

King Cove files suit to obtain city sales taxes

KING COVE — The City of King Cove has filed a lawsuit against Peter Pan Seafoods, a seafood processing company, to obtain about \$280,000 of city sales tax that the company has refused to pay, according to city officials.

The suit, filed in Third District Superior Court in Anchorage recently, states that Peter Pan Seafoods did not pay the city the full share of sales tax it was obliged to collect from fishermen in the July-September 1988 tax quarter.

"The taxes owed have not been paid for five months, and the city needs the monies," said Mayor Harvey Mack. "The city has been patient and tried hard to informally resolve the dispute."

'If the taxes remain unpaid, the city will need to take a machete to the budget.'

*—Wayne Marshall,
City Manager*

Mack said he and the city clerk even flew to Seattle at city expense to meet with the company president, but that nothing came of the meeting.

"We did not want to resort to legal action, but what choice do you have when someone simply refuses to pay?" he asked.

The City of King Cove, with a population of 790, is located on the Alaska Peninsula about 620 miles southwest of Anchorage. It imposes a 2-percent tax on the sales and use of goods and services. Peter Pan Seafoods is obliged to collect the tax on fish sales by fishermen and then convey the funds to the city.

The lawsuit states that in the July-September quarter, Peter Pan Seafoods collected and paid only a quarter of the tax owed on most fish sales.

"The amount of taxes owed, about \$280,000, may seem like small potatoes to a larger city or big company, but to King Cove, it's the difference between meeting community needs or cutting essential city services," said Wayne Marshall, city manager.

"If the taxes remain unpaid, the city will need to take a machete to the budget," he said.

Peter Pan Seafoods has 20 days to respond to the lawsuit. The Seattle-based company is the largest fish processor in the area. It also has operations in Port Moller, Valdez and Dillingham.