

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

March 21, 2019

11:18 a.m.

MEMBERS PRESENT

Representative Louise Stutes, Chair
Representative Bryce Edgmon
Representative Chuck Kopp
Representative Jonathan Kreiss-Tomkins
Representative Sarah Vance
Representative Mark Neuman
Representative Geran Tarr

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 41

"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."

- MOVED HB 41 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 41

SHORT TITLE: SHELLFISH ENHANCE. PROJECTS; HATCHERIES

SPONSOR(S): REPRESENTATIVE(S) ORTIZ

02/20/19	(H)	READ THE FIRST TIME - REFERRALS
02/20/19	(H)	FSH, FIN
03/21/19	(H)	FSH AT 11:15 AM GRUENBERG 120

WITNESS REGISTER

REPRESENTATIVE DAN ORTIZ
Alaska State Legislature
Ketchikan, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 41.

SAM RABUNG, Director

Commercial Fisheries Division
Alaska Department of Fish & Game
Juneau, Alaska

POSITION STATEMENT: Testified to the Alaska Department of Fish & Game's neutrality on HB 41.

JULIE DECKER, Executive Director
Alaska Fisheries Development Foundation
Wrangell, Alaska

POSITION STATEMENT: Testified in support of HB 41.

CLAY KOPLIN, Mayor
City of Cordova
Cordova, Alaska

POSITION STATEMENT: Testified in support of HB 41.

NANCY HILLSTRAND
Pioneer Alaskan Fisheries
Kachemak Bay, Alaska

POSITION STATEMENT: Testified about the need for a comprehensive shellfish plan.

TOMI MARSH, Board Member
Oceans Alaska
Ketchikan, Alaska

POSITION STATEMENT: Testified in support of HB 41.

JEFF HETRICK, Director
Alutiiq Pride Shellfish Hatchery
Seward, Alaska

POSITION STATEMENT: Testified in support of HB 41.

STEVE RICCI
Aleutian Pribilof Island Community Development Association
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 41.

ACTION NARRATIVE

[11:18:49 AM](#)

CHAIR LOUISE STUTES called the House Special Committee on Fisheries meeting to order at 11:18 a.m. Representatives Edgmon, Kopp, Kreiss-Tompkins, Vance, Neuman, and Stutes were present at the call to order. Representative Tarr arrived as the meeting was in progress.

HB 41-SHELLFISH ENHANCE. PROJECTS; HATCHERIES

[11:19:20 AM](#)

CHAIR STUTES announced that the only order of business would be HOUSE BILL NO. 41, "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."

[11:19:35 AM](#)

REPRESENTATIVE DAN ORTIZ, Alaska State Legislature, explained that the [Alaska] fishing industry generates about 6 billion dollars a year in economic activity. He stated that fisheries are renewable resources which continually benefit the state. He went on to say that HB 41 is designed to enhance Alaska's shellfish industries. Representative Ortiz explained that HB 41 would allow qualified non-profits to prefer enhancement and or restoration projects involving shellfish species including red and blue king crab, sea cucumber, abalone, and razor clams. He continued his explanation by saying the bill would create a regulatory framework which would enable the Alaska Department of Fish & Game (ADFG) to manage shellfish enhancement projects and outline criteria for issuance of permits. It would set out stringent safety standards to ensure sustainability and health of existing natural stocks. The commissioner of ADFG would have to determine that there was substantial public benefit before a project could proceed. Representative Ortiz explained the bill would set the application fee for shellfish enhancement projects to one thousand dollars and would increase the salmon hatchery fee to the same amount. He summed up his testimony by saying HB 41 had an important role for the mariculture industry in Alaska by providing a method for increased harvest of shellfish for public use.

[11:23:41 AM](#)

REPRESENTATIVE KREISS-TOMKINS asked if HB 41 was a "letter for letter" replacement of House Bill 28 in its final form from the 2018 legislature.

[11:24:06 AM](#)

REPRESENTATIVE ORTIZ answered yes.

[11:24:21 AM](#)

REPRESENTATIVE EDGMON stated the bill seems like an economic development bill, then asked if ADFG was supportive of the bill.

[11:24:40 AM](#)

REPRESENTATIVE ORTIZ answered that the department was in support of the previous bill and the new bill was a mirror of that bill.

[11:25:17 AM](#)

SAM RABUNG, Director, Commercial Fisheries Division, Alaska Department of Fish & Game, said that Representative Ortiz was correct; last year the department was in support. This year there hadn't been any direction from the current administration, so the department's view was neutral.

[11:25:52 AM](#)

REPRESENTATIVE NEUMAN asked if the increase in cost for hatchery permits covered the operating costs to the department.

[11:26:19 AM](#)

MR. RABUNG answered that the department processes very few hatchery permits. Then he explained that with the proposed new shellfish permitting process, it was thought there should be equity between the permit fees.

[11:27:40 AM](#)

REPRESENTATIVE KOPP asked if shellfish enhancement was a growing industry in Alaska.

[11:27:59 AM](#)

MR. RABUNG explained that the aquatic farming industry was growing and had been since 1988. He said aquatic farming was similar to terrestrial farming in that the farmer owns the product from when it was planted to when it was harvested; with enhancement the product is not owned until it is harvested. The intention of the bill would be to provide additional harvestable surplus for existing common property fisheries.

REPRESENTATIVE KOPP asked if Mr. Rabung was aware of anything in the legislation that had to do with macro algae or kelp.

MR. RABUNG replied that the bill only dealt with invertebrates so there wasn't a macro algae component in the bill.

[11:29:40 AM](#)

REPRESENTATIVE KREISS-TOMKINS asked for clarification regarding whether it was correct that the department received less than one private nonprofit hatchery application per year on average.

[11:30:21 AM](#)

MR. RABUNG confirmed that is correct.

[11:30:33 AM](#)

REPRESENTATIVE NEUMAN asked if there was a way to protect mariculture farms from marine mammals.

MR. RABUNG explained that the sea otter is the marine mammal that would interact with the farmed species the most. He confirmed that the sea otter population was growing quickly and having consequences on marine fisheries. He explained sea otters are under the jurisdiction of the federal Marine Mammal Protection Act, which makes it difficult to take any adverse actions.

[11:32:36 AM](#)

CHAIR LOUISE STUTES opened public testimony on HB 41.

[11:33:06 AM](#)

JULIE DECKER, Executive Director, Alaska Fisheries Development Foundation, testified in favor of the HB 41. She said the bill would create the regulatory framework which would help develop the shellfish fishery enhancements necessary to benefit the state's economy. Ms. Decker explained that the Alaska Fisheries Development Foundation had been part of spearheading the Alaska Mariculture Initiative which was meant to accelerate the development of mariculture in Alaska.

[11:36:08 AM](#)

CLAY KOPLIN, Mayor, City of Cordova, testified in support of HB 41. He said Alaska has the potential for a multi-billion dollar industry, but currently the production is under a million

dollars annually. He shared that he thought the proposed legislation would provide an opportunity for Alaska to use its world-class environmental standards for shellfish and salmon enhancement. He explained that Cordova ranks as the thirteenth largest seafood port on average in the United States even though the fisheries are largely summer month fisheries. He concluded his testimony by explaining there are opportunities for aquatic farms to enhance the economy of Cordova and the state.

[11:39:18 AM](#)

NANCY HILLSTRAND, Pioneer Alaskan Fisheries, testified she was concerned that Alaska fisheries were becoming farm fisheries. She shared that during the previous year approximately 200 million dollars had been earned from tanner crab fisheries. Ms. Hillstrand pointed out fisheries were making money without any up-front costs. She said that from an economic business perspective, self-perpetuating wild fish stock provided the most efficient business model. She requested that a cost analysis be done on hatcheries. Ms. Hillstrand stated that shellfish need a comprehensive shellfish plan by species.

[11:41:42 AM](#)

TOMI MARSH, Oceans Alaska, testified in support of HB 41. She shared her belief that the bill would create the regulatory framework for shellfish hatcheries and enhancement.

[11:43:13 AM](#)

JEFF HETRICK, Director, Alutiiq Pride Shellfish Hatchery, testified in support of HB 41. He explained that the Alutiiq Pride Shellfish Hatchery had been doing research into shellfish farming for almost twenty years. He said it was time to move beyond studies and start determining the economic benefits of using shellfish enhancement as a tool to restore depleted shellfish species.

[11:44:46 AM](#)

STEVE RICCI, Aleutian Pribilof Island Community Development Association, testified in support of HB 41. Mr. Ricci said that there is tremendous opportunity for mariculture business and revenue generation in Western Alaska. He stated potential increases to subsistence fisheries, workforce development, and furthering research efforts to better understand the impacts of

climatic related ocean changes are all potential long run benefits.

[11:47:12 AM](#)

CHAIR LOUISE STUTES closed public testimony on HB 41.

[11:51:33 AM](#)

REPRESENTATIVE VANCE asked if the sponsor of the bill [Representative Ortiz] could address concerns from one of her constituents about shellfish enhancement to the wild stock.

[11:51:57 AM](#)

REPRESENTATIVE ORTIZ suggested Mr. Rabung would be better suited to answer the question.

[11:52:22 AM](#)

MR. RABUNG explained that safeguards are built into place. Sustainability of wild stock is the department's primary guidance, so potential projects are evaluated with wild stock safety as part of the planning process. Mr. Rabung described various methods of ensuring the same genetic stock were used within the area they were gathered from in an effort to protect the resource. He said the department's primary concern is maintaining natural stock productivity.

[11:55:15 AM](#)

REPRESENTATIVE VANCE asked if mariculture enhancement was like a nursery.

MR. RABUNG replied, "That is exactly what it is like." He explained that the gain comes from protecting the young until they are large enough to survive at a much higher rate than would occur naturally in the wild.

[12:00:53 PM](#)

REPRESENTATIVE TARR asked Mr. Rabung whether the stock would be from a local source or from another area.

MR. RABUNG explained that ADFG would provide the stock or approve appropriate stock from another project.

[12:01:33 PM](#)

REPRESENTATIVE VANCE asked what would happen in an area that no longer supported or had local natural stock to enhance.

MR. RABUNG answered, "There is language in the bill that says you must first use stock from the project location, if feasible." If an area needed to have natural stock reestablished, the department would provide breed stock from the nearest available appropriate stock.

[12:03:30 PM](#)

CHAIR STUTES shared that the bill has two zero fiscal notes, one indeterminant note, and a further reference to the House Finance Committee.

[12:03:58 PM](#)

REPRESENTATIVE NEUMAN suggested that there might be some legitimate questions from the public, and he expected that the bill would not be moved forward without further discussion. He concluded by saying he would continue to work with the sponsor and would have no objection to moving the bill.

[12:05:39 PM](#)

REPRESENTATIVE KOPP moved to report HB 41 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 41 was reported out of the House Special Committee on Fisheries.

[12:06:39 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 12:07 p.m.