

Chair and members of the Senate Resources Committee,

Thank you for the opportunity to testify today. My name is Nils Andreassen, and I am the Executive Director of the Alaska Municipal League, representing local governments across Alaska. We appreciate the work of the Alaska Seafood Industry Task Force and the thoughtful consideration of this bill, SB 135, which reflects recommendations aimed at enhancing support for coastal communities.

We are supportive of the intent of SB 135 to increase the share of fisheries tax revenue distributed to municipalities. This recognition of the important role that local governments play in supporting the seafood industry and providing services that benefit fisheries-dependent communities is welcomed and appreciated.

Alaska's coastal cities and boroughs are essential to the operation and success of the state's seafood industry. Local governments own and maintain the majority of ports and harbors across the state, managing critical infrastructure that enables the safe and efficient movement of significant volumes of seafood. Many of these facilities are aging and require ongoing investment to ensure their continued functionality and safety. The revenue provided through fisheries taxes is essential for maintaining these assets and supporting the broader network of services and infrastructure that enable this industry to thrive.

Further, the benefits of this revenue extend beyond infrastructure maintenance. It supports emergency services, transportation systems, housing, and other community needs that directly and indirectly benefit the seafood industry. For many of Alaska's municipalities, fisheries-related revenue provides essential funding that contributes to overall community well-being and economic resilience.

As you work to move this bill forward, we would like to respectfully raise a few points for consideration that we believe would strengthen this legislation:

1. Not all recipients of fisheries tax revenue maintain or operate harbor facilities. While we recognize the importance of maintaining and improving these facilities for the benefit of the seafood industry, a requirement to allocate additional funds specifically for this purpose may not be applicable or practical for all local governments.
 - For instance, the business tax includes the communities of Houston and Anderson, which aren't coastal but where businesses are located that contribute to the seafood industry. Another wrinkle to consider is that while a borough like Kodiak Island receives a share, it is the City of Kodiak that has

the port and harbor powers.

- Flexibility in the use of these funds should be considered to ensure all recipients can utilize them in ways that best support their communities.
2. It is critical that this increase in revenue sharing be seen as additive, rather than a replacement for other forms of state investment. Local governments depend on a predictable and reliable revenue stream to meet their obligations and to provide services that benefit the industry and community members alike. This legislation should make clear that other forms of state support are not to be diminished as a result.
 - AML last surveyed port and harbor infrastructure improvement needs in 2019 and identified \$600 million in needs. We will recreate that survey this year, but the scale of need is important to evaluate and ensure that together we are appropriately meeting the needs of these communities relative to the industries dependent on improvements.
 3. Finally, we are concerned about the potential administrative burden associated with the requirement for annual reports. For many local governments, particularly those that receive only a minimal amount of revenue from this program, the cost of compliance may exceed the benefit of the increased share. We recommend the Committee consider ways to streamline reporting requirements to ensure they are not unnecessarily burdensome.
 - I noted payments of the fisheries business tax in FY 23 to two communities of \$244 and \$214 each. We have to think about the increase involved and whether it actually increases the ability for these communities to improve facilities, or complete the annual report to the Legislature that will now be necessary. Perhaps there are alternatives to achieve this same goal.

The Alaska Municipal League and its members are supportive of finding additional ways in which the State may contribute to investments in coastal communities, and we commend the Task Force and this Committee for its consideration. We appreciate your willingness to consider these suggested improvements and look forward to continuing to work with you to enhance this legislation for the benefit of not just local governments, but the seafood industry that is interdependent.

Thank you for your time and consideration. I am happy to answer any questions you may have.