



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Revenue**

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May 11, 2016

The Honorable Mark Neuman and the Honorable Steve Thompson  
Alaska State Representatives  
Co-chairs, House Finance Committee  
State Capitol Rooms 505 and 515  
Juneau, AK 99801

Dear Co-Chairs Neuman and Thompson:

The purpose of this letter is to provide you with responses to the questions asked of the Department of Revenue during our presentation to the House Finance Committee on May 3, 2016, regarding the fish tax legislation House Bill 251, and on May 4, 2016, regarding the mining tax legislation House Bill 253. Please see questions in italics and our responses immediately below the questions.

**Fisheries Tax Questions from May 3, 2016**

- 1. Can the Department of Revenue provide a cost-benefit analysis of the credits offered against fish taxes?*

Currently the state offers three tax credits specific to fish taxes:

- The Salmon and Herring Product Development Credit, established in 2003 for salmon and established to include herring in 2014. It encourages expenditures on equipment for producing "value-added salmon and herring products". In recent tax years (since 2012), total credits claimed have ranged between \$2 and \$4 million per year.

The Alaska salmon fishing industry has experienced a strong rebound since the early 2000s. Average ex-vessel prices (across all salmon species) rose from roughly 25 cents to 80 cents per pound between 2002 and 2012. The total value of Alaska commercial salmon fishing permits rose from \$200 million to \$700 million in the same period. The period has also coincided with an increase in sales of value-added salmon products such as frozen pink salmon (as opposed to cans) and fresh and filleted sockeye salmon (as opposed to frozen and canned). It is impossible to know how much of the rebound is a result of tax credits as opposed to other factors, especially aggressive marketing efforts by the Alaska Seafood Marketing Institute (ASMI) to differentiate wild Alaska salmon from farmed salmon.

- The Community Development Quota (CDQ) credit, which is for contributions to an Alaska nonprofit corporation dedicated to fisheries industry-related expenditures. The credit is only available for fishery resources harvested under a CDQ. In recent years about \$500,000 worth of CDQ credits have been claimed each year. The credits are a direct benefit to fisheries-related nonprofits and local communities.
- The A. W. “Winn” Brindle Scholarship credit, which is for donations to the memorial scholarship loan fund that offers loans at favorable rates for Alaska students planning to enter the fishing industry. In recent years, between \$100,000 and \$250,000 worth of Winn Brindle credits have been claimed per year. DOR does not currently have data on the number of students who have benefited from the Winn Brindle loans or how many of them returned to work in the Alaska fisheries industry.

There are also two credits applicable to both fish taxes and a variety of other taxes: the Education Credit and the Film Production Credit. The Education Credit applies to donations to a wide variety of educational institutions, and its impact on fish tax revenue has been roughly \$1.5 million per year in recent years (since 2012). The Film Production Credit is being phased out and has not been claimed against fish taxes in recent years (since 2012).

In a cost-benefit analysis, it is important to consider the other options—for example, appropriating funds for another purpose or investing money in state savings accounts instead of using it to reduce fish tax liability. One also has to consider the extent to which investments or donations may have taken place even without the credits. Between tax years 2012-14, the state granted an average of \$4 million per year in credits against the fisheries taxes. Over the period 2009-14, the average return on funds invested in the CBRF was 4.25% per year; this represents one possible alternative use of the funds. Time and resource constraints would make it difficult to provide a full cost-benefit analysis of fisheries tax credits this legislative session.

2. *How is the municipal share of fisheries taxes determined? Can the Department provide a breakdown of taxes shared with municipalities?*

Fish taxpayers report on their tax returns where each fishery resource was processed. The municipal share is half of the tax due on the given fishery resource. For example, if a company named ABC Fisheries processed \$100,000 worth of salmon at a shore-based facility in Juneau, then the Fisheries Business Tax rate is 3%, the total tax owed is \$3,000, and \$1,500 of that amount would be shared with the City and Borough of Juneau. If the processing location is inside both a borough and a separate incorporated city, then the municipal share is split equally between the borough and the city. If the processing location is in neither a borough nor a city, then the municipal share goes to an allocation program managed by the Department of Commerce, Community and Economic Development.

Note that the municipal share is based on tax returns, but the exact timing of when the money is received by the state and the municipalities can vary. Also, any tax credits are

taken only against the state share of revenue and do not impact municipal shares. Therefore, cash flow for a given fiscal year will not reflect an exact 50-50 split.

The 2015 report on shared taxes is attached. This report includes all state tax revenue (both fish and other taxes) shared with municipalities in fiscal year 2015, which we hope will be helpful to the committee.

3. *Can the Department of Revenue look into a separate fish tax rate for factory trawlers?*

The Fishery Resource Landing Tax is essentially a tax on factory trawlers. The Landing Tax is intended to compensate the state for the burdens that catcher/processor vessels impose on state and local communities by fishery resources that are harvested and processed in federal waters and brought into Alaska for transshipment. The Landing Tax is both designed and intended to complement the Fisheries Business Tax, which applies to fish harvests and processing that occurs within Alaska.

In theory, a catcher/processor could avoid the Alaska Landing Tax by operating solely in federal waters and transiting elsewhere to offload their product. In practice, this is unlikely. The length and complexity of the fishing seasons, combined with the holding capacity of the vessels and other logistical needs, means the vast majority of the fishery resources harvested and processed in federal waters are indeed offloaded in Alaska and are subject to the Landing Tax. Moreover, under federal law, all catcher/processor vessels that are qualified to fish for Bering Sea walleye pollock under the American Fisheries Act (AFA), are required to pay the Landing Tax on walleye pollock, irrespective of where the walleye pollock might be offloaded. Walleye pollock represents the majority of the harvest by AFA-qualified vessels.

As a related fisheries tax matter, the committee asked about the possibility of a tax on fisheries bycatch. Earlier this year, House Bill 358 was introduced. The bill proposed to modify statutes (mainly AS 43.75.016) to establish a fisheries bycatch tax. The bill was referred to the House Fisheries Committee.

To be successful, a tax on fisheries bycatch would have to address some problematic characteristics of Alaska fisheries. Foremost is the accounting of bycatch. Although many large vessels that fish in state and federal waters are required to employ fishery observers, most vessels are either excluded from observer coverage, or are required to employ observers only part-time. Bycatch amounts for non-observed vessels are extrapolated based on bycatch rates from the observed portion of the fleet and are attributed to the sector, not individual vessels. For sectors with limited observer coverage, a new tax assessment method would be required such as a sector-wide tax rather than a tax paid by individuals. A second problem arises with establishing the value of bycatch species, if that is how the tax is structured. Much of the bycatch consists of fish that is either low-value or nearly impossible to market; examples include grenadiers, lesser-known species of crab, starry flounders, or under-sized juvenile salmon, crab, or halibut. Much bycatch is discarded at sea and the minor portion of the bycatch that does come ashore (mainly salmon and halibut) is typically passed on as a donation – no sale of the species occurs. Again, it would be challenging to establish a market fair value on these deliveries, if that was the intention of the tax.

## Mining Tax Questions from May 4, 2016

4. *How much does the state collect in mining tax and corporate income tax combined from the six largest mines?*

Both mining tax and corporate income tax revenue are highly volatile due to commodity prices. In FY 2015, the state collected about \$38 million in mining taxes and about \$17 million in corporate income taxes from the mining sector. A very large majority of this revenue came from the six largest mines. However, note that a given mining operation—large or small—is not guaranteed to be profitable in any given year, and a mine with less than zero net income does not pay either of these taxes.

Previous years of corporate income tax from the mining sector are shown in the attached CIT Sector Report. Previous years of mining tax revenue are shown in the Tax Division Annual Report at

<http://www.tax.alaska.gov/programs/programs/reports/Annual.aspx?60610&Year=2015>.

5. (a) *How much do the state's large mines pay in local taxes in addition to the state mining tax?*  
(b) *What is the definition of a severance tax?*

(a) Please see the attached letter dated February 15, 2016, and addressed to the chair of the Senate Resources Committee. The letter includes a description of local taxes paid by the six large mines.

(b) A severance tax is a tax imposed on the removal of a non-renewable resource. The tax base of a severance tax can vary. Some, such as Alaska's Mining License Tax and Oil & Gas Production Tax, use a profits base. Others, such as the Denali Borough's severance tax on coal, are charged at a flat rate per ton or ounce of material removed. The distinguishing feature is that severance taxes only apply to operations that remove non-renewable resources from the ground, not other businesses that earn income. A list of state severance taxes is included in the aforementioned letter to the Senate Resources Committee.

6. *What are the total costs of mining permitting operations, and does current mining tax revenue cover these costs?*

As mentioned by the Deputy Commissioner of Natural Resources, mining companies directly reimburse the state for most permitting costs, so mining tax revenue is not necessary to pay for those. According to a report by the University of Alaska prepared for the Department of Commerce in 2015, the average revenue (from 2010 through 2014) to the state from mining (taxes, large mine project fees, rents and royalties, and other fees) was \$96.4 million. The average cost to state agencies for this same period was \$10.7 million. The majority of this (\$6.6 million) was for DNR. Chapter 4 of the report, which deals with mining, is attached. Table 12 in the report breaks out the costs by department and division. Table 11 gives more detail on the revenue sources. The full report is available at [http://www.iser.uaa.alaska.edu/Publications/2015\\_12-FiscalEffectsOfCommercialFishingMiningTourism.pdf](http://www.iser.uaa.alaska.edu/Publications/2015_12-FiscalEffectsOfCommercialFishingMiningTourism.pdf)

7. *How much state land is available that could be opened to mining exploration?*

Of the 100 million acres of land the state has in hand, 92 million acres are open to mineral entry. A map of Alaska's land status is attached, with state land shown in blue.

8. *Is there any metal mining in Wisconsin?*

According to the Wisconsin Department of Natural Resources web site, Wisconsin has several historic iron mines and one known iron ore deposit that may be mined in the future (the Gogebic District). Wisconsin also has four known deposits being evaluated for exploration: the Bend Copper-Gold Deposit; the Crandon Deposit containing zinc, copper, lead, gold, and silver; the Lynne zinc and silver deposit; and the Reef gold deposit. However, the Wisconsin DNR does not show any currently active metal mines. According to the web site: "Today, most mining in Wisconsin occurs as nonmetallic mining, producing rock, stone, sand, gravel, limestone and other materials used for industry, construction, road building, agriculture and many other purposes. These mines are often called quarries or pits."

For more information, see <http://dnr.wi.gov/topic/Mines/>.

9. *Please explain how the Exploration Incentive Credit works.*

Please see the attached explanation from the Department of Natural Resources.

10. *Provide a walkthrough of how a company's mining tax liability is calculated and how this affects royalties.*

The Mining License Tax is structured as a tax on net income from each mining operation. The basic steps for calculating a mining operation's net income are as follows:

1. Begin with gross income from selling materials mined and any royalties received.
2. Subtract the depletion deduction. (See below for a brief explanation of the depletion deduction.)
3. Subtract direct and indirect mining expenses for the year. (Note: This does not include expenses in previous years, such as exploration costs for which the mining company may have taken a credit.)
4. Subtract the 3 ½-year exemption for new mining operation, if applicable. (Note: All current large mines in Alaska are more than 3 ½ years old.)
5. The result is the mining operation's taxable income. Add together the taxable income for all mining operations owned by the same company. (Note: No two large mines in Alaska are currently owned by the same company, but a taxpayer may theoretically have any number of different mining operations.)
6. Multiply the taxable income by the relevant tax rates to calculate the total tax.

7. Subtract off any credits, including Exploration incentive credit (as described in question 10), Mining business education credit, and Film production tax credit.
8. The result is the amount of tax the company owes.

The second part of the question is how the Mining License Tax relates to royalties. The answer is that when a mine is located on state land, the amount of royalties it owes to the state is equal to 3% of the "taxable income" amount mentioned in the bullet point 5 above. Royalties are separate from taxes but are calculated on the same basis.

Please note that Pogo is the only one of the six currently operating large mines located on state land. The other five large mines do not pay any royalties to the state. However, those located on private land do pay royalties to the landowner(s). The landowner(s) must then pay Mining License Tax on the royalty income, since it is income derived from the extraction of minerals.

#### Explanation of Depletion Deduction

The depletion deduction is similar to the exploration incentive credit in that it allows a mining operation to recoup some of its pre-production costs as a deduction against the income it earns once it begins production. In this case, the relevant costs are not the exploration costs described in the DNR handout, but the costs of purchasing and developing the property.

A mining operation may deduct its total purchase and development costs from its Mining License Tax liability in installments over the life of the mine. It may also take an alternative form of the depletion deduction called percentage depletion, which is a simple percentage of its gross income (set at 10% for coal mines and 15% for metal mines). In each given year, the mine may take whichever is greater, cost depletion or percentage depletion, but not both, and it may not take cost depletion once its total depletion deductions over the course of its life exceed its purchase and development costs.

I hope you find this information to be useful. Please do not hesitate to contact me if you have further questions.

Sincerely,



Jerry Burnett  
Deputy Commissioner

Attachments: CIT Sector Report FY 2015, Shared Taxes Report FY 2015, Letter to Senate Resources dated Feb. 15, 2016, DNR explanation of Exploration Incentive Credit, 2015 Mining License Tax Return, Chapter 4 of ISER report on state agency costs, Land status map

## Non-Petroleum Corporate Income Tax Collections by Sector

**Prepared by:** Will Bishop, Economist, (907) 465-8222 or [william.bishop@alaska.gov](mailto:william.bishop@alaska.gov)

**Purpose:** To present an analysis by business sector of non-petroleum corporate income tax collections received during recent fiscal years.

**Data Source:** Tax collections are from payments and refunds data for the relevant fiscal year, as reported in the Tax Revenue Management System and as queried by the Tax Division's Economic Research Group. Information current as of March 2016. Sector classifications are based on Department of Revenue determinations using taxpayer-reported NAICS codes and public information about companies. This report presents an analysis of corporate income tax collections from companies meeting the "water's edge" combined reporting requirement, and reporting corporate income taxes under AS 43.20.073. Companies that produce oil and gas or own pipelines involved in transportation of oil and gas report corporate income tax under AS 43.20.072 and are excluded from the this report.

**Key Assumptions:** Sector classifications are based on Department of Revenue determination using definitions listed on the "Definitions" worksheet.

**Disclaimer:** Collections for a fiscal year include quarterly estimated payments and may also include payments, assessments, or amended returns, and refunds for prior years. Large payments, assessments or refunds can distort the collections data for any specific year. Total collections may not exactly match Revenue Sources Book figures due to timing issues. Tax collections received during a fiscal year are not equal to tax liabilities reported during the fiscal year. Generally, only C corporations pay (i.e., not S corporations) corporate income tax. Thus, industry representation depends on the form of organization of businesses in each industry.

Most corporations file as part of a consolidated group. The industry classification reflects the Department of Revenue's subjective judgment about the corporation's **primary** activities within Alaska. This report does not necessarily reflect every industry in which the consolidated group participates. Therefore, this report may not be an accurate reflection of industry activities conducted in Alaska.

The Department of Revenue is in the process of reviewing and updating the data on which this analysis is based. As a result, future analysis could have different results.

## CORPORATE INCOME TAX COLLECTIONS by Sector for Corporations Subject to AS 43.20.145

Sector	FY 2011		FY 2012		FY 2013		FY 2014		FY 2015	
	%	Collections	%	Collections	%	Collections	%	Collections	%	Collections
Construction	2%	3,462,315	3%	3,267,002	3%	3,862,578	2%	2,412,142	3%	4,536,214
Finance	11%	17,502,970	17%	16,137,142	12%	13,289,660	18%	18,801,906	18%	25,099,218
Fisheries	1%	1,386,061	3%	2,818,460	3%	2,815,544	1%	787,932	2%	2,729,037
Manufacturing	2%	2,964,681	0%	112,774	1%	1,211,599	0%	446,815	0%	(8,954)
Mining	50%	81,790,274	15%	15,020,036	24%	26,812,498	15%	15,215,598	13%	17,320,051
Real Estate	0%	60,618	1%	795,495	0%	190,529	2%	1,571,395	1%	1,668,322
Retail	10%	16,671,512	19%	18,337,354	14%	15,516,777	19%	19,193,636	18%	24,175,386
<i>Restaurants &amp; Bars</i>		<i>698,329</i>		<i>331,744</i>		<i>(331,535)</i>		<i>582,398</i>		<i>1,413,110</i>
Services	15%	23,868,293	27%	26,321,022	25%	27,428,187	12%	11,986,665	19%	26,403,786
Transportation**	4%	6,725,161	6%	5,635,833	7%	8,013,315	15%	15,667,046	12%	16,021,020
Utility & Comm.	0%	542,165	2%	1,485,430	3%	3,216,320	3%	2,877,666	4%	5,854,741
Wholesale	5%	8,529,242	8%	7,803,566	8%	9,369,839	13%	13,836,447	11%	14,568,560
Other Sectors*	0%	19,854	0%	61,205	0%	71,843	0%	50,373	0%	(322,411)
<b>Total</b>		<b>\$163,523,146</b>		<b>\$97,795,319</b>		<b>\$111,798,689</b>		<b>\$102,847,620</b>		<b>\$138,044,970</b>
Sectors Included in Services										
<i>Health care</i>	10%	<i>2,491,773</i>	11%	<i>2,928,015</i>	8%	<i>2,244,962</i>	-4%	<i>(424,464)</i>	12%	<i>3,175,935</i>
<i>Oil &amp; Gas Services</i>	50%	<i>11,991,984</i>	66%	<i>17,369,216</i>	42%	<i>11,505,867</i>	48%	<i>5,740,279</i>	53%	<i>14,061,004</i>
<i>Tourism</i>	15%	<i>3,479,337</i>	9%	<i>2,442,502</i>	25%	<i>6,972,099</i>	22%	<i>2,621,338</i>	19%	<i>5,132,104</i>
<i>Other</i>	25%	<i>5,905,199</i>	14%	<i>3,581,290</i>	24%	<i>6,705,258</i>	34%	<i>4,049,512</i>	15%	<i>4,034,743</i>
<i>Total Services</i>		<i>23,868,293</i>		<i>26,321,022</i>		<i>27,428,187</i>		<i>11,986,665</i>		<i>26,403,786</i>
Alaska Native Claims Settlement Act (ANCSA) Corporations***			8,004,430		8,183,067		10,710,243		9,056,015	
<i>ANCSA Regional Corporations</i>			<i>2,127,643</i>		<i>1,771,883</i>		<i>3,434,921</i>		<i>2,922,177</i>	
<i>ANCSA Village Corporations</i>			<i>5,876,787</i>		<i>6,411,185</i>		<i>7,275,322</i>		<i>6,133,838</i>	

\*Includes forestry, insurance and oil companies reporting under AS 43.20.073 which are combined for confidentiality and other adjustments

\*\*Includes both air and non-air transportation companies, a change from previous years.

\*\*\*Department of Revenue began calculating corporate income tax from ANCSA corporations in 2015. These corporations engage in many business activities, which are included in the sector table above.

### NOTES:

**AS 43.20.145** - Corporate income tax section that defines companies as non-petroleum. This report presents an analysis of corporate income tax collections from companies meeting the "waters edge" combined reporting requirement, and reporting corporate income taxes under AS 43.20.145. Companies that produce oil & gas or own pipelines involved in transportation of oil and gas file corporate income tax under AS 43.20.144 and are excluded from this report. Additionally, most corporations file as part of a consolidated group. The industry classification identified by the taxpayer usually reflects the group's primary operations which are not necessarily its primary Alaska operations. Therefore, tax collections by sector are based on Department of Revenue interpretations of each consolidated group of corporation's primary Alaska operations and may not match nationally assigned NAICS codes.

- (1) Total collections may not exactly match Revenue Sources Book figures due to timing issues.
- (2) Collections include estimated payments, payments with returns, payments from collections, and refunds.
- (3) Negative amounts indicate that (refunds) exceeded payments for the fiscal year.
- (4) Timing of payments, refunds or assessment activity adds volatility between fiscal years.
- (5) Total collections may not match previous versions of the CIT Sector Report due to corrections.



## **Sector Definitions for Corporate Income Tax Sector Analysis**

Corporations are assigned to sectors based on Department of Revenue determination of their primary line of business. The few corporations whose primary line of business cannot be determined are assigned to the Services category.

**Construction:** Corporations primarily involved in building infrastructure, including homes, buildings, transportation infrastructure, etc. Building contractors and maintenance companies (such as electrical or plumbing) are included in this category.

**Finance:** Corporations primarily involved directly in financial markets, such as banks, brokers, leasing companies (equipment and other non-real estate goods), investment, and lending companies (excluding mortgage companies).

**Fisheries:** Corporations primarily involved in the fishing sector, including processing, stock preservation, or harvesting of fish. This category includes fish processors that are classified as manufacturers under NAICS.

**Manufacturing:** Corporations primarily involved in physically creating goods to be sold in either the wholesale or retail market. Printing, metalworking and fertilizer manufacturing are examples of activities included in this category. Manufacturing does not include fish processing which is included under fisheries, or wood products which is included under Other Sectors. If a company manufactures items elsewhere but sells them in Alaska, it is generally classified as Wholesale.

**Mining:** Corporations primarily involved in the extraction of minerals other than oil, such as gold, silver, coal, or sand and gravel.

**Real Estate:** Corporations primarily involved in the buying, selling and operation of real estate, including home owners associations, realtors, renting or leasing, and financial companies that primarily deal in real estate or mortgages.

**Retail:** Corporations primarily involved in selling goods directly to consumers (final users of the good).

**Restaurants/bars:** Corporations primarily involved in serving food or beverages to consumers.

**Services:** Corporations primarily involved in providing non-material services to consumers or other businesses.

**Tourism:** Corporations primarily involved in leisure and recreation services. Tourism includes hotels, lodges and guided tour operators. Air transportation including helicopters is included in Airlines category; other transportation is included in Transportation category.

**Oil & Gas Services:** Corporations primarily involved in providing support services to oil or gas exploration or production companies.

**Health care:** Corporations primarily involved in providing health services to patients, or corporations involved in providing individual health care goods such as prosthetics. This category does not include manufacturers of drugs and other supplies; these companies are generally classified as wholesale.

**Transportation:** Corporations primarily involved in transporting people and goods, such as airlines, trucking, and ocean transport. Note that airlines are included under "Transportation", a change from previous years of this report.

**Utilities & Communications:** Corporations primarily involved in constructing, maintaining, or providing communications or utilities. Newspapers, radio, television and magazines are included in this category.

**Wholesale:** Corporations primarily involved in selling goods to intermediate consumers that intend to resell or use the goods to operate their business.

**Other Sectors:** This category combines Forestry (corporations primarily involved in harvesting or processing timber), Insurance (corporations primarily involved in underwriting, selling or collecting insurance that are not exempt from the Corporate Income Tax by virtue of paying the Insurance Premium Tax) and oil companies reporting under AS 43.20.073.

**STATE OF ALASKA**  
**DEPARTMENT OF REVENUE**  
*Tax Division*



*Fiscal Year 2015*  
**SHARED TAXES AND FEES**  
**ANNUAL REPORT**

*Available on the internet at:*  
[www.tax.alaska.gov](http://www.tax.alaska.gov)

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Bill Walker  
Governor

Randall Hoffbeck  
Commissioner

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# 2015

*This annual report provides an overview of shared tax and fee programs administered by the Department of Revenue and reports current and historical amounts shared to the municipalities in Alaska.*

*This report also includes highlights and other information related to these programs.*

*The information included in this report covers fiscal year 2015 that ended June 30, 2015.*

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## ***Introduction***

Alaska statutes provide that a percentage of revenue collected from certain taxes and license fees shall be shared with municipalities in Alaska. The Tax Division within the Department of Revenue is responsible for accounting for taxes and fees subject to sharing and disbursing shared amounts to respective municipalities.

The following tax and license fee types are subject to sharing:

<b><i>Tax Type</i></b>	<b><i>Reference</i></b>	<b><i>Statutory Share</i></b>
Aviation Motor Fuel	43.40.010	60%
Commercial Passenger Vessel	43.52.230	\$5/passenger/port
Electric Cooperative	10.25.570	100%
Fisheries Business	43.75.130	50%
Fishery Resource Landing	43.77.060	50%
Telephone Cooperative	10.25.570	100%
<b><i>License Fee Type</i></b>		
Liquor	04.11.610	100%

Interest and penalty collections are not subject to sharing. For some tax types, amounts expended by the state for collection may be deducted from amounts shared to municipalities.

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## Retrospect

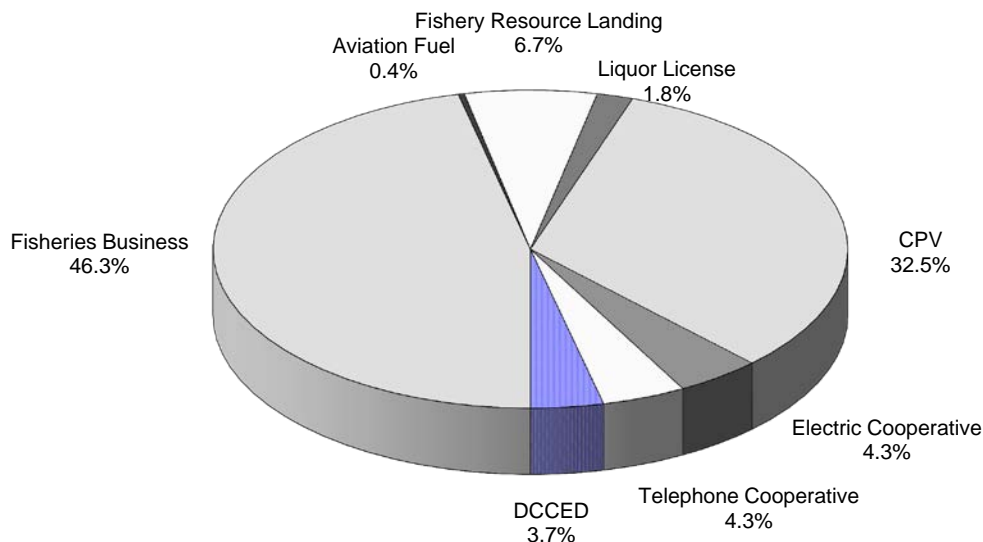
FY 2015 shared taxes and fees decreased 12.0% or approximately \$6.3 million from FY 2014. The decrease is due to a lower number of fish species returning and the lower prices of the fish reported on the Fish Business and Fishery Resource Landing tax returns. Amounts shared under other tax and license programs did not substantially change from FY 2014.

The Department of Revenue distributed taxes and fees to 131 communities throughout Alaska. Following are the top five municipalities and boroughs and their combined amount of shared taxes and fees for FY 2015.

Unalaska	\$ 6,745,512
City and Borough of Juneau	4,890,315
Skagway	4,017,315
Bristol Bay	2,899,978
Ketchikan Gateway Borough	<u>2,303,101</u>
Subtotal	20,856,216
Other Municipalities	<u>23,769,831</u>
Total	<b><u>\$ 44,626,047</u></b>

An additional \$1,720,492 of fisheries business tax and fishery resource landing tax was transferred to the Department of Commerce, Community and Economic Development (DCCED) for sharing to municipalities as provided under fisheries business tax statutes (AS 43.75.137) and fishery resource landing tax statutes (AS 43.77.060(3)(d)).

**Chart 1 - Summary of Shared Taxes and Fees**



--- Prior Year Comparison ---

Tax Type	FY 2015		FY 2014		FY 2013	
	Share Amount	% of Total	Share Amount	% of Total	Share Amount	% of Total
Fisheries Business	\$21,479,071	46.3%	\$24,912,169	47.2%	\$23,165,321	44.2%
Commercial Passenger Vessel	15,051,450	32.5%	15,858,558	30.0%	14,394,385	27.5%
Fishery Resource Landing	3,125,677	6.8%	5,148,589	9.8%	7,016,532	13.4%
Electric Cooperative	2,001,304	4.3%	1,960,349	3.7%	2,037,896	3.9%
Telephone Cooperative	1,975,119	4.3%	1,970,174	3.7%	2,071,131	4.0%
Liquor License Fees	851,625	1.8%	901,825	1.7%	825,025	1.6%
Aviation Motor Fuel	141,801	0.3%	155,296	0.3%	162,346	0.3%
<b>Subtotal</b>	<b>\$44,626,047</b>	<b>96.3%</b>	<b>\$50,906,960</b>	<b>96.4%</b>	<b>\$49,672,636</b>	<b>94.9%</b>
<b>Amount Transferred to DCCED</b>						
Fisheries Business	1,611,355	3.5%	1,581,457	3.0%	1,898,248	3.6%
Fishery Resource Landing	109,137	0.2%	302,237	0.6%	826,348	1.6%
<b>Subtotal</b>	<b>\$1,720,492</b>	<b>3.7%</b>	<b>\$1,883,694</b>	<b>3.6%</b>	<b>\$2,724,596</b>	<b>5.2%</b>
<b>Grand Total</b>	<b>\$46,346,539</b>	<b>100%</b>	<b>\$52,790,654</b>	<b>100%</b>	<b>\$52,397,232</b>	<b>100%</b>

**Table 1**  
**Summary of Shared Taxes and Fees by Municipality**

<b>Municipality</b>	<b>FY2015</b>	<b>FY 2014</b>	<b>Difference</b>
Anchorage	\$1,438,032	\$1,433,046	\$4,986
Juneau	4,890,315	5,144,121	(\$253,806)
Sitka	1,188,123	1,466,546	(\$278,423)
Skagway	4,017,310	4,077,115	(\$59,805)
Wrangell	24,065	31,430	(\$7,365)
<b>Total Municipalities</b>	<b>11,557,845</b>	<b>12,152,258</b>	<b>(594,413)</b>
<b>Borough</b>			
Aleutians East	2,088,104	1,797,534	\$290,570
Bristol Bay	2,899,978	2,086,529	\$813,449
Denali	49,117	51,103	(\$1,986)
Fairbanks North Star	420,825	417,061	\$3,764
Haines	371,112	591,211	(\$220,099)
Kenai Peninsula	1,162,737	1,402,081	(\$239,344)
Ketchikan Gateway	2,303,101	3,053,022	(\$749,921)
Kodiak Island	1,352,566	1,614,025	(\$261,459)
Lake and Peninsula	353,370	557,853	(\$204,483)
Matanuska-Susitna	749,697	751,652	(\$1,955)
North Slope	355,212	325,828	\$29,384
Northwest Arctic	2,098	2,539	(\$441)
Petersburg*	828,318	1,263,718	(\$435,400)
Yakutat	195,216	257,498	(\$62,282)
<b>Total Boroughs</b>	<b>13,131,451</b>	<b>14,171,654</b>	<b>(1,040,203)</b>
<b>City</b>			
Adak	71,151	180,249	(\$109,098)
Akhoik	0	0	\$0
Akutan	943,814	890,075	\$53,739
Alakanuk	1,080	1,089	(\$9)
Aleknagik	8,608	3,224	\$5,384
Ambler	1,448	1,528	(\$80)
Anderson	3,442	2,728	\$714
Angoon	794	790	\$4
Anvik	188	199	(\$11)
Atka	48,116	50,964	(\$2,848)
Barrow	50,155	0	\$50,155
Bethel	16,560	2,632	\$13,928
Brevig Mission	522	545	(\$23)
Buckland	1,135	1,205	(\$70)
Chefornak	0	1,823	(\$1,823)
Chevak	1,177	1,216	(\$39)
Chignik	62,800	310,422	(\$247,622)
Chuathbaluk	110	121	(\$11)
Clark's Point	374	491	(\$117)
Coffman Cove	1,635	1,982	(\$347)
Cordova	1,270,344	1,906,957	(\$636,613)
Craig	351,339	319,904	\$31,435
Deering	600	535	\$65
Delta Junction	8,156	7,775	\$381



**Table 1**  
**Summary of Shared Taxes and Fees by Municipality**

<b>City</b>	<b>FY2015</b>	<b>FY 2014</b>	<b>Difference</b>
Dillingham	\$506,501	\$489,647	\$16,854
Eek	401	397	\$4
Egegik	152,839	181,974	(\$29,135)
Ekwok	221	235	(\$14)
Elim	576	571	\$5
Emmonak	28,742	27,675	\$1,067
Fairbanks	192,166	198,511	(\$6,345)
False Pass	21,678	14,291	\$7,387
Fort Yukon	1,500	0	\$1,500
Galena	1,500	2,500	(\$1,000)
Gambell	914	927	(\$13)
Goodnews Bay	321	350	(\$29)
Grayling	272	276	(\$4)
Gustavus	231	301	(\$70)
Holy Cross	299	314	(\$15)
Homer	83,435	139,020	(\$55,585)
Hoonah	771,755	743,252	\$28,503
Hooper Bay	1,530	1,859	(\$329)
Houston	22,614	21,764	\$850
Huslia	468	481	(\$13)
Hydaburg	1,184	1,491	(\$307)
Kachemak	1,222	1,274	(\$52)
Kake	16,147	25,632	(\$9,485)
Kaltag	324	337	(\$13)
Kasaan	2,300	1,005	\$1,295
Kenai	256,659	349,153	(\$92,494)
Ketchikan	2,301,501	3,031,293	(\$729,792)
Kiana	1,797	1,901	(\$104)
King Cove	408,385	512,655	(\$104,270)
Kivalina	1,565	1,688	(\$123)
Klukwan	173	0	\$173
Klawock	180	1,500	(\$1,320)
Kobuk	786	981	(\$195)
Kodiak	1,116,054	1,274,151	(\$158,097)
Kotlik	921	938	(\$17)
Kotzebue	27,055	28,252	(\$1,197)
Koyuk	584	623	(\$39)
Larsen Bay	106,594	154,709	(\$48,115)
Lower Kalskag	245	245	\$0
Manokotak	1,982	2,351	(\$369)
Marshall	721	767	(\$46)
Mekoryuk	420	1,695	(\$1,275)
Mountain Village	1,343	1,387	(\$44)
Nenana	2,434	2,792	(\$358)
New Stuyahok	661	669	(\$8)
Newhalen	444	461	(\$17)
Nightmute	289	302	(\$13)
Nome	43,642	48,980	(\$5,338)
Nondalton	412	435	(\$23)

**Table 1**  
**Summary of Shared Taxes and Fees by Municipality**

	FY2015	FY 2014	Difference
<b>City</b>			
Noorvik	\$2,089	\$2,273	(\$184)
North Pole	35,659	52,597	(\$16,938)
Nulato	467	491	(\$24)
Nunapitchuk	590	597	(\$7)
Old Harbor	9,237	434	\$8,803
Ouzinkie	204	0	\$204
Palmer	160,045	150,128	\$9,917
Pelican	846	245	\$601
Petersburg*	0	0	\$0
Pilot Station	807	877	(\$70)
Pilot Point	0	0	\$0
Platinum	36,250	177,093	(\$140,843)
Port Lions	568	2,428	(\$1,860)
Quinhagak	1,000	962	\$38
Russian Mission	486	489	(\$3)
Saint George	0	0	\$0
Saint Mary's	16,762	18,167	(\$1,405)
Saint Michael	816	832	(\$16)
Saint Paul	1,074,604	1,205,636	(\$131,032)
Sand Point	25,611	243,817	(\$218,206)
Savoonga	3,771	3,150	\$621
Scammon Bay	798	792	\$6
Selawik	2,851	3,238	(\$387)
Seldovia	5,646	5,112	\$534
Seward	716,111	820,074	(\$103,963)
Shageluk	173	176	(\$3)
Shaktolik	511	507	\$4
Shishmaref	809	809	\$0
Shungnak	1,222	1,318	(\$96)
Soldotna	44,074	48,090	(\$4,016)
Stebbins	719	729	(\$10)
Teller	1,500	395	\$1,105
Tenakee Springs	378	0	\$378
Togiak	102,038	114,789	(\$12,751)
Toksook Bay	791	2,666	(\$1,875)
Unalakleet	31,071	24,986	\$6,085
Unalaska	6,745,512	8,218,176	(\$1,472,664)
Upper Kalskag	377	398	(\$21)
Valdez	441,398	838,368	(\$396,970)
Wales	280	272	\$8
Wasilla	249,314	251,392	(\$2,078)
Whittier	888,555	1,093,892	(\$205,337)
Wrangell	405,276	338,187	\$67,089
<b>Total Cities</b>	<b>19,936,751</b>	<b>24,583,048</b>	<b>(4,646,297)</b>
<b>Grand Total</b>	<b>\$44,626,047</b>	<b>\$50,906,960</b>	<b>(\$6,280,913)</b>

\* Petersburg Borough, a non-unified home rule borough, was incorporated on January 3, 2013.

## Shared Taxes and Fees Overview

Tax Program	Share Provision	Share Cycle		FY 2015 Statistics	
		Disbursal Date	Period	Amount Shared	Total Municipalities
Aviation Motor Fuel <i>AS 43.40.010</i>	60% of aviation motor fuel taxes collected at a municipally owned and operated, or leased and operated, airport, less costs for collection, are shared with the municipality. The Tax Division allocates the amounts to municipalities based on informational schedules of sales activity at the municipal airport from fuel sellers	August	Preceding Fiscal Year	\$141,801	8
Commercial Passenger Vessel Excise <i>AS 43.52.230</i>	\$5 per passenger (onboard a qualifying commercial passenger vessel providing overnight accommodations) is shared to each of the first seven qualifying ports of call within the state. If the port of call is a city located within a borough not otherwise unified with the borough, \$2.50 per passenger will be shared to the city and \$2.50 will be shared to the borough.	February	Preceding Calendar Year	\$15,051,450	16
Electric Cooperative <i>AS 10.25.570</i>	100% of electric cooperative taxes are shared to cities or organized boroughs where the revenue was earned. Electric cooperative taxes are based on kilowatt-hours sold by qualified electric cooperatives recognized under AS 10.25.020	June	Preceding Fiscal Year	\$2,001,304	90
Fisheries Business <i>AS 43.75.130</i>	50% of fisheries business taxes are shared with the municipalities where fishery resources were processed. Taxes are shared as follows:  1) If processing occurred within an incorporated city, which is not located within an organized borough, 50% of the tax collected is shared with the city  2) If processing occurred in an incorporated city, which is located within an organized borough, 25% of the tax collected is shared with the city and 25% of the tax is shared with the borough  3) If processing occurred at a location within an organized borough but not within an incorporated city, 50% of the tax collected is shared with the borough  4) If processing occurred in the unorganized borough, 50% of the tax is shared with municipalities statewide through an allocation program administered by DCCED. The amount of FY 2014 fisheries business tax subject to allocation by DCCED was \$1,611,355.	December	Preceding Fiscal Year	\$21,479,071	55
Fishery Resource Landing <i>AS 43.77.060</i>	50% of fishery resource landing taxes are shared with the municipality where fishery resources were landed. The mechanics for sharing landing taxes are the same as fisheries business taxes, except that the proration applies to boroughs incorporated after January 1, 1994. If landings occurred in the unorganized borough, 50% of the tax is shared with municipalities statewide through an allocation program administered by DCCED. The amount of FY 2014 fishery resource landing tax subject to allocation by DCCED was \$109,137.	December	Preceding Fiscal Year	\$3,125,677	13
Liquor License Fees <i>AS 04.11.610</i>	100% of biennial license fees, excluding wholesale license fees, are shared to municipalities. Sharing is dependent on municipalities enforcing local, state and federal laws, which relate to the manufacture and sale of alcoholic beverages.	January & July	Preceding Six Months	\$851,625	38
Telephone Cooperative <i>AS 10.25.570</i>	100% of telephone cooperative taxes are shared to organized cities or boroughs where the revenue was earned.	June	Preceding Fiscal Year	\$1,975,119	28
<b>Total Shared</b>				<b>\$44,626,047</b>	

**Table 2**  
**2015 Shared Amounts by Municipality by Tax and License Type**

	<i>Total</i>	<i>Aviation Fuel</i>	<i>* CPV Excise</i>	<i>Electric Cooperative</i>	<i>Fisheries Business</i>	<i>Fishery Landing</i>	<i>Liquor License</i>	<i>Telephone Cooperative</i>
<b>Municipality</b>								
Anchorage	\$1,438,032	\$12,961	\$26,200	\$642,099	\$202,096	\$0	\$368,550	\$186,126
Juneau	4,890,315	76,047	4,393,395	0	\$364,624	0	56,250	0
Sitka	1,188,123	0	157,340	0	\$1,009,033	0	21,750	0
Skagway	4,017,310	0	4,008,335	0	\$0	0	8,975	0
Wrangell	24,065	0	24,065	0	0	0	0	0
<b>Total Municipalities</b>	<b>11,557,845</b>	<b>89,008</b>	<b>8,609,335</b>	<b>642,099</b>	<b>1,575,752</b>	<b>0</b>	<b>455,525</b>	<b>186,126</b>
<b>Borough</b>								
Aleutians East	2,088,104	0	0	0	2,067,182	20,922	0	0
Bristol Bay	2,899,978	0	0	18,674	2,809,548	0	12,350	59,406
Denali	49,117	0	0	18,348	0	0	0	30,769
Fairbanks North Star	420,825	0	0	420,825	0	0	0	0
Haines	371,112	0	144,020	537	212,855	0	13,700	0
Kenai Peninsula	1,162,737	0	361,658	153,185	629,725	14,338	0	3,832
Ketchikan Gateway	2,303,101	31,954	2,032,375	0	238,773	0	0	0
Kodiak Island	1,352,566	0	13,925	17,206	1,301,537	19,897	0	0
Lake and Peninsula	353,370	0	0	1,354	352,016	0	0	0
Matanuska-Susitna	749,697	0	0	202,072	254	0	0	547,372
North Slope	355,212	0	0	0	0	0	0	355,212
Northwest Arctic	2,098	0	0	845	0	0	0	1,253
Petersburg**	828,318	0	0	0	820,118	0	8,200	0
Yakutat	195,216	0	0	0	191,216	0	4,000	0
<b>Total Boroughs</b>	<b>13,131,451</b>	<b>31,954</b>	<b>2,551,978</b>	<b>833,046</b>	<b>8,623,223</b>	<b>55,157</b>	<b>38,250</b>	<b>997,844</b>
<b>City</b>								
Adak	71,151	0	0	0	67,968	1,683	1,500	0
Akhiok	0	0	0	0	0	0	0	0
Akutan	943,814	0	0	0	943,814	0	0	0
Alakanuk	1,080	0	0	1,080	0	0	0	0

**Table 2**  
**2015 Shared Amounts by Municipality by Tax and License Type**

	<i>Total</i>	<i>Aviation Fuel</i>	<i>* CPV Excise</i>	<i>Electric Cooperative</i>	<i>Fisheries Business</i>	<i>Fishery Landing</i>	<i>Liquor License</i>	<i>Telephone Cooperative</i>
Aleknagik	8,608	0	0	478	4,676	0	0	3,455
Ambler	1,448	0	0	583	0	0	0	865
Anderson	3,442	0	0	889	0	0	0	2,553
Angoon	794	0	0	794	0	0	0	0
Anvik	188	0	0	188	0	0	0	0
Atka	48,116	0	0	0	34,706	13,411	0	0
Barrow	50,155	0	0	50,155	0	0	0	0
Bethel	16,560	0	0	12,960	0	0	3,600	0
Brevig Mission	522	0	0	522	0	0	0	0
Buckland	1,135	0	0	0	0	0	0	1,135
Chefornak	0	0	0	0	0	0	0	0
Chevak	1,177	0	0	1,177	0	0	0	0
Chignik	62,800	0	0	0	62,800	0	0	0
Chuathbaluk	110	0	0	110	0	0	0	0
Clark's Point	374	0	0	0	24	0	0	350
Coffman Cove	1,635	0	0	0	1,635	0	0	0
Cordova	1,270,344	0	0	12,812	1,023,286	6,015	12,300	215,932
Craig	351,339	0	0	0	342,739	0	8,600	0
Deering	600	0	0	0	0	0	0	600
Delta Junction	8,156	0	0	8,156	0	0	0	0
Dillingham	506,501	0	0	8,347	433,564	0	4,900	59,691
Eek	401	0	0	401	0	0	0	0
Egegik	152,839	0	0	0	152,839	0	0	0
Ekwok	221	0	0	221	0	0	0	0
Elim	576	0	0	576	0	0	0	0
Emmonak	28,742	0	0	1,895	26,846	0	0	0
Fairbanks	192,166	0	0	113,966	0	0	78,200	0
False Pass	21,677	0	0	0	21,677	0	0	0
Fort Yukon	1,500	0	0	0	0	0	1,500	0
Galena	1,500	0	0	0	0	0	1,500	0
Gambell	914	0	0	914	0	0	0	0
Goodnews Bay	321	0	0	321	0	0	0	0

**Table 2**  
**2015 Shared Amounts by Municipality by Tax and License Type**

	<i>Total</i>	<i>Aviation Fuel</i>	<i>* CPV Excise</i>	<i>Electric Cooperative</i>	<i>Fisheries Business</i>	<i>Fishery Landing</i>	<i>Liquor License</i>	<i>Telephone Cooperative</i>
Grayling	272	0	0	272	0	0	0	0
Gustavus	231	0	0	0	231	0	0	0
Holy Cross	299	0	0	299	0	0	0	0
Homer	83,435	0	13,925	25,306	21,004	0	23,200	0
Hoonah	771,755	0	688,980	2,102	76,574	0	4,100	0
Hooper Bay	1,530	0	0	1,530	0	0	0	0
Houston	22,614	0	0	5,186	0	0	3,100	14,328
Huslia	468	0	0	468	0	0	0	0
Hydaburg	1,184	0	0	0	1,184	0	0	0
Kachemak	1,222	0	0	1,222	0	0	0	0
Kake	16,147	0	0	1,246	14,901	0	0	0
Kaltag	324	0	0	324	0	0	0	0
Kasaan	2,300	0	0	0	2,300	0	0	0
Kenai	256,659	9,567	0	32,038	195,703	0	19,350	0
Ketchikan	2,301,501	0	2,032,375	0	237,876	0	31,250	0
Kiana	1,797	0	0	721	0	0	0	1,076
King Cove	408,385	0	0	0	404,385	0	4,000	0
Kivalina	1,565	0	0	581	0	0	0	984
Klukwan	173	0	0	173	0	0	0	0
Klawock	180	0	0	0	180	0	0	0
Kobuk	786	0	0	274	0	0	0	512
Kodiak	1,116,054	5,783	13,925	45,288	1,021,500	10,858	18,700	0
Kotlik	921	0	0	921	0	0	0	0
Kotzebue	27,055	0	0	9,945	0	0	2,500	14,610
Koyuk	584	0	0	584	0	0	0	0
Larsen Bay	106,594	0	0	0	106,594	0	0	0
Lower Kalskag	245	0	0	245	0	0	0	0
Manokotak	1,982	0	0	0	0	0	0	1,982
Marshall	721	0	0	721	0	0	0	0
Mekoryuk	420	0	0	420	0	0	0	0
Mountain Village	1,343	0	0	1,343	0	0	0	0
Nenana	2,434	0	0	2,434	0	0	0	0
New Stuyahok	661	0	0	661	0	0	0	0

**Table 2**  
**2015 Shared Amounts by Municipality by Tax and License Type**

	<i>Total</i>	<i>Aviation Fuel</i>	<i>* CPV Excise</i>	<i>Electric Cooperative</i>	<i>Fisheries Business</i>	<i>Fishery Landing</i>	<i>Liquor License</i>	<i>Telephone Cooperative</i>
Newhalen	444	0	0	444	0	0	0	0
Nightmute	289	0	0	289	0	0	0	0
Nome	43,642	0	0	0	28,842	0	14,800	0
Nondalton	412	0	0	412	0	0	0	0
Noorvik	2,089	0	0	890	0	0	0	1,199
North Pole	35,659	0	0	30,459	0	0	5,200	0
Nulato	467	0	0	467	0	0	0	0
Nunapitchuk	590	0	0	590	0	0	0	0
Old Harbor	9,237	0	0	391	11	8,835	0	0
Ouzinkie	204	0	0	0	0	204	0	0
Palmer	160,045	2,626	0	21,959	0	0	11,500	123,961
Pilot Station	807	0	0	807	0	0	0	0
Pelican	846	0	0	0	846	0	0	0
Petersburg**	0	0	0	0	0	0	0	0
Pilot Point	0	0	0	0	0	0	0	0
Platinum	36,250	0	0	0	36,250	0	0	0
Port Lions	568	0	0	568	0	0	0	0
Quinhagak	1,000	0	0	1,000	0	0	0	0
Russian Mission	486	0	0	486	0	0	0	0
Saint George	0	0	0	0	0	0	0	0
Saint Mary's	16,762	0	0	1,001	15,761	0	0	0
Saint Michael	816	0	0	816	0	0	0	0
Saint Paul	1,074,604	0	0	0	1,053,712	16,891	4,000	0
Sand Point	25,611	0	0	0	21,011	0	4,600	0
Savoonga	3,771	0	0	1,036	2,735	0	0	0
Scammon Bay	798	0	0	798	0	0	0	0
Selawik	2,851	0	0	1,248	0	0	0	1,603
Seldovia	5,646	0	0	1,046	0	0	4,600	0
Seward	716,111	0	347,733	0	334,691	14,338	19,350	0
Shageluk	173	0	0	173	0	0	0	0
Shaktolik	511	0	0	511	0	0	0	0
Shishmaref	809	0	0	809	0	0	0	0
Shungnak	1,222	0	0	468	0	0	0	753
Soldotna	44,074	1,830	0	24,903	2,841	0	14,500	0

**Table 2**  
**2015 Shared Amounts by Municipality by Tax and License Type**

	<i>Total</i>	<i>Aviation Fuel</i>	<i>* CPV Excise</i>	<i>Electric Cooperative</i>	<i>Fisheries Business</i>	<i>Fishery Landing</i>	<i>Liquor License</i>	<i>Telephone Cooperative</i>
Stebbins	719	0	0	719	0	0	0	0
Tanana	1,500	0	0	0	0	0	1,500	0
Teller	378	0	0	378	0	0	0	0
Tenakee Springs	0	0	0	0	0	0	0	0
Togiak	102,038	0	0	1,449	91,511	9,077	0	0
Toksook Bay	791	0	0	791	0	0	0	0
Unalakleet	31,071	0	0	2,065	29,006	0	0	0
Unalaska	6,745,512	0	1,650	0	3,752,155	2,989,207	2,500	0
Upper Kalskag	377	0	0	377	0	0	0	0
Valdez	441,398	0	0	29,696	230,134	0	12,300	169,269
Wales	280	0	0	280	0	0	0	0
Wasilla	249,314	1,033	0	44,760	29	0	27,200	176,292
Whittier	888,555	0	791,550	3,226	89,479	0	4,300	0
Wrangell	405,276	0	0	0	392,076	0	13,200	0
<b>Total Cities</b>	<b>19,936,751</b>	<b>20,840</b>	<b>3,890,138</b>	<b>526,159</b>	<b>11,280,096</b>	<b>3,070,520</b>	<b>357,850</b>	<b>791,150</b>
<b>Grand Total</b>	<b>\$44,626,047</b>	<b>\$141,801</b>	<b>\$15,051,450</b>	<b>\$2,001,304</b>	<b>21,479,071</b>	<b>3,125,677</b>	<b>\$851,625</b>	<b>\$1,975,119</b>

**Number of Communities**

<b>Shared With</b>	<b>130</b>	<b>8</b>	<b>16</b>	<b>90</b>	<b>55</b>	<b>13</b>	<b>38</b>	<b>28</b>
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\* Commercial Passenger Vessel

\*\* Petersburg Borough, a non-unified home borough, was incorporated on January 13, 2013.



**Table 3**  
**Aviation Motor Fuel Tax**

	<i>FY2015</i>	<i>FY 2014</i>	<i>FY 2013</i>	<i>FY 2012</i>	<i>FY 2011</i>	<i>Total All Years</i>
<b>Municipality</b>						
Anchorage (Merrill Field)	\$12,961	\$18,998	\$22,543	\$20,131	\$18,540	\$93,173
Juneau	\$76,047	89,246	90,284	77,539	70,864	403,980
<b>Total Municipalities</b>	<b>\$89,008</b>	<b>108,244</b>	<b>112,827</b>	<b>97,670</b>	<b>89,404</b>	<b>497,153</b>
<b>Borough</b>						
Ketchikan Gateway	\$31,954	29,112	27,567	23,398	29,178	141,209
<b>Total Borough</b>	<b>\$31,954</b>	<b>29,112</b>	<b>27,567</b>	<b>23,398</b>	<b>29,178</b>	<b>141,209</b>
<b>City</b>						
Kenai	\$9,567	5,681	11,178	13,035	13,482	52,943
Kodiak	\$5,783	5,404	5,859	7,076	6,882	31,004
Palmer	\$2,626	2,931	1,427	1,654	599	9,237
Soldotna	\$1,830	2,257	1,960	1,282	1,425	8,754
Wasilla	\$1,033	1,667	1,528	1,543	1,508	7,279
<b>Total Cities</b>	<b>\$20,840</b>	<b>17,940</b>	<b>21,952</b>	<b>24,590</b>	<b>23,896</b>	<b>109,218</b>
<b>Grand Total<sup>1</sup></b>	<b>\$141,801</b>	<b>\$155,296</b>	<b>\$162,346</b>	<b>\$145,658</b>	<b>\$142,478</b>	<b>\$747,579</b>
<b>Cost of Collection</b>	<b>\$3,708</b>	<b>\$3,363</b>	<b>\$2,691</b>	<b>\$2,152</b>	<b>\$2,691</b>	<b>\$10,897</b>
<b>Number of Communities Shared With</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>

<sup>1</sup> Net of cost of collection.

**Table 4**  
**Commercial Passenger Vessel (CPV) Excise Tax**

	<i>FY2015</i>	<i>FY 2014</i>	<i>FY 2013</i>	<i>FY 2012</i>	<i>FY 2011</i>	<i>Total All Years</i>
<b>Municipality</b>						
Anchorage	26,200	2,975	48,570	66,190	63,575	207,510
Juneau	4,393,395	4,598,565	4,151,020	4,096,730	-	17,239,710
Sitka	157,340	302,985	135,355	414,130	706,505	1,716,315
Skagway	4,008,335	4,062,215	3,728,105	3,470,720	3,455,540	18,724,915
Wrangell	24,065	31,430	1,730	19,350	2,510	79,085
<b>Total Municipalities</b>	<b>8,609,335</b>	<b>8,998,170</b>	<b>8,064,780</b>	<b>8,067,120</b>	<b>4,228,130</b>	<b>37,967,535</b>
<b>Borough</b>						
Haines	144,020	140,635	154,080	146,680	154,270	739,685
Kenai Peninsula	361,658	307,578	364,975	357,553	406,080	1,797,844
Ketchikan Gateway	2,032,375	2,240,210	1,977,770	1,947,248	2,088,312	10,285,915
Kodiak Island	13,925	4,600	23,472	32,622	15,763	90,382
<b>Total Boroughs</b>	<b>2,551,978</b>	<b>2,693,023</b>	<b>2,520,297</b>	<b>2,484,103</b>	<b>2,664,425</b>	<b>12,913,826</b>
<b>City</b>						
Homer	13,925	33,542	21,710	0	31,788	100,965
Hoonah	688,980	626,225	610,105	636,345	1,130,220	3,691,875
Hooper Bay	0	0	0	32,687	0	32,687
Ketchikan	2,032,375	2,240,210	1,977,770	1,947,248	0	8,197,603
Kodiak	13,925	4,600	23,473	32,622	15,762	90,382
Seward	347,733	306,723	343,265	324,865	374,293	1,696,879
Unalaska	1,650	4,165	4,120	1,310	3,000	14,245
Valdez	0	1,265	0	1,650	2,335	5,250
Whittier	791,550	950,635	828,865	637,265	695,790	3,904,105
<b>Total Cities</b>	<b>3,890,138</b>	<b>4,167,365</b>	<b>3,809,308</b>	<b>3,613,992</b>	<b>2,253,188</b>	<b>17,733,991</b>
<b>Grand Total</b>	<b>15,051,450</b>	<b>15,858,558</b>	<b>\$14,394,385</b>	<b>\$14,165,215</b>	<b>\$9,145,743</b>	<b>\$68,615,351</b>
<b>Number of Communities Shared With</b>						
	16	17	16	17	15	18

**Table 5**  
**Electric Cooperative Tax**

	<i>FY2015</i>	<i>FY 2014</i>	<i>FY 2013</i>	<i>FY 2012</i>	<i>FY 2011</i>	<i>Total All Years</i>
<b>Municipality</b>						
Anchorage	\$642,099	\$657,254	\$668,760	\$663,378	\$664,499	\$3,295,990
<b>Total Municipalities</b>	<b>\$642,099</b>	<b>657,254</b>	<b>668,760</b>	<b>663,378</b>	<b>664,499</b>	<b>3,295,990</b>
<b>Borough</b>						
Bristol Bay	\$18,674	0	9,043	9,211	9,937	46,865
Denali	\$18,348	19,700	20,557	20,799	19,847	99,251
Fairbanks North Star	\$420,825	416,866	423,939	424,186	418,986	2,104,802
Haines	\$537	536	561	561	596	2,791
Kenai Peninsula	\$153,185	157,328	158,048	152,260	149,055	769,876
Kodiak Island	\$17,206	15,792	27,075	26,387	26,952	113,412
Lake and Peninsula	\$1,354	1,095	1,521	1,046	1,207	6,223
Matanuska-Susitna	\$202,072	200,454	200,602	195,156	184,011	982,295
Northwest Arctic	\$845	891	857	872	875	4,340
<b>Total Boroughs</b>	<b>\$833,046</b>	<b>812,662</b>	<b>842,203</b>	<b>830,478</b>	<b>811,466</b>	<b>4,129,855</b>
<b>City</b>						
Alakanuk	\$1,080	1,089	838	928	898	4,833
Aleknagik	\$478	491	464	387	394	2,214
Ambler	\$583	611	574	621	610	2,999
Anderson	\$889	864	980	1,026	1,035	4,794
Angoon	\$794	790	830	922	914	4,250
Anvik	\$188	199	294	194	197	1,072
Barrow	\$50,155	0	24,771	25,006	24,586	124,518
Bethel	\$12,960	0	0	0	0	12,960
Brevig Mission	\$522	545	591	572	547	2,777
Chevak	\$1,177	1,216	1,182	1,164	1,128	5,867
Chuathbaluk	\$110	121	136	128	142	637
Cordova	\$12,812	13,222	12,797	12,676	12,547	64,054
Delta Junction	\$8,156	7,775	9,075	5,588	6,603	37,197
Dillingham	\$8,347	8,481	8,686	8,614	8,626	42,754
Eek	\$401	397	403	386	371	1,958
Ekwok	\$221	235	270	106	0	832
Elim	\$576	571	605	555	505	2,812

**Table 5**  
**Electric Cooperative Tax**

	<i>FY2015</i>	<i>FY 2014</i>	<i>FY 2013</i>	<i>FY 2012</i>	<i>FY 2011</i>	Total <i>All Years</i>
Emmonak	\$1,895	1,792	1,545	1,528	1,490	8,250
Fairbanks	\$113,966	117,211	120,099	121,852	122,192	595,320
Gambell	\$914	927	888	887	880	4,496
Goodnews Bay	\$321	350	399	377	361	1,808
Grayling	\$272	276	339	273	293	1,453
Holy Cross	\$299	314	302	301	293	1,509
Homer	\$25,306	26,845	27,633	27,672	27,396	134,852
Hoonah	\$2,102	2,153	2,153	2,193	2,130	10,731
Hooper Bay	\$1,530	1,570	1,533	1,489	1,436	7,558
Houston	\$5,186	5,324	5,371	5,270	5,057	26,208
Huslia	\$468	481	486	496	481	2,412
Kachemak	\$1,222	1,274	1,299	1,284	1,190	6,269
Kake	\$1,246	1,391	1,369	1,261	1,107	6,374
Kaltag	\$324	337	354	342	355	1,712
Kenai	\$32,038	32,361	32,608	32,965	33,179	163,151
Kiana	\$721	724	740	718	724	3,627
Kivalina	\$581	615	591	577	577	2,941
Klukwan	\$173	0	0	0	0	173
Kobuk	\$274	335	0	0	0	609
Kodiak	\$45,288	44,685	44,586	41,300	41,908	217,767
Kotlik	\$921	938	971	917	854	4,601
Kotzebue	\$9,945	10,160	10,570	10,473	9,925	51,073
Koyuk	\$584	623	860	637	651	3,355
Lower Kalskag	\$245	245	259	259	272	1,280
Marshall	\$721	767	722	797	731	3,738
Mekoryuk	\$420	429	507	429	413	2,198
Mountain Village	\$1,343	1,387	1,238	1,344	1,345	6,657
Nenana	\$2,434	2,514	2,678	2,749	2,749	13,124
New Stuyahok	\$661	669	631	713	710	3,384
Newhalen	\$444	461	472	437	281	2,095
Nightmute	\$289	302	400	299	299	1,589
Nondalton	\$412	435	419	393	317	1,976
Noorvik	\$890	935	962	971	966	4,724
North Pole	\$30,459	47,602	53,124	56,687	59,264	247,136
Nulato	\$467	491	515	529	511	2,513
Nunapitchuk	\$590	597	610	589	592	2,978
Old Harbor	\$391	393	439	378	365	1,966
Palmer	\$21,959	22,342	23,113	23,197	23,588	114,199

**Table 5**  
**Electric Cooperative Tax**

	<i>FY2015</i>	<i>FY 2014</i>	<i>FY 2013</i>	<i>FY 2012</i>	<i>FY 2011</i>	<i>Total All Years</i>
Pilot Station	\$807	877	874	842	818	4,218
Port Lions	\$568	538	580	3,243	584	5,513
Quinhagak	\$1,000	962	886	866	826	4,540
Russian Mission	\$486	489	494	541	541	2,551
Saint Mary's	\$1,001	1,024	1,021	991	993	5,030
Saint Michael	\$816	832	864	841	837	4,190
Savoonga	\$1,036	1,053	1,019	1,049	996	5,153
Scammon Bay	\$798	792	788	839	814	4,031
Selawik	\$1,248	1,383	1,496	1,362	1,365	6,854
Seldovia	\$1,046	1,112	1,079	1,135	1,235	5,607
Shageluk	\$173	176	166	173	177	865
Shaktolik	\$511	507	492	443	378	2,331
Shishmaref	\$809	809	758	790	798	3,964
Shungnak	\$468	495	609	752	757	3,081
Soldotna	\$24,903	26,364	26,607	25,681	24,210	127,765
Stebbins	\$719	729	701	658	666	3,473
Teller	\$378	395	428	393	411	2,005
Togiak	\$1,449	1,452	1,468	1,467	1,413	7,249
Toksook Bay	\$791	800	812	763	767	3,933
Unalakleet	\$2,065	2,063	2,052	2,062	2,060	10,302
Upper Kalskag	\$377	398	597	450	393	2,215
Valdez	\$29,696	30,416	29,875	28,163	26,183	144,333
Wales	\$280	272	386	267	270	1,475
Wasilla	\$44,760	45,860	46,367	45,443	44,806	227,236
Whittier	\$3,226	3,773	3,233	2,289	2,101	14,622
<b>Total Cities</b>	<b>\$526,159</b>	<b>490,433</b>	<b>526,933</b>	<b>522,959</b>	<b>518,384</b>	<b>2,584,868</b>
<b>Grand Total<sup>1</sup></b>	<b>\$2,001,304</b>	<b>\$1,960,349</b>	<b>\$2,037,896</b>	<b>\$2,016,815</b>	<b>\$1,994,349</b>	<b>\$10,010,713</b>
<b>Cost of Collection<sup>2</sup></b>	<b>\$4,344</b>	<b>\$4,344</b>	<b>\$1,594</b>	<b>\$1,594</b>	<b>\$2,862</b>	<b>\$14,738</b>
<b>Number of Communities Shared With</b>	<b>90</b>	<b>86</b>	<b>87</b>	<b>87</b>	<b>86</b>	<b>90</b>

<sup>1</sup> Net of cost of collection<sup>2</sup> Costs of collection are based on the last full fiscal year.

**Table 6  
Fisheries Business Tax**

	<i>FY2015</i>	<i>FY 2014</i>	<i>FY 2013</i>	<i>FY 2012</i>	<i>FY 2011</i>	<i>Total All Years</i>
<b>Municipality</b>						
Anchorage	\$202,096	\$181,607	\$221,337	\$170,617	\$119,063	\$894,720
Juneau	\$364,624	395,010	384,415	422,230	430,561	\$1,996,840
Sitka	\$1,009,033	1,127,772	1,183,956	1,256,103	1,199,333	\$5,776,197
Wrangell	\$0	0	0	380,741	265,498	\$646,239
<b>Total Municipalities</b>	<b>1,575,753</b>	<b>1,704,389</b>	<b>1,789,708</b>	<b>2,229,691</b>	<b>2,014,455</b>	<b>9,313,996</b>
<b>Borough</b>						
Aleutians East	2,067,182	1,769,278	1,869,127	2,033,097	1,664,919	\$9,403,603
Bristol Bay	2,809,548	2,010,471	1,868,574	2,130,832	2,230,586	\$11,050,011
Denali	0	0	0	0	0	\$0
Fairbanks North Star	0	195	0	118	88	\$401
Haines	212,855	438,390	172,511	326,813	121,651	\$1,272,220
Kenai Peninsula	629,725	919,123	774,646	952,078	1,004,361	\$4,279,933
Ketchikan Gateway	238,773	783,700	709,134	666,360	539,797	\$2,937,764
Kodiak Island	1,301,537	1,561,675	1,546,308	1,647,025	1,405,360	\$7,461,905
Lake and Peninsula	352,016	556,758	382,147	385,759	255,093	\$1,931,773
Matanuska-Susitna	254	112	126	65	110	\$667
Northwest Arctic	0	371	0	0	0	\$371
Petersburg*	820,118	1,249,730	760,516	0	0	\$2,830,364
Yakutat	191,216	250,998	202,334	254,820	390,043	\$1,289,411
<b>Total Boroughs</b>	<b>8,623,224</b>	<b>9,540,801</b>	<b>8,285,423</b>	<b>8,396,967</b>	<b>7,612,008</b>	<b>42,458,423</b>
<b>City</b>						
Adak	67,968	122,489	168,370	75,469	143,848	578,144
Akhiok	0	0	0	110	58	168
Akutan	943,814	877,450	1,028,308	990,609	689,120	4,529,301
Aleknagik	4,676	0	0	0	0	4,676
Atka	34,706	29,615	54,710	51,168	57,861	228,060
Bethel	0	2,632	0	3,937	3,752	10,321
Chefornak	0	1,823	542	2,220	1,119	5,704
Chignik	62,800	310,422	154,944	203,950	109,727	841,843
Clark's Point	24	0	2,227	45,322	50,510	98,083

**Table 6  
Fisheries Business Tax**

	<i>FY2015</i>	<i>FY 2014</i>	<i>FY 2013</i>	<i>FY 2012</i>	<i>FY 2011</i>	<i>Total All Years</i>
Coffman Cove	1,635	1,982	1,699	1,557	570	7,443
Cordova	1,023,286	1,661,223	1,432,356	1,371,290	1,365,497	6,853,652
Craig	342,739	314,704	282,111	258,534	158,364	1,356,452
Delta Junction	0	0	0	0	0	0
Dillingham	433,564	407,654	276,513	339,410	446,588	1,903,729
Egegik	152,839	181,974	110,164	85,138	98,106	628,221
Emmonak	26,846	25,883	38,637	51,420	6,575	149,361
False Pass	21,677	14,291	5,152	8,544	5,690	55,354
Goodnews Bay	0	0	0	1	334	335
Gustavus	231	301	299	505	253	1,589
Homer	21,004	54,283	37,136	64,617	117,556	294,596
Hoonah	76,574	110,249	103,975	113,615	108,022	512,435
Hooper Bay	0	289	366	147	0	802
Houston	0	88	77	65	41	271
Hydaburg	1,184	1,491	367	1,185	858	5,085
Kake	14,901	24,241	16,198	5,824	12,005	73,169
Kaltag	0	0	1,314	450	1,095	2,859
Kasaan	2,300	1,005	1,706	874	308	6,193
Kenai	195,703	289,411	197,541	291,597	276,547	1,250,799
Ketchikan	237,876	743,083	454,435	472,507	424,942	2,332,843
King Cove	404,385	510,155	456,469	521,585	437,823	2,330,417
Klawock	180	0	620	19,212	9,588	29,600
Kodiak	1,021,500	1,164,404	1,189,750	1,252,420	1,123,205	5,751,279
Kotzebue	0	371	0	0	0	371
Larsen Bay	106,594	154,709	131,405	91,058	75,013	558,779
Marshall	0	0	0	0	0	0
Mekoryuk	0	1,266	12,020	5,782	4,095	23,163
Nenana	0	265	0	0	0	265
Nome	28,842	30,280	43,162	36,685	27,792	166,761
North Pole	0	195	0	118	88	401
Old Harbor	11	41	0	5	25	82
Ouzinkie	0	0	0	26,071	0	26,071
Palmer	0	0	0	0	0	0

**Table 6  
Fisheries Business Tax**

	<i>FY2015</i>	<i>FY 2014</i>	<i>FY 2013</i>	<i>FY 2012</i>	<i>FY 2011</i>	<i>Total All Years</i>
Pelican	846	245	628	8,276	8,222	18,217
Petersburg*	0	0	0	1,036,385	665,901	1,702,286
Pilot Point	0	0	0	0	0	0
Platinum	36,250	177,093	27,745	36,676	21,833	299,597
Port Lions	0	1,890	170	9,562	10,627	22,249
Quinhagak	0	0	0	25	687	712
Saint George	0	0	16,768	0	0	16,768
Saint Mary's	15,761	17,143	0	0	2,881	35,785
Saint Paul	1,053,712	1,183,913	1,278,016	1,135,628	736,836	5,388,105
Sand Point	21,011	236,923	255,282	337,198	229,620	1,080,034
Savoonga	2,735	2,097	4,695	2,617	2,964	15,108
Seldovia	0	0	0	150	2,367	2,517
Seward	334,691	482,543	480,290	519,689	596,097	2,413,310
Soldotna	2,841	1,969	685	1,594	2,020	9,109
Tanana	0	0	0	0	0	0
Tenakee Springs	0	0	0	365	88	453
Togiak	91,511	107,578	88,071	100,492	85,308	472,960
Toksook Bay	0	1,866	1,753	2,785	10,417	16,821
Unalakleet	29,006	22,923	9,745	17,911	16,145	95,730
Unalaska	3,752,155	3,307,022	3,957,391	3,968,378	3,780,072	18,765,018
Valdez	230,134	621,634	354,769	274,176	521,771	2,002,484
Wasilla	29	0	49	0	19	97
Whittier	89,479	133,884	123,556	105,012	139,585	591,516
Wrangell	392,076	329,987	288,004	0	0	1,010,067
<b>Total Cities</b>	<b>11,280,096</b>	<b>13,666,979</b>	<b>13,090,190</b>	<b>13,949,920</b>	<b>12,590,435</b>	<b>64,577,620</b>
<b>Grand Total</b>	<b>21,479,073</b>	<b>\$24,912,169</b>	<b>\$23,165,321</b>	<b>\$24,576,578</b>	<b>\$22,216,898</b>	<b>116,350,039.00</b>
<b>Number of Communities Shared With</b>	<b>55</b>	<b>63</b>	<b>59</b>	<b>68</b>	<b>68</b>	<b>79</b>
<b>Additional Sharing with DCCED</b>	<b>\$1,611,355</b>	<b>\$1,581,457</b>	<b>\$1,898,248</b>	<b>\$2,075,432</b>	<b>\$2,153,491</b>	<b>\$9,319,983</b>

\* Petersburg Borough, a non-unified home rule borough, was incorporated on January 3, 2013.



**Table 7**  
**Fishery Resource Landing Tax**

	<i>FY 2015</i>	<i>FY 2014</i>	<i>FY 2013</i>	<i>FY 2012</i>	<i>FY 2011</i>	<i>Total All Years</i>
<b>Municipality</b>						
Juneau	\$0	\$0	\$0	\$5,391	\$0	\$5,391
Sitka	0	13,914	7,108	0	0	21,022
Wrangell	0	0	0	532	1,038	1,570
<b>Total Municipalities</b>	<b>0</b>	<b>13,914</b>	<b>7,108</b>	<b>5,923</b>	<b>1,038</b>	<b>27,983</b>
<b>Borough</b>						
Aleutians East	20,922	28,256	48,864	49,777	40,227	188,046
Kenai Peninsula	14,338	14,108	19,801	8,152	5,556	61,955
Kodiak Island	19,897	31,958	17,328	16,812	4,229	90,224
Lake and Peninsula	0	0	0	0	428	428
Petersburg*	0	3,488	9,077	0	0	12,565
Yakutat	0	0	6,744	11,478	21,052	39,274
<b>Total Boroughs</b>	<b>55,157</b>	<b>77,810</b>	<b>101,814</b>	<b>86,219</b>	<b>71,492</b>	<b>392,492</b>
<b>City</b>						
Adak	1,683	54,660	86,452	61,035	40,219	244,049
Akhiok	0	0	0	0	314	314
Aleknagik	0	0	3	0	0	3
Akutan	0	12,625	5,554	23,718	21,776	63,673
Atka	13,411	21,349	90,162	18,946	10,377	154,245
Clark's Point	0	0	0	0	0	0
Cordova	6,015	0	0	0	0	6,015
Homer	0	0	0	0	0	0
Kodiak	10,858	31,958	15,331	15,586	160	73,893
Old Harbor	8,835	0	0	0	0	8,835
Ouzinkie	204	0	0	0	0	204
Petersburg*	0	0	0	11,415	3,006	14,421
Saint Paul	16,891	21,723	4,487	907	22,134	66,142
Sand Point	0	4,394	28,636	26,058	18,450	77,538
Seward	14,338	14,108	18,008	8,152	5,310	59,916
Togiak	9,077	5,759	22,613	8,988	4,919	51,356
Unalaska	2,989,207	4,890,289	6,636,364	4,558,307	2,977,485	22,051,652
<b>Total Cities</b>	<b>3,070,520</b>	<b>5,056,865</b>	<b>6,907,610</b>	<b>4,733,112</b>	<b>3,104,150</b>	<b>22,872,257</b>
<b>GRAND TOTAL</b>	<b>\$3,125,677</b>	<b>\$5,148,589</b>	<b>\$7,016,532</b>	<b>\$4,825,254</b>	<b>\$3,176,680</b>	<b>\$23,292,732</b>
<b>Number of Communities Shared With</b>	<b>13</b>	<b>14</b>	<b>16</b>	<b>16</b>	<b>17</b>	<b>24</b>
<b>Additional Sharing with DCCED</b>	<b>\$109,137</b>	<b>\$302,237</b>	<b>\$826,348</b>	<b>\$860,942</b>	<b>\$1,252,767</b>	<b>\$3,351,431</b>

\* Petersburg Borough, a non-unified home rule borough, was incorporated on January 3, 2013.

**Table 8**  
**Liquor License Fees**

	<i>FY 2015</i>	<i>FY 2014</i>	<i>FY 2013</i>	<i>FY 2012</i>	<i>FY 2011</i>	<i>Total All Years</i>
<b>Municipality</b>						
Anchorage	\$368,550	\$372,600	\$363,100	\$360,075	\$348,950	\$1,813,275
Juneau	\$56,250	61,300	50,300	61,050	46,150	275,050
Sitka	\$21,750	21,875	26,925	21,250	23,200	115,000
Skagway	\$8,975	14,900	7,375	14,900	7,425	53,575
Wrangell	\$0	0	13,200	8,400	13,200	34,800
<b>Total Municipalities</b>	<b>\$455,525</b>	<b>470,675</b>	<b>460,900</b>	<b>465,675</b>	<b>438,925</b>	<b>2,291,700</b>
<b>Borough</b>						
Bristol Bay	\$12,350	11,125	12,975	12,375	11,100	59,925
Haines	\$13,700	11,650	12,500	12,850	12,700	63,400
Petersburg*	\$8,200	10,500	8,500	0	0	27,200
Ketchikan Gateway	\$0	0	0	2,500	7,625	10,125
Yakutat	\$4,000	6,500	4,000	6,500	4,000	25,000
<b>Total Boroughs</b>	<b>\$38,250</b>	<b>39,775</b>	<b>37,975</b>	<b>34,225</b>	<b>35,425</b>	<b>185,650</b>
<b>City</b>						
Adak	\$1,500	3,100	1,500	3,100	1,500	10,700
Bethel	\$3,600	0	0	0	0	3,600
Cordova	\$12,300	11,650	12,300	11,650	11,675	59,575
Craig	\$8,600	5,200	11,100	5,200	11,100	41,200
Dillingham	\$4,900	4,600	4,300	4,000	4,600	22,400
Fairbanks	\$78,200	81,300	75,350	0	84,100	318,950
Fort Yukon	\$1,500	0	1,500	81,950	1,500	86,450
Galena	\$1,500	2,500	1,500	2,500	1,500	9,500
Gustavus	\$0	0	0	0	3,350	3,350
Homer	\$23,200	24,350	22,450	25,750	20,400	116,150
Hoonah	\$4,100	4,625	3,100	4,625	3,100	19,550
Houston	\$3,100	0	0	0	3,100	6,200
Kake	\$0	0	0	0	1,500	1,500

**Table 8  
Liquor License Fees**

	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>Total All Years</b>
Kenai	\$19,350	21,700	18,100	25,575	17,100	101,825
Ketchikan	\$31,250	48,000	32,000	45,500	27,925	184,675
King Cove	\$4,000	2,500	4,000	2,500	4,000	17,000
Klawock	\$0	1,500	0	1,500	0	3,000
Kodiak	\$18,700	23,100	19,300	22,500	16,200	99,800
Kotzebue	\$2,500	1,500	0	1,500	0	5,500
Nome	\$14,800	18,700	11,650	18,100	12,300	75,550
North Pole	\$5,200	4,800	4,600	4,800	5,200	24,600
Palmer	\$11,500	12,900	11,500	13,500	12,700	62,100
Petersburg*	\$0	0	0	8,600	7,900	16,500
Saint Paul	\$4,000	0	4,000	600	4,000	12,600
Sand Point	\$4,600	2,500	4,600	2,500	7,100	21,300
Seldovia	\$4,600	4,000	4,300	2,100	4,925	19,925
Seward	\$19,350	16,700	21,650	17,100	20,950	95,750
Soldotna	\$14,500	17,500	10,100	17,500	14,500	74,100
Tanana	\$1,500	0	0	0	0	1,500
Unalaska	\$2,500	16,700	2,500	14,200	3,750	39,650
Valdez	\$12,300	20,650	9,800	17,750	13,550	74,050
Wasilla	\$27,200	27,500	29,700	27,500	25,850	137,750
Whittier	\$4,300	5,600	5,250	5,900	5,250	26,300
Wrangell	\$13,200	8,200	0	0	0	21,400
<b>Total Cities</b>	<b>\$357,850</b>	<b>391,375</b>	<b>326,150</b>	<b>388,000</b>	<b>350,625</b>	<b>1,814,000</b>
<b>GRAND TOTAL</b>	<b>\$851,625</b>	<b>\$901,825</b>	<b>\$825,025</b>	<b>\$887,900</b>	<b>\$824,975</b>	<b>\$4,291,350</b>
<b>Number of Communities Shared With</b>	<b>38</b>	<b>34</b>	<b>34</b>	<b>36</b>	<b>38</b>	<b>43</b>

\* Petersburg Borough, a non-unified home rule borough, was incorporated on January 3, 2013.

**Table 9  
Telephone Cooperative Tax**

	<i>FY 2015</i>	<i>FY 2014</i>	<i>FY 2013</i>	<i>FY 2012</i>	<i>FY 2011</i>	<i>Total All Years</i>
<b>Municipality</b>						
Anchorage	186,126	\$199,612	\$225,562	\$206,828	\$217,996	\$1,036,124
<b>Total Municipalities</b>	<b>186,126</b>	<b>199,612</b>	<b>225,562</b>	<b>206,828</b>	<b>217,996</b>	<b>1,036,124</b>
<b>Borough</b>						
Bristol Bay	59,406	64,933	68,367	64,764	66,133	323,603
Denali	30,769	31,403	31,450	28,750	25,686	148,058
Kenai Peninsula	3,832	3,944	4,012	3,935	2,680	18,403
Matanuska-Susitna	547,372	551,086	588,556	544,072	557,498	2,788,584
North Slope	355,212	325,828	333,891	273,545	158,725	1,447,201
Northwest Arctic	1,253	1,277	4,768	5,823	5,522	18,643
<b>Total Boroughs</b>	<b>997,844</b>	<b>978,471</b>	<b>1,031,044</b>	<b>920,889</b>	<b>816,244</b>	<b>4,744,492</b>
<b>City</b>						
Aleknagik	3,455	2,733	2,385	2,440	2,623	13,636
Ambler	865	917	3,665	4,128	3,824	13,399
Anderson	2,553	1,864	3,435	3,717	3,462	15,031
Buckland	1,135	1,205	5,346	5,928	6,202	19,816
Clark's Point	350	491	492	862	942	3,137
Cordova	215,932	220,862	138,827	121,415	101,979	799,015
Deering	600	535	1,713	2,274	1,569	6,691
Dillingham	59,691	68,912	64,642	67,919	67,501	328,665
Houston	14,328	16,352	15,876	14,321	13,513	74,390
Kiana	1,076	1,177	4,433	5,243	4,875	16,804
Kivalina	984	1,073	4,064	5,113	4,864	16,098
Kobuk	512	646	2,339	2,744	2,486	8,727
Kotzebue	14,610	16,221	63,417	72,134	66,714	233,096
Manokotak	1,982	2,351	2,306	2,530	2,627	11,796
Nenana	0	13	15	8	8	44
Noorvik	1,199	1,338	5,361	6,592	6,844	21,334

**Table 9  
Telephone Cooperative Tax**

	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>Total All Years</b>
Palmer	123,961	111,955	122,710	113,362	110,450	582,438
Selawik	1,603	1,855	7,351	9,009	7,738	27,556
Seward	0	0	0	0	0	0
Shungnak	753	823	3,124	3,702	3,345	11,747
Valdez	169,269	164,403	168,134	163,939	138,225	803,970
Wasilla	176,292	176,365	194,890	177,968	185,162	910,677
<b>Total Cities</b>	<b>791,150</b>	<b>792,091</b>	<b>814,525</b>	<b>785,348</b>	<b>734,953</b>	<b>3,918,067</b>
<b>Grand Total<sup>1</sup></b>	<b>1,975,119</b>	<b>1,970,174</b>	<b>2,071,131</b>	<b>1,913,065</b>	<b>1,769,193</b>	<b>9,698,682</b>
<b>Cost of Collection<sup>2</sup></b>	<b>\$1,244</b>	<b>\$1,244</b>	<b>\$1,594</b>	<b>\$1,594</b>	<b>\$2,862</b>	<b>\$4,456</b>
<b>Number of Communities Shared With</b>	<b>28</b>	<b>28</b>	<b>29</b>	<b>28</b>	<b>29</b>	<b>29</b>

<sup>1</sup> Net of cost of collection

<sup>2</sup> Costs of collection are based on the last full fiscal year.

## Appendix A - Statutes

### Aviation Motor Fuel Tax

**AS 43.40.010. TAX ON TRANSFERS OR CONSUMPTION OF MOTOR FUEL AND EXPENDITURE OF PROCEEDS.** (e) Sixty per cent of the proceeds of the revenue from the taxes on aviation fuel, excluding the amount determined to have been spent by the state in its collection, shall be refunded to a municipality owning and operating or leasing and operating an airport in the proportion that the revenue was collected at the municipal airport. All other proceeds of the taxes on aviation fuel shall be paid into a special aviation fuel tax account in the state general fund. The legislature may appropriate funds from this account for aviation facilities.

### Commercial Passenger Vessel Excise Tax

**AS 43.52.230. DISPOSITION OF RECEIPTS.** For each voyage of a commercial passenger vessel providing overnight accommodations, the commissioner shall identify the first seven ports of call in the state and the number of passengers on board the vessel at each port of call. Subject to annual appropriation by the legislature, the commissioner shall distribute to each port of call \$5 per passenger of the tax revenue collected from the tax levied under AS 43.52.200 – 43.52.295. If the port of call is a city located within a borough not otherwise unified with the borough, the commissioner shall, subject to appropriation by the legislature, distribute \$2.50 per passenger to the city and \$2.50 to the borough. A city or borough that receives a payment under this subsection shall use the funds for port facilities, harbor infrastructure, and other services provided to the commercial passenger vessels and the passengers on board those vessels.

*AS 43.52.250. Local Levies [Repealed 12 ch 101 SLA 2010]*

### Electric Cooperative Tax

**AS 10.25.570. REFUND TO LOCAL**

**GOVERNMENTS.** The proceeds of the telephone cooperative gross revenue tax and the electric cooperative tax, less the amount expended by the state in their collection, shall be refunded to an organized borough or a city of any class incorporated under state law, in the proportion that the revenue was earned within the city or the borough area outside the city.

However, taxes collected on gross revenue earned by a telephone cooperative or on the sale of electricity by an electric cooperative outside a city or organized borough shall be retained by the state and deposited into its general fund.

### Fisheries Business Tax

**AS 43.75.130. REFUND TO LOCAL GOVERNMENTS.** (a) Except as provided in (d) of this section, the commissioner of revenue shall pay

(1) to each unified municipality and to each city located in the unorganized borough, 50 percent of the amount of tax revenue collected in the municipality from taxes levied by this chapter;

(2) to each city located within a borough, 25 percent of the amount of tax revenue collected in the city from taxes levied by this chapter; and

(3) to each borough

(A) 50 percent of the amount of tax revenue collected in the area of the borough outside cities from taxes levied by this chapter; and

(B) 25 percent of the amount of tax revenue collected in cities located within the borough from taxes levied by this chapter.

(b) For purposes of this section, tax revenue collected under AS 43.75.015 from a person entitled to a credit under AS 43.75.032 shall be calculated as if the person's tax had been collected without applying the credit.

(c) *[Repealed, Sec 7 Ch 79 SLA 1986]*

(d) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, the commissioner shall pay

(1) to each city that is located in a borough incorporated after June 16, 1987 the following

## Appendix A - Statutes

### Fisheries Business Tax (Continued)

percentages of the tax revenue collected in the city from taxes levied under this chapter:

(A) 45 percent of the taxes collected during the calendar year after the calendar year in which the borough is incorporated;

(B) 40 percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 35 percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 30 percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) to each borough that is incorporated after June 16, 1987 the following percentages of the tax revenue collected in the cities located within the borough from taxes levied under this chapter:

(A) 5 percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) 10 percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 15 percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 20 percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated.

(e) Notwithstanding the provisions of (d) of this section, a city may adopt an ordinance to transfer a portion of the funds received under (d)(1) of this section to the borough in which the city is located.

(f) In this section, "tax revenue collected" includes the amount credited against taxes under AS 43.75.018.

**AS 43.75.137. ADDITIONAL REFUND.** To the extent that appropriations are available for the purpose, and notwithstanding the requirement of AS 37.07.080(e) that approval of the office of management and budget is

required, an amount equal to 50 percent of the tax revenue that is collected under this chapter from fisheries businesses and is not subject to division with a municipality under AS 43.75.130 shall be transmitted each fiscal year, without the approval of the office of management and budget, by the department to the Department of Commerce, Community and Economic Development for disbursement to eligible municipalities under AS 29.60.450.

### Fishery Resource Landing Tax

**AS 43.77.060. REVENUE SHARING.** (a) Subject to appropriation by the legislature and except as provided in (b) of this section, the commissioner of revenue shall pay to each

(1) unified municipality and to each city located in the unorganized borough, 50 percent of the amount of tax revenue collected in the municipality from taxes levied under this chapter on the fishery resource landed in the municipality and accounted for under AS 43.77.050(b);

(2) city located within a borough, 25 percent of the amount of tax revenue collected in the city from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b); and

(3) borough

(A) 50 percent of the amount of tax revenue collected from taxes levied under this chapter on fishery resources landed in the area of the borough outside cities and accounted for under AS 43.77.050(b); and

(B) 25 percent of the amount of tax revenue collected from taxes levied under this chapter on fishery resources landed in cities located within the borough and accounted for under AS 43.77.050(b).

(b) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and subject to appropriation by the legislature, the commissioner shall pay to each

(1) city that is located in a borough incorporated after the effective date of this Act (*January 1, 1994*), the following percentages of

## Appendix A - Statutes

### Fishery Resource Landing Tax (Continued)

the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under AS 43.77.050(b):

(A) 45 percent of the tax revenue collected during the calendar year after the calendar year in which the borough is incorporated;

(B) 40 percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 35 percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 30 percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) borough that is incorporated after the effective date of this Act (*January 1, 1994*), the following percentages of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the cities located within the borough and accounted for under AS 43.77.050(b):

(A) five percent of the tax revenue collected during the calendar year in which the borough is incorporated;

(B) 10 percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 15 percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 20 percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated.

(c) Notwithstanding the provisions of (b) of this section, a city may adopt an ordinance to transfer a portion of the funds received under (b)(1) of this section to the borough in which the city is located.

(d) To the extent that appropriations are available for the purpose, and notwithstanding the requirement of AS 37.07.080(e) that

approval of the office of management and budget is required, an amount equal to 50 percent of the tax revenue that is collected under this chapter and is not subject to division with a municipality under (a) -- (c) of this section shall be transmitted each fiscal year, without the approval of the office of management and budget, by the department to the Department of Commerce, Community and Economic Development for disbursement to eligible municipalities under AS 29.60.450.

### Telephone Cooperative Tax

**AS 10.25.570. REFUND TO LOCAL GOVERNMENTS.** The proceeds of the telephone cooperative gross revenue tax and the electric cooperative tax, less the amount expended by the state in their collection, shall be refunded to an organized borough or a city of any class incorporated under state law, in the proportion that the revenue was earned within the city or the borough area outside the city.

However, taxes collected on gross revenue earned by a telephone cooperative or on the sale of electricity by an electric cooperative outside a city or organized borough shall be retained by the state and deposited into its general fund.

### Liquor License Fees

**AS 04.11.610. REFUND TO MUNICIPALITIES.**

(a) Biennial license fees, excluding annual wholesale fees and biennial wholesale license fees, collected within a municipality shall be refunded semi-annually to the municipality.

(b) If the officers of a municipality fail to actively enforce local ordinances, laws of the United States and the state, and the regulations relating to the manufacture and sale of alcoholic beverages in the state, the commissioner of revenue may deny the refund provided for under (a) of this section until the board finds the enforcement of the ordinances, laws and regulations is resumed.



## Appendix A – Statutes

### Liquor License Fees (Continued)

(c) The Department of Revenue shall recover any amounts erroneously refunded under (a) of this section. The Department of Revenue shall schedule repayments of erroneously refunded amounts over a sufficient period of time to minimize financial hardship to the municipality involved.

## Appendix B

### Unified Municipalities and Boroughs

<u><i>Municipality/Borough</i></u>	<u><i>Classification</i></u>	<u><i>Date Incorporated</i></u>
Aleutians East Borough	Second Class	October 23, 1987
Municipality of Anchorage	Unified Home Rule	September 15, 1975
Bristol Bay Borough	Second Class	October 2, 1962
Denali Borough	Home Rule	December 7, 1990
Fairbanks North Star Borough	Second Class	January 1, 1964
Haines Borough	Home Rule	October 17, 2002
City and Borough of Juneau	Unified Home Rule	July 1, 1970
Kenai Peninsula Borough	Second Class	January 1, 1964
Ketchikan Gateway Borough	Second Class	September 6, 1963
Kodiak Island Borough	Second Class	September 24, 1963
Lake and Peninsula Borough	Home Rule	April 26, 1989
Matanuska-Susitna Borough	Second Class	January 1, 1964
North Slope Borough	Home Rule	July 2, 1972
Northwest Arctic Borough	Home Rule	June 2, 1986
Petersburg Borough	Home Rule	January 3, 2013
City and Borough of Sitka	Unified Home Rule	December 2, 1971
Municipality of Skagway	First Class	June 25, 2007
City and Borough of Wrangell	Unified Home Rule	May 30, 2008
City and Borough of Yakutat	Home Rule	September 22, 1992

*Source: 2015 Alaska Community Directory*

**Appendix C**  
**Cities Within Organized Boroughs**

***Aleutians East Borough***

Akutan  
Cold Bay  
False Pass  
King Cove  
Sand Point

***Lake and Peninsula Borough***

Chignik  
Egegik  
Newhalen  
Nondalton  
Pilot Point  
Port Heiden

***Denali Borough***

Anderson

***Matanuska-Susitna Borough***

Houston  
Palmer  
Wasilla

***Fairbanks North Star Borough***

Fairbanks  
North Pole

***North Slope Borough***

Anaktuvuk Pass  
Atkasuk  
Barrow  
Kaktovik  
Nuiqsut  
Point Hope  
Wainwright

***Kenai Peninsula Borough***

Homer  
Kachemak  
Kenai  
Seldovia  
Seward  
Soldotna

***Northwest Arctic Borough***

Ambler  
Buckland  
Deering  
Kiana  
Kivalina  
Kobuk  
Kotzebue  
Noorvik  
Selawik  
Shungnak

***Ketchikan Gateway Borough***

Ketchikan  
Saxman

***Kodiak Island Borough***

Akhiok  
Kodiak  
Larsen Bay  
Old Harbor  
Ouzinkie  
Port Lions

***Petersburg Borough***

Kupreanof

\* All other boroughs do not have separate incorporated cities

*Source: 2015 Alaska Community Directory*

**Appendix D  
Incorporated Cities Within Alaska**

***Home Rule Cities***

Cordova  
Fairbanks  
Kenai  
Ketchikan  
Kodiak  
Nenana  
North Pole  
Palmer  
Seward  
Valdez

***First Class Cities***

Barrow  
Craig  
Dillingham  
Galena  
Homer  
Hoonah  
Hydaburg  
Kake  
King Cove  
Klawock  
Nome  
Pelican  
Saint Mary's  
Sand Point  
Seldovia  
Soldotna  
Tanana  
Unalaska  
Wasilla

***Second Class Cities***

Adak  
Akhiok  
Akiak  
Akutan  
Alakanuk  
Aleknagik  
Allakaket  
Ambler  
Anaktuvuk Pass  
Anderson  
Angoon  
Aniak  
Anvik  
Atka  
Atkasuk  
Bethel  
Betles

***Second Class Cities***

Brevig Mission  
Buckland  
Cheforak  
Chevak  
Chignik  
Chuathbaluk  
Clark's Point  
Coffman Cove  
Cold Bay  
Deering  
Delta Junction  
Diomedes  
Eagle  
Edna Bay  
Eek  
Egegik  
Ekwok  
Elim  
Emmonak  
False Pass  
Fort Yukon  
Gambell  
Golovin  
Goodnews Bay  
Grayling  
Gustavus  
Holy Cross  
Hooper Bay  
Houston  
Hughes  
Huslia  
Kachemak  
Kaktovik  
Kaltag  
Kasaan  
Kiana  
Kivalina  
Kobuk  
Kotlik  
Kotzebue  
Koyuk  
Koyukuk  
Kupreanof  
Kwethluk  
Larsen Bay  
Lower Kalskag  
Manokotak  
Marshall  
McGrath  
Mekoryuk  
Mountain Village

***Second Class Cities***

Napakiak  
Napaskiak  
New Stuyahok  
Newhalen  
Nightmute  
Nikolai  
Nondalton  
Noorvik  
Nuiqsut  
Nulato  
Nunam Iqua  
Nunapitchuk  
Old Harbor  
Ouzinkie  
Pilot Point  
Pilot Station  
Platinum  
Point Hope  
Port Alexander  
Port Heiden  
Port Lions  
Quinhagak  
Ruby  
Russian Mission  
Saint George  
Saint Michael  
Saint Paul  
Savoonga  
Saxman  
Scammon Bay  
Selawik  
Shageluk  
Shaktolik  
Shishmaref  
Shungnak  
Stebbins  
Teller  
Tenakee Springs  
Thorne Bay  
Togiak  
Toksook Bay  
Unalakleet  
Upper Kalskag  
Wainwright  
Wales  
White Mountain  
Whittier

***Organized Under Federal Law***

Metlakatla

Source: 2015 Alaska Community Directory



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Revenue

COMMISSIONER'S OFFICE

State Office Building  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
PO Box 110400  
Juneau, Alaska 99811-0400  
Main: 907.465.2300  
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February 15, 2016

The Honorable Cathy Giessel  
Alaska State Senator  
Chair, Senate Resources Committee  
State Capitol Room 427  
Juneau, AK 99801

Dear Senator Giessel:

The purpose of this letter is to provide you with responses to the questions asked of the Department of Revenue during our presentation to the Senate Resources Committee on February 3, 2016. Please see questions in italics and our responses immediately below the questions.

- 1. What local taxes apply to our large mines? What is the approximate total government take from the mining industry?*

Some of Alaska's major mines pay taxes to the municipal governments in whose jurisdictions they are located. Unlike state Mining License Tax records, which are confidential, these mines' municipal tax liabilities can generally be determined from public information.

- Fort Knox Mine is the largest taxpayer in the Fairbanks North Star Borough. According to the Fairbanks North Star Borough property database, Fort Knox (through its operator, Fairbanks Gold Mining Inc.) owed about \$7.5 million of property taxes in 2015. This amount rose from roughly \$5 million in 2011. The tax rate was 13.45 mills and the assessed property value was about \$560 million.
- Red Dog Mine, located in the Northwest Arctic Borough, pays the borough a "payment in lieu of tax" (PILT). Recently, the borough adopted a new severance tax which Red Dog's owner, Teck Alaska, claims would increase its payments to the borough from about \$12 million to \$40 million or more.<sup>1</sup> The borough disputes this claim, saying that at current zinc prices Teck would pay only \$20 million under the severance tax.<sup>2</sup> The two parties are in negotiation for a new PILT agreement.
- Kensington Mine is in Juneau. According to the Juneau property assessor's database, Kensington's owner (Coeur Alaska) holds about \$130 million worth of land. Juneau's property tax rate for areas outside the road and fire service areas in FY 2014 was 8.04 mills<sup>3</sup>, so Kensington's property tax liability can be calculated at roughly \$1 million.
- Greens Creek Mine, also in Juneau, is owned by Hecla. The property is worth about \$104 million, so again calculating from Juneau's tax rate, Hecla should owe about \$830,000 in property tax.

<sup>1</sup> <http://www.alaskapublic.org/2016/01/15/red-dog-mine-sues-borough-over-severance-tax/>

<sup>2</sup> <http://nwabor.org/pdfs/NAB%20-%20Press%20Release%201-15-15.pdf>

<sup>3</sup> <http://www.juneau.org/finance/taxinfo.php>

- Usibelli Coal Mine is in the Denali Borough, which charges a severance tax of \$0.05 per ton of coal.<sup>4</sup> According to Usibelli’s own website, it produces about 2 million tons of coal per year, so that would make it subject to about \$100,000 per year in borough severance tax.
- The sixth major Alaska mine, Pogo (owned by Sumitomo), is not located in any borough or city.

In addition to these local taxes, the state government collected approximately \$38 million in Mining License Tax in FY 2015. The state also collects corporate income tax from mining-related companies. In FY 2014, the most recent year for which data are available, corporate income tax from the mining industry totaled about \$15 million, as shown in the attached Sector Report.

2. *What percentage has Red Dog Mine reimbursed AIDEA for the road?*

As of January 31, 2016, the outstanding bond principal was \$52.2 million, compared to total net AIDEA investment of \$265.0 million; therefore approximately 80.3% of the total investment principal has been paid. Including interest, total payments to AIDEA have amounted to \$443.5 million.

3. *If the mining tax structure proposed in SB 137 (i.e., an increase in the top rate to 9%) had been in place in previous years, how much revenue would the state have received from the Mining License Tax?*

Almost all Mining License Tax revenue comes from the state’s six large mines. The effective tax rate on the **total** income from these mines tends to be near the top marginal rate, which is currently 7%. This does not say anything about the effective rate for a particular mining operation, which may be low or even zero if the mine is not profitable in a given year.

SB 137 would increase the top marginal tax rate from 7% to 9%. Since most revenue comes from the large mines, we can estimate how much revenue the state would have received under this structure in previous years by multiplying historical revenue figures by 9/7.

<b>Fiscal year</b>	<b>Actual MLT revenue</b>	<b>SB 137 est. revenue</b>	<b>Est. change</b>
<b>FY 2015</b>	39	50	11
<b>FY 2014</b>	23	30	7
<b>FY 2013</b>	47	60	13
<b>FY 2012</b>	41	52	11
<b>FY 2011</b>	49	63	14

All figures are in millions of dollars and include only General Fund revenue. The estimated figures should be regarded as maximums.

<sup>4</sup> [http://www.denaliborough.govoffice.com/vertical/sites/%7B63112C6F-13FC-4147-831D-8F3F0E33EC53%7D/uploads/Severance Tax Return \(Revised 10 2014\) fill-in format.pdf](http://www.denaliborough.govoffice.com/vertical/sites/%7B63112C6F-13FC-4147-831D-8F3F0E33EC53%7D/uploads/Severance%20Tax%20Return%20(Revised%2010%202014)%20fill-in%20format.pdf)

4. *What is the economic impact of removing the 3½-year exemption for new mines on Alaska jobs and families?*

With so few mining projects of significant size in Alaska, there is not enough data to analyze the specific economic impact of the 3½-year exemption. However, the mining industry has indicated they are more concerned about this provision of the bill than the tax rate increase.

The Department of Revenue would note that the Mining License Tax is a tax on net income (i.e., profits), not a tax on mineral value. Therefore, imposing the tax in the first 3½ years of a mining operation's life would not cause the mine to switch from being profitable to unprofitable. The tax could reduce the mine's profits by at most 9%.

5. *Can we get more research into how Alaska's mining tax regime compares to other states and countries? How long is the average permitting window for these other states and countries?*

Several documents are attached which we hope will prove useful. First is a summary of all state severance taxes, including mining taxes, in the U.S. Second is a web page from Natural Resources Canada showing all mining-specific federal tax provisions in that country.

Third is a detailed comparison of Canadian federal and provincial taxes on mining. While slightly outdated (from 2009), this document provides valuable information. For example, British Columbia charges a mining tax of 13% on net proceeds (see page 23), significantly higher than the 9% rate that Alaska would charge under the proposed increase in SB 137. Yukon's mining tax is called a "royalty", but is also related to the mine's profits (page 37). Yukon's mining tax rate is:

- 3% on profits between \$10,000 and \$1 million
- 5% on profits between \$1 and \$5 million
- 6% on profits between \$5 and \$10 million
- An additional 1 percentage point higher on each additional bracket of \$5 million

Thus it is lower than Alaska's or B.C.'s for some mines, but can be increased without limit (up to 100%) if the mine is profitable enough. The appendix of the Canadian Mining Taxation – 2009 document provides further useful comparisons.

On the issue of permitting timelines, there is no simple answer to how long the average timeline is, but the Alaska Department of Natural Resources tells applicants that it takes three to five years to permit a major hard-rock mine in Alaska if everything goes perfectly. This does not include lawsuits and appeals, which can add more years to the timeline. The Alaska DNR polled several other states that permit major mining operations, and received the following answers:

- Montana: There is no simple answer and no "average" figure would be meaningful. We can knock out a permit for a quarry in inert igneous rock located away from the public eye in 6-9 months, but at the other end of the spectrum we have been working intermittently on an underground copper-silver deposit (Rock Creek) located underneath a wilderness area for over 30 years.
- Wyoming: The timeline required would largely depend on if the mineral were patented (locatable) and both surface and mineral were controlled by the developer. If surface and mineral are private the general rule of thumb is two to three years pending no third party legal action. In the case where there is federal surface or federal mineral, and a federal level EIS is required the general rule of thumb is five years for the environmental impact statement (EIS) and two to three years for the permitting. This also assumes no litigation from third party interest groups. Wyoming's most recent action that involved significant litigation resulted in a three year additional time delay.
- Arizona: Opening a new major hard rock copper mine in Arizona takes 5-15 years. Reopening a mine can be done fairly quickly if entirely in the same footprint. The length is

difficult to quantify as the length of time for an EIS can take many years and then the EPA can review it after the lead agency has completed their work.

- Nevada: Permitting time is about 8 months for a small operation above the water table and up to 4 years for a large operation. Time is proportional to size and depth of the proposed operation. The typical average is 30 – 36 months.

I hope you find this information to be useful. Please do not hesitate to contact me if you have further questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Randall Hoffbeck".

Randall Hoffbeck  
Commissioner

Attachments: CIT Sector Report FY 2014; State Severance Taxes 2015; Canadian Mining Taxation – 2009; Mining-Specific Tax Provisions (Natural Resources Canada)



## Non-Petroleum Corporate Income Tax Collections by Sector

**Prepared by:** Will Bishop, Economist, (907) 465-8222 or [william.bishop@alaska.gov](mailto:william.bishop@alaska.gov)

**Purpose:** To present an analysis by business sector of non-petroleum corporate income tax collections received during recent fiscal years.

**Data Source:** Tax collections are from payments and refunds data for the relevant fiscal year, as reported in the Tax Accounting System and in GenTax and as queried by the Tax Division's Economic Research Group. Sector classifications are based on Department of Revenue determinations using taxpayer-reported NAICS codes and public information about companies. This report presents an analysis of corporate income tax collections from companies meeting the "water's edge" combined reporting requirement, and reporting corporate income taxes under AS 43.20.073. Companies that produce oil & gas or own pipelines involved in transportation of oil and gas report corporate income tax under AS 43.20.072 and are excluded from the this report.

**Key Assumptions:** Sector classifications are based on Department of Revenue determination using definitions listed on the "Definitions" worksheet.

**Disclaimer:** Collections for a fiscal year include quarterly estimated payments and may also include payments, assessments, or amended returns, and refunds for prior years. Large payments, assessments or refunds can distort the collections data for any specific year. Total collections may not exactly match Revenue Sources Book figures due to timing issues. Tax collections received during a fiscal year are not equal to tax liabilities reported during the fiscal year. Generally, only C corporations pay (i.e., not S corporations) corporate income tax. Thus, industry representation is dependent upon the form of organization of businesses in each industry.

Most corporations file as part of a consolidated group. The industry classification reflects the Department of Revenue's subjective judgment about the corporation's **primary** activities within Alaska. This report does not necessarily reflect every industry in which the consolidated group participates. Therefore, this report may not be an accurate reflection of industry activities conducted in Alaska.

The Department of Revenue is in the process of reviewing and updating the data on which this analysis is based. As a result, future analysis could have different results.

## CORPORATE INCOME TAX COLLECTIONS by Sector for Corporations Subject to AS 43.20.073

Sector	FY 2010		FY 2011		FY 2012		FY 2013		FY 2014	
	%	Collections	%	Collections	%	Collections	%	Collections	%	Collections
Construction	7%	5,901,892	2%	3,462,315	3%	3,267,002	3%	3,860,578	2%	2,412,142
Finance	36%	29,381,164	11%	17,530,085	16%	16,787,284	12%	13,449,943	18%	18,801,906
Fisheries	1%	665,299	1%	1,386,061	3%	2,818,460	3%	2,815,554	1%	787,932
Manufacturing	-1%	(985,867)	3%	4,176,299	12%	12,633,838	1%	1,211,599	0%	446,815
Mining	-3%	(2,558,970)	50%	81,790,274	15%	15,020,036	24%	26,826,073	15%	15,215,598
Real Estate	1%	609,000	0%	60,618	1%	795,495	0%	190,450	2%	1,571,395
Retail	21%	16,740,969	10%	16,671,289	18%	18,364,389	14%	15,431,295	19%	19,193,636
<i>Restaurants &amp; Bars</i>		<i>884,518</i>		<i>529,314</i>		<i>332,043</i>		<i>(327,201)</i>		<i>582,398</i>
Services	24%	19,616,051	14%	23,868,450	18%	18,702,976	25%	28,046,608	12%	11,986,665
Transportation**	0%	(78,538)	4%	6,725,027	5%	5,635,833	7%	8,013,315	15%	15,667,046
Utility & Comm.	9%	7,458,235	0%	542,165	1%	1,485,430	3%	3,213,904	3%	2,877,666
Wholesale	6%	4,785,290	5%	8,529,242	8%	7,803,566	8%	9,300,032	13%	13,836,447
Other Sectors*	0%	9,495	0%	19,853	0%	61,205	0%	126,782	0%	50,373
<b>Total</b>		<b><u>\$81,544,019</u></b>		<b><u>\$164,761,679</u></b>		<b><u>\$103,375,514</u></b>		<b><u>\$112,486,134</u></b>		<b><u>\$102,847,620</u></b>
Sectors Included in Services										
<i>Health care</i>	22%	<i>4,338,134</i>	11%	<i>2,555,412</i>	16%	<i>2,947,854</i>	9%	<i>2,417,856</i>	-4%	<i>(424,464)</i>
<i>Oil &amp; Gas Services</i>	31%	<i>6,135,402</i>	67%	<i>15,914,956</i>	54%	<i>10,006,283</i>	42%	<i>11,715,963</i>	48%	<i>5,740,279</i>
<i>Tourism</i>	26%	<i>5,115,023</i>	15%	<i>3,483,065</i>	13%	<i>2,443,761</i>	25%	<i>7,030,197</i>	22%	<i>2,621,338</i>
<i>Other</i>	21%	<i>4,027,492</i>	8%	<i>1,915,017</i>	18%	<i>3,305,079</i>	25%	<i>6,882,592</i>	34%	<i>4,049,512</i>
<i>Total Services</i>		<i><u>19,616,051</u></i>		<i><u>23,868,450</u></i>		<i><u>18,702,976</u></i>		<i><u>28,046,608</u></i>		<i><u>11,986,665</u></i>

\*Includes forestry, insurance and oil companies reporting under AS 43.20.073 which are combined for confidentiality and other adjustments

\*\*Includes both air and non-air transportation companies, a change from previous years.

### NOTES:

This report presents an analysis of corporate income tax collections from companies meeting the "waters edge" combined reporting requirement, and reporting corporate income taxes under AS 43.20.073. Companies that produce oil & gas or own pipelines involved in transportation of oil and gas file corporate income tax under AS 43.20.072 and are excluded from the this report. Additionally, most corporations file as part of a consolidated group. The industry classification identified by the taxpayer usually reflects the group's primary operations which are not necessarily its primary Alaska operations. Therefore, tax collections by sector are based on Department of Revenue interpretations of each consolidated group of corporation's primary Alaska operations and may not match nationally assigned NAICS codes.

- (1) Total collections may not exactly match Revenue Sources Book figures due to timing issues.
- (2) Collections include estimated payments, payments with returns, payments from collections, and refunds.
- (3) Negative amounts indicate that (refunds) exceeded payments for the fiscal year.
- (4) Timing of payments, refunds or assessment activity adds volatility between fiscal years.

## **Sector Definitions for Corporate Income Tax Sector Analysis**

Corporations are assigned to sectors based on Department of Revenue determination of their primary line of business. The few corporations whose primary line of business cannot be determined are assigned to the Services category.

**Construction:** Corporations primarily involved in building infrastructure, including homes, buildings, transportation infrastructure, etc. Building contractors and maintenance companies (such as electrical or plumbing) are included in this category.

**Finance:** Corporations primarily involved directly in financial markets, such as banks, brokers, leasing companies (equipment and other non-real estate goods), investment, and lending companies (excluding mortgage companies).

**Fisheries:** Corporations primarily involved in the fishing sector, including processing, stock preservation, or harvesting of fish. This category includes fish processors that are classified as manufacturers under NAICS.

**Manufacturing:** Corporations primarily involved in physically creating goods to be sold in either the wholesale or retail market. Printing, metalworking and fertilizer manufacturing are examples of activities included in this category. Manufacturing does not include fish processing which is included under fisheries, or wood products which is included under Other Sectors. If a company manufactures items elsewhere but sells them in Alaska, it is generally classified as Wholesale.

**Mining:** Corporations primarily involved in the extraction of minerals other than oil, such as gold, silver, coal, or sand and gravel.

**Real Estate:** Corporations primarily involved in the buying, selling and operation of real estate, including home owners associations, realtors, renting or leasing, and financial companies that primarily deal in real estate or mortgages.

**Retail:** Corporations primarily involved in selling goods directly to consumers (final users of the good).

**Restaurants/bars:** Corporations primarily involved in serving food or beverages to consumers.

**Services:** Corporations primarily involved in providing non-material services to consumers or other businesses.

**Tourism:** Corporations primarily involved in leisure and recreation services. Tourism includes hotels, lodges and guided tour operators. Air transportation including helicopters is included in Airlines category; other transportation is included in Transportation category.

**Oil & Gas Services:** Corporations primarily involved in providing support services to oil or gas exploration or production companies.

**Health care:** Corporations primarily involved in providing health services to patients, or corporations involved in providing individual health care goods such as prosthetics. This category does not include manufacturers of drugs and other supplies; these companies are generally classified as wholesale.

**Transportation:** Corporations primarily involved in transporting people and goods, such as airlines, trucking, and ocean transport. Note that airlines are included under "Transportation", a change from previous years of this report.

**Utilities & Communications:** Corporations primarily involved in constructing, maintaining, or providing communications or utilities. Newspapers, radio, television and magazines are included in this category.

**Wholesale:** Corporations primarily involved in selling goods to intermediate consumers that intend to resell or use the goods to operate their business.

**Other Sectors:** This category combines Forestry (corporations primarily involved in harvesting or processing timber), Insurance (corporations primarily involved in underwriting, selling or collecting insurance that are not exempt from the Corporate Income Tax by virtue of paying the Insurance Premium Tax) and oil companies reporting under AS 43.20.073.

**DMTS Financial Information**  
(rounded to nearest \$1,000)

Original Investment	180,188,000
Expansion	<u>84,846,000</u>
Total net investment	265,034,000

Amortization period ranges from 1/1/1990-10/1/2040  
Interest rate is 6.5%

Net Investment Balance-1/31/16	155,712,000
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Payments to AIDEA thru 1/31/16 (includes principal and interest)	443,519,000
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Minimum annual payments due (excludes tonnage-sensitive (released from a reserve fund) or potential price-sensitive payments)	17,670,000
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Outstanding bond principal-1/31/16	52,185,000
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## TAXES

**Table 7.15**  
**STATE SEVERANCE TAXES: 2015**

<i>State</i>	<i>Title and application of tax (a)</i>	<i>Rate</i>
<b>Alabama</b> .....	Iron Ore Mining Tax	\$.03/ton.
	Forest Products Severance Tax	Varies by species and ultimate use.
	Oil and Gas Conservation & Regulation of Production Tax	2% of gross value at point of production, of all oil and gas produced. 1% of the gross value (for a 5-year period from the date production begins) for well, for which the initial permit issued by the Oil and Gas Board is dated on or after July 1, 1996 and before July 1, 2002, except a replacement well for which the initial permit was dated before July 1, 1996; 1.66% gross proceeds from offshore production greater than 8,000 ft. below sea level.
	Oil and Gas Privilege Tax on Production	8% of gross value at point of production; 4% of gross value at point of incremental production resulting from a qualified enhanced recovery project; 4% if wells produce 25 bbl. or less oil per day or 200,000 cu. ft. or less gas per day; 6% of gross value at point of production for certain on-shore and off-shore wells. A 50% rate reduction for wells permitted by the oil and gas board on or after July 1, 1996, and before July 1, 2002, for 5 years from initial production, except for replacement wells for which the initial permit was dated before July 1, 1996; 3.65% gross proceeds from offshore production greater than 8,000 ft. below sea level;
	Coal and Lignite Severance Tax	\$.20/ton in addition to coal severance tax. In 2012, state legislature extended through 2021.
<b>Alaska</b> .....	Local Solid Minerals Tax	Varies by county for sand, clay, gravel, granite, shale, and other products.
	Uniform Natural Minerals Tax	\$.10/ton.
	Cost Recovery Fisheries Assessment (b)	Elective; currently no assessments in place.
	Dive Fishery Management Assessment (b)	Elective; currently 7% of value for select dive fishery species in select management regions.
	Fisheries Business Tax	Tax based on unprocessed value of fishery resources processed in or exported from the state. 1% of value for shore-based processing in developing fisheries; 3% of value for floating processing in developing fisheries or shore-based processing in established fisheries; 4.5% of value for salmon cannery processing in established fisheries; 5% of value for floating processing in established fisheries.
	Fishery Resource Landing Tax	Tax based on unprocessed value of fishery resources processed outside and first landed in the state. 1% of value for developing fisheries; 3% of value for established fisheries.
	Mining License Tax	Up to 7% of net income and royalties received in connection with mining properties and activities in Alaska. New mining operations other than sand and gravel exempt for 3 ½ years after production begins.
	Alaska Oil Production Tax	Alaska will impose a base rate of 35 percent on oil companies' net profits in the state, replacing a 25 percent base rate that increased by 0.4 percentage points for every \$1 above a net wellhead price of \$30.
	Salmon Enhancement Tax (b)	Elective; 2% or 3% of value for salmon sold in or exported from select aquaculture regions.
	Seafood Development Tax (b)	Elective; currently 1% of value for select commercial fish species in select seafood development regions.
Seafood Marketing Assessment (b)	Elective; currently 0.5% of value for all commercial fish species exported from, landed or processed in-state.	
<b>Arizona</b> .....	Severance Tax	2.5% of net severance base for mining (metalliferous minerals); \$1.51/1,000 board ft. (\$.213 for ponderosa pine) for timbering. 3.125% for oil and gas production and nonmetal mining.
<b>Arkansas</b> .....	Natural Resources Severance Tax	Separate rate for each substance. Timber \$0.178/ton (pine), all other \$0.125/ton.
	Oil and Gas Conservation Tax	Natural gas 1.25%, 1.5%, and 5% depending on well classification; crude oil 4% to 5% depending on production levels.
<b>California</b> .....	Oil and Gas Conservation Assessment	Maximum 43 mills/bbl. of oil and 9 mills per MCF produced of gas.
	Oil and Gas Production Assessment	Rate determined annually by Department of Conservation to fund agency operations; no state severance tax.
	Lumber Tax	The Lumber Tax was enacted in Sept. 2012. Retailers are required to impose a 1% tax on lumber sold in California.
<b>Colorado</b> .....	Severance Tax (c)	Taxable years commencing prior to July 1, 1999, 2.25% of gross income exceeding \$11 million for metallic minerals and taxable years commencing after July 1, 1999, 2.25% of gross income exceeding \$19 million for metallic minerals; on or after July 1, 1999, \$.05/ton for each ton exceeding 625,000 tons each quarter for molybdenum ore; 2% to 5% based on gross income for oil, gas, CO <sub>2</sub> , and coalbed methane; after July 1, 1999, \$.36/ton adjusted by the producers' prices index for each ton exceeding 300,000 tons each quarter for coal; and 4% of gross proceeds on production exceeding 15,000 tons per day for oil shale.
	Oil and Gas Conservation Levy (d)	0.07% charge on all oil, natural gas, and CO <sub>2</sub> produced.

See footnotes at end of table.

## STATE SEVERANCE TAXES: 2015—Continued

State	Title and application of tax (a)	Rate
<b>Florida</b> .....	Oil, Gas and Sulfur Production Tax	5% of gross value for small well oil, and 8% of gross value for all other, and an additional 12.5% for escaped oil; tiered formula for tertiary oil; the gas base rate (\$0.171) times the gas base adjustment rate each fiscal year for gas; and the sulfur base rate (\$2.43) times the sulfur base rate adjustment each fiscal year for sulfur.
	Solid Minerals Tax (c)	8% of the value of the minerals severed; heavy minerals (rate computed annually at \$1.34/ton plus times the surcharge rate currently at 2.57) and phosphate rock (rate computed annually at a base rate of \$1.61/ton plus \$1.38 surcharge adjustment).
<b>Idaho</b> .....	Mine License Tax	1% of net value.
	Oil and Gas Production Tax	Maximum of 5 mills/bbl. of oil and 5 mills/50,000 cu. ft. of gas. Current conservation rate is 5 mills (.005).
	Additional Oil and Gas Production Tax	2.5% of market value at site of production.
<b>Illinois</b> .....	Oil and Gas Production Assessment (f)	0.1% fee per well of gross revenue for oil and natural gas.
	Timber Fee	4% of purchase price. (g)
<b>Indiana</b> .....	Petroleum Severance Tax (h)	1% of value or \$.24 per barrel for oil or \$.03 per 1,000 cu. ft. of gas, whichever is greater.
<b>Kansas</b> .....	Severance Tax (i)	8% of gross value of oil and gas, less property tax credit of 3.67%; \$1/ton of coal.
	Oil Inspection Fee/barrel (i)	\$.015/barrel.
	Oil and Gas Conservation Tax	91.00 mills/bbl. crude oil or petroleum marketed or used each month; 12.9 mills/1,000 cu. ft. of gas sold or marketed each month.
	Mined-Land Conservation & Reclamation Tax	\$50, plus per ton fee of between \$.03 and \$.10.
<b>Kentucky</b> .....	Oil Production Tax	4.5% of market value.
	Coal Severance Tax	4.5% of gross value, less transportation expenses; \$.50/ton minimum for extraction and processing.
	Natural Resource Severance Tax	4.5% of gross value, less transportation expenses.
<b>Louisiana</b> .....	Natural Gas Severance Tax (j)	The natural gas severance tax rate effective July 1, 2014 through June 30, 2015 has been set at 16.3 cents per thousand cubic feet (MCF) measured at a base pressure of 15.025 pounds per square inch absolute and at the temperature base of 60 degrees Fahrenheit. This tax rate is set each year by multiplying the natural gas severance tax base rate of 7 cents per MCF by the "gas base rate adjustment" determined by the Secretary of the Department of Natural Resources in accordance with R.S. 47:633(9)(d)(i). The "gas base rate adjustment" is a fraction, of which the numerator is the average of the New York Mercantile Exchange (NYMEX) Henry Hub settled price on the last trading day for the month, as reported in <i>The Wall Street Journal</i> for the previous 12-month period ending on March 31, and the denominator is the average of the monthly average spot market prices of gas fuels delivered into the pipelines in Louisiana as reported by the Natural Gas Clearing House for the 12-month period ending March 31, 1990 (1.7446\$/MMBTU). Based on this computation, the Secretary of the Department of Natural Resources has determined the natural gas severance "gas base rate adjustment" for April 1, 2013, through March 31, 2014, to be 232.34 percent. Applying this gas base rate adjustment to the base tax rate of 7 cents per MCF produces a tax rate of 16.3 cents per MCF effective July 1, 2014, through June 30, 2015. The reduced natural gas severance tax rates provided for in R.S. 47:633(9)(b) and (c) remain the same.
	Oil/Condensate Severance Tax (j)	Value on a per barrel basis (42 gallons) the rates are: full-rate, 12.5%; incapable oil rate, 6.25%; stripper oil rate, 3.25%; reclaimed oil, 3.25%; produced water full-rate, 10%; produced water incapable oil rate, 5.0%; produced water stripper oil rate, 2.5%.
	Timber Severance Tax (j)	Louisiana Revised Statute 47:633 imposes a severance tax on timber and pulpwood based on the trees and timber 2.25% of current stumpage value determined by state commission; pulpwood 5% of current stumpage value; current average stumpage market value determined annually on the second Monday of December by the Louisiana Forestry Commission Effective for 2015, the timber values to be used to determine the severance tax on timber are as follows: Pine Sawtimber, Value Per Ton \$31.68, Tax Rate 2.25%, Tax Per Ton \$0.71; Hardwood Sawtimber, Value Per Ton \$35, Tax Rate 2.25%, Tax Per Ton \$0.79; Pine Chip-n-Saw, Value Per Ton \$16.50, Tax Rate 2.25%, Tax Per Ton \$0.37; Pulpwood Pine, Value Per Ton \$8.76, Tax Rate 5.00%, Tax Per Ton \$0.44; Pulpwood Hardwood, Value Per Ton \$10.50, Tax Rate 5.00%, Tax Per Ton \$0.53.
	Mineral Severance Tax (j)	Various fees on a per ton basis for products like sulphur, salt, marble, stone, sand, lignit, and others.
	Oil Field Site Restoration Fee Freshwater Mussel Tax	Rate varies according to type of well and production. 5% of revenues from the sale of whole freshwater mussels, at the point of first sale.

See footnotes at end of table.

## TAXES

### STATE SEVERANCE TAXES: 2015—Continued

<i>State</i>	<i>Title and application of tax (a)</i>	<i>Rate</i>
<b>Maine</b> .....	Mining Excise Tax	The greater of a tax on facilities and equipment or a tax on gross proceeds.
<b>Maryland</b> .....	Mine Reclamation Surcharge	\$.15/ton of coal removed by open-pit, strip or deep mine methods. Of the \$.15, \$.06 is remitted to the county from which the coal was removed.
<b>Michigan</b> .....	Gas and Oil Severance Tax	5% (gas), 6.6% (oil) and 4% (oil from stripper wells and marginal properties) of gross cash market value of the total production. Maximum additional fee of 0.82% of gross cash market value on all oil and gas (2015 fee).
<b>Minnesota</b> .....	Taconite and Iron Sulfides Direct Reduced Iron (k)	\$2.56 per ton of concentrates or pellets (rate indexed to inflation by law). \$2.56 per ton of concentrates plus an additional \$.03 per ton for each 1% that the iron content exceeds 72%.
<b>Mississippi</b> .....	Oil and Gas Severance Tax	6% of value at point of gas production; 3% of gross value of occluded natural gas from coal seams at point of production for well's first five years; also, maximum 35 mills/bbl. oil or 4 mills/1,000 cu. ft. gas (Oil and Gas Board maintenance tax). 6% of value at point of oil production; 3% of value at production when enhanced oil recovery method used.
	Timber Severance Tax	Varies depending on type of wood and ultimate use.
	Salt Severance Tax	3% of value of entire production in state.
<b>Montana</b> .....	Coal Severance Tax	Varies from 3% to 15% depending on quality of coal and type of mine.
	Metalliferous Mines License Tax (l)	Progressive rate, taxed on amounts in excess of \$250,000. For concentrate shipped to smelter, mill or reduction work, 1.81%. Gold, silver or any platinum group metal shipped to refinery, 1.6%.
	Oil or Gas Conservation Tax	Maximum 0.3% on the market value of each barrel of crude petroleum oil or 10,000 cu. ft. of natural gas produced, saved and marketed or stored within or exported from the state. (m)
	Oil and Natural Gas Production Tax	Varies from 0.5% to 14.8% according to the type of well and type of production.
	Miscellaneous Minerals License Tax	\$.05/ton.
	Cement License Tax (n)	\$.22/ton of cement, \$.05/ton of cement, plaster, gypsum or gypsum products.
	Resource Indemnity Trust Tax	\$25 plus 0.5% of gross value greater than \$5,000. For talc, \$25 plus 4% of gross value greater than \$625. For coal, \$25 plus 0.40% of gross value greater than \$6,250. For vermiculite, \$25 plus 2% of gross value greater than \$1,250. For limestone, \$25 plus 10% of gross value greater than \$250. For industrial garnets, \$25 plus 1% of gross value greater than \$2,500.00.
<b>Nebraska</b> .....	Oil and Gas Severance Tax	3% of value of nonstripper oil and natural gas; 2% of value of stripper oil.
	Oil and Gas Conservation Tax	Two percent of value of stripper oil. Maximum 15 mills/\$1 of value at wellhead, as of January 1, 2000. (f)
	Uranium Tax	2% of gross value over \$5 million. The value of the uranium severed subject to tax is the gross value less transportation and processing costs.
<b>Nevada</b> .....	Minerals Extraction Tax	Between 2% and 5% of net proceeds of each geographically separate extractive operation, based on ratio of net proceeds to gross proceeds of whole operation.
	Oil and Gas Conservation Tax	\$.50/mills/bbl. of oil and 50 mills/50,000 cu. ft. of gas.
<b>New Hampshire</b> .....	Refined Petroleum Products Tax	0.1% of fair market value.
	Excavation Tax	\$.02 per cubic yard of earth excavated.
	Timber Tax	10% of stumpage value at the time of cutting. Not assessed under the general property tax but rather is taxed by municipalities.
<b>New Mexico</b> .....	Resources Excise Tax (o)	Potash .5%, molybdenum .125%, all others .75% of value.
	Severance Tax (o)	Copper .5%, timber .125% of value. Pumice, gypsum, sand, gravel, clay, fluorspar and other non-metallic minerals, 125% of value. Gold, silver .20%; Lead, zinc, thorium, molybdenum, manganese, rare earth and other .125% of value.
	Oil and Gas Severance Tax	3.75% of value of oil, other liquid hydrocarbons, natural gas and carbon dioxide.
	Oil and Gas Emergency School Tax	3.15% of value of oil, other liquid hydrocarbons and carbon dioxide. 4% of value of natural gas.
	Natural Gas Processor's Tax	\$.0220/Mmbtu tax on volume.
	Oil and Gas Ad Valorem Production Tax	Varies, based on property tax in district of production.
	Oil and Gas Conservation Tax (p)	0.19% of value.
<b>North Carolina</b> .....	Oil and Gas Conservation Tax	Maximum 5 mills/barrel of oil and 0.5 mill/1,000 cu. ft. of gas.
	Primary Forest Product Assessment Tax	\$.50/1,000 board ft. for softwood sawtimber, \$.40/1,000 board ft. for hardwood sawtimber, \$.20/cord for softwood pulpwood, \$.12/cord hardwood pulpwood.

See footnotes at end of table.

## STATE SEVERANCE TAXES: 2015—Continued

<i>State</i>	<i>Title and application of tax (a)</i>	<i>Rate</i>
<b>North Dakota</b> .....	Oil Gross Production Tax	5% of gross value at well.
	Gas Gross Production Tax	\$.04/1,000 cu.ft. of gas produced (the rate is subject to a gas rate adjustment each fiscal year). Through June 30, 2013, the rate was \$.0982 per mcf.
	Coal Severance Tax	\$.375/ton plus \$.02/ton. (q)
	Oil Extraction Tax	6.5% of gross value at well (with exceptions due to production volumes and and production incentives for enhanced recovery projects).
<b>Ohio</b> .....	Resource Severance Tax	\$.10/bbl. of oil; \$.025/1,000 cu. ft. of natural gas; \$.04/ton of salt; \$.02/ ton of sand, gravel, limestone and dolomite; \$.10/ton of coal; and \$.001/ ton of clay, sandstone or conglomerate, shale, gypsum or quartzite.
<b>Oklahoma</b> .....	Oil, Gas and Mineral Gross Production Tax and Petroleum Excise Tax (r)	Rate: 0.75% levied on asphalt and metals. 7% (if greater than \$2.10 mcf) 4% (if greater than \$1.75 mcf, but less than \$2.10 mcf) 1% (if less than \$1.75 mcf) casinghead gas and natural gas as well as 0.95% being levied on crude oil, casinghead gas and natural gas. Oil Gross Production Tax is now a variable rate tax, beginning with January 1999 production, at the following rates based on the average price of Oklahoma oil: a) If the average price equals or exceeds \$17/bbl, the tax shall be 7%; b) If the average price is less than \$17/bbl, but is equal to or exceeds \$14/bbl, the tax shall be 4%; c) If the average price is less than \$14/bbl, the tax shall be 1%.
<b>Oregon</b> .....	Forest Products Harvest Tax	\$3.5316/1,000 board ft. harvested from public and private land—through Dec. 31, 2013.
	Oil and Gas Production Tax	6% of gross value at well.
	STF Severance Tax— Eastern Oregon Forestland Option	\$4.03/1,000 board ft. harvested from land under the Small Tract Forestland Option—through Dec. 31, 2015.
	STF Severance Tax— Western Oregon Forestland Option	\$5.18/1,000 board ft. harvested from land under the Small Tract Forestland Option—through Dec. 31, 2015.
<b>Pennsylvania</b> .....	Natural Gas Severance Tax	Annual \$50,000 per-well fee. Local fees and taxes determined by county.
<b>South Carolina</b> .....	Forest Renewal Tax	Softwood products: 50 cents per 1,000 board feet or 20 cents per cord. Hardwood products: 25 cents per 1,000 board feet or 7 cents per cord.
<b>South Dakota</b> .....	Precious Metals Severance Tax	\$4 per ounce of gold severed plus additional tax depending on price of gold; 10% on net profits or royalties from sale of precious metals, and 8% of royalty value.
	Energy Minerals Severance Tax (s)	4.5% of taxable value of any energy minerals.
	Conservation Tax	2.4 mills of taxable value of any energy minerals.
<b>Tennessee</b> .....	Oil and Gas Severance Tax	3% of sales price.
	Coal Severance Tax (t)	\$1.00/ton (effective 7/17/13).
	Mineral Tax	Up to \$.015 per ton, rate set by county legislative body.
<b>Texas</b> .....	Natural Gas Production Tax	7.5% of market value of gas. Condensate Production Tax: 4.6% of market value of gas.
	Crude Oil Production Tax	4.6% of market value or \$.046/bbl.
	Sulphur Production Tax	\$1.03/long ton or fraction thereof.
	Cement Production Tax	\$.055 per ton or \$.0275/100 lbs. or fraction of 100 pounds of taxable cement.
	Oil-Field Cleanup Regulatory Fees	5/8 of \$.01/barrel; 1/15 of \$.01/1,000 cubic feet of gas. (u)
	Oyster Sales Fee	\$1 per 300 lb. barrel of oysters taken from Texas waters.
<b>Utah</b> .....	Mining Severance Tax	2.6% of taxable value for metals or metalliferous minerals sold or otherwise disposed of.
	Oil and Gas Severance Tax	3% of value for the first \$13 per barrel of oil, 5% from \$13.01 and above; 3% of value for first \$1.50/mcf, 5% from \$1.51 and above; and 4% of taxable value of natural gas liquids.
	Oil and Gas Conservation Fee	.002% of market value at wellhead.
<b>Virginia</b> .....	Forest Products Tax	\$1.15 per 1,000 feet B.M. of pine lumber and 1,000 board feet of pine logs. \$.475 collected per cord of pine pulpwood.
<b>Washington</b>	Coal Surface Mining Reclamation Tax	Varies depending on balance of Coal Surface Mining Reclamation Fund.
	Uranium and Thorium Milling Tax (tax reported as inactive)	\$0.05/per pound.
	Enhanced Food Fish Tax	0.09% to 5.62% of value (depending on species) at point of landing.
	Timber Excise Tax	5% of stumpage value for harvests on public and private lands.

See footnotes at end of table.



**TAXES**

**STATE SEVERANCE TAXES: 2015—Continued**

<i>State</i>	<i>Title and application of tax (a)</i>	<i>Rate</i>
<b>West Virginia</b> .....	Natural Resource Severance Taxes	Coal: State rate is greater of 5% or \$.75 per ton (4.65% for state purposes and .35% for distribution to local governments). Special state rates for coal from new low seam mines. For seams between 37" and 45" the rate is greater of 2% or \$.75/ton (1.65% for state purposes and .35% for distribution to local governments). For seams less than 37" the rate is greater of 1% or \$.75/ton (.65% for state purposes and .35% for distribution to local governments). For coal from gob, refuse piles, or other sources of waste coal, the rate is 2.5% (distributed to local governments). Additional tax for workers' compensation debt reduction is \$.56/ton. Two special reclamation taxes at \$.07/clean ton and \$.02/clean ton. Limestone or sandstone, quarried or mined, and other natural resources: 5% of gross value. Natural gas: 5% of gross value (10% of net tax distributed to local governments), additional tax for workers' compensation debt reduction is \$.047/mcf of natural gas produced. Oil: 5% of gross value (10% of net tax distributed to local governments). Sand, gravel or other mineral products not quarried or mined: 5% of gross value. Timber: 1.22%, additional tax for workers' compensation debt reduction is 2.78%.
<b>Wisconsin</b> .....	Mining Net Proceeds Tax  Oil and Gas Severance Tax Forest Crop Law Severance Tax Managed Forest Law Yield Tax	Progressive net proceeds tax ranging from 3% to 15% is imposed on the net proceeds from mining metalliferous minerals. The tax brackets are annually adjusted for inflation based on the change in the GNP deflator. 7% of market value of oil or gas at the mouth of the well. 10% of stumpage. 5% yield tax. This tax will be waived for the first five years of most MFL land.
<b>Wyoming</b> .....	Severance Taxes	Severance Tax is defined as an excise tax imposed on the present and continuing privilege of removing, extracting, severing or producing any mineral in this state. Except as otherwise provided by W.S. 39-14-205. The total Severance Tax on crude oil, lease condensate or natural gas shall be six percent (6%). Stripper oil is taxed at four percent (4%). Surface coal is taxed at seven percent (7%). Underground coal is taxed at three and three-fourths percent (3.75%). Trona is taxed at four percent (4%). Bentonite, sand and gravel, and all other minerals are taxed at two percent (2%). Tertiary Oil (4%). Natural Gas (6%). Uranium (4%).

*Source:* The Council of State Governments, 2015.

*Note:* Severance tax collection totals may be found in the Chapter 7 table entitled "State Government Revenue, By Type of Tax."

*Key:*

(a) Application of tax is same as that of title unless otherwise indicated by a footnote.

(b) Tax rates and applicability for these severance taxes determined by a vote of the appropriate association within the seafood industry, by the Alaska Seafood Marketing Institute, or by the Department of Revenue. Proceeds from these elective assessments are customarily appropriated for benefit of the seafood industry.

(c) Metallic minerals, molybdenum ore, coal, oil shale, oil, gas, CO<sub>2</sub>, and coalbed methane. Petroleum Profits Tax (PPT) was changed in 2007.

(d) As of July 1, 2007, set at .0007 mill/\$1.

(e) Clay, gravel, phosphate rock, lime, shells, stone, sand, heavy minerals and rare earths.

(f) Fee sunsets in 2018 under state law.

(g) Buyer deducts amount from payment to grower; amount forwarded to Department of Natural Resources.

(h) Petroleum, oil, gas and other hydrocarbons. Oil inspection fee rate based on Department of Revenue factsheet.

(i) Coal, oil and gas, based on Department of Revenue information.

(j) Oil inspection fee rate based on Department of Revenue factsheet.

(k) Coal, oil and gas, based on Department of Revenue information.

(l) Production is considered commercial when it exceeds 50,000 tons annually. There is a six-year phase-in of the tax. In years one and two, the rate is zero. In year three, it is 25% of the statutory rate and 50% and 75% in years four and five respectively. An Aggregate Materials Tax

is imposed by resolution of county boards. It is not required that any county impose the tax, which is \$.10/cubic yard or \$.07/ton on materials produced in the county.

(m) Metals, precious and semi-precious stones and gems.

(n) The maximum rate of 0.3% is split between the Oil or Gas Conservation Tax and the Oil, Gas and Coal Natural Resource Account Fund. Currently the Oil or Gas Conservation Tax is .18% and the Oil, Gas and Coal Natural Resource Account Fund tax rate is .08%.

(o) Cement and gypsum or allied products.

(p) Natural resources except oil, natural gas, liquid hydrocarbons or carbon dioxide.

(q) Oil, coal, gas, liquid hydrocarbons, geothermal energy, carbon dioxide and uranium.

(r) Rate reduced by 50% if burned in cogeneration facility using renewable resources as fuel to generate at least 10% of its energy output. Coal shipped out of state is subject to the \$.02/ton tax and 30% of the \$.375/ton tax. The coal may be subject to up to the \$.375/ton tax at the option of the county in which the coal is mined.

(s) Asphalt and ores bearing lead, zinc, jack, gold, silver, copper or petroleum or other crude oil or other mineral oil, natural gas or casing-head gas and uranium ore.

(t) Any mineral fuel used in the production of energy, including coal, lignite, petroleum, oil, natural gas, uranium and thorium.

(u) Counties and municipalities also authorized to levy severance taxes on sand, gravel, sandstone, chert and limestone at a rate up to \$.15/ton.

(v) Fees will not be collected when Oil-Field Cleanup Fund reaches \$20 million, but will again be collected when fund falls below \$10 million.



The Exploration Incentive credit Program was established to stimulate new mineral exploration activities in the State of Alaska. Approved expenditures from certain mineral exploration activities serve as credits which can be applied against future state mining license tax, corporate income tax and state production royalty owed from mine production resulting from exploration efforts. The program is authorized under AS 27.30.010-27.30.99.

**Exploration activities and their expenditures, which qualify under this program, are:**

- Geochemical and geophysical survey programs
- Exploration drilling
- Underground exploration
- Surface trenching and bulk sampling
- Other exploration work, including aerial photo, geological or geophysical logging, sample analysis, and metallurgical work.

Only those exploration expenditures that occur prior to the mine construction commencement date are eligible. The mine construction commencement date is the date most mining permits and other required permits have been issued and remaining permits are forthcoming. (AS 27.30.010(b))

An application for certification of exploration incentive credits by the Department of Natural Resources (DNR) must be submitted on DNR's form, and may be made when a tax or royalty payer is ready to apply for the certification and approval of the entire credit against upcoming taxes or royalty owed, or when at least \$250,000 in certifiable expenditures have been made. The fee for applications requesting certification of \$1 million dollars or less is \$500; and the fee for applications requesting certification of \$1 million dollars or more is \$1,000. DNR will respond to an application for certification of exploration expenditures within six months of receipt; otherwise, expenditures as submitted are automatically certified.

In order to apply credits that become certified DNR will identify exploration activity data that must be submitted to the department prior to final approval of the credits. Upon submission of the data, which will be kept confidential for three years, DNR will evaluate the data against expenditure records previously submitted, and either approve or disapprove the taking of the credit, or request additional information.

Upon approval of exploration incentive credits by DNR, the credit may be used against up to 50 percent of the mining license tax, corporate income tax, or production royalty owed. If the approved credit is applied against tax liability, the taxpayer must file for credit on another form provided by the Department of Revenue. Approved credits that are not used in a given tax or royalty year may be carried forward to the next year(s). Approved credits may not exceed \$20 million dollars, and must be used within 15 years after approval.

Certified or approved credits may be assigned with properties that change ownership if the new owner is qualified.

Questions concerning this program and how to apply should be directed to the Division of Mining, Land & Water at 907-269-7889.

## Chapter 4. Mining Industry

In this report the mining industry includes coal, hard rock, and placer gold mines. The information in this report does not include sand and gravel operations. Also for this report, revenue to the State of Alaska includes revenue to the Alaska Mental Health Trust, a quasi-independent state agency which funds a state function, providing mental health services to Alaskan citizens.

### 4.1 Mining Industry Revenue to the State of Alaska

Mineral industry revenue to the State of Alaska includes traditional taxes, such as the mining license tax or corporate income tax, and also mineral rents and royalties. Most of these taxes are a percentage of a company's net profits. Because world mineral prices can fluctuate rapidly, mineral revenue to the State of Alaska vary greatly from year to year. For example, in 2011 world gold prices fluctuated between a low of \$1,319 per ounce in late February and a high of \$1,895 at the beginning of September, a change of 44% over half a year.<sup>14</sup> Other minerals such as coal or zinc vary greatly as well. Because of the fluctuation, a single year's analysis of revenue is less accurate than a longer picture. This analysis averages five years of revenue, from 2010 to 2014.

Table 11 shows the average annual revenue, from 2010 to 2014, adjusted to 2014 dollars. An expanded version of the table is provided in Chapter 8.

**Table 11. State of Alaska Mining Revenue  
Average of 2010-2014; Figures in Million 2014 Dollars**

		Average Revenue	
		2010-2014	% of Total
These taxes and fees apply to all landowners	Mining License Tax	\$39.9	41%
	Corporate Income Tax, mining sector	31.9	33%
	State mining misc fees, total	2.5	3%
	Large Mine Projects Fees through DNR OPMP	1.9	2%
	Motor Fuel Tax, mining share	0.6	1%
State land only	Mining rents and royalties, total	19.5	20%
<b>Total Funds Received</b>		<b>\$96.4</b>	<b>100%</b>

The mining industry has three somewhat different segments: hard rock, coal, and placer mining. Hard rock mines are typically large mines that extract minerals from bedrock. They may be open-pit or underground. Coal mines are large mines, but the technology, economics, and some taxes are different for coal than for hard rock mines. Placer mines are typically smaller and separate free particles of gold from current or old floodplain gravels using the flow of water. Taxes affect these three segments in somewhat different ways.

The five hard rock mines and Alaska's lone coal mine, the Usibelli Coal Mine, are Alaska's large mines.

<sup>14</sup> Kitco. [http://www.kitco.com/scripts/hist\\_charts/yearly\\_graphs.plx](http://www.kitco.com/scripts/hist_charts/yearly_graphs.plx);

- Greens Creek silver mine within the City and Borough of Juneau (underground);
- Kensington gold mine within the City and Borough of Juneau (underground);
- Pogo gold mine north of Delta Junction (underground);
- Fort Knox gold mine within the Fairbanks North Star Borough (open pit);
- Red Dog lead zinc mine within the Northwest Arctic Borough (open pit); and
- Usibelli Coal Mine within the Denali Borough (open pit).

These six large mines pay the vast majority of the taxes and fees. They are large, capital-intensive facilities with sometimes hundreds of employees.

Placer mines are much different. There are many more of them, but they are much smaller. According to a DNR estimate, 295 placer mines had some activity in 2013. The average placer mine had four workers; 27% were run by one person though there were a few significantly larger mines (50+ workers).<sup>15</sup> Most of the income from these mines is paid out as wages or payments to individuals. While important in the areas where it occurs, placer mining production was roughly 100,000 ounces of gold in 2013, while the rest of total statewide production of over one million ounces of gold was produced mostly from Alaska's hard rock gold mines.

Like the fishing industry, the mining industry has a special tax, the ***Mining License Tax***. The tax is up to 7% of net profits of mineral production. It produces the most revenue for the state, 41% of the total for the five years listed in Table 11. The ***Corporate Income Tax*** for mining is no different than for other industries, up to 9.4% of taxable income, and provides approximately a third of the mining revenue to the state. These two taxes apply to all mines in the state, though almost all of the revenue comes from the six large mines. These taxes are a percentage of net business profits; most of the placer mine income is paid out in wages and payments to individuals who are not subject to these taxes. These two taxes apply to mines on all lands: state, Native, federal, or private.

***Mining Rents and Royalties*** apply differently to different parts of the industry. Hard rock and placer mines on state land operate on state mining claims. Coal mines operate on a coal lease. The two categories are subject to different rent and royalty provisions. Also, mining rents and royalties apply only to mines on state land, not to those on federal, Native or private land.

Hard rock and placer mines on state land are subject to a 3% net profits royalty. While most of the placer mines are on state land, only two of Alaska's hard rock mines are on state land. Royalty, like Mining License and Corporate Income Tax, is based on net business profits.<sup>16</sup> Rents apply to all placer and hard rock mining properties, including exploration sites and mineral properties not in production. Mining rents are charged as escalating fees that apply to mining claims on state land. They begin at \$35/year for a 40-acre claim and escalate after 11 years to \$170/year for each 40-acre claim. Despite the relatively small fee

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<sup>15</sup> Information from The Economic Impacts of Placer Mining in Alaska, October 2014. Prepared by the McDowell Group for the Alaska Miners Association. Pages 1 and 2.

<sup>16</sup> Actually, one of them, Fort Knox, mines ore from land owned by the Alaska Mental Health Trust. However, the Trust is treated as a state agency for purpose of this analysis.

per claim, the industry requires thousands of acres of claims; the cumulative rent added up to \$7.5 million in 2013.

Hard rock and placer mines on state land are also subject to an **Annual Labor** requirement. Each year the owner of a mining claim must either perform \$100 of work per claim, or may pay \$100 to the state per claim. Revenue from the annual labor requirement amounted to approximately a half- million in 2013.

**Coal Rents and Royalties** are different than those for hard rock and placer mines. The economic characteristics of the coal industry are different from placer or hard rock mines and the terms are not directly comparable. Coal mines operate under a lease with the state, rather than a mining claim. The rent and royalty rates are specified in the lease. The terms of a typical coal lease have changed over time. Leases issued within the last decade require 5% payment of adjusted gross royalty (i.e., of revenue minus transportation costs internal to the mining area and a few other adjustments), plus \$3 per acre as rent.

**State Mining Fees** is a catch-all category that includes a number of various fees including application fees and filing fees. A significant part of these fees comes from bonus bids received from the auction of offshore leases near Nome.

**Large Mine Project Fees** are an unusual category. They are part of an unusual financial arrangement for mining, oil and gas, and a few other large projects. Mining-related pre-permitting review, permitting activities, and agency inspection are coordinated through DNR's Office of Project Management and Permitting (OPMP). Mines voluntarily pay for this coordinating function, and reimburse the agencies for the work involved. This arrangement requires the mining company to develop a reimbursement agreement with DNR. In turn, DNR reimburses the individual agencies and divisions that work on the mine project. In this manner, the mining industry pays for most of the permitting and regulatory compliance work accomplished by DNR, DEC, DF&G, and frequently the Department of Law. These payments totaled \$1.9 million in 2014.

The mining industry share of the **Motor Fuel Tax** is taken from the Alaska Mineral Industry Report, published by DNR and DCCED.<sup>17</sup>

#### **Potential, Excluded Revenue Sources**

- *Usibelli Coal Mine, Inc.'s Payments to the Alaska Railroad.* The Alaska Railroad's main source of income is the shipment of freight. In 2013, Usibelli Coal Mine, Inc. paid the Alaska railroad \$18.9 million in tariffs for shipping coal on the railroad. This amount was approximately 20% of the railroad's freight revenue.<sup>18</sup> This revenue is excluded for two reasons. First, we cannot include revenue without including the related cost. The related cost is the expense that the railroad incurs to ship the coal. That cost is unknown (to us) and proprietary. Second, the Alaska Railroad Corporation acts as an independent corporation, though it is state owned.

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<sup>17</sup> <http://diggs.alaska.gov/pubs/id/29128>

<sup>18</sup> Statewide Socioeconomic Impacts of Usibelli Coal Mine, Inc. January 2015. Prepared by the McDowell Group for Usibelli Coal Mine, Inc. Page 11.

It does not deposit revenue into the General Fund nor does it receive General Fund appropriations. It is functionally not part of state revenue and expenses that are allocated by the legislature. Therefore, we excluded the mining payments to the Alaska Railroad from the calculations in this report.

- *Red Dog Road Payments to AIDEA.* Payment by the Red Dog Mine to the Alaska Industrial Development and Export Authority (AIDEA) is often considered revenue from the mining industry to the state. The payments are significant; approximately \$12 million in 2013. However, the payments are not included in Table 11. AIDEA issued bonds to finance the road from the Red Dog Mine to the port site where Red Dog's ore is exported. AIDEA owns the road and leases it to Red Dog in return for a per-ton fee on ore shipped over the road. It is not appropriate to include revenue without also including the related cost (the bond payments), and so both were excluded from this analysis. In addition, Red Dog payments do not go to the general fund but to AIDEA, which like the railroad is a state-owned corporation. Its revenue and costs are not a part of the general fund. Periodically, some AIDEA funds are transferred to the general fund; however, we did not determine the portion of those funds attributable to the net of Red Dog Payments minus AIDEA bond payments. Thus, excluding this amount from mining revenue results in a small underestimate of the revenue.

This analysis also excludes revenue from state sand and gravel sales. Sand and gravel is not included as "mining" in this report, and so its revenue and costs are both excluded.

Individual taxes and fees are explained in greater Detail in Chapter 8.

## **4.2 Operating Budget Expenditures by the State for Mining**

This section of the report describes Alaska's operating budget expenditures in FY 14. The operating budget was taken from budget components published on the state's Office of Management and Budget website. It does not include federal funds or most inter-agency transfers (except that large mine project fees were included to balance the project fee revenue described above). It does not include capital budget funds that are included in the next section. Finally, the authors of the report interviewed managers and budget analysts at departments listed in Table 12.

**Table 12. FY 14 State Operating Expense due to Mining  
Figures in Million Dollars**

<b>Expense by Department</b>	<b>\$</b>	<b>%</b>	<b>Expense by Division</b>	<b>\$</b>	<b>%</b>
Environmental Conservation	\$0.7	6%	Environmental Health	\$0.01	0.1%
			Air Quality	\$0.4	4%
			Spill Prevention & Response	\$0.04	0.4%
			Water	\$0.2	2%
Natural Resources	\$6.6	61%	Office of Project Management & Permitting	\$1.6	15%
			Recorder's Office	\$0.2	2%
			Public Information Center	\$0.1	1%
			Mental Health Trust Land Office	\$0.4	3%
			Mining, Land and Water	\$2.4	22%
			Geological & Geophysical Surveys	\$1.9	18%
			Office of History and Archaeology	\$0.05	1%
Fish and Game	\$0.4	3%	Habitat	\$0.4	3%
Commerce, Cmty & Econ Dvpt	\$0.4	3%	Economic Development	\$0.4	3%
Revenue	\$1.5	14%	Tax Division	\$1.5	14%
Law	\$1.2	11%	Various Sections	\$1.2	11%
<b>Total, All Departments</b>	<b>\$10.7</b>	<b>100%</b>	<b>Total, All Divisions</b>	<b>\$10.7</b>	<b>100%</b>

The table suggests a number of conclusions. First, the total state operating cost — \$10.7 million — is a relatively small cost to manage an important Alaska industry.

Second, the majority of costs are concentrated within the Department of Natural Resources, and these, in turn, are concentrated in the Division of Mining, Land and Water, the Office of Project Management and Permitting (OPMP) and the Division of Geological and Geophysical Surveys. The OPMP costs are slightly misleading, however. While they are shown as OPMP expenditures, the office manages reimbursable services agreements by which the large mining companies agree to pay for coordination and the work performed in permitting and regulating the mines. Different divisions — primarily within DNR, DF&G, and DEC but also the Department of Law and sometimes others — charge OPMP for time spent on this work.<sup>19</sup> OPMP, in turn, bills the mines. Therefore, while \$1.6 million is shown in the table as OPMP expenses, most is actually spent on work done by DF&G, DEC, DOL and other divisions within DNR and is reimbursed by the industry under the Large Mine Project Fees described above.

**Potential Operating Budget Sources Excluded.** Some previous discussions of state expenditures for the mining industry have allocated some Division of Forestry firefighting costs to the mining industry. Some have not. While the large mines are asked to defend their facilities from wildfires, isolated small placer mines are not. However, the majority of firefighting expenses related to placer mines are to defend structures that have existed for decades. These structures and the associated cost will exist whether or not the placer mining industry continues to function. Few new structures are being built. If gold prices

<sup>19</sup> Interestingly, the Department of Law's cost for the mining industry is twice what it expends for commercial fishing and tourism combined.

drop and the number of placer mines radically decreases, firefighting expenses will only decrease marginally because the old structures will still exist. For that reason, we decided to exclude that cost from our analysis. Old analyses have sometimes included a million or two for firefighting costs, and so including this cost would not have significantly changed the conclusions of this report.

As indicated previously, we also excluded costs associated with excluded revenue: material sales (sand and gravel) and AIDEA costs related to the Red Dog Road.

More detail about operating budget expenditures is provided in Chapter 6.

### 4.3 Capital Budget Expenditures

This section of the report is short: There are five capital budget items that fund mining-related projects during the period FY 12 through FY 14. As explained previously, we reviewed all capital improvement projects (CIP) appropriated to DEC, DNR, and DF&G; and we reviewed capital appropriations to DCCED using a search methodology explained in section 2.5 and in Appendix B. That procedure produced three capital projects related to mining, all allocated to the DNR Division of Geologic and Geophysical Surveys. From personal knowledge, we knew that DOT and AIDEA had expended funds planning for the Ambler Mining District, and so we found the projects within the DOT capital appropriations (the 2013 appropriation information was gathered from AIDEA staff. Also, the AIDEA funds are part of a DOT CIP. AIDEA was funded through an agreement with DOT). These five mining-related projects are shown in Table 13.

Table 13 shows the amount actually appropriated (i.e., the value in nominal dollars). Over the three years, the capital project total is \$11.9 million in nominal dollars. When adjusted for inflation, the total is \$12.0 million in 2014 dollars. The average annual cost of these projects is \$4.0 million, in FY 14 dollars. All of that is allocated to mining.

**Table 13. Mining Capital Projects FY 12-14**  
**Figures in millions of dollars**

Agency	Year	Cost in Million \$	% of Cost		Project Name
			Allocated to Mining		
DNR	2012	.5	100%		Rare Earth Elements and Strategic Minerals Assessment
DNR	2013	2.7	100%		Strategic and Critical Minerals Assessment
DNR	2014	2.5	100%		Strategic and Critical Minerals Assessment
DOT	2012	\$1.3	100%		Ambler Mining District Road (study)
DOT	2013	\$4.9	100%		Ambler Mining District Road (study)

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Total 3-year cost of the 5 projects in 2014 dollars: \$12.0 million  
Average annual cost of the projects in 2014 dollars: \$4.0 million  
Annual cost allocated to mining: \$4.0 million



#### 4.4 Mining Revenue Collected by Local Government

Large mines are capital-intensive facilities. They have significant property and are subject to property taxes in the boroughs in which they are located. These mines are generally the largest property taxpayers in those communities.

- The Red Dog mine is the only taxpayer in the Northwest Arctic Borough. In 2013, the mine paid \$11 million to Borough government, including a \$2.4 million payment directly to the school district. Between 1982 and 2013, the mine's payments have totaled \$116.4 million. These are payments in lieu of taxes — essentially an agreed-upon substitute for a property tax or other assessment.<sup>20</sup>
- Fort Knox mine is a large taxpayer in the Fairbanks North Star Borough. Its 2015 property tax bill is \$7.5 million, up from \$5 million in 2011.<sup>21</sup>
- The Greens Creek and Kensington mines are the first and second largest taxpayers in the City and Borough of Juneau. In 2014, Greens Creek paid more than \$1.7 million in property taxes and Kensington paid more than \$1.2 million.<sup>22</sup>
- The Usibelli Coal Mine pays a severance tax of \$0.05 per ton of coal, which results in a payment of approximately \$100,000 per year to the borough. In addition, the mine pays approximately \$25,000 per year to other boroughs in Alaska.<sup>23</sup>

Collectively, the mines in Alaska paid an average of \$22.5 million per year in FY 14 dollars for the years 2010 through 2014. These payments are important for each community where a large mine exists. The payments to municipalities are shared only with four boroughs: Juneau, Fairbanks, the Denali Borough, and the Northwest Arctic Borough. The payments do not include other local taxes such as sales tax.

#### 4.5 Comparison of Revenue and Expenditures for the Mining Industry.

This section uses information in the previous sections to compare the revenue for the mining industry with expenditures. In the three comparisons that follow, state mining revenue is much greater than expenditures.

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<sup>20</sup> Source: NANA Development Corporation, quoted in Economic Development Journal, published by the International Economic Development Council. Mining and Sustainable Communities: A Case Study of the Red Dog Mine. R. Loeffler. Volume 14, No. 2. Spring 2015. Pages 23-31.

<sup>21</sup> Fairbanks North Star Borough Property Assessor's Website.  
<http://co.fairbanks.ak.us/Assessing/propacctsum.aspx?idx=478318>

<sup>22</sup> For Greens Creek: personal communication Hecla Greens Creek Mine personnel; for Kensington property information supplied by the City and Borough of Juneau personnel; millrate from the borough website.

<sup>23</sup> Statewide Socioeconomic Impacts of Usibelli Coal Mine, Inc. January 2015. Prepared by the McDowell Group for Usibelli Coal Mine, Inc. Pages 2 and 3.

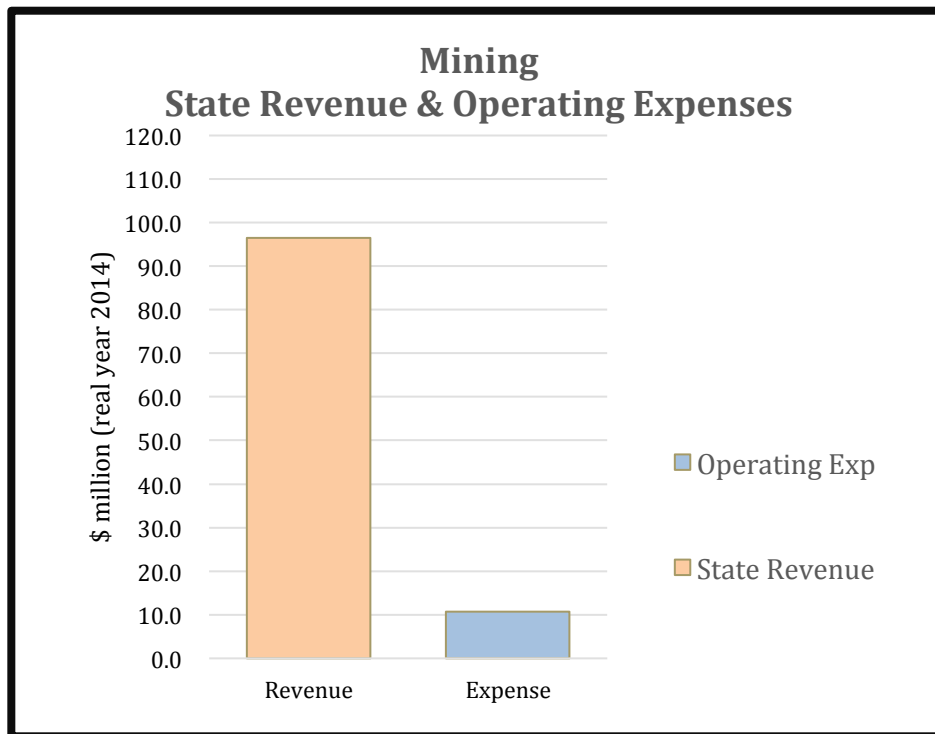
#### 4.5.1 Comparison of State Revenue with State Operating Expenditures

**Table 14. Comparison of State Mining Revenue with State Operating Expenditures**

<b>Mining</b>	<b>Real 2014 \$ million</b>
Average state revenue (2010-2014)	\$96.4
Operating expenditures (FY 2014)	10.7
Surplus (Deficit)	\$85.7

Table 14 shows that the State of Alaska receives \$85.2 million more in revenue from the mining industry than it spends. State revenue is almost ten times state operating expenses.

**Figure 11. Comparison of State Mining Revenue with State Operating Expenses**



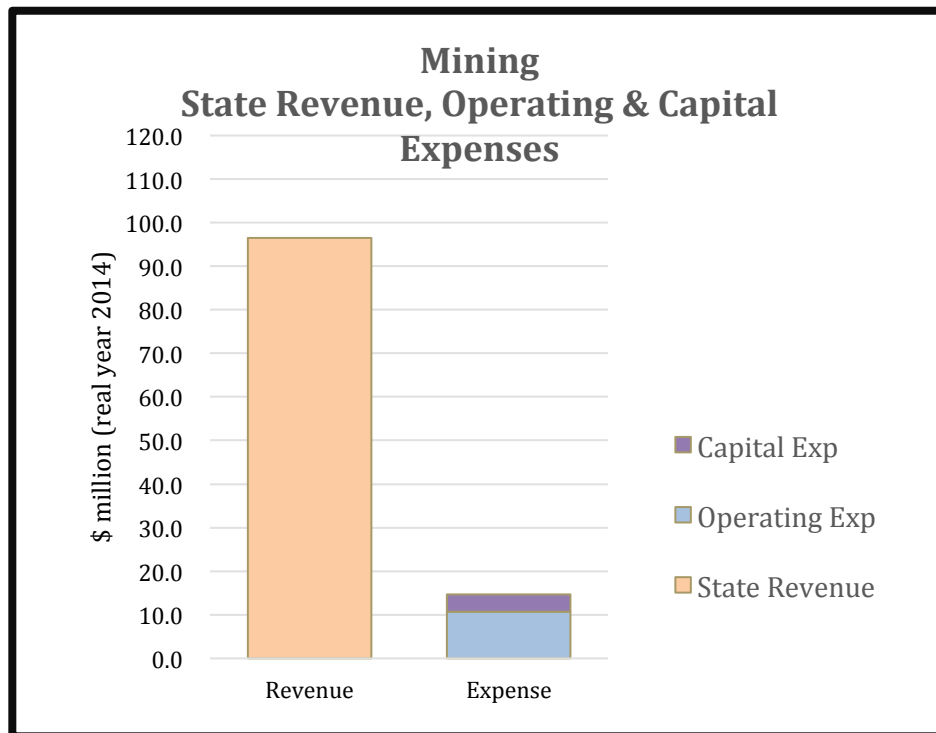
## 4.5.2 Comparison of State Revenue with Operating and Capital Expenditures

**Table 15. Comparison of State Mining Revenue with Operating and Capital Expenditures**

<b>Mining</b>	<b>Real 2014 \$ million</b>
Average state revenue (2010-2014)	96.4
Operating expenditures (FY 2014)	10.7
Average capital expenditures (2012-2014)	4.0
Surplus (Deficit)	\$81.7

The legislature has made relatively few capital appropriations for the mining industry. The additional of capital budget expenses to the operating revenue described above does not change the conclusions much. The difference between state revenue and operating plus capital expenditures is \$81.7 million. See Table 15 and Figure 12.

**Figure 12. Comparison of State Mining Revenue with Operating and Capital Expenses**



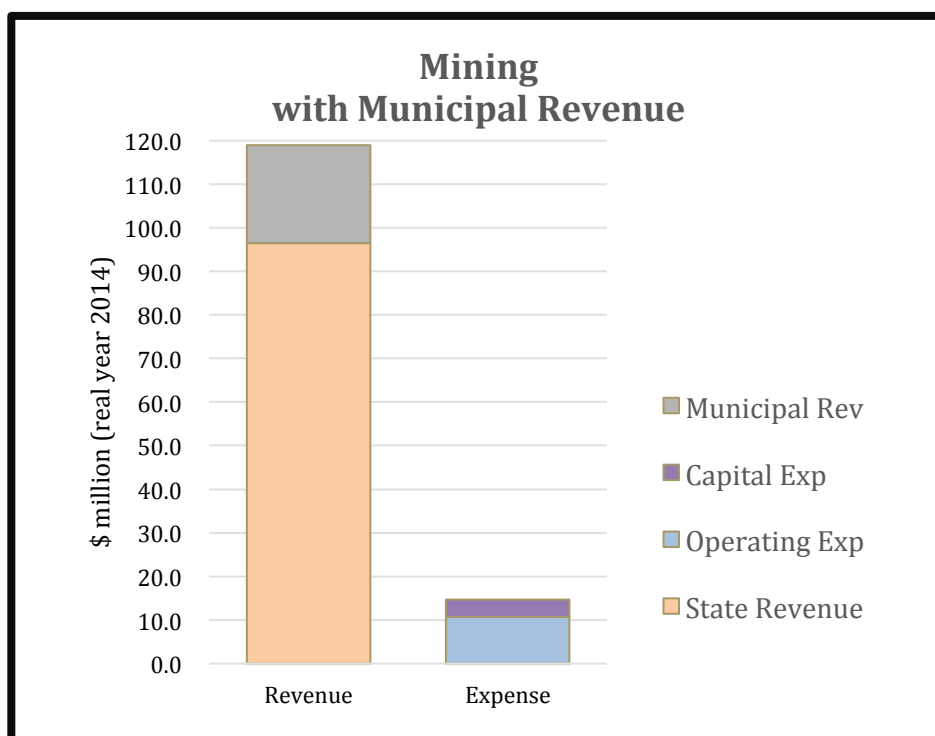
### 4.5.3 Comparison of State and Local Revenue with Expenditures

Adding local revenue to the comparison increases the difference between mining revenue and state expenses. This study does not include local costs to service the mining industry, but these costs are likely much lower than the state's costs and are unlikely to change the conclusion. Table 16 shows that revenue is \$104.2 million greater than the state expenses. The relationship is also shown in Figure 13.

**Table 16. Comparison of State and Local Mining Revenues with Operating and Capital Expenditures**

Mining	Real 2014 \$ million
Average state revenue (2010-2014)	96.4
Average municipal revenue (partial, 2010-2014)	22.5
Operating expenditures (FY 2014)	10.7
Average capital expenditures (2012-2014)	4.0
Surplus (Deficit)	\$104.2

**Figure 13. Comparison of State and Local Mining Revenues with Operating and Capital Expenses**



**4.6 A Caution: “Average” conclusions are not accurate for any individual mine, nor for the different segments of the mining industry.** The conclusions of this report are for the mining industry as a whole: hard rock, coal, and placer. The three parts of the industry

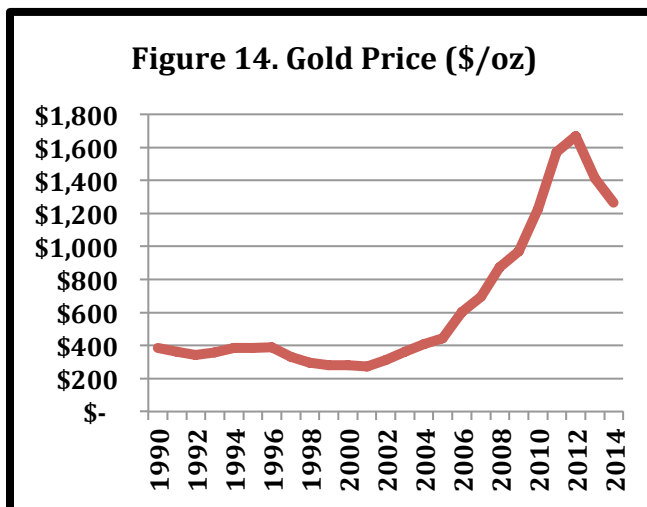
operate under different economic conditions. The figures in this report do not represent any individual segment, although Alaska’s hard rock mines contribute most of the revenue, and are responsible for much of the operating budget expenditures. Half of coal mine regulatory expenses are funded by federal funds, which are not costs to the state and are excluded from the analyses. While the hard rock segment may be most responsible for the figures in this report, the conclusions do not represent any individual hard rock mine. Every mine is different. At some mineral prices, some mines may be making a significant profit, while others may be losing money. The economics of individual mines can be very different. Mineral prices do not move in lockstep. Gold prices can be increasing while zinc prices are falling sharply. Or the opposite. It is similar with lead and silver prices. Therefore, it is important not to assume that the overall payments and costs represent any individual mine.

#### 4.7 Differences from previous analyses

Previous analyses have come to somewhat different conclusions when comparing mining industry related costs and revenue than does this analysis. Analysis completed for FY 95, FY 97, and FY 02 concluded that the state’s management costs for mining were greater than its revenue. The analyses concluded that mining revenue accounted for between 49% and 58% of costs for those years. By FY 05 and FY 06, the analyses showed that mining returned significantly more than the state’s cost. The FY 06 analysis showed General Fund revenue of \$44.8 million and costs of \$12.9 million.

To some extent the two sets of analyses reflect some different assumptions but most of the difference is due to an increase in mining revenue.<sup>24</sup> The increase in mining revenue is the result of higher mineral prices and opening new mines.

Figure 14 shows the change in gold prices since 1990.<sup>25</sup> The approximately \$400/ounce gold price in the early 1990s began to drop in 1996. The price hit a low of \$255.95 on April 2, 2001 before rebounding. It reached its highest price of \$1,895.00 on September 2 and 3, 2011. While gold is only part of the industry, zinc, silver and lead prices were low during the late 1990s and the first years of this century. As a result mining profits were low. Greens Creek mine actually shut down from 1992 to 1995. Fort Knox began operation in 1996, but decreased its capital valuation on its balance sheet twice in



<sup>24</sup> One of the main differences in assumptions is that the FY 06 analysis includes \$17.7 million in AIDEA revenue and \$9.5 million in cost for the Red Dog Road. These are not included in our analysis for reasons explained in Section 4.1. However, the major difference is the increase in revenue from the industry.

<sup>25</sup> Source for Figure 14 and the figures in this paragraph is [www.kitco.com](http://www.kitco.com).

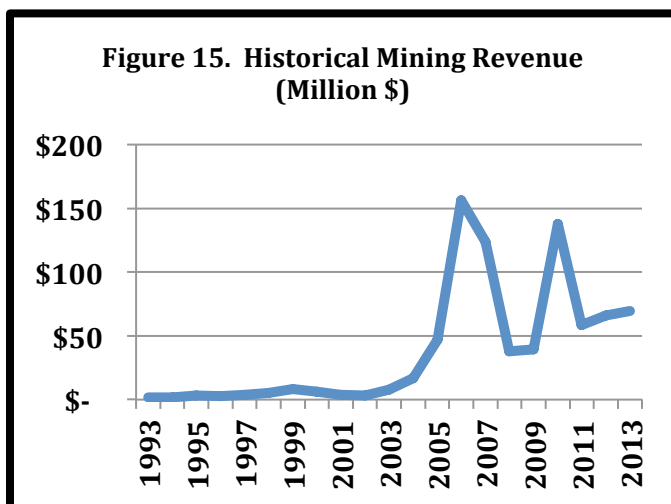
the late 1990s due to low mineral prices. The Illinois Creek Gold Mine went bankrupt in 1999.

The major mining revenue — mining license tax, corporate income tax, and royalty — tax business profits. When business profits are low or non-existent, these taxes yield little revenue to the state. As profits increase, revenue to the state increases.

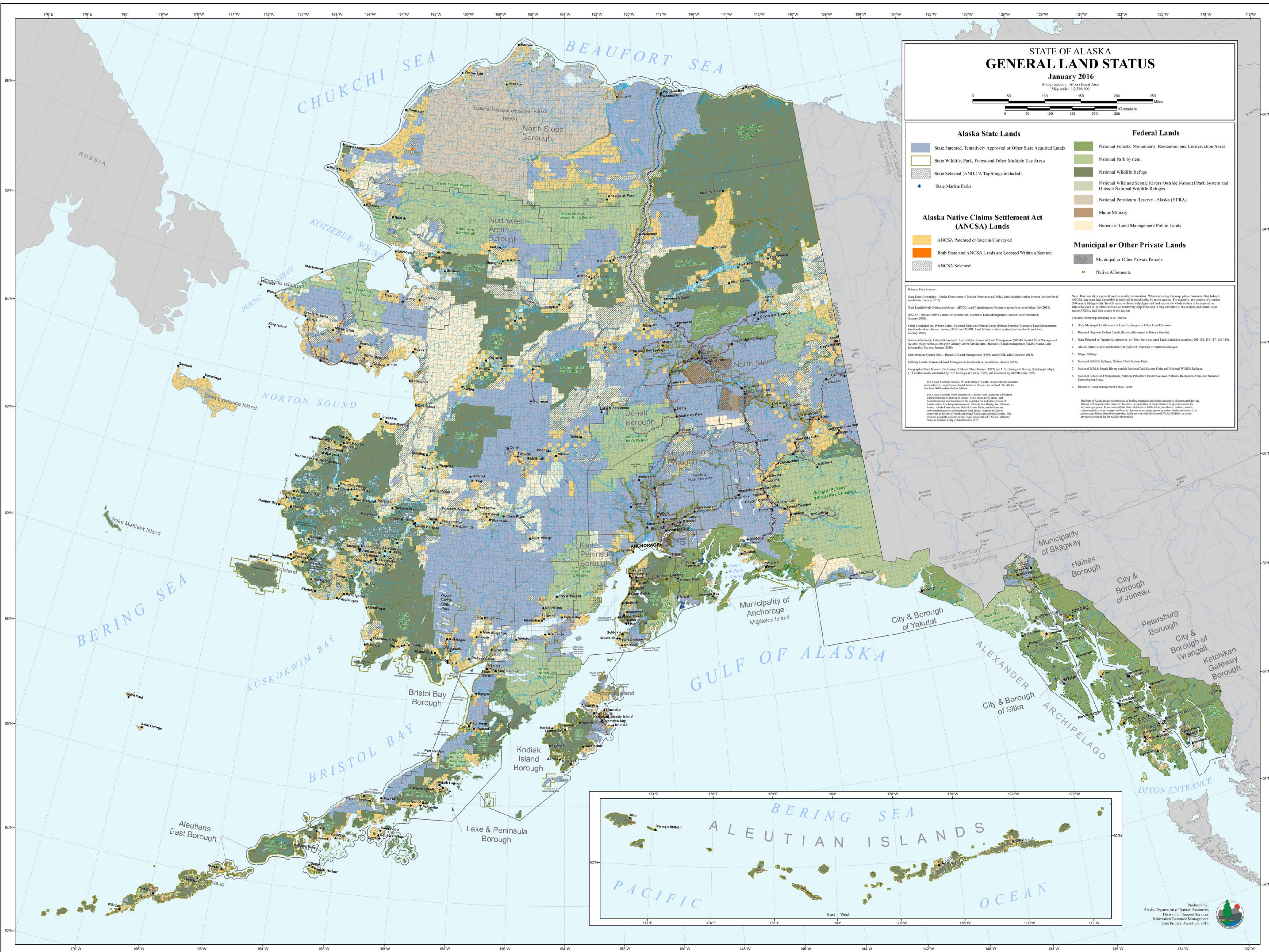
In addition to the increase in mineral prices, there has been an increase in the number of large mines. Until Fort Knox opened in 1996, there were no hard rock mines on state land (and therefore no royalty payments to the state). The Pogo Mine began production in 2006 on state land. The Kensington Mine began production in 2010.

Figure 15 shows state revenue taken from DNR's Mineral Industry Reports.<sup>26</sup> The figure shows amounts in nominal dollars. It shows that, in general, revenue has increased along with gold

prices. Figure 15 and Figure 14 do not match more closely in part because the value of Red Dog Mine's zinc production (price not shown) was greater than that of Alaska's gold production until approximately 2011. The product with the greater statewide value including the amount mined and the price — zinc or gold — changes depending on the year, on relative mining rates, and on mineral prices.

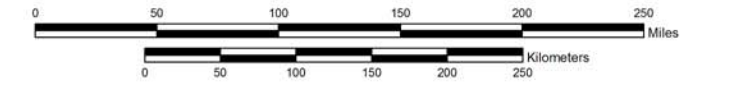


<sup>26</sup> See Mineral Industry Report 2013 and previous years. DNR's Division of Geophysical and Geologic Surveys, frequently in cooperation with the Department of Commerce, Community and Economic Development. The figures in the report were adjusted by subtracting AIDEA use fees (which were included in 2003 and later years), and by subtracting material sale revenues, which are not included as "mining" in this report. The annual Mineral Industry Report only began including mining's share of Alaska corporate income tax for the year 2000. Therefore, previous years do not include mining's share of corporate income tax. However, mineral corporate income taxes were low during that period, and were \$400,000 or less through 2003.



# STATE OF ALASKA GENERAL LAND STATUS

January 2016  
Map projection: Albers Equal Area  
Map scale: 1:2,500,000



Alaska State Lands		Federal Lands	
	State Patented, Tentatively Approved or Other State Acquired Lands		National Forests, Monuments, Recreation and Conservation Areas
	State Wildlife, Park, Forest and Other Multiple Use Areas		National Park System
	State Selected (ANILCA Topplings included)		National Wildlife Refuge
	State Marine Parks		National Wild and Scenic Rivers Outside National Park System and Outside National Wildlife Refuges
<b>Alaska Native Claims Settlement Act (ANCSA) Lands</b>			National Petroleum Reserve - Alaska (NPPRA)
	ANCSA Patented or Interim Conveyed		Major Military
	Both State and ANCSA Lands are Located Within a Section		Bureau of Land Management Public Lands
	ANCSA Selected	<b>Municipal or Other Private Lands</b>	
			Municipal or Other Private Parcels
			Native Allotments

**Primary Data Sources:**  
 State Land Ownership: Alaska Department of Natural Resources (ADNR), Land Administration System (section-level resolution, January 2016).  
 State Legally Designated Areas: ADNR, Land Administration System (section-level resolution, July 2012).  
 ANCSA: Alaska Native Claims Settlement Act, Bureau of Land Management (section-level resolution, January 2016).  
 Other Municipal and Private Lands: Patented/Deposited Federal Lands (Private Parcels: Bureau of Land Management (section-level resolution, January 2016) and ADNR, Land Administration System (section-level resolution, January 2016).  
 Native Allotments, Patented/Conveyed: Special Data, Bureau of Land Management (SDMS: Special Data Management System, (http://ndms.blm.gov), January 2016) (table date, Bureau of Land Management (ADNR, Alaska Land Administration System, January 2016)).  
 Conservation System Units: Bureau of Land Management (1971) and ADNR data (October 2015).  
 Military Lands: Bureau of Land Management (section-level resolution, January 2016).  
 Geographic Place Names: Dictionary of Alaska Place Names (1967) and U.S. Geological Survey Quadangle Maps, (1:1 million scale, annotated by U.S. Geological Survey, 1994, and annotated by ADNR, June 1996).  
 The Alaska Marine National Wildlife Refuge (AMNWR) is not completely depicted. Areas within the refuge that are not depicted are shown in grey. They are not included in the Alaska Marine NWR as described in the legend.  
 The Alaska Marine NWR consists of all public lands, including submerged lands and waters beneath the seabed, within the state, open water, and Alaska within five designated subunits: Chukchi Sea, Bering Sea, Aleutian Islands, Alaska Peninsula, and Gulf of Alaska. It includes all submerged lands of the state of Alaska and Alaska waters. The refuge is generally depicted on the 1:500,000 scale map. Alaska Marine National Wildlife Refuge (AMNWR) (http://www.adnr.state.ak.us/AMNWR/AMNWR.html).  
 Note: This map shows general land ownership information. When reviewing this map, please remember that federal, ANCSA, and state land ownership is depicted, hierarchically, by water section. For example, any portion of a section (640 acres) falling within State Patented or Tentatively Approved land status the whole section to be depicted as state land, even if the State Patented or Tentatively Approved land is only a fraction of the section, and federal land and/or ANCSA land also occurs in the section.  
 The land ownership hierarchy is as follows:  
 1. State Municipal Enclosures or Land Exchanges or Other Land Deposits.  
 2. Patented/Deposited Federal Lands (Native Allotments or Private Parcels).  
 3. State Patented or Tentatively Approved or Other State Acquired Lands (includes categories 101-114, 116-117, 128-129).  
 4. Alaska Native Claims Settlement Act (ANCSA) Patented or Interim Conveyed.  
 5. Major Military.  
 6. National Wildlife Refuges, National Park System Units.  
 7. National Wild & Scenic Rivers outside National Park System Units and National Wildlife Refuges.  
 8. National Forests and Monuments, National Petroleum Reserve-Alaska, National Recreation Areas and National Conservation Areas.  
 9. Bureau of Land Management Public Lands.  
 10. Municipal or Other Private Lands.  
 11. Native Allotments.  
 The State of Alaska makes no representation or warranty regarding the accuracy of the information and data shown on this map. It is the user's responsibility to verify the accuracy of the information and data shown on this map. The State of Alaska makes no representation or warranty regarding the accuracy of the information and data shown on this map. It is the user's responsibility to verify the accuracy of the information and data shown on this map. The State of Alaska makes no representation or warranty regarding the accuracy of the information and data shown on this map. It is the user's responsibility to verify the accuracy of the information and data shown on this map.