



January 30, 2009

The Honorable Lisa Murkowski  
United States Senate  
709 Hart Senate Building  
Washington, D.C. 20510

The Honorable Mark Begich  
United States Senate  
825 Hart Senate Building  
Washington, D.C. 20510

The Honorable Don Young  
U.S. House of Representatives  
2111 Rayburn House Office Bldg.  
Washington, D.C. 20515

**Re: CDQ Tax Clarification**

Dear Senator Murkowski, Senator Begich, and Congressman Young:

The six CDQ groups respectfully submit the attached legislative proposal in hopes that you might assist us in confirming the tax status of the groups participating in the CDQ Program. As you know, this program was created to provide economic development opportunities for the 65 western Alaska communities that border the Bering Sea and their 28,000 residents.

The attached amendment, which is identical to the one proposed last year, would make clear that royalty and investment income received from the groups' economic development activities connected with the Bering Sea fisheries would remain exempt from taxation under Sec. 501(a) of the Internal Revenue Code.

We look forward to meeting with you and your staff to discuss the proposal and to learn what we can do to assist you in this effort.

Sincerely,

**WESTERN ALASKA COMMUNITY DEVELOPMENT ASSOCIATION**

Robin Samuelson, President/Chief Executive Officer  
Bristol Bay Economic Development Corporation

Larry Cotter, Chief Executive Officer  
Aleutian Pribilof Island Community Development Association

Phillip Lestenkof, President  
Central Bering Sea Fishermen's Association

Morgen Crow, Executive Director  
Coastal Villages Region Fund

Simon Kinneen, Chief Operating Officer  
Norton Sound Economic Development Corporation

William A. Charles  
Yukon Delta Fisheries Development Association

AKUTAN	CHEVAK	EKUK	GOLOVIN	KONGIGANAK	MEKORYUK	NEWTOK	PILOT POINT	SCAMMON BAY	STEBBINS	TWIN HILLS
ALAKANUK	CLARKS POINT	EKWOK	GOODNEWS BAY	KOTLIK	MOUNTAIN VILLAGE	NIGHTMUTE	PLATINUM	SHAKTOOLIK	TELLER	UGASHIK
ALEKNAGIK	DILLINGHAM	ELIM	GRAYLING	KOYUK	NAKNEK	NIKOLSKI	PORT HEIDEN	SOUTH NAKNEK	TOGIAK	UNALAKLEET
ATKA	DIOMEDE	EMMONAK	HOOPER BAY	KWIGILLINGOK	NAPAKIAK	NOME	PORTAGE CREEK	ST. GEORGE	TOKSOOK BAY	WALES
BREVIG MISSION	EK	FALSE PASS	KING SALMON	LEVELOCK	NAPASKIAK	NUNAM IQUA	QUINHAGAK	ST. MICHAEL	TUNTUTULIAK	WHITE MOUNTAIN
CHEFORNAK	EGEGIK	GAMBELL	KIPNIUK	MANOKOTAK	NELSON LAGOON	OSCARVILLE	SAVOONGA	ST. PAUL ISLAND	TUNUNAK	

**Proposed Language (with Conference Report):**

SEC. \_\_\_\_ CONFIRMING TAX STATUS OF NON-PROFIT COMMUNITY DEVELOPMENT ACTIVITIES IN REMOTE NATIVE VILLAGES.-- For purposes of Subtitle A, Chapter 1, Subchapter F of Title 26 of the United States Code, any trade or business substantially related to the participation and investment in fisheries in the Bering Sea and Aleutian Islands Management Area or in the adjacent waters of the State of Alaska, carried on by a Community Development Quota entity identified in section 305(i)(1)(D) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1855(i)(1)(D) (as in effect on the date of enactment of this paragraph) shall be considered substantially related to the exercise or performance of the purpose constituting the basis of such entity's exemption under section 501(c) of Title 26 if the conduct of such trade or business is in furtherance of one or more of the purposes specified in section 305(i)(1)(A) of such Act. For purposes of this paragraph, trades or businesses substantially related to participation or investment in fisheries include harvesting, processing, transportation, sales and marketing of fish and fish products.

**Accompanying report:**

"The purpose of section \_\_\_\_ is to confirm the application of the exempt organization provisions of the Internal Revenue Code to six entities named in section 305(i)(1)(D) of the Magnuson-Stevens Fishery Conservation and Management Act, through which eligible villages in Western Alaska may participate in the Western Alaska Community Development Quota Program authorized in 1996 by the Sustainable Fisheries Act, Public Law No. 104-297. Those six entities are the Aleutian Pribilof Island Community Development Association, the Bristol Bay Economic Development Corporation, the Central Bering Sea Fishermen's Association, the Coastal Villages Region Fund, the Norton Sound Economic Development Corporation, and the Yukon Delta Fisheries Development Association. This section clarifies that certain business activities of the six entities undertaken in connection with their fisheries activities in Alaska are substantially related to the exercise or performance of the purposes constituting the basis of each such entity's exemption from U.S. tax under section 501(c) of Title 26 of the United States Code. That is, any trade or business carried on by those entities that is substantially related to participation and investment in fisheries in the Bering Sea and Aleutian Islands Management Area or in the adjacent waters of the State of Alaska is considered such an activity. Further, this section clarifies that the harvesting, processing, transportation, sales and marketing of fish or fish products are included among the activities that are substantially related to participation and investment in those fisheries."