

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

February 14, 2020

3:30 p.m.

**MEMBERS PRESENT**

Senator Peter Micciche, Chair  
Senator John Coghill, Vice Chair  
Senator Click Bishop  
Senator Cathy Giessel  
Senator Jesse Kiehl

**MEMBERS ABSENT**

Senator Joshua Revak  
Senator Scott Kawasaki

**COMMITTEE CALENDAR**

SENATE BILL NO. 145

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

- HEARD & HELD

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 155

"An Act relating to exploration and mining rights; relating to annual labor requirements with respect to mining claims and related leases; relating to statements of annual labor; defining 'labor'; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 145

SHORT TITLE: REGISTRATION OF BOATS: EXEMPTION

SPONSOR(S): SENATOR(S) MICCICHE

01/21/20	(S)	PREFILE RELEASED 1/17/20
01/21/20	(S)	READ THE FIRST TIME - REFERRALS
01/21/20	(S)	RES, FIN
02/14/20	(S)	RES AT 3:30 PM BUTROVICH 205

BILL: SB 155

SHORT TITLE: EXPLORATION & MINING RIGHTS; ANNUAL LABOR

SPONSOR(s): SENATOR(s) BISHOP

01/21/20	(S)	READ THE FIRST TIME - REFERRALS
01/21/20	(S)	RES, FIN
02/03/20	(S)	SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
02/03/20	(S)	RES, FIN
02/05/20	(S)	RES AT 3:30 PM BUTROVICH 205
02/05/20	(S)	Heard & Held
02/05/20	(S)	MINUTE(RES)
02/14/20	(S)	RES AT 3:30 PM BUTROVICH 205

**WITNESS REGISTER**

KONRAD JACKSON, Staff  
Senator Peter Micciche  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Delivered the sponsor statement for SB 145, on behalf of Senator Micciche.

RICHARD DAVIS, Member  
Seafood Producers Co-op  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 145.

JERRY MCCUNE, Lobbyist  
Cordova District Fishermen United  
Juneau, Alaska  
Cordova, Alaska

**POSITION STATEMENT:** Testified in support of SB 145.

JOANNE OLSEN, Interim Director  
Division of Motor Vehicles  
Department of Administration  
Anchorage, Alaska

**POSITION STATEMENT:** Answered a question on derelict vessel owners during the hearing on SB 145.

CHAD HUTCHINSON, Staff  
Senate Majority Office  
Juneau, Alaska

**POSITION STATEMENT:** Delivered a recap and sectional analysis of SB 155 on behalf of the sponsor, Senator Bishop.

JAMES STEVENS, representing self

Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to Section 11 of SB 155.

BRONK JORGENSEN, Trustee  
40 Mile Mining District; and  
Chair, Alaska Minerals Commission  
Tok, Alaska

**POSITION STATEMENT:** Testified in support of SB 155.

DAVID WRIGHT, representing self  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of SB 155.

### **ACTION NARRATIVE**

[3:30:49 PM](#)

**CHAIR PETER MICCICHE** called the Senate Resources Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Bishop, Coghill, Kiehl, Giessel, and Chair Micciche.

#### **SB 145-REGISTRATION OF BOATS: EXEMPTION**

[3:31:20 PM](#)

CHAIR MICCICHE announced the consideration of SENATE BILL NO. 145, "An Act relating to the registration of commercial fishing vessels; and providing for an effective date."

[3:31:47 PM](#)

CHAIR MICCICHE, speaking as sponsor of SB 145, referred to Senate Bill 92, the derelict vessel bill that passed [in 2018]. He expressed dissatisfaction with the implementation of the bill because it has created confusion. He suggested that SB 145 and the companion bill found solutions to better manage vessel registration. He said he is working on a committee substitute for SB 145.

[3:32:57 PM](#)

KONRAD JACKSON, Staff, Senator Peter Micciche, Alaska State Legislature, Juneau, Alaska, said SB 145 relates to the exemption of vessel registration and unintended consequences of Senate Bill 92, as the sponsor mentioned. During implementation of the derelict vessel bill, the commercial fishing fleet expressed their frustration.

MR. JACKSON paraphrased from the sponsor statement for SB 145:

SB 145 removes a duplicative and confusing registration requirement for active commercial fishing vessels, which was inadvertently created by the passage of the derelict vessel bill, [Senate Bill 92], in 2018.

Passage of [Senate Bill 92] was meant to improve Alaska's prevention and management of derelict vessels throughout coastal Alaska and on the State's major river systems. The intent was not to create duplicative registration requirements and duplicative vessel numbering. SB 145 removes these duplicative registration and numbering requirements by allowing vessels registered with the Commercial Fisheries Entry Commission (CFEC) to bypass DMV registration.

CFEC maintains a database of registered vessels that provides necessary ownership and contact information, which meets the intent of the derelict vessel bill. Vessel licensure with the CFEC requires annual renewal and already provides the necessary contact information in a sharable, state database.

Alaska's commercial fishing vessels are key to Alaska's fishermen's ability earn a living while nourishing our state, the nation and the world with quality seafood. Policies should support thriving commerce by removing of unnecessary and duplicative bureaucratic regulatory burdens whenever possible. SB 145 does exactly that.

I urge your support of this legislation which will relieve an unnecessary burden from our commercial fishing community and the Alaskan families the industry supports.

MR. JACKSON reviewed the sectional analysis of SB 145. The bill would amend AS 05.25.055(i) by adding new language, which read, "a commercial fishing vessel that has a valid license issued under AS 16.05.490 or 16.05.530;". These refer to statutes for the Commercial Fisheries Entry Commission (CFEC) registration, he said. Members' packets include examples of the Division of Motor Vehicles (DMV) boat title application and registration forms, the CFEC vessel license application, and license tags. The U.S. Coast Guard provided a document on documentation and

tonnage of smaller commercial vessels. He assured members that these vessels are adequately identified. He referred to page 2, line 9 and recommended the committee consider amending the bill to delete the word "fishing." Not all boats registered by the CFEC are actively engaged in the fishing industry, such as tenders. These vessels are registered and complying with the intent of Senate Bill 92, related to derelict vessels.

[3:36:38 PM](#)

SENATOR COGHILL asked if this would effectively require two registrations.

MR. JACKSON answered that this bill would remove one of the duplicative registrations. Currently, vessel owners register with the CFEC and with the DMV. This bill will remove the DMV registration requirement.

CHAIR MICCICHE reminded members that the language [instituted by Senate Bill 92] to help prevent derelict vessels was largely ignored. This bill would solve both issues. Vessels that are in the water for only 90 days are not a part of the derelict vessel problem. Typically, derelict vessels are larger ones that are left in the water and sink lower and lower until they are on the bottom of the harbor. The vessel owner information is captured through the CFEC, he said. If vessels are boarded and are not registered, the vessels are out of compliance. Another problem that arose was that the duplicate requirement resulted in owners adhering extra numbers on their vessels. However, these vessels were already adequately numbered. This meant that vessels must have their CFEC registration, and if documented, a vessel number on the hull. SB 145 will provide a better process while still meeting the intent of the derelict vessel bill passed in 2018.

[3:38:42 PM](#)

SENATOR COGHILL said he understood there are boat licenses and fishing vessel licenses, but this bill only relates to the CFEC's vessel [registration].

MR. JACKSON answered yes. SB 145 relates only to vessel registration.

SENATOR COGHILL noted that the Department of Administration, Division of Motor Vehicles (DMV) fiscal note shows a reduction. He asked whether this reduction will be offset by another fiscal note.

CHAIR MICCICHE replied SB 145 mirrors the approach taken in the House version of the bill. He explained that vessel owners could register or renew their vessels by clicking on the registration renewal form on the CFEC's website and be charged an \$8 fee. He said it is not necessary to have an offsetting fiscal note since the revenues will not change. He said he favors this approach since commercial vessel owners must pay the registration of their vessels and permits in order to participate in any commercial fishery, but owners would not need to pay an additional, duplicate license. He envisioned that this process would be seamless.

[3:40:34 PM](#)

SENATOR KIEHL said the sponsor described that a fishing vessel would have a CFEC registration number to verify the vessel registration. He related his understanding that this registration will lapse unless the vessel owner registers it under the provisions of Senate Bill 92.

CHAIR MICCICHE responded that the triangle decal indicates the year and each year is uniquely colored and easy to recognize from a distance. He described another option for those who previously commercially fished. He related that a friend converted his fishing vessel to a pleasure boat. When his registration expired, he re-registered it with the DMV, so a person would still have that option, he said.

[3:42:37 PM](#)

CHAIR MICCICHE opened public testimony on SB 145.

[3:42:56 PM](#)

RICHARD DAVIS, Member, Seafood Producers Co-op (SPC), Juneau, Alaska, spoke in support of SB 145. He said the SPC represents over 500 fishermen who collectively harvest and market their fish together. The 200 members who have documented vessels would be required by provisions in Senate Bill 92 to pay duplicate registration fees. Currently, involvement in Alaska commercial fisheries requires the vessel owner to register with the U.S. Coast Guard and the CFEC to provide information on the boat and its owner to obtain an annual vessel license. He asked members to please pass the bill to remove the duplicate requirement since the information is readily available to harbormasters or port managers.

[3:45:27 PM](#)

JERRY MCCUNE, Lobbyist, Cordova District Fishermen United, Cordova, Alaska, spoke in support of SB 145. He said the current

vessel registration process is duplicative and complicated. In Cordova, the DMV is only open two days a week. When he went to register at the DMV, the office did not have any decals so he advised the Alaska State Troopers to make sure the troopers would not issue tickets to Cordova fishermen. The database is online so anyone can access the registered vessel information. SB 145 will fix this issue, he said. He remarked that no one wants to stand in line at the DMV to get another set of numbers.

[3:46:50 PM](#)

CHAIR MICCICHE said he would keep public testimony open on SB 145.

[3:47:16 PM](#)

SENATOR COGHILL acknowledged that the bill provides a remedy for a specific issue. He asked how many vessels had registered. The goal of Senate Bill 92 was to identify vessels that would potentially become derelict vessels and provide the ability to locate the vessel owners.

[3:48:12 PM](#)

JOANNE OLSEN, Interim Director, Division of Motor Vehicles (DMV), Department of Administration, Anchorage, Alaska, answered a question on derelict vessel owners. She said that the DMV does not track the vehicles that are derelict. The DMV tracks when people come in to register their vehicles.

SENATOR COGHILL said he would talk to the sponsor about the derelict vessel issue.

[3:48:32 PM](#)

CHAIR MICCICHE said he has data that could be shared at the next committee meeting.

[3:48:44 PM](#)

CHAIR MICCICHE announced that SB 145 would be held over.

[3:49:08 PM](#)

At ease.

### **SB 155-EXPLORATION & MINING RIGHTS; ANNUAL LABOR**

[3:49:27 PM](#)

CHAIR MICCICHE reconvened the meeting and announced the consideration of SENATE BILL NO. 155, "An Act relating to exploration and mining rights; relating to annual labor requirements with respect to mining claims and related leases;

relating to statements of annual labor; defining 'labor'; and providing for an effective date."

CHAIR MICCICHE said SB 155 was introduced on February 5th, when the committee heard a presentation and took invited testimony. He said it was his intention to take public testimony today.

[3:50:04 PM](#)

CHAD HUTCHINSON, Staff, Senate Majority Office, Juneau, Alaska, said that the purpose of SB 155 is to ensure that miners are able to produce. This bill would update the statutes to allow them to do so. The genesis of the bill starts with Section 1 of the Constitution of the State of Alaska, Article VIII. He paraphrased Section 1, that resources must be developed for the maximum use consistent with the public interest. Article VIII, Section 11, relates to mineral interests and continuation of mineral interests in the state. It requires that in order to continue mineral rights, annual labor must be performed and fees, rents, royalties must be paid.

He provided a brief recap of the sectional analysis of SB 155. The first three sections relate to qualifications. Sections 4 and 5 relate to mining claims, including the Meridian, Township, Range, Section, and Claim (MTRSC) system and amendments to mining claims. Sections 6-9 outline guidelines and procedures for annual labor. The definition of labor was updated in Section 10. The definition of abandonment is updated in Section 11. Section 12 clarifies transfers from an unqualified person to a qualified person with an interest in a mining claim. He said that Section 13 relates to mining claim locations, Section 14 relates to applicability, Section 15 relates to transition process, and Section 16 provides the effective date.

[3:52:12 PM](#)

CHAIR MICCICHE opened public testimony on SB 155.

[3:52:33 PM](#)

JAMES STEVENS, representing self, Anchorage, Alaska, testified in opposition to Section 11 of SB 155. He said he attended the hearing on February 5th and it raised some unpleasant memories of experiences he has had in his dealings with mineral exploration companies. He said that in addition to protecting the interests of the miners, the bill needs to protect the interests of Alaskan businesses that work to support mineral exploration in the state. For the past 40 years he has been a proponent of rural economic development and resource development in rural Alaska.

He spoke in opposition to the deletion in Section 11, on page 9, line 2, which read, "[A STATEMENT OF ANNUAL LABOR THAT DOES NOT ACCURATELY SET OUT THE ESSENTIAL FACTS IS VOID AND OF NO EFFECT.] He said this language allows the Department of Natural Resources (DNR) to declare labor null and void, even though Alaskan businesses need administrative remedies, besides legal remedies to protect themselves from unscrupulous junior mining companies.

MR. STEVENS related his experience to illustrate his point. About eight or nine years ago, his family worked to support mineral exploration on some claims north of the Pebble deposit. The company his business supported amassed about \$350,000 in bills under Mr. Steven's name. This included invoices from air taxis, helicopters, air freight companies, laborers and other subcontractors who were engaged and never paid. Yet, this company had the audacity to list the value of all that labor on their affidavit of annual labor. When he asked DNR to enforce that portion of existing law, the department said it did not have explicit authorization to do so.

MR. STEVENS said this event has followed him for the past eight years. The companies not paid blame him, yet the mining company was able to retain its mining claims based on its disclosure that listed labor, even though it was unpaid labor. The state should address this clearly and explicitly. He suggested that the committee should add language to strengthen protections for Alaska businesses that support this vital industry. He thanked the committee for the opportunity to testify.

[3:56:14 PM](#)

CHAIR MICCICHE asked him to forward his written testimony.

[3:56:42 PM](#)

BRONK JORGENSEN, Trustee, 40 Mile Mining District, and Chair, Alaska Minerals Commission, Tok, Alaska, said he is a lifelong Alaskan. On behalf of the Alaska Mineral Commission, he spoke in support of SB 155 to ensure that mineral tenure laws are modernized. It was one of the priorities of the commission in 2019 and 2020. The commission's role is to recommend strategy to the legislature and governor to mitigate constraints on mineral development in Alaska.

MR. JORGENSEN also offered his support for SB 155, speaking as trustee the 40 Mile Mining District. He related that many placer miners have had significant issues with annual labor reporting

in what are known as fatal flaws. He characterized this as a complicated issue, one that creates great stress for placer miners, whether or not they lose their mining claims. This bill would put labor affidavit requirements clearly in statute. He related his experiences with fatal flaws, including one possible error made by the original claim owner in the early 1990s. In 2011, he also made an error and was lucky that no one over-staked his claims. He was able to re-stake his ground at a significant cost, but he did not lose his claims. Most importantly, the bill would provide authority for DNR to send notices to those with mining claims to correct clerical errors prior to receiving notices of abandonment.

MR. JORGENSEN said SB 155 is of utmost importance to the 40 Mile Mining District. He urged the committee to pass the bill.

4:00:15 PM

DAVID WRIGHT, representing self, Fairbanks, Alaska, said he and his partners are small-scale placer miners who have held many mining claims. In 2010, 2011, and 2012 two claims were auctioned to other companies. In 2013, he discovered that the affidavits of annual labor had fatal flaws for both projects. Since no one had over-staked the claims, he hired a helicopter to re-stake one claim, and he re-staked the other from the ground. This came at great expense, but it was better than losing the claims. He said he supports SB 155 because a clerical error should not be a reason to lose a claim. He agreed with [Mr. Steven's] testimony that some mechanism should also protect businesses. In closing, he said he would like to see SB 155 pass to correct the problem of clerical errors being a potential avenue to lose claims.

4:02:50 PM

CHAIR MICCICHE said he would keep public testimony open on SB 155.

[SB 155 was held in committee].

4:03:42 PM

There being no further business to come before the committee, Chair Micciche adjourned the Senate Resources Standing Committee meeting at 4:03 p.m.