

HOUSE FINANCE COMMITTEE

March 9, 2020

9:02 a.m.

9:02:46 AM

CALL TO ORDER

Co-Chair Johnston called the House Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Jennifer Johnston, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Andy Josephson
Representative Bart LeBon
Representative Cathy Tilton
Representative Adam Wool

MEMBERS ABSENT

Representative Ben Carpenter
Representative Gary Knopp
Representative Colleen Sullivan-Leonard

ALSO PRESENT

Erin Shine, Staff, Representative Jennifer Johnston;
Representative Louise Stutes, Bill Sponsor; Matt Gruening,
Staff, Representative Louise Stutes.

PRESENT VIA TELECONFERENCE

Stephanie Butler, Alaska Commission on Postsecondary Education; Dale Kelley, Commissioner, CFEC, Juneau; Lt. Jonathan Streifel, Lt. Wildlife Troopers, DPS, Kodiak; Jenna Wamsganz, Deputy Director, Division Of Motor Vehicles, Anchorage; Rachel Lord, Alaska Association of Harbormasters, Homer; Representative Kelly Merrick.

SUMMARY

HB 159 MEDICAL EDUCATION PROGRAM

CSHB 159 (FIN) was REPORTED out of committee with a "do pass" recommendation and with one new indeterminate fiscal note by the Department of Education and Early Development.

HB 185 REGISTRATION OF BOATS: EXEMPTION

HB 185 was HEARD and HELD in committee for further consideration.

Co-Chair Johnston reviewed the agenda for the day.

#hb159

HOUSE BILL NO. 159

"An Act relating to repayment conditions for medical education program participants."

[9:03:39 AM](#)

Co-Chair Foster MOVED to ADOPT proposed committee substitute for HB 159, Work Draft 31-LS0981\M (Caouette, 3/6/20). (copy on file).

Co-Chair Johnston OBJECTED for discussion.

[9:04:05 AM](#)

ERIN SHINE, STAFF, REPRESENTATIVE JENNIFER JOHNSTON, reviewed the two changes to the Committee Substitute. She reported that on page 1, line 2, the words "and providing for an effective date" were added. The second change found on page 2, line 11 added new Section 3, which read: "This act takes effect on January 1, 2021." She explained that Section 3 was added to exclude the students that had signed their contracts under the current WWAMI program. Students entering the program after January 1, 2021 were subject to the bill's 100 percent repayment provision.

[9:04:54 AM](#)

Co-Chair Johnston WITHDREW her OBJECTION. There being NO OBJECTION, it was so ordered.

Co-Chair Johnston asked the department to review the new fiscal note.

STEPHANIE BUTLER, ALASKA COMMISSION ON POSTSECONDARY EDUCATION (via teleconference), offered to answer any questions concerning the zero fiscal note.

[9:06:40 AM](#)

Co-Chair Foster MOVED to report CSHB 159(FIN) out of Committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

CSHB 159(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new indeterminate fiscal note by the Department of Education and Early Development.

#hb185

HOUSE BILL NO. 185

"An Act relating to the registration of commercial vessels; and providing for an effective date."

[9:07:33 AM](#)

REPRESENTATIVE LOUISE STUTES, BILL SPONSOR, introduced herself. She thanked the committee for hearing her bill. She explained that the legislation would exempt active commercial fishing vessels with a current Commercial Fisheries Entry Commission (CFEC) license from duplicative registration requirements. The duplicative registration was created by the passage of SB 92 [SB 92 - Vessels: Registration/Titles; Derelicts - Chapter 111 SLA 18, 10/11/2018] known as the "the derelict vessel bill." The legislation would remove the requirement for vessels with a current CFEC license to register every three years with the Department of Motor Vehicles (DMV). She furthered that the CFEC required annual renewal and already provided the necessary contact information in an accessible state database. She believed the bill "streamlined registration on one of the state's most vital industry."

[9:09:25 AM](#)

MATT GRUENING, STAFF, REPRESENTATIVE LOUISE STUTES, further introduced the bill. He explained the difference between undocumented or documented vessels noting that undocumented vessels were not nationally registered. He related that

vessel "documentation" was a national form of vessel registration through the United States Coast Guard. Documentation was one of the oldest functions of the federal government, dating back to 1789. He pointed to a Coast Guard brochure titled "Documentation and Tonnage of Smaller Commercial Vessels" that was included in the members packets (copy on file). He elaborated that documentation provided evidence of ownership and nationality, facilitated interstate commerce, and admitted vessels of certain restricted trades. He added that all fishing vessels over 5 net tons were required to be documented. He shared that he was the owner of a commercial fishing vessel and would benefit from the legislation. He read the sponsor statement:

This legislation would exempt active commercial fishing vessels from duplicative registration requirements largely created by the passage of SB 92, "the derelict vessel bill," in 2018.

Specifically, HB 185 would remove the requirement for vessels with a current Commercial Fisheries Entry Commission (CFEC) license to register every three years with the Department of Motor Vehicles (DMV).

Prior to the passage of SB 92, U.S. Coast Guard (USCG) documented vessels were exempt from DMV registration; however, that exemption was repealed in the bill and as a result, larger vessels fell under the DMV's purview.

The rationale was to provide the State and local municipalities with a state-maintained database on who owned and operated vessels in Alaskan waters, as well as how to contact those individuals; overlooked, however, was the CFEC database.

Vessel licensure with the CFEC requires annual renewal and already provides the necessary contact information in a sharable, state database.

In addition to removing a duplicative registration on larger fishing vessels that was created by SB 92, this legislation takes the additional step of exempting USCG undocumented CFEC vessels, those under 5 net tons, from a pre-existing registration requirement with the DMV. These vessels will still be subject to

the new titling requirement with the DMV, as well as annual CFEC vessel licensure.

Alaska's commercial fishing fleet is the backbone of our state's most vital industry. We shouldn't require those vessels to register every three years with the DMV, at additional cost, only to provide information that the State already has through the vessel's annual license renewal process.

Mr. Gruening continued to provide information on HB 185. He offered to briefly review the CFEC vessel registration process.

[9:13:37 AM](#)

Mr. Gruening read from a prepared statement:

- Who must register with CFEC?

- With very few exceptions, all commercial fishing vessels, including tenders, processors, and transporters, engaged in commercial fishing in Alaskan waters require CFEC licensure. The exceptions found in AS 16.05.495 are primarily limited to skiffs used in setnet operations in specific areas.

- For reference, the licensing statute, 16.050.490, states that "as a condition of delivery or landing of fish or engaging in commercial fishing in the state, a license is required for a commercial vessel.

- To give an idea of the scope, the CFEC licensed 8,806 vessels in 2019 for a total of \$629,052 in licensing fees.

- One of the questions to ask when considering this bill is what type of information is collected when you file for a CFEC vessel license?

- 16.05.530 requires CFEC to file "the name and address of the vessel owner or the owners authorized agent, the name and number of the vessel, a vessel license number, the area to be fished, and "any other reasonable information required by CFEC"

- The CFEC license forms themselves require quite a bit of additional reasonable information. I would like to point members to a document in packets containing the various CFEC license forms. The pertinent sections have been highlighted in yellow.

- Pointing specifically to the form titled "2020 vessel license application" Under penalty of perjury, the applicant must identify the legal owner of the vessel and a contact person if that is a different individual, the owner's mailing and permanent address, SSN, phone number, DOB, and email address.

- If the vessel is new to an individual or the fisheries, the applicant MUST submit a current copy of the vessel's USCG documentation or State registration to the CFEC and fill out the "vessel history" section on Page 2, requiring additional vessel information and lineage.

- Every year, in order to relicense that vessel and fish, the same information needs to be verified, updated, and signed under penalty of perjury.

- Intentionally providing false information on these forms is a crime punishable by up to a year of imprisonment and/or a \$25,000 fine and subjects the permit holder to suspension of fishing privileges or outright permit revocation.

- The short of it is, we know who CFEC vessel owners and operators are and how to get a hold of them. Another question to ask is how is the CFEC decal displayed on the vessel and how easily can it be verified by law enforcement?

- I would like to point members to a document in their packets titled "CFEC vessel license, number plate, and triangles".

- This depicts real-sized examples of the license that must be carried onboard, as well as the metal triangular plate and annual decals that are affixed to all CFEC registered vessels.

- The first time any vessel is registered with the CFEC, it is assigned a permanent 5-digit number from

ADF&G that is specific to that vessel. This numeric must be displayed on both sides of the vessel in 12-inches-high by-1-inch-wide numbers.

- The vessel is also assigned an aluminum triangular plate with that same 5-digit number stamped into it. The plate must stay permanently affixed to the port side of the vessel in a visible location.

- Every year, the CFEC issues a triangular decal upon renewal of the license similar to a vehicle tag only considerably larger. That decal must be affixed on top of the triangular plate as shown. The 5-digit number on the decal must match the one on the plate.

- The decals are good for one year, are uniform in color, with the color alternating every year. For example, all CFEC decals in 2012 were purple with "12" embossed on them, in 2017 they were green with "17" on them, and so on and so forth.

- This system, again similar to vehicle license plate tags, provides an easy visual identifier for wildlife troopers as they drive by a vessel. It's the same decal troopers have used to check compliance for decades under Title 16, so no adjustments would be needed for enforcement or CFEC.

- Additionally, the size and color coding of the triangle make it an easy visual inspection for harbor masters, port administrators, and others.

[9:16:21 AM](#)

Mr. Gruening pointed to a document that provided a visual aide of the permit, license, and metal triangular decal that was required to be affixed to a commercial fishing vessel (copy on file).

[9:18:07 AM](#)

Mr. Gruening reviewed the sectional analysis (copy on file):

- Section 1 on Page 1, line 4 through Page 2, line 16:

amends the current list of exemptions to DMV registration found in 05.25.055 (i) to include CFEC registered vessels.

•Section 2 on Page 2, lines 17 through 21:
Amends the existing DMV titling statute to clarify that undocumented registered CFEC licensed vessels, although exempt from registration through the DMV, will still be required to title through that agency.

•Section 3 on Page 2, lines 22 through 26:
A new subsection was added to institute the previously mentioned \$8 annual fee upon CFEC registration in lieu of the 3-year \$24 fee. The fee will be accounted for separately for as provided in AS 05.25.096(b), to be made available for used by the legislature for appropriations to DNR, the Department of the Administration, and the purposes of the derelict vessel act. This maintains current funding and uses.

•Section 4 on Page 2, lines 27 through 29:
Adds a retractive effective date of January 1st of 2020 for the registration requirement in Section 1 of the bill. The effective date reflects the first day of this year's CFEC licensing cycle.

•Section 5 on Page 2, line 30:
Adds a delayed effective date to January 1st of 2021, the first day of next year's CFEC license cycle, for the new \$8 CFEC fee.

•Section 6 on Page 2 line 31, through Page 3, line 1:
Adds an immediate effective date to the remainder of the bill.

[9:20:31 AM](#)

Representative Josephson asked why the new fees did not show up in the fiscal note for FY 22. Mr. Gruening believed that the fee had a delayed fiscal impact in FY 21 but would not carry to the following year. Representative Josephson asked about the solvency of the program. He wondered whether it had the revenue necessary to carry out the program. Mr. Gruening answered that he could not speak to what the statewide needs were regarding derelict vessels. He indicated that the bill provided the same funding that was available in SB 92.

9:22:14 AM

Representative LeBon appreciated the depth of the presentation and explanation of the bill. He asked if a bank originated a preferred marine mortgage through the Coast Guard weather the bill would affect the transaction in any way. Mr. Gruening did not believe the bill had any impact. Representative LeBon inquired whether an unpaid licensing or permit fee would be attached to a vessel's loan as an unpaid lien. Mr. Gruening responded that because the license was annual, if the CFED annual registration was unpaid the vessel owner fell under the regulatory purview of DMV. He added that if the fisher failed to keep the yearly CFED license current the three-year DMV registration was required. The yearly fee would always be paid, either by CFED or DMV. Representative LeBon pointed out that a bank carrying a preferred marine mortgage in foreclosure would inherit the unpaid fees.

Co-Chair Johnston asked the Department of Fish and Game to review the fiscal note.

9:24:34 AM

DALE KELLEY, COMMISSIONER, CFEC, JUNEAU (via teleconference), reviewed the zero fiscal note for CFEC. She understood that the fee was a pass through, similar to the Fisherman's Fund and did not affect revenues.

LT. JONATHAN STREIFEL, LT. WILDLIFE TROOPERS, DPS, KODIAK (via teleconference), did not have anything to say about the fiscal note.

Co-Chair Johnston indicated the Department of Public Safety fiscal note was zero.

9:25:40 AM

JENNA WAMSGANZ, DEPUTY DIRECTOR, DIVISION OF MOTOR VEHICLES, ANCHORAGE (via teleconference), indicated that the bill imposed a change to the fee structure. She explained that under SB 92 the DMV was registering the vessels every three years at \$24. The new annual fee would replace the three year fee and was a wash for the out years. However, the bill's effective date was January 1, 2021 and was retroactive to the current year. Because fees

would not be collected until January 2021, there was a negative impact to the current fiscal year.

[9:26:38 AM](#)

Co-Chair Johnston OPENED Public Testimony.

[9:27:06 AM](#)

RACHEL LORD, ALASKA ASSOCIATION OF HARBORMASTERS, HOMER (via teleconference), spoke in support of HB 185. She relayed that the association along with a number of municipalities recently passed a resolution in support of automatic registration of CFEC vessels with the DMV. She offered that automatic registration would diminish the bureaucratic burden and create a single tracking repository for vessels operating in state waters. She voiced that in deference to the work done on the bill the association supported the legislation.

[9:28:18 AM](#)

Co-Chair Johnston CLOSED Public Testimony.

[9:28:27 AM](#)

Representative Wool understood that there was a redundancy in the CFEC and DMV databases. He thought that was the reason the bill was waiving the DMV registration and the \$8 fee would go directly to the CFEC. Mr. Gruening responded that Representative Wool's summation was not totally accurate. He explained that the fee would be collected by CFEC and pass through to the Department of Administration (DOA) for the purposes of the SB 92. In addition, some of the fee was collected for the Department of Natural Resources (DNR) Boating Safety Program, which was an existing program.

Representative Stutes further explained that the provision in SB 92 required a duplicative registration. The fishers had to register with the DMV even though they had already registered with the CFEC. Representative Wool ascertained that SB 92 was created to collect funds to help deal with derelict boats and named DMV as the collecting agency requiring boats to register with them even though they also had to register with the CFEC. He asked if the fee of \$8

was in addition to the CFEC fee. Mr. Gruening replied in the affirmative.

Representative Wool mentioned an exemption for certain types of boats. He surmised that the boats were currently paying the DMV fee and were not required under the bill. He wondered about how that "affected the bottom line." Mr. Gruening responded that undocumented vessels under 5 net tons had been required to register with the DMV since the year 2000 under HB 108 [HB 108 - Use, Regulation, and Operation of Boats - Chapter 28 SLA 00, 05/11/2000]. He further expounded that HB 185 exempted undocumented vessels from the preexisting SB 92 requirement to register with the DMV twice: for their title and registration. Undocumented vessels would be subject to DMV title registration and registering with CFEC under the legislation. The documented vessel over 5 tons would need a CFEC registration and the US Coast Guard documentation. Representative Wool asked if the vessels still had to register with the CFEC and pay the \$8 fee. Mr. Gruening replied in the affirmative.

Co-Chair Johnston reviewed the agenda for the following meeting.

HB 185 was HEARD and HELD in committee for further consideration.

ADJOURNMENT

[9:33:57 AM](#)

The meeting was adjourned at 9:33 a.m.