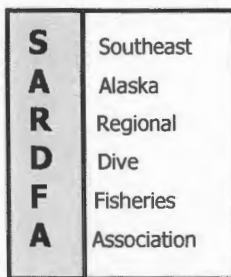


SARDFA's Geoduck Budget Talking Points 02/13/2020

- The Southeast Alaska Regional Dive Fisheries Association's (SARDFA) commercial geoduck fishery cannot absorb any added costs to its fishery through added fees from ADEC and ADF&G.
- All costs are paid for by the divers with a 7% assessment tax imposed on the ex-vessel value of the product. This is on top of the 3% state fisheries landing tax.
- SARDFA has no other source of income than the assessment taxes.
- Over the past 10 years the annual ex-vessel value of the geoduck fishery has been \$4 million dollars. Including permit holders, crew members, support vessels and land-based operations this fishery employs approximately 200 people from early fall through late spring.
- 60 to 70 divers make landings during the season of which 65% are Alaskan residents.
- SARDFA annual expenditures for the commercial geoduck fishery includes:
 - \$150,000 for PSP sample collection and shipping to the lab.
 - \$19,500 for water quality sample collection and shipping to the lab.
 - \$3,500 to ADEC for shellfish growing area classifications.
 - \$18,000 for inorganic arsenic testing.
 - \$25,000 for ADF&G management and assessment.
 - \$50,000 SARDFA administrative costs.
 - This is a total of \$266,000 a year.
 - Individual divers also pay permit fees to ADEC for shellfish harvester and dive vessel. In 2019 this totaled \$20,574
- During this time period the 7% geoduck assessment tax has averaged \$220,000 a year.
- The Geoduck fund has built up a reserve over the years, but high PSP levels and the need to test for inorganic arsenic has greatly increased our yearly expenditures and depleted our reserves.
- Also due to high PSP levels, some areas have not been harvested, but PSP sampling has increased. So, our assessment tax has decreased due to not harvesting the entire Guideline Harvest Level, but our expenditures have increased.
- If a user fee is imposed to pay for the PSP testing at the State lab it's a very real possibility that the commercial geoduck fishery would close. As of 02/13/2020 we have not been informed what the user fee is, but figures range from \$400 to \$700 per sample. SARDFA sends approximately 145 samples to the lab which would increase our costs an additional \$60,000 to \$100,000 a year.
- In the past 10 years the 3% State fisheries landing tax has generated an average of \$120,000 for the State of Alaska per year. So, to save \$60,000 to \$100,000 a year at the Anchorage lab, the State would lose \$120,000 a year in geoduck fish taxes, \$25,000 in ADFG payments and \$20,574 in ADEC permits.



Mission Statement: To develop, expand, and enhance new and existing dive fisheries in Southeast Alaska.

Phil Doherty – Co-Executive Director
 Kate Sullivan – Co-Executive Director
 PO Box 5417
 Ketchikan, Alaska 99901
 1-907-225-2853
 ksullivan@sardfa.org
 www.sardfa.org

To: Alaska Senate Finance Subcommittee
 CC: Senator Bert Stedman
 Representative Dan Ortiz
 DEC Commissioner Jason Brune
 John Moller, Governor Dunleavey's office
 Bill Thomas, Governor Dunleavey's office
 SARDFA Board of Directors

March 6, 2020

Dear Alaska Senate DEC Finance Subcommittee,

The Southeast Alaska Regional Dive Fisheries (SARDFA) represents the commercial geoduck clam fishery. This fishery faces the very real possibility of closure due to the proposed shifting of a state funded federally recognized shellfish authority (DEC) from a state funded model to an industry funded model. In the past few weeks I have been contacting and documenting the strategies that the 22 shellfish producing states in America use to fund the various aspects of their duties as a shellfish authority. I have attached a spreadsheet that shows how each state approaches this responsibility. The first sheet provides a breakdown of funding by key activity and the second sheet provides a breakdown of pre- and post-harvest industry fees, if any are charged.

I am also providing the following as a summary to key findings that I hope will help Alaska make an informed decision about the future of any shellfish industry in Alaska. Please note there are three industry sectors that will be impacted: commercial geoduck, shellfish farm, and commercial razor clam (this third group I was unable to collect information from).

1. Alaska is the only state that passes the cost and burden of both biotoxin and water quality sample collection and shipping onto the industry. This costs 2 Alaska industry sectors over \$300,000 annually. California requires industry to collect water samples and deliver to county labs. All other states routinely collect and pay for all aspects of sample collection.
2. Conservatively, all states, except Alaska, have shellfish programs that are 85% state general funded.
3. Several states have federal grants (EPA and FDA primarily), and with the exception of South Carolina, these are transient funds and are used for training and travel and equipment purchases for special projects. They are not available on a consistent basis.
4. Roughly 2/3 of the shellfish producing states charge some pre- and/or post-harvest fees. These are detailed on the second sheet. In general, Alaska's current fees are in line with other states, possibly on the low side for shucker/packer/shippers.

5. Not one state that I spoke with viewed state supported mandatory regulatory testing as a "subsidy;" but rather as a critical public health function and a highly appropriate use of government resources.

Clearly, the interest in moving the DEC shellfish program funding to an industry-pay model is out of line with the national thinking in relation to a State's responsibility for shellfish safety. An industry funded model, if pursued, will put Alaska products at a serious disadvantage in the marketplace and ultimately close Alaska shellfish industries. This is not in the best interest of Alaskans.

This document is a work in progress as I am still waiting for information from a few contacts. I have detailed information on where I got this information and am happy to provide further details or answer any questions anyone may have.

Sincerely

Kate Sullivan

Member of: Southeast Conference United Fishermen of Alaska PACRIM Shellfish Sanitation Association Interstate Shellfish Sanitation Conference
--

Testimony from a Southeast Alaska oyster farmer:

At our farm we are level 1 which means that we have PSP occurrence frequently enough that we need to test every lot coming out of the water. In the summer we do sell directly to the cruise ships, so we harvest multiple times each week to ensure the product is very fresh. In the winter we harvest once per week. In 2018 we sampled for PSP 74 times and water quality 2 times. We estimate that each test cost about \$250 with the breakdown as follows:

Harvest Oysters	0.25 hours
Shuck, screen, package	0.25 hours
Transport to Airport	0.45 hours (17 mile skiff ride)
Airport Hand Off	0.25 to 0.50 (varies)
Return from Airport	0.45 hours
Paperwork	0.25 hours
2.25 hours total per sample	

Costs are as follows:

Skiff Gas: 1 gal/mile at \$4/gallon =	\$136
Wages 2.25 hours x \$33/hr	\$74 (includes benefits, insurance, workers comp, etc.)
Gold Streak	\$65
Gel Packs, Labels, Ziplocks, misc	\$5
\$280	

Total spent on preparing samples for testing each year: $\$280 \times 74 \text{ times/yr} = \mathbf{\$20,740}$