

[REDACTED]

From: Brie Xavier [REDACTED]
Sent: Tuesday, June 30, 2020 5:38 PM
To: House Labor and Commerce
Subject: Public Comment re: AK Cares Grant

Hi,

Please consider opening this funding to folks that are losing secondary income from businesses that aren't their primary source of income. I have personally lost income from my rental property and my tour business, but I am not eligible for most grants because these businesses are not my primary source of income. I would argue that these types of businesses and supplemental income is what makes up my discretionary income that I'm more likely to spend locally and thus help other small businesses stay afloat.

Please consider offering assistance to folks that have a primary source of income and also secondary side businesses that have been financially impacted by COVID.

Thank you,

Brie A Xavier
[REDACTED]

[REDACTED]

From: Bryan Mills [REDACTED]
Sent: Wednesday, July 1, 2020 2:56 PM
To: House Labor and Commerce
Subject: Comment RE: CARES Act Funding

Good afternoon from Cordova. I am writing in reference to the CARES Act funding. I'd like to draw your attention to a few key requests that will help the small businesses during this time when COVID-19 is wreaking havoc on our economy.

Please consider the following requests when directing the CARES Act funds:

- * Allow commercial fisherman's permits to count as a business license.
- * 501-c-6 should be eligible for AK Cares Act funds.
- * A small business should be eligible for AK Cares Act funding even if they received PPP, EIDL or Municipal Relief.
- * Give DCCED the authority to make minor changes.

Based on data gathered on June 29, nearly \$230 MM remains to be distributed. Alaskans know that this is not a get-rich opportunity, nor is it a way for any Alaska small business owner to be made whole from the financial impacts of Coronavirus. But getting these funds into the hands of small businesses is important.

As a member of the Cordova Chamber of Commerce Board of Directors, I am proud to share the following key points regarding allowing fishermen to use CFEC permit in lieu of Business License to apply for CARES Act grants:

- * Salmon prices have been low this year due to market conditions affected by the pandemic
- * Additional expenses have been incurred by fishermen due to State of Alaska mandates to address the pandemic
- * Commercial fishing is a critical and vital part of the Alaska economy, and commercial fisheries play an important role in Alaska's food security
- * In Area E, 77% of permit holders are Alaska residents
- * Area E fishermen live in many communities around the state
- * Access to emergency assistance will help our local and state economy recover more quickly from economic impacts due to the pandemic
- * This small change to allow CFEC permit numbers to be used to apply for the CARES ACT grant funding will help get this emergency funding out to as many small businesses as possible statewide
- * Currently, Alaskan commercial fishermen are excluded from Alaska CARES Act business grants unless they operate under a valid Alaska business license, LLC, or Corporation. CDFU has requested an amendment to this requirement that would align within the framework of AS 43.70, which allows commercial fishermen to operate their business under a Commercial Fisheries Entry Commission limited entry permit, rather than a business license. If this change is made, it would open up additional emergency funding to many, many commercial fishermen that are currently unable to access these grants. There are 609 CFEC permits registered to Cordova addresses. If these businesses become eligible, it will have a huge impact on our local economy and go a long way toward helping ALL businesses in Cordova recover.

Thank you for your time,

Bryan Mills
Director, Cordova Chamber of Commerce
[REDACTED]

[REDACTED]

From: Dan Pardee [REDACTED]
Sent: Wednesday, July 1, 2020 2:14 PM
To: House Labor and Commerce
Subject: Alaska CARES Grant program

Dear House Labor & Commerce Committee members:

As a life long Alaskan resident and commercial fisherman, I implore your committee to allow CFEC permit holders to apply for the Alaska CARES Grant program. CFEC permits should count as Alaska Business licenses, without a CFEC permit you cannot legally participate in commercial fishing in Alaska. Commercial fishermen are seeing 30-50% reductions in seafood prices compared to 2019 due to COVID-19, many of us are going to need some grant funding assistance.

In closing, I believe its vitally important that your committee takes into account the challenges and concerns expressed today during testimony and make the necessary changes to meet these needs from all sectors in accessing the Alaska CARES Grant program.

Sincerely,
Dan Pardee

[REDACTED]

From: David Adams [REDACTED]
Sent: Wednesday, July 1, 2020 1:42 PM
To: House Labor and Commerce
Subject: Fwd: Grants/loan for our business

Addendum to the email below: Our Crew member was encourage to apply for PPP through Alaska USA. Even though he is a self-employed, he didn't qualify because he didn't have a schedule C as we cover all cost including food/fuel/rain gear/license. He was going to apply for a 5,000.00-10,000 loan or grant to by long enough for the economy recover.

----- Forwarded message -----

From: David Adams [REDACTED]
Date: Wed, Jul 1, 2020 at 1:31 PM
Subject: Grants/loan for our business
To: <hlac@akleg.gov>

To House Labor and Commerce Committee,

We were encouraged to send you a written testimony by Keri Scaggs of SWAMC.

Covid has directly impacted the revenues of Marineview B&B that we manage as we have experienced cancellations including the more lucrative Bear Hunt during the month of May.

By July 1, 2019 (last year) Marineview B&B had \$60,356.66 worth of business and year to date by July 1, 2020. (this year) we \$23,611.60.

We have numerous cancellations throughout the rest of the summer months and fall isn't looking much better. (total in 2019 was \$160,000)

My employer hasn't been able to pay us, since February and now he is so far in debt, We don't anticipate that he'll ever be able to pay me. So essentially we are working without a paycheck or bonus incentives until at least the end of the year, if ever. (our loss pay so far is \$9,000.00)

We also have a small fishing operation that has been directly impacted, by having a crew member fly into Sand Point 2 weeks early. We had to quarantine/feed him at an expense we ordinarily would not have to cover. Covid caused Ravn to lose 90% of their business in a matter of weeks back in March and as a result air travel became very expensive.

Our direct added cost for crew is \$2,693.00 just on airfare/lodging/meals.

On a larger scale, Seafood plants are quarantining/feeding their employees that will directly affect their bottom line, which means the fisherman will have to be the ones to cover those costs'. My guess is at least .25 cents (or more) at the dock will be trimmed off that price.

We have applied for PPP but we have been denied because our Schedule C showed a loss as we still had to pay our crew and also make upgrades and repairs. We want to use the PPP loan to directly pay our crew, so they wouldn't have to endure any more fiscal hardships and pain.

We want to get a 15,000.00-25,000 loan or grant so we can continue to maintain our business and ensure that our crew has a job next year.

Sincerely

Cathy and David Adams

[REDACTED]

Sand Point, Alaska 99661

[REDACTED]

[REDACTED]

From: Executive Director [REDACTED]
Sent: Thursday, July 2, 2020 10:31 AM
To: House Labor and Commerce
Subject: AK Care Act Funds - Please Return to Juneau

My name is Debbie Speakman and I am the Executive Director of Kenai Peninsula Tourism Marketing Council (KPTMC) - the Destination Marketing Organization (DMO) that represents over 200 small businesses on the Kenai Peninsula. I am also a small business owner.

Yesterday I had the opportunity to testify before the House Labor and Commerce Committee and I wanted to reach out to my local representatives and ask you to support calling a special session to fix the issues the current Act has that are delaying the disbursement of funds to Alaska businesses. Many businesses across your districts are closing or will close soon, calling a special session is of the utmost importance and is an urgent concern.

As a 501c6 KPTMC is not eligible to receive EIDL or PPP grand funds. We had to cancel our only major fundraiser, discount membership and are seeing many businesses going out of business who will not renew their membership. Like all our member businesses we have cut all possible overhead while still "doing our job" to promote The Kenai, Alaska's Playground. The ability to apply and receive AK Cares Act Grant Funds would allow us to better partner with Kenai Peninsula Businesses to mitigate the next 18 months. Many of those businesses will have to cut marketing funds and we MUST continue to communicate to our Alaskan neighbors and potential visitors from the lower 48 that we are the BEST place to spend their travel dollars. We cannot lose market share in promoting The Kenai.

I live in Homer and our local economy relies heavily on the Commercial Fishing Industry, these small family businesses do not have Alaska Business Licenses but do hold a more expensive fisherman's permit. Not allowing the use of the permit as a business license needs to be fixed. We are in the beginning of fishing season and across the State we are seeing very low returns and prices at the dock abismal. Please fix this oversight.

I mentioned above that small businesses are closing or preparing to close - not at the end of the quarter or year, they are closing **now**. Not allowing businesses that received EIDL or PPP grants or Municipal Relief when the State has only dispensed \$5,952,495.54 when there are approximately \$229,512,494.00 left to dispense is very disheartening. Businesses on the Kenai Peninsula are over 90% owner operated and unless the Act is changed, by September we will be without many businesses, many jobs and the trickle effect will only depress our economy even more. This is an emergency!

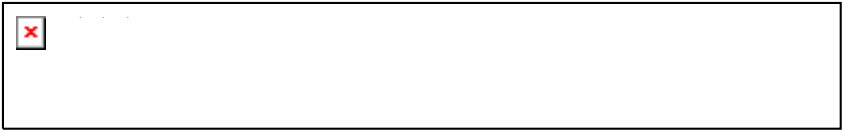
I would also ask that DCCED be given the authority to make minor changes - if they must wait for the legislature to act we will continue to see the business killing delays.

Please return to Juneau, do not wait and please help save Alaska and the small businesses that employee the residents of the Kenai Peninsula.

I wish you all a very Happy 4th of July!

--

Debbie Speakman
Executive Director



[REDACTED]

From: Jaimie Palmer [REDACTED]
Sent: Wednesday, July 1, 2020 11:27 AM
To: House Labor and Commerce
Subject: AK Cares Grant Funding

Dear House Labor and Commerce Committee,

My shop The Captain's Lady operates in Ketchikan, AK. We have received a loan through the PPP at \$6300 and then from the SBA. As a business owner I jumped at every opportunity for assistance when COVID-19 crushed our cruise ship driven economy and our chances of survival were looking slim. Then, the AK Cares Act funding came out with exclusions in the event we received either of those program funds above. That was also crushing. Then, the adjustment for folks who received less than \$5K from the PPP still dashed hopes. Please open up the funding for every one and let it be on a first come first serve basis. Alaskan businesses need your help to survive.

I am also currently unable to apply for local Cares Act relief for my business, as the local bodies approved a minimum revenue of \$100K in order to apply. I made \$89K last year so was disqualified.

Please hear the struggles from small business owners, and help us breathe. You have the power to make a huge difference across communities in AK. Thank you for your time!

--

All the best,

Jaimie Palmer - Owner
The Captain's Lady
Ketchikan, AK
[REDACTED]

[REDACTED]

From: Jennifer Jackson [REDACTED]
Sent: Wednesday, July 1, 2020 8:13 PM
To: House Labor and Commerce
Subject: AK Cares Grant Issues

Hi, I hope I am not too late to give an opinion. I didn't see the facebook post about the meeting or I would have chimed in sooner. This whole COVID thing has messed so much stuff up. I listened to a training session in my town on how to fill out an application. I find it a little harsh that anybody that has received a PPP /EIDL loan can't apply for this money. I am a sole proprietor and received a PPP grant and of under 5 grand but I did get an EIDL loan as well. I feel that the EIDL loan should not be used as a criteria for disqualification because it is something I have to pay back with interest, that is not a grant. It also has very specific things it can only be used for. I have had to use credit cards to pay for things that I needed during the 8 weeks that my business was shut down and I am not able to pay those with the EIDL loan. If this is a grant then you should be able to apply no matter what grants or loans you received.

Now, the other issue is my significant other is a commercial fisherman. By the rules as they are, he cannot apply for this grant because he doesn't have a business license. I don't understand why this is a requirement and it limits who can get this grant. Not everyone needs a business license and if it would have been announced that it would be a requirement one could have applied. But since it had to be in effect as of March 11th that is cutting him out. It is not realistic to apply the requirement for a commercial fisherman to have a business license. Well I think that pretty much sums up what I needed to say. If you are going to offer this to business in Alaska then really open it up and don't limit it. With all the limitations that means that there might be more money left over and then what? Does it just go to the State to spend as they wish? You may call me to ask any questions, I am happy to offer any clarification I can. Thanks so much for your time, Jennifer Jackson. 208-899-3271

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TESTIMONY OF JON BITTNER, AK SBDC

Through the Chair, thank you for the opportunity to speak today.

We're entering the fourth of fifth month of the COVID-19 pandemic and things are not looking great. Although the federal government has deployed 10,756 PPP loans worth \$1,233,644,499, 5,514 EIDLs worth \$342,030,900 and 9,376 EIDL grants worth \$29,821,000 Alaska's businesses are still hurting and our workforce is still largely unemployed.

The possible extension of the PPP program is some comfort, especially since they made the changes to the eligible expenses that will allow commercial fishing businesses to claim more of their payroll, the fact is that the vast majority of businesses that can take advantage of that program already have and most of them have spent or are well on their way to spending the funds.

The easing of the restrictions on business operations and sheltering in place have provided some help to businesses, especially those in retail and food service, but not nearly enough to offset the massive loss of regular customers and tourists. Additionally, rising COVID-19 numbers nationally and in state are adding an additional layer of uncertainty and concern among business owners and their employees.

To try and understand what assistance and support Alaska's businesses will need going forward, the AK SBDC conducted a survey of businesses across the state from June 18th to June 26th. Out of the 1,076 businesses surveyed we received 221 responses (20.5%)

Most had applied for some form of COVID-19 funding

- 47 had applied for AK Cares
- 137 for EIDL
- 122 for EIDL Grant
- 131 for PPP
- 21 for local government options

Only 23 had applied for less than \$5,000

Of those applications which were approved:

- 4 AK Cares (8.5%)
- 95 EIDL (69%)
- 86 EIDL Grant (70%)
- 110 PPP (84%)
- 10 local government (48%)

In terms of dollar amount:

- 56 received less than \$5,000 (including 30 who received none)
- 131 received more

When asked whether AK Cares should be open to all businesses and nonprofits regardless of how much funding they have received

- 123 Yes
- 38 No
- 60 Unsure

When asked if their business was likely to lay off staff in the next six months if they didn't receive additional funding

- 97 Yes
- 51 No
- 73 Unsure

We received 63 comments from businesses in 20 communities about the AK Cares program all but one of them supporting opening up eligibility regardless of other funding received.

- **Anchorage:** Tying receipt of Alaska CARES money to prior receipt of PPP funds (or limiting those funds to \$5,000) ignores the fact that many categories of business expenses were deemed off limits to PPP funds. I cannot use PPP funds, and get the loan forgiven, for financing (business and vehicles), insurance, licenses, and permits. These are the vast majority of my operational expenses. Any future grant funds need to be completely open with no restrictions on prior receipt of federal funding.
- **Skagway:** We have one industry -cruise lines. They aren't allowed for at least a year. Our town is rife with fear as not a single person has any confidence that we will survive until next year. Without help, I could easily see an exodus of 60% of the population here. And if that happens, when the cruise industry does return, the experience won't be the same, which will accentuate the death spiral.
- **Sitka:** We need any sort of forgivable grants available. We are in a rural area and cannot open until April 2021. We were forced to lay off our two full-time employees because we have run out of PPP and have not been approved for an SBA loan as our 50-year-old business was unverifiable! The AK Cares funding is not available for us because we received \$24,000 in PPP. We need HELP!
- **Ketchikan:** If I had known grants would be available, I wouldn't have gone for the loans... I'm still \$20k short to survive until May 2021 to coincide with cruise ship season.
- **Kenai:** The amount we were given based on payroll did not even cover overhead for one month. The fact that you can't reapply with the Alaska CARES act is not helping our local small businesses
- **Homer:** I have two businesses that will likely close over the winter and may never reopen if I cannot refinance or receive additional loans. I do not qualify for the AK Cares grant because I received the PPP and EIDL. We have been in business for 17 years and without additional funds we will likely have a fire sale or risk bankruptcy. Hopefully more options will open up for hotels and restaurants. I know other industries are suffering as well. Please consider more options in order for small businesses to survive.
- **Cordova:** I would qualify for \$80,000-\$100,000 from the AK CARES grant program, while I qualified for \$32,000 from PPP. Please let me apply for the CARES grant and deduct what I received from PPP from my eligibility. Had I known the amounts offered would vary so significantly, I would not have applied from PPP. PPP covered 75% of salaries for 2 months & 2 months of rent, while I am grateful for that, there are many other expenses that the CARES grant would cover that PPP did not. I was mandated to close for 6 weeks and have 8 weeks of

lost revenue, plus now 4 weeks of partial revenue and increased expenses and costs of doing business. Please open up the CARES funding to businesses like mine. Thank you.

- **McGrath:** In remote Alaskan towns, our utilities make up a huge portion of our budget. In McGrath, businesses pay almost \$1/kWh for electricity. Heating oil is over \$7/gallon. The water and sewer bills are incredibly high as well. Due to our low population, businesses have few employees. This makes it impossible to use the PPP funds like other non-remote businesses do. Our utilities are very high, and our payroll is low. Every business in the Upper Kuskokwim region of Alaska faces these same issues. Our business did receive the \$10k emergency grant, which was a life saver after one of the hardest, coldest winters we've faced in McGrath. 100% of our grant funds went to utilities.
- **Juneau:** Although I accepted the EIDL loan I am holding it in reserves hoping to returning it if grants become available. The last thing I need to more debt, especially in these times. I am hoping the state opens up CARES grants to those who have received funding. I do not need all that SBA's EIDL provided but will need some funding soon as business is down about 85% due to the lack of tourism, shut-down, and other COVID related factors.
- **Haines:** We received the EIDL, but chose not to accept the entire amount approved. Happy to have it but scared to add so much debt to our mortgage. The PPP money is almost gone having paid wages and utilities before the original two-month deadline. Most has been paid out before reopening, since Alaska is behind the curve. Working on forgiveness. Concerned that our debt will be so high at the end of this, that we won't survive. Wish there were more grants available or a second opportunity for PPP money. A sample of our new state of being: Beer Fest weekend in May this year we took in \$212. Last year we took in \$28,000. As hard as it has been, however, please know that we are very grateful to the ASBDC for all of your help! (Julie Nolen has been incredible!)
- **Fairbanks:** I feel the AK CARES grant would have been more beneficial to Fairbanks smaller businesses because it included startup cost. Because of the, one cannot apply for the AK CARES grant if they have received PPP which does not included start up cost. The restaurant businesses have large start up cost after being forced to close for XX amount of time.
- **Anchor Point:** We received the EIDL loan and that really helped with the credit card debt buildup because of fishery closures and low fish prices for fisheries that are open. But my crew are still suffering because of all this, I wish I could apply for the AK CARES grant just to help my crew

[REDACTED]

From: Joyce A Herr, CPA [REDACTED]
Sent: Tuesday, June 30, 2020 3:07 PM
To: House Labor and Commerce
Subject: PPP, EIDL and the Alaska CARES grant

Thank you for holding a committee meeting regarding the Alaska CARES grant and the issues with the eligibility of Alaska small business to qualify for these funds.

As a small business owner myself, I understand the problems and uncertainty that small business owners are facing in Alaska. I have spent hours researching the various programs available and helping my clients apply for them. Now, we find out that we are not eligible for state assistance because we took advantage of the federal assistance.

Two issues that need to be considered:

1. Currently, businesses that have not received PPP and/or EIDL funds are eligible to apply/accept them as soon as they apply for the Alaska CARES grant. With funding still remaining in both programs, these businesses will more than likely be approved and will receive the funding, in addition to the Alaska CARES grant, while you require other businesses to return the funds.

With the proposed eligibility requirements, businesses that currently have received a PPP and/or EIDL would be allowed to return the funds and then would be eligible for the Alaska CARES grant. As far as I know, these businesses will not be able to reapply for an EIDL once they return the funds. The PPP program closes on June 30, 2020, so there would not even be an opportunity to reapply. There is no guidance available on how the businesses can return the funds. Also, most businesses that received these federal funds have spent them and don't have the funds available to repay the PPP and/or EIDL.

2. Currently, self-employed business owners and partnerships are eligible for the Alaska CARES grant if their business has not received the PPP or EIDL, even if the business owner or the partners are personally receiving unemployment which is also part of the federal CARES Act funding. They have even been told that if their unemployment is less than their 2019 average monthly income, they can add the difference to their Alaska CARES application. They retain their Alaska CARES eligibility because the individual is receiving the unemployment, not the business. Self-employed business owners and partners in a partnership do not pay state or federal unemployment tax but because of the CARES Act, they are eligible for state and pandemic unemployment. As other businesses are struggling to pay their bills and employees and keep their doors open, these self-employed business owners and partners are allowed to replace their self-employment income at 2019 levels and have their business expenses paid.

In contrast, most S-Corporation and C-Corporation owner/employees opted out of state unemployment but they do pay federal unemployment tax on their wages. Because they opted out, they are not eligible for any unemployment. I don't know of any programs that would allow a business to replace their income at 2019 levels. These businesses are just looking for help paying their bills.

As you continue with your discussions regarding the Alaska CARES grant, please remember that the EIDL loan is just that – a loan. The PPP starts out as a loan and a portion of it will remain as a loan if the business received an EIDL grant or is unable to use the PPP funds as required.

Please review the eligibility requirements in regards to the unemployment exception and open the Alaska CARES grant to as many businesses as possible without requiring them to repay their PPP or EIDL loans.

Please do not hesitate to contact me if you have any questions or would like further clarification on these items.

Thank you in advance for your attention to this matter.

Sincerely,

Joyce Herr

Joyce A. Herr, CPA, ATA, ATP
Joyce A. Herr, CPA, LLC
Accounting and Tax Services
P.O. Box 770873
Eagle River, AK 99577
[REDACTED] - Anchorage
Fax: [REDACTED]
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Note: The advice in this communication is not intended or written to be used, and cannot be used by you or any other person or entity for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or any applicable state or local tax law or promoting, marketing, or recommending any tax-related matters addressed within to another party. You are not prohibited from sharing this advice with third parties. However, the third parties should seek their own advice based on their particular facts and circumstances from an independent tax advisor.



Southeast Alaska Fishermen's Alliance

1008 Fish Creek Rd

Juneau, AK 99801

Email: [REDACTED]

Phone: [REDACTED]

Cell Phone: [REDACTED]

Fax: [REDACTED]

Website: <http://www.seafa.org>

July 1, 2020

House Labor and Commerce
Representative Ivy Spohnholz, Chair
Alaska State Capitol
Juneau, AK 99801

Dear Ivy Spohnholz, Chair and Committee Members,

RE: AK CARES ACT – COMMERCIAL FISHERMEN

We respectfully request that you consider under the AK CARES ACT to allow commercial fishermen to use their limited entry permit in lieu of a business license. **A limited entry permit has been considered by the State of Alaska as a professional license and therefore under Alaska State statute [AS 43.70.105](#) commercial fishermen are exempt from the requirement to have an Alaska Business license.** As the AK CARES ACT is written you must have been in business for all least one year so commercial fishermen are not able to prove they were in business through the State database of business licenses if we were to purchase a license in order to apply, but we could with our limited entry permits.

Commercial fishermen also didn't fit the federal PPP program very well and while the Congressional Delegation was able to get a fix through Congress, it was with only days left in the program. Many fishermen were not able to apply this late as they were out fishing and this didn't give them an opportunity to apply without losing fishing time. In addition, March thru June is not the time of the year when they have crew hired making it difficult to meet the requirements of loan forgiveness under the PPP program. Many fishermen also didn't want to apply early on until they saw that their fishing business would be impacted by COVID 19.

We have now started the salmon season. The salmon season is starting out very slow for most areas. In Southeast Alaska, the Hawk Inlet test fishery saw, *"For the approximate date, the pink salmon harvest was 9% of the ten-year average and 68% of the recent even-year average. The sockeye salmon harvest was 4% of the 10-year average and the chum salmon*

*harvest was 5% of the 10-yr average.”*¹ The Salmon price is down (SE chum salmon in gillnet fishery is down 28%) due to increased costs for the Processors due to COVID 19 and market pressure, lack of restaurants operating at full capacity and Chinese tariffs. Halibut and Sablefish prices are also at low levels.

Please consider allowing Limited Entry Permits to be considered a business license for the AK CARES ACT.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathy Hansen", followed by a long horizontal flourish line.

Kathy Hansen
Executive Director

¹ <http://www.adfg.alaska.gov/static/applications/dcfnewsrelease/1170635944.pdf>

[REDACTED]

From: Larry McQuarrie [REDACTED]
Sent: Tuesday, June 30, 2020 5:03 PM
To: House Labor and Commerce
Cc: Rep. Daniel Ortiz; Alaska Charter Association; Southeast Alaska Guides Organization; Scott Van Valin; Brad Steuart; [REDACTED]; Drake Goodson
Subject: Comments for Wednesday Labor and Commerce hearing

From: Larry "Mac" McQuarrie, Owner Sportsman's Cove Lodge, normally employing 32 staff seasonally, 8 year-round, hosting 650 guests each season and contributing approximately \$2 million+ annually to the local Ketchikan economy. In business for 60 years, 30 years in this same location. We will be operating at approximately eight percent (8%) capacity this season hosting primarily those who are arriving on private corporate transportation after receiving testing prior to departure from their cities of origin.

I realize this is a State forum and what the State can do is limited given our current state-wide fiscal issues, but the State can influence the Federal money pool and Federal policies that are being considered. The Feds have enormously assisted the contiguous states with year-round economies that can recover as they reopen. Our seasonal Alaska economy does not have that reopen/recovery option. We need help to get us through the 2021 season. We cannot last through two seasons on the come for next season's revenues.

1. **Testing, testing, testing.** If we had rapid response testing that could screen guests as they leave the jet at the local Alaska airport, or cruise ship dock we could be wide open. We can build tens of thousands of ventilators in weeks. We can security screen millions of passengers in hours each day at our airports. Why can't we develop rapid testing techniques and technology that will open up our economy?
2. **PPP and Unemployment Insurance** has taken care of our employees very well - but what about the businesses? If we don't do something for the businesses there will be nothing for the employees to come back to.
3. **SBA EIDLs are not the answer.** Currently the SBA is offering EIDLs up to a maximum of \$150,000. For us that is five days-worth of revenues. And they will encumber everything you have including your first-born off-spring. Our business will need \$750K to \$1M to make it through the end of the 2021 season. We are already servicing a 15 year-old \$1.7M AIDEA backed loan. We cannot take on additional payment burdens.
4. **What Federal loan guarantees?** We hear about Federal loan guarantees associated with these EIDLs from our representatives, but that is not true. Someone is smoking our representatives into thinking we are being taken care of and that is NOT THE CASE! We, the small businesses and employers are being hung out to dry.

-Larry "Captain Mac" McQuarrie

Sportsman's Cove Lodge

P.O. Box 8500

Ketchikan, AK 99901

Phone [REDACTED] or [REDACTED]

Fax [REDACTED]

On the web at <http://www.alaskasbestlodge.com>

Check the blog <http://captainmacs.blogspot.com/>

www.facebook.com/AlaskasBestLodge

Eat, Sleep, Fish, Repeat!



From: Lindsey Bloom [REDACTED]
Sent: Wednesday, July 1, 2020 1:37 PM
To: House Labor and Commerce
Subject: Fwd: Recent Survey of Independent Alaskan Fishermen Reveals Priorities

Survey of Alaska commercial fishermen mentioned today in testimony. Thankyou.



May 25, 2020

FOR IMMEDIATE RELEASE

Contact: Tyson Fick (907)321-9848 Tyson@salmonstate.org

Recent Survey of Independent Alaskan Fishermen Reveals Priorities

Top concerns center around loss of income, community health and safety and the Pebble Mine

Juneau, AK— This April and May, just under 800 Alaska commercial fishermen participated in a survey conducted by SalmonState’s Salmon Habitat Information Program (SHIP). Chief among their concerns were loss of income due to the Covid-19 crisis, preventing its spread in coastal communities and habitat destruction associated with Pebble Mine.

“When the coronavirus first started to appear in the U.S. and seafood markets crashed, we were having conversations with lots of fishermen around the state trying to assess the impacts on Alaska’s fishing industry and particularly small boat owner operator businesses who live and operate in Alaska’s rural coastal communities. We quickly realized that the impacts from COVID-19 were so tremendous that we needed to design and launch a survey to get a handle on what fishermen were experiencing and needing. As a result, we have an invaluable snapshot of what Alaskan fishermen want and need right now,” said Tyson Fick, a Southeast Alaska Fisherman and Associate at SalmonState.

The survey was open from April 14to May 3, with 779 verified Alaska fishermen participating — a notably higher response rate than any other surveys of Alaska fishermen to date. Fishermen who responded primarily fish for salmon as well as other species. They are both permit holders, crew members or IFQ owners. Some highlights of the survey results include:

- When asked about issues facing Alaska’s fisheries prior to COVID-19, there was consensus amongst fishermen that fish prices (65%), the proposed Pebble Mine (60%), and climate change (53%) were the top three concerns.
- The primary concerns COVID-19 elicits for fishermen are loss of income (75%); preventing the spread of COVID-19 in coastal communities (69%); and bad policy decisions while fishermen are distracted (regulatory decisions, Pebble, etc.) (58%).
- Fishermen are guarding against the negative effects of COVID-19 by doing more work with less time and resources. 51% of respondents indicated they would look for non fishing related work, 27% indicated that they would fish a longer season while only 10% indicated that they would fish less, and 26% indicated that they would fish with fewer crew.
- By far the most common answer for how emergency relief funds can best help fishermen was “direct funds to affected fishermen,” with over 80% of fishermen selecting this response. Debt was another common response with debt consolidation and forgiveness getting 33% and 29% of responses respectively. An fairly equal number of fishermen thought that emergency funds would be best spent on increased infrastructure for direct marketing and allowing emergency transfers of permits/quota

“We hope that decision-makers at the local, state, and federal levels will keep these results in mind as they distribute emergency funds and consider additional ways to support Alaska’s fishermen to stay afloat,” said Fick.

The full report can be found online here: <http://alaskasalmonhabitat.org/publications/>

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Lindsey Bloom

SalmonState

Auk Kwáan and Taku Kwáan traditional lands

Juneau, AK



[REDACTED]

From: Lucas Smith [REDACTED]
Sent: Wednesday, July 1, 2020 2:52 PM
To: House Labor and Commerce
Subject: House Labor and Commerce Committee Meeting, July 1, 2020

Dear House Labor and Commerce Committee:

In today's testimony we heard how commercial fishermen and the tourism industry need grants for their businesses and employees to survive. We also heard how there are "no fish" in the Copper River and perhaps other places. If we must adjust to what members of the Alaska State House and the Municipality of Anchorage Assembly adamantly characterize as the New Normal, why would the Alaska Legislature throw away the bulk of our CARES Act money on businesses like commercial fishing and tourism which we have heard are now unsustainable from both a business and fishery perspective?

Sincerely,

Lucas Smith
[REDACTED]
Anchorage, AK 99515

Sent from [Mail](#) for Windows 10

Mandy Hawes testimony 7/1/20

Good afternoon. My name is Mandy Hawes and I am testifying today on behalf Get Lost Travel Vans, a start up that I own with my husband Darren and one other couple. I also represent Alyeska Resort, as its General Manager, and sit on the Visit Anchorage board.

I was born and raised in Kenai and after a brief stint out of state, my husband and I moved to Girdwood 17 years ago, both working at Alyeska Resort. 4 years ago, my husband left Alyeska to start our own business. After exploring many ideas, we introduced the European style camper van to Alaska for summer rentals as smaller profile and fuel efficient RV alternative. Our first summer, we converted 10 Dodge Caravans using a local boat builder for the fabrication. The vans seat belt 5 and sleep 4 adults with a double bed inside the van and a pop up tent on the roof. When you lift the back hatch there is a full kitchenette, including an electric sink with running water, a double burner stove, a small refrigerator, usb ports for charging electronics and a cooking surface. We even include black out curtains and mosquito netting to cover open windows- a truly Alaskan feature. Our rental location is off International and Cordova, a quick Uber from the Anchorage airport. We pay vehicle rental tax to both the state and the municipality.

Our first summer exceeded expectations, primarily from international and lower 48 visitors. Our second summer we added 5 additional vehicles for a fleet of 15 vehicles and were sold out most of July and August. This is our third summer. The summer of Covid-19. While we had strong prebookings prior to March, most of our bookings have cancelled. After this summer our business plan included obtaining additional financing to scale up the model that is now proven. However, at this point our future is uncertain.

When the federal Cares act legislation was passed in March, we applied for the EIDL. The PPP program, by definition is based on paychecks, or payroll spend. Even though this is my husband's primary work, as a start up, we have not yet paid ourselves from the business, have not taken draws, rather focusing on building equity. Therefore, our best option was to apply for an EIDL loan. Last summer we had one employee, so we claimed 1 FTE on our application. We heard nothing back from the SBA for weeks. Meanwhile there was a storm of cancellations with all our cash flowing out and none flowing in. On April 24th, we received a total of \$1,000 in our bank account from the SBA. This was our total grant from the EIDL.

When the Alaska Cares program was released, we were ineligible. The act of proactively using a federal program that was available to us back in March has now precluded us from receiving grants that have subsequently been released from both the state and the city. We are still currently ineligible for Alaska Cares funding.

Fortunately we made it to early June with enough cash. On June 9th, we received our \$90,000 EIDL loan at 3.75%, which we have at this time, no choice but to accept.

This \$90,000 is not income to us or grant relief. It is a debt. It is a debt that will put us out of business if we use it to pay our operating expenses like rent and insurance and cover our cash shortfall, rather than use for investing in assets. While it is a relief to have a cash cushion, what small businesses and start ups like ours need are grants not loans. My graduate work is an MBA with a concentration in finance. It is

clear that this loan without an offsetting asset creates an impossibility for our business to survive long term. This loan will flip our debt to equity ratio, is bad balance sheet management and bad business. We have to pay it back.

The EIDL and the PPP were very different programs. The state should not lump these programs together. I understand that there is a revision to move the threshold to less than \$5,000 in total funding. However, this language is still problematic as we have now received more than \$5,000 in TOTAL FUNDING, \$1,000 in the form of a grant, the remainder as a loan.

If the legislature would insert the word GRANT into that funding phrase, we would be eligible. Please adjust the language to allow those of us that have not yet received any meaningful assistance to get help from our state.

Additionally, at the federal and the state level, there have been carve outs for specific industries. Education, health, transportation, fishing, etc. There has been no carve out for tourism. No funding for the sector that has the number one unemployment claims and job losses. Of the roughly 42,000 jobs lost in the state of Alaska, 15,600 or almost 40% of all jobs lost were from tourism. Please let data drive your decisions and create relief programs specific to the number one affected industry in our state.

Small business, entrepreneurship and tourism in Alaska are and have been a bright beacons for our state economy, let's not see that light get snuffed out.

In closing, please adjust the Alaska Cares Act funding language to allow businesses like Get Lost Travel Vans to receive state grant relief, not just loans that create unsustainable futures. Use the \$290 million as it was intended, to help small businesses. Please look at ways to aid the number one affected industry in our state that has yet to have meaningful support as an industry. Thank you for your time and I would be happy to answer any questions.

[REDACTED]

From: Megan Holland
Sent: Wednesday, July 1, 2020 11:42 AM
To: House Labor and Commerce
Subject: Fw: AK CARES Act Grant Funding

From: mark.flanagan@alaska.gov [REDACTED]
Sent: Wednesday, July 1, 2020 8:02 AM
To: julie.anderson@alaska.gov; Rep. Louise Stutes; Rep. Ivy Spohnholz; Rep. Zack Fields; Rep. Sara Hannan; Rep. Andi Story; Rep. Mel Gillis; Rep. Sara Rasmussen
Subject: AK CARES Act Grant Funding

Members of the House Labor and Commerce Committee,

I am a commercial fisherman in Prince William Sound and I am writing today to request a change to the CARES Act grant funding, that will allow businesses operating under a Commercial Fisheries Entry Commission permit to apply for the AK CARES grants using their CFEC permit number in lieu of an Alaska business license.

Mark Flanagan
[REDACTED]
Seward Alaska 99664

Sent from my iPhone

[REDACTED]

From: Michelle Masden [REDACTED]
Sent: Wednesday, July 1, 2020 1:53 PM
To: House Labor and Commerce
Subject: Alaska CARES Act Small Business Grants for Losses Due to COVID -19

Dear Committee Members

My name is Michelle Masden, I am the owner of a small business in Ketchikan that has been operating for 28 years and has been greatly impacted by Covid-19. I have two year round employees including myself and three additional seasonal employees.

Most businesses in Ketchikan are considered small (less than 50 employees) many of which have been impacted in some way by COVID 19. A large number of those businesses make nearly 100% of their yearly income between May 1st and September 30th from passengers arriving by cruise ships and visitors arriving independently. This year, those businesses will not generate much, if any income, nor can they afford to offer services to the few visitors that are coming because the economies of scale will not support their minimum or fixed operating costs. In other words many businesses will not open because they cannot afford to operate with only a handful of customers.

Many businesses have received some assistance from Federal and State programs, however this assistance has been very specific about what the monies can be used for and can only be used for a limited time period. While grateful for the ability to use these funds for a 24 week period to help with payroll, and a small portion of some utilities and some rents, monies are needed for other operating expenses that will continue on through the winter until seasonal businesses can generate income once again in May of 2021. Some of the highest fixed mandatory operating costs are incurred whether or not businesses are able to operate in 2020, costs such as commercial mortgage payments, commercial property taxes and commercial insurance.

My total business income for 2020 will be approximately 2% of what it was in 2019, and yet my fixed operating costs will be 100% of what they were in 2019.

In order to help small businesses survive through 2020 and into 2021, I would like to request that any revisions to the current Alaska CARES Act funding for Small Businesses consider the following;

- Businesses who have received PPP or EDIL money should **Not** be excluded from Alaska Cares Act funding
- Additionally, raising the allowable PPP or EDIL maximum funding received to \$100,000 as the \$5,000 cap on these funds is much too low to be able to stay in business.
- Business grants should be awarded on a sliding scale proportionate to the total amounts of revenue lost during 2020. In other words businesses that are able to continue operating at or above their 2019's revenue should not be eligible for grants. Businesses not operating at all or who are operating at a fraction of their 2019's revenue should receive amounts proportionate to their losses.
- Applicants for business grant programs should be prioritized by the amounts lost with consideration to unrecoverable losses. Predominantly seasonal businesses such as B & B's, hotels, retail stores, charter fishing companies, air taxi businesses and tour providers to name a few cannot recover unrealized revenue in 2020 next year. Hotels cannot rent a room twice in one night and tour operators cannot put two people in one seat next summer. It will not be possible to "make up" the fixed costs of 2020 next year as 2021 will have its own fixed costs.

Thank you for your time and attention to this issue.

Respectfully,

Michelle Masden
Pilot/Owner
Island Wings Air Service

Tim Dillon
Executive Director
Kenai Peninsula Economic Development District

I appreciate being able to speak to you about the Alaska Cares Act – Specifically the small business relief portion.

I have spent the last several months listening and assisting small businesses and non-profits across the Kenai Peninsula. I have learned a lot about what's happening to these organizations, the fabric of our economy.

I am here today to lay out 4 points of change that will fix Alaska CARES

1. Allow commercial fisherman's permits to count as a business license.

The RPL states that everyone must have a business license, but commercial fishermen don't have a business license. (they have a permit).

2. 501-c-6 should be eligible for AK Cares Act funds.

These are our chambers and trade organizations.

3. A small business should be eligible for AK Cares Act funding even if they received PPP, EIDL or Municipal Relief.

John Bitner is going to speak to this later, but these are not federal requirements. They are part of the RPL.

4. Give DCCED the authority to make minor changes.

In this environment they need to be able to get things done that are common sense.

Ok, how did I get here? By listening and communicating with small businesses – Boots on the ground.

We currently have a great team of folks leading the way with Julie Anderson the Commissioner of

Commerce and Alan Weitzner the Interim Executive Director of the Alaska Industrial Development Export Authority. But they don't have the tools to get the job done.

Let's look at the numbers. The Governor's goal is to get money in the hands of small businesses. In fact, \$150 Million in the first 30 days. As of June 30th, the total dollars disbursed was \$6,394,154.25

Hmmm... \$143 Million less than the administration and communities wanted. This is no one's fault. It's just that the rules don't match the needs.

In fact, if we took the 280 applications that Credit Union 1 is currently processing from rural communities and the 996 applications from the metro areas AND add all of the other funds dispensed to date – we would come up with a grant total of \$69,929,165.25

Interesting... So unless we plan on returning over \$200 Million to the federal government, we need to make these suggested changes NOW.

I returned to Kenai last night from Homer where I spent time meeting with businesses trying to survive.

No one is getting rich with this money. No one is being made whole from this money. These are business owners and non-profits that listened to our elected officials, did what was recommended, and now because of how the RPL was written are penalized.

These are your and my neighbors: Farmers, restaurant owners, fishermen, shop owners, food banks, and the list goes on.

According to the Center for Economic Development:

- As of June 16th, about 30% of Alaska businesses were still closed despite the lifting of the mandates. As compared to the rest of the country, which is at 15.5%
- Consumer spending in Alaska is down 13%. The U.S. is 8.5% nationally.

- KPEDD has done 2 surveys on the Peninsula with over 924 business participating. 24.2% said they were at risk of closing permanently and 44.1% stated they were unsure on survival depending on relief.

All incorporated communities on the Kenai Peninsula are doing their part to salvage their businesses and non-profits. The City of Kenai had a two-week open application period. Last Friday they sent out \$1.25 Million to 47 non-profits and \$655,000 to 109 small businesses for a total of \$1,905,000.

This fix is not difficult – please help us retain our way of life and salvage our economy. I get the fact that some of the legislators don't want to go to Juneau because of other issues. But if you care at all about this great State of Alaska, you will go to Juneau NOW and pass this proposal because businesses and nonprofits cannot wait another 30, 60 or 90 days. I promise it can be done in a day and as you will hear from some of the other's testifying we will help you get it done.

I thank you for your time and I would be happy to answer any questions.