

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2025-72

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING AN AGREEMENT BETWEEN THE CITY OF UNALASKA AND CITY OF SAINT PAUL FOR COLLECTING AND REMITTING TAXES ON SNOW CRAB HARVESTED IN THE 2025-2026 SEASON

WHEREAS, the Crab Rationalization Program (Program) regulations governing the Bering Sea Opilio crab fishery (the “BSS Fishery”) include a regional landing requirement under which a certain amount of crab must be landed in each of the “North” and “South” regions, as defined under the Program (the “Regional Landing Requirement”); and

WHEREAS, due to the BSS Fishery total allowable catch of 9,300,000 pounds for the 2025-26 season, of which approximately 3,107,021 pounds are designated for delivery to the North Region (North Region Snow Crab), the lone major processor in the North will not process snow crab this season and alternate processing arrangements in the North Region are not available, and therefore there are no BSS delivery opportunities in the North Region; and

WHEREAS, the 2025 Framework Agreement existing among numerous parties that make the BSS Fishery possible establishes general terms and conditions under which an exemption contract may be executed for the purposes of changing Regional Landing Requirements and providing fair compensation for same; and

WHEREAS, Unalaska Crab, Inc. serves as Unalaska’s community representative for the Program, and approved the 2025 Framework Agreement at its October 14, 2025 meeting, which was publicly held immediately before the city council’s meeting of the same date; and

WHEREAS, to ensure that the entire 2025-2026 BSS Fishery total allowable catch can be harvested, the parties to the Framework Agreement entered into an exemption contract for snow crab (Snow Crab Exemption Contract); and

WHEREAS, the Exemption Contract enables the North Region Snow Crab to be delivered to and processed in Unalaska and Akutan rather than Saint Paul; and

WHEREAS, the Central Bering Sea Fishermen’s Association, the CDQ group for Saint Paul Island and an IPQ Holder, expected and intended to have 257,872 pounds of regionally non-designated snow crab quota (CBSFA Flexible Shares) that it owns, processed in Saint Paul, consistent with its statutory mission to support the village of Saint Paul Island and in fulfillment of CDQ Program objectives; and

WHEREAS, delivering the North Region Snow Crab and CBSFA Flexible Shares to Unalaska and Akutan results in Saint Paul losing tax revenue and economic benefits and Akutan, Aleutians East Borough, and Unalaska gaining those benefits; and

WHEREAS, the parties to the Snow Crab Exemption Contract agreed that fair compensation for Saint Paul is the tax revenues that Saint Paul would have received if the North Region Snow Crab and CBSFA Flexible Shares were landed and processed in Saint Paul; and

WHEREAS, without the Exemption Contract, the North Region Snow Crab could not be delivered to Unalaska and Unalaska would not collect any raw seafood product tax on the North Region Crab; and

WHEREAS, the proposed Memorandum of Agreement between Unalaska and Saint Paul implements the Snow Crab Exemption Contract by having Unalaska, on behalf of Saint Paul, collect the 3.5% seafood tax on North Region Crab and a 2% seafood tax on the CBSFA Flexible Shares that Saint Paul would have collected if this crab were landed and processed in Saint Paul and remit those amounts to Saint Paul; and

WHEREAS, by collecting and remitting to Saint Paul taxes assessed on North Region Snow Crab, Unalaska does not "lose" any tax revenue that it would have received without the Snow Crab Exemption Contract; and

WHEREAS, implementing the Snow Exemption Contract through the Memorandum of Agreement attached hereto, will provide Unalaska secondary economic benefits from delivery of North Region Snow Crab and CBSFA Flexible Shares to Unalaska, including increased sales tax revenue and increased economic activity resulting from processing of up to three million additional pounds of crab in Unalaska; and

WHEREAS, the Snow Crab Exemption Contract and implementation of its Saint Paul compensation pursuant to the proposed Memorandum of Agreement benefits all parties and affected communities: harvesters are able to harvest and sell millions of pounds of crab that would otherwise go unharvested, processors are able to process crab (and sell the processed crab to their customers) that would otherwise go unprocessed, Saint Paul receives taxes that could not be assessed if the North Region Crab were not harvested and taxes it would receive if the CBSFA Flexible Shares were landed and processed in Saint Paul, and Unalaska receives economic activity from an additional deliveries of snow crab for processing in Unalaska and shipping worldwide from Unalaska; and

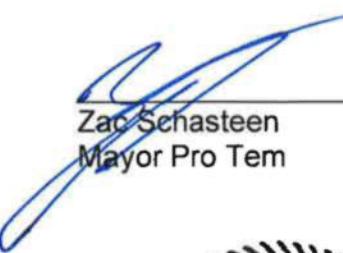
WHEREAS, the proposed Memorandum of Agreement further implements the Snow Exemption Contract by establishing that Saint Paul should receive any municipal allocation of State of Alaska fisheries business tax attributable to North Region Snow Crab and CBSFA Flexible Shares landed and processed in Unalaska.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council ratifies Unalaska Crab, Inc.'s execution of the Snow Crab Exemption Contract; and

BE IT FURTHER RESOLVED that the Unalaska City Council hereby approves the Memorandum of Agreement between the City of Unalaska and the City of Saint Paul and authorizes the Mayor to sign the agreement on behalf of the City of Unalaska; and

BE IT FURTHER RESOLVED that the City Manager and the City Clerk are authorized to take actions reasonably necessary to implement the Memorandum of Agreement.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on December 16, 2025.


Zac Schasteen
Mayor Pro Tem

ATTEST:


Estkarlen Magdaong, CMC
City Clerk



MEMORANDUM OF AGREEMENT
REGARDING CERTAIN 2025-26 BERING SEA SNOW CRAB LANDINGS

The City of Unalaska (Unalaska) and the City of Saint Paul (Saint Paul) enter into this Memorandum of Agreement (MOA) for the purpose of joint administration of taxation for certain 2025-2026 Bering Sea Snow (BBS) crab landings.

Recitals

A. The Crab Rationalization Program (Program) regulations governing the BSS Fishery include a regional landing requirement under which a certain amount of BSS crab from must be landed in each of the “North” and “South” regions, as defined under the Program (the Regional Landing Requirement).

B. Due to the low BSS Fishery total allowable catch (TAC) for BSS of nine million pounds for the 2025-26 season, of which approximately three million pounds are designated for delivery to the North Region, the lone major processor in the North Region, which is on Saint Paul Island, will not process BSS this season. Accordingly, it is not feasible to deliver BSS crab with a North Region landing designation to Saint Paul Island, North Region processor.

C. The 2025 Framework Agreement existing among numerous parties that makes the BSS Fishery possible establishes general terms and conditions under which an exemption contract may be negotiated and executed among some or all of the parties thereto, which may include terms for compensation in the event that Regional Landing Requirements are altered by agreement of the parties and ratified by NMFS.

D. To ensure that the entire TAC, including that designated for delivery to the North Region, can be harvested, parties to the Framework Agreement will enter into that certain Snow Crab Exemption Contract. The Snow Crab Exemption Contract pertains to up to 3,107,021 pounds of BSS crab with a North Region landing designation that may be harvested in the 2025-2026 season (North Region Crab). The Snow Crab Exemption Contract enables the North Region Crab to be delivered to Unalaska and Akutan, which are in the South Region, rather than to Saint Paul Island, which is in the North Region.

E. In addition, the Central Bering Sea Fishermen's Association (CBSFA), the CDQ group for Saint Paul Island and an IPQ Holder, expected and intended to have 257,872 pounds of regionally non-designated quota (CBSFA Flexible Shares) that it owns processed in Saint Paul, consistent with its statutory mission to support the village of Saint Paul Island and in fulfillment of CDQ Program objectives. Instead, the CBSFA Flexible Shares crab will be delivered to Akutan or Unalaska, and Saint Paul will lose related tax revenue and economic benefits.

F. Delivering the North Region Crab and CBSFA Flexible Shares crab to Unalaska and Akutan results in Saint Paul losing tax revenues and economic benefits and Akutan, Aleutians East Borough, and Unalaska gaining those benefits.

G. The parties to the Snow Crab Exemption Contract agreed that the only possible compensation for Saint Paul is monetary relief based on tax revenue that Saint Paul would have received if the North Region Crab and CBSFA Flexible Shares crab were landed in Saint Paul, consisting of the following:

4.1 *Seafood Sales Taxes.* An amount equal to what the City of Saint Paul would have received under its seafood sales tax if the [North Region] Crab and CBSFA Flexible Shares were delivered in Saint Paul: 3.5% of the gross sales value of the [North Region] Crab and 2% of the gross sales value of CBSFA Flexible Shares that is instead delivered in a Destination Community; and

4.2 *State Fisheries Business Tax.* An amount equal to what Saint Paul would have received from the State of Alaska for Alaska Shared Fisheries Business Tax if the [North Region] and CBSFA Flexible Shares were delivered in Saint Paul rather than in a Destination Community.

H. However, Unalaska levies a 2% raw seafood tax. To achieve the compensation identified in the Snow Crab Exemption Contract, the Harvesters and Processors agreed that for North Region Crab delivered to Unalaska, the Harvesters would pay, and the Processors would collect and remit to Unalaska, a total of 3.5% (inclusive of Unalaska's tax) on North Region Crab. That is, the same amount that would be paid and remitted to Saint Paul if North Region Crab deliveries were made to Saint Paul Island.

I. The parties to the Snow Crab Exemption Contract also memorialized their understanding and intent for Saint Paul to enter into agreements with the "Taxing Municipalities" of Akutan, Aleutians East Borough, and Unalaska to implement the collection and remittance of the compensation for Saint Paul identified by the Snow Crab Exemption Contract.

J. Without the Snow Crab Exemption Contract, the North Region Crab could not be delivered to Unalaska. Unalaska could not collect any raw seafood product tax on any of the North Region Crab. By collecting and remitting to Saint Paul the proceeds of Unalaska's tax assessed on North Region Crab, Unalaska does not lose any tax revenue that it would have received without the Snow Crab Exemption Contract. Unalaska will receive secondary and tertiary economic benefits from delivery of North Region Crab to Unalaska, including increased sales tax revenue and increased economic activity resulting from the delivery to and processing additional BSS crab.

K. The Snow Crab Exemption Contract and implementation of its Saint Paul compensation by the Harvesters and Processors, and by Unalaska and Saint Paul pursuant to this MOA, benefits all parties and affected communities. In exchange for an exemption, Harvesters are able to harvest and sell North Region Crab that would otherwise go unharvested; Processors are able to process North Region Crab (and sell the processed crab to their customers) that would otherwise go unprocessed; Saint Paul receives landing taxes that could not be assessed if the North Region Crab were not harvested and compensation in the form of taxes for the loss of North Region Crab and CBSFA Flexible Shares crab that would have been landed in the North Region; Unalaska receives economic activity from the North Region Crab, as well as the CBSFA

Flexible Shares, being delivered to Unalaska, processed in Unalaska, and shipped worldwide from Unalaska.

L. Alaska Statute 29.35.010(13) establishes that all municipalities have the power “to enter into an agreement, including an agreement for cooperative or joint administration of any function or power with a municipality[.]”

Agreement

NOW, THEREFORE, the City of Unalaska and the City of Saint Paul agree as follows:

1. Collection of 3.5% on North Region Crab. Unalaska shall collect its 2% raw seafood tax all North Region Crab sold in Unalaska and from the processors that are parties to the Snow Crab Exemption Contract shall collect an additional 1.5% of the primary gross sales value of all North Region Crab sold in Unalaska. To the degree practicable, the entire 3.5% on the sales value of North Region Crab shall be collected in accordance with UCO Chapter 6.44, including the collector’s compensatory discount set forth in UCO 6.44.110.

2. Remittance of North Region Crab and CBSFA Flexible Shares Crab Proceeds.

(a) Pursuant to the provisions of this section, Unalaska shall remit to Saint Paul the proceeds of the 3.5% levy that Unalaska collects under Section 1 from sale of North Region Crab and of the 2% levy that Unalaska collects from sale of CBSFA Flexible Shares crab during the 2025-2026 season, less an administrative fee of 1.5% of the otherwise remittable amount, which shall be retained by Unalaska to offset its costs of administering collection on behalf of Saint Paul.

(b) Unless otherwise agreed to by the cities, on or before March 15, 2026, Unalaska shall, to the degree reasonably practicable, remit to Saint Paul the amounts remittable under subsection (a) received by Unalaska on or before February 15, 2026.

(c) Unless otherwise agreed to by the cities, on or before June 30, 2026, Unalaska shall remit to Saint Paul the amounts remittable under subsection (a) that were not previously remitted to Saint Paul. Should Unalaska collect any amount remittable to Saint Paul under subsection (a) after June 30, 2026, Unalaska shall remit such amounts to Saint Paul within 30 days of receipt.

(d) Amounts to be remitted to Saint Paul under subsection (a) shall include any interest or penalty that Unalaska receives from a collector as a result of the collector’s delinquent remittance of amounts assessed or levied on the sale of North Region Crab and CBSFA Flexible Shares crab during the 2025-2026 season to the extent those amounts can be reasonably differentiated from interest and penalty on raw seafood product tax amounts retained by Unalaska.

(e) With each remittance of funds pursuant to this section, Unalaska shall furnish to Saint Paul an accounting of amounts collected on North Region Crab and CBSFA Flexible Shares crab sales and remitted to Saint Paul, together with additional documentation as Saint

Paul may reasonably request. To the extent that Saint Paul requests documentation or information that is confidential under UCO 6.44.100, Saint Paul shall preserve the confidentiality as a component of municipalities' joint administration of this program.

3. Allocation of Alaska Shared Fisheries Business Tax. Saint Paul and Unalaska will both suffer significant effects from fisheries business activities during the 2025-2026 season, including significant effects from fisheries business activities that are the subject of this MOA specifically. The cities acknowledge and agree that the significant effects Saint Paul suffers from fisheries business activities during the 2025-2026 season significantly exceed the compensation intended by this MOA. Although Unalaska also suffers significant effects from fisheries business activities during the 2025-2026 season, it is the cities' intent and agreement that Saint Paul, in light of the extraordinary hardship, should be the principal beneficiary of any fisheries business tax allocated pursuant to AS 29.60.450 to the extent such allocation is based on or attributable to resource landing tax production value of North Region Crab and the CBSFA Flexible Shares crab during the 2025-2026 season (Saint Paul Allocation). The cities shall work in good faith to ensure that the State of Alaska fully funds its obligations to the municipalities under AS 29.60.450 and, to the extent possible, for the Saint Paul Allocation to be transmitted directly to Saint Paul. To the extent that the Saint Paul Allocation is transmitted to Unalaska, within 30 days of Unalaska's receipt of same, the cities shall work in good faith to determine the amount of Saint Paul Allocation received by Unalaska and Unalaska shall pay said amount to Saint Paul as an effect of fisheries business activities on the municipalities and to reduce those effects.

4. Refunds. In the event that Unalaska is ordered by a court of competent jurisdiction to refund any amount that Unalaska has remitted to Saint Paul pursuant to Sections 2 or 3 of this MOA, Saint Paul shall, within 30 days of such order, absent a stay, pay to Unalaska the same amount.

5. Effective Date. This MOA shall not be effective until it is approved by motion or resolution of the city council of each the City of Unalaska and the City of Saint Paul and the Snow Crab Exemption Contract is filed with NMFS.

IN WITNESS WHEREOF, the cities have executed this MOA on the respective dates indicated below.

CITY OF UNALASKA


Vincent M. Tutiakoff, Sr.
Mayor

CITY OF SAINT PAUL


Joseph Kauh
Date 12-24-25