

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES

February 24, 2011

5:03 p.m.

MEMBERS PRESENT

Representative Steve Thompson, Chair
Representative Craig Johnson, Vice Chair
Representative Alan Austerman
Representative Lance Pruitt
Representative Scott Kawasaki
Representative Bob Miller

MEMBERS ABSENT

Representative Bob Herron

COMMITTEE CALENDAR

OVERVIEW(S): ALASKA COMMERCIAL FISHING HARVEST SECTOR

- HEARD

HOUSE BILL NO. 121

"An Act establishing the commercial charter fisheries revolving loan fund, the mariculture revolving loan fund, and the Alaska microloan revolving loan fund and relating to those funds and loans from those funds; and providing for an effective date."

- MOVED CSHB 121(FSH) OUT OF COMMITTEE

HOUSE BILL NO. 144

"An Act requiring the Department of Natural Resources annually to deliver to the legislature and the governor a report on fishing stream access."

- MOVED OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 121

SHORT TITLE: LOAN FUNDS: CHARTERS/MARICULTURE/MICROLOAN

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/24/11	(H)	READ THE FIRST TIME - REFERRALS
01/24/11	(H)	FSH, RES, FIN

02/08/11 (H) FSH AT 5:00 PM CAPITOL 120
02/08/11 (H) Heard & Held
02/08/11 (H) MINUTE(FSH)
02/22/11 (H) FSH AT 5:00 PM CAPITOL 120
02/22/11 (H) Heard & Held
02/22/11 (H) MINUTE(FSH)
02/24/11 (H) FSH AT 5:00 PM CAPITOL 120

BILL: HB 144

SHORT TITLE: REPORT ON FISHING STREAM ACCESS

SPONSOR(s): GARA

02/07/11 (H) READ THE FIRST TIME - REFERRALS
02/07/11 (H) FSH, RES
02/24/11 (H) FSH AT 5:00 PM CAPITOL 120

WITNESS REGISTER

ARNI THOMSON, President
United Fishermen of Alaska (UFA)
Anchorage, Alaska

POSITION STATEMENT: Presented an overview of the Alaska commercial fishing harvest sector.

MARK VINSEL, Executive Director
United Fisherman of Alaska (UFA)
Juneau, Alaska

POSITION STATEMENT: Offered comments during the overview of the Alaska commercial fishing harvest sector.

CURTIS THAYER, Deputy Commissioner
Office of the Commissioner
Department of Commerce, Community & Economic Development (DCCED)
Juneau, Alaska

POSITION STATEMENT: Presented Amendment 1 to HB 121.

REPRESENTATIVE LES GARA
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 144, as prime sponsor.

ED FOGELS, Deputy Commissioner
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Responded to questions during the hearing on HB 144.

MARK HUBER, President
Alaska Fly Fishers
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 144.

ACTION NARRATIVE

[5:03:41 PM](#)

CHAIR STEVE THOMPSON called the House Special Committee on Fisheries meeting to order at 5:03 p.m. Present at the call to order were Representatives Thompson and Miller. Representatives Austerman, Johnson, Pruitt and Kawasaki arrived while the meeting was in progress.

OVERVIEW(S): Alaska Commercial Fishing Harvest Sector

[5:04:02 PM](#)

CHAIR THOMPSON announced that the first order of business would be an overview of the Alaska commercial fishing harvest sector.

[5:05:24 PM](#)

ARNI THOMPSON, President, United Fishermen of Alaska (UFA), said that UFA represents 38 member organizations, comprised of every gear type and fishery available. United Fisherman of Alaska also has 400 individual lifetime and crew members. Each of the vessel owners represents a small business and is conducted accordingly. The association members range throughout the coastal regions of the state. He provided the UFA mission and policy statements, which read [original punctuation provided]:

The Mission:

To promote and protect the common interests of Alaska's commercial fishing industry as a vital component of Alaska's social and economic well-being.

Policy Statement:

Promote positive relations between industry sectors

Support all commercial gear types and remain neutral on allocative issues between commercial gear groups

Promote industry safety

Promote healthy fishery resources by supporting research and habitat protection

Support adequate funding for fishery research, management and enforcement

Educate industry, government and the public

Oppose fish farming in Alaska

Support development of new fisheries

Support efforts to increase consumption of Alaska seafood

Promote quality standards - harvester to consumer

Protect industry from attacks through initiatives, legislation, etc

Protect consumer access to seafood by maintaining a stable supply of product to processors

MR. THOMSON said the management policies of the state are mirrored by those of UFA, which are to achieve healthy and sustainable management of salmon fisheries through escapement goal management (Biological Escapement Goal); local management that is adaptive and abundance based; use of Commissioner's EO [emergency order] authority on an active basis for the local management of a fishery; and mixed stock management. Further, he said UFA's core function priorities are to maintain a legislative presence; provide a forum for communication within the fishing industry; maintain a statewide trade organization with staffed offices; and maintain public relations and educational programs targeting members, the seafood industry and other industries, as well as the general public. He then provided a slide which listed the 38 member organizations.

MR. THOMSON presented a series of slides to indicate the economic impact of the seafood industry in Alaska, and paraphrased from the accompanying script, which read [original punctuation provided]:

If Alaska were a nation, it would place 14th among seafood producing countries.

In the list of top 50 U.S. ports based on ex-vessel value, Alaska had 13 in the top 50 US seafood ports by value; 8 of them were in the top 20.

These ports include Dutch Harbor-Unalaska (2nd); Kodiak (3rd); Naknek-King Salmon (4th); Sitka (5th); Homer (12th); Seward (17th); Ketchikan (18th); Cordova (19th). Three other Alaska ports, Akutan, King Cove and Sand Point, would also make the top 20 were it not for confidentiality requirements.

The seafood industry, through direct, indirect and induced effects, contributed a total of \$4.6 billion to Alaska's economic output in 2009.

In 2009, \$1.6 billion dollars worth of seafood was exported directly from Alaska to destinations such as Japan, China, South Korea, Canada, and Europe.

Alaska's community development quota (CDQ) fishery entities generated more than \$180 Million in revenue in 65 Bering Sea communities.

CDQ [community development quotas] entities provide jobs to 1,600 individuals, with total payroll over \$22 Million.

1.84 million metric tons (over 4 billion lbs) total seafood harvest (2009).

With U.S. average yearly consumption of 16 lbs per person = 255,000,000 people's seafood.

In 2009, Alaska accounted for over 52 percent of the volume of the commercial seafood harvested in the United States.

Fishing/Seafood Industry is Alaska's Largest Private Sector Employer Source. With an estimated harvesting and processing workforce of 70,548 persons, the seafood industry employs more workers than any other non-government industry sector in Alaska, including oil and gas and mining combined. The trade, transportation and utilities sector follows with a workforce of 63,300.

Harvesting Workforce & Gross Earnings for 2009: Total Individuals who fished -permits-10,529; 77 percent of permits are held by Alaska residents; Total Workforce (skippers and crew)-40,192; Total Gross Earnings for the permit holders \$1.2 billion dollars. One in 7 rural residents over the age of 15 was directly employed in the seafood industry during 2009.

MR. THOMSON listed the top Alaska municipalities and the number of fishing permit holders and crew members as: Anchorage 1,700; Juneau 1,100; Homer 1,100; Kodiak 1,400; Bethel 341; Dillingham 593; Petersburg 1,029; Wrangell 510; and Sitka 1,305.

MR. THOMSON directed attention to the committee packet to point out the fishing calendar by region and an explanation of types of fishing gear; both of which are available on the Alaska Department of Fish & Game (ADF&G) website.

[5:14:08 PM](#)

MR. THOMSON described the Seafood Revenue Components, which include a complex matrix of taxes, as well as industry imposed assessments that contribute \$59 million to the economy, specifically presented as:

Fisheries Taxes FY 2010:

Fisheries Business shared with communities \$31,945,400

Fishery Resource Landing shared with communities
\$12,552,075

Seafood Marketing Assessment of .5 percent \$7,812,697

Salmon Enhancement \$4,877,106

Seafood Development \$1,578,861

Dive Fishery Management \$523,024

[5:15:19 PM](#)

MR. THOMSON said the seafood contribution to the state general fund in the last six years has totaled over \$151 million. Further, he said the transport costs of south bound seafood exports are a benefit to all Alaskans, as it effectively reduces the rates of north bound freight; an estimated reduction of 10

cents per pound. He then explained that the Alaska fisheries management practices are imbedded in the Alaska State Constitution, requiring sustainable management of the natural resources. He highlighted the important aspects that assure the sustainability of the resource, actions that are not always popular, which are: imposing a predetermined total allowable catch (TAC); time and area closures; restrictions on boat size and gear types as well as gear prohibitions; limited entry to a determined number of harvesters; departmental EO authority to close or open a fishery in mid season; and in-season and long-term management goals, established by ADF&G, the Board of Fisheries, and the Commercial Fishery Entry Commission (CFEC) in concert with other state departments and federal and international agencies. Continuing, he said that the CFEC issues permits and manages a comprehensive fishing permit data base tracking species, gear, and area.

[5:18:47 PM](#)

MR. THOMSON moved on to the area of marketing and said that sustainability is a major factor influencing purchasing decisions. As a concept long held in Alaska, sustainability is integral in the Alaska Seafood Marketing Institute's (ASMI) global advertising program. The words "Wild, Natural and Sustainable" make the ASMI logo unique and a sought out symbol by discerning purchasers. As Alaska's official seafood promotion arm, ASMI supports the Alaska seafood industry through promotion in the domestic and international markets. A survey of the U.S. domestic market reported that 82 percent of the respondents indicated a preference for products bearing the ASMI logo, and said it increases their likelihood to purchase. The success of the logo has lead to its illegal use by other countries, particularly Russia. He read the ASMI mission statement, which is to "increase the economic value of the Alaska seafood resource." He then projected a series of slides that ASMI uses for marketing purposes to demonstrate the institute's effectiveness.

MR. THOMSON said that the seafood industry contributes landing tax revenue to state and local municipal governments, is second only to the oil industry in contributions to Alaska's state general fund, and generates over \$2 billion in annual ex-vessel income, and more than \$100 million in taxes and fees. The salmon industry has shed what was an arcane image and become revitalized in the last decade. Responding to an existing salmon crisis, the legislature took action in 2000, appointed a salmon task force, and affected a reformation of the industry by

successfully passing over 50 fishery related bills between 2002 and 2010; a list was provided. He said that state funding has encouraged and provided a means for processing plants and fishermen to upgrade product handling and equipment with a focus on creating premium, value added, and marketable products. He projected a series of slides with charts indicating the economic surge realized in the industry, due to the legislative betterment. The 2010 ex-vessel value has exceeded \$530 million, which is Alaska's largest, valued, salmon harvest in 18 years.

[5:25:32 PM](#)

MR. THOMSON stated that, looking forward, UFA has identified needs of the Alaska fishing industry, and paraphrased from a bulleted list, which read [original punctuation provided]:

Not looking to reduce taxes or weaken regulations

Regulatory stability equals business stability

Recognition of fisheries as integral to the social and economic fabric of the state

Maintain ADF&G Budget equals sustainability equals personnel retention

Continued State support for ASMI budget

Support opportunities for increased & enhanced salmon and other seafood harvests for all user groups

Fill the pipeline based on sound economic and environmental policies

Support for regional energy and transportation infrastructure initiatives

[5:26:50 PM](#)

CHAIR THOMPSON referred to the statement that some ports could be ranked in the top twenty were it not for the confidentiality requirements, and asked for an explanation.

MR. THOMSON responded that certain processing plants operate under state and federal confidentiality requirements, which inhibit public reporting.

[5:27:31 PM](#)

REPRESENTATIVE MILLER noted the high number of non-resident workers in the fishing industry, and asked for an opinion regarding how to remedy the situation.

MR. THOMSON reported that many vessels come north for the season, originating out of Washington and Oregon, and bring their own crews. Additionally, a critical need exists to hire experienced workers; however, he assured the committee that there is a desire to hire more Alaskans.

[5:29:29 PM](#)

MARK VINSEL, Executive Director, United Fisherman of Alaska (UFA), interjected that the loan programs, offered by the state targets Alaskan residents, and are key to retaining the generational permits.

The committee took an at-ease from 5:32 p.m. to 5:42 p.m.

HB 121-LOAN FUNDS: CHARTERS/MARICULTURE/MICROLOAN

[5:42:32 PM](#)

CHAIR THOMPSON announced that the next order of business would be HOUSE BILL NO. 121, "An Act establishing the commercial charter fisheries revolving loan fund, the mariculture revolving loan fund, and the Alaska microloan revolving loan fund and relating to those funds and loans from those funds; and providing for an effective date."

[5:43:34 PM](#)

REPRESENTATIVE JOHNSON moved Amendment 1, labeled 27-GH1728\1.2, Kane, 2/24/11, which read:

Page 8, line 15, following "principal":
Insert "and interest"

Page 8, line 17:
Delete "does not accrue during"
Insert "may be deferred for a period of not more than"

REPRESENTATIVE JOHNSON objected for discussion.

[5:44:01 PM](#)

CURTIS THAYER, Deputy Commissioner, Office of the Commissioner, Department of Commerce, Community & Economic Development (DCCED), explained Amendment 1, reading the deletions and insertions.

[5:44:52 PM](#)

REPRESENTATIVE JOHNSON noted that by including language stipulating "may be", options can be considered and interest can be accrued.

MR. THAYER affirmed that understanding.

REPRESENTATIVE JOHNSON removed his objection, expressed support for the bill, and said it is important legislation that will provide opportunities to offer residents a hand-up versus a hand-out.

CHAIR THOMPSON, hearing no further objection, announced that Amendment 1 was adopted.

[5:47:11 PM](#)

REPRESENTATIVE JOHNSON moved to report committee substitute (CS) for HB 121, 27-GH1728\I, Kane, 2/16/11, out of committee, as amended, with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 121(FSH) was reported from the House Special Committee on Fisheries.

The committee took an at-ease from 5:47 p.m. to 5:49 p.m.

HB 144-REPORT ON FISHING STREAM ACCESS

[5:49:09 PM](#)

CHAIR THOMPSON announced that the final order of business would be HOUSE BILL NO. 144, "An Act requiring the Department of Natural Resources annually to deliver to the legislature and the governor a report on fishing stream access."

[5:49:20 PM](#)

REPRESENTATIVE LES GARA, Alaska State Legislature, speaking as the prime sponsor, introduced HB 144, stating that it directs the Department of Natural Resources (DNR) to provide the

legislature with assessments of public access and in the process scrutinize, and identify fishing streams that may require easement negotiations.

5:52:43 PM

REPRESENTATIVE AUSTERMAN clarified that the bill requires the department to provide a report, but does not require action be taken regarding access to fishing streams.

REPRESENTATIVE GARA explained that it is a request to have the department report on whatever plans exist for maintenance and enhancement of public access. Basically, it is a gentle prod to the agency to perform a statutory duty.

REPRESENTATIVE AUSTERMAN opined that the bill should contain a request to have the department identify areas of concern, regarding stream access, and purchase private property where applicable. He noted that the Copper River area is of particular concern.

REPRESENTATIVE GARA said the intention of the bill is stated on page 1, line 11, and paraphrased the language, which read:

(2) stating the department's objectives for enhancing and maintaining access to and along fishing streams by the public in the upcoming year.

REPRESENTATIVE GARA stated that the department is currently authorized to make easement purchases; however, a previous bill, which mandated that the department negotiate access acquisition proved to be too cumbersome. The goal is the purchase of easements, and some lands are covered by the 1970 law which requires DNR to maintain public easements along, and to, rivers; however, a significant category of land is not included, such as the Alaska National Interest Lands Conservation Act (ANILCA) disbursements.

5:56:20 PM

CHAIR THOMPSON asked how much right-of-way is allowed along a river between the high watermark and the bank.

REPRESENTATIVE GARA responded that HB 144 does not contain a mandated measure, and he deferred to the department to comment on the existing law.

[5:56:50 PM](#)

ED FOGELS, Deputy Commissioner, Department of Natural Resources (DNR), said that the 1970 "too and along" statute allows a 50 foot easement, and said that parcels exist without specified easements.

[5:57:37 PM](#)

REPRESENTATIVE AUSTERMAN questioned the use of the term "enhancing" and what meaning it conveys to the department.

MR. FOGELS stated his understanding that enhancing connotes an action for purchase, acquisition, and negotiation of easements.

[5:58:59 PM](#)

MARK HUBER, President, Alaska Fly Fishers, stated support for HB 144, indicating that the bill will benefit all Alaskans who desire to gain access to fishing resources. He reported that stream access has been an issue throughout the western states, and has resulted in court battles, some of which have progressed to the U.S. Supreme Court. The bill is a pro active step to provide stream access, at no additional cost to the state.

[6:01:16 PM](#)

REPRESENTATIVE JOHNSON asked for the department's position on HB 144.

MR. FOGELS replied that DNR has not taken an official position. In response to a committee member, Mr. Fogels said the reporting costs will not be significant, hence the zero fiscal note.

[6:03:29 PM](#)

REPRESENTATIVE AUSTERMAN noted that access enhancement may include the purchase of land, and questioned the zero fiscal note.

REPRESENTATIVE GARA clarified that the bill requests the department to identify access areas. However, if a purchase is necessary to ensure that access, a request will be brought before the legislature for approval and funding.

CHAIR THOMPSON closed public testimony.

6:05:03 PM

REPRESENTATIVE JOHNSON pointed out the letters of support in the committee packet.

REPRESENTATIVE GARA highlighted the written endorsement from the Kenai River Sportfishing Association.

6:06:16 PM

REPRESENTATIVE JOHNSON moved to report HB 144 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection HB 144 was reported from the House Special Committee on Fisheries.

6:06:43 PM

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 6:07 p.m.