

**ALASKA STATE LEGISLATURE**  
**SENATE RESOURCES STANDING COMMITTEE**

April 16, 2018

3:32 p.m.

**MEMBERS PRESENT**

Senator Cathy Giessel, Chair  
Senator John Coghill, Vice Chair  
Senator Bert Stedman  
Senator Kevin Meyer  
Senator Bill Wielechowski  
Senator Click Bishop

**MEMBERS ABSENT**

Senator Natasha von Imhof

**COMMITTEE CALENDAR**

CS FOR HOUSE BILL NO. 197(FIN)

"An Act relating to the duties of the commissioner of natural resources; relating to agriculture; relating to the noncommercial transfer of seed; and relating to community seed libraries."

- MOVED CSHB 197(FIN) FROM COMMITTEE

CS FOR HOUSE JOINT RESOLUTION NO. 29(FIN)

Urging the United States Congress to reauthorize the Secure Rural Schools and Community Self-Determination Act of 2000.

- MOVED CSHJR 29(FIN) FROM COMMITTEE

HOUSE BILL NO. 354

"An Act relating to dive fishery management assessment procedures."

- MOVED HB 354 FROM COMMITTEE

CS FOR HOUSE CONCURRENT RESOLUTION NO. 23(RES)

Supporting enhanced efforts to protect wildlife and domestic animals in the state from infectious diseases, foreign pathogens, and nonendemic parasites.

- MOVED CSHCR 23 (RES) FROM COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 197

SHORT TITLE: COMMUNITY SEED LIBRARIES; AGRICULTURE

SPONSOR(S): REPRESENTATIVE(S) JOHNSTON

03/24/17	(H)	READ THE FIRST TIME - REFERRALS
03/24/17	(H)	RES, FIN
04/10/17	(H)	RES AT 1:00 PM BARNES 124
04/10/17	(H)	-- MEETING CANCELED --
04/12/17	(H)	RES AT 1:00 PM BARNES 124
04/12/17	(H)	Scheduled but Not Heard
04/13/17	(H)	RES AT 5:00 PM BARNES 124
04/13/17	(H)	-- Continued from 4/12/17 --
04/17/17	(H)	RES AT 1:00 PM BARNES 124
04/17/17	(H)	Scheduled but Not Heard
04/19/17	(H)	RES AT 1:00 PM BARNES 124
04/19/17	(H)	Heard & Held
04/19/17	(H)	MINUTE(RES)
04/26/17	(H)	RES AT 1:00 PM BARNES 124
04/26/17	(H)	Heard & Held
04/26/17	(H)	MINUTE(RES)
04/28/17	(H)	RES AT 1:00 PM BARNES 124
04/28/17	(H)	-- MEETING CANCELED --
05/01/17	(H)	RES AT 1:00 PM BARNES 124
05/01/17	(H)	Moved CSHB 197(RES) Out of Committee
05/01/17	(H)	MINUTE(RES)
05/03/17	(H)	RES RPT CS(RES) NT 6DP 3NR
05/03/17	(H)	DP: BIRCH, TALERICO, WESTLAKE, JOHNSON, RAUSCHER, TARR
05/03/17	(H)	NR: PARISH, DRUMMOND, JOSEPHSON
02/19/18	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
02/19/18	(H)	Heard & Held
02/19/18	(H)	MINUTE(FIN)
04/03/18	(H)	FIN AT 10:00 AM ADAMS ROOM 519
04/03/18	(H)	Moved CSHB 197(FIN) Out of Committee
04/03/18	(H)	MINUTE(FIN)
04/04/18	(H)	FIN RPT CS(FIN) NT 8DP 2NR 1AM
04/04/18	(H)	DP: GARA, WILSON, GUTTENBERG, GRENN, ORTIZ, THOMPSON, SEATON, FOSTER
04/04/18	(H)	NR: PRUITT, TILTON
04/04/18	(H)	AM: KAWASAKI
04/09/18	(H)	TRANSMITTED TO (S)
04/09/18	(H)	VERSION: CSHB 197(FIN)
04/10/18	(S)	READ THE FIRST TIME - REFERRALS

04/10/18 (S) RES  
04/16/18 (S) RES AT 3:30 PM BUTROVICH 205

BILL: HJR 29

SHORT TITLE: REAUTHORIZE SECURE RURAL SCHOOLS ACT

SPONSOR(s): REPRESENTATIVE(s) RAUSCHER

01/19/18 (H) READ THE FIRST TIME - REFERRALS  
01/19/18 (H) STA, JUD, FIN  
01/30/18 (H) STA AT 3:00 PM GRUENBERG 120  
01/30/18 (H) Heard & Held  
01/30/18 (H) MINUTE(STA)  
02/01/18 (H) STA AT 3:00 PM GRUENBERG 120  
02/01/18 (H) Moved CSHJR 29(STA) Out of Committee  
02/01/18 (H) MINUTE(STA)  
02/02/18 (H) STA RPT CS(STA) 7DP  
02/02/18 (H) DP: TUCK, BIRCH, JOHNSON, WOOL, LEDOUX,  
KNOPP, KREISS-TOMKINS  
03/09/18 (H) JUD AT 1:00 PM GRUENBERG 120  
03/09/18 (H) Moved CSHJR 29(STA) Out of Committee  
03/09/18 (H) MINUTE(JUD)  
03/12/18 (H) JUD RPT CS(STA) 4DP  
03/12/18 (H) DP: KREISS-TOMKINS, STUTES, LEDOUX,  
CLAMAN  
03/20/18 (H) FIN AT 1:30 PM ADAMS ROOM 519  
03/20/18 (H) -- MEETING CANCELED --  
03/28/18 (H) FIN AT 1:30 PM ADAMS ROOM 519  
03/28/18 (H) Moved CSHJR 29(FIN) Out of Committee  
03/28/18 (H) MINUTE(FIN)  
03/29/18 (H) FIN RPT CS(FIN) 9DP  
03/29/18 (H) DP: GARA, WILSON, KAWASAKI, ORTIZ,  
THOMPSON, GUTTENBERG, TILTON, SEATON,  
FOSTER  
04/11/18 (H) TRANSMITTED TO (S)  
04/11/18 (H) VERSION: CSHJR 29(FIN)  
04/12/18 (S) READ THE FIRST TIME - REFERRALS  
04/12/18 (S) RES  
04/16/18 (S) RES AT 3:30 PM BUTROVICH 205

BILL: HB 354

SHORT TITLE: DIVE FISHERY ASSESSMENTS

SPONSOR(s): REPRESENTATIVE(s) ORTIZ

02/16/18 (H) READ THE FIRST TIME - REFERRALS  
02/16/18 (H) FSH, RES  
03/08/18 (H) FSH AT 10:00 AM GRUENBERG 120  
03/08/18 (H) Moved HB 354 Out of Committee

03/08/18 (H) MINUTE (FSH)  
 03/09/18 (H) FSH RPT 3DP 1NR  
 03/09/18 (H) DP: TARR, KREISS-TOMKINS, STUTES  
 03/09/18 (H) NR: NEUMAN  
 03/21/18 (H) RES AT 1:00 PM BARNES 124  
 03/21/18 (H) Heard & Held  
 03/21/18 (H) MINUTE (RES)  
 03/23/18 (H) RES AT 1:00 PM BARNES 124  
 03/23/18 (H) -- MEETING CANCELED --  
 03/26/18 (H) RES AT 1:00 PM BARNES 124  
 03/26/18 (H) -- Meeting Postponed to 3/27/18 at 6:30  
 pm--  
 03/27/18 (H) RES AT 6:30 PM BARNES 124  
 03/27/18 (H) Moved HB 354 Out of Committee  
 03/27/18 (H) MINUTE (RES)  
 03/28/18 (H) RES RPT 5DP 2NR  
 03/28/18 (H) DP: LINCOLN, PARISH, TALERICO,  
 DRUMMOND, TARR  
 03/28/18 (H) NR: BIRCH, RAUSCHER  
 04/06/18 (H) TRANSMITTED TO (S)  
 04/06/18 (H) VERSION: HB 354  
 04/09/18 (S) READ THE FIRST TIME - REFERRALS  
 04/09/18 (S) RES  
 04/16/18 (S) RES AT 3:30 PM BUTROVICH 205

BILL: HCR 23

SHORT TITLE: PROTECT WILDLIFE FROM FOREIGN PATHOGENS

SPONSOR (s): REPRESENTATIVE (s) JOSEPHSON

02/21/18 (H) READ THE FIRST TIME - REFERRALS  
 02/21/18 (H) RES  
 03/02/18 (H) RES AT 1:00 PM BARNES 124  
 03/02/18 (H) -- MEETING CANCELED --  
 03/16/18 (H) RES AT 1:00 PM BARNES 124  
 03/16/18 (H) Heard & Held  
 03/16/18 (H) MINUTE (RES)  
 03/21/18 (H) RES AT 1:00 PM BARNES 124  
 03/21/18 (H) Scheduled but Not Heard  
 03/23/18 (H) RES AT 1:00 PM BARNES 124  
 03/23/18 (H) -- MEETING CANCELED --  
 03/26/18 (H) RES AT 1:00 PM BARNES 124  
 03/26/18 (H) -- Meeting Postponed to 3/27/18 at 6:30  
 pm--  
 03/27/18 (H) RES AT 6:30 PM BARNES 124  
 03/27/18 (H) Moved CSHCR 23 (RES) Out of Committee  
 03/27/18 (H) MINUTE (RES)  
 03/29/18 (H) RES RPT CS (RES) 3DP 2NR 4AM

03/29/18 (H) DP: LINCOLN, DRUMMOND, TARR  
03/29/18 (H) NR: BIRCH, TALERICO  
03/29/18 (H) AM: JOHNSON, RAUSCHER, PARISH,  
JOSEPHSON  
04/12/18 (H) NOT TAKEN UP 4/12 - ON 4/13 CALENDAR  
04/13/18 (H) BEFORE HOUSE IN SECOND READING  
04/13/18 (H) TRANSMITTED TO (S)  
04/13/18 (H) VERSION: CSHCR 23 (RES)  
04/14/18 (S) READ THE FIRST TIME - REFERRALS  
04/14/18 (S) RES  
04/16/18 (S) RES AT 3:30 PM BUTROVICH 205

**WITNESS REGISTER**

REPRESENTATIVE JENNIFER JOHNSTON  
Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Sponsor of HB 197.

ELIZABETH REXFORD, staff to Representative Johnston  
Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Commented on HB 197 for the sponsor.

AMY SEITZ, Executive Director  
Alaska Farm Bureau  
Soldotna, Alaska  
**POSITION STATEMENT:** Supported HB 197 and HCR 23.

ROB CARTER  
Alaska Plant Material Center  
Division of Agriculture  
Department of Natural Resources (DNR)  
Palmer, Alaska  
**POSITION STATEMENT:** Answered questions on HB 197.

DARRELL BREESE, staff to Representative Rauscher  
Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Commented on HJR 29 for the sponsor.

ALAN SORUM, Clerk  
Valdez School Board  
Valdez, Alaska  
**POSITION STATEMENT:** Supported HJR 29.

RUTHIE KNIGHT, Mayor

City of Valdez  
Valdez, Alaska

**POSITION STATEMENT:** Supported CSHJR 29(FIN).

REPRESENTATIVE DAN ORTIZ  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Sponsor of HB 354.

LIZ HARPOLD, staff to Representative Ortiz  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Commented on HB 354 for the sponsor.

SCOTT KELLEY, Director  
Division of Commercial Fisheries  
Alaska Department of Fish and Game (ADF&G)

**POSITION STATEMENT:** Commented on HB 354.

KEN ALPER, Director  
Tax Division  
Department of Revenue (DOR)

**POSITION STATEMENT:** Commented on HB 354.

PHIL DOHERTY, Executive Director  
Southeast Alaska Regional Dive Fisheries Association (SARDFA)  
Ketchikan, Alaska

**POSITION STATEMENT:** Supported HB 354.

REPRESENTATIVE ANDY JOSEPHSON  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Sponsor of HCR 23.

ROBERT GERLACH, State Veterinarian  
Office of the State Veterinarian  
Department of Environmental Conservation (DEC)  
Anchorage, Alaska

**POSITION STATEMENT:** Commented on HCR 23.

TIANA THOMAS  
Mutual Aide Network of Livestock Producers and Consumers  
Wasilla, Alaska

**POSITION STATEMENT:** Commented on HCR 23.

THOR STACEY, lobbyist  
Alaska Wild Sheep Foundation

Juneau, Alaska

**POSITION STATEMENT:** Supported HCR 23.

**ACTION NARRATIVE**

[3:32:00 PM](#)

**CHAIR CATHY GIESSEL** called the Senate Resources Standing Committee meeting to order at 3:32 p.m. Present at the call to order were Senators Stedman, Coghill, Wielechowski, and Giessel.

CHAIR GIESSEL recognized and thanked the recording secretary, Ann Krekelberg, who is also the Supervisor of Senate Records, for her work and long service with the Alaska Legislature. She said the public counts on the recordings to see what legislators have done and sometimes legal cases refer to the record for clarity.

**CSHB 197 (FIN) - COMMUNITY SEED LIBRARIES; AGRICULTURE**

[3:33:24 PM](#)

CHAIR GIESSEL announced consideration of HB 197 [CSHB 197(FIN), version 30-LS0493\L, was before the committee].

[3:33:48 PM](#)

REPRESENTATIVE JENNIFER JOHNSTON, Alaska State Legislature, Juneau, Alaska, sponsor of HB 197, said this measure came from members of her community as a way to legalize the sharing of a small amount of seeds. Currently, a seed cannot be sold, shared, or exchanged without going through costly testing and labelling. Seed sharing in libraries has a potential to contribute significant value to the health and heritage in Alaska's communities by providing a place to share regionally adapted heirloom seeds as an alternative to outside genetically-modified seeds and help increase bio-diversity and plant resilience in the state.

She said seed libraries are sprouting up throughout Alaska and this bill will allow them to operate legally without burdensome and unnecessary government regulation. This bill will help grow an organic sense of community and increase Alaska food security.

[3:34:53 PM](#)

ELIZABETH REXFORD, staff to Representative Johnston, Alaska State Legislature, Juneau, Alaska, explained that the newest version of HB 197 reduces labelling and testing regulations for the exchange of small batches of non-commercial seeds. This bill

will permit Alaska gardening and farming communities the opportunity to continue expanding seed sharing without breaking the law.

She said that Alaska currently has very onerous seed labelling requirements; currently, any seed that is used at any capacity within the state has to go through the commercial process of extensive testing, germinating percentages, and labelling.

The new requirements would be limited to only a few sections: the seeds' common name, name and address of the seed library, and if treated with a toxic substance the labelling would require the statement: "treated seed not for consumption." Signage in the library to state: "not authorized for commercial use in not classified, graded, or inspected by the State of Alaska."

MS. REXFORD said the new fee requirement for labelling is far less than the two pages of current requirements. As stated before, Alaska has been experiencing a severe food security challenge where residents spend close to \$2 billion annually buying food produced from outside of our state. By passing this bill, Alaska's community seed libraries will be able to confidently exist and grow into the future.

[3:36:52 PM](#)

SENATOR WIELECHOWSKI said this is a good idea and asked if genetically modified seeds have any special requirements and if there are concerns about that.

REPRESENTATIVE JOHNSTON answered that in taking testimony from the seed libraries, he found that some operate through donations and they didn't want their donated seeds to be too severely limited.

[3:37:42 PM](#)

SENATOR BISHOP joined the committee.

SENATOR MEYER joined the committee.

SENATOR STEDMAN said he was curious about how this measure interacts with the commercial issue.

REPRESENTATIVE JOHNSTON replied she purposely left that out of the seed bill, because it's taken care of with other statutes.

SENATOR STEDMAN said so, it's excluded from the community seed library.

REPRESENTATIVE JOHNSTON answered, "yes."

3:38:50 PM

AMY SEITZ, Executive Director, Alaska Farm Bureau, Soldotna, Alaska, supported HB 197. She said interest in food security is increasing in Alaska, and it is an issue that has been very important to the Alaska Farm Bureau for several years.

She said increasing our food security can be done through expanding agriculture with our farmers, but it can also be achieved through encouraging members of the public to grow their own food. HB 197 would allow personal growth of food by easing restrictions on labelling requirements for the non-commercial seed exchanges.

CHAIR GIESSEL said the "purple vetch" on road perimeters ended up in Alaska because it was mixed in with the seeds that the Department of Transportation and Public Facilities (DOTPF) seeded the rights-of-way with. It is an invasive species that is now choking off our native plants. She asked how it can be ensured that no weeds are in the seeds that are being put into these seed libraries.

ROB CARTER, Alaska Plant Material Center, Division of Agriculture, Department of Natural Resources (DNR), Palmer, Alaska, answered that the seed that is collected, harvested, maintained or shared non-commercially is in relatively small quantities and in this legislation is defined as under 100 pounds. A lot of the seed that has been shared from gardener to gardener has been tested and meets the commercially standardized labelling laws and testing requirements. The seed that is grown and collected on a farm or within a community, remote or on the road system, is done by hand in a non-mechanized fashion, and in very small quantities and so, the genetics of seed individuals have been maintained for years, or even decades. The chances of collecting an invasive or non-native species would actually not be very probable since seeds are mostly vegetable, flower, and garden seeds that are unlike commercial scale seeds that are collected by machines harvesting hundreds or thousands of acres at a time where the chance of catching those invasive or non-native species is very likely.

CHAIR GIESSEL thanked him and finding nor further questions, she closed public testimony.

SENATOR COGHILL moved to report HB 197 [CSHB 197(FIN), version \L,] from committee with individual recommendations and attached fiscal note. There were no objections and it was so ordered.

**CSHJR 29(FIN)-REAUTHORIZE SECURE RURAL SCHOOLS ACT**

[3:43:48 PM](#)

CHAIR GIESSEL announced consideration of HJR 29. [CSHJR 29(FIN) was before the committee.]

[3:44:35 PM](#)

DARRELL BREESE, staff to Representative Rauscher, Alaska State Legislature, Juneau, Alaska, introduced HJR 29 for the sponsor. He said this resolution simply calls for the U.S. Congress and the Administration to enact a permanent resolution and authorization for the Secure Rural Schools and Self-Determination Act of 2000.

He explained that the Secure Rural Schools Act was started in the early 1900s and provided a portion of the timber receipts from national forests to communities neighboring, adjacent to, or inside the national forests throughout the country. Nationwide, this bill affects over 700 communities; in Alaska it provides funding for 33 communities and 33 school districts. The funding expired in 2017, but the recently passed federal omnibus spending package extended this program for two-years. This resolution simply calls for a permanent extension to this program, which helps schools throughout the State of Alaska.

SENATOR STEDMAN said this resolution is a good idea and asked if the committee should have a conversation about this form of revenue sharing off of federal land and the need for more economic development in those areas like an increased timber supply. What is the use of asking for revenue when some folks want to shut down all the commercial access, which generates the revenue, he exclaimed.

MR. BREESE replied the sponsor thought of proposing that but thought the first step should be reauthorization of the funding first. Once that is established, having something for development of forest resources could happen at a later date. Forestry is an important part of development and economic growth in several communities and it's a shame that it doesn't exist like it used to.

SENATOR STEDMAN said they might get a little different list of interested parties if on one hand you can have no development and get a check and on the other hand, you have to have development to get some revenue sharing. These western lands in the United States should be producing more revenue, particularly in the Tongass.

CHAIR GIESSEL listed the letters of support from schools in Sitka, Yakutat, and Angoon.

3:49:25 PM

ALAN SORUM, Clerk, Valdez School Board, Valdez, Alaska, supported HJR 29. He is also on the Board of the Forested Counties and Schools Coalition and has been working with the sponsors of this resolution for a while. The Secure Rural Schools Program (SRS) within the Tongass and Chugach forests is a real important program and they have often spoken of timber/forest reorganization. The fear is that this is an ongoing effort and the schools will suffer in the eight or nine years it will take to do any kind of forest reform.

He explained that the timber receipts program operated on auto pilot for many years, because they came in every year and were distributed to the schools. The SRS program came out of the federal government's decision to pull back from resource development. So, whatever resource development effort takes place, it will take a lot longer than the schools have. He has talked personally with the federal delegation and they are all co-sponsors of legislation to reauthorize and fund this program.

The omnibus bill passed a little while ago, but that is only a stop gap; it doesn't address the long-term viability of the program. He thanked them for support of this resolution.

3:52:34 PM

RUTHIE KNIGHT, Mayor, City of Valdez, Valdez, Alaska, supported HJR 29. She said in the 29 years she has lived in Alaska, she has lived in both the Tongass and the Chugach National Forests. She was on the Wrangell City Council and is now the sitting mayor of Valdez. When you see the funds come through the "timber receipts" funding into the city budgets, it really does help them figure out ways to fund the schools with what they need. Every little bit helps, she said.

CHAIR GIESSEL thanked Ms. Knight for her testimony and remarked that hopefully the kids are aware that some school revenue comes from timber development. She commented that the state needs to

keep "gardening" and "harvesting" the forest, because it is a renewable resource. Finding no further comments, she closed public testimony on CSHJR 29(FIN).

[3:55:15 PM](#)

SENATOR STEDMAN commented that 20-some years ago when the state was facing the termination of the two 50-year timber contracts for the pulp mill, there was a lot of debate, and support was pretty clear in different regions. Obviously, the politics of the time dictated the results.

He observed that most of the communities on the list are sitting in his district, and assured them that the Ketchikan Gateway Borough supports jobs in the timber industry and supports extension of this program. Tourism jobs pale in comparison. He pointed out that you need an industry to create the economy to write the checks.

SENATOR BISHOP emphasized that key word is "renewable" resource.

[3:59:36 PM](#)

SENATOR COGHILL moved to report CSHJR 29(FIN) from committee with individual recommendations and attached fiscal note(s). There were no objections and it was so ordered.

#### **HB 354-DIVE FISHERY ASSESSMENTS**

[4:00:27 PM](#)

CHAIR GIESSEL announced consideration of HB 354 [version 30-LS1368\D, was before the committee].

REPRESENTATIVE DAN ORTIZ, sponsor of HB 354, Alaska State Legislature, said this measure streamlines the process in which the Southeast Alaska Regional Dive Fisheries Association (SARDFA) can amend an assessment. SARDFA is a non-profit association that represents all dive fishery permit holders in the Southeast commercial fishing region. It is the only dive fishery association in the state regulated under AS 43.76.150.210, and current statutes require a majority of permit holders to participate in an election to modify an assessment.

He explained that due to the Southeast Alaska dive fishery becoming a limited entry fishery in the 1990s, many of the permits are non-transferrable and are no longer actively being fished. The proposed legislation allows for a change in assessment to be initiated by a three-fourths vote of the SARDFA

board and passed with a majority of permit holders participating in an election.

REPRESENTATIVE ORTIZ explained that this bill changes the existing way SARDFFA conducts assessments on their different fisheries. Their fishermen are assessed to fund Alaska Department of Fish and Game (ADF&G) activities to manage those fisheries. The problems is that originally, the assessment required a majority of permit holders to participate in an election and there is less and less participation, because people are aging out of the fisheries.

CHAIR GIESSEL asked staff to go through the bill.

LIZ HARPOLD, staff to Representative Ortiz, Alaska State Legislature, explained that HB 354 essentially changes the threshold for initiating a change and also electing that change in an assessment.

Section 1 adds language to clarify which sections the assessment is levied, amended, and terminated.

Page 1, lines 7-10, clarify that it's a majority of permit holders versus participating in an election instead of a majority of all permit holders total.

Page 1, lines 11-12 create the minimum threshold of permit holders being required to participate at 25 percent.

Section 2 on page 2, line 4, is conforming language reflecting the changes made in section 1.

She pointed out that AS 43.76. sections (a)-(d) have to do with the notice for election, the election procedures, and the certification of results. Adding subsection (b) reiterates that levying, amending, or terminating an assessment must pass with a majority of permit holders participating in an election with a minimum of 25 percent participation.

Sections 3 and 4 change how the amendment of (3) or the termination of (4) an assessment is initiated. So, instead of it being brought forward to the commissioner of the Department of Revenue (DOR) by 25 percent of the fishermen who participated in the previous election, the initiation of changing this assessment will be brought forward by the three-quarters vote of the board of directors.

[4:05:22 PM](#)

SENATOR WIELECHOWSKI asked what a dive fishery management assessment is.

REPRESENTATIVE ORTIZ answered it is a tax that is put on the value of, for example, the sale of geoduck that goes directly to the Department of Revenue (DOR) that disburses it to the Alaska Department of Fish and Game (ADF&G) so it can continue to manage that particular fishery, in this instance the geoduck fishery. No general funds are used; it's all their own money.

SENATOR WIELECHOWSKI asked if industry is setting its own rates of taxation.

REPRESENTATIVE ORTIZ replied yes, but like any other fishing industry, they want to see preservation of the stocks for the future, so they can continue being part of the economy. The tax is based on what ADF&G sees itself needing to manage the stocks.

[4:07:03 PM](#)

SENATOR WIELECHOWSKI asked what the money is used for.

REPRESENTATIVE ORTIZ replied that the money is used by ADF&G to assess the stocks through a variety of ways.

SENATOR WIELECHOWSKI asked what if ADF&G says it needs a 5 percent tax and people say no, it should be 4 percent. Can they set a lower rate?

REPRESENTATIVE ORTIZ replied yes, theoretically; but if fishermen want their stocks to be managed, they have to pay for it.

SENATOR BISHOP commented that at end of the day, the dive fishery funds the department to assess whether it has an opening or not.

REPRESENTATIVE ORTIZ replied yes.

SENATOR STEDMAN said this tax is in addition to the state fisheries tax, but this is the direction they want industries to go: to be self-supporting and not rely on the general fund. The challenge is if they hit the score a little high and the revenue needs adjusting.

[4:10:45 PM](#)

SENATOR MEYER asked if the industry in Southeast is healthy in general. Should we maintain it or make it stronger?

[4:11:13 PM](#)

SCOTT KELLEY, Director, Division of Commercial Fisheries, Alaska Department of Fish and Game (ADF&G), answered that the three fisheries - sea urchins, cucumbers, and geoduck clams - are all healthy. Those fisheries have generated \$8.5-12.5 million in ex-vessel value.

SENATOR WIELECHOWSKI asked if the department supports this bill and how the amount of funding has worked so far. What is done with the excess funds?

MR. KELLEY replied that the assessment goes to the DOR and the ADF&G gets just a small piece of that through what is called a "cooperative agreement." Their piece of the assessment is relatively small and the most of it goes to the dive fishery for water testing, and staffing. He added that these fisheries can't happen by regulation unless the stocks are assessed. He brings that up because that motivates the association to fund ADF&G operations. The department is currently adequately funded.

SENATOR WIELECHOWSKI asked how much is collected and how much goes to each department.

MR. KELLEY replied that the Division of Commercial Fisheries receives about \$104,000 per year from the dive fishery assessments and he didn't know how that broke down.

SENATOR WIELECHOWSKI asked if he supported this measure and if the department has sufficient funds to continue doing what he wants to do.

MR. KELLEY replied that the department supports this bill, but in a way, it is an internal matter for the association. The ADF&G commissioner is only charged with certifying the election and making sure the statutory voting requirements are followed.

[4:15:35 PM](#)

SENATOR STEDMAN commented that legislators had worked on this dive fishery for years. It's nice to see that it is successful and that outside of the sea otter predation problem, it is self-sustaining.

CHAIR GIESSEL remarked that geoducks are highly sought in the Orient.

MR. KELLEY replied that is true and that sometimes live geoducks go for \$11.50 a pound; processed ones are worth about 65 cents a pound.

SENATOR WIELECHOWSKI asked if he could have his question about the assessments answered.

KEN ALPER, Director, Tax Division, Department of Revenue (DOR), replied that the value of the assessment is a percentage of the value and it varies from year to year. Part of the reason this is an issue is that the sea cucumbers are having somewhat of a boom and have contributed more money through the assessment than is needed and are struggling to reduce the rate. Total collections in recent years from the three dive fisheries is \$600,000-800,000.

SENATOR WIELECHOWSKI said he thought he heard ADF&G testify that they need about \$104,000 and that they are getting much more.

MR. ALPER replied that the Tax Division's role is mechanical; they are collecting the assessment alongside all of the other fish taxes. It is designated general fund subject to appropriation. Put into context, it is similar to the hatchery and Alaska Seafood Marketing Institute (ASMI) assessments. He understands that SARDFA is accumulating something of a "reserve account" that they are funding their own operations to manage their fishery from their end, but it's in a pot where they can't just use it, and they have more than they need. That is part of why they want to reduce the assessment.

SENATOR WIELECHOWSKI said he knows some fishery funds are dedicated and asked if the excess money goes into the general fund, and if he sees it diminish there.

MR. ALPER answered these three fisheries' funds are designated general fund and are intended to be within the state's dedicated funds restrictions, meaning they are approved by the legislature, and to a certain extent, the assessment has to be approved by the user group in a vote. He understands that has been upheld so long as the money, itself, remains subject to appropriation.

SENATOR WIELECHOWSKI asked if that is an appropriation to the general fund, because he said it was "dedicated."

MR. ALPER replied if he said that word, it was in the context of avoiding any linkage to a dedicated fund. This is considered designated general fund (DGF) within the revenue system. It comes in with the expectation that it's going to a purpose that is subject to appropriation annually.

SENATOR WIELECHOWSKI asked what is happening to the other \$500,000.

MR. ALPER replied that his understanding is that it goes to SARDFA, which is a non-profit, and sits in their reserve account. That is why they want to reduce the assessments for a couple of years while they spend it down.

SENATOR MEYER asked him to explain the indeterminate fiscal note that says additional revenue may come to the state.

MR. ALPER replied that he didn't have the fiscal note before him but there had been several versions. Originally, it was indeterminate and then was changed to zero. The reason it was indeterminate is that this bill might make it easier for the fishermen user group to reduce their rate, and therefore, reduce the direct flow of cash to the state. However, dollar for dollar, whatever comes in reduces the amount that passes through to the user group, and the net effect regardless of that rate will be zero in regard to budgeting the state's revenue.

SENATOR MEYER said it seems that as this industry grows, they might generate a lot of funds that the state could use for other fisheries, but that was a discussion for another time.

MR. ALPER responded that the self-assessment for dive fishery management is in addition to the traditional fisheries tax that all Alaska's commercial fishermen pay, which is all general fund-shared with the municipality. This was added at their request to support their own operations, and to the extent that their fishery grows, ADF&G's costs are going to increase, too. He believes that compared to salmon in a creek, it costs more to assess these fisheries. It is more capital intensive, because divers have to be sent down to figure out the health of the fishery and what sort of openers they can have.

SENATOR MEYER remarked they have to deal with the sea otters, too.

MR. ALPER declined to touch that.

[4:23:41 PM](#)

CHAIR GIESSEL, finding no further questions, opened public testimony.

PHIL DOHERTY, Executive Director, Southeast Alaska Regional Dive Fisheries Association (SARDFA), Ketchikan, Alaska, supported HB 354. The association, working with the sponsors, generated this legislation through the board of directors, their two reactive fisheries committees - the geoduck clam and the sea urchin fisheries - and the sea cucumber committee. Through all of those steps, they did not have a negative vote. SARDFA wants this to happen.

He explained that the three fisheries have a mandatory tax above and beyond the 3 percent state fisheries tax. They tax themselves 5 percent of the sea cucumber and red sea urchin ex-vessel value and 7 percent of the geoduck clam ex-vessel value. They enter, under regulation, an annual operating plan with the ADF&G. Then sit down at the table with them and discuss what is needed for the upcoming year for assessments of the three species and agree on that. Then SARDFA, through these taxes, pays the ADF&G to manage and do the assessment work and necessary research on the three species. This is done through the regulatory process on any given year. If they do not give ADF&G the necessary funds for them to conduct research, management, and assessment, they don't have a fishery. Obviously, they want fisheries.

MR. DOHERTY explained that the excess money above and beyond what is given to the department goes into the three separate reserve funds and those funds can't be intermingled. Whatever is done for each of the three fisheries is paid for by that fishery with the department is paid off the top.

Sea cucumber enhancement has been ongoing for the last 20 years, but that might not be possible for wild stocks because of sea otter predation. The Alutiiq Pride Shellfish Hatchery (APSH) has spent over \$300,000 to get that industry off the ground; they have an association and the excess money goes into running that association.

MR. DOHERTY said the sea urchin and geoduck clam fisheries don't have a lot of money to put in the bank at the end of the day. Fortunately, the sea cucumber fishery has been able to bank enough money that the fishermen feel they can lower their 5 percent tax down to either 3 percent or 1 percent and still meet their financial requirements for the State of Alaska. That will

enable these fishermen, by reducing their tax, to actually realize real money into their pockets at the end of the season.

Unfortunately, the initial legislation that was formed over 20 years ago says that a majority of all the permit holders is needed to change the tax, and now a number of those are latent permits that are still bought on an annual basis, but they don't get fished. But if you have a permit card, even though you have not made a landing, you are part of the association and your vote counts.

MR. DOHERTY said three years ago they tried to change the sea cucumber tax from 5 percent to 3 percent, but couldn't meet the hurdle of getting a majority of the sea cucumber permit holders to vote. This legislation is 100 percent agreed upon within the association; they are just trying to lower the bar to be able to have a vote that will help fishermen who are still fishing to lower the assessment. He added that if the financial commitments to the State of Alaska are not met, they won't fish, and every permit holder understands that.

CHAIR GIESSEL thanked him for that explanation.

[4:30:59 PM](#)

SENATOR WIELECHOWSKI asked how many permit holders there are and how many of them live in Alaska.

MR. DOHERTY replied that individuals in all the three fisheries get a limited entry permit. So, one permit doesn't let you dive in all three fisheries. There are a little over 300 permits in the fisheries that has dropped from about 350. Some permits are non-renewable so the number of permits is dropping on an annual basis. About 65 percent of the permits are from Alaskan residents.

[4:32:01 PM](#)

SENATOR WIELECHOWSKI asked if there is an annual fee to hold a permit.

MR. DOHERTY answered yes: the geoduck permit is about \$225, the sea cucumber fishery is \$75, and the same for the red sea urchin fishery. He added that of the 310 permit holders there are about 210 active divers. Unfortunately, when they need to vote on the annual tax, they couldn't get enough fishermen to return the ballots to lower the tax. It frustrated many of the active fishermen.

SENATOR WIELECHOWSKI said he would like to see some ideas on how to get the 35 percent who don't live in Alaska transferred into Alaskans' hands.

[4:33:38 PM](#)

CHAIR GIESSEL, finding no further questions, closed public testimony.

SENATOR COGHILL moved to report HB 354, version D, from committee with individual recommendations and attached zero fiscal note. There were no objections and it was so ordered.

**CSHCR 23 (RES) - PROTECT WILDLIFE FROM FOREIGN PATHOGENS**

[4:34:18 PM](#)

CHAIR GIESSEL announced consideration of HCR 23. [CSHCR 23 (RES) was before the committee.]

[4:34:42 PM](#)

REPRESENTATIVE ANDY JOSEPHSON, Alaska State Legislature, Juneau, Alaska, sponsor of HCR 23, explained that the impetus for this resolution came from concerns with the *Mycoplasma Ovipneumoniae* (M.Ovi) bacteria, which has been identified in the last 30-40 days, principally in Unit 15 on the Kenai Peninsula and Unit 13 in the MatSu area, as having infected goats and sheep. It has also been identified elsewhere. There are many strains of M.OVI and the department is doing the technical and laboratory work to find out which strain this is.

He explained that the response to the M.Ovi issue has been "pretty dramatic." This resolution has received in the neighborhood of 100-plus letters of support and a handful in opposition. The concern stems from a catastrophic die-off of big game sheep in the Rocky Mountains, and naturally, big game guides and hunters and others don't want to see that happen here.

REPRESENTATIVE JOSEPHSON said this resolution was caught up with issues about domestic husbandry and domestic animals. The Board of Game heard a couple of proposals and concluded it didn't have jurisdiction over the matter. The State Veterinarian is very involved and does not oppose the resolution as it is written and wants the state to be vigilant and to keep working on this issue. Some may believe that this has to be an either-or kind of thing, because of alarm over a possible effort to intervene in the putative source of the M.Ovi virus. We don't want to see a die-off of wild game.

REPRESENTATIVE JOSEPHSON said language in the second and fifth whereas clauses of the resolution were changed in the House Resources Committee and uses the term "livestock" in a way that he didn't agree with. But when it was argued on the House Floor it was viewed as balanced. Some of the words, particularly on lines 6 and 13 talking about science-based livestock management attributing billions of dollars of economic value to livestock, are not quite accurate.

CHAIR GIESSEL thanked him for taking on this issue. She said the State Veterinarian with the Department of Environmental Conservation (DEC) was on-line and clarified that the state has lots of state veterinarians. ADF&G has one and the upcoming fiscal year budget contains funding for the incorporation of a new position of veterinarian in the DNR's Division of Agriculture.

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CHAIR GIESSEL asked for state veterinarian questions.

SENATOR STEDMAN asked his opinion of the new finding of some of these diseased animals.

[4:40:21 PM](#)

ROBERT GERLACH, State Veterinarian, Office of the State Veterinarian, Department of Environmental Conservation (DEC), Anchorage, Alaska, answered that he began a study one year ago when the question of mycoplasma pneumonia was brought up. They started testing livestock, both sheep and goats, across the state to determine the prevalence of this pathogen in domestic livestock. Right now, there is a prevalence rate of about 4-5 percent in domestic livestock. In that same time period, ADF&G also began testing samples for mycoplasma ovipneumoniae in different wildlife species and populations across the state and have been doing surveillance for mycoplasma bacteria in wildlife for a number of years and just now instituted a stronger push toward a different testing method for it. Several press releases on the findings on the wild sheep and goats across the state have been put out. It has been found wild populations in the Kenai Peninsula and up northeast of the Brooks Range.

SENATOR COGHILL thanked him for his answers. He asked what new things would happen if this resolution passes.

MR. GERLACH answered the surveillance and understanding of the presence of this pathogen in both domestic and wild species

across the state would continue. But what they don't know, and ADF&G is taking a big step in doing, is not just testing wild sheep or goats but testing other species to see if they are affected by it or if they could be carriers and transmitters.

SENATOR COGHILL said he appreciates that and asked if the resolution speeds them along in the right direction.

MR. GERLACH answered what DEC and ADF&G have been coordinating work on it and on a number of different diseases, as well like chronic wasting disease surveillance, influenza, rabies, and others, in the same manner.

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CHAIR GIESSEL noted that language on page 2, lines 1-2, says, "Whereas wildlife of the state is under continuous and increasing threat from foreign pathogens, infectious diseases, and non-endemic parasites..." and asked if he as the DEC State Veterinarian considered M.Ovi pathogen a threat.

MR. GERLACH replied from what they know at this time, they see no negative impact of mycoplasma ovipneumoniae in either domestic or wildlife species. So, the identification of this pathogen needs to be further evaluated. The Lower 48 states and Southern British Columbia have totally different situations with respect to the habitat they have for their wild sheep, the amounts of interaction they have, the stressors on those populations, and the overall density of our domestic livestock in comparison to what these other areas have. The two situations are totally different and just because we have the presence of a pathogen doesn't necessarily mean we have the disease or pathology that results from it. He explained that if you went out and picked up some dirt from the ground, a number of different pathogens could get on your hands, but just because they are there doesn't mean you are going to be sick, especially if you take certain precautions and management procedures such as washing hands and other things to prevent it.

In this case they have been provided a time period to go ahead and look at the situation, work to understand what the risks are, and then help to institute management changes if they are needed to prevent risk to either domestic or wildlife populations in Alaska. This is a concern for many emerging diseases in the state, not just mycoplasma ovipneumoniae.

CHAIR GIESSEL said she appreciated his balanced response. She said Alaska has 25 percent of the wild sheep in North America

and it could have a substantial impact on Alaska if the pathogen proves to be deadly. She appreciated the ongoing investigation.

[4:48:13 PM](#)

CHAIR GIESSEL, finding no further questions, opened public testimony on HCR 23.

AMY SEITZ, Executive Director, Alaska Farm Bureau, Soldotna, Alaska, supported HCR 23. She said the Alaska Farm Bureau agrees with the idea of encouraging Alaska's agencies to protect wildlife and domestic animals and appreciates the amendments added in the House Resources Committee stating that the information needs to be gathered in order to make a science-based decision and adding references to domestic animals and livestock to correlate with the title that references both.

If this resolution passes, she said it is important to know if the support is for encouraging agencies to gather the information and make science-based management decisions with necessary and prudent measures or if this is a revolution pushing for action. There can be significant differences between these two possible ways of looking at it. Especially since the current M.Ovi issue spurred this resolution on, they believe agencies are taking necessary and prudent steps to gather Alaska-specific information in order to make appropriate actions to minimize the risk of a disease outbreak.

MS. SEITZ said that enhancing efforts and taking actions before getting the information to prevent this spread of pathogens can be extreme and not necessarily the right approach. Had actions been taken when this issue first came to Alaska before they had any information, they probably wouldn't have discovered that M.Ovi was already in our wildlife or that it's up in the Brooks Range where it most likely didn't come from a direct contact with domestic animal. So, it's really important to get the information before taking action.

She said one of the points that has been brought up is that the requestors want to go M.Ovi-free in the state, and at this point they don't know enough about this pathogen to know how to go M.Ovi-free or if it is even possible. Trying to eradicate a pathogen would be extremely costly to the state and domestic owners. We don't know if M.Ovi is endemic in our wild populations, and there have been indications that other ungulates can be carriers of M.Ovi, so it would be unwise to encourage agencies to take actions before understanding what appropriate action would be. If the sole focus is on regulating

domestic sheep and goats, we may end up missing something really important when trying to solve this problem.

MS. SEITZ said several other countries that have wild and domestic animals don't seem to be having the same problem that Big Horn Sheep have had. It would be important to find out why and why Alaska has M.OVI in its wild herds, but they still appear to be healthy, and how long it has been in our wild populations.

She said the agencies mentioned in this resolution do take necessary and prudent steps to gather information in order to make a science-based decision whether it's M.Ovi, winter tics, or numerous other diseases they monitor. If this resolution passes, they hope it's with the intent to encourage and support the agencies in gathering the facts and science to justify any actions and not as a way of pushing them into action without information.

[4:53:09 PM](#)

TIANA THOMAS, Mutual Aide Network of Livestock Producers and Consumers, Wasilla, Alaska, said their network receives feed from Delta, sells meats through the Farmers Market, and eggs and milk through Shares. She advised them to be cautious of two words in the resolution: "enhanced" and "catastrophic." In other states, "enhanced" measures include extirpation of any flocks that has a single positive member. In the 2017 Fall issue of the Wild Sheep Foundation Magazine she read an article by Dr. Besser D.V.M. that he is no longer recommending extirpating entire herds. Rather they look to see which animals cannot clear the mycoplasma and it seems that only 10 percent of the Big Horns cannot do that; the rest of them are developing the ability to clear the mycoplasma and becoming disease resistant.

She said that domestic animals have had a longer encounter with M.OVI and have much better clearance rates. In fact, out of all the testing that was voluntary on domestics in the state only one animal tested positive on all three nasal swabs and the antibody serum detection. The rest of them had detections but did not have the infection, and they definitely did not have concurrent positive swabs. They are looking at having greater cooperation with the State Veterinarian to develop M.OVI-free source herds for pack goats that would go into Dall Sheep habitat.

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However, she encouraged members to respect the Alaska and U.S. Constitution and not ask private property citizens what they would never ask of a gun owner, because those the enhanced measures are universal registration, mandatory tests, confiscation and destruction of those that fail the test. Hunters would never be asked that. These are strong-arm tactics that would obstruct and discourage open cooperation going into the future with the State Veterinarian.

Further, Ms. Thomas said it would be financially hard for the state to administer and definitely be a hardship for farmers. Mandatory testing on all private properties would double the cost of animals. She supports M.OVI-free source herds for animals that will go out into public lands.

[4:57:36 PM](#)

MS. THOMAS said the state's food security and access is very important and people currently outnumber caribou. While trophy hunting is a big part of conservation, it takes the pressure off of the young tender tasty breeding age animals. Without a substitution from the domestic sector for those animals as a poaching source, subsistence users could quite easily lose all of their native animals and subsistence sources.

She understands that it's hard on guides to follow the natural fluctuating cycles of the Big Horns in the state, but it is also hard on the animals to artificially sustain an elevated density. Drastic crashes and drastic peaks can be smoothed out, but it is not wise to follow enhanced measures to keep an artificially elevated population - although the Big Horn numbers have been increasing wonderfully of the past couple of decades.

MS. THOMAS pointed out that pack horses have been exempted from any scrutiny for disease transfer even though confinement studies found that horses and goats have very nearly the same rates of disease transfer. She asked that all animals be included in the resolution, because domestics and wildlife are equally valuable to the residents of the State of Alaska, but those are being managed for the residents and not for the resource itself.

CHAIR GIESSEL thanked Ms. Thomas for her testimony and said she appreciated her passion on this subject. She pointed out that the words "domestic animals and wildlife" appear balanced in this resolution and appear with equal frequency.

[4:59:47 PM](#)

THOR STACEY, lobbyist, Alaska Wild Sheep Foundation, Juneau, Alaska, supported HCR 23. This is a matter of conservation. It has to do with constitutional mandates for sustained yield. Dall sheep, mountain goats, and musk ox are clearly covered in section 8 of the Constitution.

He said the Wild Sheep Foundation is mostly composed of hunters, although as with other types of conservation organizations it is aligned in its mission to preserve wildlife for non-consumptive users. However, from a hunter's perspective, this makes an important statement of policy: if there is a disease outbreak in the state, the full cost of that measure would be borne by hunters. Wildlife is clearly supported by hunting licenses and the fees that go to the Division of Wildlife. No general fund monies are used. There is no responsibility at all on the domestic side if an outbreak occurs. This is unlike a forest fire: once the originating party in a fire is identified, that party has the responsibility to indemnify the public for the loss of the forest and to indemnify owners of cabins or property that gets destroyed by this event.

In the case of a disease outbreak, Mr. Stacey said there is no responsibility on the person from which the disease outbreak originates. So, they appreciate the effort they put into a proactive policy that hopefully works to minimize the burden: loss of the resource and the costs ultimately that go to the end users.

[5:02:24 PM](#)

MR. STACEY said secondly, this resolution brings policy in line with the policies the legislature has put forward on fisheries management to prevent disease transmission from aquaculture, fish farming, ranches, and all series of projects to enhance fisheries. The wild fish are obviously a priority in the state.

He said hopefully those changes - adding "livestock" on page 1, lines 6 and 13, where it's not very intuitive how livestock fits in - that are supported by the Farm Bureau and the House represent a collaborative commitment for the agricultural side and the wildlife side to work together on what approach to take.

CHAIR GIESSEL, finding no questions, thanked Mr. Stacey for his testimony, and closed public testimony. She commented that Mr. Stacey used the term "collaborative commitment" and that is what she is also hoping for. The discussion has centered around M.OVI, but this is a broad statement about measures to detect the presence of infectious diseases and foreign pathogens.

Canada has barred the entry of cows into their country when there was a mad cow outbreak and multiple pathogens exist that could affect our wild stocks. She was pleased that at this point the Division of Agriculture will have its own veterinarians coming on board.

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SENATOR COGHILL commented that he didn't expect that the enhanced efforts would be as draconian as portrayed, but those efforts deal with both wildlife and domestic animals, and if anything, drastic was happening, the legislature would hear about it.

He moved to report CSHCR 23(RES), version 30-LS1434\D, from committee with individual recommendations and attached zero fiscal note(s). There were no objections and it was so ordered.

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CHAIR GIESSEL adjourned the Senate Resources Standing Committee meeting at 5:07 p.m.