ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES
February 4, 2016
10:00 a.m.

MEMBERS PRESENT

Representative Louise Stutes, Chair
Representative Bob Herron
Representative Craig Johnson
Representative Jonathan Kreiss-Tomkins
Representative Dan Ortiz

MEMBERS ABSENT

Representative Neal Foster
Representative Charisse Millett

COMMITTEE CALENDAR

PRESENTATION: THE ROLE OF SEAFOOD IN THE SOUTHCENTRAL ECONOMY - ALASKA SALMON ALLIANCE

- HEARD

HOUSE JOINT RESOLUTION NO. 28
Opposing the United States Food and Drug Administration's approval of AquaBounty AquAdvantage genetically engineered salmon; urging the United States Congress to enact legislation that requires prominently labeling genetically engineered products with the words "Genetically Modified" on the product's packaging; and encouraging the restoration of wild, native populations of salmon in areas where development has negatively affected salmon.

- MOVED CSHJR 28(FSH) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HJR 28
SHORT TITLE: OPPOSING GM SALMON
SPONSOR(s): REPRESENTATIVE(s) TARR

01/19/16	(H)	READ THE FIRST TIME - REFERRALS
01/19/16	(H)	FSH, L&C
02/04/16	(H)	FSH AT 10:00 AM CAPITOL 120

WITNESS REGISTER

ARNI THOMPSON, Representative
Alaska Salmon Alliance (ASA)
Anchorage, Alaska
POSITION STATEMENT: Provided the presentation titled, "The Role of Seafood in the Southcentral Economy," on behalf of the Alaska Salmon Alliance.

REPRESENTATIVE GERAN TARR
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Introduced HJR 28, as prime sponsor.

LOUIE FLORA, Representative
Alaska Center for the Environment (ACE);
Alaska Conservation Voters (ACV)
Homer, Alaska
POSITION STATEMENT: Testified in support of HJR 28.

ARNI THOMPSON, Representative
Alaska Salmon Alliance (ASA)
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HJR 28.

MATT ALWARD, Representative
United Fishermen of Alaska (UFA)
Homer, Alaska
POSITION STATEMENT: Testified in support of HJR 28.

ACTION NARRATIVE

10:00:49 AM

CHAIR LOUISE STUTES called the House Special Committee on Fisheries meeting to order at 10:00 a.m. Representatives Ortiz and Stutes were present at the call to order. Representatives Johnson, Kreiss-Tomkins, and Herron arrived as the meeting was in progress.

PRESENTATION: The Role of Seafood in the Southcentral Economy - Alaska Salmon Alliance

10:01:07 AM

CHAIR STUTES announced that the first order of business would be a presentation on the role of seafood in the Southcentral economy by the Alaska Salmon Alliance.

10:01:55 AM

ARNI THOMPSON, Representative, Alaska Salmon Alliance (ASA), began by presenting a picture of a generational set net family, to illustrate a typical scene among Alaska's fisheries. He said he has been involved in the industry for 40 years and gave a brief biography. Alaska Salmon Alliance is dedicated to preserving the long-term opportunities for all user groups dependent on the salmon stocks of Cook Inlet in Southcentral Alaska. The agency is licensed as a 501(c)6 trade organization, with a board comprised of four processors and two fishermen. To a question from Chair Stutes, he clarified that the board is reforming to include a seventh member, due to a new company joining the alliance. He said salmon have been exploited on the Kenai Peninsula since 1882, hosting a sustainable fishery that is expected to continue to produce into the foreseeable future. He projected a chart, titled "Renewable, Sustainable Resource," available in the committee packet, to illustrate the Cook Inlet salmon harvest trend from 1895-2011.

10:08:10 AM

REPRESENTATIVE ORTIZ referred to the chart and asked about the spikes shown in the mid 1980's and early 1990's and the downswing that began in 2000.

MR. THOMPSON conjectured that they may represent anomalous spikes, pointing out the average trend, and deferred further comment.

10:09:27 AM

MR. THOMPSON said the McDowell Group headed the project to study the economic impacts of the harvest at regional and community levels, profiling the seafood business as a basic sector industry, and examining the support sector and businesses which serve and supply the industry. Factoring the support sector multiplies the effect of the hundreds of businesses operating within the regional economies. When the alliance was formed, 2013, it was determined that an economic analysis was in order, to quantify the value of the fishing industry in Southcentral Alaska, and provide a long overdue baseline study. Providing a baseline is important for justification of the economic

contributions being made by the industry, and to substantiate requests for state support when needed.

10:12:28 AM

MR. THOMPSON reported that the McDowell findings proved to be surprising and significant. Pointing out that the seafood processing labor is primarily filled by out-of-state workers, he reviewed the various sector labor totals. Considering the 8,130 total number of jobs, and applying the McDowell Group's equation, the direct labor income total shows $247 million. The total represents resident income within the region. The secondary labor income totaled $164 million, representing the indirect jobs. The resulting estimated labor income total, in 2013, was $411 million.

10:14:23 AM

REPRESENTATIVE ORTIZ asked what percentage of the overall workforce in the Southcentral area is supported by the seafood industry.

MR. THOMPSON recalled the estimate to be about 3 percent.

10:15:05 AM

MR. THOMPSON said seafood's regional impact is realized via $1.2 billion in economic output, which includes export product and economic gain in the support sector of the industry. Twenty communities within Southcentral show an excess of $1 million in gross fishing earnings, based on permit holder reports. Approximately 25 billion pounds of seafood is exported out of the region and provides each household with a backhaul savings of $70; the 165,000 Southcentral households represent about $11 million in total savings. He explained that when freight arrives via air, barge, or land carrier to the region, fish products fill the cargo space on the return versus having the container return empty; hence backhaul. Industry related assets held in Southcentral total $766 million, which include: permits, boats, and processing plants.

10:16:51 AM

MR. THOMPSON provided a pie chart to indicate the job distribution in Southcentral, pointing out that the Anchorage/Matanuska-Susitna area hosts the highest number, at 2,880. He followed with a listing of the commercial fishing

earnings by community for 2013, followed by the resident commercial fishermen employment and earnings for the region, as well. The report concludes that Anchorage and Matanuska-Susitna areas are: home to more commercial fishermen than any other Alaska community; serves as the hub for transportation, goods, research, finance, and management; provides significant benefits for the local visitor industry and consumers; and is the base of operations for community development quota (CDQ) groups.

10:20:17 AM

MR. THOMPSON elaborated on the five CDQ groups in the Anchorage/Matanuska-Susitna area, stating that the organizations have been allocated 10 percent of all groundfish and crab quotas for the Bering Sea. The CDQ holds nearly $1 billion in net assets.

10:21:05 AM

MR. THOMPSON listed statistics that are key to the Anchorage and Matanuska-Susitna areas, including: host to 1,540 direct and 2,880 total industry related jobs; 2,223 resident commercial fishermen, including crew members; 819 resident held commercial fishing permits; one dozen processing/distribution companies and facilities; $228 million in valued assets; host to 1,340 secondary industry related jobs; and provides $149 million in total labor income.

10:22:05 AM

MR. THOMPSON highlighted the life of a commercial fisherman in Eagle River as a typical participant in the report. He paraphrased from the slide, which read [original punctuation provided]:

> Eagle River resident Bruce Gabrys and his family have fished in Cook Inlet for more than 30 years. Active in both salmon driftnetting and halibut longlining, he works as a Certified Public Accountant in the off-season.
>
> In a typical year his fishing operation spends more than $120,000 on expenses in Southcentral Alaska. Nearly 60 businesses received payment from Bruce in 2013 for fuel, groceries, hotels, supplies, equipment, and other expenses.

10:22:45 AM

MR. THOMPSON provided information regarding the areas support sector, which is comprised of over 84 businesses. These companies depend on all Alaskan resource industries for their success and retention. Included in the list are organizations that providing transportation and logistical assistance. Support sector businesses include companies involved in retail trade, fuel delivery, storage, rental services, and banking, as well as manufacturing, boat building, and material providers. Additionally, a myriad of support agencies and companies are located in the Anchorage/Matanuska-Susitna area directly connected to the fishing industry, which include: fishery management, information services, research, conservation and regulatory agencies, with banking, finance, legal, boat brokerages and insurance companies.

MR. THOMPSON moved onto the community profiles, and said each of the six communities are detailed in the report. The Kenai area key figures, include: 37,400 population; 1,030 seafood dependent jobs; 3,310 total direct seafood workers; 1,204 local resident commercial fishermen; 910 processing workers; $10.3 million paid in wages; 946 commercial, resident fishing permits; 10 processing plants; $90 million in fishing assets; and $51 million in total labor income. He reviewed similar information for Homer, which indicate: 5,100 population; 1,670 seafood dependent jobs; ranked 2nd for gross fishing income by Alaskan residents; 1,086 local resident commercial fishermen; 603 home ported commercial fishing vessels; 5 processing plants and buyers; $185 million in fishing assets; and $84 million in total labor income.

10:26:09 AM

MR. THOMPSON continued with the Seward profile, reporting: 2,500 population; 390 seafood dependent jobs; 148 local resident commercial fishermen; 67 home ported commercial fishing vessels; 6 processing plants and buyers; $50.7 million in fishing assets; and $19.3 million in total labor income. The Valdez figures include: 4,100 population; 340 seafood dependent jobs; 102 local resident commercial fishermen; 56 home ported commercial fishing vessels; 3 processing plants; $19.6 million in fishing assets; and $16.7 million in total labor income. He finished with the Cordova profile, reporting: 2,300 population; 1,470 seafood dependent jobs; 619 local resident commercial fishermen; 603 home ported commercial fishing vessels; 6 processing plants;

$157 million in fishing assets; and $73 million in total labor income.

10:27:40 AM

MR. THOMPSON summarized the Southcentral report, stating: the industry directly employs 7,600 residents; provides 3,300 secondary job; appears to have a bright future; and can coexist with, and complement, other regional industries, such as the Bristol Bay fishery. He added that the Cook Inlet sockeye fishery has a high percentage of Alaska resident involvement, providing opportunities for commercial, subsistence, sport and personal use harvest. Sockeye out of Cook Inlet are considered a premium market fish.

10:28:56 AM

REPRESENTATIVE HERRON returned to the Seward slide, to ask about the potential for additional port and repair services, particularly in light of the activities involved in the emerging Arctic.

MR. THOMPSON responded that the emerging Arctic activities have not been addressed in the report. However, a major marina expansion has been underway, which will allow several hundred more moorages for sport and commercial fishermen. Seward is a particularly popular sport fishing base, and few conflicts exist between the commercial and sport fleet, providing a good, working model of cooperation.

REPRESENTATIVE HERRON inquired what effects the home porting of a CDQ fleet, currently based in Seattle, would have on Alaska and specifically Seward; does the report cover this scenario.

MR. THOMPSON responded no, the report does not include that CDQ scenario. Neither are CDQ fleets home porting in Seward, but the ship yard has not yet been fully developed.

REPRESENTATIVE HERRON commented that there appears to be major potential and benefit for further development along those lines.

MR. THOMPSON said once expansion is finished more of the commercial fleet will be present, and a large processing plant is also being completed.

The committee took a brief at-ease at 10:32 a.m.

HJR 28-OPPOSING GM SALMON

10:32:53 AM

CHAIR STUTES announced that the final order of business would be HOUSE JOINT RESOLUTION NO. 28, Opposing the United States Food and Drug Administration's approval of AquaBounty AquAdvantage genetically engineered salmon; urging the United States Congress to enact legislation that requires prominently labeling genetically engineered products with the words "Genetically Modified" on the product's packaging; and encouraging the restoration of wild, native populations of salmon in areas where development has negatively affected salmon.

10:34:43 AM

REPRESENTATIVE GERAN TARR, Alaska State Legislature, said an effort was mounted, in 2013, to oppose the federal government's approval of genetically modified (GM) salmon. However, the Federal Drug Administration (FDA) ruling, dated 11/19/15, announcing its decision for approval of GM salmon products, created the impetus for introducing HJR 28. The monumental decision marks the first time a genetically modified animal has received FDA approval for human consumption. The fish is modified by utilizing combined genetics from the Atlantic Chinook salmon and the ocean pout. The chinook lends size and type, while the pout provides a continuous growth hormone for rapid maturity. She provided a series of slides to illustrate the physical differences between the GM Atlantic salmon and other farmed salmon. The sole motivation for GM enhancement is economic gain for those involved, she opined, which casts a shadow of extreme contrast on Alaska's focus for sustainable wild salmon harvests. She paraphrased a statement from the AquaBounty website, which states [original punctuation provided]:

> The AquaBounty founding idea - modern genetics + land-based aquaculture.
>
> In 1993, AquaBounty's CEO had the idea of pairing the two revolutionary technologies. The innovative faster growing AquAdvantage Salmon, which would shorten production cycles by half and drastically reduce feed costs, could finally make land-based fish farming economically viable.

REPRESENTATIVE TARR said Alaska is a leader in resource management and represents a model for healthy, sustainable fisheries. Concerns continue to exist about GM salmon, which include: threats to wild salmon, risks to human health, and a risk to Alaska's economy. She pointed out that these are the same concerns that initially arose, when the discussion began, and which the FDA has still not addressed. Despite safeguards, she said escapement does occur from holding pens. The escapement factor was a noted concern by both the U.S. Department of Fish and Wildlife Service (USFWS), and the National Oceanic and Atmospheric Administration (NOAA), during risk assessment studies.

10:39:18 AM

REPRESENTATIVE TARR explained that the genetically modified eggs would be produced in a facility on Prince Edward Island (PEI), shipped to Panama for rearing, harvested, and imported for sale in the United States; fully involving three countries. In 2013, her visit to Prince Edward Island, provided a firsthand look at, and understanding of, the project. The PEI facility is close to a large bay, Bay Fortune, which provides a direct outlet to the Atlantic Ocean. She reported meeting with the Premier of Prince Edward Island, as well as speaking with residents, many of whom objected to the facilities GM project. The primary industry on PEI is tourism, which is being supplanted by its identification with the "frankenfish" facility, a direct result of the budding industry.

10:40:49 AM

REPRESENTATIVE TARR said GM salmon pose additional threats to wild salmon, which include: spread of disease, similar to what occurs with hatchery fish; food chain competition, due to the aggressive behavior of the GM salmon; and cross breeding. Multiple scientific journals and papers, have been published, regarding the ability to cross breed, she reported, and provided headline illustrations for a number of articles regarding GM salmon hybridizing with trout. Further, the studies confirmed that the GM fish could out-compete both the trout and the Atlantic salmon for food, also a major concern. Expanding on the risk to human health, she said the approval was handled under FDA veterinary rules and standards, bringing into question the appropriateness of the ruling. The AquaAdvantage salmon represent a trademarked product and, as such, AquaBounty is able to restrict, and is legally protected against, unfettered research conducted by outside agencies. Although motivated by

economic gain, the company can be selective in choosing to share its information.

10:42:49 AM

REPRESENTATIVE TARR recalled the depressive effect on Alaska's economy when farmed salmon were introduced on the world market. Due to major efforts, undertaken by Alaska Seafood Marketing Institute (ASMI), the Wild Alaska Salmon brand is widely recognized as an industry standard. However, there could be confusion among consumers, if GM salmon products enter the market without appropriate labeling.

10:43:33 AM

REPRESENTATIVE TARR said Alaska's congressional delegation supports pushback on the GM salmon ruling. She reported that U.S. Senator Lisa Murkowski has been holding up the confirmation of an FDA official in an effort to leverage control for labeling requirements and marketing standards on GM salmon products. Additionally, another 40 members of congress also oppose the FDA's actions. Over 2 million public comments have been submitted to the FDA and 65 retailers have stated their intent to refuse to shelve the product when it becomes available in the market place. Furthermore, international opposition is strong. The local PEI protest efforts have resulted in restrictions being placed on egg production and isolating the activity to one facility. Finally she said that the AquaBounty efforts are not isolated to salmon. Information regarding its interest in applying GM technology to other seafood/shellfish products, and establishing facilities in other locales, has been outlined and available on its website; some information has recently been removed.

10:46:53 AM

REPRESENTATIVE JOHNSON moved to adopt the proposed committee substitute (CS) for HJR 28, Version 29-LS1213\W, Nauman, 2/3/16.

CHAIR STUTES objected for discussion.

10:47:26 AM

REPRESENTATIVE KREISS-TOMKINS stated support for HJR 28, and lauded the well drafted resolution.

10:47:41 AM

REPRESENTATIVE HERRON noted the sponsor's comment regarding the blocked congressional confirmation of the FDA official who authorized the GM salmon. He asked about amending the resolution to including another whereas to support U.S. Senator Lisa Murkowski's efforts to holdup the confirmation.

10:49:32 AM

REPRESENTATIVE TARR said an amendment would be welcomed, and forwarded her understanding that the senator would appreciate the support.

10:49:46 AM

REPRESENTATIVE JOHNSON opined that innovation for profit is not inherently a bad motivator; however, in this specific instance it creates an issue regarding the profitability of Alaskans. He asked whether state statutes exist that apply to identification of genetically modified fish.

REPRESENTATIVE TARR said that Alaska's labeling statute was passed in 2006; however, it's now out of step with the federal requirements and it remains unclear whether state law could be enforced given the federal overrides in place.

REPRESENTATIVE JOHNSON inquired about modification requirements for state law.

REPRESENTATIVE TARR stated her understanding and assurance received from legislative legal services that the laws can be synchronized.

10:52:00 AM

CHAIR STUTES removed her objection. There being no further objection, Version W was before the committee.

CHAIR STUTES opened public testimony.

10:52:25 AM

LOUIE FLORA, Alaska Center for the Environment (ACE) and Alaska Conservation Voters (ACV), testified in support of HJR 28, speaking as follows:

I'm working here in Juneau ... speaking today on behalf of Alaska Center for the Environment (ACE) and Alaska Conservation Voters ACV), and also on behalf of myself as a Bristol Bay drift fisherman. Alaska Center for the Environment and Conservation Voters are working to protect Alaska wild salmon and Alaska wild salmon habitat. And they work to promote positive, clean energy, [and] job creating, solutions to the climate change issue. And they also are supporting a reinvigoration of local and public comment in Alaska on resource permitting issues.

Alaska Center for the Environment supports HJR 28. Their concerns with GMO [genetically modified organism (GMO)] salmon are justifiably based on the unknown risks to our wild ocean stocks. The impact of GMO cross pollination, unintentional or not, and [weakening] of wild genetics is well documented in American agriculture. Alaska wild salmon is unique as a thriving and genetically varied population. Wild stock, genetic variance, and diversity is one of the hallmarks of the survival of the different salmon species. The potential that genetic diversity could be compromised by the introduction of GMO fish is not some farfetched notion. If this GMO fish takes off in the market, anything is possible.

That was my testimony on behalf of [ACE], but I wanted to speak directly as a gillnet fishermen who has ... seen what the market changes have been since 1983. And my fear with genetically modified salmon on the market is that there would be a problem of market perception, which could drive the price down. And a problem of market saturation of new species, which could drive the price down. We saw the problem of market perception in 1989-90, following the [oil tanker] Exxon Valdez spill. ... Fishermen have a lot of opinions on why markets are changing, so this may be apocryphal. ... One of the opinions out there was that the market perception that all Alaska salmon were tainted, had the ability to leverage a decrease in our Bristol Bay price ..., which was at $2.35 per pound at that point; [the price] has fallen ever since. ... That a genetically modified salmon could ... instill fear in the global salmon markets, I think could be a real potential and ... have long term economic implications for all of Alaska.

> As far as market saturation: We got $.50 per pound this year for our price. ... One of the [price] factors is the increased resurgence of the Chilean farmed, and other farmed, salmon populations. I think that there's a potential that if this genetically modified salmon can be produced cheaply, can flood the market ... that in combination with the global farmed salmon populations could have a further compounding effect on our price. ... For the reasons of perception and market saturation, as a drift fisherman, I would really, really encourage our congressional delegation, and congress as a whole, to enact whatever labeling, and whatever market mechanisms they can apply, to differentiate wild ... Alaska salmon from the rest of the world markets. ... I know a lot of good work has gone into the differentiating process by the Alaska Seafood Marketing Institute (ASMI), and other marketers, but I think labeling on a national scale is paramount for the health of our fisheries.

10:57:38 AM

ARNI THOMPSON, Representative, Alaska Salmon Alliance (ASA), stated support for HJR 28 and said ASA adds its name to all who support HJR 28 and who oppose the development of genetically modified salmon products. Additionally, ASA supports the congressional mandates for labeling of genetically modified food products, including salmon.

10:59:10 AM

MATT ALWARD, Representative, United Fishermen of Alaska (UFA), testified in support of HJR 28 citing the UFA's long standing position to oppose genetically modified salmon production. The organization also supports the requirement to have any genetically modified seafood to be clearly labeled for the market place.

CHAIR STUTES closed public testimony after ascertain no one further wished to testify.

11:00:15 AM

The committee took an at-ease from 11:00 a.m. to 11:02 a.m.

11:02:37 AM

REPRESENTATIVE HERRON moved to adopt Conceptual Amendment 1, provided to the committee in handwritten form, which read as follows:

> Page 3, Line 5, Insert:
>
> FURTHER RESOLVED that the Alaska State Legislature fully supports our Congressional delegation in their efforts to hold up the confirmation of a new [Food and Drug Administration (FDA)] Commissioner until the agency agrees to require labeling for [genetically engineered] salmon.

CHAIR STUTES objected for discussion.

11:02:58 AM

REPRESENTATIVE KREISS-TOMKINS stated support for the amendment and said a thorough understanding of how the confirmation process is handled by congress would be good knowledge to have when making this type of request.

REPRESENTATIVE HERRON acknowledged the member's concern and commented that the action of approving the GE salmon carries a huge potential for harming Alaska.

11:04:56 AM

CHAIR STUTES removed her objection. With no further objection, Conceptual Amendment 1 was adopted.

11:05:21 AM

REPRESENTATIVE KREISS-TOMKINS moved to report the proposed CS for HJR 28, Version 29-LS1213\W, Nauman, 2/3/16, as amended, from committee with individual recommendations and the accompanying fiscal notes. Without objection, CSHJR 28(FSH) was reported from the House Special Committee on Fisheries.

11:06:06 AM

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 11:06 a.m.