

HOUSE FINANCE COMMITTEE
April 8, 2008
8:51 a.m.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [8:51:13 AM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair
Representative Kevin Meyer, Co-Chair
Representative Bill Stoltze, Vice-Chair
Representative Harry Crawford
Representative Richard Foster
Representative Les Gara
Representative Mike Hawker
Representative Reggie Joule
Representative Mike Kelly
Representative Bill Thomas, Jr.

MEMBERS ABSENT

Representative Mary Nelson

ALSO PRESENT

Sharon Kelly, Staff, Co-Chair Chenault; Pete Ecklund, Staff, Representative Kevin Meyer; Bruce Wallace; Mark Vinsel, Executive Director, United Fishermen of Alaska (UFA); Scott McAllister, Marketing Chairman, United Fishermen of Alaska; Jim Stone, President, Alaska Scallop Association; Bob Thorstenson, Juneau

PRESENT VIA TELECONFERENCE

Shawn Dochtermann, Kodiak Creman's Association, Anchorage; Julie Kavanaugh, Kodiak; Oliver Holm, Kodiak; John Winther, Petersburg; Max Hulse, Eagle River; Dick Tremaine, Norton Sound Economic Development Corporation; Theresa Peterson, Kodiak; Kip Thomet, Kodiak; Pete Hannan, Kodiak; Alan Parks, Homer; Arnie Thompson, Executive Director, Alaska Crab Coalition, Executive Member, United Fisheries of Alaska; Dawson Hoover, Coastal Village Regions; Thomas Gil Martin, Arctic Storm; Mako Haggerty, Homer; John Jones, Chiknick Lagoon

SUMMARY

CSSB 221(FIN) am
"An Act making and amending appropriations,
including capital appropriations, supplemental

appropriations, and appropriations to capitalize funds; and providing for an effective date."

CSSB 221(FIN) am was heard and HELD in Committee for further consideration.

SB 254 "An Act extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

SB 254 was heard and HELD in Committee for further consideration.

SB 259 "An Act repealing certain provisions relating to applications for medical assistance coverage; making certain provisions of ch. 96, SLA 2006, retroactive; providing for an effective date by repealing an effective date section in ch. 96, SLA 2006; providing for an effective date for certain sections of ch. 96, SLA 2006; and providing for an effective date."

SB 259 was scheduled but not heard.

SB 202 "An Act relating to expenditures in aid of or to implement the provisions of the federal Real ID Act."

SB 202 was scheduled but not heard.

[8:52:14 AM](#)

CS FOR SENATE BILL NO. 221(FIN) am

"An Act making and amending appropriations, including capital appropriations, supplemental appropriations, and appropriations to capitalize funds; and providing for an effective date."

Vice-Chair Stoltze MOVED to ADOPT HCS CSSB 221(FIN), labeled 25-GS2007\V, Kane, 4/7/08 as the working draft before the committee. There being NO OBJECTION, it was so ordered.

PETE ECKLUND, STAFF, REPRESENTATIVE KEVIN MEYER, noted that all budget items previously vetoed by the Governor are included in this section.

Co-Chair Meyer explained how the items were ranked. The primary emphasis in this version of the bill are the additions made by House members.

[8:55:32 AM](#)

Representative Thomas asked how it would be known which projects were which. Mr. Ecklund noted the bill was a work in progress and an explanatory section would be forthcoming.

[8:56:22 AM](#)

SHARON KELLY, STAFF, CO-CHAIR CHENAULT, reviewed the supplemental operating items added to the bill. There were 12 items added: an increment for the Department of Law for \$1.4 million in Section 18; nine items for the Department of Transportation and Public Facilities, the majority of which are requests for increases for fuel, and one decrement; one increment for the University of Alaska that totals \$927.2 which funds the fuel request for FY 08 at 100 percent; and in Section 16, intent language was added to say that the economic stimulus rebate checks issued by the federal government during 2008 will not affect income eligibility criteria for any state program.

Co-Chair Meyer reported that those additions totaled about a \$2 million increase.

Vice-Chair Stoltze said it was confusing which districts each item belongs to. Co-Chair Meyer said that information would be included.

CSSB 221 (FIN) am was heard and HELD in Committee for further consideration.

AT-EASE: [8:58:56 AM](#)

RECONVENED: [9:00:12 AM](#)

SENATE BILL NO. 254

"An Act extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

Vice-Chair Stoltze MOVED to RESCIND the action taken previously to report HCS SB 254(FIN) out of Committee on April 6. There being NO OBJECTION, it was so ordered.

[9:02:14 AM](#)

BRUCE WALLACE, JUNEAU, testified that the bill would allow fisheries of limited size to go forward in a controlled manner and is critical in limiting the size of the by catch. He testified in support of the bill because of those two components.

Representative Kelly asked if he was in favor of the amendment. Mr. Wallace said yes.

[9:05:09 AM](#)

MARK VINSEL, EXECUTIVE DIRECTOR, UNITED FISHERMAN OF ALASKA (UFA), testified in support of the amendment to extend the termination date of the Korean Hair Crab and Weathervane Scallop fisheries, which have proven to be successful in staying within by catch limits. He emphasized that it is a vessel-based commercial fishery and UFA does not support that method for any other fishery. Vice-Chair Stoltze asked if the issue was contentious within UFA. Mr. Vinsel reported that there was wide support.

[9:06:25 AM](#)

SCOTT MCALLISTER, MARKETING CHAIR, UNITED FISHERMAN OF ALASKA, spoke to the importance of the sustainability of the industry. He stated support for the amendment and wished to see the sunset eliminated.

Vice-Chair Stoltze asked if Mr. McAllister wanted to see the program continued permanently. Mr. McAllister said he would. Vice-Chair Stoltze commented on the importance of sustainability.

[9:08:51 AM](#)

JIM STONE, PRESIDENT, ALASKA SCALLOP ASSOCIATION, thought at issue was the question of corporate ownership. He read from testimony about the positives of fishermen working together to target quotas and reduce by catch. He pointed out that the Department of Fish and Game supports the amendment. He testified in support of the sunset date being extended in this bill. He dispelled the misconception about the industry not paying taxes. He defended the Alaska Scallop Association. He testified in support of the bill.

Representative Foster asked who was attacking the Association. Mr. Stone explained that the attack would be if they would lose the ability to prosecute the fishery in a responsible manner.

[9:11:30 AM](#)

BOB THORSTENSON, JUNEAU, testified in support of the bill. He spoke against extinguishing this limited entry system. He spoke to the 17,500 of Alaskans that are a part of the two fisheries. It is a larger number than all other fisheries combined. He said there have been no court cases regarding the two fisheries since the legislation was passed in 2002. He noted all of the court cases related to other fisheries.

Mr. Thorstenson discussed the introduction of a companion Senate bill. He maintained that limited entry was the most

effective method for fisheries. He shared tax revenue information from the fisheries.

Vice-Chair Stoltze asked if other limited entry fisheries should be abolished. Mr. Thorstenson replied no. Vice-Chair Stoltze thought the corporate entity definition was misleading. Mr. Thorstenson explained the makeup of the corporations.

[9:18:16 AM](#)

SHAWN DOCHTERMANN, KODIAK CREWMAN'S ASSOCIATION, KODIAK, related his experience with fisheries. He testified against the vessel-based limited entry portion of the bill. He believed that the bill opens the door for commercial entry fishery permits to be owned by corporations, instead of by actual persons. He questioned the number of vessel participants. He spoke of the work on SB 113 to change the constitution. He testified in opposition to SB 254.

[9:20:34 AM](#)

JULIE KAVANAUGH, KODIAK, spoke to the original intent of the bill. She maintained that inserting the amendment was not appropriate. The original intent of the bill was to extend the Alaska Regional Economic Development Organizations (ARDORS) program, which is unrelated to the vessel based permit system. She shared the history of the hair crab and scallop fisheries and the adverse affects this bill would have. She detailed the negative effects of the bill.

[9:25:01 AM](#)

OLIVER HOLM, KODIAK, testified against the inclusion of the amendment in the bill. He maintained that vessel-based limited entry is not needed for conservation reasons. He commented that this legislation is an attempt to allow corporate ownership of fisheries, which he opposes.

[9:27:37 AM](#)

MAX HULSE, EAGLE RIVER, testified in support of the amendment to SB 221. He shared his family's experience in scallop fisheries and requested that permits not be taken away.

[9:29:24 AM](#)

JOHN WINTHER, PETERSBURG, related his experience as a hair crab fisher and his work on the original legislation in 2005. He testified in support of the amendment and for the removal of the sunset clause.

Vice-Chair Stoltze asked for comments on the importance of sustainability. Mr. Winther said he has worked very hard to get name recognition, limited entry, and sustainable fisheries in Alaska. Vice-Chair Stoltze asked if this idea could be carried over to the salmon fishery. Mr. Winther said it could.

[9:33:25 AM](#)

DICK TREMAINE, NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION, said he represents the Community Development Quota (CDQ) element that owns two permits. He explained that these are fisheries that occur primarily in federal waters. He maintained that the owners are corporate-owned. He advocated for maintaining the current entry system.

Representative Hawker asked for assurance that the CDQ program benefits the whole state. Mr. Tremaine replied that they pumped dollars and services back to the state.

[9:37:17 AM](#)

Representative Hawker asked if the CDQ program is working. Mr. Tremaine said that the CDQ program is unique in that it takes a public resource and subsidizes communities at no cost to taxpayers. It is working very well.

[9:38:30 AM](#)

THERESA PETERSON, KODIAK, testified against the inclusion of the language which would allow vessels to own permits. She thought it would erode the limited entry system intent. She encouraged the vessel owners to work together to figure out a way to manage the fishery and keep the permits in the names of the people fishing.

KIP THOMET, KODIAK, testified against inclusion of the amendment in the bill. He wanted permits to be held by active fishermen and not individuals or entities that could exploit fishermen, as the legislation originally intended.

[9:43:30 AM](#)

PETE HANNAN, KODIAK, testified against including the amendment in the bill. He requested more time for public comment. He maintained that competition is healthy for the industry.

[9:44:54 AM](#)

ALAN PARKS, HOMER, voiced concern about the process of inserting the language in the bill and not allowing enough time for public testimony. He testified against the vessel-based limited entry system. He thought all other limited

entry system were in compliance with the Limited Entry Act. He spoke to a good record for progressive consumers and the process of dredging for scallops.

[9:47:45 AM](#)

ARNIE THOMPSON, EXECUTIVE DIRECTOR, ALASKA CRAB COALITION, EXECUTIVE MEMBER, UNITED FISHERIES OF ALASKA, shared the history of crab and scallop closure areas and the limiting of vessel-based licensing. He maintained that the industry has been sustainable. He agreed with Mr. Winther regarding the need for a vessel-based license program for both crab and scallop fisheries.

[9:52:07 AM](#)

DAWSON HOOVER, COASTAL VILLAGE REGIONS, testified in support of maintaining CDQ programs. The vessel limitation program is working.

[9:53:55 AM](#)

THOMAS GIL MARTIN, ARCTIC STORM, testified against the amendment to SB 254. He shared his experience with owning a scallop fishery. He related the history of the fisheries. He suggested going to open access and making rules to favor the small operators.

[9:56:59 AM](#)

Representative Gara asked how the current system made the fishery too expensive to fish. Mr. Martin related how the observer charges a \$20,000 deposit which priced the small boat out of business. The observer program did not work well. The state declared that a scallop vessel is a processor which required additional costs.

[9:59:44 AM](#)

MAKO HAGGERTY, HOMER, explained that he is a former fisherman due to the type of program being proposed. He urged the Committee to research the impact of fishery plans. He stated opposition to the method the Committee is using regarding this bill. He testified against the amendment.

Representative Thomas asked which fishery he was in. Mr. Haggerty said halibut and black cod. Representative Thomas agreed with the problems of fishermen, based on personal experience.

[10:02:35 AM](#)

JOHN JONES, CHIKNICK LAGOON, asked for clarification about the bill. Vice-Chair Stoltze related that the bill is

trying to extend an existing permit. Mr. Jones thought that corporations should not be allowed to own a permit. He testified against the amendment in SB 254.

SB 254 was heard and HELD in Committee for further consideration.

SENATE BILL NO. 259

"An Act repealing certain provisions relating to applications for medical assistance coverage; making certain provisions of ch. 96, SLA 2006, retroactive; providing for an effective date by repealing an effective date section in ch. 96, SLA 2006; providing for an effective date for certain sections of ch. 96, SLA 2006; and providing for an effective date."

SB 259 was scheduled but not heard.

SENATE BILL NO. 202

"An Act relating to expenditures in aid of or to implement the provisions of the federal Real ID Act."

SB 202 was scheduled but not heard.

ADJOURNMENT

The meeting was adjourned at 10:05 AM.