

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

March 28, 2017

10:02 a.m.

MEMBERS PRESENT

Representative Louise Stutes, Chair
Representative Zach Fansler
Representative Jonathan Kreiss-Tomkins
Representative Geran Tarr
Representative Mike Chenault
Representative David Eastman
Representative Mark Neuman

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CONFIRMATION HEARINGS(S) :

Fishermen's Fund Advisory & Appeals Council

Clay Bezenek - Ketchikan

- CONFIRMATION(S) ADVANCED

Board of Fisheries (BOF)

John Jensen - Petersburg

Reed Morisky - Fairbanks

Frederick "Fritz" Johnson - Dillingham

- CONFIRMATION(S) ADVANCED

HOUSE CONCURRENT RESOLUTION NO. 8

Expressing the strong support of the Alaska State Legislature for the Kodiak Seafood and Marine Science Center; and urging the University of Alaska to maintain the Kodiak Seafood and Marine Science Center as an important resource in the state.

- MOVED HCR 8 OUT OF COMMITTEE

HOUSE BILL NO. 76

"An Act relating to the mariculture revolving loan fund and loans from the fund; and providing for an effective date."

- MOVED CSHB 76(FSH) OUT OF COMMITTEE

HOUSE BILL NO. 128

"An Act relating to management of enhanced stocks of shellfish; authorizing certain nonprofit organizations to engage in shellfish enhancement projects; relating to application fees for salmon hatchery permits; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

HOUSE JOINT RESOLUTION NO. 9

Urging the United States government to continue to work with the government of Canada to investigate the long-term, region-wide downstream effects of proposed and existing industrial development and to develop measures to ensure that state resources are not harmed by upstream development in British Columbia.

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HCR 8

SHORT TITLE: KODIAK SEAFOOD & MARINE SCIENCE CENTER

SPONSOR(s): FISHERIES

03/01/17	(H)	READ THE FIRST TIME - REFERRALS
03/01/17	(H)	FSH
03/14/17	(H)	FSH AT 10:00 AM GRUENBERG 120
03/14/17	(H)	-- MEETING CANCELED --
03/28/17	(H)	FSH AT 10:00 AM GRUENBERG 120

BILL: HB 76

SHORT TITLE: MARICULTURE REVOLVING LOAN FUND

SPONSOR(s): ORTIZ

01/25/17	(H)	READ THE FIRST TIME - REFERRALS
01/25/17	(H)	FSH, FIN
03/07/17	(H)	FSH AT 10:00 AM GRUENBERG 120
03/07/17	(H)	Heard & Held
03/07/17	(H)	MINUTE(FSH)
03/14/17	(H)	FSH AT 10:00 AM GRUENBERG 120
03/14/17	(H)	-- MEETING CANCELED --
03/16/17	(H)	FSH AT 10:00 AM GRUENBERG 120

03/16/17 (H) -- MEETING CANCELED --
03/28/17 (H) FSH AT 10:00 AM GRUENBERG 120

WITNESS REGISTER

CLAY BEZENEK, Appointee
Fishermen's Fund Advisory Fund & Appeals Council
Ketchikan, Alaska

POSITION STATEMENT: Testified as appointee to the Fishermen's Fund Advisory & Appeals Council.

JERRY MCCUNE, Representative
United Fishermen of Alaska (UFA)
Juneau, Alaska

POSITION STATEMENT: Testified in support of Clay Bezenek being appointed to the Fishermen's Fund Advisory & Appeals Council.

REED MORISKY, Appointee
Alaska Board of Fisheries (BOF)
Fairbanks, Alaska

POSITION STATEMENT: Testified as appointee to the Alaska Board of Fisheries (BOF).

JOHN JENSEN, Appointee
Alaska Board of Fisheries (BOF)
Petersburg, Alaska

POSITION STATEMENT: Testified as appointee to the Alaska Board of Fisheries (BOF).

FREDERICK "FRITZ" JOHNSON, Appointee
Alaska Board of Fisheries (BOF)
Dillingham, Alaska

POSITION STATEMENT: Testified as appointee to the Alaska Board of Fisheries (BOF).

HENRY MITCHELL
Anchorage, Alaska

POSITION STATEMENT: Testified in support of John Jensen and Fritz Johnson being appointed to the Alaska Board of Fisheries (BOF).

ED DERSHAM
Anchorage, Alaska

POSITION STATEMENT: Testified support of John Jensen and Reed Morisky being appointed to the Alaska Board of Fisheries (BOF).

ERNIE WEISS

Anchorage, Alaska

POSITION STATEMENT: Testified in support of John Jensen, Reed Morisky, and Fritz Johnson being appointed to the Alaska Board of Fisheries (BOF).

ARNI THOMSON, Representative

Alaska Salmon Alliance (ASA)

Anchorage, Alaska

POSITION STATEMENT: Testified in support of John Jensen, Reed Morisky, and Fritz Johnson being appointed to the Alaska Board of Fisheries (BOF).

CHUCK DERRICK, President

Chitna Dip Netters Association

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of Reed Morisky being appointed to the Alaska Board of Fisheries (BOF).

ORVILLE HUNTINGTON

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of John Jensen, Reed Morisky, and Fritz Johnson being appointed to the Alaska Board of Fisheries (BOF).

VERNER WILSON, III, Director

Natural Resources

Bristol Bay Native Association (BBNA)

Dillingham, Alaska

POSITION STATEMENT: Testified with support for the appointment of Fritz Johnson to the Alaska Board of Fisheries (BOF).

LINDSEY LAYLAND, Deputy Director

United Tribes of Bristol Bay (UTBB)

Dillingham, Alaska

POSITION STATEMENT: Testified with support for the appointment of Fritz Johnson to the Alaska Board of Fisheries (BOF).

GARY CLINE, Regional Fisheries Director

Bristol Bay Economic Development Corporation (BBEDC)

Dillingham, Alaska

POSITION STATEMENT: Testified with support for the appointment of Fritz Johnson to the Alaska Board of Fisheries (BOF).

PAUL SHADURA, II

South K Beach Independent Fishermen's Association (SOKI)

Kenai, Alaska

POSITION STATEMENT: Testified in support of John Jensen, Reed Morisky, and Fritz Johnson being appointed to the Alaska Board of Fisheries (BOF).

AL BARRETTE
Fairbanks, Alaska

POSITION STATEMENT: Testified with support for Reed Morisky being appointed to the Alaska Board of Fisheries (BOF), and opposition to the appointments of John Jensen and Fritz Johnson.

GARY HOLLIER
Kenai, Alaska

POSITION STATEMENT: Testified in support of John Jensen, Reed Morisky, and Fritz Johnson being appointed to the Alaska Board of Fisheries (BOF).

SAMANTHA WEINSTEIN, Representative
Southeast Alaska Guide Organization (SEAGO)
Juneau, Alaska

POSITION STATEMENT: Testified in support of John Jensen, Reed Morisky, and Fritz Johnson being appointed to the Alaska Board of Fisheries (BOF).

JEFF STEPHAN, Representative
United Fishermen's Marketing Association (UFMA)
Kodiak, Alaska

POSITION STATEMENT: Testified in support of John Jensen, Reed Morisky, and Fritz Johnson being appointed to the Alaska Board of Fisheries (BOF).

JERRY MCCUNE, Representative
United Fishermen of Alaska (UFA)
Juneau, Alaska

POSITION STATEMENT: Testified in support of John Jensen, Reed Morisky, and Fritz Johnson being appointed to the Alaska Board of Fisheries (BOF).

CLIFF ZAWACKI, Intern
Representative Louise Stutes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HCR 8, on behalf of the House Special Committee on Fisheries, sponsor by request, chaired by Representative Stutes.

JAY STINSON, President
Alaska Research Consortium

Kodiak, Alaska

POSITION STATEMENT: Testified in support of HCR 8.

REPRESENTATIVE DAN ORTIZ

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Testified as the sponsor for HB 76.

ELIZABETH BOLLING, Staff

Representative Dan Ortiz

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Explained the changes in HB 76, Version T, on behalf of Representative Ortiz, sponsor.

BRITTENY CIONI-HAYWOOD, Director

Division of Economic Development

Department of Commerce, Community & Economic Development (DCCED)

Juneau, Alaska

POSITION STATEMENT: Responded to questions during the hearing on HB 76.

ACTION NARRATIVE

[10:02:53 AM](#)

CHAIR LOUISE STUTES called the House Special Committee on Fisheries meeting to order at 10:02 a.m. Representatives Stutes, Tarr, Eastman, Chenault, Fansler, and Kreiss-Tomkins were present at the call to order. Representative Neuman arrived as the meeting was in progress.

CONFIRMATION HEARINGS (S) :

Fishermen's Fund Advisory & Appeals Council

[10:03:46 AM](#)

CHAIR STUTES announced that the first order of business would be confirmation hearing(s) for the Fishermen's Fund Advisory Panel & Appeals Council.

The committee took a brief at-ease at 10:04 a.m.

[10:05:54 AM](#)

CLAY BEZENEK, Appointee, Fishermen's Fund Advisory Fund & Appeals Council, said the first couple of terms on the council

have been enjoyable and he looks forward to continuing service. Assisting fellow fisherman is very satisfying, he stressed.

The committee took a brief at-ease at 10:07 a.m.

CHAIR STUTES opened public testimony.

[10:07:50 AM](#)

JERRY MCCUNE, Representative, United Fishermen of Alaska (UFA), stated support for the appointment of Mr. Bezenek, and noted the competent service he has provided in the past.

CHAIR STUTES closed public testimony.

[10:08:44 AM](#)

REPRESENTATIVE FANSLER moved to advance the confirmation of the appointee to a joint session of the House and Senate for consideration. He noted that each member's signature on the committee's report in no way reflects the member's vote during the joint floor session. There being no objection, the confirmation was advanced.

Alaska Board of Fisheries (BOF)

[10:09:06 AM](#)

CHAIR STUTES announced that the next order of business would be confirmation hearings for the Alaska Board of Fisheries (BOF).

[10:09:46 AM](#)

REED MORISKY, Appointee, Alaska Board of Fisheries (BOF), said serving on the board has been an honor, as well as a major responsibility. The board is heavily relied upon by fishermen for fair governance of allocations and fishery regulations. The state is unique in the way the board is configured and assisting residents to have access to the board process is an important part of the work, he said. Finally, he expressed interest in continuing to work towards solutions to the current and future fisheries issues.

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

[10:10:47 AM](#)

REPRESENTATIVE CHENAULT asked about changing the board process from a three year to a five year process.

MR. MORISKY responded that going to a five year cycle may have some benefits, and it has been discussed as a cost saving measure. The five year cycle is considered to be a length that doesn't serve the fishing demands, but it has been argued as a means to bring stability to the process.

REPRESENTATIVE CHENAULT said focus on the cost saving aspect is helpful, and he noted that most fish life cycles aren't completed in three years. He said, "My concern is, is that we're continually making changes to a program when we don't have the actual results of what the effects of any change may be in a short three year cycle." He expressed his intent to ask each of the appointees for an opinion on this situation, and said he has proposed a bill addressing this point.

[10:14:01 AM](#)

JOHN JENSEN, Appointee, Alaska Board of Fisheries (BOF), said that as a third generation fisherman, he has participated in the majority of the fisheries statewide, save the dive fishery. He expressed support for the two other appointees, Reed Morisky and Fritz Johnson, to continue service on the board. Finally, he said he has two sons who also fish.

[10:15:15 AM](#)

REPRESENTATIVE EASTMAN asked about the candidate's familiarity with the criteria for residents to obtain fish for personal use and asked how he weights that harvest.

MR. JENSEN said the personal use fishery is a high priority.

REPRESENTATIVE EASTMAN questioned how Matanuska-Susitna residents might go about pursuing a personal use fishery.

MR. JENSEN said there are a number of methods and means, including dip netting.

REPRESENTATIVE EASTMAN recalled that in 2014 the board instituted a conservation corridor. Recently the corridor has undergone some policy changes affecting streams in the Susitna drainage. He asked how the allocation criteria was applied by the candidate regarding the corridor when the topic was brought to the board.

MR. JENSEN noted that several Susitna drainage stocks are having trouble meeting escapement goals. The importance of the fisheries to the area are understood, and the area biologist has reported that the central corridor may be opened on the north end this year, to provide an opportunity for personal use fishermen to harvest fish.

REPRESENTATIVE EASTMAN noted that 15 stocks of concern have been identified, and asked how many are located in the Susitna drainage.

MR. JENSEN estimated 12.

REPRESENTATIVE EASTMAN asked if the policy change regarding the conservation corridor will affect the Susitna drainage stocks of concern.

MR. JENSEN said escapement will need to be attained, and a fishery will not be opened if escapement goals aren't being met. A commercial fishery exists on the north end, also, he noted.

REPRESENTATIVE EASTMAN asked if the BOF addressed the stocks of concern at the most recent meeting.

MR. JENSEN said each stock of concern has an action plan, which is actively being managed. An effort is being made to provide harvest opportunities without risking the viability of a stock.

[10:23:24 AM](#)

REPRESENTATIVE CHENAULT asked about changing the board meetings to convene in a five year versus the historic three year cycle.

MR. JENSEN said one result would be having to manage the fisheries by invoking emergency petitions and through agenda change requests. There could be a savings to the state, which would be the upside, he agreed.

REPRESENTATIVE CHENAULT asked how a fish species that has a biological four, five, or six year cycle can effectively be managed in a three year board cycle, and whether the decisions made can be appropriately aligned.

MR. JENSEN responded that the board receives actionable, biological information from the Alaska Department of Fish & Game (ADF&G), for consideration.

10:25:29 AM

REPRESENTATIVE NEUMAN asked whether the economic value of a fishery is considered when prioritizing stock allocations.

MR. JENSEN said all the information is taken into consideration and the value of different fisheries is routinely brought up as an issue at the board meetings.

REPRESENTATIVE NEUMAN noted that the Northern Cook Inlet has 8 of 12 stocks of concern, and asked what might have caused that situation.

MR. JENSEN responded that many variables have been cited, which include pike predation and beaver activity.

REPRESENTATIVE NEUMAN suggested that getting more spawning fish to the beds could be helpful to mitigate the problem.

MR. JENSEN said the action plan for a given stock of concern may call include efforts to increase the number of spawning fish. However, habitat degradation is also an on-going issue, as well as the need to remove the invasive pike species.

REPRESENTATIVE NEUMAN said he lives in the immediate area and hasn't noted the presence of beaver dams in personal observations. He asked for the source of that information.

MR. JENSEN replied that information on beavers has been received anecdotally, via the board hearing process, as well as from ADF&G.

REPRESENTATIVE NEUMAN reported that some Canadians have expressed concern that the out migrating smolt are not receiving sufficient nutrients in the tributary waters where they incubate, and thus lack the strength to survive in the open ocean.

MR. JENSEN acknowledged that smolt viability has been a concern and that the out migrants have been rated as being small.

REPRESENTATIVE NEUMAN said the Eastern Pacific biomass is at about 20 percent of normal for non-targeted species, and asked if that is an issue being addressed.

MR. JENSEN agreed that the ocean predation on the out-migrating smolt is high and on the rise. At one time there was a ten year cycle of predator numbers building up then dissipating, but it appears to be ongoing now, possibly due to ocean warming.

[10:33:11 AM](#)

REPRESENTATIVE CHENAULT recalled that drift net fisheries have been allowed into the Cook Inlet corridor to reduce pressure at the intersection of the Matanuska-Susitna stocks of concern.

MR. JENSEN confirmed the member's recollection and said that the drift net fleet has been used to alleviate pressure on the north bound stocks; to good effect.

[10:34:31 AM](#)

REPRESENTATIVE EASTMAN reported that concerns have been expressed regarding advisory committees (ACs) and whether the board takes their local knowledge under consideration.

MR. JENSEN answered that the BOF routinely recognizes/hears the AC's contributions, and any applicable comments are incorporated into the deliberations.

[10:35:55 AM](#)

REPRESENTATIVE NEUMAN asked whether the conservation corridor is working according to expectations and design.

MR. JENSEN responded that it seems to be performing effectively and allowing appropriate escapement. He reminded the committee that ADF&G manages the fisheries in the corridor area.

REPRESENTATIVE NEUMAN asked whether the status quo should be maintained.

MR. JENSEN opined, yes.

[10:37:29 AM](#)

REPRESENTATIVE TARR referred to the committee packet to note a letter of support [Arni Thomson, Alaska Salmon Alliance, 3/27/17] praising Mr. Jensen as the new chair of the BOF, and paraphrased a portion of the contents that read as follows:

Under the leadership of the new Chairman, John Jensen, from Petersburg, a broadly knowledgeable fisherman and a seasoned Board member, we experienced a refreshing spirit of respect, collaboration, thoughtful deliberation, and an open environment throughout the marathon.

REPRESENTATIVE TARR predicted that the collaboration and respect the participants are experiencing will go a long way into the future.

[10:38:26 AM](#)

REPRESENTATIVE KREISS-TOMKINS commented that the current configuration on the BOF is generating praise from participants, many of whom have attended meetings for a significant number of years.

[10:39:21 AM](#)

FREDERICK "FRITZ" JOHNSON, Appointee, Appointee, Alaska Board of Fisheries (BOF), said he has made his living commercial fishing, primarily for salmon. The previous three-year term as a member of the BOF has served as his apprenticeship, he said, and added that he looks forward to continuing his service.

[10:40:20 AM](#)

REPRESENTATIVE CHENAULT asked about changing the board meeting schedule from the current three to a five year cycle.

MR. JOHNSON acknowledged that there are good arguments for maintaining the status quo, as well as for changing to a five year cycle, especially when considering aligning with the life cycles of the salmon. However, alignment isn't entirely necessary as assumptions can be made and adjustments put in place via extrapolation methods.

REPRESENTATIVE CHENAULT reminded that on a five year cycle the emergency order authority could still be instituted, as necessary.

[10:42:34 AM](#)

REPRESENTATIVE NEUMAN asked whether the conservation corridor should be continued status quo.

MR. JOHNSON recalled the past success of the management practice, and opined that the corridor measures should be respected and observed over time.

REPRESENTATIVE NEUMAN surmised from the comment that Mr. Johnson supports having the current conservation corridor measures extended, status quo, for at least three more years.

MR. JOHNSON reiterated that it should remain in place and the monitoring of results continued; it's a useful tool.

REPRESENTATIVE NEUMAN asked about the major cause for the declining stocks in the corridor area.

MR. JOHNSON said that many of the possibilities were cited by the previous appointee, Mr. Jensen, and added that population pressure in the area should not be discounted. However, he said, it could be difficult to identify the major cause, at this point.

[10:45:55 AM](#)

REPRESENTATIVE EASTMAN asked how the advisory committees (ACs) are worked into the board system.

MR. JOHNSON responded that the AC's are an important, local resource, invaluable to the board process, and their participation should not be reduced. These are the people who are from the area, they are using the resource, and the process would suffer without their input, he opined.

[10:47:47 AM](#)

REPRESENTATIVE NEUMAN asked whether the stocks of concern in the northern Cook Inlet area could be mitigated by putting more spawning fish in the beds.

MR. JOHNSON pointed out that without spawning fish there will eventually be no fish at all. All the factors involved should be scrutinized and allowing adequate escape numbers is certainly necessary, he said.

REPRESENTATIVE NEUMAN asked if he supports higher escapement numbers for the corridor.

MR. JOHNSON responded yes, and stressed that an adequate escapement is crucial. Some systems may not be able to brood an abundance of fry, and that's something to be studied, as well.

[10:50:57 AM](#)

REPRESENTATIVE TARR expressed support for the re-appointment of Mr. Johnson.

REPRESENTATIVE KREISS-TOMKINS echoed support for Mr. Johnson

CHAIR STUTES expressed support for Mr. Johnson's confirmation.

CHAIR STUTES opened public testimony.

[10:52:13 AM](#)

HENRY MITCHELL stated support for two of the appointees. He said John Jensen, is fair minded with extensive fisheries knowledge; and Fritz Johnson is a dedicated fisherman, as well as being dedicated to the preservation of the "Bristol Bay way of life." They should both be confirmed, he urged.

[10:53:31 AM](#)

ED DERSHAM stated support for John Jensen as a dedicated board member and effective chairman. Regarding Reed Morisky, he said he appears to be a contributing member, and offered support for his confirmation, as well.

[10:56:26 AM](#)

ERNIE WEISS stated support for each of the appointees and said the currently seated members are thoughtful and thorough. He said Fritz Johnson is a perfect fit, with good experience; Chairman Jensen provides good leadership; and Reed Morisky is also an excellent choice.

[10:57:40 AM](#)

ARNI THOMSON, Representative, Alaska Salmon Alliance (ASA), stated support for each of the appointees nominated to the BOF, paraphrasing from a prepared statement, which read as follows [original punctuation provided]:

I [represent] the members of the Alaska Salmon Alliance, a State of Alaska registered not for profit

trade organization representing primarily seafood processors, but also the interests of fishermen, who are involved in harvesting, processing and marketing of seafood that is landed in Prince William Sound, Cook Inlet, Kodiak, SE Alaska and Bristol Bay communities.

ASA members have lengthy experience with Board of Fisheries meetings dating back more than twenty-five years. Several of us recently completed participation in a fourteen day Board of Fisheries meeting in Anchorage at the Sheraton Hotel.

Under the leadership of the new Chairman, John Jensen, from Petersburg, a broadly knowledgeable fisherman and a seasoned Board members, we experienced a refreshing spirit of respect, collaboration, thoughtful deliberation and an open environment throughout the marathon. We also respect the knowledge and the alliance of interests that Reed Morisky, from Fairbanks brings to the Board. Finally we appreciate the fact that Fritz Johnson, from Dillingham has agreed to come back and serve on the Board. Fritz is a man of integrity with extensive fisheries experience and he has already established his collaborative, cooperative and respectful nature. The ASA firmly supports all three of these candidates.

[10:59:30 AM](#)

CHUCK DERRICK, President, Chitna Dip Netters Association, stated support for the appointment of Reed Morisky, and said the appointee brings a perspective from the interior of Alaska to the board. The association urges that he be retained.

[11:00:26 AM](#)

ORVILLE HUNTINGTON stated support for each of the appointees, especially Reed Morisky. He opined that Mr. Morisky brings a valuable perspective to the board that the other members can't match, particularly in the area of personal use/subsistence fisheries.

[11:01:48 AM](#)

VERNER WILSON, III, Director, Natural Resources, Bristol Bay Native Association (BBNA), stated support for Fritz Johnson,

which is in keeping with the association's resolution for maintaining a regional seat on the board due to the economic importance, resource abundance, and worldwide impact of the Bristol Bay salmon runs. On a personal level, he opined that Mr. Johnson is a great advocate for the Bristol Bay region and connects well with fishermen from across the state.

[11:03:57 AM](#)

LINDSEY LAYLAND, Deputy Director, United Tribes of Bristol Bay (UTBB) and Dillingham, stated support for Fritz Johnson as an important regional representative, who brings a wealth of history and experience to the board.

[11:04:41 AM](#)

GARY CLINE, Regional Fisheries Director, Bristol Bay Economic Development Corporation, stated support for Fritz Johnson, as a returning member who will be able to "hit the ground running." Further, Mr. Johnson does his homework, carefully vets the proposals, and engages well with each of the user groups. He provides a valuable perspective and knowledge, as well as being known as a man of integrity, he opined.

[11:06:16 AM](#)

PAUL SHADURA, II, South K Beach Independent Fishermen's Association (SOKI), stated support for each of the appointees, and said the recent board meeting, with them seated, allowed for good interaction and was very productive. The decisions made were considered balanced, and appropriately focused on the need for high, sustained yields, and strong, productive runs. The open meeting process needs to be maintained to allow community engagement and as a forum to address local needs, he finished.

[11:08:54 AM](#)

AL BARRETTE stated support for the appointment of Reed Morisky, characterizing him as a conservationist who focuses on the health of the salmon resource stocks versus engaging in the user group politics, and added that he works well with the fish advisory groups by providing comprehensive reports on the board's actions. Mr. Barrette then stated opposition to John Jensen and Fritz Johnson, opining that these two members practice risky management decisions, which is the reason there are so many stocks of concern. For example, the Copper River [Chinook] salmon are one year from being named a stock of

concern, and yet no board action has been taken to mitigate the situation, leaving the escapement goals in jeopardy. Finally, he pondered how the conflict of interest topic, previously discussed in this the committee during the hearing of HB 87, would apply to these candidates; causing recusal from board deliberations and votes.

[11:11:08 AM](#)

GARY HOLLIE said he has attended all board meetings since 1986, and the five year board cycle plan, as suggested by Representative Chenault, is supportable. He stated support for the appointees, describing them as valuable board members. John Jensen's first meeting as chair went more smoothly than could be reported for any meeting in the last decade, he opined. The great job that the appointees have been doing, addresses the allocation "[yin] and yang," for balance among the fisheries.

[11:12:56 AM](#)

SAMANTHA WEINSTEIN, Representative, Southeast Alaska Guide Organization (SEAGO), stated support for the three appointees, paraphrasing from a prepared statement, which read as follows:

My name is Samantha Weinstein & I represent the SE AK guide Organization, a nonprofit organization advocating for reasonable laws, regulations, and policies affecting guided sport fishing, to protect the sustainability of member businesses and the fishery resources.

Southeast guided sport fishing has quickly grown over the decades to ensure visitors and residents a positive and safe fishing opportunity. As the industry has grown, so too have the number of sport-related issues coming in front of the State BOF.

SEAGO appreciates Mr. Morisky's representation of the guided sport fishing industry on the Board and facilitating other member's understanding of our industry, and greatly appreciates Mr. Jensen's leadership and extensive knowledge of various southeast fisheries.

Learning and understanding the complicated regulations and policies affecting the fishery resources, habitat, subsistence fishing, guided and unguided sport

fishing, and commercial fishing can take years, even with a background as an angler. As a relative newcomer myself, who is learning as much as I can as fast as I can, I greatly appreciate the time and effort these gentlemen have put into their work on current and historical Board service, from advanced readings to collaboration and patience during committee meetings.

As Mr. Morisky said, it is a great responsibility, and he, Mr. Jensen, and Mr. Johnson have stepped up to the plate to understand the concerns of and work with all contributors and user groups.

I am looking forward to continuing the kind of collaboration a March 11 peninsula clarion editorial called "remarkable" in the upcoming SE finfish meetings. After all, we are borrowing these resources from our children and grandchildren.

SEAGO supports moving these three appointees forward for confirmation. Thank you.

[11:14:41 AM](#)

JEFF STEPHAN, Representative, United Fishermen's Marketing Association (UFMA), stated support for the appointees and recounted his experience in working with the members in the past. He praised the currently seated board members, and opined that, as a group, they are thoughtful, work in a serious manner, and are honorable individuals.

[11:17:08 AM](#)

JERRY MCCUNE, Representative, United Fishermen of Alaska (UFA), stated support for the three appointees.

REPRESENTATIVE NEUMAN asked whether there are any members that UFA doesn't support.

MR. MCCUNE said UFA is neutral on Reed Morisky. He opined, that he has observed Mr. Morisky as an effective board member who has done a great job.

CHAIR STUTES closed public testimony.

[11:18:22 AM](#)

REPRESENTATIVE FANSLER emphasized the importance of the board members to be able to address the diversity of our large state with its many user groups; each dependent on the renewable resource, which are the statewide fisheries.

[11:19:34 AM](#)

CHAIR STUTES said the state fisheries represent a contentious resource, and expressed appreciation for the members who sit on the BOF. She stressed the need to continue the renewability, sustainability, and continuity of the fisheries.

[11:20:23 AM](#)

REPRESENTATIVE NEUMAN commented on the importance of user groups and expressed dissatisfaction for how the stocks of concern are being managed, especially in the northern Matanuska-Susitna area that hosts 8 of the 12 of the identified stocks of concern. He said only two subsistence openings have been allowed in the last 25 years, and opined that such action is not acceptable. He explained that the lack of opportunity means that residents must travel to harvest for personal use/subsistence, often to the Kenai area where overcrowding is an issue. The fisheries in the upper reaches have been depleted, and lodges have had to close. The economic situation prompted former Governor Sean Parnell to issue a declaration. The board members have a difficult job, he acknowledged, to fairly allocate the renewable fishery resources. Despite the board's efforts, some areas are suffering, he underscored.

CHAIR STUTES expressed confidence that the board is operating to the best of their abilities.

[11:23:07 AM](#)

REPRESENTATIVE EASTMAN reported that his constituents don't share the same degree of confidence as expressed by the chair. The local government in his area has done what is possible and now looks to the state for relief, he said.

[11:23:34 AM](#)

REPRESENTATIVE FANSLER moved to advance the confirmation of the appointees to a joint session of the House and Senate for consideration. He noted that each member's signature on the committee's report in no way reflects the member's vote during

the joint floor session. There being no objection, the confirmations were advanced.

The committee took an at-ease from 11:24 a.m. to 11:25 a.m.

HCR 8-KODIAK SEAFOOD & MARINE SCIENCE CENTER

[11:25:55 AM](#)

CHAIR STUTES announced that the next order of business would be HOUSE CONCURRENT RESOLUTION NO. 8, Expressing the strong support of the Alaska State Legislature for the Kodiak Seafood and Marine Science Center; and urging the University of Alaska to maintain the Kodiak Seafood and Marine Science Center as an important resource in the state.

[11:26:02 AM](#)

CHAIR STUTES said:

Our first piece of legislation for the day is House Concurrent Resolution 8. This bill is being introduced as legislation on behalf of the House Fisheries Committee.

We saw a draft version of this resolution on February 21st during a presentation by various speakers supporting the Kodiak Seafood and Marine Science Center.

A motion was made during that meeting to draft a resolution on behalf of the House Fisheries Committee that is the legislation we have before us today.

[11:26:30 AM](#)

CLIFF ZAWACKI, Intern, Representative Louise Stutes, Alaska State Legislature, presented HCR 8, paraphrasing from a prepared statement, which read as follows [original punctuation provided]:

I'm here to introduce HOUSE CONCURRENT RESOLUTION NO. 8 - KODIAK SEAFOOD & MARINE SCIENCE CENTER (or KSMSC for short)

As previously mentioned by the chair, House Fisheries moved to adopt the draft of this resolution back on

Feb 21st and this is the legislation we have before us today.

The Alaska seafood industry employs over 60,000 workers annually, more than any other private sector industry in the state and this employment provides those workers with \$1.6 B in annual earnings.

The Kodiak Seafood and Marine Science Center (Formally known as the Fisheries Industrial Technology Center) was established in Alaska statute as part of the University of Alaska in 1981.

Since that time the KSMSC has been instrumental in developing employment opportunities in the fishing industry and providing training on harvesting, processing, and conservation of our fishery resources.

As the University of Alaska Fairbanks is currently facing deep budget cuts UAF is considering developing a public-private partnership to continue and grow the functioning of this valuable center.

This resolution offers the State legislature's support for the Kodiak Seafood and Marine Science Center by urging the University of Alaska to find a solution that keeps the center operating and stable.

[11:28:34 AM](#)

REPRESENTATIVE NEUMAN asked for a brief review of the organization and its duties.

MR. ZAWACKI said the resolution offers the legislature's support for the University of Alaska Fairbanks to continue funding, or finding means to fund, the Kodiak Seafood and Marine Science Center (KFMSC), and deferred further comment.

[11:29:38 AM](#)

JAY STINSON, President, Alaska Research Consortium, said the consortium formed to generate ways and means for solving the KFMSC funding problem. He reported that meetings with the university administrators has been productive, and it appears that a pathway forward has been forged that will maintain the mission and keep the doors open. Despite the recent developments, he urged passage of HCR 8.

[11:31:22 AM](#)

REPRESENTATIVE FANSLER moved to adopt HCR 8, labeled 30-LS0584\A. Without objection, HCR 8 was before the committee.

[11:31:46 AM](#)

CHAIR STUTES opened public testimony. Seeing none, she closed public testimony.

[11:32:25 AM](#)

REPRESENTATIVE FANSLER moved to report HCR 8 out of committee with individual recommendations and the accompanying fiscal notes. Without objection HCR 8 was reported from the House Special Committee on Fisheries.

The committee took an at-ease from 11:32 a.m. to 11:34 a.m.

HB 76-MARICULTURE REVOLVING LOAN FUND

[11:34:06 AM](#)

CHAIR STUTES announced that the next order of business would be HOUSE BILL NO. 76, "An Act relating to the mariculture revolving loan fund and loans from the fund; and providing for an effective date."

[11:34:37 AM](#)

REPRESENTATIVE FANSLER moved to adopt the proposed committee substitute (CS) for HB 76, Version 30-ls0343\T, Bullard, 3/14/17, as the working document.

[11:34:51 AM](#)

CHAIR STUTES objected for discussion.

[11:35:06 AM](#)

ELIZABETH BOLLING, Staff, Representative Dan Ortiz, Alaska State Legislature, said there are five changes proposed in Version T. Referring to the committee packet document labeled, "Explanation of Changes from HB0076 to HB0076 CS," she paraphrased the changes, which read as follows [original punctuation provided with slight modification]:

Section 3

AS 16.10.900(d) divides the fund into two critical purposes, and ensures the revolving nature of one side does not depend or detract from the other over time.

Section 4

AS 16.10.905 limits grants as one-time grants to non-profit organizations.

Section 5

AS 16.10.905(b) caps the total amount available for grants at [\$500,000].

Section 8

AS 16.10915(4) allows the department to secure loans by a first priority lien on collateral.

Section 13

AS 16.10.920 will ensure individual farmers accrue interest.

[11:36:27 AM](#)

CHAIR STUTES removed her objection. Without further objection, Version T was before the committee.

[11:36:45 AM](#)

REPRESENTATIVE NEUMAN noted that the proposed change in Section 3, allows the entire fund balance to be available for loans versus a percentage of the balance.

MS. BOLLING responded that the change adds a new subsection, (d), and said, "The fund was not previously split 60/40, this bill splits it 60/40."

REPRESENTATIVE NEUMAN stated his understanding that the fund has been described as allowing 40 percent, of the \$500,000 balance, to be loaned.

[11:38:39 AM](#)

BRITTENY CIONI-HAYWOOD, Director, Division of Economic Development, Department of Commerce, Community & Economic Development (DCCED), explained that the fund, up to this point, has been fully available for use by individual mariculture farmers. The bill seeks to make 40 percent of the fund available for hatchery and salmon enhancement projects. The remaining 60 percent will remain available to individual farmers.

REPRESENTATIVE NEUMAN referred to the previously adopted Version R, Section 10, and paraphrased the language, which read:

(e) The total balances outstanding on loans made to borrowers under AS 16.10.910(a)(2) may not exceed 40 percent of the principal of the mariculture revolving loan fund.

REPRESENTATIVE NEUMAN noted that in the previous bill hearing the loan totals and balances available were discussed. He said, "If I remember right, there was \$5 million out, there was a loan out for \$500,000, left \$450; 60 percent of it would be \$2 million available, [leaving] one half million dollars available."

MS. CIONI-HAYWOOD offered that the percentage split in the previous version was for making loans to hatcheries; however, concerns were expressed and the percentages were changed to accommodate individual farmers. She clarified that the grants, "which is the 'up to \$500,000' piece" will be coming out of the \$400,000 and the remaining of the 40 percent can then be used for loans to hatcheries. The remaining 60 percent is then set aside for use by individual farmers.

REPRESENTATIVE NEUMAN asked whether loan defaults would affect the fund.

MS. CIONI-HAYWOOD answered that a small amount is held in a foreclosure reserve, currently \$50,000. As additional loans are made, she said the amount could be increased appropriately. However, 60 percent of the fund would remain available for loans.

REPRESENTATIVE NEUMAN questioned whether there is a standard practice to loan out the entire corpus of the revolving fund.

MS. CIONI-HAYWOOD said that such a situation has not been encountered, in her experience.

[11:43:00 AM](#)

REPRESENTATIVE FANSLER referred to Version D, Sec. 7, pages 3, line 31, continuing to page 4, lines 1 and 2, which read:

(e) The total of balances outstanding on loans made to borrowers under AS 16.10.910(a)(2) may not exceed 40 percent of the principal of the mariculture revolving loan fund.

REPRESENTATIVE FANSLER asked whether this subparagraph can be tracked in Version T.

MS. CIONI-HAYWOOD said that as the loan fund is currently only available to mariculture farmers, the bill seeks to support hatcheries, as well. The language of the 40/60 split has vacillated between bill versions. However, Version T stipulates that 60 percent of the fund will be available to farmers, and 40 percent to hatcheries.

REPRESENTATIVE FANSLER suggested the loan figures might be better established in "bright line" numbers versus a percentage split, and asked if there is a prevailing reason for the approach being proposed.

MS. BOLLING responded that legal consultation suggested it would be more reliable, and offer protection to individual farmers, to "simply split the fund, in time, from one date." She said that's what is proposed in the CS.

[11:46:36 AM](#)

REPRESENTATIVE EASTMAN asked what is the longest deferral time allowed prior to repayment beginning.

MS. CIONI-HAYWOOD answered that individual farmers are currently allowed a six year deferment, which remains the same in the proposed CS.

[11:47:20 AM](#)

REPRESENTATIVE CHENAULT pointed out that loan recipients are intended to be Alaskans. He asked whether all of the fishermen

that receive a loan from the program will be required to be Alaskan [residents].

MS. CIONI-HAYWOOD answered yes.

[11:48:02 AM](#)

REPRESENTATIVE NEUMAN asked the director to clarify her statement. He said, "I believe I heard you say that it's not standard procedure to take 100 percent of these revolving loans and have them available for loans."

MS. CIONI-HAYWOOD explained that the fiduciary duty of the division is to maintain the revolving fund; however, if the entire available amount were loaned, the fund would be shut down until payments were received for recapitalization and provide a loanable cash balance.

REPRESENTATIVE NEUMAN expressed concern for the fund becoming bankrupt. He asked, "Standard policy for revolving loans; is it standard policy to take 100 percent of the amount of the loan and allow that all out for the other revolving loans that the state handles."

[11:50:18 AM](#)

REPRESENTATIVE DAN ORTIZ, Alaska State Legislature, offered that the intent of the bill is to jump-start a mariculture resource that is projected to evolve into a \$1 billion industry.

REPRESENTATIVE NEUMAN asked if 100 percent of the corpus of the fund could be loaned out.

MS. CIONI-HAYWOOD restated how the corpus could be loaned against.

The committee took an at-ease from 11:53 a.m. to 11:54 a.m.

[11:54:26 AM](#)

REPRESENTATIVE EASTMAN referred to Version T, page 5, lines 26-28, and read:

The department may defer principal of and interest on a loan made under AS 16.10.910(a)(2) for a period of up to 11 years after the loan is made.

REPRESENTATIVE EASTMAN noted that the addition of this proposed language will allow non-payment of a loan for 11 years.

MS. CIONI-HAYWOOD replied that the hatcheries are extended this deferral period; however, the farmers are not.

[11:55:19 AM](#)

REPRESENTATIVE NEUMAN stated his understanding that the loan fund has \$5 million available and hatcheries are allowed to borrow up to \$1 million.

MS. CIONI-HAYWOOD affirmed the member's understanding.

REPRESENTATIVE NEUMAN asked how many applicants might be anticipated.

REPRESENTATIVE ORTIZ said the industry is in the fledgling state, making it difficult to determine how many applicants will come forward should the bill become law. He offered that, from anecdotal conversations, two groups are currently in a position to make application.

REPRESENTATIVE NEUMAN expressed concern for the ability of the fund to be maintained if 60 percent is on loan.

[11:57:52 AM](#)

REPRESENTATIVE EASTMAN referred to Version T, page 4, lines 12-13, and paraphrased the language, which reads:

(B) \$1,000,000 a year for an applicant under AS 16.10.910(a)(2);

REPRESENTATIVE EASTMAN asked for an explanation of the significance regarding the \$1 million per year stipulation.

MS. CIONI-HAYWOOD said the "per year" language was brought forward from the previous bill version, and offered to provide further information on the significance.

[11:59:22 AM](#)

REPRESENTATIVE NEUMAN stated concern for the number of loans that could be made available, and asked what the long-range plan is for continuing the funding corpus.

REPRESENTATIVE ORTIZ replied that the intent is to optimize an underutilized, available fund, and jumpstart the budding mariculture industry. He expressed appreciation for the member's concerns regarding the solvency of the fund; however, it has an excellent record of good, solid management practices, and has grown over the years. The concerns are unmerited when considering this solidly managed fund, he opined.

REPRESENTATIVE NEUMAN maintained his concern regarding solvency, stating, "I've seen a lot of these revolving loan funds fail because ... they've been overextended."

REPRESENTATIVE ORTIZ responded, "Not in this department you haven't."

REPRESENTATIVE NEUMAN referred to Version T, page 3, lines 8-10, which read:

(9) make one-time grants for organizational and planning purposes to nonprofit organizations eligible for loans under AS 16.10.190(a)(2) in amounts not exceeding \$100,000.

REPRESENTATIVE NEUMAN noted that the authority falls under the purview of the DEC commissioner, and asked what the purpose and parameters are for approving this type of loan.

MS. CIONI-HAYWOOD explained that the language reflects similar allowances, similar to what reside in the fisheries enhancement revolving loan fund, where grants were extended to regional hatcheries for planning purposes.

[12:04:03 PM](#)

REPRESENTATIVE EASTMAN stated his understanding that the term grant signifies money that will not be paid back and asked how grants might impact the 60-40 percentage split.

MS. CIONI-HAYWOOD responded that the grant amount was capped at \$250,000 and is a draw from the 40 percent hatchery share.

[12:04:55 PM](#)

REPRESENTATIVE FANSLER commented that, should the fund become overextended, the legislature could choose to appropriate additional funding, if mariculture proves to be successful.

MS. CIONI-HAYWOOD agreed, and said the fisheries enhancement, revolving loan fund, was capitalized on numerous occasions.

[12:05:38 PM](#)

REPRESENTATIVE NEUMAN said he had further questions for the director, and sought permission to proceed.

CHAIR STUTES approved the member's request, based on the questions being "new."

[12:06:34 PM](#)

REPRESENTATIVE NEUMAN inquired about the balance of the fisheries enhancement revolving loan fund, noting that funds with grant authority generally have a larger corpus.

MS. CIONI-HAYWOOD responded that the fisheries enhancement revolving fund has about \$100 million, as a balance.

REPRESENTATIVE NEUMAN said that is a substantial amount compared to the \$5 million proposed for the mariculture revolving loan fund balance.

[12:08:19 PM](#)

REPRESENTATIVE EASTMAN commented that using a general fund appropriation to address a shortfall in the fund balance could present a budgetary problem.

[12:08:45 PM](#)

REPRESENTATIVE FANSLER moved to report the proposed CS for HB 76, Version 30-LS0343\T, Bullard, 3/14/17, from committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE EASTMAN objected.

[12:10:05 PM](#)

A roll call vote was taken. Representatives Fansler, Neuman, Kreiss-Tomkins, Tarr, and Stutes voted in favor of the motion to move HB 76 from committee. Representatives Eastman and Chenault voted against it. Therefore, CSHB 76(FSH) was reported out of the House Special Committee on Fisheries by a vote of 5-2.

CHAIR STUTES recessed the meeting to a call of the chair.

ADJOURNMENT

The House Special Committee on Fisheries meeting was recessed at 12:10 p.m. to a call of the chair.

[The meeting was reconvened April 4, 2017.]