

ALASKA STATE LEGISLATURE



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WRITTEN TESTIMONY

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BILL# or SUBJECT: HB 121
COMMITTEE: Senate Finance

As the General Manager for OceansAlaska, we are very supporting of HB121, specifically the Mariculture loan program. It is essential to address one of the main barriers to new entrants in the mariculture industry - capital finance. This is especially true of this industry because the State controls the waters and farmers they cannot loan against their lease. Add to that the challenge of waiting 3 years before a revenue stream.

OceansAlaska is addressing the other critical needs of the industry, that were identified by an industry-wide advisory group. ~~we are~~ One is seed security, which we began this spring in partnership with Sealaska. The second is a host of ^{applied} research needs identified by the industry to help them expand. These include partnerships with SARDFA and UAF Sea Grant. And most pertinent to this bill is OceansAlaska's training program, which is working with the State Dept. of Labor and Workforce Dev. This ties into's the ~~HB 121~~ HB 121's requirement that of eligibility requirements for applicants. OceansAlaska believes the financing opportunity presented by HB121 combined with OceansAlaska's training program will provide entrepreneurs with a real opportunity at beginning a successful business.

Testimony Regarding HB 121

My name is Mike Round and I am a Board member of the *OceansAlaska* Marine Science Center. My testimony today is in favor of HB 121 and more specifically regarding Article 14. the Mariculture Revolving Loan Fund.

OceansAlaska is presently completing on site preparations for installing a floating mariculture research and training facility at 8900 South Tongass Highway in Ketchikan, Alaska. With the installation of this facility *OceansAlaska* will commence vocational training and education programs for aspiring shellfish growers.

We have committed the use of this facility towards helping Alaska residents establish year-round jobs in coastal Alaska. *OceansAlaska* believes that by creating opportunities for good paying jobs, we can establish a vibrant and productive mariculture industry that will help reverse the trend of declining populations in coastal communities.

It is estimated that it will take \$120,000 to begin an oyster operation with 300,000 seed oysters. In the first year of operation an owner could probably maintain his "day job" and work his oyster farm on the weekends, but in year two and three he will need someone on site to work his crop. After the third year, the owner will have a marketable product and experience revenue flow. So from the start of an oyster farm to first revenue stream is about three years.

Alaskans wishing to establish their own shellfish farms will need capital. The six-year initial period when interest on the principal does not accrue would be vital for farmers working towards their first saleable crop. *OceansAlaska* applauds the foresight of the drafters of this bill, since it allows a shellfish farmer time to establish his production before any payment of principal or interest is due. Affordable capital from a lender who understands the industry will provide a means for private buy-in to establish a strong, sustainable Alaska mariculture industry.

With 8,000 miles of coastline, New Zealand has a mariculture industry worth hundreds of millions of dollars. Southeast Alaska alone has over 15,000 miles of coastline and some of the most pristine coastal environment on the planet. Alaska needs this industry; Alaskans need these jobs; please support this industry by passing this bill pass.

Thank you for your time.

Submitted by,



Michael Round

OceansAlaska Board Member
Ketchikan