

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES

March 12, 2001

5:06 p.m.

MEMBERS PRESENT

Representative Gary Stevens, Co-Chair
Representative Peggy Wilson, Co-Chair
Representative Drew Scalzi
Representative Fred Dyson
Representative John Coghill
Representative Mary Kapsner
Representative Beth Kerttula

MEMBERS ABSENT

All Members Present

COMMITTEE CALENDAR

CONFIRMATION HEARING

Alaska Commercial Fisheries Entry Commission

Bruce Twomley - Juneau

- CONFIRMATION ADVANCED

HOUSE BILL NO. 154

"An Act relating to security for the payment of fishery business taxes and to payment of estimated fisheries resource landing taxes and penalties."

- HEARD AND HELD

HOUSE BILL NO. 93

"An Act establishing the permit fee for the personal use dip net fisheries for the Kenai River and the Kasilof River; and providing for an effective date."

- MOVED CSHB 93(FSH) OUT OF COMMITTEE.

PREVIOUS ACTION

BILL: HB 154

SHORT TITLE:COLLECTION OF FISHERY BUSINESS TAXES BILL VERSION:
SPONSOR(S): REPRESENTATIVE(S)SCALZI

Jrn-Date	Jrn-Page	Action	
02/28/01	0462	(H)	READ THE FIRST TIME - REFERRALS
02/28/01	0462	(H)	FSH, RES, FIN
03/12/01		(H)	FSH AT 5:00 PM CAPITOL 124

BILL: HB 93

SHORT TITLE:KENAI DIP NET FISHERY PERMIT FEE
SPONSOR(S): REPRESENTATIVE(S)LANCASTER

Jrn-Date	Jrn-Page	Action	
01/26/01	0171	(H)	READ THE FIRST TIME - REFERRALS
01/26/01	0171	(H)	FSH, RES, FIN
03/12/01		(H)	FSH AT 5:00 PM CAPITOL 124

WITNESS REGISTER

BRUCE TWOMLEY, Appointee
to the Alaska Commercial Fisheries Entry Commission
PO Box 020972
Juneau, Alaska 99802-0972

POSITION STATEMENT: Testified as an appointee to the Commercial
Fisheries Entry Commission.

JIM COLIER

Post Office Box 966
Wrangell, Alaska 99929

POSITION STATEMENT: Testified against Mr. Twomley's appointment
to the Commercial Fisheries Entry Commission.

NEIL SLOTNICK, Deputy Commissioner

Treasury Division
Department of Revenue
PO Box 110405

Juneau, Alaska 99811-0405

POSITION STATEMENT: Testified on behalf of the department on HB
154 and answered questions.

CHUCK HARLAMERT, Juneau Section Chief

Tax Division
Department of Revenue
PO Box 110420
Juneau, Alaska 99811-0420

POSITION STATEMENT: Testified on behalf of the department on HB 154 and answered questions.

REPRESENTATIVE KEN LANCASTER

Alaska State Legislature
Capitol Building, Room 421
Juneau, Alaska 99801

POSITION STATEMENT: Sponsor of HB 93.

IRVIN BROCK, Deputy Director
Division of Sport Fish
Alaska Department of Fish & Game
PO Box 25526

Juneau, Alaska 99802-5526

POSITION STATEMENT: Testified on HB 93 regarding the fiscal note.

CARL ROSIER, President
Alaska Outdoor Council
Juneau, Alaska

[Address not provided]

POSITION STATEMENT: Testified against HB 93.

BRETT HUBER

PO Box 822
Soldotna, Alaska

POSITION STATEMENT: Testified against HB 93

BOB KINTZELE

PO Box 3313
Kenai, Alaska 99610

POSITION STATEMENT: Testified in support of HB 93.

PAUL SHADURA

PO Box 1632
Kenai, Alaska 99610

POSITION STATEMENT: Testified in support of HB 93.

CAPTAIN HOWARD STARBARD

Commander, B Detachment
Division of Fish & Wildlife Protection
Department of Public Safety
453 South Valley Way
Palmer, Alaska 99645-6494

POSITION STATEMENT: Provided department's position on HB 93.

GARY HOLLIER

(Address not provided)

Kenai, Alaska

POSITION STATEMENT: Testified in support of HB 93.

DAN BOONE

PO Box 1783

Homer, Alaska 99603

POSITION STATEMENT: Testified against HB 93.

ACTION NARRATIVE

TAPE 01-10, SIDE A

Number 0001

CO-CHAIR GARY STEVENS called the House Special Committee on Fisheries meeting to order at 5:06 p.m. Members present at the call to order were Representatives Wilson, Scalzi, Coghill, Dyson, and Stevens. Representatives Kapsner and Kerttula arrived as the meeting was in progress.

CONFIRMATION HEARING

Alaska Commercial Fisheries Entry Commission

CO-CHAIR STEVENS announced that the first order of business would be a confirmation hearing for the Alaska Commercial Fisheries Entry Commission [CFEC].

BRUCE TWOMLEY, Appointee to Commercial Fisheries Entry Commission (CFEC), stated that Governor Jay S. Hammond appointed him to the CFEC on October 31, 1982. He has been serving since that time. However, he said that he has not always been a bureaucrat. Before [being on] the commission, he spent ten years as a lawyer with Alaska Legal Services Corporation "suing the state and federal government and also representing fishermen before the limited entry commission, which gave me a sense of how the limited entry commission affects people's lives".

MR. TWOMLEY noted that the supreme court has made "our job a little bit difficult" under supreme court decisions, if the commission is reversed. The supreme court has held that reversal can be applied retroactively to reopen closed applications and to undo work the commission has done over several decades. So, [limited entry applications] require a great deal of legal care and fairness. Special treatment cannot be given to any particular individual. [The CFEC] has to ensure, at least within a fishery, that the same rules are

applied to all of the applicants before it. He said that he thinks there has been some success in this process.

MR. TWOMLEY stated that currently there are 63 fisheries under limitation. He said the number of court appeals pending against the commission from limited entry decisions has gone from 150 (when he first arrived) to 7. He believes that this means there is "some measure of public acceptance for limited entry." However, this does not mean that limited entry is popular, because the nature of the decisions made is always controversial. He went on to say that decisions affect people: "in the way [that] individuals care very deeply about their fishing rights." He stated:

I guess we're really in a realm of decision making that would be fine by Governor [Jay S.] Hammond, one in which if you're going to effectively balance the competing interests around one of our decisions. Probably you can achieve a correct balance if you've made everybody at least a little bit unhappy. And that's an objective that I think we have achieved with some regularity.

MR. TWOMLEY commented that over the years, a former client as well as fishermen have told him that even if they do not get their individual entry permits, they want the limited entry system to survive. These people regard the limited entry system as "sufficiently important because it protects the place of Alaska fishermen in their fisheries." He stated that this is the primary function [of the commission] and the reason for doing this task. He went on to say, "It's that kind of encouragement that brings me back here before you folks today."

Number 0370

CO-CHAIR STEVENS asked for clarification that Mr. Twomley is chairman of CFEC, which has three members.

MR. TWOMLEY confirmed this statement.

CO-CHAIR STEVENS referred to Mr. Twomley's statement that the number of court appeals has gone from 150 to 7. He asked if the appeals have to be handled in a certain amount of time or (indisc).

MR. TWOMLEY explained that the first cases done are the oldest and ones where someone's immediate right to fish is at stake.

This mainly occurs in transfer cases such as the recent Wassillie [Class Action] Settlement, which was settled in 1988. Under this case, individuals who submitted applications for the original salmon fisheries did not receive interim-use permits while their applications were pending. So, they would not learn whether or not they would be able to participate in a fishery until they received a "final up or down decision from the commission". Consequently, CEFC dealt with these cases first.

MR. TWOMLEY explained that fishers who have applications pending can fish until their applications are denied, and as long as an individual can keep an application "alive." This is often an incentive to appeal to court. He thinks that this makes this low rate of appeal more remarkable because there is a built-in incentive to appeal cases and keep applications going as long as possible.

Number 0509

REPRESENTATIVE DYSON remarked that he no longer had a conflict of interest in voting for [the confirmation of] Mr. Twomley, because he got rid of his permit last year. However, he said he appreciates the job that he did, especially in Bristol Bay. He commented that on Bristol Bay, where he went fishing:

The "buzz" has been how many are out there fishing who have applied and are fishing under some type of provisional [permit], while you guys are making a decision on whether they will get a permanent permit. It's always seemed like it was a disproportionately large number. Is that true?

MR. TWOMLEY commented that CFEC has concentrated on the Wassillie cases first, except when there was an older case. But the Wassillie cases were completed last year, since the "bottom fell out of Bristol Bay". The Commercial Fisheries Entry Commission has gone through many Bristol Bay cases and is in the process of "whittling down that number." In a recent period, 100 decisions affecting Bristol Bay participants had been issued. Therefore, he thinks, "We are making good progress."

MR. TWOMLEY mentioned that CFEC faced a lawsuit regarding Bristol Bay, before "things went bad" there. This lawsuit involved an individual who sued [CFEC] claiming that "Bristol Bay was so healthy and the returns were so good that limited entry ought to be undone in Bristol Bay, claiming that it got too exclusive." He said the CFEC was able to defend against

this lawsuit, but "not in the way that puts the issue to rest." He added, "of course, reality for now has put that issue to rest."

REPRESENTATIVE DYSON asked if the statute allows the commission to inform the legislature if there are parts of the limited entry law that should be revisited or altered.

MR. TWOMLEY replied that [CFEC] is required to do so.

REPRESENTATIVE DYSON asked if there are things that should be changed to "make it work better for the fisherman."

MR. TWOMLEY remarked in a very general way, CFEC has a limited entry system designed for the original salmon fisheries. This system works fairly well in those fisheries because they are primarily owner-operated fisheries. He mentioned that the [limited entry system] is basically a "license limitation system." Therefore, if the number of licenses were limited, the number of units of gear under those circumstances would be limited as well. This [limited entry system] would not be a valuable contribution unless there were other controls in place on fishing effort.

Number 0755

MR. TWOMLEY stated that there have always been limits in Bristol Bay, including a limit of "32 feet in the drift in that fishery" for the size of vessels, and limits on the amount of gear one can put into the water. So, when a limited entry [system] is put together with regulations that the "board" has in place, fishing power can be affected, and the amount of fishing power can be estimated, which is "some advantage to the managers." But in [other] fisheries, it [limited entry system] began to look different from that salmon fishery model. He said that CFEC just got "this license limitation system, and it may not do much good." He said:

For example, in larger-boat fisheries, where you may have larger vessels and a whole series of relief skippers - we faced this in the scallop fishery - if you were to limit according to our system, and limit the number of skippers, you could actually succeed in multiplying the number of units of gear in the fishery. The state would benefit ... from having some more sophisticated tool of vessel license limitation

system - perhaps an IFQ tool - available. There would be means, I think, to make the state more flexible.

Number 0850

REPRESENTATIVE DYSON asked in regard to setnet fisheries, if the permit needs to be tied to a location. He mentioned that he has watched "some very interesting fistfights and a few exchanges of shotgun blasts deciding who had the right to what site."

MR. TWOMLEY concurred that this would help settle some conflict.

REPRESENTATIVE DYSON asked if [CFEC] would be coming forward to the House Special Committee on Fisheries with recommendations or if [the legislature] needed to do anything in statute in order for this to happen.

MR. TWOMLEY replied that it would require a statutory change. This is an area in which the Department of Natural Resources has independent regulatory authority. The Commercial Fisheries Entry Commission would have to get together with them in order to possibly develop a constructive proposal.

REPRESENTATIVE DYSON described a family he knows closely that consists of a woman who has fished the beach since she was young. This woman, who has children, now has a brain tumor. He said that she would like to pass her permit on to her children, but from year to year, her health is fragile and her children are too young to receive the permit. She would appreciate having some way to transfer the permit. Currently, it can be transferred on a medical transfer for two years in a row. But if unfortunate circumstances occur, the family loses something that has been a very important part of their heritage. He asked if there was a "simple way we can fix it, for those kind of folks." He mentioned that he is aware of the "subterfuges that go on with phony medical transfers every year."

Number 1018

MR. TWOMLEY answered, "I think we have a fix for that." He described the situation Representative Dyson discussed as being one in which the individual is clearly entitled to a medical transfer and wants to do a permanent transfer to a family member, but for whatever reason, the family member doesn't have the capacity to receive a transfer at that time. He said that this judgment is up to the permit holder. The commission can provide temporary transfers until the situation changes. He

stated that the transfers are "not for all time; it's not infinite, but we can see the beginning and the end of that process." It serves a couple of goals under the [Limited Entry] Act, in particular, the goal of encouraging permits to transfer from one family member to another. Therefore, he thinks that there is good statutory authority. He said that this [transferring permits to family members] has been done, and he thinks it is possible, with few questions.

REPRESENTATIVE DYSON encouraged Mr. Twomley [and the limited entry commission] to let the legislature know if there are fixes that need to be made, especially because "we probably have more fish-oriented legislators in the legislature now than [we have had] for quite a while."

Number 1200

JIM COLIER testified via teleconference:

I reside in Wrangell. I have been in the shrimp industry for about 20 years now. ... I've seen that (indisc.) did not use the constitution here when they went limited entry on the point system for the shrimp industry. They didn't want to use what is called equal protection where they treat one ... the same as another. They did not (indisc.) or use illegal (indisc.) not included and determined and revised the maximum number in developing the point system. This is not fair.

I mean, if they do it one fishery, they should do it in all fisheries. Right is right and wrong is wrong. I don't know why they'd [reward] somebody for fishing illegally. I brought this to Bruce Twomley's attention. He didn't want to discuss it. I have a letter showing that, and [Representative] Peggy Wilson has a copy, ... if anyone wants to see it. She can make a copy and send it to them, or you can send me your address and I'll send you one.

The other constitution [section] that I see Mr. Twomley is violating is in ... Natural Resources, Article VIII, Section 17, Uniform Applications [of the Constitution of the State of Alaska which says] ... all laws and regulations shall be treated equal [governing the use or disposal of natural resources]. I don't see this being done either.

If Bruce [Twomley] can't do that, then he shouldn't have another term here, if he can't correct his mistake. If he gets another term, I guess, then, the only thing I can do, then, is start a recall.

Number 1422

REPRESENTATIVE DYSON wondered if Mr. Colier was talking about a statute or regulation problem. He then said that he [Mr. Colier] "at least represents" that the same standards are not being applied to all the different fisheries. He asked Mr. Twomley his view of this situation.

Number 1455

MR. TWOMLEY answered that when a fishery is limited, [CFEC] tries to develop the qualification criteria relevant to that particular fishery. Therefore, there are some variations from fishery to fishery. Nonetheless, there are basic elements required by statute that are consistently applied from fishery to fishery.

MR. TWOMLEY said he has spent a lot of time talking with Mr. Colier on the phone about these issues. He believes that the issue Mr. Colier is raising is the absence of a provision in which an applicant "can make an excuse for not having fished and nonetheless get credit for the years the individual didn't fish premised on the claim that the individual was prevented from fishing." This is not a statutory requirement; it is something that the commission came up with in the earliest limitation schemes, which has been applied to a couple of fisheries. However, the last time it was applied was in 1988.

MR. TWOMLEY stated that [CFEC] was finding that a provision like that makes it very difficult to evaluate and adjudicate. It also lends itself to fraud, because it's difficult to sort out valid claims from invalid claims. It also slows down the whole adjudication process, which causes everyone "to wait longer to get those cases resolved before they can ultimately determine where they stand." So, instead of using this provision, he indicated that what has been done in the shrimp fishery involving the point system, is to enable fishermen to obtain points even if they miss several seasons of fishing. He said that [CFEC] has tried to make this allowance for the contingencies that would keep somebody from fishing, rather than

"getting into these factually complex and ... misleading claims based on unavoidable circumstances".

MR. TWOMLEY stated that [Mr. Colier] is correct that there is a difference. But this difference is authorized under statute, given the fact that that provision is not required, "which has really helped us." He referred to the "time taken in adjudications," and said that that [CFEC] has more than 300 applications; there is a maximum of 332 permits, and 309 permits have already been issued. He said:

We're getting to a fishery like this much quicker than ... earlier point systems that had this kind of unavoidable circumstances provision, and that's really a service to everybody. They can all learn where they stand that much sooner, and people can make plans.

Number 1681

REPRESENTATIVE COGHILL asked Mr. Twomley to describe the logistical issues that the CFEC deals with as a board.

MR. TWOMLEY explained that the main issue is that CFEC regulates an industry, so they need to know as much as possible about the industry. He said in "our" collective experience [CFEC] has learned quite a bit about commercial fishing, and what they really want to do is intrude on the industry as little as possible. They don't want to be making demands on fishermen during seasons or around the "eve" of a season. If someone had an IUP [non-limited interim use permit] in hand, CFEC wouldn't want to be in the position of taking away that IUP during the year.

MR. TWOMLEY went on to say that CFEC's main motivation and logistical consideration is "Trying to make ourselves understandable and predictable so that we can try to lend some stability to the process so people will know what to expect from us, know what they're getting, and have their lives disrupted as little as possible." He went on to say:

It leads to a number of things, ... trying to draft notices [that] people understand, trying to have seasons well in mind so we don't trip over an ongoing fishery, trying to communicate as often as possible with members of the industry and just trying to maintain a flow of information.

Number 1781

REPRESENTATIVE COGHILL asked Mr. Twomley how well he thinks the commission is doing.

MR. TWOMLEY remarked that he thinks "we have done pretty well." He said the CFEC spends a lot of time meeting with fishermen whenever a question comes up. For example, in Bristol Bay, he was appointed to the Bristol Bay Native Association Blue Ribbon Commission on Limited Entry, on which he has been serving with former Governor Hammond and a number of elders in the area. He said that this way, "We actually have been able to work through some issues and reaffirm their commitment to get permits into the hands of local people out there to make a difference." He said that he thinks [CFEC] and [fishermen] have a pretty good understanding of each other.

MR. TWOMLEY stated that CFEC is an accessible agency. It is the "size of a small classroom," people come in and out of the agency all the time, and since CFEC is located near the airport, there are always people "turning up at the counter," which is good and which CFEC can accommodate.

REPRESENTATIVE COGHILL asked about access to hearings and how well this works.

MR. TWOMLEY replied that CFEC is set up to do hearings. They usually go to where the people are, and have conducted hearings in almost every community throughout the state.

Number 1866

REPRESENTATIVE COGHILL pointed out that if someone were appointed [to CFEC] who did not have the experiences Mr. Twomley had, the process would be slowed down. He stated that Mr. Twomley sees himself as an "advantager," which he appreciates. He mentioned due process in relation to Mr. Colier's situation, and asked how many other instances have come forward [to the CFEC] in which equal protection was the main issue.

Number 1908

MR. TWOMLEY answered that this is often an issue that goes beyond due process because the statute directs [CFEC] not to "discriminate unjustly among fishermen." The [CFEC] is required to make some distinctions in the work that it does, but can't do

unjust discrimination. He said that this may even "up the ante" a little bit above equal protection. He went on to say that a unique thing about the agency [CFEC] is that "as commissioners, we have rule-making authority [and] we're also the final level of appeal within the agency."

MR. TWOMLEY mentioned that he used to litigate equal protection claims against the state and federal governments. He went on to say that if someone has an equal protection constitutional claim, it's common, for example, for hearing officers to say "Oh heck, we can't hear that; we got to leave that for that court." The Commercial Fisheries Entry Commission will then hear the claim, and if persuaded that one of its regulations is operating unfairly with respect to an individual, the regulation will be changed. This has been done; it's one of the advantages of the structure of CFEC. The CFEC can hear those claims. Mr. Twomley added, "We're not a court, so we don't make decisions that bind the world, but nonetheless we can respond to those individuals and those individual claims, and we can fix it in our own regulations if we're persuaded to do that".

Number 2000

CO-CHAIR WILSON noted that she has worked with Mr. Colier "quite extensively" to attempt to deal with some of the questions and concerns he had. She said that she also worked with Mr. Twomley and all of the commissioners in regard to this situation, and they have not been able to come to a satisfactory end. She mentioned that she has shared this information with the members of the House Special Committee on Fisheries so that everyone is aware of the situation. Due to the statutes and regulations, it has been frustrating to Mr. Colier because "we've come to a dead end."

Number 2076

MR. COLIER referred to Mr. Twomley's remarks that in 1988 the hardship clause was revised, which is discussed on page 7 of a paper he received from Mr. Twomley, entitled "Southeast Shrimp Pot Fishery Point System Rationale". He said:

It states in all limited fisheries, persons have claimed they could not fish in some years because of illness or mechanical breakdown. [Mr. Twomley] claims that in 1988 they quit using that. Well that's not true because in the dire fishery they just did a point system for help ... there. So you can't say that they

haven't used it since '88. They are still doing it, and if they're going to do it in one fishery, they should do it in all the fisheries, for the equal protection. In other words, it's not ... equal protection, and he's bending the law there [in regard to] regulations and [the] constitution.

MR. TWOMLEY remarked that he would take issue with Mr. Colier on that point. He also noted "even before '88 that wasn't a consistent provision." There were a number of fisheries, including many of the herring fisheries that didn't have the kind of provision Mr. Colier discussed. It's really a question of "whether it works in a particular fishery and whether it works at all."

CO-CHAIR STEVENS asked for confirmation that there are three members of the CFEC, of which Mr. Twomley is the only attorney.

MR. TWOMLEY concurred with these comments.

CO-CHAIR STEVENS remarked that the [CFEC] really acts as a judicial body. He said that he was not sure if this term is used legally, but it appears that the [CFEC] is almost like a court, in that case.

MR. TWOMLEY said, "That's the case."

REPRESENTATIVE SCALZI commented that he had spoken to Mr. Colier prior to "coming on board down here". He also researched [Mr. Colier's] case and spoke to the department. He said he thinks the decision that was rendered by the department has been consistent, and is a fair outcome, so he is comfortable with the decision that was made.

CO-CHAIR STEVENS asked if there was any objection to moving the confirmation of Mr. Twomley forward for consideration by the full House and Senate. There being no objection, the confirmation of Mr. Twomley was advanced.

HB 154-COLLECTION OF FISHERY BUSINESS TAXES

CO-CHAIR STEVENS announced the next order of business was HOUSE BILL NO. 154, "An Act relating to security for the payment of fishery business taxes and to payment of estimated fisheries resource landing taxes and penalties."

REPRESENTATIVE COGHILL made a motion to adopt the proposed committee substitute (CS) for HB 154, version 22-LS0638\F, Utermohle, 3/9/01, as a work draft. There being no objection, Version F was before the committee.

REPRESENTATIVE SCALZI, sponsor of HB 154, stated that this is a fairly simple bill.

REPRESENTATIVE SCALZI offered some background. He explained that at statehood, when the raw-fish tax was implemented, canneries ran the country. The raw-fish tax benefited the state greatly. At the same time, the canneries said, "We need to hold on [to] that money until our pack is sold." So, inadvertently, the state gave [the canneries] latitude to hold the money until April 1. This is in current statute.

REPRESENTATIVE SCALZI said that this worked "fine" for the canneries. But for this to happen, he said, the state required that [the canneries] put up collateral, either a bond of the estimated amount of fish tax that they collected the previous year or "lienable property, three times the amount of what was collected in raw-fish taxes in the previous year." So, they have an option.

REPRESENTATIVE SCALZI stated that until the recent passage of IFQ's [individual fishing quota], "we" dealt exclusively with resources that were processed by freezing or canning. There was very little fresh product leaving the state. Consequently, when the IFQs came in, there was a big demand for fresh fish.

Number 2353

REPRESENTATIVE SCALZI said "at least 90 percent of the fish leaving the state are going out fresh." There is good reason for this. Currently, there is a [halibut fishery] that lasts for nine months a year from March 15 to November 15. In doing this, some of these "fresh fish movers" are under the same guidelines as the canneries. They either have to come up with a bond of the amount of the money they paid the previous year in raw fish [tax] or have lienable property of three times the amount. Yet, when moving fresh fish, "you don't need a cannery, you don't need a lot of property; what you need is a telephone, fax line, a computer, ... some totes, and whatever it takes to move an operation."

Number 2446

REPRESENTATIVE SCALZI went on to say that someone [dealing with raw fish] who has \$350,000 to \$400,000 [in taxes] does not have that amount in lienable property. So, he said that he approached the Department of Revenue and asked how this problem could be remedied, if at all. The Department of Revenue drafted this bill that says the state's needs and securities will be satisfied if the raw-fish tax is collected on a monthly basis, but they ["raw-fish-movers"] won't be allowed to hold this money until April 1 of the following year. So, if ["raw fish movers"] don't want to bond for the amount of raw-fish tax paid the previous year or if they do not have the lienable property to do so, the state will be satisfied if they pay on a monthly basis. He said, "This is an advantage to the state because raw-fish tax is being paid immediately; it's not being held in interest collected by another entity."

REPRESENTATIVE SCALZI stated that this bill applies only to those dealing with raw [fish] product who are not processing. The Department of Revenue had several reasons for not including processing in this bill. He said that he has spoken to the Department of Revenue about a comprehensive bill that would help the industry and state. However, the Department [of Revenue] would like another year to work on that bill in order to review the current raw fish tax and collection method. He reiterated that this bill only applies to the fresh fish market.

Number 2523

NEIL SLOTNICK, Deputy Commissioner, Treasury Division, Department of Revenue, stated that Representative Scalzi had contacted the department for assistance in drafting the bill, and that assistance was provided. He said Representative Scalzi's directive to them was to develop a scheme that could protect the State of Alaska and its tax revenues, which has been done.

CO-CHAIR STEVENS asked for clarification that this bill does not apply to processors who change the raw [fish] product into some form, but only applies to those dealing with raw fish product.

MR. SLOTNICK confirmed this statement.

Number 2557

CO-CHAIR WILSON asked: If ["raw-fish-movers"] can do this in 30 days and not have to be bonded, then why can't processors do this as well?

Number 2589

CHUCK HARLAMERT, Juneau Section Chief, Central Office, Tax Division, Department of Revenue, said he suspected that a "good number of processors" would prefer to take this option. The department estimated that 45 out of 507 ["raw-fish-movers"] would take this option. He said that although this number seems small, it makes up a "big chunk" of the tax that is not secured by real property. He went on to say that he is not comfortable [with applying this option to processors] because once "you" move in that direction, the accounting burden and security issues become difficult. He said:

If you look at the way we do business now, we get our security, our certainty that we're going [to] collect up front and we do that on behalf of the state and we do that on behalf of the municipalities. If we were to switch to a more broad-based "pay as you go" system, our ability to control collection would be diminished, and we would have to come up with different mechanisms to deal with it. ... We're not prepared to do that right now.

CO-CHAIR WILSON indicated that she was still not clear on why 30 days was acceptable for "raw-fish-movers" and not others.

MR. HARLAMERT replied that the answer is not simple. He said that he envisions the bill to have a fairly limited scope of no more than 5 participants. This is a level of participation that "we" know [the department] can keep track of. He said that it seemed like a reasonable risk, "if you look at a \$50,000 bond in place in the amount that the state could be left hanging out in a ... 45-day period." If this was a broader base where monthly returns were being filed, it's not guaranteed that "we" would identify someone who failed to file or report all of their fish or failed to pay in a timely manner within the season. If there was a very short season, the season could be practically over before the problem was identified and liens could be secured and or "otherwise get our hands on the money".

CO-CHAIR WILSON asked how the [taxes] are collected now if [the department] is waiting until the end of the season.

MR. HARLAMERT said, "We have our security before we even give them their license." This bill gives them an option of issuing one \$50,000 bond and paying monthly, rather than using the

"normal traditional security arrangements." So [the Department of Revenue] would be forgoing either "our 3 times-lienable-value in real estate or bonding for twice the tax or prepayment, as often occurs."

Number 2784

MR. SLOTNICK remarked that the [Department of Revenue] is not prepared at this time to accept a large volume of monthly returns. It would require a "surprisingly hefty" fiscal note. He added that he was not going to pursue this type of process, given that a very limited number of brokers would be able to make the election under the bill as written. "We" believe that this [Version F] can be processed and the monthly returns handled without an increased fiscal note. But if it goes beyond that, there will be a large one.

Number 2816

REPRESENTATIVE DYSON asked if interest is charged on an unpaid balance.

MR. HARLAMERT replied yes, it is treated as an "underpayment of estimate tax," and one will be subjected to penalties and interest.

Number 2840

CO-CHAIR STEVENS asked if they expect the number of participants to increase, meaning that "a bigger portion of the product is moving out fresh."

Number 2857

MR. SLOTNICK remarked that he was not sure if the Department of Revenue was in a position to respond to that question. He said five participants is only an estimate; records show that only one taxpayer would take advantage of this. But the department does expect it to grow, so they allowed up to five for its estimate.

Number 2888

REPRESENTATIVE SCALZI referred to Mr. Slotnick's remarks regarding the change in the fiscal note if this program was expanded. He said throughout the year, he would be willing to work on changes the department would like to see, and that [the

committee] could address at another time. He remarked that committee members might hear arguments from some processors that this program is "An unfair competitive advantage and that we are encouraging fresh fish to be promoted versus processed in-state." He continued:

I can tell you, the industry is not going to go backwards. We're not going back to a one-day derby of freezing all the fish in the state of Alaska and peeling it out. The fishermen will not stand for that. We've done very well by the IFQs. The general public is serviced very well and getting fresh fish on a nine-month season. So, I don't think that that's a very valid argument. But nonetheless, you may hear that, and I encourage any comments you get to [be directed] to my office, and I would be glad to address them. ... Again ... I would like to hold this bill and let the public comment on it over the next week.

REPRESENTATIVE DYSON asked Representative Scalzi if the committee was going to hear from anybody from the industry.

TAPE 01-10 SIDE B

REPRESENTATIVE SCALZI mentioned that he has spoken to some of the smaller processors. He explained that the original language of the bill had July 1 as the date, in Section 2. He was a bit confused by this, he said, because he thought, "Here's a break for the processors; we're going to allow them to hold their money until July 1. They loved it. They were in support of the bill." However, that portion [of the bill] only applied to "catcher-processors". So, he had asked the Department [of Revenue] for their reason for this and they said they have a hard time collecting from "catcher-processors". His response to the department was: "What's fair for catcher-processors should be fair for our shoreside processors." Therefore, this section was taken out of the bill. He said he is "sure we will be hearing from processors, but I think the argument is to promote the fresh fish."

Number 2920

REPRESENTATIVE DYSON remarked that he sees a lot more of the processing industry being interested [in this program]. He encouraged them to be creative about solving the problems. He wondered if all of the reporting could be done electronically in order to "offload these folks" from administrative duties.

Furthermore, if people wanted to pay by increment, perhaps they could possibly pay a slight premium to offset costs to the department. This would ultimately save [the processing industry] a lot of money, "depending on what it cost them to rent," and it would answer objections that have come up. He said, "Our job is to make it easier for business people to do business here and remove impediments" He noted that if the Department [of Revenue] foresees this as being "really messy and a lot more work," there might be other ways around this.

[HB 154 was held over.]

HB 93-KENAI DIP NET FISHERY PERMIT FEE

Number 2848

CO-CHAIR STEVENS announced that the next order of business would be HOUSE BILL NO. 93, "An Act establishing the permit fee for the personal use dip net fisheries for the Kenai River and the Kasilof River; and providing for an effective date."

Number 2840

REPRESENTATIVE DYSON made a motion to adopt the proposed committee substitute (CS) for HB 93, version 22-LS0431\F, Utermohle, 3/12/01, as a work draft. There being no objection, Version F was before the committee.

Number 2823

REPRESENTATIVE KEN LANCASTER, Alaska State Legislature, sponsor of the bill, explained that Version F was necessary because a "glaring" mistake was made in the original bill. The original version established separate \$10 fees for the Kenai River and Kasilof River, instead of having one \$10 fee for both rivers, as shown in Version F.

REPRESENTATIVE LANCASTER stated that this fee will hopefully put in some "enforcement habitat protection access," such as bathrooms, along the Kenai and Kasilof Rivers, due to the heavy dip net fisheries in those areas. The dip net fisheries occur over a 21-day period for which 12,000-plus permits are issued. He said that the head of a household is allowed to catch 25 fish, while each family member can catch 10 fish. This volume of people on two rivers for this short period of time has caused concern. It has been detrimental to the mouths of the rivers

and to private property that has been "trashed" on the south sides of both rivers, in particular.

REPRESENTATIVE LANCASTER mentioned that he has received numerous phone calls in Juneau and in his "other capacity" in regard to this bill.

REPRESENTATIVE LANCASTER pointed out the Kenai Resolution (in committee packets), in which the City of Kenai requested \$900,000 from the state to deal with capital projects to address some of this "property access" on the south side of the Kenai River. He said that the City of Kenai has already spent in excess of \$200,000 to accommodate parking on the north side of the river, [in order to] put up barricades to keep people from driving on the beaches and getting stuck and tearing up the riverbanks.

REPRESENTATIVE LANCASTER mentioned that he was notified by Jeff Jesse (ph) of the Trust Land Office, Alaska Mental Health Trust, that on the south side of the Kasilof River, areas had to be barricaded that are part of the Mental Health Trust Land, which is state property, for "the very same reason, degradation of our private property." He referred to a recent editorial that said, "When you mention the word 'fish,' ... obviously ... it's a fight from the word 'go'". He said that if this bill does not get passed, he hopes it will still raise awareness and help bring some protection to (indisc.). But his wish is that the bill will move forward from committee.

Number 2684

IRVIN BROCK, Deputy Director, Division of Sport Fish, Alaska Department of Fish & Game [ADF&G], remarked that he has just now seen the updated bill. He stated that currently the division spends approximately \$10,000 annually for maintenance, garbage pickup, and port-a-potties on the Kenai [River]. The division gives this money to the borough of Kenai to help defray some of those costs. He said that the Board of Fisheries has addressed some primary habitat issues that were identified. He then mentioned that this is an important fishery for the residents of that area and Anchorage because it is a "meat fishery." Many Alaska residents freeze quite a few fish for their families out of this fishery. Therefore, [ADF&G] wants to ensure that this continues without interruption. He said:

We don't believe that the fishery is overly abused.
There is abuse. I'm sure that happens, but ... with

literally every fishery you have, there's going to be some abuse by the participants. ... We believe that the fishery as it exists is sustainable.

MR. BROCK commented that one of the potential problems that [the Division of Sport Fish] sees with this bill is that if the funding were to come through the [ADF&G] fund, there is a potential for statutory problems regarding diversion of funds. He said that there is a statute concerning federal aid funding, which says all permit and license fees have to be under the direct control of the commissioner of ADF&G. So, "we" would have to look into that a little bit more to ensure that "our federal aid coordinators and people" would not have a problem with the funding coming through and going directly to enforcement with [the Department of] Public Safety. He said this could be explored.

MR. BROCK pointed out that the fiscal note would change due to changes in Version F. The original bill was interpreted as establishing a \$10 fee for each river, while Version F establishes one fee for both rivers. He said that the new fiscal note would decrease by approximately \$20,000.

Number 2509

REPRESENTATIVE SCALZI asked how the department regulates the amount of fish allowed to be harvested in the Kenai and Kasilof Rivers.

MR. BROCK said the Board of Fisheries has established a management plan for sockeye salmon on the Kenai River, but he cannot quote it directly.

REPRESENTATIVE SCALZI asked if there was a fiscal note attached to this management plan, and wondered what amount of enforcement is needed by the department to carry out this plan.

MR. BROCK stated that he was not aware of a fiscal note attached to this plan. He mentioned that Captain Starbard from the Department of Public Safety might be able to address this.

Number 2429

CARL ROSIER, President, Alaska Outdoor Council, gave the following testimony:

The Alaska Outdoor Council [AOC] is an association of 45 outdoor recreation groups statewide. Our membership is a little over 2,000 members, and the clubs we represent total about 10,000 Alaskan members.

AOC is opposed to the provisions of House Bill 93 that seek to establish a \$10 fee for dip net fishing on both the Kenai and Kasilof Rivers. I understand ... the latest version is a \$10 fee for both rivers. Our opposition is based on our belief that the highest and best use of fish and game resources is on Alaskan dinner tables. This fishery is conducted by almost ... 100 percent Alaskan residents on a common property resource and is a food fishery. Why should we be implementing a double tax, single tax on such a fishery that currently requires a \$15 resident's sport fish license in order to participate?

Discussion with ADF&G revealed that the agency has no real habitat concerns, and there are no elevated concerns over the sustainability of the fisheries in the limited, lower reaches of the river in which the fisheries take place. I'm told also that in recent years local government has received about \$100,000 of ... money for crowd control and vehicle control in these areas. ... And as [Mr. Brock] just mentioned, they have been receiving about \$10,000 a year in local government from ADF&G for such things as port-a-potties and the likes.

This fishery is important to Alaskans. The fish are for personal consumption. There are apparently no habitat or resource issues. ... Local government has received some [funding] to alleviate public problems. While it may not cover all expenses, it seems to me that with the numbers of people involved, the local government should be supporting the fisheries as economic opportunity. I want to thank you for the opportunity to testify today.

Number 2291

REPRESENTATIVE SCALZI asked Mr. Rosier, being a former commissioner, if he feels that enforcement of any fishery for conservation purposes is a valid concern.

MR. ROSIER said "very definitely so." One of the goals of the AOC is to provide support for some additional funding for the Division of Fish & Wildlife Protection [Department of Public Safety] for this current year. The Alaska Outdoor Council feels that these "guys are really spread thin" on a statewide basis. However, he indicated that there are more serious issues regarding fish and wildlife management throughout the state that require higher priority from [the Department of] Public Safety than this particular fishery.

Number 2231

BRETT HUBER testified via teleconference that he serves as Executive Director, Kenai River Sport Fishing Association; Vice-President, Kenai River Special Management Area Board; and Vice-President, Alaska Outdoor Council. He informed the committee:

I'm not here today to speak on behalf on any of those groups. I want to make it clear that I'm here on my own time, and I'm here as an Alaskan, an area resident, the head of my household, a pu [personal use] fisher, and a common property owner of the fishery resources of Alaska. I would also first like to say I have a great deal of respect for the sponsor of this bill. In fact, I consider Representative Lancaster to be a friend of mine. But with all due respect, I think my friend has a bad idea. I oppose this bill.

I participate in the Kenai River dip net fishery with my family. I'm not sure as to what the sponsor's statement for this bill alleges. I do not abuse this fishery. I do not have a complete disregard for habitat, environment, and riverbanks. I and my family have a great respect for the resource. I do not trespass on private property. I do not fish without a fishing license. And I do not exceed my bag limit. I don't abuse this fishery, and in my experience, the vast majority of Alaskans who participate in this fishery don't either.

I quite frankly view this bill as nothing more than a food tax directed entirely at Alaskan residents. This new \$10 fee is in addition to the dollars I've spent for my required sport fish license, a license I need to have to participate in this fishery now. By my account, I see that as double dipping. We heard about

the bag limits that are in place for this fishery. But I think that the Department of Fish & Game's statistics will bear out. The average catch is more like around a dozen to 15 fish for [an] individual permit holder. Last year my family harvested a dozen fish; the year before that we were lucky and got two dozen. I assure you that ... we use those fish, we enjoyed those fish, we ate those fish, and we didn't waste those fish. I want to continue to have that opportunity.

I don't mind paying my way. I'm not someone who opposes all user fees. I buy my fishing license, I pay my park fees, and I contribute to the federal aid dollars with my tax on the sporting goods I purchase. And I do so happily. I am, however, opposed to paying twice for something I already own, especially when this new fee is predicated on what I believe are very inaccurate perceptions. We're all in favor of more enforcement, and if it's an infrastructure issue and the City of Kenai is spending money on parking areas and on road extensions, charge for the parking, charge for use of access of roads. I don't have any problem with paying for infrastructure. But I think this is an undue burden on common property owners. I think it's based on things that aren't in actuality taking place, and I strongly oppose of it. Thank you for the opportunity to testify.

Number 2064

REPRESENTATIVE SCALZI asked Mr. Huber if he supports the king salmon stamp and the dollars it generates.

MR. HUBER said "absolutely," and that he was an advocate for that measure when it was passed [by the legislature]. He stated that he buys a king salmon license every year and has no problem doing so.

REPRESENTATIVE SCALZI asked if he could differentiate between the two fees [king salmon stamp and the proposed dip net fishing fee].

MR. HUBER explained that the King Salmon stamp is a sport fishing stamp; it's not a personal use license. The fishery targeted in this bill is a meat-and-pu [personal use] fishery, "a fishery to feed Alaskans." He said that king salmon are a

big-game fish. He thinks there's also a difference because the king salmon stamp is required in order to harvest king salmon. This \$10 fee would be in addition to a license whose proceeds go to offset the cost of this fishery.

Number 1990

BOB KINTZELE testified via teleconference:

I'm a 30-year (indisc.) resident here in Alaska. I live on Kalifornsky Road and I access the mouth of the Kenai River regularly in the summertime. I see the abuses. I see the waste. I see the deprivation of the habitat along the south side of the Kenai. The City of Kenai is taking pretty good control of the north side of the river, but the south side has been impacted severely. I think there's some health issues. I think some enforcement is needed. I don't believe a \$10 fee for a family for a 21-day period is (indisc.) ... I think it says we care about the habitat, we care about the resource, and I think it will benefit, in some fashion, just to make people pay attention to it. If there is anything (indisc.) have a discussion about the habitat of the resource, the \$10 is worth it, to make people think about it. It's been a problem. I've seen it year after year, and it hasn't gone away. I'm very much in favor of it. Thank you.

Number 1894

PAUL SHADURA testified via teleconference:

I reside in Kenai, Alaska, and I'm a resident of the (indisc.) family. I come before you today to ask you for your support for the \$10 management fee for the Kenai and Kasilof dip net fishery. Serious social and environmental problems have occurred from the disorderly (indisc.) of this personal use fishery.

[The Division of] Fish and Wildlife Protection has stated, at [a] recent Kenai/Soldotna Fish and Game advisory meeting, that at any time they arrive on the scene at either personal use [fishery], ... it is very easy to write violations. The City of Kenai must hire an officer, just for the summer months, to manage the social problems at the Kenai dock boat launch. The

city has requested substantial amounts to cover costs of managing this logistical nightmare.

Environmental damage to the south shore (indisc.) habitat on both the Kenai and Kasilof Rivers. The University of Alaska Mental Health Trust Land has attempted to block off this area at the Kasilof River. Yet destruction to the primary grasslands and sand dunes still continues due to the lack of enforcement.

I would support an amendment to HB 93 for a \$10 flat fee for [a] dip net license established in a receipt-supported services fund, which would allow different managing entities a mechanism to request funds.

This is a good bill. It attempts to deal with a real problem. We support our protection officers and our precious (indisc.) habitat estuary for the Kenai and Kasilof Rivers.

Number 1774

CAPTAIN HOWARD STARBARD, Commander, B Detachment, Division of Fish & Wildlife Protection, Department of Public Safety, testified via teleconference:

I, ... like previous speakers, want to thank the sponsor of House Bill 93. I think Representative Lancaster is attempting to increase enforcement habitat, and the essence of the bill itself is worthy.

I don't want to be accused of opposing or trying to turn down any funds that might help to increase our efforts in enforcement on part of these rivers. However, I think I need to point out that even if the funds generated from this bill were to go to our enforcement efforts exclusively, the amount of money would not be enough to increase one position or one trooper on the Kenai. ...

So what we're essentially talking about is overtime funds, no matter what percentage would eventually get back to our division, if that was the case. During the period that we're talking about, in the months of May, June, July, August, in that area, our troopers on the Kenai are working as many hours as almost humanly possible. We have funds that we hold

right now that we're not doing overtime [with]. [And] because of the slow period, [we are] waiting to do increased enforcements and emphasis patrol. ...

During that period that we're talking about, the funds generated would really not enhance our presence on the Kenai in work-related man months ... [since they are already] working as many hours [as] they ... can at this point anyway. That's not to say that we're not in favor of coming up with ways to increase enforcement or habitat or restoration or compliance. Last year, for instance, our attachment did an emphasis area and was able to concentrate on dedicated patrols in the personal-use subsistence fisheries, not only on the Kenai, but in our attachment overall. And we increased in both our hours [and] our contacts overall, in all those areas. But that was primarily because the commercial fisheries were limited and so we had man hours available to dedicate to other areas. In intense commercial fisheries, it's hard to concentrate on a personal-use fishery when you have other ... commercial fisheries primarily dictating that.

Number 1553

GARY HOLLIER testified via teleconference:

I'm a lifelong resident of Kenai. I'm working in Anchorage right now, and I'd like to speak in favor of House Bill 93. I appreciate Representative Lancaster's efforts in this. This dip net fishery on the Kenai River [was] first started in 1987 by Ken Flore (ph) with the [Alaska] Department of Fish & Game to harvest a portion of the biggest run that ever came back to the Kenai River. Over ten million reds came back. It has grown into one of the biggest sport sockeye fisheries in the state and the world. It's a good fishery, and as Mr. Huber said, it's put salmon on the dinner tables of Alaskans.

Unfortunately, there's a lot of abuse in this fishery. I've participated in there since its inception. I have friends that come off the Slope who live in Texas that annually take out 90-100 reds a year. To me, that's a travesty. [And] they're not the only ones doing it. I have Alaskan friends who annually take

way, way over their limit. If I was an enforcement person, and I was looking out into the Kenai River and looking at a boat, and there was a family out there and they're going down with four people in there and every one of those people in that family got a net, they're illegal. You get one net per permit. You don't get four. Every family member doesn't get a dip net.

This last summer I'm down there dip netting and I'm dip netting around people that aren't even speaking English. I'm not a prejudiced person, but something's wrong when nine out of the ten people around me aren't speaking English. I paid \$10 for this king salmon tag that Representative Scalzi brought up, and my family, four of us, we pay \$40 for that. Ten dollars is nothing for me to pay to go out and get 55 salmon ... if I know that I'm surrounded by Alaskans. This fee is minimal compared to [whom] it can benefit. I believe the Copper River dip net fishery, those users pay \$25. The City of Kenai would benefit, as dip netters could get in there sooner, and get out. There'd be less trash, less sewer, less garbage, less habitat damage.

Number 1401

The City of Soldotna would benefit, and the sportsmen upstream would benefit because fewer fish would be caught illegally and they would make it upriver too. For these sportsmen and the City of Soldotna, the minimum [escapement] goals for sockeye would be achieved quicker. Commercial fishermen would benefit. The habitat damage would decrease. ...

I ran these number[s] for these 21 days, [and] if you put 18 hours a day [for] 2 positions on the Kenai and 1 on Kasilof, that works out to 1,134 man hours. If you paid the overtime rate, that's \$56,700 to run this program. There's an average of 10,000 to 15,000 people that use this fishery. At say, 12,500 take an average there - that's \$125,000 generated. I don't understand this Irving Brock [who] said that ... [the] fiscal note would go down by \$20,000. If you pay \$10, ... I could go dip netting in the Kasilof or the Kenai River. The fiscal note isn't going to go down. It's going to stay the same.

Of course, the fishery's going to be sustainable. There is no burden put on the dip net fishery. The dip net fishery goes on unless 500,000 fish cannot be achieved into the Kenai River. This is something positive for the resource, the habitat, and the people of Alaska. The only people that don't want it are people who are dishonest Alaskan dip netters, nonresidents, and aliens who aren't supposed to participate anyway. This is something good.

The sport fish division says they give \$10,000. I haven't seen one port-a-potty on the south side of the Kenai River since I've been down there. There's 5,000 people sometimes down there camping out over the weekend. Where do all those people go to the bathroom? They go right into the dunes, right on top up there. It looks like there's 76,000 piles of feces and toilet paper. When that fishery is over with, it looks like a darn buffalo herd went through it. It's criminal.

This is a chance to do something positive. I understand and I appreciate the enforcement efforts. I know that they're spread thin. I understand through different departments, through the sport fish [division], through the [commercial] fish [division], that people can get deputized for ... summer seasonal support. This program would pay for itself. If you just had a person sitting down there in one of [those] trucks with a little bear on it that says integrity, courage and whatever they say on there, ... it would go a long ways to cutting down the abuse in this fishery. Go on and check these people. Check every person with a permit with a net that's supposed to have a permit. I can guarantee it's not happening. These people aren't clipping [the fish] tails. ... I'm pretty frustrated with the whole situation, and I see this as something positive. Anyway, I think I got a little vocal.

CO-CHAIR STEVENS said he appreciated Mr. Hollier's vivid testimony.

Number 1189

REPRESENTATIVE KAPSNER remarked that 11 percent of the people who live in her district don't speak English, and they are all Alaskans.

MR. HOLLIER suggested that if this bill passed, this could be a "bailable" offense. For example, it could be similar to a ticket, where if someone went over his or her limit, that person would pay a \$100 fine and mail it in. He said there are provisions on the books for this fishery that say people have to return their permits every year. If someone did not return his or her permit, that person would not receive one the next year. "Let's put some meat into some of this enforcement down there ... and maybe we can help everybody," he said. He then remarked that he wasn't trying to "slight anybody about this English thing."

Number 1094

DAN BOONE testified via teleconference, and asked for clarification on whether this bill involves a fee in addition to the required fishing license.

CO-CHAIR STEVENS confirmed this statement.

MR. BOONE testified:

I would be opposed to this. ... I'm not one of those people that's fortunate enough to qualify under the federal subsistence guidelines, and this is a personal-use fishery that I depend on to put meat on the table.

And I don't think that it's right for an additional fee to be piled on, on top of the sports fishing license. It's not the amount. The \$10 is relatively insignificant. But it's the principle of the thing that they shouldn't be hit twice for the same resource. The fish belong to all the people of the state of Alaska. And that happens to be one way that we can harvest those fish for our personal use. And we're not. I don't have an opportunity to subsistence fish, and so I would be opposed ... to House Bill 93.

In addition, they have imposed parking fees on the north side. I think there's a \$5 fee for every 12 hours there. So they're collecting [a] fair amount of money. Besides that, people spend a lot of money

when they're in Kenai and Soldotna dip net fishing. I probably spend a couple hundred dollars up there on the days that I go up, [from] eating, and buying gasoline, and [buying] extra gear and what have you. So, the city is benefiting from the presence of those people. Thank you very much.

Number 0938

REPRESENTATIVE SCALZI asked Mr. Boone if he supports the king salmon stamp as a user fee.

MR. BOONE replied that, as explained earlier, "that's a sport fishery." He said that he buys a king salmon stamp every year, even though he's not fortunate enough to catch any fish.

REPRESENTATIVE SCALZI said, "We both have to buy the resident sport license, and we can make the same argument that you're paying twice for the same thing."

MR. BOONE restated that the king salmon fishery is really a sport fishery.

REPRESENTATIVE SCALZI remarked that both fisheries require management. He asked Mr. Boone if he could explain the difference.

MR. BOONE specified that king salmon fishing is a "trophy or sport fishery," while the dip net fishery on the Kenai and Kasilof Rivers is a personal use fishery for meat.

Number 0858

CO-CHAIR STEVENS referred to Mr. Hollier's question concerning the fiscal note. He stated that at one point, the fiscal note was almost \$80,000, when it was assumed that a separate permit was to be purchased for the Kenai and Kasilof Rivers. The new fiscal note is estimated to be about \$60,000, for having one fishing permit be purchased for both rivers. He asked Mr. Brock if this was correct.

Number 0800

MR. BROCK replied that it was, to his understanding.

Number 0778

MR. HOLLIER commented that one has to "go down to get a permit that covers both the Kenai and Kasilof Rivers." He stated that the department has said it has issued 10,000 to 15,000 permits a year for the last six years. Therefore, charging \$10 per permit would bring in \$100,000 or \$150,000. Consequently, he said he does not understand how the fiscal note drops proportionally.

MR. BROCK stated that he is responsible for the fiscal note and is the "messenger." He revealed that approximately 16,000 permits have been issued annually for the last two years. Less permits were issued prior to this time. However, of these "free of charge" permits, only 6,700 issued for the Kenai River and 1,385 issued for the Kasilof River were reported as "actively used." He stated that many people would obtain one of these free permits when picking up their licenses, and would not actively use them. In writing the fiscal note [for the original bill], he took into consideration only actively fished permits and rounded the number to 7,000 for the Kenai River and 1,500 for the Kasilof River. Now that the new bill has one permit for both rivers, he would use "7,000 permits as actively fished" as a basis for the fiscal note. This would only bring in \$70,000 in total, from which vendor fees would have to be paid out.

Number 0580

MR. HOLLIER argued that when someone obtains a permit, it could mean the person will fish on just the Kenai River, fish on just the Kasilof River, fish on both rivers, or not fish at all. But no matter what, it costs the person \$10. He said "ten times sixteen, that's \$160,000 generated in the last two years, no matter where they fish."

MR. BROCK stated that he disagreed with these remarks. His assumptions in writing the fiscal note were that only 7,000 permits would be sold. In the past, people did not have to pay for the permits, so they got them whether they used them or not. If one has to pay for this permit, someone is not going to automatically pick one up when getting a license. So, he assumed that 16,000 permits will no longer be issued, and that 7,000 is a more realistic number.

Number 0470

REPRESENTATIVE SCALZI asked for the number of dip net permits and what is generated out of the Copper River dip net fishery.

MR. BROCK said he did not have that information with him. But a rough estimate would be 10,000.

REPRESENTATIVE SCALZI asked if it was 10,000 at \$25 a permit.

MR. BROCK confirmed this, and said it was actually between 9,000 and 10,000 [permits].

Number 0382

REPRESENTATIVE SCALZI remarked that he wanted to speak in favor of the bill. He referred to his questions about the differentiation between a sport fee and personal fee. He said that he does not see a difference in the two. This bill is asking the department to increase management, which is going to increase costs. He said he has seen and heard that on the peninsula, "the amount of fish that ends up freezer-burned and in the dumpsters in the spring. And I don't think there's a worst travesty than the wanton waste of some of these fisheries." He stated that the fee would make people conscious that they are helping to contribute to the enforcement and management of this resource. Also, one's fishing license needs to be validated by writing [the amount of fish taken] down; that was true even before the king salmon stamp was involved. This was a mechanism for the department to make accurate counts of what the fishery left in the rivers.

REPRESENTATIVE SCALZI stated that under this current dip net fishery [in the Kenai and Kasilof Rivers], there is no valid enforcement of how to monitor the amount of fish that are taken. For example, someone can leave the river with 10 or 25 fish, and come back the next day and take another 25 fish. He said that there is too much room for abuse right now. This permit is one mechanism that will draw attention to better management. He went on to say that although the sponsor has addressed the need for "habitat protection, the cleanup, [and] the "buffalo toilet paper," enforcement and monitoring of the fishery is something that is, to him, a more valid concern. So, he thinks that this is a first step, and he supports this bill.

Number 0169

REPRESENTATIVE LANCASTER remarked that he appreciated everyone's testimony. He said that his main motive for the bill was to address the south side of both the Kenai and Kasilof Rivers, where there are primarily private properties and no enforcement. There is no access across those private properties to the waters

to fish without crossing private property. Hopefully, some of this money [from the permits], if handled in statutorily designated program receipts, could somehow be requested by the department (indisc.). He said that it would be a "long way around throughout [the] budget process," but hopefully some money would go to enforcement and to purchase access [across private properties], in order to have a responsible fishery. He said that "someone just having a presence on both rivers" could create a responsible fishery.

Number 0077

REPRESENTATIVE SCALZI made a motion to move the CS for HB 93, version 22-LS0431\F, Utermohle, 3/12/01, from committee with individual recommendations and the attached zero fiscal note. There being no objection, CSHB 93(FSH) was moved from the House Special Committee on Fisheries.

Number 0066

REPRESENTATIVE SCALZI brought attention to a letter that he wanted to move out of the House Special Committee on Fisheries. This letter, addressed to Colonel Glenn C. Godfrey, Commissioner, Department of Public Safety, Juneau, Alaska, refers to enforcement problems related to the commercial [salmon seine season].

TAPE 01-11, SIDE A
Number 0001

REPRESENTATIVE SCALZI stated that in addition to Southeast Alaska's concerns, the Prince William Sound area had enforcement problems they wanted addressed as well. Therefore, a new paragraph was added to page 1 of the letter. He paraphrased from paragraph 4 which read:

A variation of this problem exists in the Prince William Sound area as well. Although in the past excess wild stock was available in some areas, openings never took place because of the unavailability of a sufficient number of enforcement officers. The fear was that if an opening took place without adequate protection, overly zealous fishermen would over harvest the necessary equipment. The Sound also lacks proper enforcement during the peak Copper River runs from May 15-June 15.

REPRESENTATIVE SCALZI asked the committee to consider this additional language concerning Prince William Sound and to sign off on the letter to the commissioner of the Department of Public Safety.

REPRESENTATIVE KERTTULA asked if this motion could be held over until the next committee meeting, in order to "double check" that paragraph, since she had (indisc.) fishers in her district.

REPRESENTATIVE SCALZI said he had no problem with holding this over, since it is not an immediate threat.

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at approximately 6:45 p.m.