

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

April 13, 2005

1:09 p.m.

MEMBERS PRESENT

Representative Jay Ramras, Co-Chair
Representative Ralph Samuels, Co-Chair
Representative Jim Elkins
Representative Carl Gatto
Representative Gabrielle LeDoux
Representative Paul Seaton

MEMBERS ABSENT

Representative Kurt Olson
Representative Harry Crawford
Representative Mary Kapsner

COMMITTEE CALENDAR

HOUSE BILL NO. 252

"An Act providing for a sport fishing facility surcharge on sport fishing licenses; providing for the construction and renovation of state sport fishing facilities and for other projects beneficial to the sport fish resources of the state as a public enterprise; and authorizing the issuance of revenue bonds to finance those projects."

- MOVED HB 252 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 252

SHORT TITLE: SPORT FISHING FACILITY REVENUE BONDS

SPONSOR(S): REPRESENTATIVE(S) REPRESENTATIVE HOLM

04/05/05	(H)	READ THE FIRST TIME - REFERRALS
04/05/05	(H)	FSH, RES, FIN
04/13/05	(H)	FSH AT 8:30 AM CAPITOL 124
04/13/05	(H)	RES AT 1:00 PM CAPITOL 124

WITNESS REGISTER

REPRESENTATIVE JIM HOLM
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented HB 252 as sponsor.

DOUG VINCENT-LANG, Assistant Director

Division of Sport Fish

Alaska Department of Fish & Game (ADF&G)

Anchorage, Alaska

POSITION STATEMENT: Answered questions on HB 252.

GORDON GARCIA, Project Manager

Division of Sport Fish

Alaska Department of Fish & Game

POSITION STATEMENT: Answered questions on HB 252.

BILL BUBBEL

Tanana Valley Convention and Visitor's Bureau,

Hatchery committee

Trout Unlimited

Fairbanks, Alaska

POSITION STATEMENT: Testified on HB 252.

A. L. BUKI WRIGHT, General Manager

Aurora Energy

Fairbanks, Alaska

POSITION STATEMENT: Testified on HB 252.

RICKY GEASE, Executive Director

Kenai River Sport Fishing Association

Soldotna, Alaska

POSITION STATEMENT: Testified in support of HB 252.

JENNIFER YUHAS, Executive Director

Alaska Outdoor Council

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of the usage fee, but not the bonding portion of HB 252.

ACTION NARRATIVE

CO-CHAIR RALPH SAMUELS called the House Resources Standing Committee meeting to order at [1:09:20 PM](#). Representatives LeDoux, Samuels, Elkins, Seaton, Gatto, and Ramras were present at the call to order.

HB 252-SPORT FISHING FACILITY REVENUE BONDS

CO-CHAIR SAMUELS announced that the only order of business would be HOUSE BILL NO. 252 "An Act providing for a sport fishing facility surcharge on sport fishing licenses; providing for the construction and renovation of state sport fishing facilities and for other projects beneficial to the sport fish resources of the state as a public enterprise; and authorizing the issuance of revenue bonds to finance those projects."

REPRESENTATIVE JIM HOLM, Alaska State Legislature, said HB 252 was hatched when Senator Ted Stevens obtained \$10 million in federal funds for a hatchery in Fairbanks. He said HB 252 adds fees to sport fishing licenses to rebuild a hatchery in Fort Richardson and to build a new hatchery in Fairbanks. Bonds will be sold to build the projects and reimbursed by the fund. He noted that the total will be \$69 million, with \$45 million going to the Fort Richardson hatchery. If it isn't rebuilt, he said, it will be torn down because it is over 30 years old and is running out of warm water. There will be \$15 million for the Fairbanks hatchery, \$3.5 million in reserves, and \$5.5 million for other fish projects including the Crystal Lake hatchery in Petersburg, the Northern Southeast Regional Aquaculture Association hatcheries in Sitka and Haines, and \$160,000 for a new hatchery in Skagway.

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REPRESENTATIVE HOLM noted that the license is currently \$15, and it will go to \$23.50 under HB 252. Once the bonds are paid for, the increase will be reduced. Alaska's fee will not be high compared to sport fishing licenses for other states, and we will have state of the art facilities, he concluded.

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REPRESENTATIVE GATTO said he wants to hear from sport anglers.

REPRESENTATIVE HOLM said most are supportive, but some thought it was a greater increase than expected.

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REPRESENTATIVE HOLM said about 80 percent of the money will come from non-resident anglers.

REPRESENTATIVE LEDOUX asked if more non-resident fishing licenses are sold.

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DOUG VINCENT-LANG, Assistant Director, Division of Sport Fish, Alaska Department of Fish & Game (ADF&G), said the division sells more sport fishing licenses to non-residents. The surcharge would depend on the license time-period, he said. Many sport groups have supported HB 252 because the hatchery production provides economic benefits and fishing opportunities. Kids start their fishing experiences on stocked lakes, he said. This is how people get interested in fishing. The hatchery fish relieves pressure on wild stocks, "and I can't tell you how important that is," he said. The hatchery fish provide diversion fisheries, because the others are fully allocated. He concluded that there is great value to anglers in taking the pressure off wild stocks like rainbow trout.

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REPRESENTATIVE GATTO asked the survival rate of catch and release rainbow trout.

MR. VINCENT-LANG said management for wild stock rainbow trout encourages non-lethal, non-bait fisheries, and there is less than five percent mortality.

REPRESENTATIVE GATTO asked how far hatchery fish can be transported.

MR. VINCENT-LANG said ADF&G is very good at hatchery transport. Fish go by tanker truck between Anchorage and Fairbanks, which is 400 miles. He said 21 lakes in Kodiak are stocked from Fort Richardson.

REPRESENTATIVE GATTO asked how hatcheries are located.

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MR. VINCENT-LANG said there are different production needs in Fairbanks and Anchorage. In Fairbanks the state has access to hot water from the Aurora power plant, which reduces operational costs. The Anchorage facility meets that region's needs. Recreational fishing needs are not conducive to private non-profit ventures, he noted.

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REPRESENTATIVE LEDOUX asked about support from sport groups.

CO-CHAIR SAMUELS said that will be in public testimony.

REPRESENTATIVE LEDOUX asked if the Southeast Alaska hatchery enhancements are part of a long-range plan.

MR. VINCENT-LANG said ADF&G spends \$750,000 through private non-profit hatcheries in Southeast. There is also \$193,000 for the Crystal Lake Hatchery, which will be gone at the end of the year, he said. The projects in the bill are the things that were needed and were in ADF&G's plans. Some needs are addressed through the hatchery programs. In Kodiak there is a stocking plan that will be addressed through the hatchery in Anchorage.

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REPRESENTATIVE HOLM said the committee has letters of support.

CO-CHAIR RAMRAS said he supports the hatchery programs in Fairbanks and Anchorage, but he asked why the state needs a brand new \$45 million hatchery in Anchorage.

MR. VINCENT-LANG said the hatchery in Anchorage is old and crumbling, and it is losing its hot water. The well field at the old hatchery is maxed out, he said, and a new design would use water more efficiently. The demand over the next twenty years requires the new re-circulation technology, he said. The production needs are greater in Anchorage than Fairbanks.

CO-CHAIR RAMRAS said there is ample surplus waste heat according to Jim Posey of Anchorage Municipal Light And Power. In Fairbanks, there is money earmarked for a mile-long pipe from the Aurora Energy power plant for free waste hot water. He said he supports the hatchery program but it needs an airing.

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CO-CHAIR RAMRAS noted that the Fairbanks pipe will cost about \$2 million. The Anchorage power plant has offered the same option to the hatchery in Anchorage, and it will cost \$1.5 to \$3 million. "Are we being fiscally conservative?" he asked.

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CO-CHAIR RAMRAS asked how much the Anchorage hatchery can be upgraded for \$15 million. There is \$350 million in deferred

maintenance in schools, he said, and he wants a justification for a \$45 million new hatchery.

GORDON GARCIA, Project Manager, Division of Sport Fish, Alaska Department of Fish & Game, said ADF&G looked at a pipeline and estimated a construction cost of \$4 to \$6 million. The hatchery would also need to get the water to the power plant, and water is limited in that area. He noted that Anchorage Municipal Light and Power has already allocated most of its excess heat, so the state would have to compete with other entities. The right of way for the pipeline, he explained, would be "literally millions of dollars."

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CO-CHAIR RAMRAS said his dialogue with Jim Posey was casual, and he asked the department to revisit it. He asked Mr. Garcia how close ADF&G could get to its hatchery target with \$15 million.

MR. GARCIA said he would need to do research, but it would be a band-aid to barely keep up with existing demand. "We're losing ground, even as we speak," he said. With the loss of the hot water, the cost of keeping the current hatchery running would be prohibitive. Recirculation is much more efficient, and it will reduce competition for water.

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CO-CHAIR RAMRAS said he still disagrees with some of the issues.

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BILL BUBBEL, Tanana Valley Convention and Visitor's Bureau, Trout Unlimited, and Chena Riverfront Commission, said he has followed the hatchery process from the beginning. He noted that a fishing license is a user fee, not a tax. It is resource enhancement for the people using the resource, he said, so there is little opposition. He reported that Alaska is below average for non-resident sport fishing fees. Having catchable fish is a huge marketing tool for tourism, and it will increase and sustain visitation in the area. He added that locals are not going to mind spending the extra \$8. He said, "Canada is about fished out; their stocking program is a little bit behind, so Alaska is still a dream that [visitors] have, and we need to fulfill that." He claimed the Interior has different hatchery needs, and transporting from Anchorage has caused high fish mortality. Pressure on lakes is increasing because of increased

military in the area. "We need to grow more fish," he added. It will take time to build the hatchery, and lakes will get depleted soon, he warned. Senator Stevens has given about \$8 million toward the hatchery, he highlighted, and about \$1 million has been spent on well drilling and engineering. It's a huge community project, involving kids, the university, and tourism advocates, he concluded.

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CO-CHAIR RAMRAS said he agrees with Mr. Bubbel on the importance of getting kids involved in science, biology and the outdoors.

A. L. BUKI WRIGHT, General Manager, Aurora Energy, said the company's power plant is on the Chena River and has heat that it doesn't use. The hatchery can use it if located within 1 to 1.5 miles of the plant. In the process of making electricity the plant needs Chena River water to cool hot equipment, he said. The warm water is now channeled back into the river and wasted.

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MR. WRIGHT said the water is warm enough to raise fish, but not to heat the building. So Aurora Energy will sell its hotter "district heat" for heating the buildings, he said.

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REPRESENTATIVE HOLM asked about Aurora Energy's commitment for the life of the project.

MR. WRIGHT said the company has every intention of being there, and will sign a long-term contract to provide the heat for "a lot longer" than 15 years.

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CO-CHAIR RAMRAS said without the benefit of the waste heat, the annual cost of the hatchery would be \$700,000 more. He hopes there will be natural gas in the future. He thanked Mr. Wright.

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REPRESENTATIVE GATTO asked about gas coming to Fairbanks, and if Aurora Energy will be forced to abandon the coal plant.

MR. WRIGHT said gas may or may not mean that the coal plant will shut down. Gas might be more expensive than coal, he said. It is unlikely that the power plant would shut down, and even if it is converted to gas it would continue to have waste heat.

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RICKY GEASE, Executive Director, Kenai River Sport Fishing Association, Soldotna, said the association supports the bill. The new facilities are important for the future of sport fishing, he said. Over 60,000 new anglers will be coming to the region in the next decade, and it is time to plan now. The user fees will not turn anyone away, especially since the money will be used for resource enhancement, he said. Lake hatchery programs are important for diversifying angling activities and reducing fishing on the extremely popular Kenai River.

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JENNIFER YUHAS, Executive Director, Alaska Outdoor Council (AOC), said the AOC supports the usage fee, but not the use of bonding.

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REPRESENTATIVE SEATON asked if the bonding goes forward and the revenue stream is identified as its user fee on recreational licenses, "are you opposing that?"

MS. YUHAS reiterated that the AOC is opposed to funding with bonds.

REPRESENTATIVE SEATON asked why.

MS. YUHAS said because the delegates voted against it.

CO-CHAIR RAMRAS said the bonding mechanism can be dealt with in the House Finance Committee.

CO-CHAIR RAMRAS moved to report HB 252 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 252 was passed out of the House Resources Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at [2:08:38 PM](#).