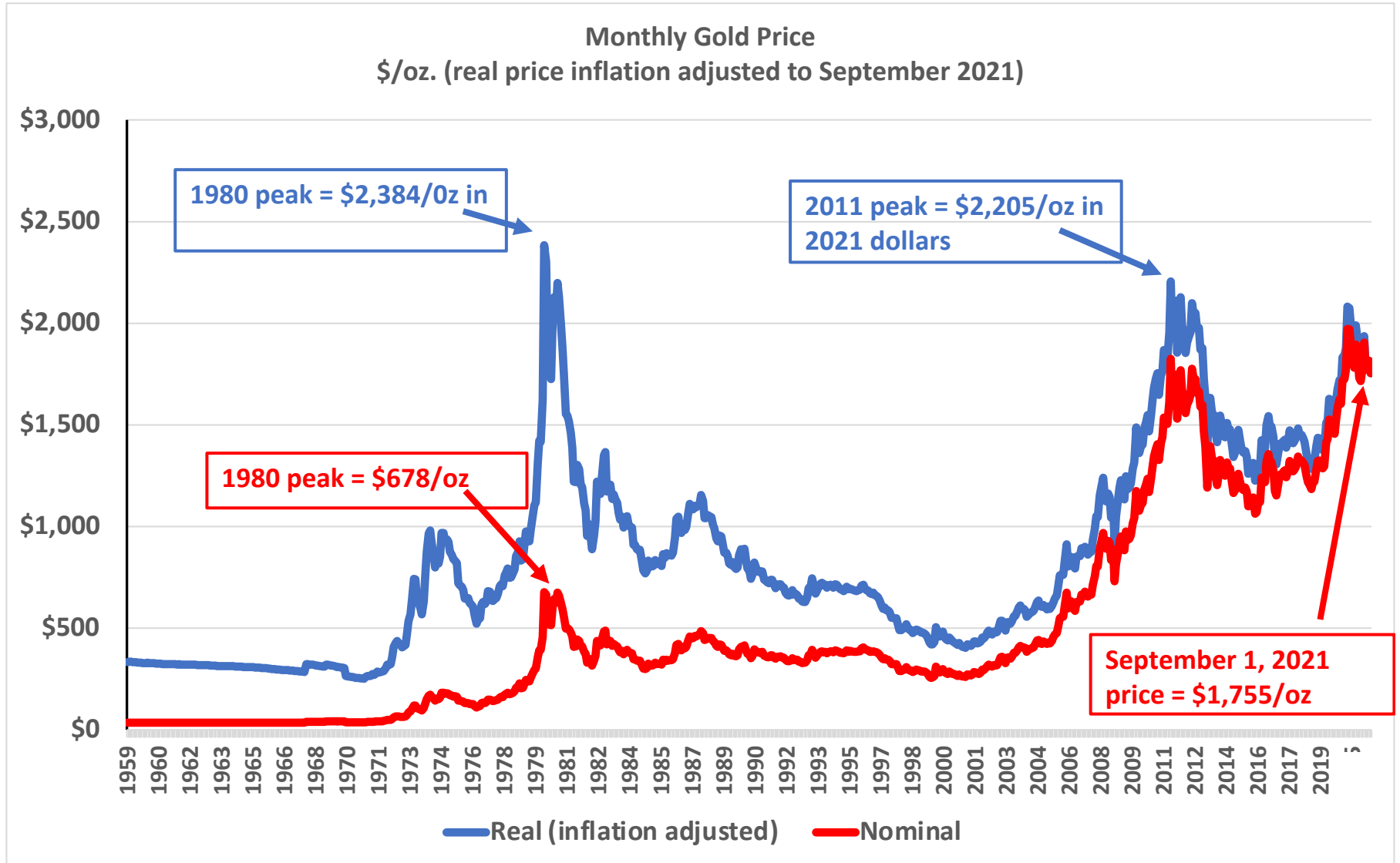
Municipal Revenue: \$36.8 million

- 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



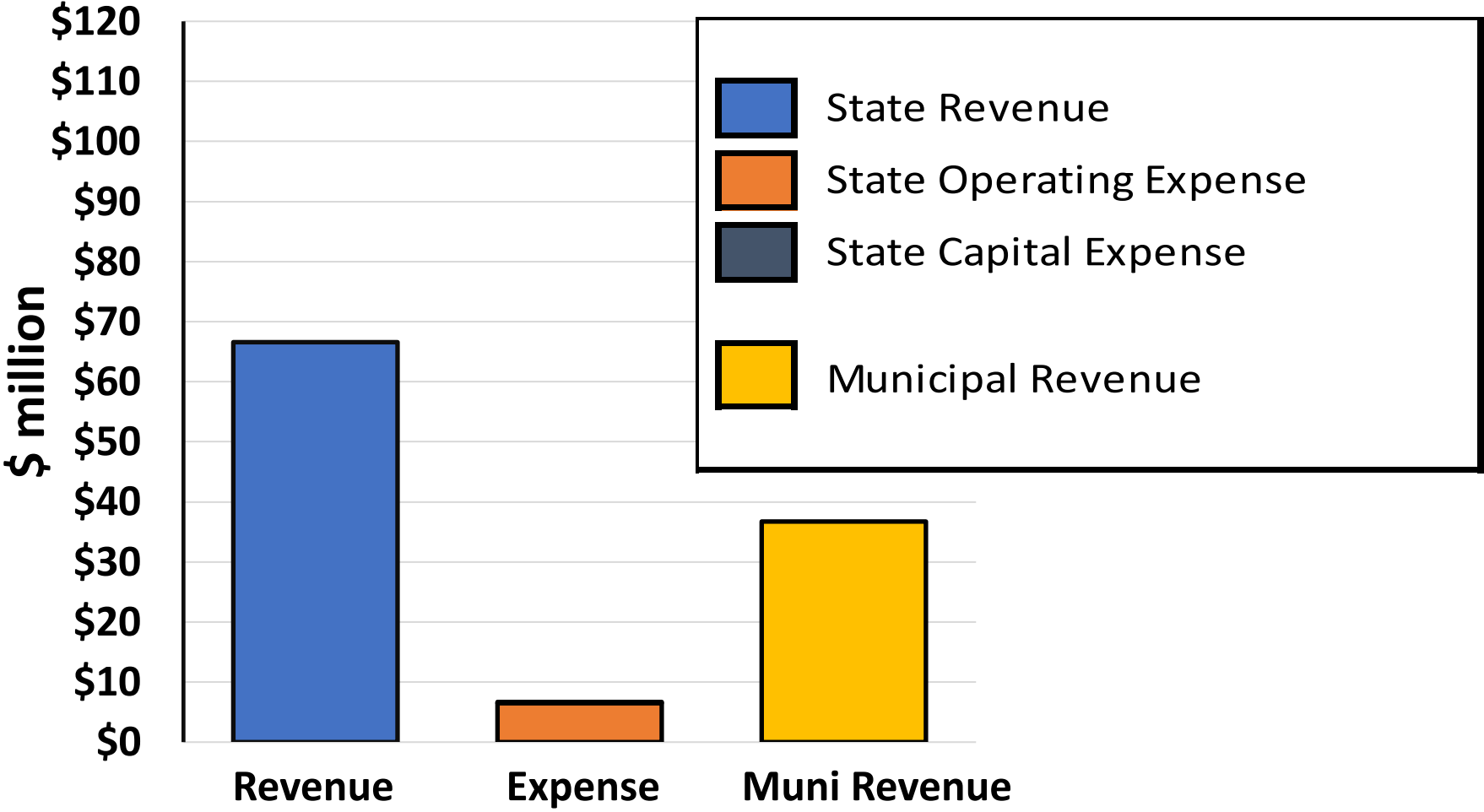
Revenue *not* Included (FY 2016-2019)

Alaska Railroad:
\$18.0 million



Payments to AIDEA:
\$9.5 million

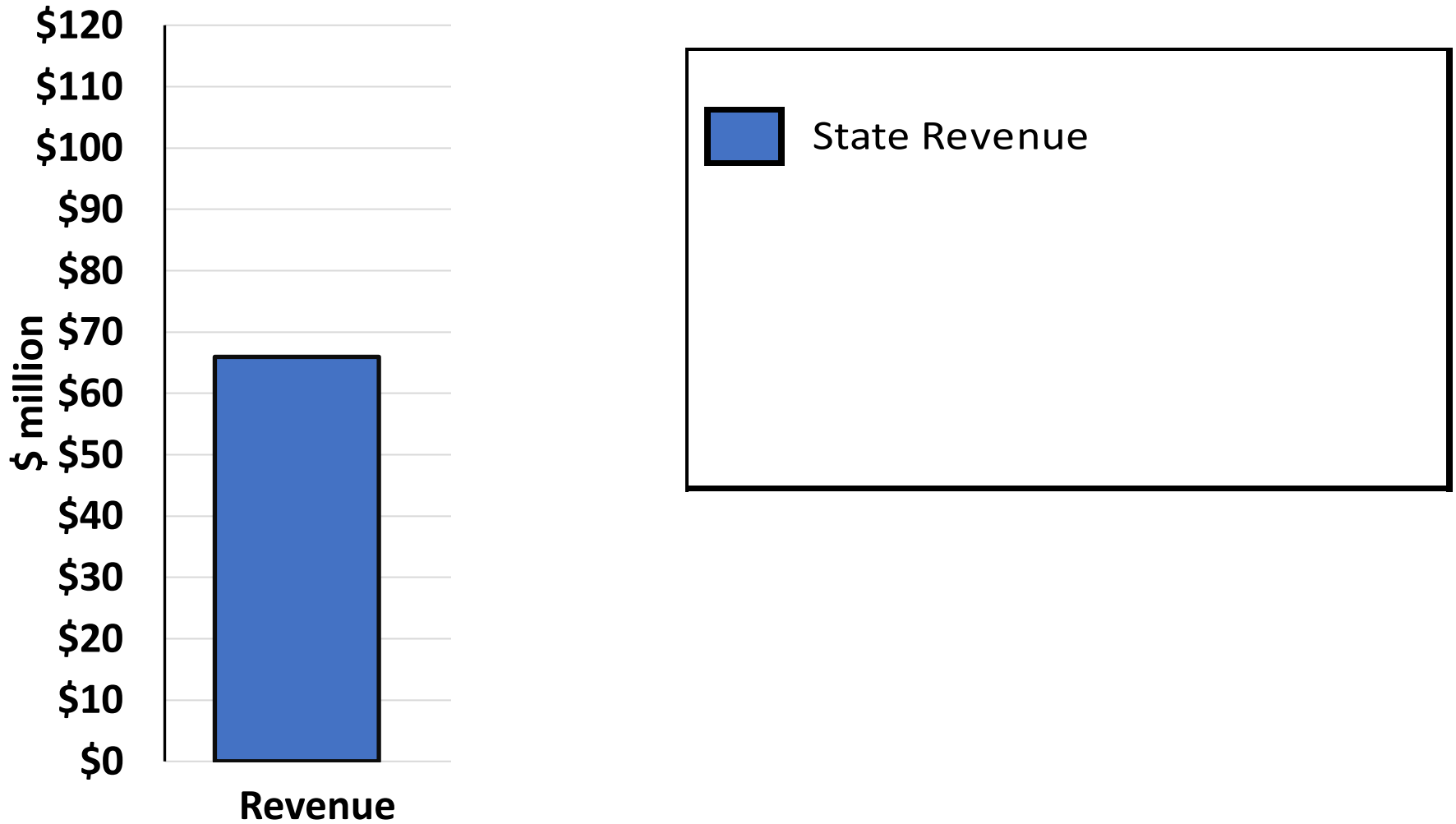
Mining: Revenue & Expense & Muni Revenue



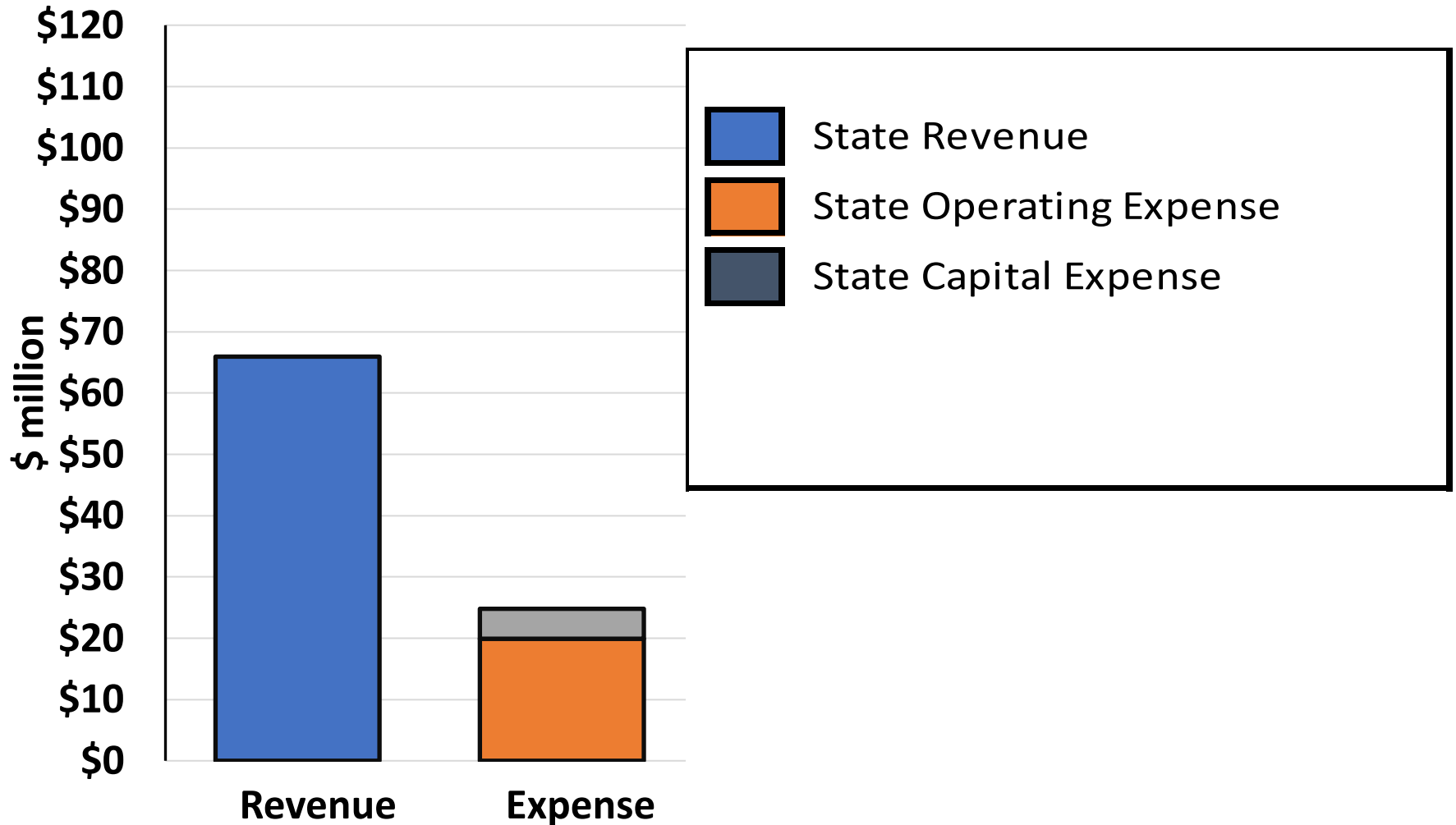
Tourism



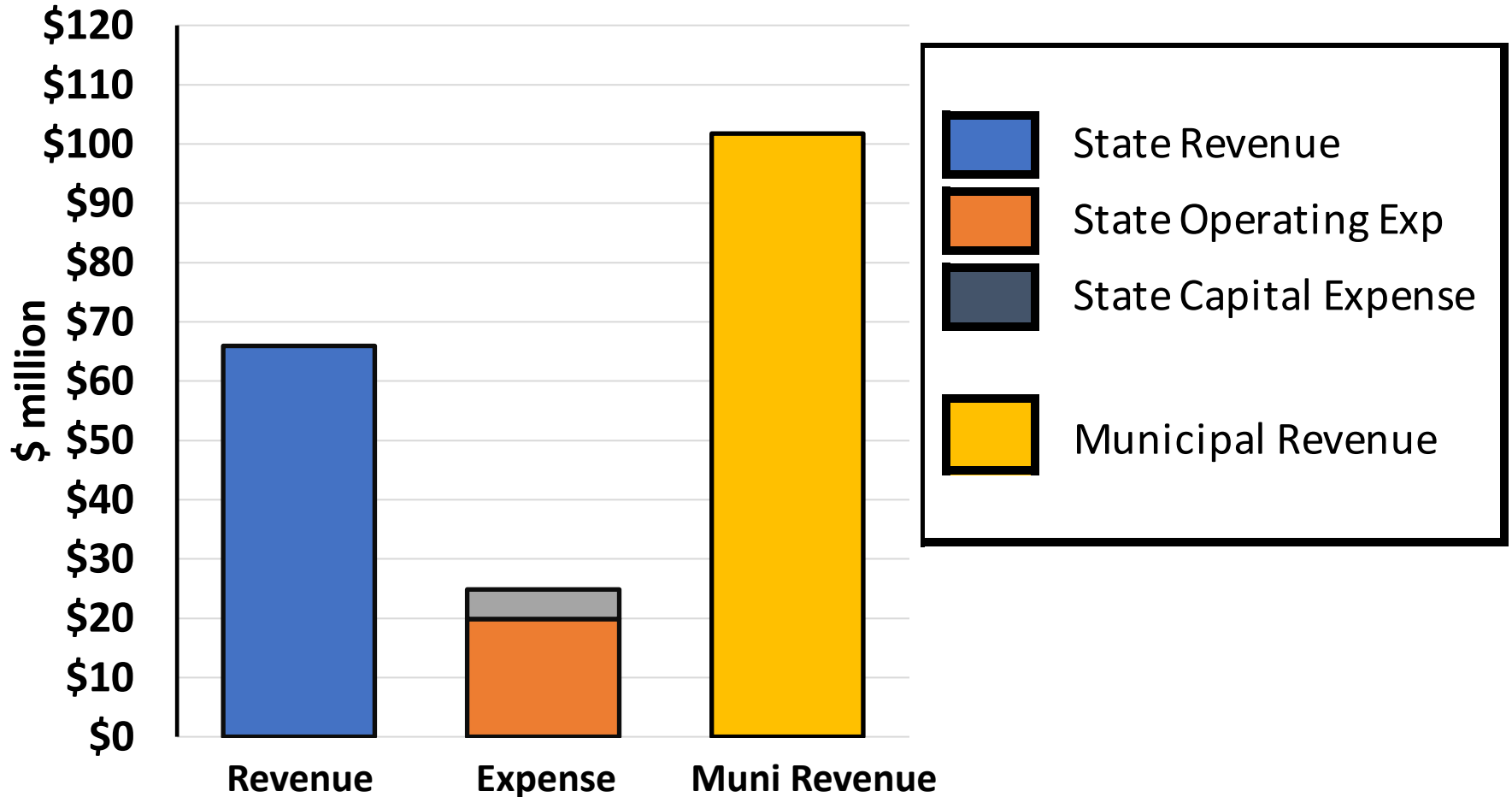
Tourism: Revenue & Expense & Muni Revenue



Tourism: Revenue & Expense & Muni Revenue



Tourism: Revenue & Expense & Muni Revenue



State Tourism Revenue: \$66.0 million

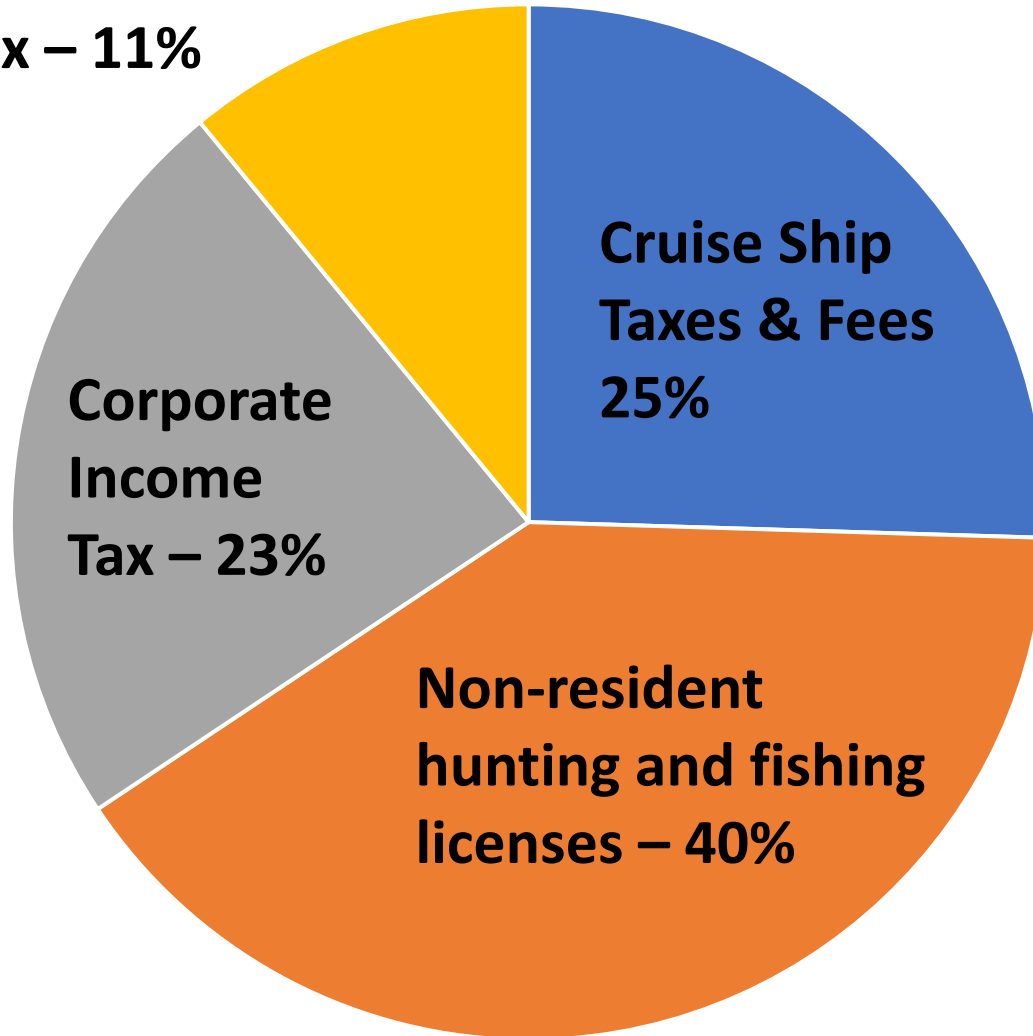
Annual Average Tourism Revenue FY 2016-2019		
Cruise Ship Taxes & Fees	\$ 8.6	Large Passenger Vessel Gambling
	\$ 3.6	Commercial Passenger Vessel Excise Tax, state share
	\$ 3.5	Ocean ranger fees
	\$ 1.1	Commercial Passenger Vessel Environmental Compliance Fee
Other	\$26.5	Non-resident Hunting and Fishing Licenses
	\$15.4	Corporate Income Tax, tourism sector (per DOR)
	\$ 7.2	Vehicle Rental Tax
	\$66.0	Total

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

**Vehicle Rental
Tax – 11%**

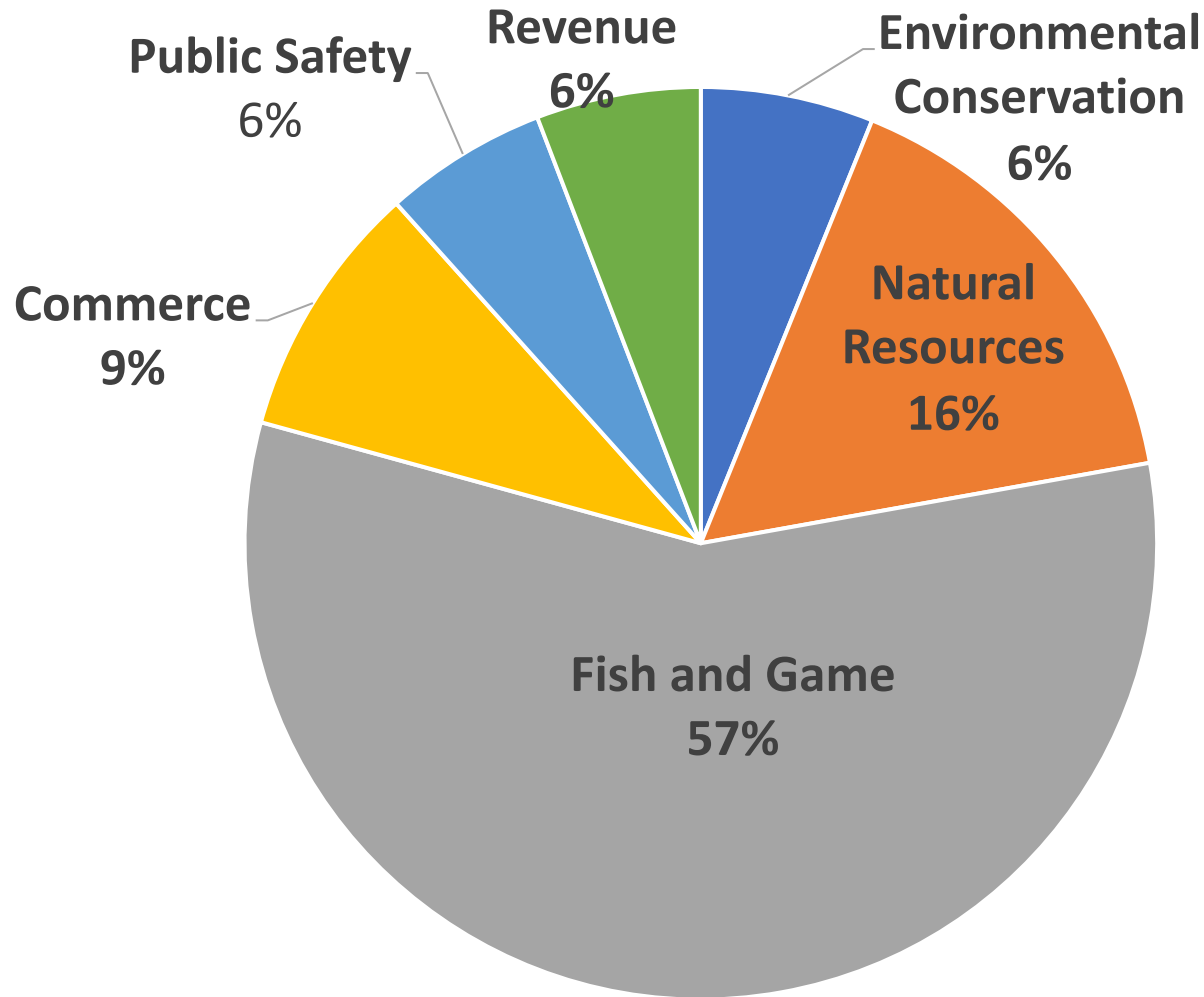


**Cruise Ship
Taxes & Fees
25%**

**Corporate
Income
Tax – 23%**

**Non-resident
hunting and fishing
licenses – 40%**

State Tourism Operating Budget: \$19.9 million



Tourism Capital Budget: \$4.9 million/year

- 28 projects over the four years 2016-2019
- Examples:
 - Alaska Travel Industry Association – Visitors Statistics Research
 - Cruise Ship Dock Improvements
 - Improvements to State Parks (20% allocated to tourism)
 - Sport Fish Access (46% allocated to tourism)

Municipal Revenue: \$101.8 million

Average Revenue 2016-2019

Commercial Pass Vessel Tax, muni share	\$16.8
Visitor-related sales tax revenue	35.7
Lodging tax revenue	31.4
Dockage/moorage revenue	17.8

Local government funds total: \$101.8

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.



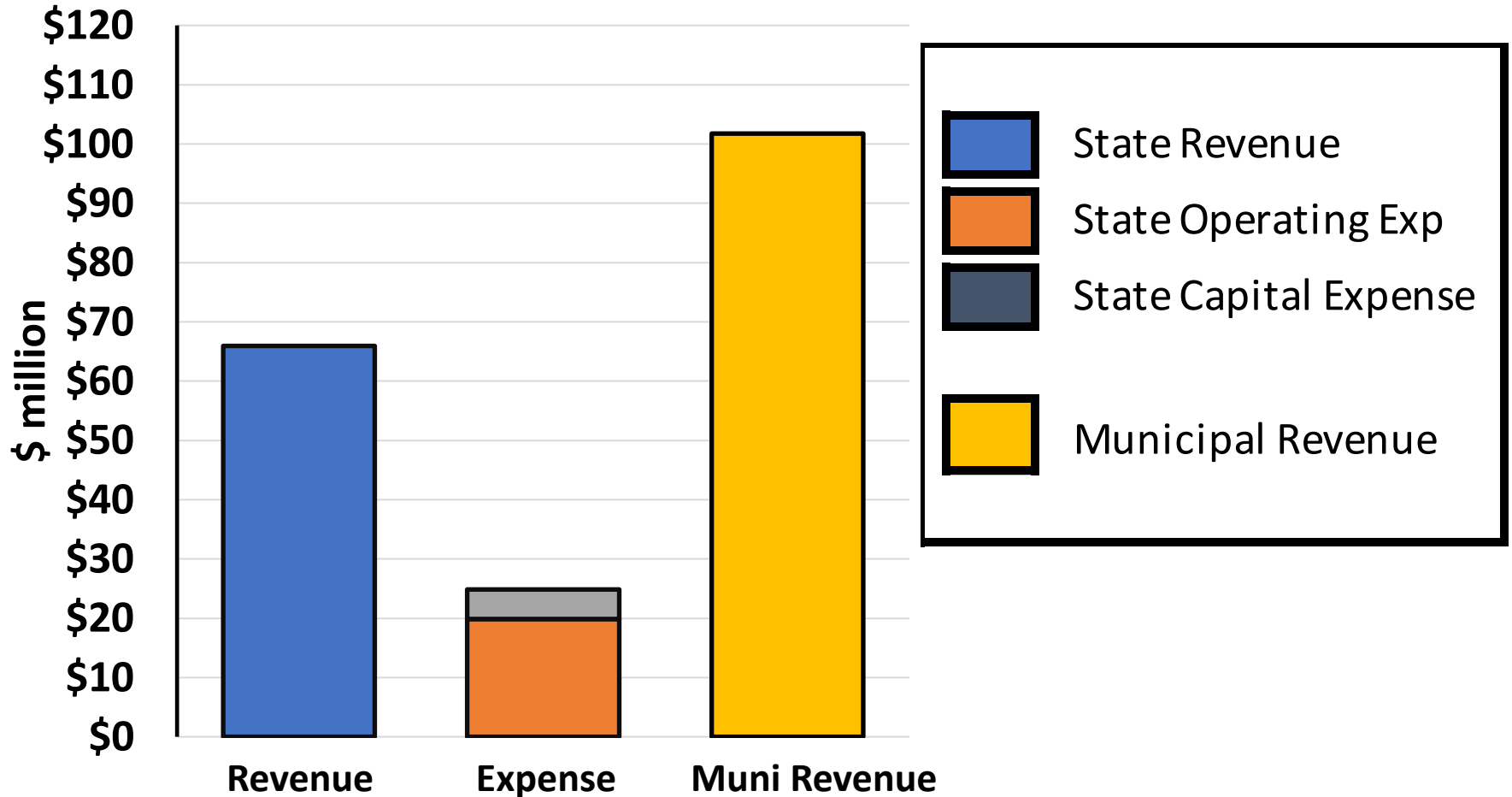
Revenue *not* Included

Alaska Railroad:
\$31.9 million

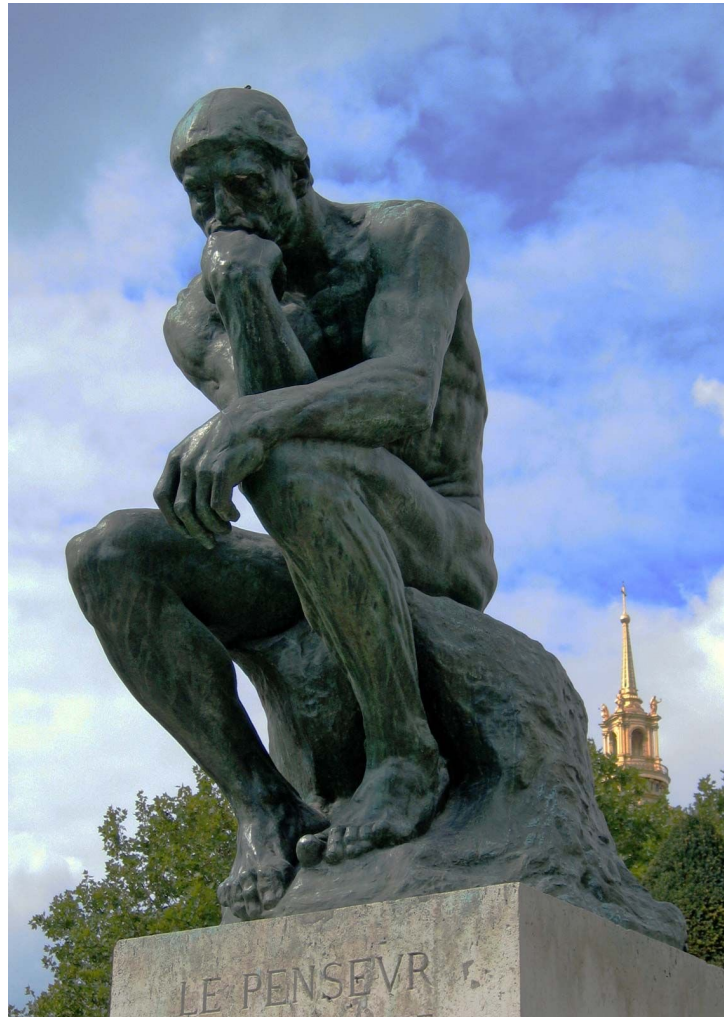


Non-resident fares on the
Alaska Marine Highway:
\$16.0 million in 2017

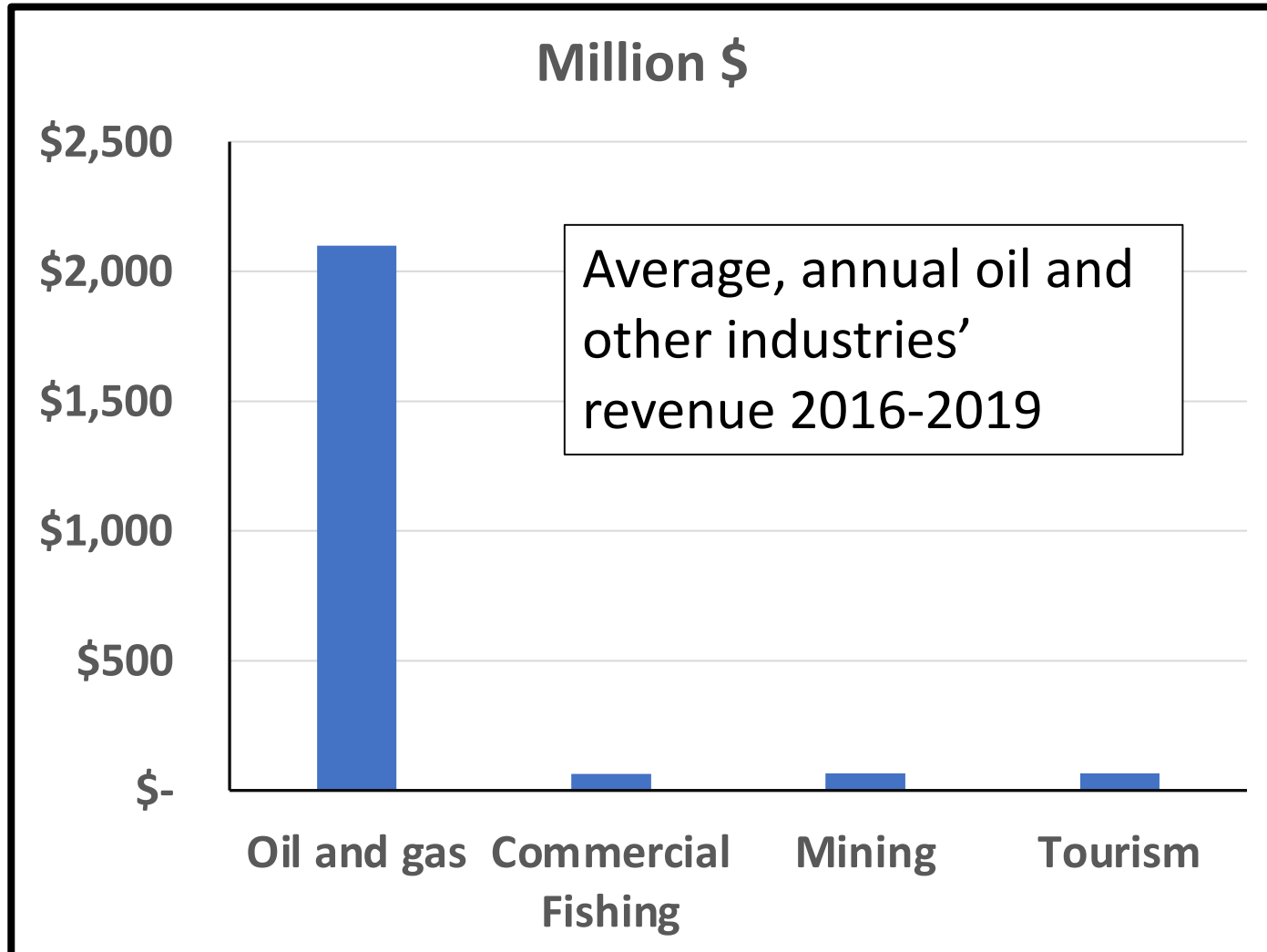
Tourism: Revenue & Expense & Muni Revenue



Some Observations



These industry revenues do not compare to oil



Other:

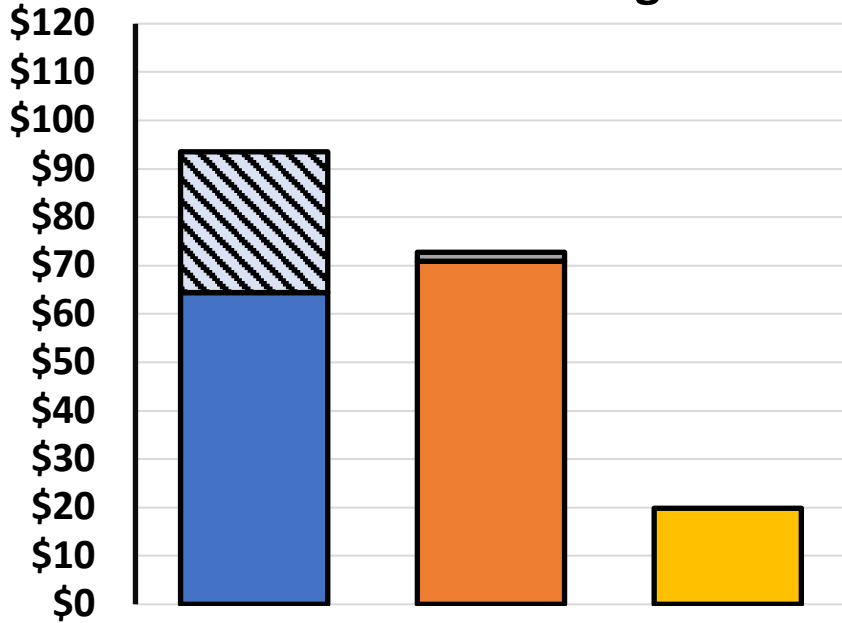
Management Cost:

- Mining industry costs incredibly little to manage:
\$6.5 million/year

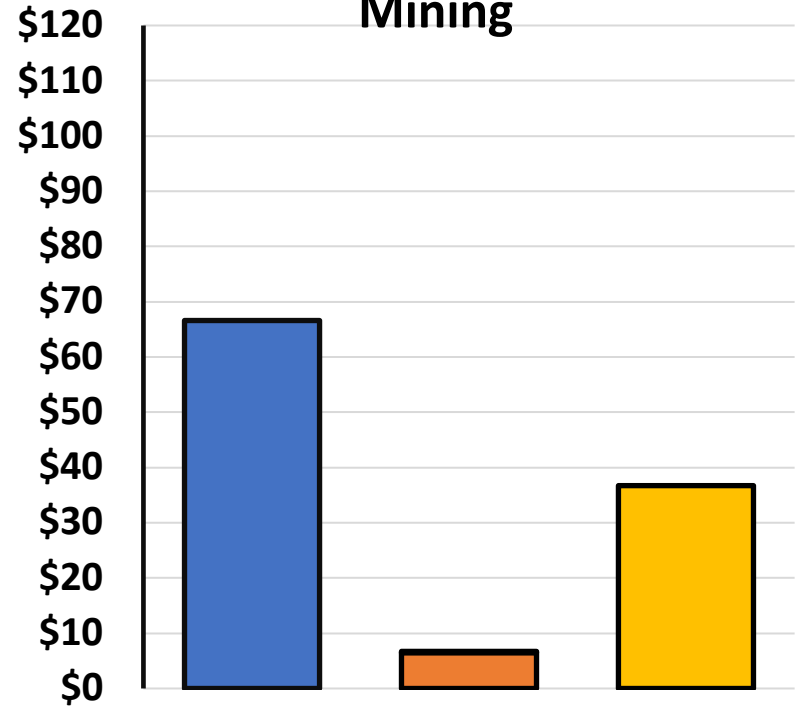
So what:

- To many people (me), these industries are most important for their economic contributions to people's well-being and communities.

Commercial Fishing



Mining



Tourism

