

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

March 13, 2020

3:31 p.m.

MEMBERS PRESENT

Senator Peter Micciche, Chair
Senator John Coghill, Vice Chair
Senator Cathy Giessel
Senator Joshua Revak
Senator Scott Kawasaki
Senator Jesse Kiehl

MEMBERS ABSENT

Senator Click Bishop

COMMITTEE CALENDAR

SENATE BILL NO. 184

"An Act extending the fishery resource landing tax credit for certain taxpayers that harvest fishery resources under the provisions of a community development quota; providing for an effective date by amending the effective date of sec. 36, ch. 61, SLA 2014; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 130

"An Act relating to a seafood product development tax credit; providing for an effective date by repealing secs. 32 and 35, ch. 61, SLA 2014; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 232

"An Act relating to personal use fishing permits."

- HEARD & HELD

SENATE JOINT RESOLUTION NO. 15

Requesting the United States Congress to repeal sec. 20001(b)(5) of the Tax Cuts and Jobs Act to honor the Alaska Statehood Act with respect to the state's share of bonuses, royalties, and

rentals from exploration and development in the coastal plain of the Arctic National Wildlife Refuge.

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: SB 184

SHORT TITLE: EXTEND FISHERY RESOURCE LAND. TAX CREDIT

SPONSOR(s): SENATOR(s) OLSON

02/12/20 (S) READ THE FIRST TIME - REFERRALS
02/12/20 (S) RES, FIN
03/13/20 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 130

SHORT TITLE: SEAFOOD PRODUCT DEVELOPMENT TAX CREDIT

SPONSOR(s): SENATOR(s) STEVENS

01/21/20 (S) PREFILE RELEASED 1/10/20
01/21/20 (S) READ THE FIRST TIME - REFERRALS
01/21/20 (S) RES, FIN
03/04/20 (S) RES AT 3:30 PM BUTROVICH 205
03/04/20 (S) <Bill Hearing Canceled>
03/13/20 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 232

SHORT TITLE: PERSONAL USE FISHING PERMIT FEES

SPONSOR(s): SENATOR(s) MICCICHE

02/24/20 (S) READ THE FIRST TIME - REFERRALS
02/24/20 (S) RES, FIN
03/06/20 (S) RES AT 3:30 PM BUTROVICH 205
03/06/20 (S) Scheduled but Not Heard
03/13/20 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

SENATOR DONALD OLSON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 184.

DENISE LICCIOLI, Staff
Senator Donald Olson
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced SB 184 on behalf of the sponsor.

BRANDON SPANOS, Deputy Director

Tax Division

Alaska Department of Revenue

Anchorage, Alaska

POSITION STATEMENT: Answered questions regarding SB 184.

JOSEPH CAISSIE, Assistant State Assessor

Division of Community and Regional Affairs

Alaska Department of Commerce, Community & Economic Development

Anchorage, Alaska

POSITION STATEMENT: Answered questions regarding SB 184.

LAURELI IVANOFF, Communications Director

Norton Sound Economic Development Corporation

Unalakleet, Alaska

POSITION STATEMENT: Testified in support SB 184.

TIM LAMKIN, Staff

Senator Gary Stevens

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced SB 130 on behalf of the sponsor.

SENATOR GARY STEVENS

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 130.

BRANDON SPANOS, Deputy Director

Tax Division

Alaska Department of Revenue

Anchorage, Alaska

POSITION STATEMENT: Answered questions regarding SB 130.

CHRIS BARROWS, President

Pacific Seafood Processors Association

Tacoma, Washington

POSITION STATEMENT: Testified in support of SB 130.

JERRY MCCUNE, Board President

Cordova District Fishermen United

Cordova, Alaska

POSITION STATEMENT: Testified in support of SB 130.

FRANCIS LEACH, Executive Director
United Fishermen of Alaska
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 130.

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

POSITION STATEMENT: Introduced SB 232 on behalf of the sponsor.

PAUL OSTRANDER, City Manager
City of Kenai
Kenai, Alaska

POSITION STATEMENT: Testified in support of SB 232.

ACTION NARRATIVE

[3:31:43 PM](#)

CHAIR PETER MICCICHE called the Senate Resources Standing Committee meeting to order at 3:31 p.m. Present at the call to order were Senators Kiehl, Revak, Coghill, Kawasaki, Giessel, and Chair Micciche.

SB 184-EXTEND FISHERY RESOURCE LAND. TAX CREDIT

[3:32:41 PM](#)

CHAIR MICCICHE announced that the first order of business would be SENATE BILL NO. 184, "An Act extending the fishery resource landing tax credit for certain taxpayers that harvest fishery resources under the provisions of a community development quota; providing for an effective date by amending the effective date of sec. 36, ch. 61, SLA 2014; and providing for an effective date."

[3:33:07 PM](#)

SENATOR DONALD OLSON, Alaska State Legislature, Juneau, Alaska, sponsor of SB 184, explained that the bill extends the date for [The Western Alaska Community Development Quota (CDQ) Program] to continue their function which is essential to many coastal Alaska communities. The CDQ Program is based on a tax credit to provide economic development.

[3:33:46 PM](#)

DENISE LICCIOLI, Staff, Senator Donald Olson, Alaska State Legislature, Juneau, Alaska, said SB 184 extends the fishery resource landing tax credit for the CDQ Program for 10 years. The scheduled sunset date for the tax credit is December 31, 2020 and SB 184 will extend that to December 31, 2030.

She detailed that the Alaska Division of Legislative Finance produced its biennial indirect cost report in 2019 and recommended continuation of the program. The Alaska Department of Revenue-Tax Division Revenues Source Book Report also recommended continuation of the program.

MS. LICCIOLI explained that CDQ holders receive a tax credit if certain program expenditures occur. She noted that many of the programs are educational. The CDQ tax credits split are against the specific municipality share of the tax.

She noted that the CDQ Program is net zero to the State, whether there is sunset date extension or not. However, many of the CDQ groups want the legislature to extend the program because they receive the benefit of the program's tax credit. Municipalities have not voiced opposition to extending the program's sunset date, which is where the tax credit comes from.

CHAIR MICCICHE asked Mr. Spanos with the Tax Division to explain the program's tax revenue distribution and use.

[3:36:52 PM](#)

BRANDON SPANOS, Deputy Director, Tax Division, Alaska Department of Revenue, Anchorage, Alaska, detailed that the tax credit is on the 50 percent fishery landing tax share that goes to the municipalities. Having the CDQ credit come out of the municipality side makes a lot of sense because the money goes back to nonprofits organized by the villages in Western Alaska and the Aleutians.

He said the CDQ Program is a federal program established in 1992. It provides 10 percent of the Bering Sea and Aleutian Islands fisheries to the villages that formed six CDQ nonprofit corporations. The federal government established the CDQ Program to provide eligible Western Alaska villages with the opportunity to participate and invest in the Bering Sea and the Aleutians Island management area fisheries.

MR. SPANOS explained that the CDQ tax credit filings require Tax Division approval. Most tax credit claims occur during tax return filings, but the CDQ tax credit submission occurs prior

to that. There are seven contribution categories identified on a tax credit form that a fisherman can donate to: scholarships, seafood industry training, transportation facility grants, transportation facility loans, facilities grants, facilities loans, and research grants. A fisherman can claim a tax credit up to 45.5 percent on their tax return.

SENATOR KIEHL asked if there is a list of municipalities affected by the tax credit.

MR. SPANOS replied he had the list on his screen but someone else may have in in a more usable form.

CHAIR MICCICHE asked Mr. Caissie if he had the list.

[3:40:44 PM](#)

JOSEPH CAISSIE, Assistant State Assessor, Division of Community and Regional Affairs, Alaska Department of Commerce, Community & Economic Development, Anchorage, Alaska, replied he did not have the list and it is not readily available. It would entail going through a list of 112 communities to determine which are impacted by these credits.

CHAIR MICCICHE asked Ms. Ivanoff if she had the list.

[3:41:16 PM](#)

LAURELI IVANOFF, Communications Director, Norton Sound Economic Development Corporation, Unalakleet, Alaska, replied she did not have the information.

CHAIR MICCICHE asked someone to submit a list of the municipalities affected by the tax credit before the next hearing.

MS. LICCIOLI said Senator Olson's office will provide the list.

CHAIR MICCICHE asked Mr. Caissie if he had any testimony on the bill.

MR. CAISSIE replied the department does not have any official comment on the bill.

CHAIR MICCICHE asked Ms. Ivanoff if she had any comments on the bill.

MS. IVANOFF stated that the Norton Sound Economic Development Corporation (NSEDC) supports extending the sunset date. She said

NSEDC has given sizable contributions to the Northwestern Alaska Career and Technical Center (NACTEC) for a vocational education program that provides opportunities for students from the Bering Strait School District and Nome Public Schools. The NSEDC contributions have been an important resource for NACTEC.

SENATOR GIESSEL asked who Ms. Ivanoff represents.

CHAIR MICCICHE replied Ms. Ivanoff represents the Norton Sound Economic Development Corporation.

He noted that the program had run from 2014 and 2020 and asked if this was the first sunset.

[3:43:22 PM](#)

SENATOR OLSON explained that the Norton Sound Economic Development Corporation is the CDQ assigned to the area between Wales and the start of the next CDQ near the delta of the Yukon River. He said the federal delegation initiated the CDQ Program and this is the first extension that he is aware of.

He said he can attest to Ms. Ivanoff's comments on the programs that have benefited from the CDQ Program because he lives in one of the communities that benefits. The programs give more opportunities to the youth to provide more education, more jobs, and an opportunity to continue living in the area.

CHAIR MICCICHE said he asked because the program ran for 6 years and the bill requests a 10-year extension. He asked if there was a reason for the additional 4 years.

MS. LICCIOLI replied she would follow up with an answer to the question.

SENATOR KIEHL said his question was why the extension was for only 10 years when Legislative Finance's indirect expenditure report suggested the legislature consider eliminating the sunset date.

SENATOR OLSON replied that the legislature likes to see sunset dates because things can change. He said the Bering Sea fishery is very large and he is more comfortable with a sunset date so the legislature can review the program and verify its benefit to the public. He noted that there has been no opposition in his region to having the CDQ in place.

MS. LICCIOLI added that one of the reasons for keeping a sunset is on behalf of municipalities since the tax credit goes against their share.

[3:46:07 PM](#)

CHAIR MICCICHE opened public testimony. He found no one who wished to testify.

[3:46:30 PM](#)

CHAIR MICCICHE held SB 184 in committee for future consideration.

SB 130-SEAFOOD PRODUCT DEVELOPMENT TAX CREDIT

[3:46:54 PM](#)

CHAIR MICCICHE announced that the next order of business would be SENATE BILL NO. 130, "An Act relating to a seafood product development tax credit; providing for an effective date by repealing secs. 32 and 35, ch. 61, SLA 2014; and providing for an effective date."

[3:47:11 PM](#)

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, Juneau, Alaska, explained that SB 130 is truly a direct economic policy that the State has used for some time. The intent is to support the long-term development of Alaska's value-added seafood processing industry, specifically targeting both salmon and herring fisheries.

He said the historical incentive has been processor tax credits for salmon and herring fisheries to provide infrastructure and research and development investment for added-value product improvements or discoveries.

MR. LAMKIN detailed that the bill would extend the sunset for the tax credit and broaden its scope to include pollock and cod. The change will grow market demand for Alaska's quality byproducts rendered from salmon, herring, pollock, and cod.

He said there may be amendments to the bill to include tax credits for other fisheries such as perch, flounder, and others. Extending the tax credits and incentives to find added-value technology for all of Alaska's seafood is a topic for future conversations.

MR. LAMKIN noted that United Fishermen of Alaska (UFA) submitted a letter of support for SB 130.

CHAIR MICCICHE asked him to proceed with the sectional analysis.

[3:49:36 PM](#)

MR. LAMKIN provided the following sectional analysis of SB 130:

- Sec. 1: AS 43.75.035(b)(1) and (2), relating to tax credits applied to value-added activity for the processing of salmon and herring products, (1) adds the fisheries of pollock and cod as applicable for the tax credit; and (2) extends the sunset of the applicable tax credits through year 2025.
- Sec. 2: AS 43.75.035(c), conforming amendment, relating to applying a tax credit for investment equipment used to process salmon or herring, to include equipment used for processing pollock and cod.
- Sec. 3: AS 43.75.035(d), conforming amendment, relating to a 3-year carry-forward of unused tax credits for the processing of salmon and herring, adds the same carry-forward of tax credits to be applicable for pollock and cod processing.
- Sec. 4: AS 43.75.035(e), relating to the 50 percent of liability cap on applicable tax credits, is legal drafting statutory clean-up, deleting a duplicative and redundant clause already contained in Section 1 of the bill.
- Sec. 5: AS 43.75.035(g), conforming amendment, relating to state claw-back of a carry-forward tax credit, in the event an asset used for the processing of salmon or herring to which a carry-forward applies, if the asset is removed from the state, adds pollock and cod in determining qualified investment of processing within the state.
- Sec. 6: AS 43.75.035(j)(3), conforming amendment, relating to the definition of "qualified investment" under this tax credit program, adds investment in assets used for processing pollock and cod products.
- Sec. 7: AS 43.75.035(j)(6), conforming amendment, relating to the definition of "value-added"

products under this tax credit program, adds processing of pollock and cod byproducts.

Sec. 8-11: Are historical sunset dates and repealers of this tax credit program, consolidating all of the various sunset provisions of the program into a single sunset, occurring now in section 8, and set for Jan. 1, 2026.

Sec. 12: Sets an effective date for the bill of Jan. 1, 2021.

[3:53:31 PM](#)

SENATOR KAWASAKI asked if there is any metric to prove that the tax credit has the intended result of increased investment in value-added products for those fisheries.

MR. LAMKIN directed attention to the analysis section of the fiscal note that describes the economic activity that has resulted from the program. He deferred any discussion of the specifics to the industry.

[3:54:23 PM](#)

SENATOR GARY STEVENS, Alaska State Legislature, Juneau, Alaska, sponsor of SB 130, explained that the legislation to address out of state competition that was affecting the salmon and herring fisheries passed in 2002 or 2003. He said that program has been very successful and he believes the tax credit will be similarly beneficial to the pollock and cod fisheries.

CHAIR MICCICHE asked Mr. Spanos about the timing if there is no fiscal note for FY2021 but the sunset splits that fiscal year.

[3:55:40 PM](#)

BRANDON SPANOS, Deputy Director, Tax Division, Alaska Department of Revenue, Anchorage, Alaska, explained that the tax return is filed the year following the catch so there would not be a reduction as a result of the credit until the following year.

CHAIR MICCICHE said he assumes that there would not be an interruption in the tax credit because of the previous sunset date.

MR. SPANOS answered that's correct. If the tax credit sunsets, the processors can still claim their credit in FY2021.

CHAIR MICCICHE asked if he had testimony on the bill.

MR. SPANOS stated that the writeup in the division's fiscal note estimates the reduction through the indirect expenditure for FY2022-FY2026. It takes into account the historic credit amounts for salmon and herring as well as an estimate for the new species, pollock and cod.

CHAIR MICCICHE noted that the fiscal note increases from \$3.6 million up to \$6.6 million in FY2026. He asked what the division's methodology is to assume an investment increase.

MR. SPANOS answered that the assumption is that the industry will spend the money immediately and increase spending in later years. The estimate ranges between \$3.6 million to \$6.6 million.

[3:58:34 PM](#)

CHAIR MICCICHE asked Senator Stevens if he had any closing comments.

SENATOR STEVENS said the tax-credit policy passed many years ago and it was very effective in helping the salmon and herring industry move ahead. SB 130 is an extension that would also apply to pollock and cod. The tax-credit policy made an enormous difference in the industry by allowing fishermen to put in new engines and processors to put in new lines. He said his hope is that the bill will have a similar impact on pollock and cod.

CHAIR MICCICHE said that as a fisherman, he has witnessed the industry substantially increase its value-added products as a result of the investment from the tax credit. He noted that the fishermen have received more value for the prices as well.

[4:00:28 PM](#)

CHAIR MICCICHE opened public testimony.

[4:00:43 PM](#)

CHRIS BARROWS, President, Pacific Seafood Processors Association, Tacoma, Washington, testified in support of SB 130. He said SB 130 would provide Alaska seafood processors with the ability to continue to receive some capital cost recovery in exchange for investing in new equipment that produces value-added products in Alaska. The bill incentivizes getting more value out of each fish, which in turn provides greater benefit to the State of Alaska, the coastal communities, fishermen, and processors.

MR. BARROWS stated that expanding the list of tax-credit eligible species to include Alaska pollock and Pacific cod is important. He noted that the two species comprise about 69 percent of the statewide harvest by volume, based on 2018 numbers. Getting more value long term from the high value species is a benefit to all fishery participants and the State of Alaska.

He shared that the Pacific Seafood Processors Association (PSPA) is comprised of eight major seafood companies that purchase fish from harvesters from Ketchikan to Unalaska and St. Paul. In turn, PSPA produces value-added products and provides markets for Alaska fisheries in a global context. The PSPA companies operate 25 facilities in 15 coastal communities across Alaska and 3 floating processors that serve remote locations.

MR. BARROWS said seafood processors have used the existing salmon tax credit to make critical investments in processing technologies for salmon that would otherwise be cost prohibitive for some processors. The tax credit has changed the face of salmon processing to an increase in fillet and other value-added salmon products that have a strong U.S. market. A higher value product means a higher return on investment for the State and all participants, including fish taxes which are based on fish value.

He stated that part of the sustainability effort in Alaska is to increase and improve the utilization of each fish which in turn generates more value out of the state's resources. He said there is no better way to increase the value of Alaska's resources than to increase the utilization of harvested fish. Some other examples include using milt, roe, stomachs, bellies, fish oil, bones and skins that generated new products and new consumers of Alaska seafood.

He summarized that reauthorizing the value added tax credit and including cod and pollock in the reauthorization will help Alaska producers continue progressing and expanding more fully into other species.

[4:04:24 PM](#)

JERRY MCCUNE, Board President, Cordova District Fishermen United, Cordova, Alaska, testified in support of SB 130. He noted that when the legislation first passed, farmed fish flooded the market and Alaska was just putting out frozen fish. The industry's use of fillet machines is a result of the tax

credit. It applies strictly to value added, not something like a new forklift.

MR. MCCUNE concluded saying that adding cod and pollock is probably a good thing for applying tax credits to different things.

[4:05:44 PM](#)

FRANCIS LEACH, Executive Director, United Fishermen of Alaska, Juneau, Alaska, stated support for SB 130. She said the bill will provide Alaska's seafood processors with the ability to receive capital cost recovery for investing in new equipment to produce value-added products. New and innovative products will benefit Alaska's processors, fishermen, and coastal communities.

She recalled that the legislature enacted the seafood product development tax credit when salmon and herring prices were extremely low. It helped the processing sector to upgrade infrastructure and develop new and innovative products. She added that UFA appreciates the bill extending the tax credit to benefit pollock and cod during an industry downturn.

MS. LEACH summarized that the seafood product development tax credit is helpful to processors. The tax credit has shown in the past, through innovative and updated equipment, to increase the raw fish taxes revenue. Fish taxes are based on fish value and the more money derived from fish equates to more money for Alaska.

[4:07:30 PM](#)

CHAIR MICCICHE announced that public testimony remains open.

[4:07:41 PM](#)

CHAIR MICCICHE held SB 130 in committee.

SB 232-PERSONAL USE FISHING PERMIT FEES

[4:08:07 PM](#)

CHAIR MICCICHE announced that the final order of business would be SENATE BILL NO. 232, "An Act relating to personal use fishing permits."

[4:08:34 PM](#)

KONRAD JACKSON, Staff, Senator Micciche, Alaska State Legislature, Juneau, Alaska, explained that SB 232 addresses the impacts of the dipnet fishery that face Cook Inlet communities. This includes burdens on local services, infrastructure,

handling of excess fish waste, and litter. He directed attention to the photos in the packet that illustrate the situation at the mouth of the Kenai River, noting that sometimes there is some disregard for beaches, residents, and property owners near the fisheries. He said Chair Micciche is familiar with the situation because that area is in his district.

He said the dipnet influx does bring some revenue, but before the City of Kenai instituted a small fee for beach access and camping it shouldered the entire burden with no assistance from the State.

MR. JACKSON explained that SB 232 institutes a \$5 fee for a personal use fishing permit. As currently drafted, the bill would split the fees between communities where the personal use fisheries take place with the remaining funds staying in the general fund to assist fisheries that are outside of the municipalities. He reiterated that the fee will cover some of the infrastructure and support services where the fisheries take place, and noted that the Chitina fishery instituted a \$15 permit to help clean up some of the mess that resulted from the fishery.

MR. JACKSON said the \$5 fee currently would apply to all personal use fisheries in the state, but the sponsor intends to offer an amendment to focus on the Cook Inlet dipnet fisheries.

[4:11:45 PM](#)

SENATOR KAWASAKI asked if he said that the fee would apply to every personal use fishery, but a pending amendment would limit the focus to just the Cook Inlet fisheries.

MR. JACKSON answered yes. He said as currently written the fee would apply to all personal use fisheries, including the Chitina fishery, and that was never the intention.

SENATOR KAWASAKI asked how the \$5 fee would be allocated to the other fisheries.

MR. JACKSON restated that the ultimate intent is for the \$5 fee to apply to and be used for the Cook Inlet personal use fisheries.

SENATOR KAWASAKI noted that the Copper River personal use fishery creates waste that impacts a downriver community. He asked if the downriver community would receive support for cleanup.

MR. JACKSON reiterated that the focus is on the fisheries in Cook Inlet.

[4:14:07 PM](#)

CHAIR MICCICHE, sponsor of SB 232, clarified that his intent was to introduce the bill and then introduce a committee substitute (CS) for strictly Cook Inlet. The fee will offset both the City of Kenai's management costs and the Kasilof River's infrastructure for restrooms, boat ramps, and cleanup.

SENATOR COGHILL remarked that the \$5 fee is acceptable. He asked how many people participate in the personal use dipnet fishery.

MR. JACKSON replied the city manager of Kenai probably has accurate numbers. He noted that the City of Kenai does an annual report on infrastructure impacts following the fishery.

[4:15:31 PM](#)

CHAIR MICCICHE opened public testimony.

[4:15:47 PM](#)

PAUL OSTRANDER, City Manager, City of Kenai, Kenai, Alaska, testified in support of SB 232. He said the City of Kenai has been supporting the personal use fishery since 1996. He noted that the photos presented to committee members are from 2010 or 2011, before the city actively managed fish waste on the beaches. The city has increased management and services in the area and is very proud of the experience they provide to the dipnet participants.

He detailed that with the rapid growth of the fishery, which peaked in 2011 and 2012, the city established a personal use fishery fund to buffer the volatility tied to fish runs. They charge for parking, camping, and boat launching to generate enough revenue to support the fishery and provide services.

MR. OSTRANDER said the city has seen decreased revenue from fees over the last two or three years and the worry is that the city will soon need to subsidize fishery expenses from the city's general fund. For example, the city had a net loss of \$95,000 in FY2019 and a net loss of \$3,000 last year after reducing expenditures by \$56,000. The city is seeing people accessing the Kasilof River or the Kenai River at different locations.

MR. OSTRANDER pointed out that the Alaska Division of Mining, Land, and Water (DMLW) manages the Kasilof fishery. The State

does not allow DMLW to charge fees, but their annual management budget is approximately \$50,000 to \$60,000. The \$5 fee allocation would generate \$40,000 for the Kasilof fishery.

[4:20:11 PM](#)

SENATOR KAWASAKI asked Mr. Ostrander to go over the fees that the City of Kenai charges people who fish in the dipnet fishery.

MR. OSTRANDER answered that the city charges for camping, parking, beach drop-offs, and boat launches.

SENATOR KAWASAKI asked if the City of Kenai has increased its rates to make up for recent budget deficits.

MR. OSTRANDER answered that the City of Kenai last increased fees in 2015. The city's current boat launch fees are higher than what the State charges. The city believes that any fee increases would create diminishing returns where people seek to access the fishery from other locations.

SENATOR REVAK said he is very fond of the Kenai River and has frequented the personal use fishery over the years. He said he finds the city's fees expensive and spreading out the proposed user fees would be appropriate.

CHAIR MICCICHE said the intent of the bill is to find a low-cost way of spreading out impact from the personal use fisheries. As the City of Kenai has increased fees, people are finding less expensive ways to dipnet fish without participating in the city's maintenance. More people are going to the Kasilof River where there are no facilities, and that impacts the State.

[4:24:16 PM](#)

CHAIR MICCICHE held SB 232 in committee with public testimony open.

[4:24:55 PM](#)

There being no further business to come before the committee, Chair Micciche adjourned the Senate Resources Standing Committee meeting at 4:24 p.m.