

HOUSE FINANCE COMMITTEE
March 04, 2002
1:52 P.M.

TAPE HFC 02 - 37, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 1:52 P.M.

MEMBERS PRESENT

Representative Bill Williams, Co-Chair
Representative Eldon Mulder, Co-Chair
Representative Con Bunde, Vice-Chair
Representative John Davies
Representative Richard Foster
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster
Representative Carl Moses

MEMBERS ABSENT

Representative Eric Croft
Representative Jim Whitaker

ALSO PRESENT

Representative Drew Scalzi; Mary McDowell, Commissioner, Commercial Fisheries Entry Commission.

SUMMARY

#HB288
HB 288 An Act relating to commercial fisheries limited entry permit buy-back programs.

CS HB 288 (FIN) was reported of Committee with a "do pass" recommendation and with zero fiscal notes by #1, the Commercial Fisheries Entry Commission and two new notes by the Department of Revenue.

HOUSE BILL NO. 288

An Act relating to commercial fisheries limited entry permit buy-back programs.

[Tape Malfunction].

Vice-Chair Bunde MOVED to ADOPT the work draft, 22-LS1108\S, Utermohle, 3/01/02, as the version of the bill before the Committee. There being NO OBJECTION, it was adopted.

REPRESENTATIVE DREW SCALZI explained that HB 288 would provide for the establishment of a buy-back fund when the optimum number of entry permits is less than the number of entry permits outstanding in a fishery as indicated in Section 5.

HB 288 would provide for the establishment of a buy-back plan as listed in Section 5. It also provides for the establishment of buy-back assessments and programs for fisheries that are proceeding with a buy-back plan. He pointed out that:

- The assessment may not exceed 7% of the ex-vessel (first wholesale) value of the fishery resource and is paid by the commercial fishermen.
- It delineates the collection and appropriation process for the assessment, and ensures that the Commission expends the monies for the plan's intended purpose.

Representative Scalzi claimed that under HB 288, when a permit is "bought back", the permit no longer exists as outlined in Section 6. HB 288 provides the same revenue flow as the hatchery and Alaska Seafood Marketing Institute (ASMI) tax that commercial fishermen currently pay as outlined in Section 8. He stressed that the concerns of the Committee had been met.

MARY MCDOWELL, COMMISSIONER, COMMERCIAL FISHERIES ENTRY COMMISSION offered to answer questions of the Committee.

Co-Chair Mulder requested for a "walk through description" of State funding versus "other" funding mechanisms.

Ms. McDowell explained that the if the Limited Entry Commission makes a determination of the optimum number and that number is less than determined in the fishery, then it will leave the option open to seek federal funds. It directs the Commission to start a buy-back fund. The State funding leaves the option number open in order that the Commission can go out and seek federal funding sources. The Legislature could appropriate that money. All the authority would be created but it would not close the funding sources. She added that the intent of the option would help to create the needed authority.

Co-Chair Mulder clarified that it would provide double protection. He pointed out that the Limited Entry

Commission was not looking for the State to create that authority, however, they need that authority in order to begin.

Representative Hudson echoed comments made by Co-Chair Mulder. He noted that the legislation was balanced and protective.

[Tape Now Works].

Representative Davies MOVED to ADOPT a conceptual Amendment #1. [Copy on File].

Page 2, Line 28, add language "Interest accrued by the buy-back fund remains in the fund".

Page 4, Line 11, add a new line 11, language reading, "amounts collected and interest accrued from these amounts for each permit buy-back assessment imposed under AS 43.76.220".

Line 4, Section 12, new line 12, language reads, "The Legislature may appropriate revenue generated by a permit buy-back assessment 'and associated interest' to".

He asked that the legislative drafter make the determination of where to insert the language.

There being NO OBJECTION, conceptual Amendment #1 was adopted.

Co-Chair Mulder MOVED to report CS HB 288 (FIN) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CS HB 288 (FIN) was reported out of Committee with a "do pass" recommendation and with two new fiscal notes by the Department of Revenue and the zero note #1 by the Department of Fish & Game, Limited Entry Commission.

#

ADJOURNMENT

The meeting was adjourned at 2:03 P.M.