

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON FISHERIES**

February 4, 2004  
8:31 a.m.

**MEMBERS PRESENT**

Representative Paul Seaton, Chair  
Representative Peggy Wilson, Vice Chair  
Representative Cheryll Heinze  
Representative Dan Ogg  
Representative Ralph Samuels  
Representative Les Gara  
Representative David Guttenberg

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 341

"An Act relating to the dive fishery management assessment."

- MOVED HB 341 OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 341

SHORT TITLE: DIVE FISHERY MANAGEMENT ASSESSMENT

REPRESENTATIVE(S): WILLIAMS

01/12/04	(H)	PREFILE RELEASED 1/2/04
01/12/04	(H)	READ THE FIRST TIME - REFERRALS
01/12/04	(H)	FSH, RES
02/04/04	(H)	FSH AT 8:30 AM CAPITOL 124

**WITNESS REGISTER**

TIM BARRY, Staff  
to Representative William K. Williams  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Presented HB 341 on behalf of Representative Williams, who'd sponsored the bill at the request of the Southeast Alaska Regional Dive Fisheries Association (SARDF).

JULIE DECKER, Executive Director  
Southeast Alaska Regional Dive Fisheries Association  
Wrangell, Alaska

POSITION STATEMENT: Testified about the reasons for HB 341, agreeing that it is a housekeeping measure and citing the sea cucumber fishery as one for which a 1 percent reduction would work well; answered questions.

PAT CASSIN, Commercial Diver;  
Member, Southeast Alaska Regional Dive Fisheries Association  
Ketchikan, Alaska

POSITION STATEMENT: During hearing on HB 341, emphasized the need for current, accurate surveys and said there will be more than \$1 million lost to divers if no surveys are done.

CLAY BEZENEK, Member  
Southeast Alaska Regional Dive Fisheries Association  
Ketchikan, Alaska

POSITION STATEMENT: During hearing on HB 341, testified in support of this incremental bill that provides flexibility and agreed it is a housekeeping measure; answered questions, providing details about the dive fisheries.

#### **ACTION NARRATIVE**

#### **TAPE 04-3, SIDE A**

Number 0001

**CHAIR PAUL SEATON** called the House Special Committee on Fisheries meeting to order at 8:31 a.m. Representatives Seaton, Wilson, Ogg, and Guttenberg were present at the call to order. Representatives Gara, Samuels, and Heinze arrived as the meeting was in progress.

#### HB 341-DIVE FISHERY MANAGEMENT ASSESSMENT

Number 0034

CHAIR SEATON announced that the only order of business would be HOUSE BILL NO. 341, "An Act relating to the dive fishery management assessment."

Number 0054

REPRESENTATIVE OGG moved to adopt HB 341, the original version, for discussion purposes.

CHAIR SEATON, who'd requested the motion, thanked Representative Ogg and called on the sponsor's staff.

Number 0088

TIM BARRY, Staff to Representative William K. Williams, Alaska State Legislature, presented HB 341 on behalf of Representative Williams, sponsor. He said this is basically a housekeeping measure requested by the Southeast Alaska Regional Dive Fisheries Association (SARDFA) to give SARDFA more flexibility in its operations; its members pay a tax based on a percentage of the value of their landings in the various dive fisheries, and revenue from that is spent on managing those fisheries.

MR. BARRY explained that under the current state law that established SARDFA, its members elect to tax themselves at the rate of 1, 3, 5, or 7 percent of the value of the catch. What SARDFA is requesting, which HB 341 would do, is to allow the option of also taxing themselves at 2, 4, or 6 percent. He noted that on teleconference were SARDFA members and present from the Department of Revenue was Chuck Harlamert, who deals with collecting these taxes. Mr. Barry pointed out that there is a zero fiscal note.

CHAIR SEATON recognized that Representatives Gara, Samuels, and Heinze had joined the meeting.

Number 0300

REPRESENTATIVE GUTTENBERG requested a description of the dive fisheries.

MR. BARRY deferred to the SARDFA members.

Number 0355

REPRESENTATIVE GARA offered his understanding that the bill just relates to revenue, rather than changing any standards that relate to how the dive fisheries are conducted and so forth.

MR. BARRY said that's correct.

CHAIR SEATON, following up on a remark by Representative Wilson, noted that it allows going up or down 1 percent within the current range of 1-7 percent.

Number 0438

REPRESENTATIVE HEINZE asked where the monies from the tax go.

MR. BARRY pointed out that experts on teleconference knew more than he, but offered his understanding that the Department of Revenue collects the taxes, which then go through the Alaska Department of Fish & Game (ADF&G) to the "dive fish" association, which has divers, processors, representatives of various Southeastern Alaska communities, and [ADF&G personnel; they jointly manage the fisheries. He asked that someone correct him if that wasn't accurate.

Number 0567

JULIE DECKER, Executive Director, Southeast Alaska Regional Dive Fisheries Association, explained that she has worked for SARDFA since its creation in 1998. The original legislation was passed in 1997 to allow for a dive fisheries association like SARDFA; it allowed members to vote to tax themselves at 1, 3, 5, or 7 percent. Although the legislature couldn't turn over its power to tax, she said it could allow [SARDFA members] to vote to assess themselves at a certain percentage; those percentages had to be laid out in the legislation.

MS. DECKER addressed questions that had been raised. She said species now harvested are sea cucumbers, sea urchins, and geoducks; assessments for those are 5 percent, 7 percent, and 5 percent, respectively. However, for sea cucumbers the 5 percent assessment is a little more than needed; the extra has been rolled over in an account to do special projects. Although [SARDFA] is looking at possibly lowering that assessment, lowering it to 3 percent would be a 40 percent reduction, which would be too little [in revenues]; lowering it to 4 percent, however, would appear to work well. That was one reason the idea for this legislation came up, she reported.

MS. DECKER agreed this is a housekeeping measure. As to where the money goes, she said right now it's the divers who pay the tax; the processors collect the money from the divers, hold it, and deposit it quarterly with the Department of Revenue; after the legislature approves the appropriation, the Department of Revenue transfers the funds to [ADF&G]. She explained that every year [ADF&G] and SARDFA come to an agreement on an annual operating plan that says how the money will be used; after the plan is signed and the money transferred to the department, [ADF&G] holds part of the money and transfers the rest to

SARDFA, depending on how it's been decided the funds will be used each year.

Number 0783

REPRESENTATIVE HEINZE asked what happens if there is a disagreement between SARDFA and [ADF&G] about the allocation of the money.

MS. DECKER said that hadn't happened yet; both groups have been willing to compromise. Noting that the legislation says the money cannot be expended until the agreement is signed, she surmised that SARDFA would be in limbo until an agreement was reached.

Number 0840

MS. DECKER, in response to a question from Representative Heinze, explained why the sea urchin assessment is a little bit higher. In part, the sea urchin fishery was new at the time and was one reason for taking this route of creating SARDFA and self-taxing. She said [ADF&G] was receiving budget cuts and had taken the position that it didn't have any extra money to manage new fisheries. Thus that is the only fishery of the three for which a large part of the assessment goes directly to [ADF&G] to pay only for management of the fishery; she said she believes it is \$35,000 a year. Previous to that, there was a voluntary assessment from divers, and the Ketchikan Gateway Borough chipped in money for management of the fishery.

MS. DECKER, in further response, clarified that \$35,000 is only the sea urchin management portion; [SARDFA] collects about \$200,000 to \$225,000 a year "in the total assessment." As to whether it's enough, she said it's only a part of what pays for the fisheries; [ADF&G] still has some general fund monies that it receives and puts toward management of sea cucumbers and part of the management of geoducks. However, there was a need to go into new areas, do surveys, and do water quality work, for example, and there hadn't been money to do that in order to develop and increase these fisheries; that's why there was a decision to bring money to the table for increasing these fisheries, which is where the idea for SARDFA came from.

Number 1037

MS. DECKER, in response to a question from Representative Guttenberg, explained that management plans are adopted through

the Board of Fisheries for each fishery. One main component of the dive fisheries is that [ADF&G personnel] do underwater diving, assessing or counting the stocks in each area. It's not only a management cornerstone, but is also an added expense, since biologists go underwater and vessels are needed, for example. Another cornerstone is assessing the resource prior to opening any area for quotas. Before fishing takes place in the geoduck fishery, an additional part - more related to the Department of Environmental Conservation (DEC) - is that there must be 15 sets of water quality tests in each harvest area, as well as paralytic shellfish poisoning (PSP) testing.

Number 1151

CHAIR SEATON mentioned proposed budgetary decrements relating to [ADF&G]. Noting that sea cucumber surveys are slated for elimination, he asked how much money that is and whether [SARDFA] can pick up the surveys in order to manage the fishery.

MS. DECKER replied that [SARDFA's] sea cucumber committee and board of directors will meet this week to discuss whether the shortfall can be picked up. At eight days of survey time for sea cucumbers at roughly \$6,000 a day, she said she believes the shortfall is about \$50,000. If those budget cuts happen and SARDFA doesn't fill in, there will be a direct reduction of quota because those areas won't be open. "They do not open any areas if they haven't been assessed first," she pointed out. She added that SARDFA has some funds available, but it will be the call of the board of directors.

Number 1287

PAT CASSIN, Commercial Diver; Member, Southeast Alaska Regional Dive Fisheries Association, reported that he'd helped to start the sea urchin fishery in Alaska and now dives about 239 days a year for sea urchins and sea cucumbers. He said the tax money collected the last three years directly resulted this year in allowing the fishery to stay open an extra four weeks because of new areas surveyed. Referring to budget cuts and the \$50,000 for surveys mentioned previously, he said that would represent a loss of more than \$1 million to the divers alone. He emphasized the need for current, accurate surveys.

Number 1399

CLAY BEZENEK, Member, Southeast Alaska Regional Dive Fisheries Association, informed the committee that he retired from harvest

diving following an accident and now processes geoducks and other species in Craig; he holds the processor seat on SARDFFA and was one of its founders. Speaking in support of the "incremental bill," he said it will provide flexibility and is a housekeeping measure.

MR. BEZENEK pointed out the difficulty of foreseeing everything that was needed when SARDFFA was formed, and said this is a necessary tweak. As to the shortfall with regard to the sea cucumber surveys, he said he would, of course, appreciate it if the state funded the fisheries, because the money that comes back is pretty incredible into the community in Southeast Alaska. If not, however, he indicated SARDFFA and ADF&G could figure it out between them.

MR. BEZENEK indicated SARDFFA has been trying to get ADF&G to allow SARDFFA to do some of the biological-statistician work through independent subcontractors; suggesting now may be the time, he said subcontracting is probably in the future, since it's perhaps a little more expensive for the state to do it. He closed by saying, "We'll be able to deal with it, whatever direction you guys give, and I appreciate your support then and now."

Number 1563

CHAIR SEATON asked whether the surveys are done with a sled and videos or by divers.

MR. BEZENEK replied, "We do reconnaissance with sleds, ... but the actual biological counting work is done on-bottom with, ... usually, teams of two divers." Mentioning ADF&G, he indicated harvest divers aren't allowed to participate in the surveys and therefore don't know [the department's] protocol.

MR. BEZENEK pointed out that Canada is years ahead in most ways of fishing, except for the salmon industry. He remarked, "In the dive fisheries, we've pretty much looked at them because they've been harvesting geoducks, cucumbers, and urchins for about 25 years now, and they have the best, most successful geoduck fishery in the world." He noted that Canada has a First Nations member, two industry divers, and one representative of the "biological community" to do surveying work, and he said SARDFFA is starting to lean "in that direction." He concluded, "We still need the survey work done, and we've never ... budged from that; we want good numbers, and in some of the fisheries, I

don't feel ... we're necessarily getting the greatest numbers. But we've ... been patient, so that's where we're at."

Number 1699

REPRESENTATIVE WILSON asked how big the fishery is and how many divers are active, diving on a regular basis.

MR. BEZENEK, suggesting Mr. Cassin probably knows better, answered that the urchin fishery goes for the better part of the year because the 15 or so divers aren't enough to take the whole quota for Southeast Alaska. As for geoducks, the live fishery has 40 to 45 divers, and \$5.20 a pound was paid one week this year, with a steady price over \$4.00; by contrast, the average price the previous year was \$1.67, and the highest before that was during a bidding war four or five years ago when the price was \$4.25. He credited this year's average price, which he estimated at more than \$4.00, to DEC's work with the divers, SARDFA's legitimacy and having an executive director like Ms. Decker, and having the legislature understand what SARDFA is trying to accomplish.

MR. BEZENEK remarked, "We're as biologically active ... as any group you'll ever see." He indicated overharvesting would result in ending divers' ability to fish. Expressing pleasure at how things have worked thus far, he said geoduck numbers speak for themselves: last year the fishery's ex-vessel value was \$350,000 or \$400,000, whereas this year he estimates it will be about \$1.2 million. He emphasized, however, that a lot of area still needs to be biologically surveyed, with the clams counted on the bottom. He also mentioned "the farm guys" who have discovered there is money to be made. He expressed appreciation for the legislature's support to date.

Number 1932

REPRESENTATIVE HEINZE asked whether some of the money goes towards research that allows the geoduck permitting. She also asked how many permits have been issued for geoduck farming.

MR. BEZENEK explained that there are two separate fisheries, and [SARDFA's] money goes to pay for the commercial fishery. He said he doesn't believe the aquatic farmers have a tax-based system set up to pay their way, and the state will end up paying for that out of general fund money.

Number 2021

CHAIR SEATON closed public testimony.

Number 2035

REPRESENTATIVE WILSON moved to report HB 341 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, HB 341 was reported from the House Special Committee on Fisheries.

**ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 9:00 a.m.